

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

ANNUAL FINANCIAL REPORT

JUNE 30, 2012

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2012

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WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2012

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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, 2012, 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 expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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, 2012, and the respective changes in financial position, thereof 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 6, 2012 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 budgetary comparison information, the schedule of funding progress and the schedule of employer contributions on pages 27 and 32 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.



Certified Public Accountants
Green Bay, Wisconsin
November 6, 2012

BASIC FINANCIAL STATEMENTS

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin
 Statement of Net Assets
 June 30, 2012

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,771,032
Receivables	
Taxes	3,858,318
Accounts	12,062
Due from other governments	186,778
Inventory	3,415
Prepaid items	1,839
Capital assets	
Land	1,398,812
Land improvements	95,460
Buildings	51,831,838
Machinery and equipment	3,040,449
Vehicles	96,024
Less: accumulated depreciation	<u>(14,941,927)</u>
Total Capital Assets	<u>41,520,656</u>
TOTAL ASSETS	<u>47,354,100</u>
LIABILITIES	
Accounts payable	19,459
Accrued payroll liabilities	836,293
Due to other governments	2,480
Accrued interest payable	432,754
Long-term obligations	
Due within one year	1,675,966
Due in more than one year	<u>36,383,812</u>
TOTAL LIABILITIES	<u>39,350,764</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,549,613
Restricted for	
Food service programs	115,320
Community service programs	1,696
Debt service	1,059,021
Unrestricted	<u>2,277,686</u>
TOTAL NET ASSETS	<u><u>\$ 8,003,336</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

For the Year ended June 30, 2012

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	\$ 7,029,979	\$ 747,720	\$ 1,202,595	\$ (5,079,664)
Support services	6,626,748	783,639	270,530	(5,572,579)
Community services	132,665	32,272	-	(100,393)
Interest on debt	1,724,840	-	-	(1,724,840)
Depreciation - unallocated	1,342,040	-	-	(1,342,040)
Non-program	917,836	-	-	(917,836)
Total Governmental Activities	\$ 17,774,108	\$ 1,563,631	\$ 1,473,125	(14,737,352)
General revenues				
Property taxes, levied for general purposes				8,209,334
Property taxes, levied for debt service				3,151,051
Property taxes, levied for community service				99,176
State and federal aids not restricted to specific functions				5,124,050
Interest and investment earnings				1,731
Miscellaneous				167,271
Total general revenues				16,752,613
Change in net assets				2,015,261
Net assets - beginning of year				5,988,075
Net assets - end of year				\$ 8,003,336

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, 2012

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,670,376	\$ 1,857	\$ 98,799	\$ 1,771,032
Receivables				
Taxes	2,368,400	1,489,918	-	3,858,318
Accounts	12,062	-	-	12,062
Due from other governments	167,778	-	19,000	186,778
Prepaid items	1,839	-	-	1,839
Inventory	3,415	-	-	3,415
TOTAL ASSETS	\$ 4,223,870	\$ 1,491,775	\$ 117,799	\$ 5,833,444
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 19,459	\$ -	\$ -	\$ 19,459
Accrued payroll liabilities	835,660	-	633	836,293
Due to other governments	2,480	-	-	2,480
Total Liabilities	857,599	-	633	858,232
Fund Balances				
Nonspendable				
Inventory	3,415	-	-	3,415
Prepaid items	1,839	-	-	1,839
Restricted				
Retirement of long-term debt	-	1,491,775	-	1,491,775
Food service programs	-	-	115,320	115,320
Community service programs	-	-	1,696	1,696
Assigned				
Private gifts and donations	-	-	150	150
Unassigned	3,361,017	-	-	3,361,017
Total Fund Balances	3,366,271	1,491,775	117,166	4,975,212
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,223,870	\$ 1,491,775	\$ 117,799	\$ 5,833,444

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Balance Sheet -

Governmental Funds (Continued)

June 30, 2012

Reconciliation to Statement of Net Assets

Fund balance, as shown above	\$ 4,975,212
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.	41,520,656
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	(36,890,000)
Capital leases	(81,043)
Premium on bonds	(777,308)
Accrued sick leave and vacation payable	(115,868)
Other post-employment benefits (OPEB)	(195,559)
Accrued interest on long-term obligations	<u>(432,754)</u>
Net assets of governmental activities as reported on the Statement of Net Assets (see page 3)	<u>\$ 8,003,336</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
For the Year ended June 30, 2012

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
Revenues				
Property taxes	\$ 8,209,434	\$ 3,151,051	\$ 99,176	\$ 11,459,661
Other local sources	285,910	365	402,316	688,591
Interdistrict sources	610,027	-	-	610,027
Intermediate sources	322,237	-	295,530	617,767
State sources	5,674,406	-	5,433	5,679,839
Federal sources	491,725	-	168,793	660,518
Other sources	72,966	-	-	72,966
Total Revenues	15,666,705	3,151,416	971,248	19,789,369
Expenditures				
Instruction				
Regular instruction	5,083,512	-	-	5,083,512
Vocational instruction	1,068,697	-	-	1,068,697
Special education instruction	1,634,910	-	-	1,634,910
Other instruction	1,096,343	-	-	1,096,343
Total Instruction	8,883,462	-	-	8,883,462
Support Services				
Pupil services	942,873	-	-	942,873
Instructional staff services	523,872	-	-	523,872
General administration services	413,910	-	20,735	434,645
School administration services	478,941	-	-	478,941
Business services	408,548	-	-	408,548
Operation and maintenance of plant	1,756,259	-	157,527	1,913,786
Food service	-	-	731,236	731,236
Pupil transportation	575,347	-	-	575,347
Central services	410,340	-	-	410,340
Insurance	189,951	-	-	189,951
Other support services	209,448	-	-	209,448
Total Support Services	5,909,489	-	909,498	6,818,987
Debt Service				
Principal	25,529	1,380,000	-	1,405,529
Interest and fiscal charges	7,420	1,786,665	-	1,794,085
Total Debt Service	32,949	3,166,665	-	3,199,614
Community services	170	-	56,226	56,396
Non-program				
General tuition payments	579,298	-	-	579,298
Special education tuition	275,455	-	-	275,455
Other non-program transactions	63,083	-	-	63,083
Total Non-program	917,836	-	-	917,836
Total Expenditures	15,743,906	3,166,665	965,724	19,876,295
Excess revenues over (under) expenditures	(77,201)	(15,249)	5,524	(86,926)
Other Financing Sources				
Proceeds from capital leases	106,572	-	-	106,572
Net change in fund balances	29,371	(15,249)	5,524	19,646
Fund balances - beginning of year	3,336,900	1,507,024	111,642	4,955,566
Fund balances - end of year	\$ 3,366,271	\$ 1,491,775	\$ 117,166	\$ 4,975,212

(Continued)

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds (Continued)
For the Year ended June 30, 2012

Reconciliation to Statement of Activities

Net Change in Fund Balances - Total Governmental Funds from the previous page \$ 19,646

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	204,985
Depreciation expense reported in the statement of activities	(1,342,040)
Amount by which the capital outlays in current period is less than depreciation	

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)	1,749,442
Accrued sick leave and vacation payable	15,026

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

Some capital assets acquired during the year were financed with debt. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net assets, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:

Capital leases	(106,572)
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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:

Long term debt	1,380,000
Capital leases	25,529

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.

13,883

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

\$ 2,015,261

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, 2012

	Private-Benefit Trust	Agency Fund	Total Fiduciary Funds
ASSETS			
Cash and investments	\$ 88,546	\$ 84,369	\$ 172,915
LIABILITIES			
Current liabilities			
Due to student organizations	-	84,369	84,369
NET ASSETS			
Restricted for scholarships	\$ 88,546	\$ -	\$ 88,546

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
For the Year Ended June 30, 2012

	Private-Benefit Trust
ADDITIONS	
Private donations	\$ 9,850
DEDUCTIONS	
Scholarships awarded	15,500
Change in Net Assets	(5,650)
Net Assets - July 1	94,196
Net Assets - June 30	\$ 88,546

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, 2012

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.

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, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 nonspendable fund balance 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 nonspendable fund balance 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, 2012

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>	Governmental Activities Years
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, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. 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 Board of Education has authorized the District Administrator and the Business Manager 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. Positive unassigned amounts are only reported in the General Fund.

The District has adopted a fund balance spend down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires 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.

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, 2012

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, 2012.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2012

NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)

2. Excess of Expenditures Over Appropriations

For the year ended June 30, 2012, expenditures exceed appropriations in the following funds:

Fund	Function	Excess Expenditures
General Fund	Vocational instruction	\$ 9,457
General Fund	Pupil services	42,247
General Fund	General administration services	8,951
General Fund	Business services	3,923
General Fund	Insurance	2,393
General Fund	General tuition payments	80,230
General Fund	Special education tuition	133,272
General Fund	Other non-program transactions	19,148

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, 2012 as summarized below:

Deposits with financial institutions	\$ 491,600
Investments	1,452,347
	<u>\$ 1,943,947</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 1,771,032
Fiduciary funds	
Private benefit trust fund	88,546
Agency funds	<u>84,369</u>
	<u>\$ 1,943,947</u>

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

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 interest bearing 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 for all time accounts, savings accounts and interest-bearing demand deposit accounts 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, 2012, 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	\$ 1,452,347	\$ -	\$ -	\$ -	\$ 1,452,347

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2012

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	\$ 1,452,347	\$ 1,452,347	\$ -	\$ -	\$ -

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, 2012, 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, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
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	54,472	-	51,831,838
Machinery and equipment	2,890,936	150,513	1,000	3,040,449
Vehicles	96,024	-	-	96,024
Subtotals	54,859,786	204,985	1,000	55,063,771
Less accumulated depreciation	13,600,887	1,342,040	1,000	14,941,927
Total capital assets, being depreciated, net	41,258,899	(1,137,055)	-	40,121,844
Governmental activities capital assets, net	\$ 42,657,711	\$ (1,137,055)	\$ -	41,520,656
Less related long-term debt outstanding				36,971,043
Invested in capital assets, net of related debt				\$ 4,549,613

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	\$ -	\$ 1,550,000	\$ 1,550,000	\$ -

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2012

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, 2012:

	Outstanding 6/30/11	Issued	Retired	Outstanding 6/30/12	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 38,270,000	\$ -	\$ 1,380,000	\$ 36,890,000	\$ 1,595,000
Debt premium	832,670	-	55,362	777,308	55,362
Total General Obligation Debt	39,102,670	-	1,435,362	37,667,308	1,650,362
Capital leases	-	106,572	25,529	81,043	25,604
Other post-employment benefits	1,945,001	195,559	1,945,001	195,559	-
Accrued sick leave and vacation payable	130,894	-	15,026	115,868	-
Governmental activities Long-term obligations	<u>\$ 41,178,565</u>	<u>\$ 302,131</u>	<u>\$ 3,420,918</u>	<u>\$ 38,059,778</u>	<u>\$ 1,675,966</u>

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%	\$ 3,130,000
\$35,410,000 issued 10/15/04; \$150,000 to \$4,715,000 due annually through 2024; interest 2.0% to 5.0%	<u>33,760,000</u>
Total Bonds	<u>\$ 36,890,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$38,270,000 on June 30, 2012 are detailed below:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 1,595,000	\$ 1,729,023	\$ 3,324,023
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	2,655,000	1,367,312	4,022,312
2018-2022	17,215,000	4,723,250	21,938,250
2023-2024	9,065,000	689,000	9,754,000
	<u>\$ 36,890,000</u>	<u>\$ 13,234,430</u>	<u>\$ 50,124,430</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, 2012

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, 2012 was as follows:

Equalized valuation of the District	\$ 2,246,765,323
Statutory limitation percentage	<u>(x) 10%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	224,676,532
Total outstanding general obligation debt applicable to debt limitation	\$ 36,890,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>1,059,021</u>
Net outstanding general obligation debt applicable to debt limitation	<u>35,830,979</u>
Legal Margin for New Debt	<u><u>\$ 188,845,553</u></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, 2012, an estimated liability of \$115,868 had been recorded in the district-wide financial statements as a result of this program.

7. Capital Lease

The District has entered into a lease agreement for the purpose of purchasing equipment. The following is a schedule of the minimum lease payments under the lease agreements and the present value of the minimum lease payments at June 30, 2012:

Year Ending June 30,	Amount
2013	\$ 29,399
2014	29,399
2015	<u>29,399</u>
Total minimum lease payments	88,197
Less: Amount representing interest	<u>7,154</u>
Present value of future minimum lease payments	<u><u>\$ 81,043</u></u>

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2012

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 hired before July 1, 2011 and expected to work over 600 hours a year (440 hours for teachers and school district educational support personnel) or hired on or after July 1, 2011 and expected to work over 1200 hours a year (880 hours for teachers and educational support employees) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.9% 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, 2012 was \$7,374,695 the employer's total payroll was \$8,389,682. The total required contribution for the year ended June 30, 2012 was \$864,302, which consisted of \$432,151 (5.86% of payroll from July 1, 2011 through June 30, 2012) from the employer and \$432,151 (5.86% of payroll from July 1, 2011 through June 30, 2012) of covered payroll from employees. The required contribution for employees for the year ended June 30, 2012 was financed by the District. Total contributions for the years ending June 30, 2011 and 2010 were \$897,083 and \$829,436 respectively, equal to the required contributions for each year.

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

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.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2012

NOTE D - OTHER INFORMATION (Continued)

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 11 active administration and support employees and 22 retired employees in the plan. Teachers that retire after July 1, 2012 are no longer included 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	\$ 195,559
Interest on net OPEB	-
Adjustment to annual required contribution	(1,150,001)
Annual OPEB cost (expense)	(954,442)
Contributions made	(795,000)
Change in net OPEB obligation	(1,749,442)
OPEB obligation - beginning of year	1,945,001
OPEB obligation - end of year	<u>\$ 195,559</u>

The annual required contribution for the year was determined as part of the July 1, 2011 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 5% discount rate, and (b) projected salary increases at 3%.

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 unit credit. The remaining open amortization period at June 30, 2011 is 30 years, and the remaining amount is \$2,293,157.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2012

NOTE D - OTHER INFORMATION (Continued)

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
6/30/12	195,559	N/A	195,559

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$2,293,157.

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)
2011	\$ -	\$ 2,293,157	0.00%	\$ 2,293,157	\$ -	0.00%

3. Risk Management

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

4. Contingencies

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

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

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2012

NOTE D - OTHER INFORMATION (Continued)

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

Statement of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual

General Fund - Budgetary Basis

For the Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 8,204,974	\$ 8,204,974	\$ 8,209,334	\$ 4,360
Other local sources	160,025	160,025	285,910	125,885
Interdistrict sources	281,128	281,128	293,600	12,472
State sources	5,234,883	5,234,883	5,228,947	(5,936)
Federal sources	487,958	487,958	491,598	3,640
Other sources	37,500	37,500	72,966	35,466
Total Revenues	14,406,468	14,406,468	14,582,355	175,887
Expenditures				
Instruction				
Regular instruction	5,128,875	5,128,875	5,083,512	45,363
Vocational instruction	1,059,240	1,059,240	1,068,697	(9,457)
Other instruction	1,144,506	1,144,506	1,096,343	48,163
Total Instruction	7,332,621	7,332,621	7,248,552	84,069
Support Services				
Pupil services	682,017	682,017	749,590	(67,573)
Instructional staff services	462,249	462,249	460,975	1,274
General administration services	404,959	404,959	413,910	(8,951)
School administration services	577,837	577,837	478,941	98,896
Business services	404,625	404,625	408,548	(3,923)
Operation and maintenance of plant	1,800,393	1,800,393	1,756,259	44,134
Pupil transportation	421,350	421,350	422,820	(1,470)
Central services	420,872	420,872	410,340	10,532
Insurance	187,558	187,558	189,951	(2,393)
Other support services	271,505	271,505	209,448	62,057
Total Support Services	5,633,365	5,633,365	5,500,782	132,583
Debt Service				
Principal	25,530	25,530	25,529	1
Interest and fiscal charges	11,869	11,869	7,420	4,449
Total Debt Service	37,399	37,399	32,949	4,450
Community service	-	-	170	(170)
Non-program				
General tuition payments	499,068	499,068	579,298	(80,230)
Other non-program transactions	-	-	19,148	(19,148)
Total non-program	499,068	499,068	598,446	(99,378)
Total Expenditures	13,502,453	13,502,453	13,380,899	121,554
Excess of Revenues Over Expenditures	904,015	904,015	1,201,456	297,441
Other Financing Uses				
Proceeds from capital leases	-	-	106,572	106,572
Transfers out	(1,386,380)	(1,386,380)	(1,278,657)	107,723
Total Other Financing Uses	(1,386,380)	(1,386,380)	(1,172,085)	214,295
Net Change in Fund Balance	(482,365)	(482,365)	29,371	511,736
Fund balance - beginning of year	3,336,900	3,336,900	3,336,900	-
Fund balance - end of year	\$ 2,854,535	\$ 2,854,535	\$ 3,366,271	\$ 511,736

The notes to the required supplementary information are an integral part of this schedule.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Special Education Special Revenue Fund - Budgetary Basis
For the Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other local sources	\$ -	\$ -	\$ 100	\$ 100
Interdistrict sources	357,975	357,975	316,427	(41,548)
Intermediate sources	64,000	64,000	322,237	258,237
State sources	448,000	448,000	445,459	(2,541)
Federal sources	35,000	35,000	127	(34,873)
Total Revenues	904,975	904,975	1,084,350	179,375
Expenditures				
Instruction				
Special education instruction	1,642,299	1,642,299	1,634,910	7,389
Support services				
Pupil services	218,609	218,609	193,283	25,326
Instructional staff services	63,964	63,964	62,897	1,067
Pupil transportation	170,300	170,300	152,527	17,773
Total Support Services	452,873	452,873	408,707	44,166
Non-program				
Special education tuition	142,183	142,183	275,455	(133,272)
Other non-program transactions	54,000	54,000	43,935	10,065
Total non-program	196,183	196,183	319,390	(123,207)
Total Expenditures	2,291,355	2,291,355	2,363,007	(71,652)
Excess of Revenues Over (Under) Expenditures	(1,386,380)	(1,386,380)	(1,278,657)	107,723
Other Financing Sources				
Transfers in	1,386,380	1,386,380	1,278,657	(107,723)
Net Change in Fund Balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

The notes to the required supplementary information are an integral part of this schedule.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Funding Progress
Other Post-Employment Benefit Plan
For the Year Ended 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%
2011	-	2,283,154	0.00%	2,283,154	-	0.00%

The notes to the required supplemental information is an integral part of this schedule.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Schedule of Employer Contributions
Other Post-Employment Benefit Plan
For the Year Ended June 30, 2011

Year Ended June 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2010	\$ 121,366	\$ 813,649	14.92%
2011	109,848	813,649	13.50%
2012	795,000	195,559	406.53%

The notes to the required supplemental information is an integral part of this schedule.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Required Supplemental Information
For the Year Ended 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.

NOTE B - CHANGE IN ACTUARIAL ASSUMPTIONS

The District changed eligibility requirements for teachers and support staff from the July 1, 2009 actuarial valuation. Teachers retiring after July 1, 2012 are not eligible for other post-employment benefits and support staff retiring after July 1, 2011 are not eligible for other post-retirement benefits of any kind. This resulted in a significant decrease in the actuarial accrued liability of the District.

NOTE C - BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note B in the notes to the basic financial statements; however, the District adopts a budget for the special education special revenue fund which is reported with the general fund in accordance with generally accepted accounting principles. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below:

	General Fund	Special Education Fund	Name of other fund (if any)
Revenues			
Actual amounts (budgetary basis)	\$ 14,582,355	\$ 1,084,350	\$ -
Reclassification of special education	1,084,350	(1,084,350)	-
Total Revenues	15,666,705	-	-
Expenditures			
Actual amounts (budgetary basis)	13,380,899	2,363,007	-
Reclassification of special education	2,363,007	(2,363,007)	-
Total Expenditures	15,743,906	-	-
Excess of Revenues Over (Under) Expenditures			
Actual amounts (budgetary basis)	1,201,456	(1,278,657)	-
Reclassification of special education	(1,278,657)	1,278,657	-
Excess of Revenues Over (Under) Expenditures	(77,201)	-	-
Other Financing Sources (Uses)			
Actual amounts (budgetary basis)	(1,172,085)	1,278,657	-
Reclassification of special education	1,278,657	(1,278,657)	-
Total Other Financing Sources (Uses)	106,572	-	-
Net Change in Fund Balance			
Actual amounts (budgetary basis)	29,371	-	-
Fund Balance - January 1			
Actual amounts (budgetary basis)	3,336,900	-	-
Fund Balance - December 31			
Actual amounts (budgetary basis)	\$ 3,366,271	\$ -	\$ -

SUPPLEMENTAL INFORMATION

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2012

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Revenue Trust	Food Service	Community Service	
ASSETS				
Cash and investments	\$ 150	\$ 96,320	\$ 2,329	\$ 98,799
Receivables:				
Due from other governments	-	19,000	-	19,000
TOTAL ASSETS	<u>\$ 150</u>	<u>\$ 115,320</u>	<u>\$ 2,329</u>	<u>\$ 117,799</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued payroll liabilities	\$ -	\$ -	\$ 633	\$ 633
Fund Balances				
Restricted				
Food service programs	-	115,320	-	115,320
Community service programs	-	-	1,696	1,696
Assigned - private donations and gifts	150	-	-	150
Total fund balances	<u>150</u>	<u>115,320</u>	<u>1,696</u>	<u>117,166</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 150</u>	<u>\$ 115,320</u>	<u>\$ 2,329</u>	<u>\$ 117,799</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year ended June 30, 2012

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Revenue Trust	Food Service	Community Service	
Revenues				
Property taxes	\$ -	\$ -	99,176	\$ 99,176
Other local sources	-	370,044	32,272	402,316
Interdistrict sources	-	295,530	-	295,530
State sources	-	5,433	-	5,433
Federal sources	-	168,793	-	168,793
Total Revenues	-	839,800	131,448	971,248
Expenditures				
Support Services				
General administration services	-	20,735	-	20,735
Operations and maintenance of plant	-	81,258	76,269	157,527
Food service	-	731,236	-	731,236
Total Support Services	-	833,229	76,269	909,498
Community services	-	-	56,226	56,226
Total Expenditures	-	833,229	132,495	965,724
Net Change in Fund Balances	-	6,571	(1,047)	5,524
Fund balances - beginning of year	150	108,749	2,743	111,642
Fund balances - end of year	\$ 150	\$ 115,320	\$ 1,696	\$ 117,166

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Changes in Assets and Liabilities -
Pupil Activity Funds
For the Year ended June 30, 2012

	Balance 7/1/11	Additions	Deletions	Balance 6/30/12
ASSETS				
Cash and investments	\$ 63,548	\$ 49,085	\$ 28,264	\$ 84,369
LIABILITIES				
Due to Student Organizations	\$ 63,548	\$ 49,085	\$ 28,264	\$ 84,369

**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 District¹), Wisconsin, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 6, 2012. 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 6, 2012.

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.

A handwritten signature in cursive script that reads "Schank SC".

Certified Public Accountants
Green Bay, Wisconsin
November 6, 2012

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, 2012. 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with state requirements, which are required to be reported in accordance with *State Single Audit Guidelines* issued by the Wisconsin Department of Administration and which are described in the accompanying schedule of findings and questioned costs as item 2012-04.

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 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.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-03 and 2012-04 to be significant deficiencies.

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 6, 2012

WILMOT UNION HIGH SCHOOL
Wilmot, Wisconsin
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Grantor Agency/ Federal Program Title	Pass-through Agency	Federal Catalog Number	Accrued or (Deferred) Revenue 7/1/11	Amount Received	Total Expenditures	Accrued or (Deferred) Revenue 6/30/12
U.S. DEPARTMENT OF AGRICULTURE						
<i>Child Nutrition Cluster</i>						
School Breakfast Program	DPI	10.553				
July 1, 2010 - June 30, 2011			\$ 540	\$ 540	\$ -	\$ -
July 1, 2011 - June 30, 2012			-	15,489	15,747	258
School Lunch Program	DPI	10.555				
July 1, 2010 - June 30, 2011			2,045	2,045	-	-
July 1, 2011 - June 30, 2012			-	127,663	128,253	590
Donated commodities	DPI	10.550	-	24,793	24,793	-
<i>Total Child Nutrition Cluster</i>			2,585	170,530	168,793	848
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,585	170,530	168,793	848
U.S. DEPARTMENT OF EDUCATION						
Title I-A Basic Grant	DPI	84.010				
July 1, 2010 - June 30, 2011			58,757	58,757	-	-
July 1, 2011 - June 30, 2012			-	84,588	108,023	23,435
Title I-A Basic Grant, Recovery Act	DPI	84.389				
July 1, 2010 - June 30, 2011			408	408	-	-
<i>Special Education Cluster</i>						
Special Education Grants to States						
High Cost Special Education Aid	DPI	84.027				
July 1, 2011 - June 30, 2012			-	127	127	-
Flow through	CESA #2					
July 1, 2011 - June 30, 2012			-	173,458	173,458	-
Flow through, Recovery Act	DPI	84.391				
July 1, 2010 - June 30, 2011			36,146	36,146	-	-
<i>Total Special Education Cluster</i>			36,146	209,731	173,585	-

(Continued)

WILMOT UNION HIGH SCHOOL
Wilmot, Wisconsin
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

Grantor Agency/ Federal Program Title	Pass-through Agency	Federal Catalog Number	Accrued or (Deferred) Revenue 7/1/11	Amount Received	Total Expenditures	Accrued or (Deferred) Revenue 6/30/12
U.S. DEPARTMENT OF EDUCATION (Continued)						
ESEA IV - A Safe and Drug Free Schools Act July 1, 2011 - June 30, 2012	DPI	84.186	-	2,613	2,613	-
Title II-D Education Technology, Recovery Act July 1, 2010 - June 30, 2011	DPI	84.386	552	552	-	-
Title II-A Teacher & Principal Training July 1, 2010 - June 30, 2011	DPI	84.367	17,245	17,245	-	-
July 1, 2011 - June 30, 2012			-	25,465	28,533	3,068
Carl Perkins Grant July 1, 2011 - June 30, 2012	Badger High School	84.048	-	-	10,975	10,975
Education Jobs Grant - ARRA July 1, 2011 - June 30, 2012	DPI	84.410	-	352,429	352,429	-
TOTAL U.S. DEPARTMENT OF EDUCATION			113,108	751,788	676,158	37,478
TOTAL FEDERAL AWARDS			\$ 115,693	\$ 922,318	\$ 844,951	\$ 38,326

DPI - Wisconsin Department of Public Instruction

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

WILMOT UNION HIGH SCHOOL
Wilmot, Wisconsin
Schedule of State Financial Assistance
For the Year Ended June 30, 2012

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Accrued or (Deferred) Revenue 7/1/11	Amount Received	Total Expenditures	Accrued or (Deferred) Revenue 6/30/12
<u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u>					
Handicapped Pupils and School Age Parents	255.101	\$ -	\$ 442,991	\$ 442,991	\$ -
Equalization Aids	255.201	95,949	3,782,799	3,762,895	76,045
Special Adjustment Aid	255.203	-	1,356,823	1,356,823	-
High Cost Special Education Aid	255.210	-	2,468	2,468	-
State School Lunch	255.102	-	4,120	4,120	-
Common School Library Fund	255.103	-	42,274	42,274	-
General Transportation Aid Public and Nonpublic	255.107	-	54,030	54,030	-
School Breakfast	255.344	-	1,313	1,313	-
Mentoring Grants for Initial Educators	255.355	-	1,605	1,605	-
Total Wisconsin Department of Public Instruction		<u>95,949</u>	<u>5,688,423</u>	<u>5,668,519</u>	<u>76,045</u>
<u>WISCONSIN DEPARTMENT OF MILITARY AFFAIRS</u>					
Presidential Disaster Declaration	465.305	<u>3,976</u>	<u>3,976</u>	<u>-</u>	<u>-</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 99,925</u>	<u>\$ 5,692,399</u>	<u>\$ 5,668,519</u>	<u>\$ 76,045</u>

See notes to the Schedules 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
For the Year Ended June 30, 2012

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 2011-2012 eligible costs under the State Special Education Program as reported by the District are \$1,735,070.

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
For the Year Ended June 30, 2012

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
84.410	Education Jobs

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
255.107	Pupil Transportation Aids
255.201	Equalization Aids

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2012

Section II - Financial Statement Findings

Finding No.	Internal Control Deficiencies
2012-01	Segregation of Duties
Condition:	The District has the Business Manager position to essentially complete all financial and recordkeeping duties of the general District's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of District's operations.
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.
2012-02	Year End Closing and Financial Reporting
Condition:	While the current staff of the District maintain financial records which accurately report revenues and expenditures throughout the year, preparing year end adjusting, closing and GASB 34 conversion entries necessary to prepare financial statements, including related notes, and financial reports require additional expertise that would entail additional training and staff time to develop. The District contracts with Schenck and their knowledge of current accounting principles and regulatory requirements related to federal and state single audits to prepare required journal entries and financial reports for the District in an efficient manner.
Criteria:	The review of financial statements by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential misstatement in the financial statements or notes.
Cause:	The additional costs associated with hiring staff experienced in preparing year end adjusting, closing, and GASB 34 conversion entries and financial reports, including additional training time outweigh the derived benefits.
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)
For the Year Ended June 30, 2012

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

Finding No.	Internal Control Deficiencies
-------------	-------------------------------

2012-01 Segregation of Duties

CFDA#: All federal programs.
See Section II for details of the finding.

2012-03 Financial Reporting for Federal and State Financial Assistance

CFDA #: All federal programs.
State ID #: All state programs.

Condition: OMB Circular A-133 and the *State Single Audit Guidelines* 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)
For the Year Ended June 30, 2012

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

Finding No.	Internal Control Deficiencies
<p>2012-04</p> <p>State ID #: 255.107</p> <p>State Program: Pupil Transportation Aid</p>	<p>Pupil Transportation</p> <p>Condition: The District used an estimate to calculate the number of pupils reported as pupils transported for both regular school and summer school.</p> <p>Criteria: The State Single Audit Guidelines require the District to document ridership for Pupil Transportation Aid assuring that pupils rode the bus at least one time during the year. Undocumented assumptions or estimates to support the number of pupils reported as actually transported at least once during the year is not allowed according to the state single audit guidelines.</p> <p>Questioned Costs: Not determined.</p> <p>Cause: The District's contracted transportation agency did not document ridership for regular and summer school transportation for the District. Therefore, the District's only viable option was to use an estimate of 70% of the eligible students rode the bus at least once during the year for regular transportation. For summer school transportation, the District made the overall determination that students in 9th and 10th grade summer school rode the bus and that all 11th and 12th graders would drive a car and did not ride the bus.</p> <p>Effect: The District may inadvertently include/exclude students who rode the bus at least once in their annual report of ridership to the Wisconsin Department of Public Instruction.</p> <p>Recommendation: We recommend the District implement procedures to document ridership for claimed students under pupil transportation aid.</p>

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2012

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 6, 2012

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended June 30, 2012

Status of Prior Year Audit Findings

The findings noted in the 2011 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 2011-01, 2011-02 and 2011-03 outweighs the benefits to be received from implementation of recommendations.

Corrective Action Plan

2012-01 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.

2012-02 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. The Business Manager has reviewed and approved the annual financial report prior to issuance.

2012-03 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. The Business Manager has reviewed and approved the annual financial report prior to issuance.

2012-04 Pupil Transportation

The District understands that this finding needs to be addressed for the 2012-13 report and will be working with the District's transportation provider to initiate a rider verification system for the 2012-13 school year.

District Contact for Mr. David Betz
Corrective Action Business Manager
Plan: BetzD@wilmoths.k12.wi.us