

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN**

ANNUAL FINANCIAL REPORT

June 30, 2009

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2009

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WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

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**INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND SCHEDULE OF STATE FINANCIAL ASSISTANCE**

To the Board of Education
Wilmot Union High School District
Wilmot, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wilmot Union High School District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Board of Education and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the special education special revenue fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note D.2, the District has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, for the fiscal year ended June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.



The Management's Discussion and Analysis, and the Schedule of Funding Progress and the Schedule of Employer Contributions are not a required part the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplemental information, and the accompanying Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the State of Wisconsin are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Certified Public Accountants
Milwaukee, Wisconsin
November 23, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

WILMOT UNION HIGH SCHOOL DISTRICT

P.O. BOX 8
11112 308TH AVENUE
WILMOT, WISCONSIN 53192-0008

Management's Discussion and Analysis June 30, 2009

As management of the Wilmot Union High School District we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009.

Financial Highlights

- The assets of the District exceeded its liabilities as of June 30, 2009 by \$6,624,369 (*net assets*).
- The District's total net assets decreased by \$980,870. The primary factor(s) contributing to the overall decrease are as follows:
 - Depreciation expense in the amount of \$1,285,592
 - Decrease in the general fund balance in the amount \$66,563
- The property tax rate increased 4.84% per \$1,000 of property value for the year ended June 30, 2009. The primary factor contributing to the overall increase is a \$512,944 increase in the debt service levy to satisfy referendum approved debt service requirements.
- As of June 30, 2009, the District's General Fund reported combined ending fund balances of \$3,352,286, a decrease of \$66,563 in comparison with the prior year. Approximately 99% of this total amount, \$3,320,778, is *available for spending* at the District's discretion (*unreserved designated fund balance*). \$22,766 was committed to existing purchase orders and \$8,742 was reserved for inventory and prepaid items.
- As of June 30, 2009, unreserved designated fund balance for the general fund was \$3,320,778 or approximately 27% of total general fund expenditures.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.)

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include the District's basic services, such as regular and special education and various support services. The business-type activities of the District include the District Food Service Program and General Community Service Programs.

Wilmot Union High School District
Management's Discussion and Analysis (Continued)
June 30, 2009

The district-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, special education fund, and debt service fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 12-16 of this report.

Proprietary funds. The District maintains a single type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The District uses enterprise funds to account for its Food Service Fund.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service fund which is considered to be a major fund of the District.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

Wilmot Union High School District
Management's Discussion and Analysis (Continued)
June 30, 2009

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22-35 of this report.

District-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$7,605,239 at the close of June 30, 2008.

Wilmot Union High School District's Net Assets			
	Governmental Activities	Business-Type Activities	Total
	2009	2009	2009
Current and other assets	4,948,981	96,517	5,045,498
Capital assets	44,690,879	146,221	44,837,100
Total assets	49,639,860	242,738	49,882,598
Long-term liabilities outstanding	40,821,082	-	40,821,082
Other liabilities	2,402,553	34,594	2,437,147
Total liabilities	43,223,635	34,594	43,258,229
Net assets:			
Invested in capital assets, net of related debt	4,365,879	146,221	4,512,100
Restricted	1,301,900	-	1,301,900
Unrestricted	748,446	61,923	810,369
Total net assets	6,416,225	208,144	6,624,369

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Wilmot Union High School District
Management's Discussion and Analysis (Continued)
June 30, 2009

Wilmot Union High School District's Change in Net Assets			
	Governmental Activities	Business-Type Activities	Total
	2009	2009	2009
Revenues:			
Program revenues:			
Charges for services	482,006	406,043	888,049
Operating grants and contributions	727,036	260,703	987,739
Capital grants and contributions	-	-	-
General revenues:			
Property taxes	10,217,306	10,000	10,227,306
Other taxes	-	-	-
Grants and contributions not restricted to specific programs	5,311,978	-	5,311,978
Interest and investment earnings	32,731	-	32,731
Other	53,261	-	53,261
Total revenues	16,824,318	676,746	17,501,064
Expenses:			
Instruction	8,105,060	-	8,105,060
Support Services	6,168,279	-	6,270,789
Interest on Debt	1,690,514	-	1,690,514
Depreciation – unallocated	1,285,592	-	1,285,592
Total Non-Program	562,889	-	562,889
School Food Service Program	-	622,414	622,414
Community service program	-	47,186	47,186
Other	-	-	-
Total expenses	17,812,334	669,600	18,584,444
Decrease in net assets before transfers	(988,016)	7,146	(980,870)
Net assets - July 1, 2008	7,404,241	200,998	7,605,239
Net assets - June 30, 2009	6,416,225	208,144	6,624,369

- Total General Fund Revenues increased by approximately \$722,000 during the year. Most of this increase came from the following areas:
 - Property Taxes - \$148,000
 - Staid Aid - \$21,000
 - Federal Aid - \$604,000
- Total General Fund Expenditures increased by approximately \$613,000 during the year. Most of this increase was directed towards:
 - \$67,000 to Undifferentiated Curriculum
 - \$163,000 to Regular Curriculum
 - \$86,000 to Pupil Services
 - \$45,000 to General Administration
 - \$168,000 to Business Administration / Building Maintenance
 - \$24,000 to Insurance
 - \$285,000 to Special Education

Wilmot Union High School District
Management's Discussion and Analysis (Continued)
June 30, 2009

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2009, the District's governmental funds reported combined ending fund balances of \$4,846,671. Approximately 73% of this amount (\$3,513,263) constitutes *unreserved fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for current year purchases of inventory and prepayments that benefit periods beyond the end of the current year, 2) for retirement of long-term debt, and 3) for encumbrances.

The general fund is the main operating fund of the District. At the end of the current year, unreserved fund balance of the general fund was \$3,320,778, while total fund balance reached \$3,352,286. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 27% of total general fund expenditures, while total fund balance represents 27% of that same amount.

The fund balance of the District's general fund decreased by \$66,563 during the current year. Key factors in this growth are as follows:

- Expenditures exceeded revenues.

The Debt Service Fund has a total fund balance of \$1,301,900. The total fund balance is reserved for retirement of long-term debt.

The Capital Projects Fund has a total fund balance of \$192,485. The entire fund balance is designated for the construction of assets.

Proprietary funds. The District's proprietary funds provide the same type of information found in the District's district-wide financial statements, but in more detail.

Unrestricted net assets of the Food Service Fund at the end of the year amounted to \$66,611.

Other factors concerning the finances of this fund have already been addressed in the discussion of the District's business-type activities.

General Fund Budgetary Highlights

Generally the original budget is rarely modified. The District did not modify its original budget for 2008/2009.

During the year, actual revenues were less than budgeted revenues by \$52,663. Actual expenditures were less than budgeted expenditures by \$223,028.

Wilmot Union High School District
Management's Discussion and Analysis (Continued)
June 30, 2009

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$44,837,100 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, and vehicles. The total decrease in the District's investment in capital assets for the current year was \$884,199 or 1.93% below last year.

Wilmot Union High School District's Capital Assets (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$1,398,812	\$1,398,812	-	-	\$1,398,812	\$1,398,812
Land improvements	11,137	12,449	-	-	11,137	12,449
Buildings	41,871,821	42,907,368	-	-	41,871,821	42,907,368
Machinery and equipment	1,383,664	1,231,979	\$146,221	\$161,621	1,529,885	1,393,600
Vehicles	25,445	9,070	-	-	25,445	9,070
Construction in process	-	-	-	-	-	-
Total	\$44,690,879	\$45,559,678	\$146,221	\$161,621	44,837,100	45,721,299

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$40,325,000.

Wilmot Union High School District's Outstanding Debt General Obligation Debt, Leases, and Early Retirement Payable						
	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation debt:						
Bonds	\$40,325,000	\$40,990,000	\$ -	\$ -	\$40,325,000	\$40,990,000
Total general obligation debt	\$40,325,000	\$40,990,000	\$ -	\$ -	\$40,325,000	\$40,990,000

The District's total debt decreased by \$665,000 during the current fiscal year. The key factor in this decrease was the payoff of \$665,000 in bond principal.

The District maintains an A1 rating from Moody's Investors Service for its general obligation debt.

State statutes limit the amount of general obligation debt the District may issue to 5% of its total equalized valuation. The current debt limitation for the District is \$120,317,000, which is significantly in excess of the District's \$40,325,000 in outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

- Inflationary trends in our region compare favorably to national indices.
- Although enrollment trends over the past ten years has continued to add students to our enrollment count, enrollment is expected to level off and may experience slight declines over the next several years as a result of the national economic downturn and the resulting decline in local housing construction.
- During the current year, unreserved fund balance in the general fund decreased to \$3,352,286.
- The labor contract between the Wilmot Union High School District and the Wilmot Teachers Association expired on June 30, 2009.
- The labor contract between the Wilmot Union High School District and the Wilmot School Employees Association expires on June 30, 2011

Wilmot Union High School District
Management's Discussion and Analysis (Continued)
June 30, 2009

All of these factors were considered in preparing the District's budget for the 2009-2010 fiscal year.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to David J. Betz, Business Manager, Wilmot Union High School District, 11112 308th Avenue, Wilmot, WI 53192 (262) 862-9005.

BASIC FINANCIAL STATEMENTS

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 1,010,322	\$ 86,943	\$ 1,097,265
Receivables:			
Taxes	3,540,415	-	3,540,415
Accounts	17,927	-	17,927
Internal balances	3,839	(3,839)	-
Due from other governments	360,219	9,574	369,793
Inventories and prepaid items	8,742	-	8,742
Other assets	7,517	-	7,517
Capital Assets:			
Land	1,398,812	-	1,398,812
Land improvements	95,460	-	95,460
Buildings	51,777,366	-	51,777,366
Machinery and equipment	2,691,732	260,099	2,951,831
Vehicles	41,901	-	41,901
Less: accumulated depreciation	(11,314,392)	(113,878)	(11,428,270)
Total Capital Assets	<u>44,690,879</u>	<u>146,221</u>	<u>44,837,100</u>
TOTAL ASSETS	<u>49,639,860</u>	<u>238,899</u>	<u>49,878,759</u>
LIABILITIES			
Accounts payable	62,372	30,118	92,490
Accrued payroll liabilities	37,863	637	38,500
Due to other governments	2,075	-	2,075
Accrued interest payable	466,849	-	466,849
Bond premiums, net	943,394	-	943,394
Long-term obligations:			
Due within one year	890,000	-	890,000
Due in more than one year	40,821,082	-	40,821,082
TOTAL LIABILITIES	<u>43,223,635</u>	<u>30,755</u>	<u>43,254,390</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,365,879	146,221	4,512,100
Restricted for:			
Debt service	1,301,900	-	1,301,900
Unrestricted	748,446	61,923	810,369
TOTAL NET ASSETS	<u>\$ 6,416,225</u>	<u>\$ 208,144</u>	<u>\$ 6,624,369</u>

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Statement of Activities
Year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction	\$ 8,105,060	\$ 480,797	\$ 632,888	\$ (6,991,375)	\$ -	\$ (6,991,375)
Support services	6,168,279	1,209	94,148	(6,072,922)	-	(6,072,922)
Interest on debt	1,690,514	-	-	(1,690,514)	-	(1,690,514)
Depreciation - unallocated	1,285,592	-	-	(1,285,592)	-	(1,285,592)
Non-program	562,889	-	-	(562,889)	-	(562,889)
Total Governmental Activities	17,812,334	482,006	727,036	(16,603,292)	-	(16,603,292)
Business-Type Activities						
School food service program	622,414	378,468	260,703	-	16,757	16,757
General community service program	47,186	27,575	-	-	(19,611)	(19,611)
Total Business-Type Activities	669,600	406,043	260,703	-	(2,854)	(2,854)
Total School District	18,481,934	888,049	987,739	(16,603,292)	(2,854)	(16,606,146)
General revenues						
Property taxes, levied for general purposes				7,795,169	-	7,795,169
Property taxes, levied for debt service				2,422,137	-	2,422,137
Property taxes, levied for community service				-	10,000	10,000
State and federal aids not restricted to specific functions				5,311,978	-	5,311,978
Interest and investment earnings				32,731	-	32,731
Miscellaneous				53,261	-	53,261
Total general revenues				15,615,276	10,000	15,625,276
Change in net assets				(988,016)	7,146	(980,870)
Net assets - beginning of year				7,404,241	200,998	7,605,239
Net assets - end of year				\$ 6,416,225	\$ 208,144	\$ 6,624,369

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Balance Sheet -
Governmental Funds
June 30, 2009

	General	Special Education	Debt Service	Non-major Programs	Total Governmental Funds
ASSETS					
Cash and investments	\$ 318,074	\$ -	\$ 489,763	\$ 202,485	\$ 1,010,322
Receivables:					
Taxes	2,728,278	-	812,137	-	3,540,415
Accounts	17,927	-	-	-	17,927
Due from other funds	158,402	-	-	-	158,402
Due from other governments:					
Federal	111,003	-	-	-	111,003
State	98,318	-	-	18,928	117,246
Other	2,268	129,702	-	-	131,970
Other current assets	7,517	-	-	-	7,517
Inventories and prepaid items	8,742	-	-	-	8,742
TOTAL ASSETS	\$ 3,450,529	\$ 129,702	\$ 1,301,900	\$ 221,413	\$ 5,103,544
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 61,635	\$ 737	\$ -	\$ -	\$ 62,372
Accrued payroll liabilities	36,608	1,255	-	-	37,863
Due to other funds	-	125,635	-	28,928	154,563
Due to other governments	-	2,075	-	-	2,075
Total Liabilities	98,243	129,702	-	28,928	256,873
Fund Balances					
Reserved for					
Inventory and prepaid items	8,742	-	-	-	8,742
Encumbrances	22,766	-	-	-	22,766
Retirement of long-term debt	-	-	1,301,900	-	1,301,900
Unreserved					
Designated	3,320,778	-	-	192,485	3,513,263
Total Fund Balances	3,352,286	-	1,301,900	192,485	4,846,671
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,450,529	\$ 129,702	\$ 1,301,900	\$ 221,413	\$ 5,103,544

Reconciliation to Statement of Net Assets

Fund balance, as shown above	\$ 4,846,671
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	44,690,879
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds	(40,325,000)
Bond premium	(943,394)
Early retirement incentive payable	(842,740)
Other post-employment benefits (OPEB)	(543,342)
Accrued interest on long-term obligations	(466,849)
Net assets of governmental activities, as reported on the Statement of Net Assets (see page 10)	<u>\$ 6,416,225</u>

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year ended June 30, 2009

	General	Special Education	Debt Service	Non-major Programs	Total Governmental Funds
Revenues					
Property taxes	\$ 7,795,169	\$ -	\$ 2,422,137	\$ -	\$ 10,217,306
Other local sources	183,010	-	6,903	6,820	196,733
Interdistrict sources	129,896	117,286	-	82,079	329,261
Intermediate sources	10,323	48,804	-	-	59,127
State sources	4,806,599	428,405	-	18,928	5,253,932
Federal sources	716,538	9,417	-	-	725,955
Other sources	41,304	-	-	700	42,004
Total Revenues	13,682,839	603,912	2,429,040	108,527	16,824,318
Expenditures					
Instruction					
Regular instruction	4,701,840	-	-	92,151	4,793,991
Vocational instruction	1,198,245	-	-	59,810	1,258,055
Special education instruction	-	1,503,090	-	-	1,503,090
Other instruction	1,022,800	-	-	-	1,022,800
Total Instruction	6,922,885	1,503,090	-	151,961	8,577,936
Support Services					
Pupil services	934,103	188,280	-	-	1,122,383
Instructional staff services	296,527	61,994	-	154,785	513,306
General administration services	385,244	-	-	-	385,244
School administration services	380,882	-	-	-	380,882
Business services	319,185	-	-	-	319,185
Operation and maintenance of plant	1,739,289	-	-	161,612	1,900,901
Student transportation	425,675	102,152	-	-	527,827
Central services	239,343	-	-	33,797	273,140
Insurance	122,215	-	-	-	122,215
Other support services	102,510	-	-	-	102,510
Principal and interest	13,779	-	2,557,658	-	2,571,437
Total Support Services	4,958,752	352,426	2,557,658	350,194	8,219,030
Non-program					
General tuition payments	419,896	-	-	-	419,896
Special education tuition	-	106,672	-	-	106,672
Other non-program transactions	1,449	34,872	-	-	36,321
Total non-program	421,345	141,544	-	-	562,889
Total Expenditures	12,302,982	1,997,060	2,557,658	502,155	17,359,855
Excess of revenues over (under) expenditures	1,379,857	(1,393,148)	(128,618)	(393,628)	(535,537)
Other Financing Sources (Uses)					
Net transfers in (out)	(1,446,420)	1,393,148	100,000	(46,728)	-
Total Other Financing Sources (Uses)	(1,446,420)	1,393,148	100,000	(46,728)	-
Net change in fund balances	(66,563)	-	(28,618)	(440,356)	(535,537)
Fund balances - beginning of year	3,418,849	-	1,330,518	632,841	5,382,208
Fund balances - end of year	\$ 3,352,286	\$ -	\$ 1,301,900	\$ 192,485	\$ 4,846,671

(Continued)

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds (Continued)
Year ended June 30, 2009

Reconciliation to Statement of Activities

Net Change in Fund Balances - Total Governmental Funds from the previous page \$ (535,537)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay reported in governmental fund statements	\$ 416,793	
Depreciation expense reported in the statement of activities	<u>(1,285,592)</u>	
Amount by which the capital outlays in current period is less than depreciation		(868,799)

Certain employee benefits are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by: (464,602)

In governmental funds the entire proceeds, if any, of bond issuance premiums is reported as an other financing source. In the Statement of Activities, only the amortized portion of the premium is recorded. The amount of amortized bond issuance premium reported on the Statement of Activities in the current year is: 55,362

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Assets and does not affect the Statement of Activities. The amount of long-term debt principal payments in the current year is: 665,000

Accrued interest as presented in the governmental funds does not include an estimate of the interest expense incurred during the current period which relates to bonds and notes payable that were not recorded in the governmental funds. 160,560

Change in Net Assets of Governmental Activities,
as reported in the Statement of Activities (see page 11) \$ (988,016)

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund

Year ended June 30, 2009

	Budgeted Amounts		Actual Final	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 7,796,983	\$ 7,796,983	\$ 7,795,169	\$ (1,814)
Other local sources	217,090	217,090	183,010	(34,080)
Interdistrict sources	128,005	128,005	129,896	1,891
Intermediate sources	41,928	41,928	10,323	(31,605)
State sources	5,407,003	5,407,003	4,806,599	(600,404)
Federal sources	113,189	113,189	716,538	603,349
Other sources	31,304	31,304	41,304	10,000
Total Revenues	13,735,502	13,735,502	13,682,839	(52,663)
Expenditures				
Instruction				
Regular instruction	4,664,872	4,664,872	4,701,840	(36,968)
Vocational instruction	1,233,229	1,233,229	1,198,245	34,984
Other instruction	1,111,955	1,111,955	1,022,800	89,155
Total Instruction	7,010,056	7,010,056	6,922,885	87,171
Support Services				
Pupil services	871,076	871,076	934,103	(63,027)
Instructional staff services	330,293	330,293	296,527	33,766
General administration services	356,762	356,762	385,244	(28,482)
School administration services	457,885	457,885	380,882	77,003
Business services	317,973	317,973	319,185	(1,212)
Operation and maintenance of plant	1,743,316	1,743,316	1,739,289	4,027
Student transportation	444,332	444,332	425,675	18,657
Central services	248,118	248,118	239,343	8,775
Insurance	116,497	116,497	122,215	(5,718)
Other support services	139,702	139,702	102,510	37,192
Interest on debt	18,000	18,000	13,779	4,221
Total Support Services	5,043,954	5,043,954	4,958,752	85,202
Non-program				
General tuition payments	472,000	472,000	419,896	52,104
Other non-program transactions	-	-	1,449	(1,449)
Total non-program	472,000	472,000	421,345	50,655
Total Expenditures	12,526,010	12,526,010	12,302,982	223,028
Excess of Revenues Over Expenditures	1,209,492	1,209,492	1,379,857	170,365
Other Financing Sources (Uses):				
Transfers out	(1,369,587)	(1,369,587)	(1,446,420)	(76,833)
Total Other Financing Uses	(1,369,587)	(1,369,587)	(1,446,420)	(76,833)
Net Change in Fund Balance	(160,095)	(160,095)	(66,563)	93,532
Fund balance - beginning of year	3,418,849	3,418,849	3,418,849	-
Fund balance - end of year	\$ 3,258,754	\$ 3,258,754	\$ 3,352,286	\$ 93,532

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Special Education Fund

Year ended June 30, 2009

	Budgeted Amounts		Actual Final	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interdistrict sources	\$ 124,526	\$ 124,526	\$ 117,286	\$ (7,240)
Intermediate sources	55,200	55,200	48,804	(6,396)
State sources	416,000	416,000	428,405	12,405
Federal sources	8,500	8,500	9,417	917
Total Revenues	604,226	604,226	603,912	(314)
Expenditures				
Instruction				
Special education instruction	1,638,706	1,638,706	1,503,090	135,616
Total Instruction	1,638,706	1,638,706	1,503,090	135,616
Support services				
Pupil services	9,660	9,660	188,280	(178,620)
Instructional staff services	58,791	58,791	61,994	(3,203)
Student transportation services	94,700	94,700	102,152	(7,452)
Total Support Services	163,151	163,151	352,426	(189,275)
Non-program				
Special education tuition	118,770	118,770	106,672	12,098
Other non-program transactions	-	-	34,872	(34,872)
Total non-program	118,770	118,770	141,544	(22,774)
Total Expenditures	1,920,627	1,920,627	1,997,060	(76,433)
Excess of Revenues Under Expenditures	(1,316,401)	(1,316,401)	(1,393,148)	(76,747)
Other Financing Sources				
Transfers in	1,316,401	1,316,401	1,393,148	76,747
Net Change in Fund Balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Statement of Net Assets -
Nonmajor Proprietary Funds
June 30, 2009

	Food Service	General Community Service	Total
ASSETS			
Cash and investments	\$ 86,943	\$ -	\$ 86,943
Due from other governments:			
Other	9,574	-	9,574
Total Current Assets	<u>96,517</u>	<u>-</u>	<u>96,517</u>
Capital assets			
Machinery and equipment	260,099	-	260,099
Less accumulated depreciation	(113,878)	-	(113,878)
Total Noncurrent Assets	<u>146,221</u>	<u>-</u>	<u>146,221</u>
TOTAL ASSETS	<u>242,738</u>	<u>-</u>	<u>242,738</u>
LIABILITIES			
Current Liabilities			
Accounts payable	29,906	212	30,118
Accrued salaries and related items	-	637	637
Due to other funds	-	3,839	3,839
Total Current Liabilities	<u>29,906</u>	<u>4,688</u>	<u>34,594</u>
NET ASSETS			
Invested in capital assets	146,221	-	146,221
Unrestricted (deficit)	66,611	(4,688)	61,923
TOTAL NET ASSETS	<u>\$ 212,832</u>	<u>\$ (4,688)</u>	<u>\$ 208,144</u>

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Statement of Revenues, Expenses and Changes in Net Assets -
Nonmajor Proprietary Funds
Year ended June 30, 2009

	Food Service	General Community Service	Total
Operating Revenues			
Food sales and user charges	\$ 378,468	\$ -	\$ 378,468
Property taxes	-	10,000	10,000
Local sources	-	27,575	27,575
State sources	4,740	-	4,740
Intermediate sources	160,008	-	160,008
Federal sources	95,955	-	95,955
Total Operating Revenues	<u>639,171</u>	<u>37,575</u>	<u>676,746</u>
Operating Expenses			
Purchased services	583,110	470	583,580
Salaries and related items	17,635	43,009	60,644
Supplies and materials	6,269	3,707	9,976
Depreciation expense	15,400	-	15,400
Total Operating Expenses	<u>622,414</u>	<u>47,186</u>	<u>669,600</u>
Operating Loss	<u>16,757</u>	<u>(9,611)</u>	<u>7,146</u>
Change in net assets	16,757	(9,611)	7,146
Net assets - beginning of year	<u>196,075</u>	<u>4,923</u>	<u>200,998</u>
Net assets (deficit) - end of year	<u>\$ 212,832</u>	<u>\$ (4,688)</u>	<u>\$ 208,144</u>

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Statement of Cash Flows -
Nonmajor Proprietary Funds
Year ended June 30, 2009

	Food Service	General Community Service	Total
Cash Provided by Operating Activities			
Cash received from user charges	\$ 378,468	\$ 930	\$ 379,398
Cash received from other government payments	293,318	37,575	330,893
Cash payments to employees	(17,635)	(42,987)	(60,622)
Cash payments to suppliers	(580,278)	(3,965)	(584,243)
Net Cash Provided by Operating Activities	<u>73,873</u>	<u>(8,447)</u>	<u>65,426</u>
Cash Provided by Noncapital Financing Activities			
Due to other funds	-	3,839	3,839
Net Change in Cash and Cash Equivalents	73,873	(4,608)	69,265
Cash and cash equivalents - beginning of year	13,070	4,608	17,678
Cash and cash equivalents - end of year	<u>\$ 86,943</u>	<u>\$ -</u>	<u>\$ 86,943</u>
Reconciliation of Operating Income to Net			
Cash Provided by Operating Activities:			
Operating income	\$ 16,757	\$ (9,611)	\$ 7,146
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	15,400	-	15,400
Changes in assets and liabilities			
Accounts receivable	-	930	930
Due from other funds	28,368	-	28,368
Due to other funds	-	(3,839)	(3,839)
Due from other governments:			
Federal	10,695	-	10,695
Other	(6,448)	-	(6,448)
Accounts payable	9,101	212	9,313
Accrued salaries and related items	-	22	22
Net Cash Provided by Operating Activities	<u>\$ 73,873</u>	<u>\$ (8,447)</u>	<u>\$ 65,426</u>

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Statement of Net Assets -
Fiduciary Fund
June 30, 2009

	Private-Benefit Trust	Agency Fund	Total Fiduciary Funds
ASSETS			
Cash and cash equivalents	\$ 89,869	\$ 94,818	\$ 184,687
LIABILITIES			
Current liabilities			
Due to student organizations	-	94,818	94,818
NET ASSETS			
Reserved for scholarships	\$ 89,869	\$ -	\$ 89,869

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Statement of Changes in Net Assets -
Fiduciary Fund
Year ended June 30, 2009

	Private-Benefit Trust
ADDITIONS	
Private donations	\$ 6,491
Earnings on investments	<u>2,625</u>
Total Additions	<u>9,116</u>
DEDUCTIONS	
Scholarships awarded	<u>10,800</u>
Change in Net Assets	(1,684)
Net Assets - July 1	<u>91,553</u>
Net Assets - June 30	<u>\$ 89,869</u>

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Wilmot Union High School District (the District) Wilmot, Wisconsin, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

1. Reporting Entity

The Wilmot Union High School District is organized as a common school district. The District, governed by a seven member elected school board, operates grades nine through twelve and is comprised of all or parts of six taxing districts.

In accordance with GAAP, the basic financial statements are required to include the District (the primary government) and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The District has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

GENERAL FUND

This is the District's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

SPECIAL EDUCATION FUND

This fund accounts for activities associated with providing educational programs for students with disabilities. Sources include financial aid received from the state and federal government and payments from other school districts. Excess expenditures of the fund are financed with a transfer from the general fund.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The District reports no major enterprise funds. The District uses enterprise funds to account for transactions of the Food Service fund and Community Service fund.

Additionally, the government reports the following fund types:

The *private-benefit trust fund* is used to account for resources legally held in trust for scholarship awards. Only earnings on the invested resources may be used to support the scholarships.

The District accounts for assets held as an agent for various student and parent organizations in an *agency fund*.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities, and enterprise funds subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

4. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the Statement of Cash Flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

c. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental fund types in the fund financial statements are offset by fund balance reserve accounts to indicate that they do not represent spendable available resources.

d. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

The amount reported on the Statement of Net Assets for internal balances represents the residual balance outstanding between the governmental activities and the business-type activities.

e. Capital Assets

Capital assets, which include property, plant, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$500 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	Governmental	Business-Type
	Activities	Activities
	Years	
Land improvements	20 - 50	-
Buildings	20 - 50	-
Machinery and equipment	5 - 20	15
Vehicles	5	-

f. Compensated Absences

Compensated absences are recognized as an expenditure when used rather than when earned by the employee. All vacation and sick leave is accrued when incurred in the district-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

g. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

h. Long-term Obligations

In the district-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

i. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DISTRICT-WIDE AND PROPRIETARY FUND STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting procedures prescribed by the Wisconsin Department of Public Instruction. Budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.
- Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
- Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a reserved or designated fund balance in the fund financial statements.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)

- Encumbrance accounting is formally used by the District.

The school District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2009.

2. Deficit Fund Equity

The following fund had deficit fund equity as of June 30, 2009:

Fund	Deficit Fund Equity
General Community Service	\$ 4,688

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The District maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the District's cash and investments, including the separate accounts noted above, totaled \$1,281,952 on June 30, 2009 as summarized below:

Deposits with financial institutions	\$ 463,483
Investments	
Wisconsin Investment Series Cooperative	39,327
Wisconsin Local Government Investment Pool	779,142
	<u>\$ 1,281,952</u>

Reconciliation to the basic financial statements:

Basic financial statements	
Cash	\$ 278,796
Investments	818,469
Fiduciary funds	
Private-benefit trust fund	89,869
Agency funds	94,818
	<u>\$ 1,281,952</u>

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the specific risks and the District's policy related to the risk.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit risk policy.

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian through December 31, 2013. In addition, the District's non-interest bearing transaction accounts are fully insured under the Temporary Liquidity Guarantee Program through December 31, 2009. On January 1, 2014, the coverage limit for all accounts will return to the \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of June 30, 2009, none of the District's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the District's name).

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The District does not have an additional credit risk policy. Presented below is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Wisconsin Investment Series Cooperative	\$ 39,327	\$ -	\$ 39,327	\$ -	\$ -
Wisconsin Local Government Investment Pool	779,142	-	-	-	779,142
Totals	\$ 818,469	\$ -	\$ 39,327	\$ -	\$ 779,142

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity.

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin Investment					
Series Cooperative	\$ 39,327	\$ 39,327	\$ -	\$ -	\$ -
Wisconsin Local Government					
Investment Pool	779,142	779,142	-	-	-
	<u>\$ 818,469</u>	<u>\$ 818,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin local government investment pool of \$779,142 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2009, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

Investment in Wisconsin Investment Series Cooperative

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$39,327 at year-end consisting of \$16,864 invested in the Cash Management Series, and \$22,463 investment in the Investment Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is on hundred (120) days or less.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipalities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin intergovernmental Cooperation Statute, Wisconsin Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

2. Property Taxes

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes must be paid in full or in two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,398,812	\$ -	\$ -	\$ 1,398,812
Total Capital Assets Not being Depreciated	1,398,812	-	-	1,398,812
Capital assets, being depreciated:				
Land improvements	95,460	-	-	95,460
Buildings	51,777,366	-	-	51,777,366
Machinery and equipment	2,433,785	395,623	137,676	2,691,732
Vehicles	20,731	21,170	-	41,901
Subtotals	54,327,342	416,793	137,676	54,606,459
Less accumulated depreciation for:				
Land improvements	83,012	1,311	-	84,323
Buildings	8,869,998	1,035,547	-	9,905,545
Machinery and equipment	1,201,806	243,938	137,676	1,308,068
Vehicles	11,660	4,796	-	16,456
Subtotals	10,166,476	1,285,592	137,676	11,314,392
Total capital assets, being depreciated, net	44,160,866	(868,799)	-	43,292,067
Governmental activities capital assets, net	<u>\$ 45,559,678</u>	<u>\$ (868,799)</u>	<u>\$ -</u>	<u>44,690,879</u>
Less related long-term debt outstanding				<u>40,325,000</u>
Invested in capital assets, net of related debt				<u>\$ 4,365,879</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	\$ 260,099	\$ -	\$ -	\$ 260,099
Less accumulated depreciation for:				
Machinery and equipment	98,478	15,400	-	113,878
Total capital assets, being depreciated, net	161,621	(15,400)	-	146,221
Business-type activities capital assets, net	<u>\$ 161,621</u>	<u>\$ (15,400)</u>	<u>\$ -</u>	<u>146,221</u>
Less related long-term debt outstanding				<u>-</u>
Investment in capital assets, net of related debt				<u>\$ 146,221</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense.

4. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the District, as reported in the fund financial statements, as of June 30, 2009 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 158,402	\$ -
Special Education Fund	-	125,635
Cooperative Program Fund	-	18,928
Capital Projects Fund	-	10,000
General Community Service Fund	-	3,839
Totals	<u>\$ 158,402</u>	<u>\$ 158,402</u>

Interfund transfers for the year ended June 30, 2009 were as follows:

	Special Education	Debt Service	Cooperative Program	Total
Transfers from:				
General fund	\$ 1,393,148	\$ -	\$ 53,272	1,446,420
Capital projects	-	100,000	-	100,000
Total	<u>\$ 1,393,148</u>	<u>\$ 100,000</u>	<u>\$ 53,272</u>	<u>\$ 1,546,420</u>

Transfers are used to: 1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; 2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and 3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

5. Short-term Obligations

The District issued a tax anticipation note in advance of property tax collections. The note is needed because District expenses for the year begin in July whereas tax collections are not received until January. Short-term debt activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax and revenue anticipation note	\$ 1,200,000	\$ -	\$ 1,200,000	\$ -

Total interest paid during the year on short-term debt totaled \$13,779.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2009:

	Outstanding 7/1/08	Issued	Retired	Outstanding 6/30/09	Due Within One Year
Governmental activities:					
General Obligation Debt					
Refunding bonds	\$ 40,990,000	\$ -	\$ 665,000	\$ 40,325,000	\$ 890,000
Total General Obligation Debt	40,990,000	-	665,000	40,325,000	890,000
Premium on debt issuance	998,756	-	55,362	943,394	-
Other post-employment benefits	-	543,342	-	543,342	-
Early retirement incentive payable	921,479	84,983	163,722	842,740	-
Governmental activities					
Long-term obligations	\$ 42,910,235	\$ 628,325	\$ 884,084	\$ 42,654,476	\$ 890,000

Total interest paid during the year on long-term debt totaled \$1,892,598.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$7,145,000 issued 6/18/04; \$599,863 to \$1,769,250 due annually through 2024; interest 3.0% to 5.0% \$ 6,130,000

\$35,410,000 issued 10/15/04; \$1,730,860 to \$4,950,750 due annually through 2024; interest 2.0% to 5.0% 34,195,000

Total Outstanding General Obligation Debt \$ 40,325,000

Annual principal and interest maturities of the outstanding general obligation debt of \$40,325,000 on June 30, 2009 are detailed below:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2010	\$ 890,000	\$ 1,867,398	\$ 2,757,398
2011	1,165,000	1,833,147	2,998,147
2012	1,380,000	1,786,547	3,166,547
2013	1,595,000	1,729,022	3,324,022
2014	1,845,000	1,661,985	3,506,985
2015-2019	13,180,000	6,757,648	19,937,648
2020-2024	20,270,000	3,085,775	23,355,775
	<u>\$ 40,325,000</u>	<u>\$ 18,721,522</u>	<u>\$ 59,046,522</u>

For the governmental activities, the other long-term liabilities are generally liquidated by the general fund.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2009 was \$81,294,544 as follows:

Equalized valuation of the District		\$2,406,352,875
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>120,317,644</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 40,325,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>1,301,900</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>39,023,100</u>
Legal Margin for New Debt		<u><u>\$ 81,294,544</u></u>

Early Retirement Program

In addition to the district's retirement plan mentioned in Note D.1, the District offers an early retirement program for teachers who have taught in the district for ten years or more and are eligible for a Wisconsin Retirement System retirement annuity. Under the program, eligible teachers upon retirement are entitled to have medical insurance premium payments made for them until the available benefit is exhausted. At June 30, 2009, there were ten participants in the program and a liability of \$842,740 had been recorded in the District-wide Statement of Net Assets as an estimate of future payments under the Plan.

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible District employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit public employee retirement system. All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 6.0% of their salary to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for District employees covered by the WRS for the year ended June 30, 2009 was \$7,409,745; the employer's total payroll was \$7,732,306. The total required contribution for the year ended June 30, 2009 was \$776,409, which consisted of \$336,336 (4.6% of payroll from July 1, 2008 through June 30, 2009) from the employer and \$440,073 (6.0% of payroll from July 1, 2008 through June 30, 2009) of covered payroll from employees. The required contribution for employees for the year ended June 30, 2009 was financed by the District. Total contributions for the years ending June 30, 2008 and 2007 were \$737,652 and \$667,652 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 or after April 24, 1998 are immediately vested.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE D - OTHER INFORMATION (Continued)

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

2. Other Post-Employment Benefits

Plan Description - The District provides post-employment health and dental insurance for eligible employees. Eligibility is based on age and longevity. The benefits are based on contractual agreements with employee groups. The entire costs are paid by the District and funding comes from the current operating budget. The contributions are funded on a pay-as-you-go basis. There are 128 active and 9 retired employees in the plan.

Annual OPEB Cost and Net OPEB Obligation - The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 645,852
Interest on net OPEB	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	645,852
Contributions made	(102,510)
Change in net OPEB obligation	543,342
OPEB obligation - beginning of year	-
OPEB obligation - end of year	\$ 543,342

The annual required contribution for the year was determined as part of the July 1, 2007 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 6.5% discount rate, and (b) projected salary increases at 3%.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at June 30, 2009 is 29 years, and the remaining amount is \$5,085,209.

Trend Information - The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$ 645,852	0%	\$ 645,852

Funded Status and Funding Progress - As of July 1, 2007, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$5,085,209.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2009

NOTE D - OTHER INFORMATION (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 6.5% to discount expected liabilities to the valuation date. The UAAL is being amortized as a level percentage of projected payrolls. The remaining amortization period at June 30, 2009 was 29 years.

3. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage.

4. Contingencies

a. The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

b. From time to time, the District is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

5. Limitation on School District Revenues

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

This limitation does not apply to revenue needed for payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

a. A resolution of the school board or by referendum prior to August 12, 1993.

b. A referendum on or after August 12, 1993.

REQUIRED SUPPLEMENTAL INFORMATION

WILMOT UNION HIGH SCHOOL DISTRICT

Schedule of Funding Progress
Other Post-Employment Benefit Plan
June 30, 2009

Actuarial Valuation Date July 1,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2007	\$ -	\$ 5,085,209	0.00%	\$ 5,085,209	\$ 7,409,745	68.63%

WILMOT UNION HIGH SCHOOL DISTRICT
Schedule of Employer Contributions
Other Post-Employment Benefit Plan
June 30, 2009

Year Ended June 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 102,510	\$ 645,852	15.87%

WILMOT UNION HIGH SCHOOL DISTRICT
Notes to Required Supplemental Information
June 30, 2009

NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 45

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for the fiscal year ended June 30, 2009. Information for prior years is not available.

SUPPLEMENTAL INFORMATION

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Combining Balance Sheet -
Non-Major Governmental Funds
June 30, 2009

	Cooperative Program	Capital Projects	Total Non-Major Governmental Funds
ASSETS			
Cash and investments	\$ -	\$ 202,485	\$ 202,485
Due from other governments:			
State	18,928	-	18,928
TOTAL ASSETS	<u>\$ 18,928</u>	<u>\$ 202,485</u>	<u>\$ 221,413</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other funds	\$ 18,928	\$ 10,000	\$ 28,928
Total liabilities	<u>18,928</u>	<u>10,000</u>	<u>28,928</u>
Fund Balances			
Unreserved			
Designated	-	192,485	192,485
Total Fund Balances	<u>-</u>	<u>192,485</u>	<u>192,485</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,928</u>	<u>\$ 202,485</u>	<u>\$ 221,413</u>

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
Year ended June 30, 2009

	Cooperative Program	Capital Projects	Total Non-Major Governmental Funds
Revenues			
Other local sources	\$ -	\$ 6,820	\$ 6,820
Intermediate sources	82,079	-	82,079
State sources	18,928	-	18,928
Other	-	700	700
Total Revenues	<u>101,007</u>	<u>7,520</u>	<u>108,527</u>
Expenditures			
Instruction			
Regular instruction	678	91,473	92,151
Vocational instruction	-	59,810	59,810
Total Instruction	<u>678</u>	<u>151,283</u>	<u>151,961</u>
Support Services			
Instructional staff services	153,601	1,184	154,785
Operations and maintenance of plant	-	161,612	161,612
Central services	-	33,797	33,797
Total Support Services	<u>153,601</u>	<u>196,593</u>	<u>350,194</u>
Total Expenditures	<u>154,279</u>	<u>347,876</u>	<u>502,155</u>
Excess of Revenues Over (Under)			
Expenditures	<u>(53,272)</u>	<u>(340,356)</u>	<u>(393,628)</u>
Other Financing Sources (Uses)			
Transfers in (out)	<u>53,272</u>	<u>(100,000)</u>	<u>(46,728)</u>
Total other financing sources (uses)	<u>53,272</u>	<u>(100,000)</u>	<u>(46,728)</u>
Net Change in Fund Balances	-	(440,356)	(440,356)
Fund balances - beginning of year	-	632,841	632,841
Fund balances - end of year	<u>\$ -</u>	<u>\$ 192,485</u>	<u>\$ 192,485</u>

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin

Schedule of Changes in Assets and Liabilities -
Pupil Activity Funds
Year ended June 30, 2009

	Balance 7/1/08	Additions	Deletions	Balance 6/30/09
ASSETS				
Cash	\$ 117,692	\$ 7,792	\$ 30,666	\$ 94,818
LIABILITIES				
Due to Student Organizations	\$ 117,692	\$ 7,792	\$ 30,666	\$ 94,818

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Wilmot Union High School District
Wilmot, Wisconsin

We have audited the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Wilmot Union High School District (the District¹), Wisconsin, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described in the accompanying Schedule of Findings and Questioned Costs are not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Wilmot Union High School District's responses to the findings identified in our audit are described in the accompanying Schedule of Prior Year Audit Findings and Corrective Action Plan. We did not audit Wilmot Union High School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Education, management and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Milwaukee, Wisconsin
November 23, 2009

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL AND STATE PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE
SINGLE AUDIT GUIDELINES**

To the Board of Education
Wilmot Union High School District
Wilmot, Wisconsin

Compliance

We have audited the compliance of the Wilmot Union High School District (the District) with the types of compliance requirements described in the *U.S. office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the State Single Audit Guidelines*, issued by the Wisconsin Department of Public Administration, that are applicable to its designated state major aid programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs. The District's major state programs are identified on the Schedule of State Financial Assistance. Compliance with the requirements of laws, regulations and contracts applicable to its state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Public Administration.. Those standards, OMB Circular A-133, and the State Single Audit Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a federal and state program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control of compliance that we consider to be significant deficiencies.

A *control deficiency* in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2009-02 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the District's internal control. We did not consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

The District's response to the findings identified in our audit are described in the accompanying Schedule of Prior Year Audit Findings and Corrective Action Plan.

This report is intended solely for the information and use of the Board of Education, management, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Milwaukee, Wisconsin
November 23, 2009

WILMOT UNION HIGH SCHOOL

Wilmot, Wisconsin

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

Grantor Agency/Federal Program Title	Pass-through Agency	Federal Catalog Number	Revenues			Total Expenditures
			(Accrued) or Deferred Revenue 7/1/08	Amount Received	Accrued or (Deferred) Revenue 6/30/09	
U.S. DEPARTMENT OF AGRICULTURE						
<i>Child Nutrition Cluster</i>						
School Breakfast Program	DPI	10.553				
July 1, 2007 - June 30, 2008			\$ (1,478)	\$ 1,478	\$ -	\$ -
July 1, 2008 - June 30, 2009			-	13,064	-	13,064
School Lunch Program	DPI	10.555				
July 1, 2007 - June 30, 2008			(9,217)	9,217	-	-
July 1, 2008 - June 30, 2009			-	82,891	-	82,891
Total Child Nutrition Cluster			(10,695)	106,650	-	95,955
TOTAL U.S. DEPARTMENT OF AGRICULTURE						
U.S. DEPARTMENT OF EDUCATION						
<i>Special Education Cluster</i>						
Title I-A Basic Grant	DPI	84.010				
July 1, 2007 - June 30, 2008			(44,103)	44,103	-	-
July 1, 2008 - June 30, 2009			-	-	82,145	82,145
Special Education Cluster						
Special Education Grants to States	DPI	84.027				
High Cost Special Education Aid						
July 1, 2008 - June 30, 2009			-	9,417	-	9,417
Total Special Education Cluster			-	9,417	-	9,417
Title IV-A Safe and Drug Free Schools Act						
July 1, 2007 - June 30, 2008	DPI	84.186	(2,583)	2,583	-	-
July 1, 2008 - June 30, 2009			-	-	2,468	2,468
Title V-A Innovative Programs	DPI	84.298				
July 1, 2007 - June 30, 2008			(1,196)	1,196	-	-
Title II-D Education Technology	DPI	84.318				
July 1, 2007 - June 30, 2008			(744)	744	-	-
July 1, 2008 - June 30, 2009			-	-	745	745
Title II-A Teacher & Principal Training	DPI	84.367				
July 1, 2007 - June 30, 2008			(21,925)	21,925	-	-
July 1, 2008 - June 30, 2009			-	-	25,645	25,645
ARRA-State Fiscal Stabilization Fund - Education Fund	DPI	84.394				
July 1, 2008 - June 30, 2009			-	525,728	-	525,728

(Continued)

WILMOT UNION HIGH SCHOOL

Wilmet, Wisconsin

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2009

Grantor Agency/ Federal Program Title	Pass-through Agency	Federal Catalog Number	Revenues				Total Expenditures
			(Accrued) or Deferred Revenue 7/1/08	Amount Received	Accrued or (Deferred) Revenue 6/30/09	Total Revenues	
U.S. DEPARTMENT OF EDUCATION (Continued)							
ARRA-State Fiscal Stabilization Fund - Government Services	DPI	84.397	\$ -	\$ 78,389	\$ -	\$ 78,389	\$ 78,389
July 1, 2008 - June 30, 2009							
TOTAL U.S. DEPARTMENT OF EDUCATION			(70,551)	684,085	111,003	724,537	724,537
U.S. DEPARTMENT OF MILITARY AFFAIRS							
Disaster Recovery	DMA	97.036	-	1,418	-	1,418	1,418
TOTAL U.S. DEPARTMENT OF MILITARY AFFAIRS			-	1,418	-	1,418	1,418
TOTAL FEDERAL AWARDS			\$ (81,246)	\$ 792,153	\$ 111,003	\$ 821,910	\$ 821,910

DPI - Wisconsin Department of Public Instruction
DMA - Wisconsin Department of Military Affairs

See notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

WILMOT UNION HIGH SCHOOL
 Wilmot, Wisconsin
 Schedule of State Financial Assistance
 Year Ended June 30, 2009

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Revenues				Total Expenditures
		(Accrued) or Deferred Revenue 7/1/08	Amount Received	Accrued or (Deferred) Revenue 6/30/09	Total Revenues	
Parents	255.101	\$ -	\$ 411,330	\$ -	\$ 411,330	\$ 411,330
General Transportation Aide Public and Nonpublic Equalization Aids	255.107	-	34,467	-	34,467	34,467
High Cost Special Education Aid	255.201	(77,523)	4,689,791	86,406	4,698,674	4,698,674
	255.210	-	17,075	-	17,075	17,075
TOTAL MAJOR STATE PROGRAMS		(77,523)	5,152,663	86,406	5,161,546	5,161,546
NON-MAJOR STATE PROGRAMS						
State School Lunch	255.102	-	3,254	-	3,254	3,254
Common School Library Fund	255.103	-	59,681	-	59,681	59,681
School Breakfast	255.344	-	1,486	-	1,486	1,486
Mentoring Grants for Initial Educators	255.355	-	3,875	18,928	22,803	22,803
Project Lead the Way	255.923	-	2,475	-	2,475	2,475
STEM Girl Power Science Grant	255.929	(4,900)	4,900	-	-	-
TOTAL NONMAJOR STATE PROGRAMS		(4,900)	75,671	18,928	89,699	89,699
TOTAL ENTITLEMENT PROGRAMS		(82,423)	5,228,334	105,334	5,251,245	5,251,245
TOTAL STATE FINANCIAL ASSISTANCE		\$ (82,423)	\$ 5,228,334	\$ 105,334	\$ 5,251,245	\$ 5,251,245

See notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2009

NOTE A - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Wilmot Union High School District and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2008-09 eligible costs under the State Special Education Program as reported by the District are \$1,654,318.

NOTE C - OVERSIGHT AGENCIES

The U.S. Department of Education has been designated the federal oversight agency for the District. The Wisconsin Department of Public Instruction is the state oversight agency for the District.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	Yes
Noncompliance material to basic financial statements noted?	No

Federal Awards and State Financial Assistance

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Type of auditors' report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(1) of Circular A-133?	Yes
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	Yes
Audit threshold used to determine between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Identification of major federal programs:

CFDA Number	Name of Federal Program
84.394	ARRA- State Fiscal Stabilization fund - Education Fund
84.397	ARRA- State Fiscal Stabilization fund - Government Services Fund

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

Section II - Financial Statement Findings

Finding No.	Control Deficiencies
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2009-01

Segregation of Duties

Condition: The District has the Business Manager position to essentially complete all financial and recordkeeping duties of the general District's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.

Criteria: Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

Cause: The lack of segregation of duties is due to the limited number of employees and the size of District's operations.

Recommendation: We recommend the Board of Education continue to monitor the transactions and the financial records of the District.

2009-2002

Year End Closing and Financial Reporting

Condition: While the current staff of the District maintain financial records which accurately report revenues and expenditures throughout the year, preparing year end adjusting, closing and GASB 34 conversion entries necessary to prepare financial statements, including related notes, and financial reports require additional expertise that would entail additional training and staff time to develop. The District contracts with Schenck and their knowledge of current accounting principles and regulatory requirements related to federal and state single audits to prepare required journal entries and financial reports for the District in an efficient manner.

Criteria: The review of financial statements by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential misstatement in the financial statements or notes.

Cause: The additional costs associated with hiring staff experienced in preparing year end adjusting, closing, and GASB 34 conversion entries and financial reports, including additional training time outweigh the derived benefits.

Recommendation: We recommend the District continue reviewing the adjusting, closing and GASB 34 conversion entries along with the financial reports prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the District is necessary to obtain an adequate understanding of the District's financial report.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2009

Section III - Federal and State Financial Assistance Findings and Questioned Costs

Finding No.	Internal Control Deficiency
2009-03	Financial Reporting for Federal and State Financial Assistance
Condition:	OMB Circular A-133 and the <i>State Single Audit Guidelines</i> requires the District to prepare appropriate financial statements, including the schedules of expenditures of federal awards and state financial assistance. While the current staff of the District maintains financial records supporting amounts reported in the schedule of expenditures of federal awards and state financial assistance, the District contracts with Schenck to compile the data from these records and prepare the single audit report for the District.
Criteria:	Having staff with expertise in federal and state financial reporting prepare the District's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal awards and state financial assistance, or accompanying notes to the schedule.
Cause:	The additional costs associated with hiring staff experienced to prepare the District's single audit report, including the additional training time, outweigh the derived benefits.
Recommendation:	We recommend District personnel continue reviewing the District's single audit report prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the District is necessary to ensure all federal and state financial assistance programs are properly reported in the District's single audit report.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Prior Year Audit Findings and Corrective Action Plan
June 30, 2009

Status of Prior Year Audit Finding

The findings noted in the 2008 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. Management reviews the financial report and the single audit report prepared by Schenck to address finding 2008-02. Management continues to believe the cost to hire additional staff to eliminate the control deficiencies identified as 2008-01 outweighs the benefits to be received.

Corrective Action Plan

Finding No.	Corrective Action Plan
2009-01	Segregation of Duties
Management Response:	Management believes that the cost of segregating cash receipts and cash disbursement duties from the related recording functions outweigh the benefits to be received.
2009-02	Year End Closing and Financial Reporting
Management Response:	Management believes the cost of additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received.
2009-03	Financial Reporting for Federal and State Financial Assistance
Management Response:	Management concurs with the finding and has determined that the economic cost of addressing this issue outweighs the benefits at this time.