

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

**ANNUAL FINANCIAL REPORT**

**June 30, 2010**

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

June 30, 2010

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**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

June 30, 2010

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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, 2010, 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2010 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 required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The District has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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  
Green Bay, Wisconsin  
November 16, 2010

## **BASIC FINANCIAL STATEMENTS**

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Statement of Net Assets  
June 30, 2010

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 695,463	\$ 107,211	\$ 802,674
Receivables			
Taxes	3,809,343	-	3,809,343
Accounts	22,918	4,287	27,205
Due from other governments	359,184	7,427	366,611
Prepaid items	52,117	-	52,117
Inventory	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	2,987,403	260,099	3,247,502
Vehicles	41,901	-	41,901
Less: accumulated depreciation	(12,632,224)	(129,279)	(12,761,503)
Total Capital Assets	<u>43,668,718</u>	<u>130,820</u>	<u>43,799,538</u>
<b>TOTAL ASSETS</b>	<u>48,615,260</u>	<u>249,745</u>	<u>48,865,005</u>
<b>LIABILITIES</b>			
Accounts payable	43,611	20,980	64,591
Accrued payroll liabilities	75,917	1,269	77,186
Due to other governments	5,870	-	5,870
Accrued interest payable	458,286	-	458,286
Long-term obligations			
Due within one year	1,220,362	-	1,220,362
Due in more than one year	40,561,409	-	40,561,409
<b>TOTAL LIABILITIES</b>	<u>42,365,455</u>	<u>22,249</u>	<u>42,387,704</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,233,718	130,820	4,364,538
Restricted for			
Debt service	1,027,017	-	1,027,017
Unrestricted	989,070	96,676	1,085,746
<b>TOTAL NET ASSETS</b>	<u>\$ 6,249,805</u>	<u>\$ 227,496</u>	<u>\$ 6,477,301</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, 2010

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Governmental Activities</b>			
Instruction	\$ 8,319,582	\$ 466,442	\$ 878,773
Support services	6,216,387	4,064	90,803
Interest on debt	1,806,821	-	-
Depreciation - unallocated	1,332,002	-	-
Non-program	612,042	-	-
<b>Total Governmental Activities</b>	<u>18,286,834</u>	<u>470,506</u>	<u>969,576</u>
<b>Business-Type Activities</b>			
School food service program	689,664	374,501	329,827
General community service program	37,976	22,664	-
<b>Total Business-Type Activities</b>	<u>727,640</u>	<u>397,165</u>	<u>329,827</u>
<b>Total School District</b>	<u>\$ 19,014,474</u>	<u>\$ 867,671</u>	<u>\$ 1,299,403</u>

**General revenues**

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for community service
- State and federal aids not restricted to specific functions
- Interest and investment earnings
- Miscellaneous

**Total general revenues**

**Change in net assets**

Net assets - beginning of year

Net assets - end of year

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



Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total

\$ (6,974,367)	\$ -	\$ (6,974,367)
(6,121,520)	-	(6,121,520)
(1,806,821)	-	(1,806,821)
(1,332,002)	-	(1,332,002)
(612,042)	-	(612,042)
<u>(16,846,752)</u>	<u>-</u>	<u>(16,846,752)</u>

-	14,664	14,664
-	(15,312)	(15,312)
-	(648)	(648)
<u>(16,846,752)</u>	<u>(648)</u>	<u>(16,847,400)</u>

7,917,066	-	7,917,066
2,940,331	-	2,940,331
-	20,000	20,000
5,775,187	-	5,775,187
1,209	-	1,209
46,539	-	46,539
<u>16,680,332</u>	<u>20,000</u>	<u>16,700,332</u>

(166,420)	19,352	(147,068)
<u>6,416,225</u>	<u>208,144</u>	<u>6,624,369</u>
<u>\$ 6,249,805</u>	<u>\$ 227,496</u>	<u>\$ 6,477,301</u>

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin  
 Balance Sheet -  
 Governmental Funds  
 June 30, 2010

	General	Special Education	Debt Service	Non-major Programs	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 690,341	\$ -	\$ 4,972	\$ 150	\$ 695,463
Receivables				-	
Taxes	2,329,012	-	1,480,331	-	3,809,343
Accounts	22,918	-	-	-	22,918
Due from other funds	145,952	-	-	-	145,952
Due from other governments	201,771	157,413	-	-	359,184
Prepaid items	52,117	-	-	-	52,117
Inventory	7,517	-	-	-	7,517
<b>TOTAL ASSETS</b>	<b>\$ 3,449,628</b>	<b>\$ 157,413</b>	<b>\$ 1,485,303</b>	<b>\$ 150</b>	<b>\$ 5,092,494</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 42,791	\$ 820	\$ -	\$ -	\$ 43,611
Accrued payroll liabilities	71,146	4,771	-	-	75,917
Due to other funds	-	145,952	-	-	145,952
Due to other governments	-	5,870	-	-	5,870
<b>Total Liabilities</b>	<b>113,937</b>	<b>157,413</b>	<b>-</b>	<b>-</b>	<b>271,350</b>
<b>Fund Balances</b>					
<b>Reserved for</b>					
Prepaid items	52,117	-	-	-	52,117
Inventory	7,517	-	-	-	7,517
Retirement of long-term debt	-	-	1,485,303	-	1,485,303
<b>Unreserved</b>					
<b>Designated</b>					
<b>For working capital</b>					
General Fund	3,276,057	-	-	-	3,276,057
Special Revenue Funds	-	-	-	150	150
<b>Total Fund Balances</b>	<b>3,335,691</b>	<b>-</b>	<b>1,485,303</b>	<b>150</b>	<b>4,821,144</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,449,628</b>	<b>\$ 157,413</b>	<b>\$ 1,485,303</b>	<b>\$ 150</b>	<b>\$ 5,092,494</b>

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Balance Sheet -  
Governmental Funds (Continued)  
June 30, 2010

**Reconciliation to Statement of Net Assets**

Fund balance, as shown above	\$ 4,821,144
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.	43,668,718
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
General obligation debt	(39,435,000)
Premium on bonds	(888,032)
Accrued sick leave and vacation payable	(231,292)
Other post-employment benefits (OPEB)	(1,227,447)
Accrued interest on long-term obligations	<u>(458,286)</u>
Net assets of governmental activities as reported on the Statement of Net Assets (see page 3)	<u>\$ 6,249,805</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, 2010

	General	Special Education	Debt Service	Non-major Programs	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 7,917,066	\$ -	\$ 2,940,331	\$ -	\$ 10,857,397
Other local sources	174,489	-	587	128	175,204
Interdistrict sources	174,115	114,968	-	7,801	296,884
Intermediate sources	7,779	62,147	-	-	69,926
State sources	5,571,446	480,844	-	-	6,052,290
Federal sources	503,376	129,143	-	-	632,519
Other sources	36,193	-	-	-	36,193
<b>Total Revenues</b>	<b>14,384,464</b>	<b>787,102</b>	<b>2,940,918</b>	<b>7,929</b>	<b>18,120,413</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Regular instruction	5,206,830	-	-	5,370	5,212,200
Vocational instruction	1,187,935	-	-	56,477	1,244,412
Special education instruction	-	1,543,236	-	-	1,543,236
Other instruction	1,062,709	-	-	(150)	1,062,559
<b>Total Instruction</b>	<b>7,457,474</b>	<b>1,543,236</b>	<b>-</b>	<b>61,697</b>	<b>9,062,407</b>
<b>Support Services</b>					
Pupil services	751,464	187,359	-	-	938,823
Instructional staff services	505,323	64,304	-	17,126	586,753
General administration services	348,663	-	-	-	348,663
School administration services	492,746	-	-	-	492,746
Business services	318,210	-	-	-	318,210
Operation and maintenance of plant	1,752,055	-	-	36,188	1,788,243
Student transportation	415,020	111,187	-	-	526,207
Central services	305,318	-	-	94,578	399,896
Insurance	189,780	-	-	-	189,780
Debt service	3,229	-	2,757,515	-	2,760,744
Other support services	121,426	-	-	-	121,426
<b>Total Support Services</b>	<b>5,203,234</b>	<b>362,850</b>	<b>2,757,515</b>	<b>147,892</b>	<b>8,471,491</b>
<b>Non-program</b>					
General tuition payments	452,270	-	-	-	452,270
Special education tuition	-	127,538	-	-	127,538
Other non-program transactions	623	31,611	-	-	32,234
<b>Total non-program</b>	<b>452,893</b>	<b>159,149</b>	<b>-</b>	<b>-</b>	<b>612,042</b>
<b>Total Expenditures</b>	<b>13,113,601</b>	<b>2,065,235</b>	<b>2,757,515</b>	<b>209,589</b>	<b>18,145,940</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,270,863</b>	<b>(1,278,133)</b>	<b>183,403</b>	<b>(201,660)</b>	<b>(25,527)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	1,278,133	-	9,325	1,287,458
Transfers out	(1,287,458)	-	-	-	(1,287,458)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,287,458)</b>	<b>1,278,133</b>	<b>-</b>	<b>9,325</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(16,595)</b>	<b>-</b>	<b>183,403</b>	<b>(192,335)</b>	<b>(25,527)</b>
<b>Fund balances - beginning of year</b>	<b>3,352,286</b>	<b>-</b>	<b>1,301,900</b>	<b>192,485</b>	<b>4,846,671</b>
<b>Fund balances - end of year</b>	<b>\$ 3,335,691</b>	<b>\$ -</b>	<b>\$ 1,485,303</b>	<b>\$ 150</b>	<b>\$ 4,821,144</b>

(Continued)

**WILMOT UNION HIGH SCHOOL DISTRICT**  
**Wilmot, Wisconsin**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds (Continued)**  
**Year ended June 30, 2010**

**Reconciliation to Statement of Activities**

Net Change in Fund Balances - Total Governmental Funds from the previous page \$ (25,527)

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	311,961
Depreciation expense reported in the statement of activities	(1,332,002)

In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities, only the gain (loss) on the disposal is reported.

Loss on the disposition reported on the statement of activities	(2,120)
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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) decreased by:

Early retirement incentive payable	842,740
Other post-employment benefits (OPEB)	(684,105)
Accrued sick leave and vacation payable	(231,292)

In governmental funds the bond issuance premiums are 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:

890,000

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.

8,563

Change in Net Assets of Governmental Activities s reported in the Statement of Activities (see pages 4 - 5)

\$ (166,420)

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, 2010

	Budgeted Amounts		Actual Final	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 8,116,257	\$ 7,918,229	\$ 7,917,066	\$ (1,163)
Other local sources	187,030	187,030	174,489	(12,541)
Interdistrict sources	129,946	176,464	174,115	(2,349)
Intermediate sources	7,000	7,000	7,779	779
State sources	5,803,307	5,868,524	5,571,446	(297,078)
Federal sources	197,521	200,354	503,376	303,022
Other sources	36,300	36,300	36,193	(107)
<b>Total Revenues</b>	<b>14,477,361</b>	<b>14,393,901</b>	<b>14,384,464</b>	<b>(9,437)</b>
<b>Expenditures</b>				
Instruction				
Regular instruction	5,211,244	5,150,294	5,206,830	(56,536)
Vocational instruction	1,261,107	1,262,683	1,187,935	74,748
Other instruction	1,082,362	1,075,555	1,062,709	12,846
<b>Total Instruction</b>	<b>7,554,713</b>	<b>7,488,532</b>	<b>7,457,474</b>	<b>31,058</b>
Support Services				
Pupil services	835,534	835,622	751,464	84,158
Instructional staff services	414,672	506,644	505,323	1,321
General administration services	368,623	363,617	348,663	14,954
School administration services	478,624	480,979	492,746	(11,767)
Business services	392,535	336,029	318,210	17,819
Operation and maintenance of plant	1,735,924	1,735,924	1,752,055	(16,131)
Student transportation	410,260	410,260	415,020	(4,760)
Central services	286,776	293,526	305,318	(11,792)
Insurance	166,604	173,771	189,780	(16,009)
Debt service	-	-	3,229	(3,229)
Other support services	140,045	140,546	121,426	19,120
<b>Total Support Services</b>	<b>5,229,597</b>	<b>5,276,918</b>	<b>5,203,234</b>	<b>73,684</b>
Non-program				
General tuition payments	457,000	461,352	452,270	9,082
Other non-program transactions	-	-	623	(623)
<b>Total non-program</b>	<b>457,000</b>	<b>461,352</b>	<b>452,893</b>	<b>8,459</b>
<b>Total Expenditures</b>	<b>13,241,310</b>	<b>13,226,802</b>	<b>13,113,601</b>	<b>113,201</b>
<b>Excess of Revenues Over Expenditures</b>	<b>1,236,051</b>	<b>1,167,099</b>	<b>1,270,863</b>	<b>103,764</b>
<b>Other Financing Uses</b>				
Transfers out	(1,328,596)	(1,237,066)	(1,287,458)	(50,392)
<b>Net Change in Fund Balance</b>	<b>(92,545)</b>	<b>(69,967)</b>	<b>(16,595)</b>	<b>53,372</b>
<b>Fund balance - beginning of year</b>	<b>3,352,286</b>	<b>3,352,286</b>	<b>3,352,286</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 3,259,741</b>	<b>\$ 3,282,319</b>	<b>\$ 3,335,691</b>	<b>\$ 53,372</b>

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, 2010**

	Budgeted Amounts		Actual Final	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interdistrict sources	\$ 106,611	\$ 106,611	\$ 114,968	\$ 8,357
Intermediate sources	48,000	48,000	62,147	14,147
State sources	468,000	468,000	480,844	12,844
Federal sources	131,014	131,014	129,143	(1,871)
<b>Total Revenues</b>	<b>753,625</b>	<b>753,625</b>	<b>787,102</b>	<b>33,477</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Special education instruction	1,522,956	1,522,956	1,543,236	(20,280)
<b>Support services</b>				
Pupil services	128,623	128,623	187,359	(58,736)
Instructional staff services	63,040	63,040	64,304	(1,264)
Student transportation services	104,700	104,700	111,187	(6,487)
<b>Total Support Services</b>	<b>296,363</b>	<b>296,363</b>	<b>362,850</b>	<b>(66,487)</b>
<b>Non-program</b>				
Special education tuition	134,032	134,032	127,538	6,494
Other non-program transactions	28,000	28,000	31,611	(3,611)
<b>Total non-program</b>	<b>162,032</b>	<b>162,032</b>	<b>159,149</b>	<b>2,883</b>
<b>Total Expenditures</b>	<b>1,981,351</b>	<b>1,981,351</b>	<b>2,065,235</b>	<b>(83,884)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,227,726)</b>	<b>(1,227,726)</b>	<b>(1,278,133)</b>	<b>(50,407)</b>
<b>Other Financing Sources</b>				
Transfers in	1,227,726	1,227,726	1,278,133	50,407
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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 -  
Proprietary Funds  
June 30, 2010

	Food Service	General Community Service	Total
<b>ASSETS</b>			
Cash and investments	\$ 105,942	\$ 1,269	\$ 107,211
Accounts receivable	4,287	-	4,287
Due from other governments	7,427	-	7,427
<b>Total Current Assets</b>	<b>117,656</b>	<b>1,269</b>	<b>118,925</b>
Capital assets			
Machinery and equipment	260,099	-	260,099
Less accumulated depreciation	(129,279)	-	(129,279)
<b>Total Noncurrent Assets</b>	<b>130,820</b>	<b>-</b>	<b>130,820</b>
<b>TOTAL ASSETS</b>	<b>248,476</b>	<b>1,269</b>	<b>249,745</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	20,980	-	20,980
Accrued salaries and related items	-	1,269	1,269
<b>Total Current Liabilities</b>	<b>20,980</b>	<b>1,269</b>	<b>22,249</b>
<b>NET ASSETS</b>			
Invested in capital assets	130,820	-	130,820
Unrestricted	96,676	-	96,676
<b>TOTAL NET ASSETS</b>	<b>\$ 227,496</b>	<b>\$ -</b>	<b>\$ 227,496</b>

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 -**  
**Proprietary Funds**  
**Year ended June 30, 2010**

	Food Service	General Community Service	Total
<b>Operating Revenues</b>			
Food sales and user charges	\$ 374,501	\$ -	\$ 374,501
Property taxes	-	20,000	20,000
Local sources	-	22,664	22,664
Intermediate sources	167,632	-	167,632
State sources	5,174	-	5,174
Federal sources	157,021	-	157,021
<b>Total Operating Revenues</b>	<u>704,328</u>	<u>42,664</u>	<u>746,992</u>
<b>Operating Expenses</b>			
Purchased services	601,006	50	601,056
Salaries and related items	37,822	36,188	74,010
Supplies and materials	35,435	1,738	37,173
Depreciation expense	15,401	-	15,401
<b>Total Operating Expenses</b>	<u>689,664</u>	<u>37,976</u>	<u>727,640</u>
<b>Change in net assets</b>	14,664	4,688	19,352
<b>Net assets (deficit) - beginning of year</b>	<u>212,832</u>	<u>(4,688)</u>	<u>208,144</u>
<b>Net assets - end of year</b>	<u>\$ 227,496</u>	<u>\$ -</u>	<u>\$ 227,496</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 -  
Proprietary Funds  
Year ended June 30, 2010

	Food Service	General Community Service	Total
<b>Cash Provided (Used) by Operating Activities</b>			
Cash received from user charges	\$ 370,214	\$ -	\$ 370,214
Cash received from other government payments	331,974	38,825	370,799
Cash payments to employees	(37,822)	(35,557)	(73,379)
Cash payments to suppliers	(645,367)	(1,999)	(647,366)
<b>Net Cash Provided by Operating Activities</b>	<u>18,999</u>	<u>1,269</u>	<u>20,268</u>
Cash and investments - beginning of year	<u>86,943</u>	<u>-</u>	<u>86,943</u>
Cash and investments - end of year	<u>\$ 105,942</u>	<u>\$ 1,269</u>	<u>\$ 107,211</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating income	\$ 14,664	\$ 4,688	\$ 19,352
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	15,401	-	15,401
Changes in assets and liabilities			
Accounts receivable	(4,287)	-	(4,287)
Due to other funds	-	(3,839)	(3,839)
Due from other governments	2,147	-	2,147
Accounts payable	(8,926)	(211)	(9,137)
Accrued salaries and related items	-	631	631
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 18,999</u>	<u>\$ 1,269</u>	<u>\$ 20,268</u>
<b>Noncash Noncapital Financing Activities</b>			
Commodities received from U.S. Department of Agriculture	<u>\$ 22,675</u>	<u>\$ -</u>	<u>\$ 22,675</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, 2010

	Private-Benefit Trust	Agency Fund	Total Fiduciary Funds
<b>ASSETS</b>			
Cash and investments	\$ 89,535	\$ 84,494	\$ 174,029
<b>LIABILITIES</b>			
Current liabilities			
Due to student organizations	-	84,494	84,494
<b>NET ASSETS</b>			
Restricted for scholarships	\$ 89,535	\$ -	\$ 89,535

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, 2010**

	<b>Private-Benefit Trust</b>
<b>ADDITIONS</b>	
Private donations	\$ 5,950
Earnings on investments	3,716
<b>Total Additions</b>	<b>9,666</b>
 <b>DEDUCTIONS</b>	
Scholarships awarded	10,000
 Change in Net Assets	 (334)
 Net Assets - July 1	 89,869
 Net Assets - June 30	 \$ 89,535

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, 2010

## 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 union 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 seven taxing districts.

This report includes all of the funds of the District. 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.

### 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, 2010

**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 two enterprise funds. The District uses enterprise funds to account for transactions of the Food Service fund and Community Service fund.

**FOOD SERVICE FUND**

This fund accounts for all revenue and expenditures related to pupil food service activities.

**GENERAL COMMUNITY SERVICE FUND**

This fund is used to account for activities such as adult education, community recreation programs, and other programs which are not elementary and secondary educational programs but have the primary function of serving the community.

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.

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Inventories

Governmental fund inventory items are recorded at the lower of cost or market based on the FIFO (first-in, first-out) method using the consumption method of accounting.

Inventory 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.

e. 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.

f. 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.

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	-

g. Accrued Sick Leave and Vacation Payable

Sick leave days, not to exceed 130 days, vest for teachers and other employees after one year of service, respectively. Upon termination, teachers and other employees will receive an amount of the total accumulated days, limited to 130 days at \$20 per day. The liability is reported on the government-wide financial statements. For governmental fund financial statements, the unpaid compensated absences are not expected to be paid using the expendable available resources and, therefore the liability is not reported.



**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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 all 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.

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2010

**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 two digit function level for the general fund and the special education fund. All other fund budgets are adopted at the fund 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.
- Encumbrance accounting is formally used by the District.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2010.

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2010

**NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)**

2. Excess of Expenditures Over Appropriations

For the year ended June 30, 2010, expenditures exceed appropriations in the following funds:

Fund	Function	Excess Expenditures
General Fund	Regular instruction	\$ 56,536
General Fund	School administration services	11,767
General Fund	Operation and maintenance of plant	16,131
General Fund	Student transportation	4,760
General Fund	Central services	11,792
General Fund	Insurance	16,009
General Fund	Debt service	3,229
General Fund	Other non-program transactions	623
Special Education Fund	Special education instruction	20,280
Special Education Fund	Pupil services	58,736
Special Education Fund	Instructional staff services	1,264
Special Education Fund	Student transportation	6,487
Special Education Fund	Other non-program transactions	3,611
Food Service Fund	Food Service	21,587
Debt Service Fund	Principal and Interest	119

**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, on June 30, 2010 as summarized below:

Petty cash funds	\$ 150
Deposits with financial institutions	975,498
Investments	
Wisconsin Local Government Investment Pool	1,055
	\$ 976,703

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2010

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 802,674
Fiduciary funds	
Private-benefit trust fund	89,535
Agency funds	84,494
	\$ 976,703

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.

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 per depository institution. 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, 2010, \$36,125 of the District's deposits and investments with financial institutions were in excess of federal depository insurance limits and uncollateralized.

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	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin Local Government Investment Pool	\$ 1,055	\$ 1,055	\$ -	\$ -	\$ -

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2010

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

**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.

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 Local Government Investment Pool	\$ 1,055	\$ 1,055	\$ -	\$ -	\$ -

**Investment in Wisconsin Local Government Investment Pool**

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, 2010, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying 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, 2010

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

**3. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 1,398,812	\$ -	\$ -	\$ 1,398,812
<b>Capital assets, being depreciated:</b>				
Land improvements	95,460	-	-	95,460
Buildings	51,777,366	-	-	51,777,366
Machinery and equipment	2,691,732	311,961	16,290	2,987,403
Vehicles	41,901	-	-	41,901
Subtotals	54,606,459	311,961	16,290	54,902,130
<b>Less accumulated depreciation for:</b>				
Land improvements	84,323	1,308	-	85,631
Buildings	9,905,545	1,035,548	-	10,941,093
Machinery and equipment	1,308,068	289,906	14,170	1,583,804
Vehicles	16,456	5,240	-	21,696
Subtotals	11,314,392	1,332,002	14,170	12,632,224
Total capital assets, being depreciated, net	43,292,067	(1,020,041)	2,120	42,269,906
Governmental activities capital assets, net	<u>\$ 44,690,879</u>	<u>\$ (1,020,041)</u>	<u>\$ 2,120</u>	43,668,718
Less related long-term debt outstanding				<u>39,435,000</u>
Invested in capital assets, net of related debt				<u>\$ 4,233,718</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital assets, being depreciated:</b>				
Machinery and equipment	\$ 260,099	\$ -	\$ -	\$ 260,099
<b>Less accumulated depreciation for:</b>				
Machinery and equipment	113,878	15,401	-	129,279
Total capital assets, being depreciated, net	146,221	(15,401)	-	130,820
Business-type activities capital assets, net	<u>\$ 146,221</u>	<u>\$ (15,401)</u>	<u>\$ -</u>	130,820
Less related long-term debt outstanding				<u>-</u>
Invested in capital assets, net of related debt				<u>\$ 130,820</u>

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

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2010

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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, 2010 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 145,952	\$ -
Special Education Fund	-	145,952
<b>Totals</b>	<b>\$ 145,952</b>	<b>\$ 145,952</b>

All balances are expected to be collected in the subsequent year.

Interfund transfers for the year ended June 30, 2010 were as follows:

	Special Education	Cooperative Program	Total
Transfers from:			
General fund	\$ 1,278,133	\$ 9,325	1,287,458

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 authorized a line of credit in advance of property tax collections in the amount of \$1,600,000. However, only \$300,000 of the line of credit was used. The line of credit is needed because District expenses for the year begin in July whereas tax collections are not received until January. The line of credit was paid back by June 30, 2010. Total interest paid during the year on short-term debt totaled \$3,299.

	Beginning Balance	Issued	Redeemed	Ending Balance
Line of credit	\$ -	\$ 300,000	\$ 300,000	\$ -

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2010

**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, 2010:

	Outstanding 7/1/09	Issued	Retired	Outstanding 6/30/10	Due Within One Year
<b>Governmental activities:</b>					
<b>General Obligation Debt</b>					
Refunding bonds	\$ 40,325,000	\$ -	\$ 890,000	\$ 39,435,000	\$ 1,165,000
Premium on debt issuance	943,394	-	55,362	888,032	55,362
<b>Total General Obligation Debt</b>	<b>41,268,394</b>	<b>-</b>	<b>945,362</b>	<b>40,323,032</b>	<b>1,220,362</b>
Other post-employment benefits	543,342	805,471	121,366	1,227,447	-
Accrued sick leave and vacation payable	-	231,292	-	231,292	-
Early retirement incentive payable	842,740	118,258	960,998	-	-
<b>Governmental activities</b>					
Long-term obligations	<u>\$ 42,654,476</u>	<u>\$ 1,155,021</u>	<u>\$ 2,027,726</u>	<u>\$ 41,781,771</u>	<u>\$ 1,220,362</u>

Total interest paid during the year on long-term debt totaled \$1,867,398.

**General Obligation Debt**

General obligation debt currently outstanding is detailed as follows:

**Bonds**

\$7,145,000 issued 6/18/04; \$1,015,000 to \$1,685,000 due annually through 2014; interest 3.0% to 5.0%	\$ 5,375,000
\$35,410,000 issued 10/15/04; \$150,000 to \$4,715,000 due annually through 2024; interest 2.0% to 5.0%	<u>34,060,000</u>

Total Outstanding General Obligation Debt \$ 39,435,000

Annual principal and interest maturities of the outstanding general obligation debt of \$39,435,000 on June 30, 2010 are detailed below:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2011	\$ 1,165,000	\$ 1,833,148	\$ 2,998,148
2012	1,380,000	1,786,547	3,166,547
2013	1,595,000	1,729,021	3,324,021
2014	1,845,000	1,661,985	3,506,985
2015	2,130,000	1,571,335	3,701,335
2016-2020	14,465,000	6,143,787	20,608,787
2021-2024	16,855,000	2,128,300	18,983,300
	<u>\$ 39,435,000</u>	<u>\$ 16,854,123</u>	<u>\$ 56,289,123</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, 2010

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

6. Long-term Obligations (continued)

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2010 was as follows:

Equalized valuation of the District		\$2,364,650,374
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		118,232,519
Total outstanding general obligation debt applicable to debt limitation	\$ 39,435,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>1,485,303</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>37,949,697</u>
Legal Margin for New Debt		<u>\$ 80,282,822</u>

Accrued Sick Leave and Vacation Payable

The value of accumulated sick leave payable in future fiscal periods is recorded in the Statement of Net Assets. Expenditures for these benefits are recognized as incurred in the district-wide financial statements and as paid in the fund financial statements. Accrued sick leave is paid out at \$20 per day. At June 30, 2010, an estimated liability of \$231,292 had been recorded in the district-wide financial statements as a result of this program.

**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 6.2% 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, 2010 was \$7,706,445; the employer's total payroll was \$8,109,747. The total required contribution for the year ended June 30, 2010 was \$829,436, which consisted of \$360,773 (4.68% of payroll from July 1, 2009 through June 30, 2010) from the employer and \$468,663 (6.08% of payroll from July 1, 2009 through June 30, 2010) of covered payroll from employees. The required contribution for employees for the year ended June 30, 2010 was financed by the District. Total contributions for the years ending June 30, 2009 and 2008 were \$776,409 and \$737,652 respectively, equal to the required contributions for each year.

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2010

**NOTE D - OTHER INFORMATION (Continued)**

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.

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 145 active and 11 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	\$ 813,649
Interest on net OPEB	27,167
Adjustment to annual required contribution	<u>(35,345)</u>
Annual OPEB cost (expense)	805,471
Contributions made	<u>(121,366)</u>
Change in net OPEB obligation	684,105
OPEB obligation - beginning of year	<u>543,342</u>
OPEB obligation - end of year	<u>\$ 1,227,447</u>

The annual required contribution for the year was determined as part of the July 1, 2009 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 5% discount rate, and (b) projected salary increases at 3%.

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2010

**NOTE D - OTHER INFORMATION (Continued)**

*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. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining open amortization period at June 30, 2010 is 28 years, and the remaining amount is \$5,591,967.

*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 2010 is as follows:

Fiscal Year Ended	Annual Required Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 813,649	14.92%	\$ 1,227,447

*Funded Status and Funding Progress* - As of July 1, 2009, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$5,591,967.

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 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)
2009	\$ -	\$ 5,591,967	0.00%	\$ 5,591,967	\$ 7,706,445	72.56%

**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.

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2010

**NOTE D - OTHER INFORMATION (Continued)**

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**  
Wilmot, Wisconsin  
Schedule of Funding Progress  
Other Post-Employment Benefit Plan  
June 30, 2010

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%
2009	-	5,591,967	0.00%	5,591,967	7,706,445	72.56%

The note to the required supplemental information is an integral part of this statement.

**WILMOT UNION HIGH SCHOOL DISTRICT**  
**Wilmot, Wisconsin**  
**Schedule of Employer Contributions**  
**Other Post-Employment Benefit Plan**  
**June 30, 2010**

Year Ended June 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 102,510	\$ 645,852	15.87%
2010	121,366	813,649	14.92%

The note to the required supplemental information is an integral part of this statement.

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Note to Required Supplemental Information  
June 30, 2010

**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.



## **SUPPLEMENTAL INFORMATION**

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Combining Balance Sheet -  
Non-Major Governmental Funds  
June 30, 2010

	Special Revenue Trust	Cooperative Program	Capital Projects	Total Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 150	\$ -	\$ -	\$ 150
<b>LIABILITIES AND FUND BALANCES</b>				
Fund Balances				
Unreserved				
Designated	\$ 150	\$ -	\$ -	\$ 150

**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, 2010

	Special Revenue Trust	Cooperative Program	Capital Projects	Total Non-Major Governmental Funds
<b>Revenues</b>				
Other local sources	\$ -	\$ -	\$ 128	\$ 128
Intermediate sources	-	7,801	-	7,801
<b>Total Revenues</b>	<u>-</u>	<u>7,801</u>	<u>128</u>	<u>7,929</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular instruction	-	-	5,370	5,370
Vocational instruction	-	-	56,477	56,477
Other instruction	(150)	-	-	(150)
<b>Total Instruction</b>	<u>(150)</u>	<u>-</u>	<u>61,847</u>	<u>61,697</u>
<b>Support Services</b>				
Instructional staff services	-	17,126	-	17,126
Operations and maintenance of plant	-	-	36,188	36,188
Central services	-	-	94,578	94,578
<b>Total Support Services</b>	<u>-</u>	<u>17,126</u>	<u>130,766</u>	<u>147,892</u>
<b>Total Expenditures</b>	<u>(150)</u>	<u>17,126</u>	<u>192,613</u>	<u>209,589</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>150</u>	<u>(9,325)</u>	<u>(192,485)</u>	<u>(201,660)</u>
<b>Other Financing Sources</b>				
Transfers in	-	9,325	-	9,325
<b>Net Change in Fund Balances</b>	150	-	(192,485)	(192,335)
<b>Fund balances - beginning of year</b>	<u>-</u>	<u>-</u>	<u>192,485</u>	<u>192,485</u>
<b>Fund balances - end of year</b>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150</u>

**WILMOT UNION HIGH SCHOOL DISTRICT**  
**Wilmot, Wisconsin**  
**Schedule of Changes in Assets and Liabilities -**  
**Pupil Activity Funds**  
**Year ended June 30, 2010**

	Balance 7/1/09	Additions	Deletions	Balance 6/30/10
<b>ASSETS</b>				
Cash and investments	\$ 94,818	\$ 28,754	\$ 39,078	\$ 84,494
<b>LIABILITIES</b>				
Due to Student Organizations	\$ 94,818	\$ 28,754	\$ 39,078	\$ 84,494

**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 District<sup>®</sup>), Wisconsin, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 16, 2010. 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.

*A deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as items 2010-01 and 2010-02. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


**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*.

We noted certain matters that we reported to the District, in a separate letter dated November 16, 2010.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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  
Green Bay, Wisconsin  
November 16, 2010

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR FEDERAL AND STATE PROGRAM  
AND ON 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 Wilmot Union High School District's ("the District") compliance 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 Administration that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2010. Wilmot Union High School District's, major federal and state programs are identified in the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and 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 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 could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2010.

Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, 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.

***A deficiency in internal control over compliance*** exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. ***A material weakness in internal control over compliance*** is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-01, 2010-03 and 2010-04. ***A significant deficiency in internal control over compliance*** is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

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.

*Schensk SC*

Certified Public Accountants  
Green Bay, Wisconsin  
November 16, 2010

**WILMOT UNION HIGH SCHOOL**  
Wilmot, Wisconsin  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010

Grantor Agency/ Federal Program Title	Pass-through Agency	Federal Catalog Number	Accrued or (Deferred) Revenue 7/1/09	Amount Received	Total Expenditures	Accrued or (Deferred) Revenue 6/30/10
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Child Nutrition Cluster</i>						
School Breakfast Program July 1, 2009 - June 30, 2010	DPI	10.553	\$ -	\$ 18,669	\$ 18,669	\$ -
School Lunch Program July 1, 2009 - June 30, 2010	DPI	10.555	-	115,677	115,677	-
Donated commodities	DPI	10.550	-	22,675	22,675	-
<i>Total Child Nutrition Cluster</i>			-	157,021	157,021	-
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			-	157,021	157,021	-
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Title I-A Basic Grant July 1, 2008 - June 30, 2009	DPI	84.010	82,145	82,145	-	-
July 1, 2009 - June 30, 2010			-	32,137	104,733	72,596
Title I-A Basic Grant, Recovery Act July 1, 2009 - June 30, 2010	DPI	84.389	-	60,574	65,159	4,585
<i>Special Education Cluster</i>						
Special Education Grants to States						
High Cost Special Education Aid July 1, 2009 - June 30, 2010	DPI	84.027	-	7,521	7,787	266
Flow through, Recovery Act July 1, 2009 - June 30, 2010	DPI	84.391	-	101,204	121,356	20,152
<i>Total Special Education Cluster</i>			-	108,725	129,143	20,418
Title IV-A Safe and Drug Free Schools Act July 1, 2008 - June 30, 2009	DPI	84.186	2,468	2,468	-	-
Title II-D Education Technology, Recovery Act July 1, 2008 - June 30, 2009	DPI	84.318	745	745	-	-
July 1, 2009 - June 30, 2010			-	-	1,650	1,650
Title II-A Teacher & Principal Training July 1, 2008 - June 30, 2009	DPI	84.367	25,645	25,645	-	-
July 1, 2009 - June 30, 2010			-	11,018	26,515	15,497
ARRA-State Fiscal Stabilization Fund - Education Fund July 1, 2009 - June 30, 2010	DPI	84.394	-	305,319	305,319	-
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			111,003	628,776	632,519	114,746
<b>TOTAL FEDERAL AWARDS</b>			\$ 111,003	\$ 785,797	\$ 789,540	\$ 114,746

DPI - Wisconsin Department of Public Instruction

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, 2010

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Accrued or (Deferred) Revenue 7/1/09	Amount Received	Total Expenditures	Accrued or (Deferred) Revenue 6/30/10
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WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

**ENTITLEMENT PROGRAMS**

Handicapped Pupils and School Age Parents	255.101	\$ -	\$ 460,749	\$ 460,749	\$ -
Equalization Aids	255.201	86,406	5,450,620	5,462,625	98,411
High Cost Special Education Aid	255.210	-	20,095	20,095	-
State School Lunch	255.102	-	3,568	3,568	-
Common School Library Fund	255.103	-	55,489	55,489	-
General Transportation Aid Public and Nonpublic	255.107	-	35,315	35,315	-
School Breakfast	255.344	-	1,606	1,606	-
Mentoring Grants for Initial Educators	255.301	18,928	18,928	-	-
		<hr/>			
TOTAL ENTITLEMENT PROGRAMS		105,334	6,046,370	6,039,447	98,411
		<hr/>			
TOTAL STATE FINANCIAL ASSISTANCE		\$ 105,334	\$ 6,046,370	\$ 6,039,447	\$ 98,411
		<hr/> <hr/>			

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, 2010

**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 2009-2010 eligible costs under the State Special Education Program as reported by the District are \$1,567,231.

**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, 2010

**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?	Yes
Noncompliance material to basic financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	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
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
84.010/84.389	Title I-A Basic Grant Cluster
84.027/84.391	Special Education Cluster

**State Financial Assistance**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	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 the <i>State Single Audit Guidelines</i> ?	Yes
Audit threshold used to determine between Type A and Type B programs:	\$100,000
Auditee qualified as low-risk auditee?	Yes

Identification of major state programs:

State ID. Number	Name of State Program
255.101	Special Education and School Age Parents
255.201	General Equalization

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010

**Section II - Financial Statement Findings**

Finding No.	Internal Control Deficiencies
<b>2010-01</b>	<b>Segregation of Duties</b>
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.
Effect:	The District may not be able to prevent, detect and correct a potential misstatement in schedule of expenditures of federal awards and state financial assistance.
Recommendation:	We recommend the Board of Education continue to monitor the transactions and the financial records of the District.
<b>2010-02</b>	<b>Year End Closing and Financial Reporting</b>
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.
Effect:	The District may not be able to prevent, detect and correct a potential misstatement in schedule of expenditures of federal awards and state financial assistance.
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, 2010

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

Finding No.	Internal Control Deficiencies
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**2010-01 Segregation of Duties**

**CFDA#:** All federal and state programs.

**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.

**Effect:** The District may not be able to prevent, detect and correct a potential misstatement in schedule of expenditures of federal awards and state financial assistance.

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

**2010-03 Financial Reporting for Federal and State Financial Assistance**

**CFDA #:** All federal and state programs.

**Condition:** OMB Circular A-133 and the *State Single Audit Guidelines* 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.

**Effect:** The District may not be able to prevent, detect and correct a potential misstatement in schedule of expenditures of federal awards and state financial assistance.

**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 Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010

**Section III - Federal and State Financial Assistance Findings and Questioned Costs (Continued)**

Finding No.	Internal Control Deficiencies
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**2010-04      Suspension and Debarment**

**CFDA#:    U.S. Department of Education  
Passed through the State of Wisconsin Department of Public Instruction  
84.010 Title I-A Basic Grant  
84.389 Title I-A Basic Grant, Recovery Act**

**Condition:** The District does not have policies or procedures in place to verify vendors are suspended or debarred.

**Criteria:** Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include those procurement contracts for goods and services that are expected to equal or exceed \$25,000 or meet certain other specified criteria. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) website.

**Questioned Costs:** There are no questioned costs.

**Cause:** The existing purchasing policy does not have procedures in place to verify if vendors are suspended or debarred.

**Effect:** If condition remains unresolved, the District may inadvertently purchase goods or services from suspended or debarred parties.

**Recommendation:** We recommend the District establish written procedures to at a minimum have a purchasing and/or accounts payable employee verify vendors' status via the EPLS website on a quarterly basis and keep the verifications in the vendor file.

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2010

**Section IV - Other Issues**

Does the auditor's report of the notes to the financial statement include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

\_\_\_\_\_ Yes        X   No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Public Instruction

  X   Yes      \_\_\_\_\_ No

Was a Management Letter or other document conveying audit comments issued as a result of this audit?

  X   Yes      \_\_\_\_\_ No

Name and signature of shareholder

  
\_\_\_\_\_  
Michael Konecny, CPA

Date of report

November 16, 2010

**WILMOT UNION HIGH SCHOOL DISTRICT**  
**Wilmot, Wisconsin**  
**Schedule of Prior Year Audit Findings and Corrective Action Plan**  
**June 30, 2010**

**Status of Prior Year Audit Finding**

The findings noted in the 2009 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. Management continues to believe the cost to hire additional staff to eliminate the control deficiencies identified as 2009-01, 2009-02 and 2009-03 outweighs the benefits to be received from implementation of recommendations.

**Corrective Action Plan**

Finding No.	Corrective Action Plan
<b>2010-01</b>	<b>Segregation of Duties</b>
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.
<b>2010-02</b>	<b>Year End Closing and Financial Reporting</b>
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.
<b>2010-03</b>	<b>Financial Reporting for Federal and State Financial Assistance</b>
Management Response:	Management concurs with the finding and has determined that the economic cost of addressing this issue outweighs the benefits at this time.
<b>2010-04</b>	<b>Suspension and Debarment</b>
Management Response:	The district will adjust the purchasing policy to add procedures for suspension and debarment.