



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

**WAUNAKEE COMMUNITY SCHOOL
DISTRICT**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2012

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WAUNAKEE COMMUNITY SCHOOL DISTRICT

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WAUNAKEE COMMUNITY SCHOOL DISTRICT

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

November 7, 2012

To the School Board
Waunakee Community School District
Waunakee, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waunakee Community School District ("District") as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Board and management. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the District's Board and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waunakee Community School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2012 on our consideration of the Waunakee Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information identified in the table of contents be presented to supplement the basic financial statements. Such 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. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The combining nonmajor fund financial statements and additional supplementary statements are presented for purposes of additional analysis and are not a required part of the financial statements. The additional supplementary statements are the responsibility of management and were derived from and relate to the underlying accounting and other records used to prepare the financial statements. The accompanying schedules of expenditures of federal and state awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Madison, Wisconsin

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

This discussion and analysis of the Waunakee Community School District's financial information provides an overall review of financial activities for the fiscal year.

FINANCIAL HIGHLIGHTS

- The District's net assets for the most recent fiscal year increased \$1,381,241 from the prior year. The change includes an increase of \$1,306,729 in governmental activities and an increase of \$74,512 in business-type activities.
- In governmental funds, total fund balance decreased by \$1,763,884.

OVERVIEW OF THE FINANCIAL STATEMENTS

The district's basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other supplementary information to the basic financial statements is provided.

1. District-Wide Financial Statements

- District-wide financial statements are the statement of net assets (page 1) and statement of activities (page 2). These statements present an aggregate view of the district's finances in a manner similar to private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called governmental activities, from functions that are intended to recover all or a significant portion of costs through user fees and charges called business-type activities.
- The statement of net assets presents information on all of the district's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.
- The statement of activities presents information showing how the district's net assets changed during the year. This statement reports the cost of government and business-type functions, and how those functions were financed for the fiscal year.

2. Fund Financial Statements

- The district also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The district, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a district's near-term financing requirements.
- There are two governmental fund financial statements, the balance sheet (page 3) and the statement of revenues, expenditures and changes in fund balance (page 5). Generally, fund financial statements focus on near-term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the district-wide statements, it is useful to make comparisons between the various sources of information presented. This helps the reader better understand the long-term implications of the government's near-term financial decisions. A reconciliation to facilitate the comparison of the Statement of Net Assets to the Governmental Funds Balance Sheet is presented on page 4. A separate statement to reconcile the Statement of Activities (page 6) to the governmental funds operating statement is presented.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

2. Fund Financial Statements (Continued)

- The district has three kinds of funds: governmental, proprietary and fiduciary. Governmental funds include the district's three regular funds (general, debt service, and capital projects). The district has one proprietary fund, the food service fund; and three fiduciary funds, an agency fund for student and parent organizations, a benefit trust fund and a scholarship fund.
- Financial information is presented separately on both the balance sheet and the statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, and the capital projects fund, as these are considered to be major funds. Data for the community service fund, special revenue trust, non-referendum debt fund and package cooperative fund are combined into a single, aggregated column.
- The proprietary fund statement for the district's food service program is prepared on the same basis of accounting and measurement focus as the district-wide financial statements. This includes the statement of net assets (page 7) and a statement of revenue, expenses and changes in net assets (page 8). In addition, the district provides a statement of cash flows (page 9) for any proprietary fund.
- The district serves as a trustee, or fiduciary, for students (page 10). The assets of these organizations do not directly benefit, nor are under the direct control of, the district. The district's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Fiduciary activities are excluded from the district-wide financial statements, because the district cannot use these assets to finance its operations.
- The district adopts an annual appropriation budget for its general fund (page 31).

3. Notes to the Financial Statements

- The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

FINANCIAL ANALYSIS

The District as a Whole

Table 1 provides a summary of the district's net assets at June 30, 2012 compared to June 30, 2011.

Table 1
Condensed Statement of Net Assets

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>School District</u>	
	2012	2011	2012	2011	2012	2011
Current & other assets	\$16,550,494	\$18,938,587	\$462,436	\$414,852	\$17,012,930	\$19,353,439
Capital assets	70,257,858	69,785,529	70,140	103,452	70,327,998	69,888,981
Total Assets	\$86,808,352	\$88,724,116	\$532,576	\$518,304	\$87,340,928	\$89,242,420
Current Liabilities	\$10,808,866	\$11,306,462	\$ -	\$ 60,240	\$10,808,866	\$11,366,702
Non-Current Liabilities	55,127,581	57,852,478	-	-	55,127,581	57,852,478
Total Liabilities	\$65,936,447	\$69,158,940	\$ -	\$ 60,240	\$65,936,447	\$69,219,180
Net Assets Invested in capital assets net of related debt	\$17,772,491	\$16,939,172	\$ 70,140	\$103,452	\$17,842,631	\$17,042,624
Restricted	1,401,360	1,471,931	462,436	354,612	1,863,796	1,826,543
Unrestricted	1,698,054	1,154,073	-	-	1,698,054	1,154,073
Total Net Assets	\$20,871,905	\$19,565,176	\$532,576	\$458,064	\$21,404,481	\$20,023,240

In governmental activities, the largest portion of the district's net assets is its investment in capital assets (e.g. land, buildings, and equipment), less related outstanding debt used to acquire those assets. These assets are used to provide services to students and, consequently, are not available for future spending. Waunakee Community School District's buildings are annually maintained from annual operating funds appropriated for maintenance and repair.

Restricted net assets account for 8.7% of total net assets. The district is required by state statute to have available in the debt service fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20).

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Change in Net Assets

Table 2 shows the changes in net assets for the fiscal years 2012 and 2011.

**Table 2
Change in Net Assets**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>School District</u>	
	2012	2011	2012	2011	2012	2011
General Revenues:						
Property taxes	\$23,854,376	\$23,489,556	\$ -	\$ -	\$23,854,376	\$23,489,556
Federal and state aid	16,401,359	18,745,652	-	-	16,401,359	18,745,652
Interest earnings	30,821	34,274	-	-	30,821	34,274
Premium on issuance of debt	76,804	72,220	-	-	76,804	72,220
Miscellaneous	168,221	66,496	-	-	168,221	66,496
Total general revenues	40,531,581	42,408,198	-	-	40,531,581	42,408,198
Program revenues:						
Charges for service	1,622,307	1,584,142	1,460,260	1,375,301	3,082,567	2,959,443
Operating grants and contributions	3,835,398	3,224,084	311,458	301,916	4,146,856	3,526,000
Total program revenues	5,457,705	4,808,226	1,771,718	1,677,217	7,229,423	6,485,443
Total revenues	45,989,286	47,216,424	1,771,718	1,677,217	47,761,004	48,893,641
Program Expenses:						
Instruction	25,265,837	25,839,991	-	-	25,265,837	25,839,991
Support	14,742,392	14,886,068	-	-	14,742,392	14,886,068
Non-program services	259,016	303,750	-	-	259,016	303,750
Interest Expense	2,860,542	2,817,538	-	-	2,860,542	2,817,538
Depreciation unallocated	1,554,770	1,548,324	-	-	1,554,770	1,548,324
Food service program	-	-	1,697,206	1,710,372	1,697,206	1,710,372
Total Expenses	44,682,557	45,395,671	1,697,206	1,710,372	46,379,763	47,106,043
Gain (loss) on disposal	-	(7,937)	-	-	-	(7,937)
Change in Net Assets	1,306,729	1,812,816	74,512	(33,155)	1,381,241	1,779,661
Beginning Net Assets	19,565,176	17,752,360	401,240	434,395	19,966,416	18,186,755
Ending Net Assets	\$20,871,905	\$19,565,176	\$ 475,752	\$ 401,240	\$21,347,657	\$19,966,416

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Governmental Activities

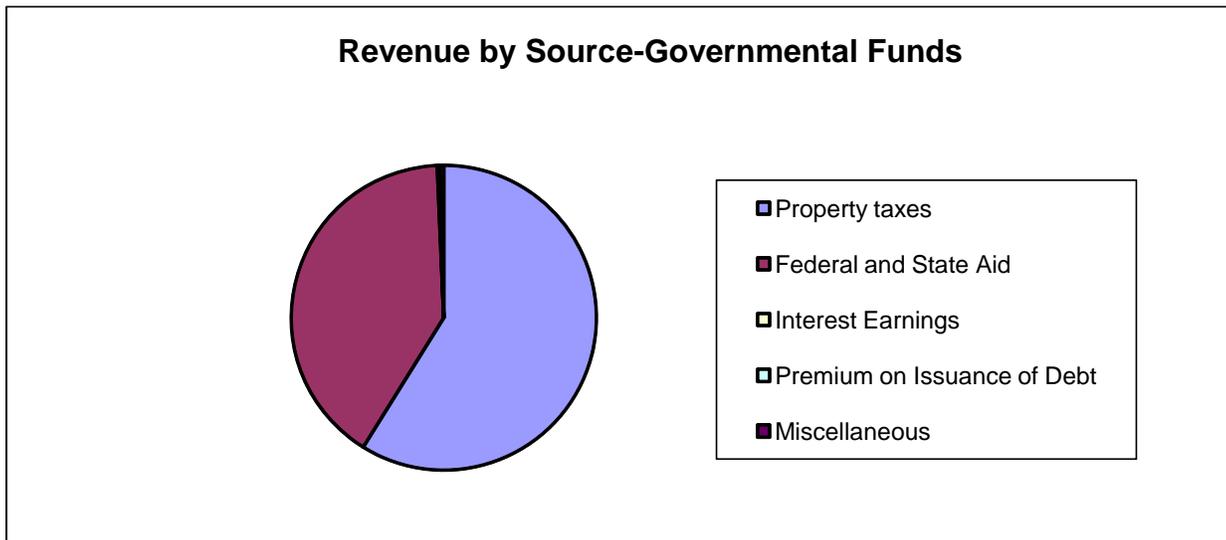
The district relies primarily on property taxes and general state aid to fund governmental activities.

School funding regulations restrict the amount by which these two revenue sources, in combination, may be increased. This restriction, called revenue limit, is intended to help hold down increases in property taxes throughout the state.

General state aid is paid according to a formula taking into consideration spending and property values by district, as compared to spending and property values for the state as a whole.

Chart 1 shows the portion of the district's general revenues allocated to each source.

Property taxes	23,854,376	58.9%
Federal and State Aid	16,401,359	40.5%
Interest Earnings	30,821	0.1%
Premium on Issuance of Debt	76,804	0.2%
Miscellaneous	<u>168,221</u>	<u>0.4%</u>
	\$40,531,581	100%



**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Governmental Funds

As of June 30, 2012, the District's governmental funds reported combined ending fund balance of \$9,383,739, a decrease of \$1,763,884 from the prior year. The following table provides an analysis of the district's fund balances and the total change in fund balances from the prior year.

Fund	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>Change</u>	<u>Change (%)</u>
General	\$ 6,265,055	\$ 6,499,030	\$ 233,975	4%
Capital Projects	3,343,643	1,319,633	(2,024,010)	-61%
Debt Service	1,449,121	1,379,267	(69,854)	-5%
Non-Major	<u>89,804</u>	<u>185,809</u>	<u>96,005</u>	<u>107%</u>
Total	<u>\$ 11,147,623</u>	<u>\$ 9,383,739</u>	<u>\$ (1,763,884)</u>	<u>-16%</u>

The following information helps explain the major changes from the prior year.

- The capital projects fund has a declining balance as a result of the completion of projects associated with the April 6, 2010 high school referendum. All projects are expected to be completed by June 30, 2013.

Budgetary Highlights

General Fund

- General fund revenues were greater than the budget by \$70,934.
- General fund expenditures were less than the budget by \$7,368
- General fund transfers to other funds were \$306,758 less than budgeted.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the district had invested about \$70.3 million in a broad range of capital assets including buildings, sites, and equipment. This amount represents a net decrease of \$.5 million. Total accumulated depreciation on these assets is about \$33.2 million for governmental activities and \$.4 million for business-type activities.

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>School District</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Non-Depreciable Capital Assets	9,023,829	\$ 7,807,477	\$ -	\$ -	\$ 9,023,829	\$ 7,807,477
Capital Assets Being Depreciated	94,467,582	95,148,145	517,438	563,272	94,985,020	95,711,417
Accumulated Depreciation	<u>(33,233,553)</u>	<u>(33,170,093)</u>	<u>(447,298)</u>	<u>(459,820)</u>	<u>(33,680,851)</u>	<u>(33,629,913)</u>
Total	<u>\$70,257,858</u>	<u>\$69,785,529</u>	<u>\$70,140</u>	<u>\$103,452</u>	<u>\$70,327,998</u>	<u>\$69,888,981</u>

Long-Term Obligations

At year-end, the district had \$57.9 million in long-term obligations.

Table 4
Outstanding Long-Term Obligations

	<u>2012</u>	<u>2011</u>	% Change
General Obligation Debt	\$53,805,000	\$56,190,000	-4.24%
Vested Employee Benefits	2,268,808	2,345,290	-3.26%
Deferred Gain on Long-Term Obligations	984,586	1,056,805	-6.83%
OPEB Liability	<u>1,084,187</u>	<u>1,110,383</u>	<u>-2.36%</u>
Total Long-Term Obligations	<u>\$58,142,581</u>	<u>\$60,702,478</u>	-4.22%

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

FACTORS BEARING ON THE DISTRICT'S FUTURE

Circumstances that could impact the district's financial future:

- The District is completing a long-range facility planning project. The project will identify projected student enrollment, existing building capacities, and future facility needs. The long-range facility planning project should be completed in early 2013.
- The District will refinance existing debt during the 2012-13 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is prepared to provide a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Steve Summers,
Business Manager
905 Bethel Circle
Waunakee, WI 53597
(608) 849-2491
ssummers@waunakee.k12.wi.us

**Waunakee Community School District
Waunakee, Wisconsin**

**Statement of Net Assets
June 30, 2012**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 8,920,762	\$ 449,666	\$ 9,370,428
Receivables:			
Taxes	6,696,890	-	6,696,890
Accounts	16,327	-	16,327
Due from other governments	916,515	12,770	929,285
Total current assets	<u>16,550,494</u>	<u>462,436</u>	<u>17,012,930</u>
Capital Assets:			
Land and construction in progress	9,023,829	-	9,023,829
Land improvements	1,635,984	-	1,635,984
Buildings and building improvements	84,245,647	-	84,245,647
Furniture and equipment	8,585,951	517,438	9,103,389
Less: Accumulated depreciation	(33,233,553)	(447,298)	(33,680,851)
Total Capital Assets	<u>70,257,858</u>	<u>70,140</u>	<u>70,327,998</u>
Total Assets	<u>\$ 86,808,352</u>	<u>\$ 532,576</u>	<u>\$ 87,340,928</u>
LIABILITIES			
Current liabilities:			
Short-term notes payable	\$ 5,000,000	\$ -	\$ 5,000,000
Accounts Payable	466,198	-	466,198
Accrued liabilities:			
Payroll and related items	1,670,995	-	1,670,995
Interest	649,240	-	649,240
Due to other governments	7,433	-	7,433
Current portion of long-term obligations	3,015,000	-	3,015,000
Total current liabilities	<u>10,808,866</u>	<u>-</u>	<u>10,808,866</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities	50,790,000	-	50,790,000
Compensated absences	2,268,808	-	2,268,808
OPEB Liability	1,084,187	-	1,084,187
Deferred gain on long-term obligations	984,586	-	984,586
Total noncurrent liabilities	<u>55,127,581</u>	<u>-</u>	<u>55,127,581</u>
Total liabilities	<u>65,936,447</u>	<u>-</u>	<u>65,936,447</u>
NET ASSETS			
Invested in capital assets, net of related debt	17,772,491	70,140	17,842,631
Restricted for:			
Debt Service funds	1,401,360	-	1,401,360
Food service	-	462,436	462,436
Unrestricted	1,698,054	-	1,698,054
Total net assets	<u>20,871,905</u>	<u>532,576</u>	<u>21,404,481</u>
Total liabilities and net assets	<u>\$ 86,808,352</u>	<u>\$ 532,576</u>	<u>\$ 87,340,928</u>

See accompanying notes to the financial statements.

**Waunakee Community School District
Waunakee, Wisconsin**

**Statement of Activities
For the Year Ended June 30, 2012**

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government						
Governmental Activities						
Instruction	\$ 25,265,837	\$ 842,335	\$ 2,457,127	\$ (21,966,375)		\$ (21,966,375)
Support Services	14,742,392	779,972	1,378,271	(12,584,149)		(12,584,149)
Non- program services	259,016	-	-	(259,016)		(259,016)
Interest Expense	2,860,542	-	-	(2,860,542)		(2,860,542)
Depreciation unallocated	1,554,770	-	-	(1,554,770)		(1,554,770)
Total governmental activities	<u>44,682,557</u>	<u>1,622,307</u>	<u>3,835,398</u>	<u>(39,224,852)</u>		<u>(39,224,852)</u>
Business-type activities						
Food service program	1,697,206	1,460,260	311,458	-	74,512	74,512
Total business-type activities	<u>1,697,206</u>	<u>1,460,260</u>	<u>311,458</u>	<u>-</u>	<u>74,512</u>	<u>74,512</u>
Total primary government	<u>\$ 46,379,763</u>	<u>\$ 3,082,567</u>	<u>\$ 4,146,856</u>	<u>(39,224,852)</u>	<u>74,512</u>	<u>(39,150,340)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				18,837,687	-	18,837,687
Property taxes, levied for debt service				4,725,914	-	4,725,914
Property taxes, levied for community services				290,775	-	290,775
Federal and State aid not restricted to specific purpose						
General				16,401,359	-	16,401,359
Interest and investment earnings				30,821	-	30,821
Premium on issuance of debt				76,804	-	76,804
Miscellaneous				168,221	-	168,221
Total general revenues				<u>40,531,581</u>	<u>-</u>	<u>40,531,581</u>
Change in net assets				1,306,729	74,512	1,381,241
Net assets - beginning				19,565,176	458,064	20,023,240
Net assets - ending				<u>\$ 20,871,905</u>	<u>\$ 532,576</u>	<u>\$ 21,404,481</u>

See accompanying notes to the financial statements.

**Waunakee Community School District
Waunakee, Wisconsin**

**Balance Sheet
Governmental Funds
June 30, 2012**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 5,781,520	\$ 1,379,267	\$ 1,559,853	\$ 200,122	\$ 8,920,762
Receivables:					
Taxes	6,696,890	-	-	-	6,696,890
Accounts	8,374	-	3,242	4,712	16,328
Due from Other Governments	916,515	-	-	-	916,515
Total Assets	<u>\$ 13,403,299</u>	<u>\$ 1,379,267</u>	<u>\$ 1,563,095</u>	<u>\$ 204,834</u>	<u>\$ 16,550,495</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Short-term borrowing	\$ 5,000,000	\$ -	\$ -	\$ -	\$ 5,000,000
Accounts Payable	316,123	-	243,462	2,663	562,248
Accrued Liabilities	1,573,835	-	-	8,929	1,582,764
Accrued Wages Payable	14,311	-	-	-	14,311
Due to Other Governments	-	-	-	7,433	7,433
Total Liabilities	<u>6,904,269</u>	<u>-</u>	<u>243,462</u>	<u>19,025</u>	<u>7,166,756</u>
Fund Balances:					
Restricted	46,379	1,379,267	1,319,633	125,066	2,870,345
Committed	20,000	-	-	60,743	80,743
Assigned	157,892	-	-	-	157,892
Unassigned	6,274,759	-	-	-	6,274,759
Total Fund Balances	<u>6,499,030</u>	<u>1,379,267</u>	<u>1,319,633</u>	<u>185,809</u>	<u>9,383,739</u>
Total Liabilities and Fund Balances	<u>\$ 13,403,299</u>	<u>\$ 1,379,267</u>	<u>\$ 1,563,095</u>	<u>\$ 204,834</u>	<u>\$ 16,550,495</u>

See accompanying notes to the financial statements.

**Waunakee Community School District
Waunakee, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2012**

Total fund balance, governmental funds	\$ 9,383,739
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	70,257,858
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.	
General obligation debt	(53,805,000)
Accrued interest on long-term debt	(627,111)
Compensated absences	(2,268,808)
Deferred gain on issue of bond	(984,586)
OPEB Liability	(1,084,187)
	<hr/>
Net Assets of Governmental Activities in the Statement of Net Assets	<u><u>\$ 20,871,905</u></u>

See accompanying notes to the financial statements.

**Waunakee Community School District
Waunakee, Wisconsin**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local	\$ 19,177,524	\$ 4,647,539	\$ 20,587	\$ 586,192	\$ 24,431,842
Interdistrict	657,291	-	-	69,968	727,259
Intermediate	4,151	-	-	-	4,151
State	18,599,962	-	-	-	18,599,962
Federal	1,570,608	-	-	-	1,570,608
Other	168,221	283,605	-	126,834	578,660
Total Revenues	<u>40,177,757</u>	<u>4,931,144</u>	<u>20,587</u>	<u>782,994</u>	<u>45,912,482</u>
EXPENDITURES					
Instruction	24,851,785	-	-	184,322	25,036,107
Support Service	14,770,057	-	1,844,202	422,360	17,036,619
Non-program services	219,044	-	-	-	219,044
Debt Service					
Principal Repayment	-	2,630,000	-	35,000	2,665,000
Interest Expense	102,896	2,573,623	-	45,307	2,721,826
Total Expenditures	<u>39,943,782</u>	<u>5,203,623</u>	<u>1,844,202</u>	<u>686,989</u>	<u>47,678,596</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>233,975</u>	<u>(272,479)</u>	<u>(1,823,615)</u>	<u>96,005</u>	<u>(1,766,114)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	200,395	-	-	200,395
Transfers out	-	-	(200,395)	-	(200,395)
Premium on Long-Term Debt	-	4,585	-	-	4,585
Debt proceeds	-	4,475,000	-	-	4,475,000
Refunding of Debt	-	(4,195,000)	-	-	(4,195,000)
Other Financing Sources (Uses)	-	(282,355)	-	-	(282,355)
Total Other Financing Sources (Uses)	<u>-</u>	<u>202,625</u>	<u>(200,395)</u>	<u>-</u>	<u>2,230</u>
Net Change in Fund Balances	233,975	(69,854)	(2,024,010)	96,005	(1,763,884)
Fund Balances - Beginning	6,265,055	1,449,121	3,343,643	89,804	11,147,623
Fund Balances - Ending	<u>\$ 6,499,030</u>	<u>\$ 1,379,267</u>	<u>\$ 1,319,633</u>	<u>\$ 185,809</u>	<u>\$ 9,383,739</u>

See accompanying notes to the financial statements.

**Waunakee Community School District
Waunakee, Wisconsin**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012**

Net change in fund balances - total governmental fund: \$ (1,763,884)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays (\$2,987,766) were more than depreciation (\$2,515,437) in the current period. 472,329

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities

The amount of long-term debt principal payments in the current year is: 6,860,000

Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net assets and does not affect the statement of activities (4,475,000)

The premium on long-term debt is shown as a liability in the statement of net assets. The premium is shown as an other financing source in the fund financial statements. The amount shown is the amortization of \$72,219. 72,219

Other post-employment benefit expens 26,196

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on Governmental fund 38,388
Compensated absences: 76,481

Change in net assets of governmental activities \$ 1,306,729

See accompanying notes to the financial statements.

**Waunakee Community School District
Waunakee, Wisconsin**

**Statement of Net Assets
Proprietary Funds
June 30, 2012**

	Food Service
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 449,666
Due from Other Governments	12,770
Total Current Assets	462,436
Noncurrent Assets:	
Furniture and Equipment	517,438
Less Accumulated Depreciation	(447,298)
Net Noncurrent Assets	70,140
Total Assets	\$ 532,576
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	70,140
Restricted for food service	462,436
Total Net Assets	532,576
Total Liabilities and Net Assets	\$ 532,576

See accompanying notes to the financial statements.

**Waunakee Community School District
Waunakee, Wisconsin**

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012**

	Food Service
OPERATING REVENUES	
Food Sales	\$ 1,460,258
State Sources	14,542
Federal Sources	210,497
Commodities	86,419
Total Operating Revenues	1,771,716
OPERATING EXPENSES	
Operating Expenses:	
Salaries and wages	87,172
Purchased services	864,496
Food and materials	711,611
Depreciation	33,926
Total Operating Expenses	1,697,205
Operating Income (Loss)	74,511
 Change in Net Assets	 74,511
Total Net Assets - Beginning	458,065
Total Net Assets - Ending	\$ 532,576

See accompanying notes to the financial statements.

**Waunakee Community School District
Waunakee, Wisconsin**

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012**

	<u>Food Service</u>
Cash Flows from Operating Activities:	
Cash received from user charges	\$ 1,460,260
Cash received from other governmental payments	244,393
Cash payments to employees for services	(87,172)
Cash payments to utilities and other purchased services	(864,498)
Cash payments to suppliers for goods and services	(685,433)
Net cash provided by operating activities	<u>67,550</u>
Cash Flows from Capital and Related Financing Activities:	
Cash payments for acquisition of capital assets	<u>(612)</u>
Net cash provided (used) by investing activities	<u>(612)</u>
Net increase in cash and cash equivalents	66,938
Cash and equivalents- beginning of year	<u>382,728</u>
Cash and equivalents- end of year	<u><u>\$ 449,666</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 74,511
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	33,926
Changes in assets and liabilities:	
Due to (from) other governments	19,354
Accounts payable	(60,241)
Net cash provided by operating activities	<u><u>\$ 67,550</u></u>
Noncash Noncapital Financing Activities:	
During the year the District received commodities from the U.S. Department of Agriculture in the amount of	<u><u>\$ 86,419</u></u>

See accompanying notes to the financial statements.

**Waunakee Community School District
Waunakee, Wisconsin**

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012**

	<u>Benefit Trust Fund</u>	<u>Scholarship Funds</u>	<u>Activity Fund</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 753,337	\$ 324,292	\$ 278,936	\$ 1,356,565
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 753,337</u>	<u>\$ 324,292</u>	<u>\$ 278,936</u>	<u>\$ 1,356,565</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 12,368	\$ 12,368
Due to student organizations	-	-	266,568	266,568
Total liabilities	<u>-</u>	<u>-</u>	<u>278,936</u>	<u>278,936</u>
NET ASSETS				
Restricted	753,337	324,292	-	1,077,629
Total liabilities and net assets	<u>\$ 753,337</u>	<u>\$ 324,292</u>	<u>\$ 278,936</u>	<u>\$ 1,356,565</u>

See accompanying notes to the financial statements.

**Waunakee Community School District
Waunakee, Wisconsin**

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012**

	<u>Benefit Trust</u> <u>Fund</u>	<u>Scholarship</u> <u>Funds</u>
ADDITIONS		
Donations	\$ -	\$ 9,925
Interest	21,390	3,594
Contributions	818,824	-
Total additions	840,214	13,519
DEDUCTIONS		
Gifts and scholarships	-	16,900
Benefits paid	530,295	-
Total deductions	530,295	16,900
Change in net assets	309,918	(3,381)
Net assets - beginning	443,419	327,673
Net assets - ending	\$ 753,337	\$ 324,292

See accompanying notes to the financial statements.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

1. Summary of Significant Accounting Policies

A. Introduction

The Waunakee Community School District (the “District”) is organized as a common school district. The District, governed by a seven member elected school board, operates grades Pre-K through 12 and is comprised of all or parts of seven taxing districts. As required by accounting principles generally accepted in the United States of America, these financial statements present the District as the primary government.

The financial statements of the Waunakee Community School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America 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:

B. Component Units

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District’s reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

C. District-Wide Statements

The statement of net assets and the statement of activities present financial information about the District’s governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for business type activities and for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

D. Fund Accounting

The fund statements provide information about the District’s funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

The emphasis of fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non operating revenues, such as investments earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund – The general fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. Under GASB 54 the General Fund now includes the operations of the Special Education Fund.

Capital Projects Fund – This fund accounts for the resources restricted for the acquisition or construction of specific capital projects or items.

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 activities.

The District operates one major enterprise fund, the Food Service Fund. This fund accounts for the activities of the District's food service programs.

The District accounts for assets held as an agent for various student organizations in a fiduciary agency fund. The District also reports its Employee Benefit Trust fund and Scholarship funds in the fiduciary funds. The benefit trust fund is used to fund and pay for retiree benefits.

The District also has the following non-major funds:

- Community Service Fund
- Non-referendum Debt
- Package Cooperative
- Special Revenue Trust

E. Measurement Focus and Basis of Accounting

The district-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

1. Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Noncurrent portions of long-term receivables due to governmental funds are reported on the balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables.

Property taxes are recognized as revenue in the period for which the taxes are levied if they are due in the current year and available to pay current liabilities. The 2011 tax levy is used to finance operations of the district's fiscal year ended June 30, 2012. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

State general and categorical aids, federal impact aid, and other entitlements are recognized as revenue at the time of receipt, or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenue.

Charges for services provided to other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special aid entitlements.

Interest income on temporary investments is recognized in the fiscal period earned.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Employee services and payroll-related costs (employee health, life, disability insurance, FICA, Wisconsin Retirement System contributions, annuities, compensated absences), are recognized in the fiscal period when incurred. Interest cost on temporary borrowing is recognized as an expenditure of the fiscal period incurred. Costs for educational services provided to the District by other educational agencies or private organizations are recognized when incurred. Costs for special education services are not reduced by anticipated state special education aid entitlements.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

1. Summary of Significant Accounting Policies (Continued)
E. Measurement Focus and Basis of Accounting (Continued)

Termination and other post-employment benefits are recognized as an expenditure in the fiscal period when paid or normally paid rather than when earned by the employee.

F. Deposits and Investments

The District's cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The District has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the District's individual major funds, and in the aggregate for non-major and agency funds.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. Agency issues, high-grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States, and the local government pooled-investment fund.

For purposes of the proprietary fund statement of cash flows, the District considers all highly liquid investments with a maturity of less than three months, when purchased, to be cash equivalents. This consists of current cash and investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

See footnote 3 for additional information.

G. Receivables

Taxes

The aggregate District tax levy is apportioned and certified during 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 may be paid in full or 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 February 15, 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.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

1. Summary of Significant Accounting Policies (Continued)

G. Receivables (Continued)

Interfunds

The current portion of lending/borrowing arrangements between funds is identified as “due to/from other funds.” The noncurrent portion of outstanding balances between funds is reported as “advances to/from other funds.” Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts Receivable

All accounts receivable are shown as gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance is not material.

H. Other Assets

Expendable supplies or noncapital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year’s cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption. Costs are recorded as expenditures at the time individual inventory items are purchased.

I. Capital Assets

Capital assets are reported at cost. Estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm, were used when capital asset database was established. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building and building improvements	\$ 25,000	Straight-line	20-50 years
Land improvements	5,000	Straight-line	10-20 years
Furniture and equipment	5,000	Straight-line	5-20 years

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

1. Summary of Significant Accounting Policies (Continued)
J. Other Obligations

Compensated Absences

The District's policy allows employees to earn varying amounts of sick pay for each year employed. Upon retirement, the employee is entitled to pay at various rates as follows:

Teachers	\$85/day up to a maximum of 120 days
Classified staff and administrative assistants	\$110/day up to a maximum of 120 days
Custodians	\$110/day up to a maximum of 120 days

Administrators and support staff are eligible for vacation per diems, and health, dental and life insurance up to age 65.

The total compensated absences liability is calculated based on rates in effect as of 6/30/12.

Vested Employee Benefits

Teachers

A teacher who has been employed by the Waunakee Community School District at least 15 years and who have reached the age of 55 are eligible to receive retirement benefits. Teachers hired after April 1, 2008 receive a credit of \$1,000 per year of service to the District to be used to fund a post-employment Health Reimbursement Account (HRA). Teachers hired before April 1, 2008 receive a credit of \$1,200 per year of service to the District to be used to fund a post-employment HRA.

Administrators

Administrators are eligible for retirement benefits at age 55. The District contributes to health, dental and life insurance for a maximum of 10 years or the age the retired employee is eligible for Medicare, whichever comes first. Premiums contributed are based on a vesting schedule. Vesting varies based on years of service. For employees with less than 6 years of service no premium is contributed. After 6 years, 10% of the premium is contributed for each additional year of service up to 100%. Employees are fully vested at 15 years. Administrators hired after April 1, 2011, will have a deposit to an HRA based on number of hours worked.

Net Other Post-Employee Benefit Obligations

The District has implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions." This pronouncement requires the District to calculate and recognize a net other post-employment benefit obligation (NOPEB). The NOPEB is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2008.

K. Estimates

The preparation of the 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 may differ from those estimates.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

1. Summary of Significant Accounting Policies (Continued)

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance

The District follows the reporting requirements of GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions.*” The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The categories of fund balance presented in the District’s financial statements have changed as a result of implementing this Statement.

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the District Board or a body or official of which the District Board has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

Under *GASB 54* the Special Education fund is now reported as part of the General Fund.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures And Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities fall into one of three broad categories:

1. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
2. Capital related differences include the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
3. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net assets.

3. Cash and Investments

For all the District's cash and investments shown below, the market value at the balance sheet date is substantially the same as the fair value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the District's deposits were higher than the June 30, 2012 balances, detailed below. This means that the District's risk and exposure could be higher at these times.

<u>Depository:</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Associated Risk</u>
Local Financial Institutions	\$ 3,083,495	\$ 3,729,903	Custodial credit risk
Other cash and investments:			
PMA Financial	1,559,567	1,559,567	Custodial credit risk, credit risk
LGIP	6,083,931	6,083,931	Credit risk, interest rate risk
Total June 30, 2012	<u>\$ 10,726,993</u>	<u>\$ 11,373,401</u>	

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

3. Cash and Investments (Continued)

A reconciliation of cash and investments as shown on the statements is as follows:

Governmental Activities	\$ 8,920,762
Business-type Activities	449,666
Benefit Trust Fund	753,337
Scholarship Fund	324,292
Agency Fund	278,936
Total	<u>\$ 10,726,993</u>

The PMA Financial Investments consist of the following:

Savings Deposit Account	<u>\$ 1,559,567</u>
	<u>\$ 1,559,567</u>

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2012, the fair value of the District's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the District.

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 sensitivity its fair value has 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 of fair value losses arising from increasing interest rates.

- The Local Government Investment Pool investments have an average maturity of 75 days.

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. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investments choices.

- As of June 30, 2012, the District's investment in the Wisconsin Local Government Investment Pool was not rated.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

3. Cash and Investments (Continued)

Concentration of Credit Risk

The District does not have a policy for concentration of credit risk. No District investment represents 5% or more of the total investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would 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 risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the District would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The District does not have a deposit policy for custodial credit risk. Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts. As of December 31 2011 through December 31, 2012, only non-interest bearing accounts are fully insured under the Dodd-Frank Act. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000.

As of June 30, 2012, the District had deposits with financial institutions that were exposed to custodial credit risk as follows:

Insured by FDIC and State Deposit Guarantee Fund	\$ 1,473,968
Uninsured and collateralized	3,143,753
Uninsured and uncollateralized	663,239
	<u>\$ 5,280,961</u>

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

4. Capital Assets

	Balance 7/1/2011	Additions	Retirements	Balance 6/30/2012
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$ 2,724,693	\$ -	\$ -	\$ 2,724,693
Construction in Progress	5,082,784	1,425,950	(209,598)	6,299,136
Total Non-Depreciable Capital Assets	7,807,477	1,425,950	(209,598)	9,023,829
Land improvements	1,635,984	-	-	1,635,984
Buildings	83,744,084	501,563	-	84,245,647
Furniture and equipment	9,768,077	1,269,851	(2,451,977)	8,585,951
Total Depreciable Capital Assets	95,148,145	1,771,414	(2,451,977)	94,467,582
Less Accumulated Depreciation	(33,170,093)	(2,515,437)	2,451,977	(33,233,553)
Net Governmental Capital Assets	69,785,529	681,927	(209,598)	70,257,858
Business-Type Activities				
Depreciable Capital Assets	563,272	614	46,448	517,438
Less Accumulated Depreciation	(459,820)	(33,926)	46,448	(447,298)
Net Business-Type Capital Assets	103,452	(33,312)	92,896	70,140
Total Non-Depreciable Capital Assets	7,807,477	1,425,950	(209,598)	9,023,829
Total Depreciable Capital Assets	95,711,417	1,772,028	(2,405,529)	94,985,020
Total Accumulated Depreciation	(33,629,913)	(2,549,363)	2,498,425	(33,680,851)
Total Capital Assets Net of Depreciation	\$ 69,888,981	\$ 648,615	\$ (116,702)	\$ 70,327,998

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 728,869
Support	231,798
Depreciation not charged to a specific function	1,554,770
Total depreciation	\$ 2,515,437

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

5. Short-Term Notes Payable

Short-term notes payable at June 30, 2012 are as follows:

Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000

Short-term loan dated October 25, 2011, due October 19, 2012 interest rate of .70%	\$ 5,000,000
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Proceeds of short-term notes are used for temporary working capital. The District, on October 29, 2012, borrowed \$5,500,000 short-term to be repaid October 18, 2013.

6. Long-term Obligations

Long-term obligations of the District are as follows:

	Balance 7/1/2011	Issued	Retired	Balance 6/30/2012	Due Within One Year
<u>General obligation debt</u>					
Bonds	\$56,190,000	\$ 4,475,000	\$ 6,860,000	\$53,805,000	\$ 3,015,000
Subtotal GO Debt	56,190,000	4,475,000	6,860,000	53,805,000	3,015,000
Compensated absences	2,345,290	-	76,482	2,268,808	-
Deferred gain	1,056,805	-	72,219	984,586	-
OPEB liability	1,110,383	-	26,196	1,084,187	-
Total Long-term Obligations	\$60,702,478	\$ 4,475,000	\$ 7,034,897	\$58,142,581	\$ 3,015,000

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

6. Long-term Obligations (Continued)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2012 is comprised of the following individual issues:

Description	Issue Dates	Interest Rate %	Dates of Maturity	Balance	Amount Due Within One Year
GO Refunding Bonds	10/15/2004	2.5-5.25%	4/1/2024	11,370,000	925,000
GO Refunding Bonds	2/1/2006	4.0-5.0%	4/1/2025	14,060,000	830,000
GO Refunding Bonds	9/25/2006	4.0-5.0%	10/1/2026	11,515,000	605,000
GO Refunding Bonds	8/15/2007	4.1-5.75%	4/1/2027	835,000	40,000
GO Refunding Bonds	10/4/2010	5.70%	4/1/2030	3,370,000	290,000
GO Refunding Bonds- BAB	10/4/2010	2.0-4.0%	4/1/2024	4,650,000	-
GO QSCB Bonds	10/4/2010	5.00%	4/1/2024	3,530,000	280,000
GO Refunding Bonds	11/7/2011	2.15-4.0%	4/1/2025	4,475,000	45,000
Total General Obligation Debt				<u>\$ 53,805,000</u>	<u>\$ 3,015,000</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2012 are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	\$ 3,015,000	\$ 2,508,416	\$ 5,523,416
2014	2,965,000	2,404,514	5,369,514
2015	3,205,000	2,301,364	5,506,364
2016	3,340,000	2,187,891	5,527,891
2017	3,465,000	2,055,376	5,520,376
2018-2022	19,735,000	7,975,922	27,710,922
2023-2027	13,430,000	2,980,614	16,410,614
2028-2031	4,650,000	673,500	5,323,500
Totals	<u>\$ 53,805,000</u>	<u>\$23,087,596</u>	<u>\$ 76,892,596</u>

The 2011 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,134,027,900. The legal debt limit and margin of indebtedness as of June 30, 2012, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

Debt Limit (10% of \$2,134,027,900)	\$ 213,402,790
Deduct long-term debt applicable to debt margin	<u>53,805,000</u>
Margin of indebtedness	<u>\$ 159,597,790</u>

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

6. Long-term Obligations (Continued)

On November 7, 2011, the District issued \$4,475,000 of general obligation refunding bonds with interest rates of 2.15% to 4.0%. This was used to current refund \$3,905,000 of the 2004 general obligation refunding bonds and \$290,000 of the 2006 general obligation refunding bonds.

7. Fund Balances / Net Assets

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

	General Fund	Debt Service	Non- referendum Debt Service	Capital Projects	Special Revenue Trust Fund	Private Purpose Trust Fund	Employee Benefit Trust Fund	Community Service Fund
Fund balances:								
<u>Restricted for:</u>								
Debt Service Retirement	-	1,379,267	22,093	-	-	-	-	-
Capital Projects	-	-	-	1,319,633	-	-	-	-
Self Insurance	46,379	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-
Donor Specifications	-	-	-	-	102,973	-	-	-
Scholarships	-	-	-	-	-	324,292	-	-
Employee Benefits	-	-	-	-	-	-	753,337	-
<u>Committed for:</u>								
Parking Lot Replacement	20,000	-	-	-	-	-	-	-
Community Service	-	-	-	-	-	-	-	60,743
<u>Assigned for:</u>								
Maintenance Projects	157,892	-	-	-	-	-	-	-
<u>Unassigned</u>	6,274,759	-	-	-	-	-	-	-
Totals	\$6,499,030	\$ 1,379,267	\$ 22,093	\$1,319,633	\$ 102,973	\$324,292	\$ 753,337	\$ 60,743

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

7. Fund Balances / Net Assets (Continued)

Net Assets

Net assets reported on the government-wide statement of net assets at June 30, 2012 includes the following:

Governmental

Capital Assets net of depreciation	\$70,257,858
Less: related long-term debt outstanding	(53,805,000)
Plus: Unspent bond proceeds	1,319,633
Total Invested in Capital Assets	<u>17,772,491</u>
Restricted	
Debt service funds	<u>1,401,360</u>
Total Restricted	<u>1,401,360</u>
Unrestricted (deficit)	<u>1,898,590</u>
Total Governmental Activities Net Assets	<u><u>\$21,072,441</u></u>

Business type

Capital Assets net of depreciation	\$ 70,140
Total Invested in Capital Assets	<u>70,140</u>
Restricted	
Food Service	<u>462,436</u>
Total Restricted	<u>462,436</u>
Total Business-Type Activities Net Assets	<u><u>\$ 532,576</u></u>

8. Employee Retirement Plans

All eligible Waunakee Community School District employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district 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. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district 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. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

8. Employee Retirement Plans

Prior to June 29, 2011, covered employees in the General/Teacher/Educational 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 General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions 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 for 2011 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.8%	5.8%
Executives & Elected Officials	6.65%	6.65%
Protective with Social Security	5.8%	8.9%
Protective without Social Security	5.8%	11.2%

The information provided in this paragraph relates to the WRS plan years for calendar years ended December 31, 2009-2011 which differs from the District's fiscal year end of June 30. The payroll for the District's employees covered by the WRS for the year ended December 31, 2011 was \$22,054,378 the employer's total payroll was \$22,993,445. The total required contribution for the year ended December 31, 2011 was \$2,558,308, which consisted of \$2,025,653 or 9.2% of payroll from the employer and \$532,655, or 2.4% of payroll from employees. Total contributions for the years ending December 31, 2010 and 2009 were \$2,640,100 and \$2,406,247, 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 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of the 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.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

9. Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

10. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. There has been no reduction in insurance coverage in the prior year. Settled claims have not exceeded the commercial coverage in any of the past three years.

11. Commitments

The District has a commitment for a high school construction and remodeling project. The District borrowed money and had \$1,319,633 in funds restricted in the Capital Projects Fund as of June 30, 2012. As of June 30, 2012, the District has remaining contract commitments related to the remodeling project of approximately \$1.8 million, the remaining will be spent on other projects.

12. Excess of Actual Expenditures over Budget

The following individual funds had functions that had an excess of actual expenditures over budget for the year ended June 30, 2012:

<u>Fund</u>	<u>Function</u>	<u>Amount</u>
General	Support Services	\$ 3,506

The District had sufficient revenues, fund balance, other financing sources and/or expenditures less than the budget in other functions to support the amounts listed above.

13. Other Post Employment Benefits (OPEB) Plan

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. Recognition of the liability accumulated from prior years will be phased in over the remaining amortization period of 14 years, commencing with the 2009 liability.

Plan description

The District provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

13. Other Post Employment Benefits (OPEB) Plan (Continued)

actuarial valuation was made July 1, 2010. The post-retirement plan does not issue stand-alone financial reports.

The District has adopted a plan that provides postemployment medical and dental benefits for retirees and their dependents. Upon retirement, teachers, administrators, administrative support and support staff are eligible to continue to receive coverage under the employer-provided group medical and dental plans. At retirement, a fund is established and is used to pay for the retiree's health and dental insurance. Once the fund is exhausted, the retiree may continue to be covered under the group plan by paying 100% of the group premium. Employees participating in the OPEB benefit consisted of the following at July 1, 2010, the date of the latest actuarial valuation.

Retirees	19
Active	<u>545</u>
Number of participating employees	<u><u>564</u></u>

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed twenty 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 to the Retiree Health Plan:

Annual required contribution	\$ 601,571
Interest on net OPEB obligation	66,623
Adjustment to annual required contribution	<u>(76,102)</u>
Annual OPEB cost (expense)	592,092
Contribution adjustment	92,150
Contributions made	<u>(710,438)</u>
Decrease in net OPEB obligation	(26,196)
Net OPEB obligation- beginning of year	<u>1,110,383</u>
Net OPEB obligation- end of year	<u><u>\$ 1,084,187</u></u>

The funded status of the OPEB benefit as of the most recent actuarial valuation date (July 1, 2010) is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll*	UAAL as a Percentage of Covered Payroll*
July 1, 2010	\$ 631,734	\$4,865,844	\$4,252,110	12.6%	21,640,988	19.65%

*Covered payroll is the WRS covered payroll for the year ended June 30, 2010.

WAUNAKEE COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
For The Year Ended June 30, 2012

13. Other Post Employment Benefits (OPEB) Plan (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the annual required contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB statements 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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 to include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	7/1/2010
Actuarial cost method	Unit Credit
Amortization method	30 year using the level dollar method
Remaining amortization period	29 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	6.00%
Healthcare cost trend	Between 5.0% and 10.0%

The history of employer contributions is as follows:

Year Ended June 30,	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation
2010	\$ 945,224	42.09%	\$1,124,188
2011	\$ 591,974	86.77%	\$1,202,533*
2012	\$ 592,092	119.99%	\$1,084,187

* An adjustment was made in the current year to adjust the contributions made in fiscal year 2011.

A copy of the actuarial valuation report can be obtained from the District office.

REQUIRED SUPPLEMENTAL INFORMATION

**Waunakee Community School District
Waunakee, Wisconsin**

**Budgetary Comparison
General Fund
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local	\$ 19,260,187	\$ 19,122,687	\$ 19,177,524	\$ 54,837
Interdistrict	615,085	615,085	581,822	(33,263)
State	17,047,426	17,047,426	17,053,449	6,023
Federal	812,020	812,020	790,936	(21,084)
Other	60,000	103,800	168,221	64,421
Total Revenues	<u>37,794,718</u>	<u>37,701,018</u>	<u>37,771,952</u>	<u>70,934</u>
EXPENDITURES				
Instruction	19,665,969	19,931,729	19,927,840	3,889
Support Service	13,356,635	13,322,635	13,326,141	(3,506)
Non-program services	224,000	224,000	219,044	4,956
Debt Service:				
Interest Expense	35,000	35,000	32,971	2,029
Total Expenditures	<u>33,281,604</u>	<u>33,513,364</u>	<u>33,505,996</u>	<u>7,368</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,513,114</u>	<u>4,187,654</u>	<u>4,265,956</u>	<u>78,302</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(4,503,739)	(4,338,739)	(4,031,981)	306,758
Total Other Financing Sources (Uses)	<u>(4,503,739)</u>	<u>(4,338,739)</u>	<u>(4,031,981)</u>	<u>306,758</u>
Net Change in Fund Balances	9,375	(151,085)	233,975	385,060
Fund Balances - Beginning	6,265,055	6,265,055	6,265,055	-
Fund Balances - Ending	<u>\$ 6,274,430</u>	<u>\$ 6,113,970</u>	<u>\$ 6,499,030</u>	<u>\$ 385,060</u>

**Waunakee Community School District
Waunakee, Wisconsin**

**Budgetary Comparison
Special Education
For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interdistrict	\$ 63,240	\$ 63,240	\$ 75,469	\$ 12,229
Intermediate	3,000	3,000	4,151	1,151
State	1,530,000	1,530,000	1,546,513	16,513
Federal	605,187	805,187	779,672	(25,515)
Total Revenues	<u>2,201,427</u>	<u>2,401,427</u>	<u>2,405,805</u>	<u>4,378</u>
EXPENDITURES				
Instruction	5,107,312	5,142,312	4,923,944	218,368
Support Service	1,523,585	1,523,585	1,443,917	79,668
Non-program expense	74,269	74,269	69,925	4,344
Total Expenditures	<u>6,705,166</u>	<u>6,740,166</u>	<u>6,437,786</u>	<u>302,380</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,503,739)</u>	<u>(4,338,739)</u>	<u>(4,031,981)</u>	<u>306,758</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>4,503,739</u>	<u>4,338,739</u>	<u>4,031,981</u>	<u>(306,758)</u>
Total Other Financing Sources and Uses	<u>4,503,739</u>	<u>4,338,739</u>	<u>4,031,981</u>	<u>(306,758)</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Waunakee Community School District
Waunakee, Wisconsin**

**Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues
For the Year Ended June 30, 2012**

	<u>General Fund</u>	<u>Special Education Fund</u>
A) Sources/Inflows of Resources:		
Actual amounts "total revenues" from the budgetary comparison schedules	\$ 37,771,952	\$ 2,405,805
Reclassification:		
Special education fund revenues are reclassified to the general fund, required for GAAP reporting	<u>2,405,805</u>	<u>(2,405,805)</u>
The general fund revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 40,177,757</u>	<u>\$ -</u>
	<u>General Fund</u>	<u>Special Education Fund</u>
B) Uses/Outflows of Resources:		
Actual amounts "total expenditures" from the budgetary comparison schedules	\$ 33,505,996	\$ 6,437,786
Reclassification:		
Special education fund expenditures are reclassified to the general fund, required for GAAP reporting	<u>6,437,786</u>	<u>(6,437,786)</u>
The general fund expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 39,943,782</u>	<u>\$ -</u>

**Waunakee Community School District
Waunakee, Wisconsin**

**Schedule of Funding Progress for OPEB Plan
June 30, 2012**

Other Post Employment Benefits

Funding progress information for the District for 2011 is available because the District implemented the requirement of GASB Statement No. 45 in 2009, and is only required to update the actuarial study every other year.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll*	UAAL as a Percentage of Covered Payroll*
7/1/2008	\$ 20,463	\$ 6,953,188	\$ 6,932,725	0.29%	\$ 20,743,512	33.42%
7/1/2010	\$ 613,734	\$ 4,865,844	\$ 4,252,110	12.61%	\$ 21,640,988	19.65%

* Covered payroll is the WRS covered payroll for the year ended June 30, 2010.

OTHER SUPPLEMENTAL INFORMATION

**Waunakee Community School District
Waunakee, Wisconsin**

**Schedule of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012**

	<u>Balance</u> <u>7/01/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/12</u>
ASSETS				
Cash and Cash Equivalents	\$ 252,214	\$ 26,721	\$ -	\$ 278,935
Total Assets	<u>\$ 252,214</u>	<u>\$ 26,721</u>	<u>\$ -</u>	<u>\$ 278,935</u>
LIABILITIES				
Accounts Payable	\$ 34,194	\$ 11,495	\$ 33,321	\$ 12,368
Due to student organizations	218,020	164,445	115,898	266,567
Total Liabilities	<u>\$ 252,214</u>	<u>\$ 175,940</u>	<u>\$ 149,219</u>	<u>\$ 278,935</u>

**Waunakee Community School District
Waunakee, Wisconsin**

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012**

	<u>Community Service Fund</u>	<u>Special Revenue Trust</u>	<u>Non- referendum Debt</u>	<u>Package Cooperative</u>	<u>Total Non- Major Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 71,352	\$ 99,244	\$ 22,093	\$ 7,433	\$ 200,122
Receivables:					
Accounts	-	4,712	-	-	4,712
Due from Other Governments	-	-	-	-	-
Total Assets	<u>\$ 71,352</u>	<u>\$ 103,956</u>	<u>\$ 22,093</u>	<u>\$ 7,433</u>	<u>\$ 204,834</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 1,680	\$ 983	\$ -	\$ -	\$ 2,663
Accrued Liabilities	8,929	-	-	-	8,929
Due to Other Governments	-	-	-	7,433	7,433
Total Liabilities	<u>10,609</u>	<u>983</u>	<u>-</u>	<u>7,433</u>	<u>19,025</u>
Fund Balances:					
Restricted	-	102,973	22,093	-	125,066
Committed	60,743	-	-	-	60,743
Total Fund Balances	<u>60,743</u>	<u>102,973</u>	<u>22,093</u>	<u>-</u>	<u>185,809</u>
Total Liabilities and Fund Balances	<u>\$ 71,352</u>	<u>\$ 103,956</u>	<u>\$ 22,093</u>	<u>\$ 7,433</u>	<u>\$ 204,834</u>

**Waunakee Community School District
Waunakee, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2012**

	<u>Community Service Fund</u>	<u>Special Revenue Trust</u>	<u>Non- referendum Debt</u>	<u>Package Cooperative</u>	<u>Total Non- Major Governmental Funds</u>
REVENUES					
Local	\$ 290,775	\$ 215,827	\$ 79,590	\$ -	\$ 586,192
Interdistrict	-	-	-	69,968	69,968
Other	126,834	-	-	-	126,834
Total Revenues	<u>417,609</u>	<u>215,827</u>	<u>79,590</u>	<u>69,968</u>	<u>782,994</u>
EXPENDITURES					
Instruction	-	114,354	-	69,968	184,322
Support Service	422,360	-	-	-	422,360
Debt Service:					
Principal Repayment	-	-	35,000	-	35,000
Interest Expense	-	-	45,307	-	45,307
Total Expenditures	<u>422,360</u>	<u>114,354</u>	<u>80,307</u>	<u>69,968</u>	<u>686,989</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,751)</u>	<u>101,473</u>	<u>(717)</u>	<u>-</u>	<u>96,005</u>
Net Change in Fund Balances	(4,751)	101,473	(717)	-	96,005
Fund Balances - Beginning	65,494	1,500	22,810	-	89,804
Fund Balances - Ending	<u>\$ 60,743</u>	<u>\$ 102,973</u>	<u>\$ 22,093</u>	<u>\$ -</u>	<u>\$ 185,809</u>

SINGLE AUDIT

WAUNAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

Awarding Agency Pass-Through Agency <u>Award Description</u>	Federal Catalog <u>Number</u>	Receivable <u>July 1, 2011</u>	<u>Receipts</u>	<u>Expenditures</u>	Receivable <u>June 30, 2012</u>
U.S. Department of Agriculture					
Passed through Wisconsin Department of Public Instruction:					
School Breakfast - Nutrition Enhancement	10.500	\$ 18,995	\$ 18,995	\$ -	\$ -
Donated Commodities	10.550	-	86,419	86,419	-
<u>Child Nutrition Cluster</u>					
Food Service Aid - Breakfast	10.553	725	20,685	20,668	708
National School Lunch Program	10.555	5,985	190,504	189,828	5,309
Total Child Nutrition Cluster		<u>6,710</u>	<u>211,189</u>	<u>210,496</u>	<u>6,017</u>
Total U.S. Department of Agriculture		<u>25,705</u>	<u>316,603</u>	<u>296,915</u>	<u>6,017</u>
U.S. Department of Education					
Passed through Wisconsin Department of Public Instruction:					
ESEA Title I-A Basic Grant	84.010	39,277	66,178	65,060	38,159
Carl Perkins Act Leadership Grant	84.048	499	499	-	-
ESEA IV-A Safe and Drug Free School Act	84.186	4,201	4,699	498	-
ESEA Title II-D Education Technology	84.318	816	1,374	558	-
ESEA Title II-A Teacher/Principal	84.367	19,647	41,993	47,253	24,907
ARRA- Education Jobs Fund	84.410	118,352	493,026	618,790	244,116
<u>Special Education Cluster (IDEA)</u>					
IDEA Flow Through	84.027	142,707	478,645	562,551	226,613
IDEA Preschool Entitlement	84.173	11,997	23,920	15,290	3,367
Total Special Education Cluster (IDEA)		<u>154,704</u>	<u>502,565</u>	<u>577,841</u>	<u>229,980</u>
Total U.S. Department of Education		<u>337,496</u>	<u>1,110,334</u>	<u>1,310,000</u>	<u>537,162</u>
U.S. Department of Homeland Security					
Passed through Wisconsin Department of Military Affairs:					
Disaster Grants - Public Assistance	97.036	7,206	7,206	-	-
U.S. Department of Health and Human Services					
Passed through Wisconsin Department of Health Services:					
Medical Assistance Program	93.778	26,636	287,244	260,608	-
Total Federal Awards		<u>\$ 397,043</u>	<u>\$ 1,721,387</u>	<u>\$ 1,867,523</u>	<u>\$ 543,179</u>

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2012**

Awarding Agency Pass-through Agency <u>Award Description</u>	State ID <u>Number</u>	Receivable <u>July 1, 2011</u>	<u>Receipts</u>	<u>Expenditures</u>	Receivable <u>June 30, 2012</u>
Wisconsin Department of Public Instruction:					
Entitlement Programs:					
Special Education and School Age Parents	255.101	\$ -	\$ 1,546,513	\$ 1,546,513	\$ -
Common School Fund Library	255.103	-	117,109	117,109	-
Pupil Transportation	255.107	-	50,966	50,966	-
Equalization	255.201	315,624	16,357,540	16,362,301	320,385
Special Adjustment Aid	255.203	-	479,200	479,200	-
Mentoring Grants for Initial Educators	255.355	-	4,815	4,815	-
Cost Reimbursement Programs:					
State School Lunch	255.102	-	12,333	12,333	-
School Breakfast Program	255.344	-	2,209	2,209	-
Peer Review and Mentoring	255.301	16,797	16,797	-	-
Total Wisconsin Department of Public Instruction:		332,421	18,587,482	18,575,446	320,385
Wisconsin Department of Military Affairs					
State Match - Federal Disaster Assistance	465.305	1,201	1,201	-	-
Total State Awards		<u>\$ 333,622</u>	<u>\$ 18,588,683</u>	<u>\$ 18,575,446</u>	<u>\$ 320,385</u>

WAUNAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2012

Note 1 Reporting Entity

The accompanying schedules of expenditures of Federal and State Awards include the federal and state grant activity of the Waunakee Community School District.

Note 2 Basis of Presentation

The accounting records for the grant program are maintained on the accrual or modified accrual basis of accounting, depending on the fund type the federal and state awards are recorded in. The information in this schedule 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*.

Note 3 Special Education and School Age Parents Program

2011-2012 eligible costs under the State Special Education Program are \$5,811,740.

**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**

November 7, 2012

To the School Board
Waunakee Community School District
Waunakee, WI

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waunakee Community School District as of and for the year ended June 30, 2012, which collectively comprise the Waunakee Community School District's basic financial statements and have issued our report thereon dated November 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



**Waunakee Community School District
Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Waunakee Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 the objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the school board, management and federal and state awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Madison, Wisconsin

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

November 7, 2012

To the School Board
Waunakee Community School District
Waunakee, WI

Compliance

We have audited Waunakee Community School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012. The major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Waunakee Community School District's management. Our responsibility is to express an opinion on the Waunakee Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133 and the *State Single Audit Guidelines*. Those standards, OMB Circular A-133 and the State Single Audit Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Waunakee Community 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. Our audit does not provide a legal determination of the Waunakee Community School District's compliance with those requirements.

In our opinion, the Waunakee Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.



Internal Control Over Compliance

The management of the Waunakee Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Waunakee Community School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, 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 Waunakee Community School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the school board, management, federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
Certified Public Accountants
Madison, Wisconsin

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
* Material weakness identified?	No
* Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
* Material weakness identified?	No
* Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Program or Cluster</u>
84.410	ARRA- Education Jobs Fund
93.778	Medical Assistance Program
84.027, 84.173	Special Education Cluster (IDEA)

Dollar threshold for distinguishing Types A and B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results (Continued)

State Awards

Internal control over major programs:

- * Material weakness identified? No
- * Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Identification of major state programs:

ID Number

Name of State Program or Cluster

255.101
255.201, 255.203

Special Education and School Age Parents
Equalization Aid/Special Adjustment Aid

Section II – Financial Statement Finding

None

Section III – Federal Award Findings and Questioned Costs

None

**WAUNAKEE COMMUNITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

None.