

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

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2011**

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

June 30, 2011

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**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

June 30, 2011

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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, 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, 2011, 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, each major fund, and the aggregate remaining fund information of the District as of June 30, 2011, and the respective changes in financial position, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A.4(i), the District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the fiscal year ended June 30, 2011. The District changed the financial reporting of the activities of the Special Education program from being reported as a special revenue fund to being included as part of the General Fund effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011 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.

Accounting principles generally accepted in the United States of America require that the schedule of funding progress and the schedule of employer contributions on pages 27 and 28 be presented to supplement the basic financial statements. Such information, although not part of the financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements and other knowledge we obtained during the audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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. The supplemental information and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Scheuick SC*

Certified Public Accountants  
Green Bay, Wisconsin  
November 21, 2011

## **BASIC FINANCIAL STATEMENTS**

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin  
 Statement of Net Assets  
 June 30, 2011

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 674,984
Receivables	
Taxes	3,883,838
Accounts	26,877
Due from other governments	519,161
Inventory	3,024
Capital assets	
Land	1,398,812
Land improvements	95,460
Buildings	51,777,366
Machinery and equipment	2,890,936
Vehicles	96,024
Less: accumulated depreciation	(13,600,887)
Total Capital Assets	<u>42,657,711</u>
<b>TOTAL ASSETS</b>	<u>47,765,595</u>
<b>LIABILITIES</b>	
Accounts payable	42,272
Accrued payroll liabilities	110,046
Accrued interest payable	446,637
Long-term obligations	
Due within one year	1,435,362
Due in more than one year	39,743,203
<b>TOTAL LIABILITIES</b>	<u>41,777,520</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	4,387,711
Restricted for	
Debt service	1,060,387
Unrestricted	539,977
<b>TOTAL NET ASSETS</b>	<u><u>\$ 5,988,075</u></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, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities

**Governmental Activities**

Instruction	\$ 8,818,700	\$ 606,897	\$ 1,005,105	\$ (7,206,698)
Support services	7,326,817	517,777	271,151	(6,537,889)
Community services	144,227	36,970	-	(107,257)
Interest on debt	1,770,579	-	-	(1,770,579)
Depreciation - unallocated	1,390,795	-	-	(1,390,795)
Non-program	686,882	-	-	(686,882)
<b>Total Governmental Activities</b>	<b>\$ 20,138,000</b>	<b>\$ 1,161,644</b>	<b>\$ 1,276,256</b>	<b>(17,700,100)</b>

**General revenues**

Property taxes, levied for general purposes	8,333,217
Property taxes, levied for debt service	3,019,354
Property taxes, levied for community service	110,000
Other taxes	47
State and federal aids not restricted to specific functions	5,691,555
Interest and investment earnings	3,083
Miscellaneous	53,618
<b>Total general revenues</b>	<b>17,210,874</b>
 Change in net assets	 (489,226)
 Net assets - beginning of year (restated)	 6,477,301
 Net assets - end of year	 <u>\$ 5,988,075</u>

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



**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin  
Balance Sheet -  
Governmental Funds  
June 30, 2011

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 475,859	\$ 117,960	\$ 81,165	\$ 674,984
Receivables				
Taxes	2,494,774	1,389,064	-	3,883,838
Accounts	22,720	-	4,157	26,877
Due from other governments	490,251	-	28,910	519,161
Inventory	3,024	-	-	3,024
<b>TOTAL ASSETS</b>	<b>\$ 3,486,628</b>	<b>\$ 1,507,024</b>	<b>\$ 114,232</b>	<b>\$ 5,107,884</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 40,830	\$ -	\$ 1,442	\$ 42,272
Accrued payroll liabilities	108,898	-	1,148	110,046
<b>Total Liabilities</b>	<b>149,728</b>	<b>-</b>	<b>2,590</b>	<b>152,318</b>
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventory	3,024	-	-	3,024
<b>Restricted</b>				
For retirement of long-term debt	-	1,507,024	-	1,507,024
<b>Assigned</b>				
For special trust funds	-	-	150	150
For food service	-	-	108,749	108,749
For community service	-	-	2,743	2,743
Unassigned	3,333,876	-	-	3,333,876
<b>Total Fund Balances</b>	<b>3,336,900</b>	<b>1,507,024</b>	<b>111,642</b>	<b>4,955,566</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,486,628</b>	<b>\$ 1,507,024</b>	<b>\$ 114,232</b>	<b>\$ 5,107,884</b>

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Balance Sheet -

Governmental Funds (Continued)

June 30, 2011

Reconciliation to Statement of Net Assets

Fund balance, as shown above	\$ 4,955,566
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.	42,657,711
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	(38,270,000)
Premium on bonds	(832,670)
Accrued sick leave and vacation payable	(130,894)
Other post-employment benefits (OPEB)	(1,945,001)
Accrued interest on long-term obligations	<u>(446,637)</u>
Net assets of governmental activities as reported on the Statement of Net Assets (see page 3)	<u>\$ 5,988,075</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, 2011

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 8,333,264	\$ 3,019,354	\$ 110,000	\$ 11,462,618
Other local sources	165,730	604	390,539	556,873
Interdistrict sources	464,674	-	-	464,674
Intermediate sources	261,383	-	161,555	422,938
State sources	6,258,712	-	5,953	6,264,665
Federal sources	265,425	-	164,533	429,958
Other sources	47,048	-	-	47,048
<b>Total Revenues</b>	<b>15,796,236</b>	<b>3,019,958</b>	<b>832,580</b>	<b>19,648,774</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular instruction	5,215,696	-	-	5,215,696
Vocational instruction	1,236,361	-	-	1,236,361
Special education instruction	1,600,241	-	-	1,600,241
Other instruction	1,080,868	-	-	1,080,868
<b>Total Instruction</b>	<b>9,133,166</b>	<b>-</b>	<b>-</b>	<b>9,133,166</b>
<b>Support Services</b>				
Pupil services	1,070,781	-	-	1,070,781
Instructional staff services	583,977	-	-	583,977
General administration services	403,941	-	-	403,941
School administration services	501,115	-	-	501,115
Business services	357,412	-	-	357,412
Operation and maintenance of plant	1,810,125	-	122,013	1,932,138
Food service	-	-	635,078	635,078
Student transportation	591,539	-	-	591,539
Central services	348,074	-	-	348,074
Community services	-	-	60,674	60,674
Insurance	193,813	-	-	193,813
Debt service	4,354	2,998,237	-	3,002,591
Other support services	109,848	-	-	109,848
<b>Total Support Services</b>	<b>5,974,979</b>	<b>2,998,237</b>	<b>817,765</b>	<b>9,790,981</b>
<b>Non-program</b>				
General tuition payments	414,494	-	-	414,494
Special education tuition	229,985	-	-	229,985
Other non-program transactions	42,403	-	-	42,403
<b>Total Non-program</b>	<b>686,882</b>	<b>-</b>	<b>-</b>	<b>686,882</b>
<b>Total Expenditures</b>	<b>15,795,027</b>	<b>2,998,237</b>	<b>817,765</b>	<b>19,611,029</b>
<b>Net change in fund balances</b>	<b>1,209</b>	<b>21,721</b>	<b>14,815</b>	<b>37,745</b>
<b>Fund balances - beginning of year (restated)</b>	<b>3,335,691</b>	<b>1,485,303</b>	<b>96,827</b>	<b>4,917,821</b>
<b>Fund balances - end of year</b>	<b>\$ 3,336,900</b>	<b>\$ 1,507,024</b>	<b>\$ 111,642</b>	<b>\$ 4,955,566</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, 2011

Reconciliation to Statement of Activities

Net Change in Fund Balances - Total Governmental Funds from the previous page \$ 37,745

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	325,587
Depreciation expense reported in the statement of activities	(1,390,795)

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	(76,619)
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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:

Other post-employment benefits (OPEB)	(717,554)
Accrued sick leave and vacation payable	100,398

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:

1,165,000

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.

11,650

Change in Net Assets of Governmental Activities reported in the Statement of Activities (see page 4)

\$ (489,226)

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 8,374,353	\$ 8,329,848	\$ 8,333,264	\$ 3,416
Other local sources	155,440	175,440	165,730	(9,710)
Interdistrict sources	418,851	467,915	464,674	(3,241)
Intermediate sources	59,400	59,400	261,383	201,983
State sources	6,229,256	6,265,555	6,258,712	(6,843)
Federal sources	241,555	241,555	265,425	23,870
Other sources	16,000	20,000	47,048	27,048
<b>Total Revenues</b>	<b>15,494,855</b>	<b>15,559,713</b>	<b>15,796,236</b>	<b>236,523</b>
<b>Expenditures</b>				
Instruction				
Regular instruction	5,104,105	5,219,608	5,215,696	3,912
Vocational instruction	1,185,443	1,059,747	1,236,361	(176,614)
Special education instruction	1,641,072	1,641,072	1,600,241	40,831
Other instruction	1,053,388	1,099,691	1,080,868	18,823
<b>Total Instruction</b>	<b>8,984,008</b>	<b>9,020,118</b>	<b>9,133,166</b>	<b>(113,048)</b>
Support Services				
Pupil services	1,038,286	1,015,473	1,070,781	(55,308)
Instructional staff services	532,871	584,192	583,977	215
General administration services	362,642	358,277	403,941	(45,664)
School administration services	511,040	486,058	501,115	(15,057)
Business services	304,333	331,358	357,412	(26,054)
Operation and maintenance of plant	1,796,809	1,796,809	1,810,125	(13,316)
Student transportation	534,881	534,881	591,539	(56,658)
Central services	443,685	341,626	348,074	(6,448)
Insurance	443,685	191,874	193,813	(1,939)
Debt service	4,000	4,000	4,354	(354)
Other support services	118,831	118,831	109,848	8,983
<b>Total Support Services</b>	<b>6,091,063</b>	<b>5,763,379</b>	<b>5,974,979</b>	<b>(211,600)</b>
Non-program				
General tuition payments	430,500	424,668	414,494	10,174
Special education tuition	155,588	155,588	229,985	(74,397)
Other non-program transactions	18,000	18,000	42,403	(24,403)
<b>Total Non-program</b>	<b>604,088</b>	<b>598,256</b>	<b>686,882</b>	<b>(88,626)</b>
<b>Total Expenditures</b>	<b>15,679,159</b>	<b>15,381,753</b>	<b>15,795,027</b>	<b>(413,274)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(184,304)</b>	<b>177,960</b>	<b>1,209</b>	<b>(176,751)</b>
Other Financing Sources				
Transfers in	31,514	-	-	-
<b>Net Change in Fund Balance</b>	<b>(152,790)</b>	<b>177,960</b>	<b>1,209</b>	<b>(176,751)</b>
Fund balance - beginning of year	3,335,691	3,335,691	3,335,691	-
<b>Fund balance - end of year</b>	<b>\$ 3,182,901</b>	<b>\$ 3,513,651</b>	<b>\$ 3,336,900</b>	<b>\$ (176,751)</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 -

Fiduciary Fund

June 30, 2011

	Private-Benefit Trust	Agency Fund	Total Fiduciary Funds
<b>ASSETS</b>			
Cash and investments	\$ 94,196	\$ 63,548	\$ 157,744
<b>LIABILITIES</b>			
Current liabilities			
Due to student organizations	-	63,548	63,548
<b>NET ASSETS</b>			
Restricted for scholarships	\$ 94,196	\$ -	\$ 94,196

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  
June 30, 2011

	Private-Benefit Trust
<b>ADDITIONS</b>	
Private donations	\$ 11,772
Earnings on investments	3,189
Total Additions	14,961
<b>DEDUCTIONS</b>	
Scholarships awarded	10,300
Change in Net Assets	4,661
Net Assets - July 1	89,535
Net Assets - June 30	\$ 94,196

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, 2011

### 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 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. The District has no proprietary funds or internal service funds. Major individual governmental 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. The District implemented GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" for the year ended June 30, 2011. The District changed the financial reporting of the Special Education program from being reported as a special revenue fund to being included as part of the General Fund.

#### 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



**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2011

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

The District reports the following nonmajor governmental funds:

The District implemented GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*” for the year ended June 30, 2011. The District changed the financial reporting of the Food Service Program and the Community Service Program from being reported as proprietary funds to being reported as special revenue funds. The district reports the following special revenue funds, including the purpose and significant revenue source.

Fund	Purpose	Significant Revenue
Special Revenue Trust Fund	To account for trust funds that can be used for district operations.	Gifts
Food Service Fund	To account for revenues and expenditures related to pupil and elderly food service activity.	User Fees
Community Service Fund	To account for activities that have the primary function of serving the community.	User Fees and Property Tax

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 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 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, 2011

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

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.

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.

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 nonspendable accounts to indicate that they do not represent spendable available resources.

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 nonspendable 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.

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2011

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

f. Capital Assets

Capital assets, which include property, plant, machinery and equipment, are reported in the governmental activities column 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>	<u>Governmental Activities Years</u>
Land improvements	20 - 50
Buildings and improvements	20 - 50
Machinery and equipment	5 - 20
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. 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.

h. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. 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.

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2011

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

i. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

For the year ended June 30, 2011, the District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which fund balance amounts can be spent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of District management. The fund balance policy has not addressed the authority of which district personnel have the ability to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Unassigned amounts are only reported in the General Fund.

The District has not adopted a fund balance spend down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

DISTRICT-WIDE 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.

## WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2011

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

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.

### 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 (DPI). The DPI requires the District to separate special education revenues and expenditures from other general fund amounts. 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 committed or assigned 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, 2011.

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2011

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

2. Excess of Expenditures Over Appropriations

For the year ended June 30, 2011, expenditures exceed appropriations in the following funds:

Fund	Function	Excess Expenditures
General Fund	Vocational instruction	\$ 176,614
General Fund	Pupil services	55,308
General Fund	General administration services	45,664
General Fund	School administration services	15,057
General Fund	Business services	26,054
General Fund	Operation and maintenance of plant	13,316
General Fund	Student transportation	56,658
General Fund	Central services	6,448
General Fund	Insurance	1,939
General Fund	Debt service	354
Debt Service Fund	Debt service	89
Food Service Fund	Food service	16,794
Community Service Fund	Community service	22,093
Private-Benefit Trust Fund	Scholarships awarded	200

**NOTE C - DETAILED NOTES ON ALL FUNDS**

1. Cash and Investments

The debt service fund accounts for its transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the fiduciary funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

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. Investments in the private-purpose trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

The carrying amount of the District's cash and investments, including the separate accounts noted above, on June 30, 2011 as summarized below:

Deposits with financial institutions	\$ 771,082
Investments	61,646
	<u>\$ 832,728</u>

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2011

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

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 674,984
Fiduciary funds	
Private benefit trust fund	94,196
Agency funds	63,548
	<hr/>
	<b>\$ 832,728</b>

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 within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 per official custodian per depository institution. In addition, the District's non-interest bearing transaction accounts are fully insured through December 31, 2012. Also, 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 Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of June 30, 2011, all of the District's deposits and investments with financial institutions were fully insured.

Credit Risk

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

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Wisconsin Local Government Investment Pool	\$ 61,646	\$ -	\$ -	\$ -	\$ 61,646

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2011

**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	\$ 61,646	\$ 61,646	\$ -	\$ -	\$ -

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, 2011, 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, 2011

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

3. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,398,812	\$ -	\$ -	\$ 1,398,812
Capital assets, being depreciated:				
Land improvements	95,460	-	-	95,460
Buildings and improvements	51,777,366	-	-	51,777,366
Machinery and equipment	3,247,502	271,464	628,030	2,890,936
Vehicles	41,901	54,123	-	96,024
Subtotals	55,162,229	325,587	628,030	54,859,786
Less accumulated depreciation	12,761,503	1,390,795	551,411	13,600,887
Total capital assets, being depreciated, net	42,400,726	(1,065,208)	76,619	41,258,899
Governmental activities capital assets, net	\$ 43,799,538	\$ (1,065,208)	\$ 76,619	42,657,711
Less related long-term debt outstanding				38,270,000
Invested in capital assets, net of related debt				\$ 4,387,711

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

4. Short-term Obligations

The District authorized a line of credit in advance of property tax collections in the amount of \$1,800,000. 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, 2011. Total interest paid during the year on short-term debt totaled \$4,354.

	Outstanding 1/1/10	Issued	Retired	Outstanding 12/31/10
Line of Credit	\$ -	\$ 1,800,000	\$ 1,800,000	\$ -

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2011

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

5. Long-term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2011:

	Outstanding 1/1/10	Issued	Retired	Outstanding 12/31/10	Due Within One Year
<b>Governmental activities:</b>					
<b>General Obligation Debt</b>					
Bonds	\$ 39,435,000	\$ -	\$ 1,165,000	\$ 38,270,000	\$ 1,380,000
Debt premium	888,032	-	55,362	832,670	55,362
<b>Total General Obligation Debt</b>	<b>40,323,032</b>	<b>-</b>	<b>1,220,362</b>	<b>39,102,670</b>	<b>1,435,362</b>
Other post-employment benefits	1,227,447	827,402	109,848	1,945,001	-
Accrued sick leave and vacation payable	231,292	36,579	136,977	130,894	-
<b>Governmental activities</b>					
Long-term obligations	<b>\$ 41,781,771</b>	<b>\$ 863,981</b>	<b>\$ 1,467,187</b>	<b>\$ 41,178,565</b>	<b>\$ 1,435,362</b>

Total interest paid during the year on long-term debt totaled \$1,833,148.

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 3.00% to 5.00%	\$ 4,360,000
\$35,410,000 issued 10/15/04; \$150,000 to \$4,715,000 due annually through 2024; interest 2.0% to 5.0%	<u>33,910,000</u>
<b>Total Bonds</b>	<b><u>\$ 38,270,000</u></b>

Annual principal and interest maturities of the outstanding general obligation debt of \$38,270,000 on June 30, 2011 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
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	2,385,000	1,492,525	3,877,525
2017-2021	15,820,000	5,455,063	21,275,063
2022-2024	13,115,000	1,324,500	14,439,500
	<b>\$ 38,270,000</b>	<b>\$ 15,020,976</b>	<b>\$ 53,290,976</b>

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, 2011

**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, 2011 was as follows:

Equalized valuation of the District		\$ 2,272,799,051
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		113,639,953
Total outstanding general obligation debt applicable to debt limitation	\$ 38,270,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>1,507,024</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>36,762,976</u>
Legal Margin for New Debt		<u>\$ 76,876,977</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, 2011, an estimated liability of \$130,894 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 and school district educational support personnel) 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, 2011 was \$7,892,676; the employer's total payroll was \$8,224,894. The total required contribution for the year ended June 30, 2011 was \$897,083, which consisted of \$393,293 (4.98% of payroll from July 1, 2010 through June 30, 2011) from the employer and \$503,790 (6.38% of payroll from July 1, 2010 through June 30, 2011) of covered payroll from employees. The required contribution for employees for the year ended June 30, 2011 was financed by the District. Total contributions for the years ending June 30, 2010 and 2009 were \$829,436 and \$776,409 respectively, equal to the required contributions for each year.

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2011

**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	49,098
Adjustment to annual required contribution	(35,345)
Annual OPEB cost (expense)	827,402
Contributions made	(109,848)
Change in net OPEB obligation	717,554
OPEB obligation - beginning of year	1,227,447
OPEB obligation - end of year	<u>\$ 1,945,001</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, 2011

**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, 2011 is 27 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 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
6/30/11	813,649	14.92%	1,945,001

*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	(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)
July 1, 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, 2011

**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.

6. Restatement of Fund Balance/Net Assets

The District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" for the year ended June 30, 2011. The District changed the financial reporting of the Food Service Program and the Community Service Program from being reported as proprietary funds to being reported as special revenue funds. The following table shows the restatement of net assets and fund balance as of June 30, 2010.

**District Wide Financial Statements**

Governmental Activities Net Assets as reported June 30, 2010	\$ 6,249,805
Plus: Business-type Activity Net Assets transferred to Governmental Activities	<u>227,496</u>
Governmental Activities Net Assets, June 30, 2010 as restated	<u><u>\$ 6,477,301</u></u>

**Fund Financial Statements**

	Food Service	Community Program
Proprietary Fund Net Assets as reported June 30, 2010	\$ 220,496	\$ -
Less: Capital assets not reported in governmental funds	<u>(130,820)</u>	<u>-</u>
Governmental Funds Fund balance, June 30, 2010 as restated	<u><u>\$ 89,676</u></u>	<u><u>\$ -</u></u>

**REQUIRED SUPPLEMENTAL INFORMATION**

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Schedule of Funding Progress  
Other Post-Employment Benefit Plan  
June 30, 2011

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, 2011

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%
2011	109,848	813,649	13.50%

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, 2011

**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 -  
Nonmajor Governmental Funds

June 30, 2011

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Revenue Trust	Food Service	Community Service	
<b>ASSETS</b>				
Cash and investments	\$ 150	\$ 75,682	\$ 5,333	\$ 81,165
Receivables:				
Accounts	-	4,157	-	4,157
Due from other governments	-	28,910	-	28,910
<b>TOTAL ASSETS</b>	<u>\$ 150</u>	<u>\$ 108,749</u>	<u>\$ 5,333</u>	<u>\$ 114,232</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 1,442	\$ 1,442
Accrued payroll liabilities	-	-	1,148	1,148
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>2,590</u>	<u>2,590</u>
Fund Balances				
Assigned	<u>150</u>	<u>108,749</u>	<u>2,743</u>	<u>111,642</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 150</u>	<u>\$ 108,749</u>	<u>\$ 5,333</u>	<u>\$ 114,232</u>

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Year ended June 30, 2011

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Revenue Trust	Food Service	Community Service	
<b>Revenues</b>				
Property taxes	\$ -	\$ -	110,000	\$ 110,000
Other local sources	-	353,569	36,970	390,539
Interdistrict sources	-	161,555	-	161,555
State sources	-	5,953	-	5,953
Federal sources	-	164,533	-	164,533
<b>Total Revenues</b>	<b>-</b>	<b>685,610</b>	<b>146,970</b>	<b>832,580</b>
<b>Expenditures</b>				
Support Services				
Operations and maintenance of plant	-	38,460	83,553	122,013
Food service	-	635,078	-	635,078
<b>Total Support Services</b>	<b>-</b>	<b>673,538</b>	<b>83,553</b>	<b>757,091</b>
Community services	-	-	60,674	60,674
<b>Total Expenditures</b>	<b>-</b>	<b>673,538</b>	<b>144,227</b>	<b>817,765</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>12,072</b>	<b>2,743</b>	<b>14,815</b>
<b>Fund balances - beginning of year (restated)</b>	<b>150</b>	<b>96,677</b>	<b>-</b>	<b>96,827</b>
<b>Fund balances - end of year</b>	<b>\$ 150</b>	<b>\$ 108,749</b>	<b>\$ 2,743</b>	<b>\$ 111,642</b>

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Schedule of Changes in Assets and Liabilities -  
Pupil Activity Funds  
Year ended June 30, 2011

	Balance 7/1/10	Additions	Deletions	Balance 6/30/11
<b>ASSETS</b>				
Cash and investments	\$ 84,494	\$ 20,373	\$ 41,319	\$ 63,548
<b>LIABILITIES</b>				
Due to Student Organizations	\$ 84,494	\$ 20,373	\$ 41,319	\$ 63,548

**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, each major fund, and the aggregate remaining fund information of the Wilmot Union High School District (the District), Wisconsin, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 21, 2011. 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

Management of the District is responsible for establishing and maintaining effective 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 as items 2011-01 and 2011-02 that we consider to be significant deficiencies in internal control over financial reporting. 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 21, 2011.

The District's responses to the findings identified in our audit are described in the accompanying schedule of prior year audit findings and corrective action plan. We did not audit 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.

*Scheuch SC*

Certified Public Accountants  
Green Bay, Wisconsin  
November 21, 2011

**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 School District of Wilmot, Wisconsin'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, 2011. The District's major federal and state programs are identified in the summary of auditors' results section of 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 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 are applicable to each of its major federal and state programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our 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 2011-01 and 2011-03. 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 response to the finding identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. 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, management, the Board of Education, others within the entity, and federal and state awarding agencies and pass-through entities 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 21, 2011

**WILMOT UNION HIGH SCHOOL**  
Wilmot, Wisconsin  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Grantor Agency/ Federal Program Title	Pass-through Agency	Federal Catalog Number	Accrued or (Deferred) Revenue 7/1/10	Amount Received	Total Expenditures	Accrued or (Deferred) Revenue 6/30/11
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Child Nutrition Cluster</i>						
School Breakfast Program	DPI	10.553				
July 1, 2010 - June 30, 2011			\$ -	\$ 15,576	\$ 16,116	\$ 540
School Lunch Program	DPI	10.555				
July 1, 2010 - June 30, 2011			-	124,901	126,946	2,045
Donated Commodities	DPI		-	21,471	21,471	-
<i>Total Child Nutrition Cluster</i>			-	161,948	164,533	2,585
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			-	161,948	164,533	2,585
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Title I, Part A Cluster</i>						
Title I-A Basic Grant	DPI	84.010				
July 1, 2009 - June 30, 2010			72,596	72,596	-	-
July 1, 2010 - June 30, 2011			-	40,901	99,658	58,757
Title I-A Basic Grant, Recovery Act	DPI	84.389				
July 1, 2009 - June 30, 2010			4,585	4,585	-	-
July 1, 2010 - June 30, 2011			-	-	408	408
<i>Total Title I, Part A Cluster</i>			77,181	118,082	100,066	59,165
<i>Special Education Cluster</i>						
Special Education Grants to States						
IDEA High Cost Special Education Aid	DPI	84.027				
July 1, 2009 - June 30, 2010			266	266	-	-
July 1, 2010 - June 30, 2011			-	38,828	38,828	-
IDEA Flow through	DPI, CESA #2	84.027				
July 1, 2010 - June 30, 2011			-	189,136	189,136	-
IDEA Flow through, Recovery Act	DPI	84.391				
July 1, 2009 - June 30, 2010			20,152	20,152	-	-
July 1, 2010 - June 30, 2011			-	72,588	108,734	36,146
<i>Total Special Education Cluster</i>			20,418	320,970	336,698	36,146
<i>Educational Technology Cluster</i>						
Title II-D Education Technology, Recovery Act	DPI	84.386				
July 1, 2009 - June 30, 2010			1,650	1,650	-	-
July 1, 2010 - June 30, 2011			-	-	552	552
<i>Total Educational Technology Cluster</i>			1,650	1,650	552	552
Title II-A Teacher & Principal Training	DPI	84.367				
July 1, 2009 - June 30, 2010			15,497	15,497	-	-
July 1, 2010 - June 30, 2011			-	-	17,245	17,245
Carl Perkins Grant	Badger High School	84.048				
July 1, 2010 - June 30, 2011			-	8,462	8,462	-
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			193,577	584,393	563,641	172,825
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 114,746</b>	<b>\$ 626,609</b>	<b>\$ 627,556</b>	<b>\$ 115,693</b>

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, 2011

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Accrued or (Deferred) Revenue 7/1/10	Amount Received	Total Expenditures	Accrued or (Deferred) Revenue 6/30/11
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WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

Handicapped Pupils and School Age Parents	255.101	\$ -	\$ 440,070	\$ 440,070	\$ -
Equalization Aids	255.201	98,411	5,689,999	5,687,537	95,949
High Cost Special Education Aid	255.210	-	15,219	15,219	-
State School Lunch	255.102	-	4,100	4,100	-
Common School Library Fund	255.103	-	58,347	58,347	-
General Transportation Aid Public and Nonpublic	255.107	-	42,318	42,318	-
School Breakfast	255.344	-	1,855	1,855	-
Mentoring Grants for Initial Educators	255.355	-	1,500	1,500	-
Total Wisconsin Department of Public Instruction		98,411	6,253,408	6,250,946	95,949

WISCONSIN DEPARTMENT OF MILITARY AFFAIRS

Presidential Disaster Declaration	465.305	-	-	3,976	3,976
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TOTAL STATE FINANCIAL ASSISTANCE

<u>\$ 98,411</u>	<u>\$ 6,253,408</u>	<u>\$ 6,254,922</u>	<u>\$ 99,925</u>
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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, 2011

**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 2010-2011 eligible costs under the State Special Education Program as reported by the District are \$1,666,209.

**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, 2011

**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
	Special Education Cluster
84.027	IDEA Flow Through
84.027	IDEA High Cost Special Education
84.391	IDEA Flow Through, Recovery Act

**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	Handicapped Pupils and School Age Parents
255.201	Equalization Aids
255.210	High Cost Special Education Aid



**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2011

**Section II - Financial Statement Findings**

Finding No.	Internal Control Deficiencies
<b>2011-01</b>	<p><b>Segregation of Duties</b></p> <p>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.</p> <p>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.</p> <p>Cause: The lack of segregation of duties is due to the limited number of employees and the size of District's operations.</p> <p>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.</p> <p>Recommendation: We recommend the Board of Education continue to monitor the transactions and the financial records of the District.</p>
<b>2011-02</b>	<p><b>Year End Closing and Financial Reporting</b></p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2011

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

Finding No.	Internal Control Deficiencies
<b>2011-01</b>	<b>Segregation of Duties</b>
CFDA #:	All federal and state programs.
	Details described in Section II.
<b>2011-03</b>	<b>Financial Reporting for Federal and State Financial Assistance</b>
CFDA #:	All federal and state programs.
Condition:	OMB Circular A-133 and the <i>State Single Audit Guidelines</i> require 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, 2011

**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	<u>  X  </u>	Yes	_____	No
Department of Military Affairs	<u>  X  </u>	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 W. Konecny, CPA

Date of report

November 21, 2011

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Schedule of Prior Year Audit Findings and Corrective Action Plan  
June 30, 2011

**Status of Prior Year Audit Findings**

The findings noted in the 2010 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 2010-01, 2010-02 and 2010-03 outweighs the benefits to be received from implementation of recommendations. Finding 2010-04 related to suspension and debarment, the District implemented procedures in 2011 for the monitoring of vendors.

**Corrective Action Plan**

**2011-01      Segregation of Duties**

The District has employed an office manager in fiscal year ending June 30, 2012. The District will be reviewing the current internal controls and reassigning duties as deemed appropriate to the new office manager. In addition, the Board of Education will continue to monitor the transactions and financial records of the District.

**2011-02      Year End Closing and Financial Reporting**

Management believes the cost of additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management will continue to review the audit report prepared by the auditor annually.

**2011-03      Financial Reporting for Federal and State Financial Assistance**

Management concurs with the finding and has determined that the economic cost of addressing this issue outweighs the benefits at this time. Management will continue to review the single audit report prepared by the auditor annually.