

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2010**

Johnson Block & Co., Inc.  
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# WAUNAKEE COMMUNITY SCHOOL DISTRICT

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**Johnson & Block**  
AND COMPANY, INC.

Certified Public Accountants

*Quality service through our commitment to clients and staff*

Millard W. Johnson ▲ James L. Block ▲ Alan L. Brey ▲ Joseph G. Mohlmann ▲ Kevin P. Krynski ▲ Janice L. Froelich

## INDEPENDENT AUDITOR'S REPORT

November 3, 2010

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, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Board 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, 2010, 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 3, 2010 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 and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of 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, 2010**

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 \$1,205,724 from the prior year. The change includes an increase of \$1,148,900 in governmental activities and an increase of \$56,824 in business-type activities.
- In governmental funds, total fund balance increased by \$485,766.

## **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, 2010**

**2. Fund Financial Statements (Continued)**

- The district has three kinds of funds: governmental, proprietary and fiduciary. Governmental funds include the district's four regular funds (general, special education, 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, special education fund, and the debt service 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 29) and special education fund (page 30).

**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, 2010**

**FINANCIAL ANALYSIS**

**The District as a Whole**

Table 1 provides a summary of the district's net assets at June 30, 2010 compared to June 30, 2009.

Table 1  
Condensed Statement of Net Assets

|   | <u>Governmental<br/>Activities</u> |                     | <u>Business-type<br/>Activities</u> |                  | <u>Total<br/>School District</u> |                     |
|---|------------------------------------|---------------------|-------------------------------------|------------------|----------------------------------|---------------------|
|   | 2010                               | 2009                | 2010                                | 2009             | 2010                             | 2009                |
| Current & other assets  | \$13,150,201                       | \$12,482,583        | \$416,452                           | \$353,231        | \$13,566,653                     | \$12,835,814        |
| Capital assets  | 66,121,210                         | 67,613,948          | 125,016                             | 123,725          | 66,246,226                       | 67,737,673          |
| Total Assets  | <u>\$79,271,411</u>                | <u>\$80,096,531</u> | <u>\$541,468</u>                    | <u>\$476,956</u> | <u>\$79,812,879</u>              | <u>\$80,573,487</u> |
| Current Liabilities   | \$ 9,406,743                       | \$ 9,411,077        | \$ 50,249                           | \$ 42,561        | \$ 9,456,992                     | \$ 9,453,638        |
| Non-Current Liabilities   | 52,112,308                         | 54,081,994          | -                                   | -                | 52,112,308                       | 54,081,994          |
| Total Liabilities   | <u>\$61,519,051</u>                | <u>\$63,493,071</u> | <u>\$ 50,249</u>                    | <u>\$ 42,561</u> | <u>\$61,569,300</u>              | <u>\$63,535,632</u> |
| Net Assets Invested in<br>capital assets net of<br>related debt | \$15,891,210                       | \$14,713,250        | \$125,016                           | \$123,725        | \$16,016,226                     | \$14,836,975        |
| Restricted  | 1,151,194                          | 1,219,577           | 366,203                             | 310,670          | 1,517,397                        | 1,530,247           |
| Unrestricted  | <u>709,956</u>                     | <u>670,633</u>      | <u>-</u>                            | <u>-</u>         | <u>709,956</u>                   | <u>670,633</u>      |
| Total Net Assets  | <u>\$17,752,360</u>                | <u>\$16,603,460</u> | <u>\$491,219</u>                    | <u>\$434,395</u> | <u>\$18,243,579</u>              | <u>\$17,037,855</u> |

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 8.3% 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, 2010**

**Change in Net Assets**

Table 2 shows the changes in net assets for the fiscal years 2010 and 2009.

**Table 2  
Change in Net Assets**

|                                    | <u>Governmental<br/>Activities</u> |              | <u>Business-type<br/>Activities</u> |            | <u>Total<br/>School District</u> |              |
|------------------------------------|------------------------------------|--------------|-------------------------------------|------------|----------------------------------|--------------|
|                                    | 2010                               | 2009         | 2010                                | 2009       | 2010                             | 2009         |
| General Revenues:                  |                                    |              |                                     |            |                                  |              |
| Property taxes                     | \$22,796,909                       | \$20,821,995 | \$ -                                | \$ -       | \$22,796,909                     | \$20,821,995 |
| Federal and state aid              | 17,565,340                         | 15,996,029   | -                                   | -          | 17,565,340                       | 15,996,029   |
| Interest earnings                  | 16,171                             | 83,316       | -                                   | -          | 16,171                           | 83,316       |
| Premium on issuance of debt        | 63,697                             | 63,697       | -                                   | -          | 63,697                           | 63,697       |
| Miscellaneous                      | 75,039                             | 49,309       | -                                   | -          | 75,039                           | 49,309       |
| Total general revenues             | 40,517,156                         | 37,014,346   | -                                   | -          | 40,517,156                       | 37,014,346   |
| Program revenues:                  |                                    |              |                                     |            |                                  |              |
| Charges for service                | 1,325,497                          | 1,043,705    | 1,358,663                           | 1,361,300  | 2,684,160                        | 2,405,005    |
| Operating grants and contributions | 3,297,944                          | 2,427,137    | 272,574                             | 208,065    | 3,570,518                        | 2,635,202    |
| Total program revenues             | 4,623,441                          | 3,470,842    | 1,631,237                           | 1,569,365  | 6,254,678                        | 5,040,207    |
| Total revenues                     | 45,140,597                         | 40,485,188   | 1,631,237                           | 1,569,365  | 46,771,834                       | 42,054,553   |
| Program Expenses:                  |                                    |              |                                     |            |                                  |              |
| Instruction                        | 25,325,255                         | 21,060,333   | -                                   | -          | 25,325,255                       | 21,060,333   |
| Support                            | 14,366,319                         | 14,502,491   | -                                   | -          | 14,366,319                       | 14,502,491   |
| Non-program services               | 255,737                            | 175,380      | -                                   | -          | 255,737                          | 175,380      |
| Interest Expense                   | 2,433,109                          | 2,533,159    | -                                   | -          | 2,433,109                        | 2,533,159    |
| Depreciation unallocated           | 1,552,387                          | 1,551,578    | -                                   | -          | 1,552,387                        | 1,551,578    |
| Food service program               | -                                  | -            | 1,574,413                           | 1,462,722  | 1,574,413                        | 1,462,722    |
| Total Expenses                     | 43,932,807                         | 39,822,941   | 1,574,413                           | 1,462,722  | 45,507,220                       | 41,285,663   |
| Gain (loss) on disposal            | (58,890)                           | (46,095)     | -                                   | -          | (58,890)                         | (46,095)     |
| Change in Net Assets               | 1,148,900                          | 616,152      | 56,824                              | 106,643    | 1,205,724                        | 768,890      |
| Beginning Net Assets               | 16,603,460                         | 15,987,308   | 434,395                             | 327,752    | 17,037,855                       | 16,315,060   |
| Ending Net Assets                  | \$17,752,360                       | \$16,603,460 | \$ 491,219                          | \$ 434,395 | \$18,243,579                     | \$17,083,950 |

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Governmental Activities**

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

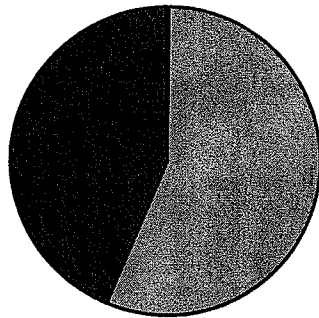
School funding regulations restrict the amount by which these two revenue sources, in combination, may be increased. This restriction, called revenue limit, is intended to help hold down increases in property taxes throughout the state.

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              | 22,796,909   | 56.3% |
| Federal and State Aid       | 17,565,340   | 43.4% |
| Interest Earnings           | 16,171       | 0.0%  |
| Premium on Issuance of Debt | 63,697       | 0.2%  |
| Miscellaneous               | 75,039       | 0.2%  |
|                             | <hr/>        |       |
|                             | \$40,517,156 | 100%  |

**Revenue by Source-Governmental Funds**



- Property taxes
- Federal and State Aid
- Interest Earnings
- Premium on Issuance of Debt
- Miscellaneous

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Governmental Funds**

As of June 30, 2010, the District's governmental funds reported combined ending fund balance of \$6,835,388, an increase of \$485,766 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, 2009</u> | <u>June 30, 2010</u> | <u>Change</u>     | <u>Change (%)</u> |
|-------------------|----------------------|----------------------|-------------------|-------------------|
| General           | \$ 4,994,408         | \$ 5,562,007         | \$ 567,599        | 11%               |
| Special Education | -                    | -                    | -                 | N/A               |
| Debt Service      | 1,219,577            | 1,151,194            | (68,383)          | -6%               |
| Non-Major         | <u>135,637</u>       | <u>122,187</u>       | <u>(13,450)</u>   | <u>-10%</u>       |
| Total             | <u>\$ 6,349,622</u>  | <u>\$ 6,835,388</u>  | <u>\$ 485,766</u> | <u>8%</u>         |

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

- The general funds transfer to the special education fund was less than anticipated.
- The debt service fund paid off approximately \$5.1 million in principal and interest
- The overtime/substitute expense accounts were less than anticipated.
- The salary expense accounts were less than anticipated.

**Budgetary Highlights**

**General Fund**

- General fund revenues were less than the budget by \$54,134.
- General fund expenditures were less than the budget by \$509,561.
- The general fund transfer to the special education fund was \$112,172 less than budgeted.

**Special Education Fund**

- Special education revenues were less than the budget by \$2,181.
- Special education expenditures were \$58,745 less than the budget.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year, the district had invested about \$66 million in a broad range of capital assets including buildings, sites, and equipment. This amount represents a net decrease of \$2 million. Total accumulated depreciation on these assets is about \$31.3 million for governmental activities and \$.4 million for business-type activities.

|                                   | <u>Governmental<br/>Activities</u> |                     | <u>Business-type<br/>Activities</u> |                  | <u>School District</u> |                     |
|-----------------------------------|------------------------------------|---------------------|-------------------------------------|------------------|------------------------|---------------------|
|                                   | <u>2010</u>                        | <u>2009</u>         | <u>2010</u>                         | <u>2009</u>      | <u>2010</u>            | <u>2009</u>         |
| Non-Depreciable<br>Capital Assets | \$2,724,693                        | \$ 2,724,693        | \$ -                                | \$ -             | \$ 2,724,693           | \$ 2,724,693        |
| Capital Assets Being Depreciated  | 94,687,986                         | 94,643,164          | 539,879                             | 487,229          | 95,227,865             | 95,130,393          |
| Accumulated Depreciation          | <u>(31,291,469)</u>                | <u>(29,753,909)</u> | <u>(414,863)</u>                    | <u>(363,504)</u> | <u>(31,706,332)</u>    | <u>(30,117,413)</u> |
| Total                             | <u>\$66,121,210</u>                | <u>\$67,613,948</u> | <u>\$125,016</u>                    | <u>\$123,725</u> | <u>\$66,246,226</u>    | <u>\$67,737,673</u> |

**Long-Term Obligations**

At year-end, the district had \$54.6 million in long-term obligations.

Table 4  
Outstanding Long-Term Obligations

|  | <u>2010</u>         | <u>2009</u>         | <u>% Change</u> |
|--|---------------------|---------------------|-----------------|
| General Obligation Debt                | \$50,230,000        | \$52,900,698        | -5.05%          |
| Vested Employee Benefits               | 2,304,535           | 2,245,033           | 2.65%           |
| Deferred Gain on Long-Term Obligations | 958,585             | 1,022,282           | -6.23%          |
| OPEB Liability                         | <u>1,124,188</u>    | <u>576,829</u>      | <u>94.89%</u>   |
| Total Long-Term Obligations            | <u>\$54,617,308</u> | <u>\$56,744,842</u> | <u>-3.75%</u>   |

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

Circumstances that could impact the district's financial future:

- The district expects enrollment to continue to increase. This may result in the need for additional borrowing for buildings and/or land in the next 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, 2010**

|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                                   |                                    |                                     |                      |
| Cash and Investments                            | \$ 5,717,054                       | \$ 384,146                          | \$ 6,101,200         |
| Receivables:                                    |                                    |                                     |                      |
| Taxes   | 6,629,227                          | -                                   | 6,629,227            |
| Accounts  | 79,835                             | -                                   | 79,835               |
| Due from other governments                      | 724,085                            | 32,306                              | 756,391              |
| Total current assets                            | <u>13,150,201</u>                  | <u>416,452</u>                      | <u>13,566,653</u>    |
| Capital Assets:                                 |                                    |                                     |                      |
| Land and construction in progress               | 2,724,693                          | -                                   | 2,724,693            |
| Land improvements                               | 1,635,984                          | -                                   | 1,635,984            |
| Buildings and building improvements             | 83,744,084                         | -                                   | 83,744,084           |
| Furniture and equipment                         | 9,307,918                          | 539,879                             | 9,847,797            |
| Less: Accumulated depreciation                  | <u>(31,291,469)</u>                | <u>(414,863)</u>                    | <u>(31,706,332)</u>  |
| Total Capital Assets                            | 66,121,210                         | 125,016                             | 66,246,226           |
| Total Assets                                    | <u>\$ 79,271,411</u>               | <u>\$ 541,468</u>                   | <u>\$ 79,812,879</u> |
| <b>LIABILITIES</b>                              |                                    |                                     |                      |
| Current liabilities:                            |                                    |                                     |                      |
| Short-term notes payable                        | \$ 5,000,000                       | \$ -                                | \$ 5,000,000         |
| Accounts Payable                                | 127,692                            | 50,249                              | 177,941              |
| Accrued liabilities:                            |                                    |                                     |                      |
| Payroll and related items                       | 1,136,731                          | -                                   | 1,136,731            |
| Interest  | 637,320                            | -                                   | 637,320              |
| Current portion of long-term obligations        | <u>2,505,000</u>                   | <u>-</u>                            | <u>2,505,000</u>     |
| Total current liabilities                       | <u>9,406,743</u>                   | <u>50,249</u>                       | <u>9,456,992</u>     |
| Noncurrent liabilities:                         |                                    |                                     |                      |
| Noncurrent portion of long-term liabilities     | 47,725,000                         | -                                   | 47,725,000           |
| Compensated absences                            | 2,304,535                          | -                                   | 2,304,535            |
| OPEB Liability                                  | 1,124,188                          | -                                   | 1,124,188            |
| Deferred gain on long-term obligations          | <u>958,585</u>                     | <u>-</u>                            | <u>958,585</u>       |
| Total noncurrent liabilities                    | <u>52,112,308</u>                  | <u>-</u>                            | <u>52,112,308</u>    |
| Total liabilities                               | <u>61,519,051</u>                  | <u>50,249</u>                       | <u>61,569,300</u>    |
| <b>NET ASSETS</b>                               |                                    |                                     |                      |
| Invested in capital assets, net of related debt | 15,891,210                         | 125,016                             | 16,016,226           |
| Restricted for:                                 |                                    |                                     |                      |
| Debt Service funds                              | 1,151,194                          | -                                   | 1,151,194            |
| Food service                                    | -                                  | 366,203                             | 366,203              |
| Unrestricted                                    | <u>709,956</u>                     | <u>-</u>                            | <u>709,956</u>       |
| Total net assets                                | <u>17,752,360</u>                  | <u>491,219</u>                      | <u>18,243,579</u>    |
| Total liabilities and net assets                | <u>\$ 79,271,411</u>               | <u>\$ 541,468</u>                   | <u>\$ 79,812,879</u> |

See accompanying notes to the financial statements.

Waunakee Community School District  
Waunakee, Wisconsin

Statement of Activities  
For the Year Ended June 30, 2010

| Functions/Programs                                       | Program Revenue |                      |                                    | Net (Expense) Revenue and Changes in Net Assets |                          |                 |
|--|-----------------|----------------------|------------------------------------|---|--------------------------|-----------------|
|  | Expenses        | Charges for Services | Operating Grants and Contributions | Governmental Activities                         | Business-type Activities | Total           |
| <b>Primary government</b>                                |                 |                      |                                    |   |                          |                 |
| Governmental Activities                                  |                 |                      |                                    |   |                          |                 |
| Instruction  | \$ 25,325,255   | \$ 590,771           | \$ 2,919,706                       | \$ (21,814,778)                                 |                          | \$ (21,814,778) |
| Support Services   | 14,366,319      | 734,726              | 378,238                            | (13,253,355)                                    |                          | (13,253,355)    |
| Non- program services                                    | 255,737         | -                    | -                                  | (255,737)                                       |                          | (255,737)       |
| Interest Expense   | 2,433,109       | -                    | -                                  | (2,433,109)                                     |                          | (2,433,109)     |
| Depreciation unallocated                                 | 1,552,387       | -                    | -                                  | (1,552,387)                                     |                          | (1,552,387)     |
| Total governmental activities                            | 43,932,807      | 1,325,497            | 3,297,944                          | (39,309,366)                                    |                          | (39,309,366)    |
| <b>Business-type activities</b>                          |                 |                      |                                    |   |                          |                 |
| Food service program                                     | 1,574,413       | 1,358,663            | 272,574                            | -   | 56,824                   | 56,824          |
| Total business-type activities                           | 1,574,413       | 1,358,663            | 272,574                            | -   | 56,824                   | 56,824          |
| Total primary government                                 | \$ 45,507,220   | \$ 2,684,160         | \$ 3,570,518                       | (39,309,366)                                    | 56,824                   | (39,252,542)    |
| <b>General revenues:</b>                                 |                 |                      |                                    |   |                          |                 |
| Taxes:   |                 |                      |                                    |   |                          |                 |
| Property taxes, levied for general purposes              |                 |                      |                                    | 17,585,541                                      | -                        | 17,585,541      |
| Property taxes, levied for debt service                  |                 |                      |                                    | 5,053,368                                       | -                        | 5,053,368       |
| Property taxes, levied for community services            |                 |                      |                                    | 158,000   |                          | 158,000         |
| Federal and State aid not restricted to specific purpose |                 |                      |                                    |   |                          |                 |
| General  |                 |                      |                                    | 17,565,340                                      | -                        | 17,565,340      |
| Interest and investment earnings                         |                 |                      |                                    | 16,171  | -                        | 16,171          |
| Premium on issuance of debt                              |                 |                      |                                    | 63,697  | -                        | 63,697          |
| Miscellaneous  |                 |                      |                                    | 75,039  | -                        | 75,039          |
| Total general revenues                                   |                 |                      |                                    | 40,517,156                                      | -                        | 40,517,156      |
| Special item- Gain (loss) on disposal                    |                 |                      |                                    | (58,890)  | -                        | (58,890)        |
| Change in net assets                                     |                 |                      |                                    | 1,148,900                                       | 56,824                   | 1,205,724       |
| Net assets - beginning                                   |                 |                      |                                    | 16,603,460                                      | 434,395                  | 17,037,855      |
| Net assets - ending                                      |                 |                      |                                    | \$ 17,752,360                                   | \$ 491,219               | \$ 18,243,579   |

See accompanying notes to the financial statements.





**Waunakee Community School District  
Waunakee, Wisconsin**

**Balance Sheet  
Governmental Funds  
June 30, 2010**

|                            | General Fund         | Special<br>Education | Debt Service        | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------|----------------------|----------------------|---------------------|------------------------------------|--------------------------------|
| <b>ASSETS</b>              |                      |                      |                     |                                    |                                |
| Cash and Investments       | \$ 4,418,863         | \$ -                 | \$ 1,151,194        | \$ 146,996                         | \$ 5,717,053                   |
| Receivables:               |                      |                      |                     |                                    |                                |
| Taxes                      | 6,629,227            | -                    | -                   | -                                  | 6,629,227                      |
| Accounts                   | 79,835               | -                    | -                   | -                                  | 79,835                         |
| Due from Other Funds       | 168,053              | -                    | -                   | -                                  | 168,053                        |
| Due from Other Governments | 407,532              | 298,553              | -                   | 18,000                             | 724,085                        |
| Total Assets               | <u>\$ 11,703,510</u> | <u>\$ 298,553</u>    | <u>\$ 1,151,194</u> | <u>\$ 164,996</u>                  | <u>\$ 13,318,253</u>           |

**LIABILITIES AND FUND BALANCES**

|                                     |                      |                   |                     |                   |                      |
|-------------------------------------|----------------------|-------------------|---------------------|-------------------|----------------------|
| Liabilities:                        |                      |                   |                     |                   |                      |
| Short-term borrowing                | \$ 5,000,000         | \$ -              | \$ -                | \$ -              | \$ 5,000,000         |
| Accounts Payable                    | 160,234              | 31,350            | -                   | 9,432             | 201,016              |
| Accrued Liabilities                 | 966,311              | 266,714           | -                   | 15,377            | 1,248,402            |
| Accrued Wages Payable               | 14,958               | 489               | -                   | -                 | 15,447               |
| Due to Other Funds                  | -                    | -                 | -                   | 18,000            | 18,000               |
| Total Liabilities                   | <u>6,141,503</u>     | <u>298,553</u>    | <u>-</u>            | <u>42,809</u>     | <u>6,482,865</u>     |
| Fund Balances:                      |                      |                   |                     |                   |                      |
| Reserved                            | 32,448               | -                 | 1,151,194           | 122,187           | 1,305,829            |
| Designated                          | 5,529,559            | -                 | -                   | -                 | 5,529,559            |
| Total Fund Balances                 | <u>5,562,007</u>     | <u>-</u>          | <u>1,151,194</u>    | <u>122,187</u>    | <u>6,835,388</u>     |
| Total Liabilities and Fund Balances | <u>\$ 11,703,510</u> | <u>\$ 298,553</u> | <u>\$ 1,151,194</u> | <u>\$ 164,996</u> | <u>\$ 13,318,253</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, 2010**

|  |              |
|--|--------------|
| Total fund balance, governmental funds | \$ 6,835,388 |
|--|--------------|

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. | 66,121,210 |
|--|------------|

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            | (50,230,000) |
| Accrued interest on long-term debt | (586,930)    |
| Compensated absences               | (2,304,535)  |
| Deferred gain on issue of bond     | (958,585)    |
| OPEB Liability                     | (1,124,188)  |

|  |                      |
|--|----------------------|
| Net Assets of Governmental Activities in the Statement of Net Assets | <u>\$ 17,752,360</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, 2010**

|   | General Fund  | Special<br>Education | Debt Service | Total Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------|----------------------|--------------|--|--------------------------------|
| <b>REVENUES</b>                                   |               |                      |              |  |                                |
| Local   | \$ 17,935,303 | \$ -                 | \$ 4,972,736 | \$ 351,122                               | \$ 23,259,161                  |
| Interdistrict                                     | 511,151       | 74,818               | -            | 72,665                                   | 658,634                        |
| Intermediate                                      | -             | 2,499                | -            | -  | 2,499                          |
| State   | 16,792,169    | 1,531,071            | -            | 18,000                                   | 18,341,240                     |
| Federal   | 1,182,229     | 1,322,921            | -            | -  | 2,505,150                      |
| Other   | 75,039        | 77,894               | -            | 149,432                                  | 302,365                        |
| Total Revenues                                    | 36,495,891    | 3,009,203            | 4,972,736    | 591,219                                  | 45,069,049                     |
| <b>EXPENDITURES</b>                               |               |                      |              |  |                                |
| Instruction                                       | 18,825,288    | 5,440,200            | -            | 168,143                                  | 24,433,631                     |
| Support Service                                   | 12,541,642    | 1,721,689            | -            | 353,348                                  | 14,616,679                     |
| Non-program services                              | 230,450       | -                    | -            | -  | 230,450                        |
| Debt Service                                      | -             | -                    | 2,627,848    | -  | 2,627,848                      |
| Principal Repayment                               | -             | -                    | 2,413,271    | 83,178                                   | 2,674,675                      |
| Interest Expense                                  | 114,512       | 63,714               | 5,041,119    | 604,669                                  | 44,583,283                     |
| Total Expenditures                                | 31,711,892    | 7,225,603            | -            | -  | -                              |
| Excess (Deficiency) of Revenues Over Expenditures | 4,783,999     | (4,216,400)          | (68,383)     | (13,450)                                 | 485,766                        |
| <b>OTHER FINANCING SOURCES (USES)</b>             |               |                      |              |  |                                |
| Transfers in                                      | -             | 4,216,400            | -            | -  | 4,216,400                      |
| Transfers out                                     | (4,216,400)   | -                    | -            | -  | (4,216,400)                    |
| Total Other Financing Sources (Uses)              | (4,216,400)   | 4,216,400            | -            | -  | -                              |
| Net Change in Fund Balances                       | 567,599       | -                    | (68,383)     | (13,451)                                 | 485,766                        |
| Fund Balances - Beginning                         | 4,994,408     | -                    | 1,219,577    | 135,637                                  | 6,349,622                      |
| Fund Balances - Ending                            | \$ 5,562,007  | \$ -                 | \$ 1,151,194 | \$ 122,186                               | \$ 6,835,388                   |

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, 2010**

Net change in fund balances - total governmental funds: \$ 485,766

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 (\$956,355) were less than depreciation (\$2,390,203) in the current period. (1,433,848)

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: 2,670,698

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 \$63,697. 63,697

Loss on disposal of capital assets (58,890)

Other post-employment benefit expense (547,360)

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 funds 28,339

Compensated absences (59,502)

Change in net assets of governmental activities \$ 1,148,900

See accompanying notes to the financial statements.

**Waunakee Community School District  
Waunakee, Wisconsin**

**Statement of Net Assets  
Proprietary Funds  
June 30, 2010**

|   | <u>Food Service</u>      |
|---|--------------------------|
| <b>ASSETS</b>                                   |                          |
| Current Assets:                                 |                          |
| Cash and Cash Equivalents                       | \$ 384,146               |
| Due from Other Governments                      | <u>32,306</u>            |
| Total Current Assets                            | <u>416,452</u>           |
| Noncurrent Assets:                              |                          |
| Furniture and Equipment                         | 539,879                  |
| Less Accumulated Depreciation                   | <u>(414,863)</u>         |
| Net Noncurrent Assets                           | <u>125,016</u>           |
| Total Assets                                    | <u><u>\$ 541,468</u></u> |
| <b>LIABILITIES</b>                              |                          |
| Current Liabilities:                            |                          |
| Accounts Payable                                | \$ 50,248                |
| Total Current Liabilities                       | <u>50,248</u>            |
| Total Liabilities                               | <u>50,248</u>            |
| <b>NET ASSETS</b>                               |                          |
| Invested in Capital Assets, Net of Related Debt | 125,016                  |
| Restricted for food service                     | <u>366,203</u>           |
| Total Net Assets                                | <u>491,220</u>           |
| Total Liabilities and Net Assets                | <u><u>\$ 541,468</u></u> |

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, 2010**

|                                  |                            |
|----------------------------------|----------------------------|
|                                  | <u><b>Food Service</b></u> |
| <b>OPERATING REVENUES</b>        |                            |
| Food Sales                       | \$ 1,358,664               |
| State Sources                    | 12,066                     |
| Federal Sources                  | 182,252                    |
| Commodities                      | 78,256                     |
| Total Operating Revenues         | <u>1,631,238</u>           |
| <br><b>OPERATING EXPENSES</b>    |                            |
| Operating Expenses:              |                            |
| Salaries and wages               | 52,491                     |
| Purchased services               | 735,976                    |
| Food and materials               | 734,588                    |
| Depreciation                     | 51,359                     |
| Total Operating Expenses         | <u>1,574,413</u>           |
| Operating Income (Loss)          | <u>56,825</u>              |
| <br>Change in Net Assets         | <br>56,825                 |
| <br>Total Net Assets - Beginning | <br><u>434,395</u>         |
| Total Net Assets - Ending        | <u><u>\$ 491,220</u></u>   |

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, 2010**

|  | <u><b>Food Service</b></u> |
|--|----------------------------|
| Cash Flows from Operating Activities:  |                            |
| Cash received from user charges  | \$ 1,358,662               |
| Cash received from other governmental payments   | 178,456                    |
| Cash payments to employees for services  | (52,491)                   |
| Cash payments to utilities and other purchased services  | (735,976)                  |
| Cash payments to suppliers for goods and services  | (648,639)                  |
| Net cash provided by operating activities  | <u>100,012</u>             |
| Cash Flows from Capital and Related Financing Activities:  |                            |
| Cash payments for acquisition of capital assets  | <u>(52,653)</u>            |
| Net cash provided (used) by investing activities   | <u>(52,653)</u>            |
| Net increase in cash and cash equivalents  | 47,359                     |
| Cash and equivalents- beginning of year  | <u>336,787</u>             |
| Cash and equivalents- end of year  | <u><u>\$ 384,146</u></u>   |
| Reconciliation of operating income (loss) to net cash provided by operating activities:                    |                            |
| Operating income (loss)  | \$ 56,825                  |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:      |                            |
| Depreciation   | 51,359                     |
| Changes in assets and liabilities:   |                            |
| Due to (from) other governments  | (15,862)                   |
| Accounts payable   | 7,690                      |
| Net cash provided by operating activities  | <u><u>\$ 100,012</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>\$ 78,256</u></u>    |

See accompanying notes to the financial statements.



**Waunakee Community School District  
Waunakee, Wisconsin**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010**

|                                  | <u>Benefit Trust Fund</u> | <u>Scholarship<br/>Funds</u> | <u>Activity Fund</u> | <u>Total</u>      |
|----------------------------------|---------------------------|------------------------------|----------------------|-------------------|
| <b>ASSETS</b>                    |                           |                              |                      |                   |
| Cash and Cash Equivalents        | \$ 237,693                | \$ 345,954                   | \$ 218,945           | \$ 802,592        |
| Total Assets                     | <u>\$ 237,693</u>         | <u>\$ 345,954</u>            | <u>\$ 218,945</u>    | <u>\$ 802,592</u> |
| <b>LIABILITIES</b>               |                           |                              |                      |                   |
| Accounts Payable                 | \$ -                      | \$ -                         | \$ 15,156            | \$ 15,156         |
| Due to student organizations     | -                         | -                            | 203,789              | 203,789           |
| Total liabilities                | <u>-</u>                  | <u>-</u>                     | <u>218,945</u>       | <u>218,945</u>    |
| <b>NET ASSETS</b>                |                           |                              |                      |                   |
| Restricted                       | 237,693                   | 345,954                      | -                    | 583,647           |
| Total liabilities and net assets | <u>\$ 237,693</u>         | <u>\$ 345,954</u>            | <u>\$ 218,945</u>    | <u>\$ 802,592</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, 2010**

|                        | <u>Benefit Trust</u><br><u>Fund</u> | <u>Scholarship</u><br><u>Funds</u> |
|------------------------|-------------------------------------|------------------------------------|
| <b>ADDITIONS</b>       |                                     |                                    |
| Donations              | \$ -                                | \$ 2,150                           |
| Interest               | 5,622                               | 1,619                              |
| Contributions          | 397,865                             | -                                  |
| Total additions        | <u>403,487</u>                      | <u>3,769</u>                       |
| <b>DEDUCTIONS</b>      |                                     |                                    |
| Gifts and scholarships | -                                   | 21,000                             |
| Benefits paid          | 262,864                             | -                                  |
| Total deductions       | <u>262,864</u>                      | <u>21,000</u>                      |
| Change in net assets   | 140,623                             | (17,231)                           |
| Net assets - beginning | 97,070                              | 363,185                            |
| Net assets - ending    | <u>\$ 237,693</u>                   | <u>\$ 345,954</u>                  |

See accompanying notes to the financial statements.

# **WAUNAKEE COMMUNITY SCHOOL DISTRICT**

## **Notes to Financial Statements For The Year Ended June 30, 2010**

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### **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, 2010**

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**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.

**Special Education Fund** – This fund accounts for activities associated with providing educational programs for students.

**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, 2010**

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**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 2009 tax levy is used to finance operations of the district's fiscal year ended June 30, 2010. 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, 2010**

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**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, 2010**

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**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<br>Threshold | Depreciation<br>Method | Estimated<br>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, 2010**

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**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 6/30/10.

**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 receive a credit of \$1,200 per year of service to the District to be used to fund a post-employment Health Reimbursement Account (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.

**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, 2010**

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### **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 Reserves**

Reservations of fund balance represent amounts that are not subject to appropriation and/or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **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

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2010**

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deposits were higher than the June 30, 2010 balances, detailed below. This means that the District's risk and exposure could be higher at these times.

| <u>Depository:</u>           | <u>Carrying<br/>Amount</u> | <u>Associated<br/>Risk</u>      |
|------------------------------|----------------------------|---------------------------------|
| Local Financial Institutions | \$ 1,411,962               | Custodial credit risk           |
| Other cash and investments:  |                            |                                 |
| LGIP                         | <u>5,491,832</u>           | Credit risk, interest rate risk |
| Total June 30, 2010          | <u><u>\$ 6,903,794</u></u> |                                 |

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

|                          |                            |
|--------------------------|----------------------------|
| Governmental Activities  | \$ 5,717,056               |
| Business-type Activities | 384,146                    |
| Benefit Trust Fund       | 237,693                    |
| Scholarship Fund         | 345,954                    |
| Agency Fund              | 218,945                    |
| Total                    | <u><u>\$ 6,903,794</u></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, 2010, 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 69 days.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2010**

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**3. Cash and Investments (Continued)**

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, 2010, the District's investment in the Wisconsin Local Government Investment Pool was not rated.

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. 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, 2010, the District had deposits of \$1,248,977 with financial institutions in excess of federal and state depository insurance limits that were collateralized with a \$830,000 agreement.

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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2010**

**4. Capital Assets**

|  | Balance<br>7/1/2009  | Additions             | Retirements        | Balance<br>6/30/2010 |
|--|----------------------|-----------------------|--------------------|----------------------|
| <b>Governmental Activities</b>           |                      |                       |                    |                      |
| Non-Depreciable Capital Assets:          |                      |                       |                    |                      |
| Land                                     | \$ 2,724,693         | \$ -                  | \$ -               | \$ 2,724,693         |
| Total Non-Depreciable Capital Assets     | 2,724,693            | -                     | -                  | 2,724,693            |
| Land improvements                        | 1,635,984            | -                     | -                  | 1,635,984            |
| Buildings                                | 83,895,084           | -                     | (151,000)          | 83,744,084           |
| Furniture and equipment                  | 9,112,096            | 956,355               | (760,533)          | 9,307,918            |
| Total Depreciable Capital Assets         | 94,643,164           | 956,355               | (911,533)          | 94,687,986           |
| Less Accumulated Depreciation            | (29,753,909)         | (2,390,203)           | 852,643            | (31,291,469)         |
| Net Governmental Capital Assets          | 67,613,948           | (1,433,848)           | (58,890)           | 66,121,210           |
| <b>Business-Type Activities</b>          |                      |                       |                    |                      |
| Depreciable Capital Assets               | 487,229              | 52,650                | -                  | 539,879              |
| Less Accumulated Depreciation            | (363,504)            | (51,359)              | -                  | (414,863)            |
| Net Business-Type Capital Assets         | 123,725              | 1,291                 | -                  | 125,016              |
| Total Non-Depreciable Capital Assets     | 2,724,693            | -                     | -                  | 2,724,693            |
| Total Depreciable Capital Assets         | 95,130,393           | 1,009,005             | (911,533)          | 95,227,865           |
| Total Accumulated Depreciation           | (30,117,413)         | (2,441,562)           | 852,643            | (31,706,332)         |
| Total Capital Assets Net of Depreciation | <u>\$ 67,737,673</u> | <u>\$ (1,432,557)</u> | <u>\$ (58,890)</u> | <u>\$ 66,246,226</u> |

Depreciation expense was charged to governmental functions as follows:

|   |                     |
|---|---------------------|
| Instruction                                     | \$ 718,982          |
| Support   | 118,834             |
| Depreciation not charged to a specific function | 1,552,387           |
| Total depreciation                              | <u>\$ 2,390,203</u> |

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2010**

**5. Due from/Due to Other Funds**

Individual fund interfund receivable and payable balances on June 30, 2010 are as follows:

| <u>Due To</u> | <u>Amount</u>  | <u>Due From</u>                             |
|---------------|----------------|---|
| General       | \$ 150,053     | Special Education                           |
| General       | 18,000         | Other Package and Cooperative Program Funds |
| Total         | <u>168,053</u> |   |

The purpose of the interfunds is to meet temporary cash flow in the respective fund.

**6. Short-Term Notes Payable**

Short-term notes payable at June 30, 2010 are as follows:

| Balance<br>July 1, 2009   | Additions    | Reductions   | Balance<br>June 30, 2010 |
|---|--------------|--------------|--------------------------|
| \$ 5,000,000  | \$ 5,000,000 | \$ 5,000,000 | \$ 5,000,000             |
| Short-term loan dated October 27, 2009,<br>due October 22, 2010 interest rate of 1.5% |              |              | <u>\$ 5,000,000</u>      |

Proceeds of short-term notes are used for temporary working capital. The District, on October 18, 2010, borrowed \$5,000,000 short-term to be repaid October 16, 2011.

**7. Long-term Obligations**

Long-term obligations of the District are as follows:

|                                | Balance<br>7/1/2009 | Issued           | Retired            | Balance<br>6/30/2010 | Due Within<br>One Year |
|--------------------------------|---------------------|------------------|--------------------|----------------------|------------------------|
| <u>General obligation debt</u> |                     |                  |                    |                      |                        |
| Bonds                          | \$52,885,000        | \$ -             | \$2,655,000        | \$50,230,000         | \$ 2,505,000           |
| TEACH loan                     | 15,698              | -                | 15,698             | -                    | -                      |
| Subtotal GO Debt               | 52,900,698          | -                | 2,670,698          | 50,230,000           | 2,505,000              |
| Compensated absences           | 2,245,033           | 59,502           | -                  | 2,304,535            | -                      |
| Deferred gain                  | 1,022,282           | -                | 63,697             | 958,585              | -                      |
| OPEB liability                 | 576,829             | 937,906          | 397,865            | 1,116,870            | -                      |
| Total Long-term Obligations    | <u>\$56,744,842</u> | <u>\$997,408</u> | <u>\$3,132,260</u> | <u>\$54,609,990</u>  | <u>\$ 2,505,000</u>    |

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2010**

**7. 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, 2010 is comprised of the following individual issues:

| Description                   | Issue<br>Dates | Interest<br>Rate % | Dates of<br>Maturity | Balance              | Amount Due<br>Within One Year |
|-------------------------------|----------------|--------------------|----------------------|----------------------|-------------------------------|
| GO Bond                       | 4/1/2002       | 4.45-5.0%          | 4/1/2022             | \$ 3,880,000         | \$ 245,000                    |
| GO Refunding Bonds            | 10/15/2004     | 2.5-5.25%          | 4/1/2024             | 17,075,000           | 910,000                       |
| GO Refunding Bonds            | 2/1/2006       | 4.0-5.0%           | 4/1/2025             | 15,720,000           | 760,000                       |
| GO Refunding Bonds            | 9/25/2006      | 4.0-5.0%           | 10/1/2026            | 12,650,000           | 555,000                       |
| GO Refunding Bonds            | 8/15/2007      | 4.1-5.75%          | 4/1/2027             | 905,000              | 35,000                        |
| Total General Obligation Debt |                |                    |                      | <u>\$ 50,230,000</u> | <u>\$ 2,505,000</u>           |

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2010 are as follows:

| Year Ended June 30, | Principal            | Interest            | Total                |
|---------------------|----------------------|---------------------|----------------------|
| 2011                | \$ 2,505,000         | \$ 2,347,697        | \$ 4,852,697         |
| 2012                | 2,560,000            | 2,249,562           | 4,809,562            |
| 2013                | 2,670,000            | 2,140,137           | 4,810,137            |
| 2014                | 2,775,000            | 2,034,267           | 4,809,267            |
| 2015                | 2,885,000            | 1,922,952           | 4,807,952            |
| 2016-2020           | 16,565,000           | 7,619,875           | 24,184,875           |
| 2021-2025           | 19,010,000           | 3,041,442           | 22,051,442           |
| 2026-2027           | 1,260,000            | 68,764              | 1,328,764            |
| Totals              | <u>\$ 50,230,000</u> | <u>\$21,424,694</u> | <u>\$ 71,654,694</u> |

The 2009 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,154,173,533. The legal debt limit and margin of indebtedness as of June 30, 2010, in accordance with §67.03(1)(b) of the Wisconsin statutes follows:

|   |                       |
|---|-----------------------|
| Debt Limit (10% of \$2,154,173,533)             | \$ 215,417,353        |
| Deduct long-term debt applicable to debt margin | <u>50,230,000</u>     |
| Margin of indebtedness                          | <u>\$ 165,187,353</u> |

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**

**Notes to Financial Statements  
For The Year Ended June 30, 2010**

**8. Fund Balances / Net Assets**

Portions of fund balances are reserved/restricted and not available for current expenses or expenditures, as follows:

|                       | Governmental<br>Funds<br>(Fund Balance) | Proprietary<br>Funds<br>(Net Assets) | Fiduciary<br>Funds<br>(Net Assets) |
|-----------------------|---|--------------------------------------|------------------------------------|
| Reserved/Restricted:  |   |                                      |                                    |
| Dental Benefits       | \$ 32,448                               | \$ -                                 | \$ -                               |
| Future Debt           | 1,151,194                               | -                                    | -                                  |
| Community Service     | 98,159                                  | -                                    | -                                  |
| Special Revenue Trust | 500                                     | -                                    | -                                  |
| Non-Referendum Debt   | 23,528                                  | -                                    | -                                  |
| Food Service          | -                                       | 491,220                              | -                                  |
| Employee Benefits     | -                                       | -                                    | 237,693                            |
| Scholarships          | -                                       | -                                    | 345,954                            |
|                       | <hr/>                                   | <hr/>                                | <hr/>                              |
| Totals                | \$ 1,305,829                            | \$ 491,220                           | \$ 583,647                         |

The District's general fund has \$5,529,559 in fund balance designated for cash flow. The District has \$32,448 reserved for self-funded dental benefits.

**Net Assets**

Net assets reported on the government-wide statement of net assets at June 30, 2010 includes the following:

**Governmental**

|  |                    |
|--|--------------------|
| Capital Assets net of depreciation       | \$66,121,210       |
| Less: related long-term debt outstanding | (50,230,000)       |
| Total Invested in Capital Assets         | <hr/> 15,891,210   |
| Restricted                               |                    |
| Debt service                             | <hr/> 1,151,194    |
| Total Restricted                         | <hr/> 1,151,194    |
| Unrestricted (deficit)                   | <hr/> 717,274      |
| Total Governmental Activities Net Assets | <hr/> \$17,759,678 |

**Business type**

|   |                  |
|---|------------------|
| Capital Assets net of depreciation        | \$ 125,016       |
| Total Invested in Capital Assets          | <hr/> 125,016    |
| Restricted                                |                  |
| Food Service                              | <hr/> 366,203    |
| Total Restricted                          | <hr/> 366,203    |
| Total Business-Type Activities Net Assets | <hr/> \$ 491,219 |

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2010**

**9. Interfund Transfers**

Transfers:

| <u>Purpose</u>            | <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u>      |
|---------------------------|------------------------|---------------------|--------------------|
| Support Special Education | Special Education      | General             | \$4,216,400        |
|                           |                        |                     | <u>\$4,216,400</u> |

**10. Employee Retirement Plans**

**Defined Benefit Pension Plan**

All eligible District employees participate in the Wisconsin Retirement System ("WRS"), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work at least 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.0% of their salary to the plan. Employers may make these contributions to the plan on behalf of the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The information provided in this paragraph relates to the WRS plan years information for calendar years ended December 31, 2007-2009 which differs from the District's fiscal year end of June 30. The payroll for District employees covered by the WRS for the year ended December 31, 2009 was \$20,743,512; the employer's total payroll was \$22,249,298. The total required contribution for the year ended December 31, 2009 was \$2,406,247, which consisted of \$1,182,380 or 5.7% of payroll from the employer and \$1,223,867 or 5.9% of payroll from employees. The District pays both the employer and employee portion. Total contributions for the years ending December 31, 2008 and 2007 were \$2,306,392 and \$2,110,815, respectively, equal to the required contributions for each year.

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

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits are determined under Chapter 40 of state 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, 2010**

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**11. 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.

**12. 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.

**13. 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, 2010:

| <u>Fund</u>       | <u>Function</u>  | <u>Amount</u> |
|-------------------|------------------|---------------|
| General           | Interest Expense | \$ 14,512     |
| Special Education | Non-program      | \$ 63,714     |

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.

**14. 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. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the District recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 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 actuarial valuation was made July 1, 2008. The post-retirement plan does not issue stand-alone financial reports.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT****Notes to Financial Statements  
For The Year Ended June 30, 2010****14. Other Post Employment Benefits (OPEB) Plan (Continued)**

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, 2008, the date of the latest actuarial valuation.

|                                   |            |
|-----------------------------------|------------|
| Retirees                          | 19         |
| Active                            | <u>482</u> |
| Number of participating employees | <u>501</u> |

The funded status of the OPEB benefit as of the most recent actuarial valuation date (July 1, 2008) is as follows:

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>AAL<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll* | UAAL as a<br>Percentage<br>of Covered<br>Payroll* |
|--------------------------------|---------------------------------|--|---------------------------|-----------------|---------------------|---|
| July 1, 2008                   | \$ 20,463                       | \$6,953,188                                | \$6,932,725               | .29%            | 20,743,512          | 33.42%  |

\*WRS covered payroll for 2009

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.

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**For The Year Ended June 30, 2010**

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**14. Other Post Employment Benefits (OPEB) Plan (Continued)**

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      | 7/1/2008                              |
| 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 9.5%                 |

The history of employer contributions is as follows:

| <b>Year Ended June 30,</b> | <b>Annual Required Contribution</b> | <b>Actual Contribution</b> | <b>Percent Contributed</b> |
|----------------------------|-------------------------------------|----------------------------|----------------------------|
| 2009                       | \$ 918,289                          | \$341,460                  | 37.18%                     |
| 2010                       | \$ 945,224                          | \$ 397,865                 | 42.09%                     |

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

**15. Subsequent Events**

On July 1, 2010, the District issued \$8,450,000 in Bond Anticipation Notes at a rate of 1.75%, for remodeling work at the High School. The July 1, 2010 Bond Anticipation Notes will be refinanced November 1, 2010.

**16. New Reporting Requirement**

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" effective for periods beginning after June 15, 2010. This Statement establishes new financial reporting requirement for state and local governments throughout the United States. When implemented, it will require new information and disclosures from what governments have reported in the past. Comparability with reports issued in all prior years will be affected. One reporting change will be that the Special Education fund activity will be reported in the general fund. The District has not yet determined all of the effects that adoption of GASB Statement 54 will have on the financial statements.



**Waunakee Community School District  
Waunakee, Wisconsin**

**Budgetary Comparison  
General Fund  
For the Year Ended June 30, 2010**

|  | <b>Budgeted Amounts</b> |                     | <b>Actual</b>       | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|---------------------|---------------------|---|
|  | <b>Original</b>         | <b>Final</b>        |                     |   |
| <b>REVENUES</b>                                      |                         |                     |                     |   |
| Local  | \$ 17,968,427           | \$ 17,968,427       | \$ 17,935,303       | \$ (33,124)   |
| Interdistrict  | 531,521                 | 531,521             | 511,151             | (20,370)  |
| State  | 17,718,490              | 17,718,490          | 16,792,169          | (926,321)   |
| Federal  | 271,587                 | 271,587             | 1,182,229           | 910,642   |
| Other  | 60,000                  | 60,000              | 75,039              | 15,039  |
| Total Revenues                                       | <u>36,550,025</u>       | <u>36,550,025</u>   | <u>36,495,891</u>   | <u>(54,134)</u>   |
| <b>EXPENDITURES</b>                                  |                         |                     |                     |   |
| Instruction  | 19,316,852              | 19,182,088          | 18,825,288          | 356,800   |
| Support Service                                      | 12,629,482              | 12,708,638          | 12,541,642          | 166,996   |
| Non-program services                                 | 230,727                 | 230,727             | 230,450             | 277   |
| Debt Service:  |                         |                     |                     |   |
| Interest Expense                                     | 100,000                 | 100,000             | 114,512             | (14,512)  |
| Total Expenditures                                   | <u>32,277,061</u>       | <u>32,221,453</u>   | <u>31,711,892</u>   | <u>509,561</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>4,272,964</u>        | <u>4,328,572</u>    | <u>4,783,999</u>    | <u>455,427</u>  |
| <b>OTHER FINANCING SOURCES<br/>(USES)</b>            |                         |                     |                     |   |
| Transfers Out  | <u>(4,272,964)</u>      | <u>(4,328,572)</u>  | <u>(4,216,400)</u>  | <u>112,172</u>  |
| Total Other Financing Sources<br>(Uses)              | <u>(4,272,964)</u>      | <u>(4,328,572)</u>  | <u>(4,216,400)</u>  | <u>112,172</u>  |
| Net Change in Fund Balances                          | -                       | -                   | 567,599             | 567,599   |
| Fund Balances - Beginning                            | 4,994,408               | 4,994,408           | 4,994,408           | -   |
| Fund Balances - Ending                               | <u>\$ 4,994,408</u>     | <u>\$ 4,994,408</u> | <u>\$ 5,562,007</u> | <u>\$ 567,599</u>   |

**Waunakee Community School District  
Waunakee, Wisconsin**

**Budgetary Comparison  
Special Education  
For the Year Ended June 30, 2010**

|  | <b>Budgeted Amounts</b> |                    | <b>Actual</b>      | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|--------------------|--------------------|---|
|  | <b>Original</b>         | <b>Final</b>       |                    |   |
| <b>REVENUES</b>                                      |                         |                    |                    |   |
| Interdistrict  | \$ 67,652               | \$ 67,652          | \$ 74,818          | \$ 7,166  |
| Intermediate   | -                       | -                  | 2,499              | 2,499   |
| State  | 1,500,000               | 1,500,000          | 1,531,072          | 31,072  |
| Federal  | 1,443,732               | 1,443,732          | 1,322,921          | (120,811)   |
| Other  | -                       | -                  | 77,893             | 77,893  |
| Total Revenues                                       | <u>3,011,384</u>        | <u>3,011,384</u>   | <u>3,009,203</u>   | <u>(2,181)</u>  |
| <b>EXPENDITURES</b>                                  |                         |                    |                    |   |
| Instruction  | 5,485,690               | 5,485,690          | 5,440,200          | 45,490  |
| Support Service                                      | 1,798,658               | 1,798,658          | 1,721,689          | 76,969  |
| Non-program expense                                  | -                       | -                  | 63,714             | (63,714)  |
| Total Expenditures                                   | <u>7,284,348</u>        | <u>7,284,348</u>   | <u>7,225,603</u>   | <u>58,745</u>   |
| Excess (Deficiency) of Revenues Over<br>Expenditures | <u>(4,272,964)</u>      | <u>(4,272,964)</u> | <u>(4,216,400)</u> | <u>56,564</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                         |                    |                    |   |
| Transfers In   | <u>4,272,964</u>        | <u>4,272,964</u>   | <u>4,216,400</u>   | <u>(56,564)</u>   |
| Total Other Financing Sources and Uses               | <u>4,272,964</u>        | <u>4,272,964</u>   | <u>4,216,400</u>   | <u>(56,564)</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**

**Schedule of Funding Progress for OPEB Plan  
June 30, 2010**

**Other Post Employment Benefits**

Funding progress information for the District for 2010 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**

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets</b> | <b>Actuarial<br/>Accrued<br/>Liability</b> | <b>Unfunded<br/>AAL (UAAL)</b> | <b>Funded<br/>Ratio</b> | <b>Covered<br/>Payroll*</b> | <b>UAAL as a<br/>Percentage of<br/>Covered Payroll*</b> |
|---|--|--|--------------------------------|-------------------------|-----------------------------|---|
| 7/1/2008                                | \$ 20,463                                | \$ 6,953,188                               | \$ 6,932,725                   | 0.29%                   | \$20,743,512                | 33.42%  |

\* WRS covered payroll for 2009

**Schedule of Employer Contributions**

| <b>Fiscal<br/>Year End</b> | <b>Annual<br/>Required<br/>Contribution<br/>(ARC)</b> | <b>Contribution</b> | <b>Percentage of<br/>ARC<br/>Contributed</b> | <b>Net OPEB<br/>Obligation</b> |
|----------------------------|---|---------------------|--|--------------------------------|
| 6/30/2009                  | \$ 918,289  | \$ 341,460          | 37.18%                                       | \$ 576,829                     |
| 6/30/2010                  | \$ 945,224  | \$ 397,865          | 42.09%                                       | \$ 547,359                     |

**Waunakee Community School District  
Waunakee, Wisconsin**

**Schedule of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2010**

|                              | <u>Balance</u><br><u>7/01/09</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance</u><br><u>6/30/10</u> |
|------------------------------|----------------------------------|-------------------|-------------------|----------------------------------|
| <b>ASSETS</b>                |                                  |                   |                   |                                  |
| Cash and Cash Equivalents    | \$ 176,981                       | \$ 41,964         | \$ -              | \$ 218,945                       |
| Total Assets                 | <u>\$ 176,981</u>                | <u>\$ 41,964</u>  | <u>\$ -</u>       | <u>\$ 218,945</u>                |
| <b>LIABILITIES</b>           |                                  |                   |                   |                                  |
| Accounts Payable             | \$ 14,365                        | \$ 12,563         | \$ 14,432         | \$ 12,496                        |
| Due to student organizations | 162,616                          | 114,582           | 70,749            | 206,449                          |
| Total Liabilities            | <u>\$ 176,981</u>                | <u>\$ 127,145</u> | <u>\$ 85,181</u>  | <u>\$ 218,945</u>                |



**Waunakee Community School District  
Waunakee, Wisconsin**

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2010**

|                            | Community<br>Service Fund | Special Revenue<br>Trust | Non-<br>referendum<br>Debt | Package<br>Cooperative | Total Non-<br>Major<br>Governmental<br>Funds |
|----------------------------|---------------------------|--------------------------|----------------------------|------------------------|--|
| <b>ASSETS</b>              |                           |                          |                            |                        |  |
| Cash and Investments       | \$ 120,532                | \$ 2,936                 | \$ 23,528                  | \$ -                   | \$ 146,996                                   |
| Due from Other Governments | -                         | -                        | -                          | 18,000                 | 18,000                                       |
| Total Assets               | <u>\$ 120,532</u>         | <u>\$ 2,936</u>          | <u>\$ 23,528</u>           | <u>\$ 18,000</u>       | <u>\$ 164,996</u>                            |

**LIABILITIES AND FUND BALANCES**

|                                     |                   |                 |                  |                  |                   |
|-------------------------------------|-------------------|-----------------|------------------|------------------|-------------------|
| <b>Liabilities:</b>                 |                   |                 |                  |                  |                   |
| Accounts Payable                    | \$ 6,996          | \$ 2,436        | \$ -             | \$ -             | \$ 9,432          |
| Accrued Liabilities                 | 15,377            | -               | -                | -                | 15,377            |
| Due to Other Funds                  | -                 | -               | -                | 18,000           | 18,000            |
| Total Liabilities                   | <u>22,373</u>     | <u>2,436</u>    | <u>-</u>         | <u>18,000</u>    | <u>42,809</u>     |
| <b>Fund Balances:</b>               |                   |                 |                  |                  |                   |
| Reserved                            | 98,159            | 500             | 23,528           | -                | 122,187           |
| Total Fund Balances                 | <u>98,159</u>     | <u>500</u>      | <u>23,528</u>    | <u>-</u>         | <u>122,187</u>    |
| Total Liabilities and Fund Balances | <u>\$ 120,532</u> | <u>\$ 2,936</u> | <u>\$ 23,528</u> | <u>\$ 18,000</u> | <u>\$ 164,996</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, 2010

|  | Community<br>Service Fund | Special Revenue<br>Trust | Non-<br>referendum<br>Debt | Package<br>Cooperative | Total Non-<br>Major<br>Governmental<br>Funds |
|--|---------------------------|--------------------------|----------------------------|------------------------|--|
| <b>REVENUES</b>                                      |                           |                          |                            |                        |  |
| Local  | \$ 158,000                | \$ 110,662               | \$ 82,460                  | \$ -                   | \$ 351,122                                   |
| Interdistrict  | 37,065                    | -                        | -                          | 35,600                 | 72,665                                       |
| State  | -                         | -                        | -                          | 18,000                 | 18,000                                       |
| Other  | 149,432                   | -                        | -                          | -                      | 149,432                                      |
| Total Revenues                                       | <u>344,497</u>            | <u>110,662</u>           | <u>82,460</u>              | <u>53,600</u>          | <u>591,218</u>                               |
| <b>EXPENDITURES</b>                                  |                           |                          |                            |                        |  |
| Instruction  | -                         | 114,543                  | -                          | 53,600                 | 168,143                                      |
| Support Service                                      | 353,348                   | -                        | -                          | -                      | 353,348                                      |
| Debt Service:  |                           |                          |                            |                        |  |
| Principal Repayment                                  | -                         | -                        | -                          | -                      | -  |
| Interest Expense                                     | -                         | -                        | 83,178                     | -                      | 83,178                                       |
| Total Expenditures                                   | <u>353,348</u>            | <u>114,543</u>           | <u>83,178</u>              | <u>53,600</u>          | <u>604,669</u>                               |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(8,851)</u>            | <u>(3,881)</u>           | <u>(718)</u>               | <u>-</u>               | <u>(13,451)</u>                              |
| Net Change in Fund Balances                          | (8,851)                   | (3,881)                  | (718)                      | -                      | (13,451)                                     |
| Fund Balances - Beginning                            | 107,010                   | 4,381                    | 24,246                     | -                      | 135,637                                      |
| Fund Balances - Ending                               | <u>\$ 98,159</u>          | <u>\$ 500</u>            | <u>\$ 23,528</u>           | <u>\$ -</u>            | <u>\$ 122,187</u>                            |

## **SINGLE AUDIT**



**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2010**

| <u>Awarding Agency</u><br><u>Pass-Through Agency</u><br><u>Award Description</u> | <u>Federal</u><br><u>Catalog</u><br><u>Number</u> | <u>Receivable</u><br><u>July 1, 2009</u> | <u>Receipts</u>     | <u>Expenditures</u> | <u>Receivable</u><br><u>June 30, 2010</u> |
|--|---|--|---------------------|---------------------|---|
| <b>U.S. Department of Agriculture</b>  |   |  |                     |                     |   |
| Passed through Wisconsin Department of Public Instruction:                       |   |  |                     |                     |   |
| School Breakfast - Nutrition Enhancement   | 10.500  | \$ -                                     | \$ -                | \$ 19,520           | \$ 19,520                                 |
| Donated Commodities  | 10.550  | -  | 78,256              | 78,256              | -   |
| Food Service Aid - Breakfast   | 10.553  | -  | 5,501               | 5,969               | 468                                       |
| National School Lunch Program  | 10.555  | 5,429                                    | 156,195             | 156,763             | 5,997                                     |
| Total U.S. Department of Agriculture   |   | 5,429                                    | 239,952             | 260,508             | 25,985                                    |
| <b>U.S. Department of Education</b>  |   |  |                     |                     |   |
| Passed through Wisconsin Department of Public Instruction:                       |   |  |                     |                     |   |
| ESEA Title I-A Basic Grant   | 84.010  | 17,106                                   | 42,050              | 56,668              | 31,724                                    |
| ESEA IV-A Safe and Drug Free School Act  | 84.186  | 4,635                                    | 6,374               | 3,264               | 1,525                                     |
| ESEA V-A Innovative Programs   | 84.298  | 500                                      | 500                 | -                   | -   |
| ESEA Title II-A Teacher/Principal  | 84.367  | 22,966                                   | 50,306              | 55,772              | 28,432                                    |
| ARRA-State Fiscal Stabilization Fund   | 84.394  | -  | 927,144             | 927,144             | -   |
| <u>Special Education Cluster (IDEA)</u>  |   |  |                     |                     |   |
| IDEA Flow Through  | 84.027  | 55,794                                   | 553,031             | 558,908             | 61,671                                    |
| IDEA Preschool Entitlement   | 84.173  | 6,429                                    | 12,303              | 10,741              | 4,867                                     |
| ARRA-IDEA Flow Through   | 84.391  | -  | 530,491             | 730,826             | 200,335                                   |
| ARRA-IDEA Preschool Entitlement  | 84.392  | -  | 8,927               | 22,446              | 13,519                                    |
| Total U.S. Department of Education   |   | 107,430                                  | 2,131,126           | 2,365,769           | 342,073                                   |
| <b>U.S. Department of Health and Human Services</b>                              |   |  |                     |                     |   |
| Passed through Wisconsin Department of Health Services:                          |   |  |                     |                     |   |
| Medical Assistance Program   | 93.778  | 12,444                                   | 72,152              | 74,537              | 14,829                                    |
| <b>Total Federal Awards</b>  |   | <b>\$ 125,303</b>                        | <b>\$ 2,443,230</b> | <b>\$ 2,700,814</b> | <b>\$ 382,887</b>                         |

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended June 30, 2010**

| <u>Awarding Agency</u><br><u>Pass-through Agency</u><br><u>Award Description</u> | <u>State</u><br><u>ID</u><br><u>Number</u> | <u>Receivable</u><br><u>July 1, 2009</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Receivable</u><br><u>June 30, 2010</u> |
|--|--|--|-----------------|---------------------|---|
| Wisconsin Department of Public Instruction:                                      |  |  |                 |                     |   |
| Entitlement Programs:  |  |  |                 |                     |   |
| Special Education and School Age Parents   | 255.101                                    | \$ -                                     | \$ 1,531,071    | \$ 1,531,071        | \$ -                                      |
| Common School Fund Library   | 255.103                                    | -  | 109,348         | 109,348             | -   |
| Pupil Transportation   | 255.107                                    | -  | 48,725          | 48,725              | -   |
| Equalization   | 255.201                                    | 293,402                                  | 16,584,442      | 16,588,014          | 296,974                                   |
| Mentoring Grants for Initial Educators   | 255.355                                    | -  | 3,750           | 3,750               | -   |
| Cost Reimbursement Programs:   |  |  |                 |                     |   |
| State School Lunch   | 255.102                                    | -  | 12,066          | 12,066              | -   |
| Peer Review and Mentoring  | 255.301                                    | 14,933                                   | 14,933          | 18,000              | 18,000                                    |
| Total State Awards   |  | \$ 308,335                               | \$ 18,304,335   | \$ 18,310,974       | \$ 314,974                                |

**WAUNAKEE COMMUNITY SCHOOL DISTRICT**  
**SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2010**

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**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**

2009-2010 eligible costs under the State Special Education Program are \$5,823,569.





**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

November 3, 2010

To the School Board  
Waunakee Community School District  
Waunakee, WI

We have audited the financial statements of the Waunakee Community School District as of and for the year ended June 30, 2010, and have issued our report thereon dated November 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies, 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***

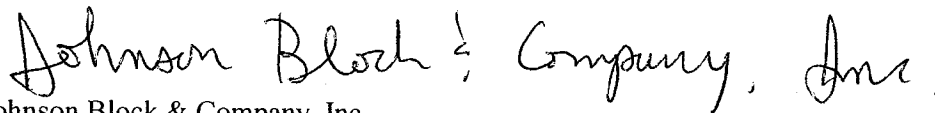
Compliance and Other Matters

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*.

We noted certain matters that we reported to management of the Waunakee Community School District in a separate letter dated November 3, 2010.

Waunakee Community School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Waunakee Community School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, 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.  
Certified Public Accountants  
Madison, Wisconsin

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

November 3, 2010

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, 2010. 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 are applicable to each of its major federal and state programs for the year ended June 30, 2010.

### 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 in order 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 program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and 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.

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

This report is intended solely for the information and use of the board, 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 and Company, Inc.  
Certified Public Accountants  
Madison, Wisconsin

**WAUNAKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**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 that are not considered to be material weaknesses? | None reported |
| Noncompliance material to financial statements noted?                                    | No            |

**Federal Awards**

|  |               |
|--|---------------|
| Internal control over major programs:  |               |
| * Material weakness identified?  | No            |
| * Significant deficiencies identified that are not considered to be material weaknesses?                           | 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>    |
|--------------------------------|--------------------------------------|
| 84.394                         | ARRA-State Fiscal Stabilization Fund |
| 84.027, 84.173, 84.391, 84.392 | Special Education Cluster            |

|   |           |
|---|-----------|
| 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, 2010**

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

State Awards

Internal control over major programs:

- \* Material weakness identified? No
- \* Significant deficiencies identified that are not considered to be material weaknesses? 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

Special Education and School Age Parents

255.201

Equalization 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 AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

2009-1 255.101 - Special Education and School Age Parents

*Condition:* The District's reported aidable costs for School Social Worker, School Nurse and School Psychologist exceeded the maximum aidable amount calculated on the ACT 221 worksheet.

*Criteria:* In accordance with state statutes, the Wisconsin Department of Public Instruction has determined set percentages of salary and fringe benefits for licensed nurses, social workers, psychologists and guidance counselors that are eligible for state special education categorical aid reimbursement.

*Effect:* \$1,175 of reported salaries and fringe benefits exceeded the maximum aidable amounts calculated.

*Auditor's Recommendation:* Procedures should be established to ensure that costs are being reported in compliance with statute provisions.

*Grantee Response:* This finding has been addressed. The District has reviewed reported aidable costs for School Social Worker, School Nurse and School Psychologist to ensure they don't exceed the maximum aidable amount calculated on the ACT 221 worksheet.

*Status:* Implemented.

