

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

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2013**

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

June 30, 2013

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**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

June 30, 2013

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

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, Wisconsin ("the District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **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, 2013, 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.

## **Emphasis of Matter**

As described in Note A.4.h. to the financial statements, the District adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2013. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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 - 30 be presented to supplement the basic financial statements. Such information, although not 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic 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 any 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.

### *Other 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 supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis 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 Wisconsin Department of Administration and are also not a required part of the basic financial statements.

The supplementary 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our

opinion, the supplementary information, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Report Issued in Accordance with *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2013, on our consideration of the District's internal control over financial reporting and on 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* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants  
Green Bay, Wisconsin  
October 28, 2013

## **BASIC FINANCIAL STATEMENTS**

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin  
Statement of Net Position  
June 30, 2013

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 1,230,168
Receivables	
Taxes	3,932,123
Accounts	22,951
Due from other governments	706,674
Inventory	3,293
Prepaid items	2,950
Capital assets	
Land	1,398,812
Land improvements	95,460
Buildings	51,831,838
Machinery and equipment	3,083,709
Vehicles	97,174
Less: accumulated depreciation	<u>(16,210,906)</u>
Total Capital Assets	<u>40,296,087</u>
Other Assets	
Other post employment benefits - assets	<u>69,578</u>
<b>TOTAL ASSETS</b>	<u>46,263,824</u>
<b>LIABILITIES</b>	
Accounts payable	90,210
Accrued payroll liabilities	137,817
Due to other governments	6,336
Accrued interest payable	415,864
Long-term obligations	
Due within one year	1,927,351
Due in more than one year	<u>34,145,034</u>
<b>TOTAL LIABILITIES</b>	<u>36,722,612</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,945,648
Restricted for	
Food service programs	67,258
Capital expansion	333,890
Debt service	997,765
Unrestricted	<u>3,196,651</u>
<b>TOTAL NET POSITION</b>	<u>\$ 9,541,212</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, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 7,744,920	\$ 786,076	\$ 1,007,621	\$ (5,951,223)
Support services	6,146,521	633,757	256,561	(5,256,203)
Community services	137,959	37,689	-	(100,270)
Interest on debt	1,661,335	-	-	(1,661,335)
Depreciation - unallocated	1,313,466	-	-	(1,313,466)
Non-program	762,265	-	-	(762,265)
<b>Total Governmental Activities</b>	<b>\$ 17,766,466</b>	<b>\$ 1,457,522</b>	<b>\$ 1,264,182</b>	<b>(15,044,762)</b>

General revenues	
Property taxes, levied for general purposes	8,330,412
Property taxes, levied for debt service	3,245,383
Property taxes, levied for capital projects	333,740
Property taxes, levied for community service	99,000
State and federal aids not restricted to specific functions	4,470,479
Interest and investment earnings	2,423
Miscellaneous	101,201
<b>Total general revenues</b>	<b>16,582,638</b>
Change in net position	1,537,876
Net position - beginning of year	8,003,336
Net position - end of year	<b>\$ 9,541,212</b>

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, 2013

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 865,975	\$ 3,246	\$ 360,947	\$ 1,230,168
Receivables				
Taxes	2,521,740	1,410,383	-	3,932,123
Accounts	21,470	-	1,481	22,951
Due from other governments	667,353	-	39,321	706,674
Prepaid items	2,950	-	-	2,950
Inventory	3,293	-	-	3,293
<b>TOTAL ASSETS</b>	<b>\$ 4,082,781</b>	<b>\$ 1,413,629</b>	<b>\$ 401,749</b>	<b>\$ 5,898,159</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 89,759	\$ -	\$ 451	\$ 90,210
Accrued payroll liabilities	137,817	-	-	137,817
Due to other governments	6,336	-	-	6,336
<b>Total Liabilities</b>	<b>233,912</b>	<b>-</b>	<b>451</b>	<b>234,363</b>
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventory	3,293	-	-	3,293
Prepaid items	2,950	-	-	2,950
<b>Restricted</b>				
Retirement of long-term debt	-	1,413,629	-	1,413,629
Food service programs	-	-	67,258	67,258
Capital expansion	-	-	333,890	333,890
<b>Assigned</b>				
Private gifts and donations	-	-	150	150
Unassigned	3,842,626	-	-	3,842,626
<b>Total Fund Balances</b>	<b>3,848,869</b>	<b>1,413,629</b>	<b>401,298</b>	<b>5,663,796</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,082,781</b>	<b>\$ 1,413,629</b>	<b>\$ 401,749</b>	<b>\$ 5,898,159</b>

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Balance Sheet -

Governmental Funds (Continued)

June 30, 2013

Reconciliation to Statement of Net Position

Fund balance, as shown above	\$ 5,663,796
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	40,296,087
Other assets held for other post-employment benefits (OPEB) are not financial resources and therefore are not reported in the funds.	69,578
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	(35,295,000)
Capital leases	(55,439)
Premium on bonds	(721,946)
Accrued interest on long-term obligations	<u>(415,864)</u>
Net position of governmental activities as reported on the Statement of Net Position (see page 4)	<u>\$ 9,541,212</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, 2013

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 8,330,412	\$ 3,245,383	\$ 432,740	\$ 12,008,535
Other local sources	225,338	527	358,872	584,737
Interdistrict sources	644,161	-	-	644,161
Intermediate sources	69,939	-	255,441	325,380
State sources	5,124,445	-	5,485	5,129,930
Federal sources	363,208	-	160,710	523,918
Other sources	88,831	-	-	88,831
<b>Total Revenues</b>	<b>14,846,334</b>	<b>3,245,910</b>	<b>1,213,248</b>	<b>19,305,492</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular instruction	4,399,057	-	-	4,399,057
Vocational instruction	1,028,049	-	-	1,028,049
Special education instruction	1,630,019	-	-	1,630,019
Other instruction	843,235	-	-	843,235
<b>Total Instruction</b>	<b>7,900,360</b>	<b>-</b>	<b>-</b>	<b>7,900,360</b>
<b>Support Services</b>				
Pupil services	794,555	-	-	794,555
Instructional staff services	663,248	-	-	663,248
General administration services	367,018	-	-	367,018
School administration services	653,267	-	-	653,267
Business services	297,587	-	-	297,587
Operation and maintenance of plant	1,544,981	-	113,194	1,658,175
Food service	-	-	753,172	753,172
Pupil transportation	590,574	-	-	590,574
Central services	317,102	-	-	317,102
Insurance	183,214	-	-	183,214
Other support services	259,430	-	-	259,430
<b>Total Support Services</b>	<b>5,670,976</b>	<b>-</b>	<b>866,366</b>	<b>6,537,342</b>
<b>Debt Service</b>				
Principal of debt	25,604	1,595,000	-	1,620,604
Interest and fiscal charges	4,531	1,729,056	-	1,733,587
<b>Total Debt Service</b>	<b>30,135</b>	<b>3,324,056</b>	<b>-</b>	<b>3,354,191</b>
<b>Community services</b>				
<b>Non-program</b>	<b>-</b>	<b>-</b>	<b>62,750</b>	<b>62,750</b>
General tuition payments	585,865	-	-	585,865
Special education tuition	119,820	-	-	119,820
Other non-program transactions	56,580	-	-	56,580
<b>Total Non-program</b>	<b>762,265</b>	<b>-</b>	<b>-</b>	<b>762,265</b>
<b>Total Expenditures</b>	<b>14,363,736</b>	<b>3,324,056</b>	<b>929,116</b>	<b>18,616,908</b>
<b>Net Change in Fund Balances</b>	<b>482,598</b>	<b>(78,146)</b>	<b>284,132</b>	<b>688,584</b>
<b>Fund Balances - Beginning of Year</b>	<b>3,366,271</b>	<b>1,491,775</b>	<b>117,166</b>	<b>4,975,212</b>
<b>Fund Balances - End of Year</b>	<b>\$ 3,848,869</b>	<b>\$ 1,413,629</b>	<b>\$ 401,298</b>	<b>\$ 5,663,796</b>

(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, 2013

Reconciliation to Statement of Activities

Net Change in Fund Balances - Total Governmental Funds from the previous page \$ 688,584

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	\$ 90,047	
Depreciation expense reported in the statement of activities	<u>(1,313,466)</u>	
Amount by which the capital outlays in current period is less than depreciation		(1,223,419)

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

Net book value of the disposed capital assets		(1,150)
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Certain employee benefits are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year. This year the accrual of these benefits (increased) decreased by:

Other post-employment benefits (OPEB)		265,137
Accrued sick leave and vacation payable		115,868

In governmental funds the bond 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 premium reported on the Statement of Activities in the current year is:

55,362

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

Long term debt		1,595,000
Capital leases		25,604

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.

16,890

Change in net position of governmental activities reported in the Statement of Activities (see page 5)

\$ 1,537,876

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

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Statement of Net Position -

Fiduciary Fund

June 30, 2013

	Private-Benefit Trust	Agency Fund	Total Fiduciary Funds
<b>ASSETS</b>			
Cash and investments	\$ 93,330	\$ 89,893	\$ 183,223
<b>LIABILITIES</b>			
Current liabilities			
Due to student organizations	-	89,893	89,893
<b>NET POSITION</b>			
Restricted for scholarships	\$ 93,330	\$ -	\$ 93,330

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 Position -  
Fiduciary Fund  
For the Year Ended June 30, 2013

	Private-Benefit Trust
ADDITIONS	
Private donations	\$ 9,784
DEDUCTIONS	
Scholarships awarded	5,000
Change in Net Position	4,784
Net Position - July 1	88,546
Net Position - June 30	\$ 93,330

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, 2013

**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 position 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, 2013

**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.

4. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance

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.

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2013

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

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. Inventory

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 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.

f. Capital Assets

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

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

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

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

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2013

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

g. Accrued Sick Leave and Vacation Payable

In the prior year, sick leave days vested for teachers and other employees after one year of service and upon termination, teachers and other employees used to receive an amount of the total accumulated days, limited to 130 days at \$20 per day. The liability was reported on the government-wide financial statements. In the current year, the District's policy changed and the sick leave days are no longer paid out upon termination. Therefore, the beginning balance of accrued sick leave and vacation payable on the government-wide statements has been eliminated in the current year.

h. Deferred Outflows/Inflows of Resources

The District implemented GASB Statement No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended June 30, 2013. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently does not have any items that qualify for reporting in this category.

i. 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 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 expense during the current period.

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, 2013

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

j. Fund Equity/Net Position

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 position and displayed in three components:

- Net investment in capital assets - 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 position - Amount of net position 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 position - Net position that is neither classified as restricted nor as net investment in capital assets.

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, 2013

**NOTE B - STEWARDSHIP AND COMPLIANCE**

Excess of Expenditures Over Appropriations

For the year ended June 30, 2013, expenditures exceed appropriations in the following funds:

Fund	Function	Excess Expenditures
General Fund	Pupil services	\$ 3,419
General Fund	School administration services	79,276
General Fund	Operation and maintenance of plant	30,353
General Fund	Pupil transportation	9,770
General Fund	Insurance	16,902
General Fund	Other non-program transactions	1,134
Special Education Fund	Special education instruction	2,933
Special Education Fund	Instructional staff services	67,747
Special Education Fund	Operation and maintenance of plant	372
Special Education Fund	Other non-program transactions	2,446
Community Service Fund	Community services	14,319

**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, 2013 as summarized below:

Petty cash	\$ 1,200
Deposits with financial institutions	410,428
Investments	<u>1,001,763</u>
	<u>\$ 1,413,391</u>

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2013

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

Reconciliation to the basic financial statements:

District-Wide Statement of Net Position	
Cash and investments	\$ 1,230,168
Fiduciary funds Statement of Net Position	
Private benefit trust fund	93,330
Agency funds	<u>89,893</u>
	<u>\$ 1,413,391</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 the combined amount of time and savings deposits and \$250,000 for all interest-bearing and noninterest-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. 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, 2013, 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	\$ 1,001,763	\$ -	\$ -	\$ -	\$ 1,001,763

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2013

**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	\$ 1,001,763	\$ 1,001,763	\$ -	\$ -	\$ -

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, 2013, 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, 2013

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

3. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,398,812	\$ -	\$ -	\$ 1,398,812
Capital assets, being depreciated:				
Land improvements	95,460	-	-	95,460
Buildings and improvements	51,831,838	-	-	51,831,838
Machinery and equipment	3,040,449	88,897	45,637	3,083,709
Vehicles	96,024	1,150	-	97,174
Subtotals	55,063,771	90,047	45,637	55,108,181
Less accumulated depreciation	14,941,927	1,313,466	44,487	16,210,906
Total capital assets, being depreciated, net	40,121,844	(1,223,419)	1,150	38,897,275
Governmental activities capital assets, net	\$ 41,520,656	\$ (1,223,419)	\$ 1,150	40,296,087
Less related long-term debt outstanding				35,350,439
Net investment in capital assets				\$ 4,945,648

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, 2013. Total interest paid during the year on short-term debt totaled \$736.

	Outstanding 6/30/12	Issued	Retired	Outstanding 6/30/13
Line of Credit	\$ -	\$ 800,000	\$ 800,000	\$ -



**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2013

**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, 2013:

	Outstanding 6/30/12	Issued	Retired	Outstanding 6/30/13	Due Within One Year
<b>Governmental activities:</b>					
<b>General Obligation Debt</b>					
Bonds	\$ 36,890,000	\$ -	\$ 1,595,000	\$ 35,295,000	\$ 1,845,000
Bond premium	777,308	-	55,362	721,946	55,362
Total General Obligation Debt	37,667,308	-	1,650,362	36,016,946	1,900,362
Capital leases	81,043	-	25,604	55,439	26,989
Accrued sick leave and vacation payable	115,868	-	115,868	-	-
<b>Governmental activities</b>					
Long-term obligations	\$ 37,864,219	\$ -	\$ 1,791,834	\$ 36,072,385	\$ 1,927,351

Total interest paid during the year on long-term debt totaled \$1,732,818.

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 in 2014; interest 3.00% to 5.00%	\$ 1,685,000
\$35,410,000 issued 10/15/04; \$150,000 to \$4,715,000 due annually through 2024; interest 2.0% to 5.0%	33,610,000
<b>Total Bonds</b>	<b>\$ 35,295,000</b>

Annual principal and interest maturities of the outstanding general obligation debt of \$35,295,000 on June 30, 2013 are detailed below:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
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	2,875,000	1,227,925	4,102,925
2019-2023	18,690,000	3,948,575	22,638,575
2024	4,715,000	235,750	4,950,750
	<b>\$ 35,295,000</b>	<b>\$ 11,505,407</b>	<b>\$ 46,800,407</b>

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

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2013

**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, 2013 was as follows:

Equalized valuation of the District	\$ 1,924,263,129
Statutory limitation percentage	<u>(x) 10%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	192,426,313
Total outstanding general obligation debt applicable to debt limitation	\$ 35,295,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>997,765</u>
Net outstanding general obligation debt applicable to debt limitation	<u>34,297,235</u>
Legal Margin for New Debt	<u><u>\$ 158,129,078</u></u>

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, 2013:

Year Ending June 30,	Amount
2014	\$ 29,399
2015	<u>29,399</u>
Total minimum lease payments	58,798
Less: Amount representing interest	<u>3,359</u>
Present value of future minimum lease payments	<u><u>\$ 55,439</u></u>

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2013

**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) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but are expected to return year after year are considered to have met the one year requirement.

Prior to June 29, 2011, covered employees in the General/Teacher/Education Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for the General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates are as follows:

	2012		2013	
	Employee	Employer	Employee	Employer
General (including Teachers)	5.9%	5.9%	6.65%	6.65%

The payroll for District employees covered by the WRS for the year ended June 30, 2013 was \$7,011,082; the employer's total payroll was \$7,868,663. The total required contribution for the year ended June 30, 2013 was \$890,652, which consisted of \$445,326 (6.35% of payroll from July 1, 2012 through June 30, 2013) from the employer and \$445,326 (6.35% of payroll from July 1, 2012 through June 30, 2013) of covered payroll from employees. Total contributions for the years ending June 30, 2012 and 2011 were \$864,302 and 897,083 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. A 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 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2013

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

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

2. Other Post-Employment Benefits

*Plan Description* - The District provides post-employment health and dental insurance for eligible employees. Eligibility is based on age and longevity. The benefits are based on contractual agreements with employee groups. The entire costs are paid by the District and funding comes from the current operating budget. The contributions are funded on a pay-as-you-go basis. There are 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. Support staff that retire after July 1, 2011 are also no longer included in the plan or eligible for benefits.

*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	\$ 208,282
Interest on net OPEB	9,778
Adjustment to annual required contribution	<u>(12,723)</u>
Annual OPEB cost (expense)	205,337
Contributions made	<u>(470,474)</u>
Change in net OPEB obligation	(265,137)
OPEB obligation - beginning of year	195,559
OPEB obligation (asset) - end of year	<u>\$ (69,578)</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, 2013 is 28 years.

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2013

**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 (Asset)
6/30/2011	\$ 813,649	14.92%	\$ 1,945,001
6/30/2012	195,559	N/A	195,559
6/30/2013	208,282	226%	(69,578)

*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, 2013

**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 SUPPLEMENTARY 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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 8,284,286	\$ 8,332,407	\$ 8,330,412	\$ (1,995)
Other local sources	239,400	233,400	225,338	(8,062)
Interdistrict sources	303,800	346,025	472,765	126,740
State sources	4,564,421	4,633,917	4,630,283	(3,634)
Federal sources	124,661	123,978	125,105	1,127
Other sources	22,500	37,000	88,831	51,831
<b>Total Revenues</b>	<b>13,539,068</b>	<b>13,706,727</b>	<b>13,872,734</b>	<b>166,007</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular instruction	4,431,640	4,467,657	4,399,057	68,600
Vocational instruction	1,038,827	1,050,897	1,028,049	22,848
Other instruction	854,441	942,222	843,235	98,987
<b>Total Instruction</b>	<b>6,324,908</b>	<b>6,460,776</b>	<b>6,270,341</b>	<b>190,435</b>
<b>Support Services</b>				
Pupil services	586,420	589,758	593,177	(3,419)
Instructional staff services	544,769	559,428	530,926	28,502
General administration services	364,193	372,243	367,018	5,225
School administration services	573,591	573,991	653,267	(79,276)
Business services	415,676	336,694	297,587	39,107
Operation and maintenance of plant	1,514,256	1,514,256	1,544,609	(30,353)
Pupil transportation	438,600	438,600	448,370	(9,770)
Central services	360,280	361,280	317,102	44,178
Insurance	157,312	166,312	183,214	(16,902)
Other support services	281,626	270,174	259,430	10,744
<b>Total Support Services</b>	<b>5,236,723</b>	<b>5,182,736</b>	<b>5,194,700</b>	<b>(11,964)</b>
<b>Debt Service</b>				
Principal of debt	25,604	25,604	25,604	-
Interest and fiscal charges	7,795	7,795	4,531	3,264
<b>Total Debt Service</b>	<b>33,399</b>	<b>33,399</b>	<b>30,135</b>	<b>3,264</b>
<b>Non-program</b>				
General tuition payments	584,150	622,820	585,865	36,955
Other non-program transactions	-	-	1,134	(1,134)
<b>Total non-program</b>	<b>584,150</b>	<b>622,820</b>	<b>586,999</b>	<b>35,821</b>
<b>Total Expenditures</b>	<b>12,179,180</b>	<b>12,299,731</b>	<b>12,082,175</b>	<b>217,556</b>
<b>Excess of Revenues Over Expenditures</b>	<b>1,359,888</b>	<b>1,406,996</b>	<b>1,790,559</b>	<b>383,563</b>
<b>Other Financing Uses</b>				
Transfers out	(1,359,877)	(1,406,996)	(1,307,961)	99,035
<b>Net Change in Fund Balance</b>	<b>11</b>	<b>-</b>	<b>482,598</b>	<b>482,598</b>
<b>Fund Balance - Beginning of Year</b>	<b>3,366,271</b>	<b>3,366,271</b>	<b>3,366,271</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 3,366,282</b>	<b>\$ 3,366,271</b>	<b>\$ 3,848,869</b>	<b>\$ 482,598</b>

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interdistrict sources	\$ 299,120	\$ 299,120	\$ 171,396	\$ (127,724)
Intermediate sources	86,000	86,000	69,939	(16,061)
State sources	452,000	452,000	494,162	42,162
Federal sources	-	-	238,103	238,103
<b>Total Revenues</b>	<b>837,120</b>	<b>837,120</b>	<b>973,600</b>	<b>136,480</b>
<b>Expenditures</b>				
Instruction				
Special education instruction	1,627,086	1,627,086	1,630,019	(2,933)
Support services				
Pupil services	202,352	202,352	201,378	974
Instructional staff services	64,575	64,575	132,322	(67,747)
Operation and maintenance of plant	-	-	372	(372)
Pupil transportation	158,100	158,100	142,204	15,896
<b>Total Support Services</b>	<b>425,027</b>	<b>425,027</b>	<b>476,276</b>	<b>(51,249)</b>
Non-program				
Special education tuition	139,003	139,003	119,820	19,183
Other non-program transactions	53,000	53,000	55,446	(2,446)
<b>Total non-program</b>	<b>192,003</b>	<b>192,003</b>	<b>175,266</b>	<b>16,737</b>
<b>Total Expenditures</b>	<b>2,244,116</b>	<b>2,244,116</b>	<b>2,281,561</b>	<b>(37,445)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,406,996)</b>	<b>(1,406,996)</b>	<b>(1,307,961)</b>	<b>99,035</b>
<b>Other Financing Sources</b>				
Transfers in	1,406,996	1,406,996	1,307,961	(99,035)
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The notes to the 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, 2013

Actuarial Valuation Date July 1,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 5,591,967	0.00%	\$ 5,591,967	\$ 7,706,445	72.56%
2011	-	2,293,157	0.00%	2,293,157	-	0.00%

The notes to the required supplementary 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, 2013

Year Ended June 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2011	\$ 109,848	\$ 813,649	13.50%
2012	795,000	195,559	406.53%
2013	470,474	208,282	225.88%

The notes to the required supplementary 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, 2013

**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 - BUDGET 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, 2013.

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Notes to Required Supplemental Information (Continued)  
For the Year Ended June 30, 2013

**NOTE D - 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 A 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)
<b>Revenues</b>			
Actual amounts (budgetary basis)	\$ 13,872,734	\$ 973,600	\$ -
Reclassification of special education	973,600	(973,600)	-
<b>Total Revenues</b>	<b>14,846,334</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>			
Actual amounts (budgetary basis)	12,082,175	2,281,561	-
Reclassification of special education	2,281,561	(2,281,561)	-
<b>Total Expenditures</b>	<b>14,363,736</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>			
Actual amounts (budgetary basis)	1,790,559	(1,307,961)	-
Reclassification of special education	(1,307,961)	1,307,961	-
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>482,598</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources (Uses)</b>			
Actual amounts (budgetary basis)	(1,307,961)	1,307,961	-
Reclassification of special education	1,307,961	(1,307,961)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>			
Actual amounts (budgetary basis)	482,598	-	-
<b>Fund Balance - January 1</b>			
Actual amounts (budgetary basis)	3,366,271	-	-
<b>Fund Balance - December 31</b>			
Actual amounts (budgetary basis)	<b>\$ 3,848,869</b>	<b>\$ -</b>	<b>\$ -</b>

## **SUPPLEMENTARY INFORMATION**

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin  
 Combining Balance Sheet -  
 Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds
	Special Revenue Trust	Food Service	Community Service	Capital Expansion Fund	
<b>ASSETS</b>					
Cash and investments	\$ 150	\$ 26,907	\$ -	\$ 333,890	\$ 360,947
Receivables					
Accounts	-	1,481	-	-	1,481
Due from other governments	-	39,321	-	-	39,321
<b>TOTAL ASSETS</b>	<b>\$ 150</b>	<b>\$ 67,709</b>	<b>\$ -</b>	<b>\$ 333,890</b>	<b>\$ 401,749</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 451	\$ -	\$ -	\$ 451
<b>Fund Balances</b>					
<b>Restricted</b>					
Food service programs	-	67,258	-	-	67,258
Capital expansion	-	-	-	333,890	333,890
Assigned - private donations and gifts	150	-	-	-	150
<b>Total Fund Balances</b>	<b>150</b>	<b>67,258</b>	<b>-</b>	<b>333,890</b>	<b>401,298</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 150</b>	<b>\$ 67,709</b>	<b>\$ -</b>	<b>\$ 333,890</b>	<b>\$ 401,749</b>

**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, 2013

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds
	Special Revenue Trust	Food Service	Community Service	Capital Expansion Fund	
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ 99,000	\$ 333,740	\$ 432,740
Other local sources	-	321,033	37,689	150	358,872
Interdistrict sources	-	255,441	-	-	255,441
State sources	-	5,485	-	-	5,485
Federal sources	-	160,710	-	-	160,710
<b>Total Revenues</b>	<b>-</b>	<b>742,669</b>	<b>136,689</b>	<b>333,890</b>	<b>1,213,248</b>
<b>Expenditures</b>					
<b>Support Services</b>					
Operations and maintenance of plant	-	37,559	75,635	-	113,194
Food service	-	753,172	-	-	753,172
<b>Total Support Services</b>	<b>-</b>	<b>790,731</b>	<b>75,635</b>	<b>-</b>	<b>866,366</b>
Community services	-	-	62,750	-	62,750
<b>Total Expenditures</b>	<b>-</b>	<b>790,731</b>	<b>138,385</b>	<b>-</b>	<b>929,116</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(48,062)</b>	<b>(1,696)</b>	<b>333,890</b>	<b>284,132</b>
<b>Fund Balances - Beginning of Year</b>	<b>150</b>	<b>115,320</b>	<b>1,696</b>	<b>-</b>	<b>117,166</b>
<b>Fund Balances - End of Year</b>	<b>\$ 150</b>	<b>\$ 67,258</b>	<b>\$ -</b>	<b>\$ 333,890</b>	<b>\$ 401,298</b>



**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Schedule of Changes in Assets and Liabilities -  
Pupil Activity Funds  
For the Year Ended June 30, 2013

	Balance 7/1/12	Additions	Deletions	Balance 6/30/13
<b>ASSETS</b>				
Cash and investments	\$ 84,369	\$ 47,529	\$ 42,005	\$ 89,893
<b>LIABILITIES</b>				
Due to student organizations	\$ 84,369	\$ 47,529	\$ 42,005	\$ 89,893

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

**INDEPENDENT AUDITORS' 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, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilmot Union High School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Wilmot Union High School District's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated October 28, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Wilmot Union High School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wilmot Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wilmot Union High School District's internal control.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2013-01 and 2013-02 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Wilmot Union High School District's 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 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*.

## **Wilmot Union High School District's Response to Findings**

Wilmot Union High School District's response to the findings identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. Wilmot Union High School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Wilmot Union High School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wilmot Union High School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
October 28, 2013

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

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

**Report on Compliance for Each Major Federal and State Program**

We have audited Wilmot Union High School District's 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 Wilmot Union High School District's major federal and state programs for the year ended June 30, 2013. Wilmot Union High School 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Wilmot Union High School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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 Wilmot Union High School 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of Wilmot Union High School District's compliance.



## Opinion on Each Major Federal and State Program

In our opinion, Wilmot Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of Wilmot Union High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wilmot Union High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program 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 Wilmot Union High School District's internal control over compliance.

Our consideration of 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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. 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 2013-01 and 2013-03 to be significant deficiencies.

Wilmot Union High School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. Wilmot Union High School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
October 28, 2013

**WILMOT UNION HIGH SCHOOL**  
Wilmot, Wisconsin  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

Grantor Agency/ Federal Program Title	Pass-through Agency	Federal Catalog Number	Accrued or (Deferred) Revenue 7/1/12	Amount Received	Total Expenditures	Accrued or (Deferred) Revenue 6/30/13
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Child Nutrition Cluster</i>						
School Breakfast Program	DPI	10.553				
July 1, 2011 - June 30, 2012			\$ 258	\$ 258	\$ -	\$ -
July 1, 2012 - June 30, 2013			-	10,479	12,282	1,803
School Lunch Program	DPI	10.555				
July 1, 2011 - June 30, 2012			590	590	-	-
July 1, 2012 - June 30, 2013			-	104,695	120,676	15,981
Donated commodities	DPI	10.550	-	27,752	27,752	-
<i>Total Child Nutrition Cluster</i>			848	143,774	160,710	17,784
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			848	143,774	160,710	17,784
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Title I-A Basic Grant	DPI	84.010				
July 1, 2011 - June 30, 2012			23,435	23,435	-	-
July 1, 2012 - June 30, 2013			-	-	94,470	94,470
IDEA Flowthrough Grant	DPI	84.027				
July 1, 2012 - June 30, 2013			-	55,036	176,472	121,436
Title II-A Teacher & Principal Training	DPI	84.367				
July 1, 2011 - June 30, 2012			3,068	3,068	-	-
July 1, 2012 - June 30, 2013			-	-	21,635	21,635
Carl Perkins Grant	Badger High School	84.048				
July 1, 2012 - June 30, 2013			10,975	10,975	-	-
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			37,478	92,514	292,577	237,541

(Continued)



**WILMOT UNION HIGH SCHOOL**  
Wilmot, Wisconsin  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2013

Grantor Agency/ Federal Program Title	Pass-through Agency	Federal Catalog Number	Accrued or (Deferred) Revenue 7/1/12	Amount Received	Total Expenditures	Accrued or (Deferred) Revenue 6/30/13
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Medicaid School Based Services Program	DHS	93.778	-	70,631	70,631	-
Medicaid School Based Services Program	CESA #2		-	5,134	5,134	-
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			-	75,765	75,765	-
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 38,326</u>	<u>\$ 312,053</u>	<u>\$ 529,052</u>	<u>\$ 255,325</u>

DPI - Wisconsin Department of Public Instruction  
DHS - Wisconsin Department of Health Services  
CESA #2 - Cooperative Education Services Agency #2

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, 2013

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Accrued or (Deferred) Revenue 7/1/12	Amount Received	Total Expenditures	Accrued or (Deferred) Revenue 6/30/13
<b><u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u></b>					
Handicapped Pupils and School Age					
Parents	255.101	\$ -	\$ 476,004	\$ 476,004	\$ -
State School Lunch	255.102	-	4,314	4,314	-
Common School Library Fund	255.103	-	49,714	49,714	-
General Transportation Aid Public and Nonpublic	255.107	-	40,652	40,652	-
Equalization Aids	255.201	76,045	4,459,032	4,465,092	82,105
High Cost Special Education Aid	255.210	-	18,158	18,158	-
Peer Review and Mentoring	255.301	-	-	4,462	4,462
School Breakfast	255.344	-	1,171	1,171	-
Mentoring Grants for Initial Educators	255.355	-	-	-	-
Per Pupil Adjustment Aid	255.925	-	57,900	57,900	-
Total Wisconsin Department of Public Instruction		<u>76,045</u>	<u>5,106,945</u>	<u>5,117,467</u>	<u>86,567</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 76,045</u>	<u>\$ 5,106,945</u>	<u>\$ 5,117,467</u>	<u>\$ 86,567</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, 2013

**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 2012-2013 eligible costs under the State Special Education Program as reported by the District are \$1,701,039.

**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, 2013

**Section I - Summary of Auditors' Results**

**Basic Financial Statements**

Type of auditors' report issued:	Unmodified
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	Unmodified
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
84.027	Special Education Cluster IDEA Flow through

**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	Unmodified
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, 2013

**Section II - Financial Statement Findings**

Finding No.	Internal Control Deficiencies
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**2013-01      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.

**2013-02      Preparation of Annual Financial Report**

Condition: Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to prepare the annual financial report in an efficient manner.

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

Cause: District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Effect: Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Recommendation: We recommend the District continue reviewing the annual financial report prepared by Schenck. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2013

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

Finding No.	Internal Control Deficiencies
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**2013-01 Segregation of Duties**

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

**2013-03 Financial Reporting for Federal and State Financial Assistance**

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

Condition: 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: 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. 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, 2013

**Section IV - Other Issues**

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

\_\_\_\_\_ Yes        X   No

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

Department of Public Instruction

  X   Yes      \_\_\_\_\_ No

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

  X   Yes      \_\_\_\_\_ No

Name and signature of shareholder

  
Michael W. Konecny, CPA

Date of report

October 28, 2013

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Schedule of Prior Year Audit Findings and Corrective Action Plan  
For the Year Ended June 30, 2013

**Status of Prior Year Audit Findings**

The findings noted in the 2012 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. Prior year findings 2012-01, 2012-02 and 2012-03 have been repeated in the current year single audit as findings 2013-01, 2013-02 and 2013-03. Management continues to believe the cost to hire additional staff to eliminate the control deficiencies identified as 2012-01, 2012-02 and 2012-03 outweighs the benefits to be received from implementation of recommendations. Prior year finding 2012-04 relating to the state pupil transportation aid has been satisfactorily addressed.

**Corrective Action Plan**

**2013-01      Segregation of Duties**

Management believes the cost of hiring additional staff to eliminate the control deficiency outweighs the benefits to be received. In addition, the Board of Education will continue to monitor the transactions and financial records of the District.

**2013-02      Preparation of Annual Financial Report**

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.

**2013-03      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.

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