

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

Year Ended June 30, 2009

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Fort Atkinson, Wisconsin

**AUDITED FINANCIAL STATEMENTS**

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Certified Public Accountants & Consultants

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## Independent Auditors' Report

To the School Board  
School District of Fort Atkinson  
Fort Atkinson, Wisconsin

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Fort Atkinson ("District") as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Board of Education and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 of Education and management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Fort Atkinson as of June 30, 2009, 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 October 14, 2009 on our consideration of the School District of Fort Atkinson's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School District of Fort Atkinson's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of state and federal financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are also not a required part of the basic financial statements of the School District of Fort Atkinson. The combining nonmajor fund financial statements and the schedule of state and federal financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Keilly, Penner & Benton LLP*

October 14, 2009  
Milwaukee, Wisconsin

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Management Discussion & Analysis**  
June 30, 2009

To the Board of Education  
Fort Atkinson School District

The discussion and analysis of the School District of Fort Atkinson's financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

The assets of the District, exceeded liabilities at the close of fiscal 2009 by \$19,015,979 (*net assets*). For the year, net assets increased by \$631,713.

Total governmental funds revenues were \$33,774,411; including \$13,733,882 of property taxes, \$15,026,811 of state and federal general aid, and \$1,807,796 of charges for services. Total governmental fund expenditures were \$33,188,263; including \$18,793,761 for direct instruction.

The following events took place during fiscal 2009:

- On April 4, 2006, voters in the District approved a referendum allowing the District to exceed its revenue limit by \$694,000 per year for five years beginning in fiscal year 2006-07. Authority to exceed the revenue limit will end after the 2010-11 fiscal year. The additional revenues, in the form of property taxes, will be used to maintain existing programs and services. The 5-year financial projections used as a basis for the referendum anticipated banking the entire \$694,000 from 2006-2007, and \$451,535 from 2007-2008, for use in fiscal 2009-2010 and 2010-2011 when projected deficits will exceed \$694,000. As planned, none of the \$694,000 for 2006-2007, or \$451,535 for 2007-2008, was consumed or obligated.
- On April 4, 2006, voters in the District also approved referenda authorizing the District to incur general obligation debt in an amount not to exceed \$10,690,000 to pay for the costs of using geothermal technology to repair, replace and upgrade obsolete and inefficient heating and ventilation systems and to install air conditioning in three of the elementary schools and the middle school. Geothermal technology will enable the District to heat and air condition these four buildings for significantly less than it currently costs to just heat them. \$9,350,000 of debt was issued on December 4, 2006, and the remaining \$1,340,000 was issued on April 4, 2007. All of the construction for these systems was completed as of the end of the 2008-09 fiscal year.
- The District had an actuary prepare a valuation of its post-employment benefits, and established a post-employment benefits trust in May 2007. The post-employment benefits are not funded at this time, but the District is making annual deposits to the trust for the payment of future benefits. The actuarial valuation was updated as of July 1, 2008 to reflect the current insurance plan, negotiated agreements, employee population, and health care trends.
- The District's Director of Business Services, Ardell Wiederhoeft, retired at the end of December, 2008. He was replaced by Jason Demerath as of January 1, 2009. There was some overlap in this position throughout January and the spring allowing for a smooth transition in leadership in the District's business office.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Management Discussion & Analysis**  
June 30, 2009

**FINANCIAL HIGHLIGHTS (CONTINUED)**

- A significant change in 2009 was the adoption of GASB #45, which requires the recording of post-employment benefits as a liability when earned. The 2009 annual required contribution was \$1,073,673 and the actual amount contributed to the trust was \$579,001, which resulted in a liability of \$494,672 that was recorded on the district-wide financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The 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 information supplementary to the basic financial statements is provided.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The *Statement of Net Assets and Statement of Activities* provide information on a district-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the District-wide statements.

The *notes to the financial statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

*Required supplementary information* further explains and supports the financial statements by including a comparison of the District's budget data for the year.

The major features of the District's financial statements, including the activities reported and the type of information contained, is shown in the following table.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Management Discussion & Analysis**

June 30, 2009  
(Continued)

**Major Features of the District-wide and Fund Financial Statements**

	District-wide Statements	Fund Financial Statements		
		Governmental	Fiduciary	
Scope	Entire district (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instruction, support services, debt service, capital projects, food service and community services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the district are reported here.	
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Assets.</li> <li>• Statement of Activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet.</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance.</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Assets.</li> <li>• Statement of Changes in Fiduciary Net Assets.</li> </ul>	
Basis of accounting and measurement focus	Accrual accounting.  Economic resources focus.	Modified accrual accounting.  Current financial resources focus.	Accrual accounting.  Economic resources focus.	
Type of asset and liability information	All assets and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.	
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.	

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Management Discussion & Analysis**

June 30, 2009  
(Continued)

**DISTRICT WIDE STATEMENTS**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Activities reports all revenues and expenses used to support the District. The Statement of Net Assets reports all assets and liabilities available to support District activities. The two district-wide statements report the District's *net assets* and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position. Increases or decreases in the District's net assets are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities* - Activities that are intended to be mostly self-supporting and meet certain accounting criteria are considered business-type activities. The District has no business-type activities.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the district-wide statements.
- *Fiduciary funds* – The District serves as a trustee, or fiduciary, for student organizations. The assets of these organizations belong to the organization and not the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Management Discussion & Analysis**

June 30, 2009  
(Continued)

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Table 1, below, provides a summary of the District's net assets for the year ended June 30, 2009. The District's combined net assets increased by \$631,713 (3%) to \$19,015,979. Specific causes of the increases are discussed later in this document.

<p style="text-align: center;"><b>Table 1</b> <b>Condensed Statement of Net Assets</b> <b>Total School District</b></p>		
	For the Year Ended	
	June 30, 2008	June 30, 2009
Current and other assets	\$ 14,058,523	\$ 12,211,527
Capital assets	35,087,278	36,672,612
<b>TOTAL ASSETS</b>	<b>49,145,801</b>	<b>48,884,139</b>
Long-term debt	25,792,326	24,459,549
Other liabilities	4,969,209	5,408,611
<b>TOTAL LIABILITIES</b>	<b>30,761,535</b>	<b>29,868,160</b>
Net assets:		
Invested in capital assets, net of related debt	10,827,278	14,037,612
Restricted	941,057	984,241
Unrestricted	6,615,931	3,994,126
<b>TOTAL NET ASSETS</b>	<b>\$ 18,384,266</b>	<b>\$ 19,015,979</b>

**SCHOOL DISTRICT OF FORT ATKINSON**

Fort Atkinson, Wisconsin

**Management Discussion & Analysis**

June 30, 2009

(Continued)

Table 2 provides summarized operating results and their impact on net assets.

<b>Table 2</b> <b>Changes in Net Assets from Operating Results</b> <b>Total School District</b>		
	For the Year Ended	
	June 30, 2008	June 30, 2009
<b>Revenues</b>		
Program Revenues		
Charges for services	\$ 1,659,226	\$ 1,807,796
Operating grants & contributions	2,278,707	2,891,962
Capital grants & contributions	---	230,286
General Revenues		
Property taxes	13,518,336	13,733,882
State formula aid	14,215,686	14,956,020
Other	934,703	200,030
<b>TOTAL REVENUES</b>	<b>32,606,658</b>	<b>33,819,976</b>
<b>Expenses</b>		
Instruction	10,240,519	18,793,761
Pupil & instructional services	2,862,320	3,091,224
Administration & finance	1,732,712	2,307,920
Maintenance & operations	10,770,301	3,971,601
Transportation	857,587	824,986
Food Service	1,250,953	1,252,446
Interest on debt	1,421,364	1,234,639
Other	1,568,498	1,711,686
<b>TOTAL EXPENSES</b>	<b>30,704,254</b>	<b>33,188,263</b>
<b>INCREASE (DECREASE)</b>		
<b>IN NET ASSETS</b>	<b>\$ 1,902,404</b>	<b>\$ 631,713</b>

The District relies primarily on property taxes (40.6% of total governmental revenues), and state formula aid (44.2%) to fund governmental activities.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Management Discussion & Analysis**

June 30, 2009  
(Continued)

Table 3 presents the cost of the eight major district activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3**  
**Net Cost of Government Activities**

	Year Ended June 30, 2008		Year Ended June 30, 2009	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Expenses</b>				
Instruction	\$ 10,240,519	\$ 7,696,726	\$ 18,793,761	\$ 15,602,619
Pupil & instructional services	2,862,320	2,760,819	3,091,224	2,989,672
Administration & finance	1,732,712	1,732,712	2,307,920	2,307,920
Maintenance & operations	10,770,301	10,752,591	3,971,601	3,710,616
Transportation	857,587	791,347	824,986	760,353
Food Service	1,250,953	63,599	1,252,446	(34,308)
Interest on debt	1,421,364	1,421,364	1,234,639	1,234,639
Other	1,568,498	1,547,163	1,711,686	1,686,708
<b>TOTAL EXPENSES</b>	<u>\$ 30,704,254</u>	<u>\$ 26,766,321</u>	<u>\$ 33,188,263</u>	<u>\$ 28,258,219</u>

The cost of all governmental activities this year was \$33,188,263. Individuals who directly participated in or benefited from a program offering, paid for \$1,807,796 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$3,122,248. The net cost of governmental activities (\$28,258,219) was financed by general revenues of the District (\$13,733,882 property taxes, \$14,956,020 state formula aid, and \$200,030 other).

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Management Discussion & Analysis**

June 30, 2009  
(Continued)

**FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS**

The District completed the year with a total governmental fund balance of \$8,907,767 down from last year's ending fund balance of \$10,952,344.

- The general fund had a decrease in fund balance of \$117,893. This deficit was largely due to the implementation costs of a four-year-old kindergarten program. While this program has some front end costs to the District, the long-term financial gains largely outweigh these costs. As a result, it is currently estimated that the District will exceed the financial projections used in estimating the impact of the referendum passed on April 4, 2006. On this date, voters in the District approved a referendum allowing the District to exceed its revenue limit by \$694,000 per year for five years beginning in 2006-2007. As planned, the entire \$694,000 from 2006-2007, and \$451,535 from 2007-2008, were saved for use in fiscal 2009-2010, and 2010-2011 when projected deficits are expected to exceed \$694,000. Due to the financial benefits of four-year-old kindergarten, it is now projected that the District may be able to operate a sixth year, one additional year beyond the referendum sunset, without drastic budget reductions.
- The debt service fund had a decrease of \$23,583. The debt service fund balance will fluctuate because the reserve that is needed at the end of the fiscal year depends on the debt repayment schedule which varies from year to year.
- The capital projects fund balance decreased from \$1,969,868 to \$-0- as a result of completing the middle school building project.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District reviews an interim budget in May for the subsequent year (beginning July 1<sup>st</sup>). Consistent with current state statutes and regulations, an *original* budget is adopted in October following determination of the official student enrollment and certification of state aids. Generally, the original budget is not significantly modified, but minor adjustments are made for the reallocation of resources to respond to changing needs, and for the carryover revenue from state and federal grants.

The District's *original* budget, based on actual student enrollments (and the resulting state-imposed revenue limit), contained revenues of \$28,090,134 (which included \$694,000 from the revenue limit referendum) and expenditures of \$28,495,337. The District's 5-year financial projection anticipated the need to use \$221,513 of built up referendum reserve to balance the budget. However, in reality, only \$117,893 was needed.

Actual results for the year show expenditures exceeding revenues by \$117,893. Of this amount, \$112,621 can be attributed to budget items that were not completed as of June 30, 2008 and therefore completed in the current fiscal year. The remainder can be attributed to current year activities.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Management Discussion & Analysis**

June 30, 2009  
(Continued)

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2009, the District had invested \$36,672,612 in capital assets, including buildings, sites and equipment (see Table 4). Total accumulated depreciation on these assets was \$19,457,548. Asset acquisitions for governmental activities totaled \$2,757,530. The District recognized depreciation expense of \$1,171,344. (Detailed information about capital assets can be found in Note 3 to the financial statements.)

**Table 4**  
**Capital Assets**  
**(net of depreciation)**

	Governmental Activities		Total % Change
	2008	2009	2008-09
Land	\$ 1,065,998	\$ 1,065,998	0.0%
Buildings	43,456,462	49,337,905	13.5%
Furniture and equipment	5,526,148	5,726,257	3.6%
Construction in progress	3,398,602	--	-100.0%
Accumulated depreciation	(18,359,932)	(19,457,548)	6.0%
<b>TOTAL</b>	<u>\$ 35,087,278</u>	<u>\$ 36,672,612</u>	<u>4.5%</u>

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Management Discussion & Analysis**

June 30, 2009  
(Continued)

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Long-term Debt**

At year-end the District had \$26,717,864 in bonds payable and other long-term debt outstanding – a decrease of \$1,123,212 (4.0%) from fiscal 2008. This decrease resulted from scheduled debt repayment. (Detailed information about the District's long-term liabilities is presented in Note 4 to the financial statements.)

**Table 5**  
**Outstanding Long-term Obligations**

	Total School District		Total % Change
	2008	2009	2008-09
General obligation bonds	\$ 24,260,000	\$ 22,635,000	-6.7%
Retirement stipends	159,500	147,750	-7.4%
Compensated absences	231,640	210,506	-9.1%
Other post employment benefits	---	494,672	100.0%
Prior service liability - WRS	3,189,936	3,229,936	1.3%
<b>TOTAL</b>	<b>\$ 27,841,076</b>	<b>\$ 26,717,864</b>	<b>-4.0%</b>

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

# **SCHOOL DISTRICT OF FORT ATKINSON**

Fort Atkinson, Wisconsin

## **Management Discussion & Analysis**

June 30, 2009

(Continued)

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

Currently known circumstances that will impact the District's financial status in the future are:

- Due to the implementation of the 2009-11 State of Wisconsin Biennial Budget, several factors changed for the next two years. One of those factors is the increase in allowable revenue per student which normally increased at a rate similar to the CPI increase. However, this budget implemented a flat rate increase of \$200 per student for the next two years, a drop from the \$275 per student realized in 2008-09. Also, the removal of the Qualified Economic Offer option in teacher collective bargaining and changes to the arbitration considerations has resulted in a yet unresolved 2009-11 collective bargaining agreement with the local teacher's union.
- In 2008-2009, the District began a kindergarten program for children 4 years of age. About 190 students participated in the program for the first year, with modest enrollment increases projected for each of the next two years. The program will be less than full time, so each student will be 0.6 full time equivalency. Because the revenue limit is based on a 3-year average of the student enrollments, this program was a net cost to the District of about \$95,000 in 2008-2009. In 2009-2010 the program is expected to provide about \$245,000 more in revenue than it will cost, and in year 3 and thereafter (after the entire benefit of the 4-year-old kindergarten is realized in the 3-year average enrollment for revenue limit purposes) the revenue for the program is expected to annually exceed expenses by about \$580,000.
- Open enrollment enables students to attend a school in a neighboring district as non-residents. The number of students coming to the District minus the number leaving (net gain) has been steadily increasing over the past several years. It is expected that the District will continue to have more students transfer in than transfer out. Each open enrollment student causes a transfer of tuition of approximately \$6,400 from the sending district to the receiving district. The transfer of tuition from other school districts significantly increases resources available to the District.
- As a result of voter approval of the April 4, 2006 referendum, the District incurred additional general obligation debt in 2006-07 to use geothermal technology to repair, replace and upgrade the heating and ventilation systems and to install air conditioning in four school buildings. All of this work has been completed as of the end of the 2008-09 fiscal year. Solar panels were also installed on the middle school and the high school in the summer of 2008 to heat the swimming pool in each of those buildings.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with 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 Jason Demerath, Business Manager, School District of Fort Atkinson, (920) 563-7800, 201 Park Street, Fort Atkinson, WI 53538.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Statement of Net Assets**  
June 30, 2009

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash	\$ 6,710,672
Taxes receivable	4,471,337
Accounts receivable	226,843
Due from other governments	772,837
Inventory	8,528
Total current assets	<u>12,211,527</u>
<b>Noncurrent assets</b>	
Capital assets	56,130,160
Less: accumulated depreciation	<u>(19,457,548)</u>
Total noncurrent assets	<u>36,672,612</u>
<b>Total assets</b>	<u><u>\$ 48,884,139</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Liabilities</b>	
<b>Current liabilities</b>	
Withholdings and related district fringes payable	\$ 1,773,486
Accrued interest	223,203
Accrued salaries and related items	1,514,104
Current portion of long-term debt	<u>1,881,648</u>
Total current liabilities	<u>5,408,611</u>
<b>Noncurrent liabilities</b>	
Long-term obligations	23,983,288
Accrued vacation and stipends	358,256
Other post employment benefits	494,672
Unamortized loss on refunding	<u>(376,667)</u>
Total noncurrent liabilities	<u>24,459,549</u>
<b>Total liabilities</b>	29,868,160
<b>Net Assets</b>	
Invested in capital assets, net of related debt	14,037,612
Restricted for:	
Debt service	899,337
Community service	15,914
Food service	66,545
Other activities	2,445
Unrestricted	<u>3,994,126</u>
<b>Total net assets</b>	<u>19,015,979</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 48,884,139</u></u>

The accompanying notes to financial statements  
are an integral part of these statements.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Statement of Activities**  
Year Ended June 30, 2009

		<b>Program Revenues</b>			<b>Net (Expenses) Revenues and Changes in Net Assets</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental activities:</b>					
Instruction:					
Regular instruction	\$ 12,368,313	\$ 847,025	\$ 517,453	\$ ---	\$ (11,003,835)
Special education instruction	3,820,061	101,744	1,683,179	---	(2,035,138)
Vocational instruction	1,182,077	---	---	---	(1,182,077)
Other instruction	1,423,310	41,741	---	---	(1,381,569)
Total instruction	18,793,761	990,510	2,200,632	---	(15,602,619)
Support services:					
Pupil services	1,364,948	---	---	---	(1,364,948)
Instructional staff services	1,726,276	---	101,552	---	(1,624,724)
Administration services	2,307,920	---	---	---	(2,307,920)
Operation and maintenance of plant	3,971,601	30,699	---	230,286	(3,710,616)
Pupil transportation	824,986	---	64,633	---	(760,353)
Central services	499,129	---	---	---	(499,129)
Other support services	253,206	---	---	---	(253,206)
Community services	21,831	24,978	---	---	3,147
Food service	1,252,446	761,609	525,145	---	34,308
Interest on long-term debt	1,234,639	---	---	---	(1,234,639)
Unallocated depreciation**	937,520	---	---	---	(937,520)
Total support services	14,394,502	817,286	691,330	230,286	(12,655,600)
<b>Total school district</b>	<b>\$ 33,188,263</b>	<b>\$ 1,807,796</b>	<b>\$ 2,891,962</b>	<b>\$ 230,286</b>	<b>(28,258,219)</b>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes					11,184,950
Property taxes, levied for debt service					2,547,464
Other taxes					1,468
Federal and state aid not restricted to specific purposes					
General					14,956,020
Other					70,791
Interest and investment earnings					63,409
Gain (loss) on disposal of assets					(852)
Miscellaneous					66,682
<b>Changes in net assets</b>					<b>631,713</b>
Net assets - beginning of year					18,384,266
Net assets - end of year					<u>\$ 19,015,979</u>

\*\*This amount excludes the depreciation that is included in the direct expenses of the various programs.  
The accompanying notes to financial statements  
are an integral part of these statements.

# SCHOOL DISTRICT OF FORT ATKINSON

Fort Atkinson, Wisconsin

## Balance Sheet

### Governmental Funds

June 30, 2009

	<u>General</u>	<u>Special Education</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 5,743,433	\$ ---	\$ 967,239	\$ 6,710,672
Taxes receivable	4,471,337	---	---	4,471,337
Accounts receivable	225,419	---	1,424	226,843
Due from other funds	240,198	---	---	240,198
Due from other governments	509,419	240,198	23,220	772,837
Inventory	---	---	8,528	8,528
Prepaid expense	21,310	---	---	21,310
<b>Total assets</b>	<b>\$ 11,211,116</b>	<b>\$ 240,198</b>	<b>\$ 1,000,411</b>	<b>\$ 12,451,725</b>

## LIABILITIES AND FUND BALANCES

### Liabilities:

Withholdings and related district fringes payable	\$ 1,773,486	\$ ---	\$ ---	\$ 1,773,486
Accrued payroll	1,514,104	---	---	1,514,104
Due to other funds	---	240,198	---	240,198
Deferred revenues	---	---	16,170	16,170
<b>Total liabilities</b>	<b>3,287,590</b>	<b>240,198</b>	<b>16,170</b>	<b>3,543,958</b>

### Fund Balances

Reserved	1,291,261	---	984,241	2,275,502
Unreserved	6,632,265	---	---	6,632,265
<b>Total fund balances</b>	<b>7,923,526</b>	<b>---</b>	<b>984,241</b>	<b>8,907,767</b>

### Total liabilities and fund balances

<b>\$ 11,211,116</b>	<b>\$ 240,198</b>	<b>\$ 1,000,411</b>	<b>\$ 12,451,725</b>
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The accompanying notes to financial statements  
are an integral part of these statements.

**SCHOOL DISTRICT OF FORT ATKINSON**

Fort Atkinson, Wisconsin

**Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Assets**

June 30, 2009

**Total fund balances - governmental funds** \$ 8,907,767

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

Cost of the assets	\$ 56,130,160	
Accumulated depreciation	<u>(19,457,548)</u>	
		36,672,612

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable	22,635,000	
Unamortized loss on refunding	(376,667)	
Unfunded pension liability	3,229,936	
Accrued vacation and stipends	<u>358,256</u>	
		(25,846,525)

In the statement of activities, post-employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

(494,672)

Accrued interest payable on the bonds is not due and payable in the current period and therefore is not reported as a liability in the funds

(223,203)

**Total net assets - governmental activities** \$ 19,015,979

The accompanying notes to financial statements  
are an integral part of these statements.

# SCHOOL DISTRICT OF FORT ATKINSON

Fort Atkinson, Wisconsin

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

Year Ended June 30, 2009

	General	Special Education	Non-major Funds	Governmental Funds	Total
<b>Revenues:</b>					
Local	\$ 11,680,767	\$ ---	\$ 3,422,892	\$ 15,103,659	
Interdistrict payments within Wisconsin	665,741	101,744	---	767,485	
Intermediate sources	2,851	12,347	---	15,198	
State	13,621,497	984,920	25,044	14,631,461	
Federal	2,050,330	685,913	500,102	3,236,345	
Other	20,263	---	---	20,263	
Total revenues	28,041,449	1,784,924	3,948,038	33,774,411	
<b>Expenditures:</b>					
Instruction:					
Current	14,896,886	3,292,095	3,429	18,192,410	
Interdistrict	396,954	48,496	---	445,450	
Capital outlay	95,631	3,815	---	99,446	
Support Services:					
Current	9,710,133	936,917	1,244,401	11,891,451	
Capital outlay	608,306	---	2,049,778	2,658,084	
Debt service	1,452	---	2,577,114	2,578,566	
Total expenditures	25,709,362	4,281,323	5,874,722	35,865,407	
Excess (deficiency) of revenues over (under) expenditures	2,332,087	(2,496,399)	(1,926,684)	(2,090,996)	
<b>Other Financing Sources (uses):</b>					
Operating transfers in	---	2,496,399	---	2,496,399	
Operating transfers out	(2,496,399)	---	---	(2,496,399)	
Other financing sources	46,419	---	---	46,419	
Total other financing sources (uses)	(2,449,980)	2,496,399	---	46,419	
Net change in fund balances	(117,893)	---	(1,926,684)	(2,044,577)	
Fund Balances - Beginning of year	8,041,419	---	2,910,925	10,952,344	
Fund Balances - End of year	\$ 7,923,526	\$ ---	\$ 984,241	\$ 8,907,767	

The accompanying notes to financial statements  
are an integral part of these statements.

**SCHOOL DISTRICT OF FORT ATKINSON**

Fort Atkinson, Wisconsin

**Reconciliation of the Governmental Funds Statement of  
Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities**

Year Ended June 30, 2009

**Total net change in fund balances - governmental funds** \$ (2,044,577)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. The amount by which depreciation expense exceeds capital outlays is as follows:

Depreciation expense	\$ (1,171,344)	
Capital outlays	<u>2,757,530</u>	1,586,186

In the statement of activities, losses on the disposal of assets are shown, whereas in the governmental funds only the proceeds on the disposal (if any) are shown.

(852)

The District made less than the required annual contribution to fund their post-employment benefit liability resulting in a liability. The post-employment benefit liability is not currently payable and thus not reported in the governmental funds:

(494,672)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Bonds payable	1,625,000	
Unfunded pension liability	<u>208,815</u>	1,833,815

Amortization reduces the balance of the respective liability. The amortization is an expenditure in the statement of net assets, but it is not shown in the governmental funds.

Amortization of deferred expense in advance refunding (47,083)

Interest is added to the balance of the unfunded pension liability. The interest expense is an expenditure in the statement of net assets, but is not shown in the governmental funds.

(248,815)

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

21,134

In the statement of activities stipends payable are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

11,750

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

14,827

**Change in net assets of governmental activities**

\$ 631,713

The accompanying notes to financial statements  
are an integral part of these statements.

**SCHOOL DISTRICT OF FORT ATKINSON**

Fort Atkinson, Wisconsin

**Statement of Fiduciary Net Assets**

June 30, 2009

	<u>Private Purpose Trusts</u>	<u>Employee Benefit Trusts</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash	\$ 90,974	\$ 25,367	\$ 125,136
Investments	652,706	51,772	---
Total assets	<u>\$ 743,680</u>	<u>\$ 77,139</u>	<u>\$ 125,136</u>
<b>LIABILITIES AND NET ASSETS</b>			
Due to student groups	\$ ---	---	125,136
Net assets:			
Reserved	743,680	77,139	---
Total liabilities and net assets	<u>\$ 743,680</u>	<u>\$ 77,139</u>	<u>\$ 125,136</u>

**Statement of Changes in Fiduciary Net Assets**

Year Ended June 30, 2009

	<u>Private Purpose Trusts</u>	<u>Employee Benefit Trusts</u>
<b>ADDITIONS</b>		
Net investment income (loss)	\$ (124,187)	\$ 2,961
Contributions to employee benefit trust	---	579,001
Total additions	<u>(124,187)</u>	<u>581,962</u>
<b>DEDUCTIONS</b>		
Trust fund disbursements	<u>29,201</u>	<u>554,513</u>
Change in net assets	(153,388)	27,449
Net assets - June 30, 2008	897,068	49,690
Net assets - June 30, 2009	<u>\$ 743,680</u>	<u>\$ 77,139</u>

The accompanying notes to financial statements  
are an integral part of these statements.

# **SCHOOL DISTRICT OF FORT ATKINSON**

Fort Atkinson, Wisconsin

## **Notes to Financial Statements**

June 30, 2009

### **1. Summary of Significant Accounting Policies**

#### **A. Introduction**

The School District of Fort Atkinson is organized as a common school district. The District, governed by a five-member elected school board, is fiscally independent with taxing and borrowing powers. Services provided by the District are primary and secondary education and special education.

The financial statements of the School District of Fort Atkinson have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed 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 general purpose financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

#### **C. Basis of Presentation**

##### **District-Wide Statements**

The statement of net assets and the statement of activities present financial information about the District's governmental 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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 have been classified to the function where the majority of the expenditures relating to it have been incurred. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Financial Statements**  
June 30, 2009  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**Fund Financial Statements**

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – governmental, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 with disabilities. Sources include financial aid received from the state and federal government and payments from other school districts. Excess expenditures of the fund are financed with a transfer from the general fund.

The District accounts for assets held as an agent for various student and parent organizations in a fiduciary agency fund. The District accounts for fiduciary activities for scholarships to fund higher education in a private purpose trust fund. The District accounts for fiduciary activities for employee post-employment benefits in an employee benefit trust fund.

**D. Measurement Focus and Basis of Accounting**

The district-wide, 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. Non-exchange 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. On an accrual basis, 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.

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. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. 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 to the extent they have matured. 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.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Financial Statements**  
June 30, 2009  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**E. Deposits and Investments**

The District's cash 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. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

State statutes permit the District to invest available cash balances, other than debt services 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.

**F. Receivables and Payables**

Property taxes are recognized as revenues in the year for which they are budgeted. Under the Wisconsin Statutes, Jefferson and Rock Counties purchase the outstanding property taxes of the District in August of each year. This statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied. Property taxes are levied in October on the assessed value as of the prior January 1, and are due in full by January 31, or in installments with the last payment due in July.

The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The non-current 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.

All accounts receivable are shown at 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 would not be material.

**G. Interfund Transactions**

Individual fund transfers and interfund receivables and payable activity for the year ending June 30, 2009 are as follows:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Transfers:			
General operations	Special Education Fund	General Fund	\$ <u>2,496,399</u>
Receivables:			
General operations	General Fund	Special Education Fund	\$ <u>240,198</u>

**H. Capital Assets**

Capital assets are reported at historical cost or estimated historical cost. Maintenance and repair costs are charged to expenses as incurred and betterments are capitalized as assets. Upon disposal of land, buildings and equipment, a gain or loss is reflected in the statement of activities. Property and equipment and related depreciation expense are not reflected in the Governmental Fund Financial Statements.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Financial Statements**  
June 30, 2009  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**H. Capital Assets (Continued)**

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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 300	Straight-line	50 years
Equipment and furniture	300	Straight-line	5 - 20 years

**I. 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 expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**J. Fund Balance Reserves**

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

**K. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts**

Sick leave benefits are reflected as expenses when paid. Unused sick leave days vest only upon retirement, death or permanent disability and are accounted for as retirement income. Employees vest if they are at least 62 years of age and have fifteen years of service.

Liabilities and the related expenses for vacation benefits are recognized when earned. Liabilities for vacation benefits are reflected as accrued liabilities in the Statement of Net Assets.

The District employees participate in the Wisconsin Retirement System. All contributions made by the District on behalf of its employees are reported as expenditures when paid.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Financial Statements**  
June 30, 2009  
(Continued)

**1. Summary of Significant Accounting Policies (Continued)**

**L. 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.

**M. Other Assets**

Expendable supplies or non-capital 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 consumed.

**N. Subsequent Events**

Management has evaluated all subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (October 14, 2009). The following subsequent event required disclosure:

Subsequent to June 30, 2009, the District approved a State Trust Fund loan in the amount of \$3,400,000 for the purpose of refinancing the outstanding unfunded prior service liability. The District will levy all taxable property to repay the principal and interest of the loan within 20 years. Payments will be made in annual installments with an interest rate of 6.25 percent.

**2. Cash and Investments**

Cash and investments as shown on the District's statement of net assets are subject to the following risks:

	<u>Amount</u>	<u>Risks</u>
Cash and investments		
Demand deposits	\$ 6,952,149	Custodial
Other investments	704,478	Interest rate and credit
Total cash and investments	\$ <u>7,656,627</u>	

The District's cash and equivalents are reported in the financial statements as follows:

Statement of net assets:	
Cash	\$ 6,710,672
Statement of fiduciary net assets:	
Cash	241,477
Investment	704,478
Total cash and investments	\$ <u>7,656,627</u>

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Financial Statements**

June 30, 2009

(Continued)

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

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.

Wisconsin Statute 66.0603 authorizes the District to invest in the following types of instruments:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. agencies).
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes or bonds issued by the University of Wisconsin Hospitals or Clinics Authority.
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options.
- A local government investment pool, subject to certain conditions.

The District has adopted an investment policy which permits all investments allowed under the state statutes as described above.

**Custodial Risk – Deposits:** Is the risk that, in the event of a financial institution failure, the District's deposits may not be returned to the District. The District's carrying value for demand deposits were \$6,952,149 at June 30, 2009 and the bank's carrying value was \$7,147,495, of which \$779,923 was fully insured and \$6,251,232 was collateralized by pledged securities. The District does not have a policy on custodial risk.

**Custodial Risk – Investment:** Is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy on custodial risk.

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state statutes. The District's policy is that all investment transactions shall be planned to avoid loss of capital from market risk.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy minimized credit risk by limiting investments to the safest type of securities. The District's policy is that all investment transactions shall be planned to avoid loss of capital from credit risk.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Financial Statements**  
June 30, 2009  
(Continued)

**3. Capital Assets**

Capital asset balances and activity for the year ended June 30, 2009 were as follows:

	Balance <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	Completed Construction <u>in Progress</u>	Balance <u>June 30, 2009</u>
Government activities:					
Sites	\$ 1,065,998	\$ ---	\$ ---	\$ ---	\$ 1,065,998
Buildings and improvements	43,456,462	440,738	---	5,440,705	49,337,905
Equipment	5,526,148	274,689	(74,580)	---	5,726,257
Construction in Progress	3,398,602	2,042,103	---	(5,440,705)	---
Total capital assets	53,447,210	2,757,530	(74,580)	---	56,130,160
Less accumulated depreciation	(18,359,932)	(1,171,344)	73,728	---	(19,457,548)
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 35,087,278</u>	<u>\$ 1,586,186</u>	<u>\$ (852)</u>	<u>\$ ---</u>	<u>\$ 36,672,612</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 87,299
Special education instruction	2,919
Vocational instruction	9,461
Other instruction	5,932
Co-curricular instruction	49,831
Pupil services	5,635
Instructional staff services	700
General administration	414
Administration services	6,058
Operation and maintenance of plant	35,591
Pupil transportation	4,105
Food services	20,928
Central services	4,949
Unallocated depreciation	937,522
Total depreciation for governmental activities	<u>\$ 1,171,344</u>

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Financial Statements**  
June 30, 2009  
(Continued)

**4. Long-Term Liabilities**

Long-term liabilities of the District are as follows:

<u>Type</u>	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Amounts due within one year</u>
G.O. Bonds	\$ 24,260,000	\$ ---	\$ (1,625,000)	\$ 22,635,000	\$ 1,680,000
Retirement stipends	159,500	---	(11,750)	147,750	---
Compensated absences	231,640	---	(21,134)	210,506	---
Other post employment benefits	---	494,672	---	494,672	---
Prior service liability - WRS	3,189,936	248,815	(208,815)	3,229,936	201,648
<b>Total</b>	<b>\$ 27,841,076</b>	<b>\$ 743,487</b>	<b>\$ (1,866,699)</b>	<b>\$ 26,717,864</b>	<b>\$ 1,881,648</b>

Total interest paid and expensed (including accrual) during the year for the year ended June 30, 2009 on long-term liabilities was \$952,114 and \$937,289.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The long-term debt will be retired by future property tax levies and resources accumulated in the Debt Service Fund.

General obligation debt at June 30, 2009 is comprised of the following individual issues:

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance June 30, 2009</u>
G.O. Refunding Bond	1/4/08	4.0%	04/01/16	\$ 7,595,000
G.O. Refunding Bond	01/15/04	2 to 3.75%	04/01/16	4,730,000
G.O. Refunding Bond	2/1/07	4 to 4.15%	4/1/2021	9,220,000
G.O. Promissory Note	4/4/07	4 to 4.25%	4/1/2017	1,090,000
<b>Total</b>				<b>\$ 22,635,000</b>

The 2008 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,499,831,790. The legal debt limit and margin of indebtedness as of June 30, 2009, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$1,499,831,790)	\$ 149,983,179
Deduct long-term debt applicable to debt margin	<u>22,635,000</u>
Margin of indebtedness	<u>\$ 127,348,179</u>

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Financial Statements**  
June 30, 2009  
(Continued)

**4. Long-Term Liabilities (Continued)**

Aggregate cash flow requirements for the retirement of long-term principal and interest on June 30, 2009 follow:

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,680,000	\$ 892,814	\$ 2,572,814
2011	1,750,000	831,564	2,581,564
2012	1,815,000	765,470	2,580,470
2013	1,885,000	696,095	2,581,095
2014	1,965,000	623,208	2,588,208
2015-2019	9,530,000	1,959,560	11,489,560
2020-2021	4,010,000	251,283	4,261,283
Totals	<u>\$ 22,635,000</u>	<u>\$ 6,019,994</u>	<u>\$ 28,654,994</u>

**5. Excess of Actual Expenditures Over Budget in Individual Funds**

The following major fund functions had an excess of actual expenditures over budget for the year ended June 30, 2009:

Fund 10:

Regular Curriculum	\$ 96,649
Vocational Education	12,630
Physical Curriculum	17,708
Pupil Services	75,957
Other Support Services	4,498
Non-Program Transactions	5,419

Fund 27:

Special Education Curriculum	41,897
Pupil Services	36,705
Non-Program Services	27,494

**6. Fund Balances**

Portions of fund balances are reserved as follows:

General Fund	
Prepays	\$ 21,310
2006 Referendum	1,148,228
Next Years Budget	121,723
Special Revenue Trust	2,445
Debt Service	899,337
Food Service	66,545
Community Service	15,914
	<u>\$ 2,275,502</u>

The entire balance of the general fund unreserved fund balance has been designated by the school board as working capital.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Financial Statements**  
June 30, 2009  
(Continued)

**7. Employee Retirement Plans**

All eligible School District of Fort Atkinson employees participate in the Wisconsin Retirement System ("WRS"), a cost-sharing multiple-employer defined benefit, public employee retirement system. All permanent employees expected to work at least 600 hours a year (440 hours a year for teachers) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% for Protective Occupations without Social Security) to the Plan. Employers may make these contributions to the Plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for School District of Fort Atkinson employees covered by the WRS for the year ended June 30, 2009 was \$14,527,617; the employer's total payroll was \$16,577,030. The total required contribution for the year ended June 30, 2009 was \$1,711,141 which consisted of \$848,307, or 5.84% of payroll from the employer and \$862,834, or 5.94% of payroll from employees. Total contributions for the year ending June 30, 2008 and 2007 were \$1,727,023 and \$1,695,572, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation 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 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 and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

**8. School District of Fort Atkinson Post-Employment Benefits Trust**

The School District of Fort Atkinson Post-Employment Benefits Trust is a trust set up by the District to accumulate funds for the payment of the District's OPEB liability relating to medical insurance premiums. The trust does not require any employee or employer contributions. Employees participating in the OPEB benefit consisted of the following at July 1, 2008, the date of the latest actuarial valuation:

Retirees	40
Active	<u>332</u>
Number of participating employees	<u><u>372</u></u>

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Retiree Health Plan.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Financial Statements**  
June 30, 2009  
(Continued)

**8. School District of Fort Atkinson Post-Employment Benefits Trust (Continued)**

Annual required contribution	\$ 1,073,673
Contributions made	(579,001)
Increase in net OPEB obligation	494,672
Net OPEB obligation – beginning of year	---
Net OPEB obligation – end of year	<u>\$ 494,672</u>

Fiscal year 2009 was the year of implementation of GASB Statement Nos. 43 and 45 and the District has elected to implement prospectively.

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

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2006	\$ ---	\$ 7,084,590	\$ 7,084,590	0.00%	N/A	N/A
7/1/2008	\$ 51,746	\$ 10,698,384	\$ 10,646,638	0.48%	N/A	N/A

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 ARC, and 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 amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used to include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Financial Statements**  
June 30, 2009  
(Continued)

**8. School District of Fort Atkinson Post-Employment Benefits Trust (Continued)**

Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	7/1/2008
Actuarial cost method	Unit credit
Amortization method	30 year open level percentage of payroll
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions*:	
Investment rate of return	5.50%
Projected payroll increases	3.00%
Medical care trend	12.00% decreasing by 1.00% per year down to 5.00%

\* implicit in these rates is an assumed rate of inflation of 4.00%

The history of employer contributions is as follows:

**Schedules of Employer Contributions**

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percent Contributed	Net OPEB Obligation
2007	\$ 733,559	\$ 512,000	69.80%	N/A
2008	772,696	625,964	81.01%	N/A
2009	1,073,673	579,001	53.93%	494,672

**9. Limitation on School District Revenues**

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

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

**10. Risk Management**

The School District of Fort Atkinson 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.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Financial Statements**  
June 30, 2009  
(Continued)

**11. Operating Leases**

The District has leases on a number of its copiers. Future payments on these leases are as follows:

Year ended <u>June 30,</u>	
2010	\$ 81,510
2011	72,760
2012	66,031
2013	32,658
2014	<u>10,245</u>
Total	\$ <u>263,204</u>

**12. Litigation**

From time to time, the District is involved in legal actions, most of which normally occur in governmental operations. Legal actions are generally defended by the District's various insurance carriers, since most claims brought against the District are covered by insurance policies. In the opinion of District management, any legal actions and any other proceedings known to exist at June 30, 2009, are not likely to have a materially adverse impact on the District's financial position.

## REQUIRED SUPPLEMENTARY INFORMATION

# SCHOOL DISTRICT OF FORT ATKINSON

Fort Atkinson, Wisconsin

## Budgetary Comparison Schedule

### General Fund

Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues:</b>				
Local	\$ 11,664,718	\$ 11,664,718	\$ 11,680,767	\$ 16,049
Interdistrict payments within Wisconsin	664,906	668,841	665,741	(3,100)
Intermediate sources	---	---	2,851	2,851
State	15,305,931	15,309,681	13,621,497	(1,688,184)
Federal	371,579	373,547	2,050,330	1,676,783
Other	82,000	92,000	20,263	(71,737)
Total revenues	28,089,134	28,108,787	28,041,449	(67,338)
<b>Expenditures:</b>				
Instruction:				
Current	15,005,974	14,570,732	14,896,886	(326,154)
Interdistrict	409,618	361,618	396,954	(35,336)
Capital outlay	84,184	98,941	95,631	3,310
Support Services:				
Current	10,236,971	11,066,383	9,710,133	1,356,250
Capital outlay	259,463	269,807	608,306	(338,499)
Debt service	2,000	2,000	1,452	548
Total expenditures	25,998,210	26,369,481	25,709,362	660,119
Excess of revenues over expenditures	2,090,924	1,739,306	2,332,087	592,781
<b>Other Financing Sources (uses):</b>				
Operating transfers out	(2,497,127)	(2,497,127)	(2,496,399)	728
Other financing sources	10,000	---	46,419	46,419
Total other financing sources (uses)	(2,487,127)	(2,497,127)	(2,449,980)	47,147
Net change in fund balances	(396,203)	(757,821)	(117,893)	639,928
Fund Balances - Beginning of year	8,041,419	8,041,419	8,041,419	---
Fund Balances - End of year	\$ 7,645,216	\$ 7,283,598	\$ 7,923,526	\$ 639,928

The accompanying notes to financial statements  
are an integral part of these statements.

# SCHOOL DISTRICT OF FORT ATKINSON

Fort Atkinson, Wisconsin

## Budgetary Comparison Schedule

### Special Education Fund

Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>Revenues:</b>				
Interdistrict payments within Wisconsin	\$ 88,508	\$ 88,508	\$ 101,744	\$ 13,236
Intermediate sources	8,000	8,000	12,347	4,347
State	966,496	966,496	984,920	18,424
Federal	678,579	609,205	685,913	76,708
Other	---	35,715	---	(35,715)
Total revenues	1,741,583	1,707,924	1,784,924	77,000
<b>Expenditures:</b>				
Instruction:				
Current	3,258,212	3,080,770	3,292,095	(211,325)
Interdistrict	31,610	---	48,496	(48,496)
Capital outlay	24,000	14,618	3,815	10,803
Support Services:				
Current	910,013	1,094,788	936,917	157,871
Total expenditures	4,223,835	4,190,176	4,281,323	(91,147)
Deficiency of revenues over expenditures	(2,482,252)	(2,482,252)	(2,496,399)	(14,147)
<b>Other Financing Sources (uses):</b>				
Operating transfers in	2,482,252	2,482,252	2,496,399	14,147
Net change in fund balances	---	---	---	---
Fund Balances - Beginning of year	---	---	---	---
Fund Balances - End of year	\$ ---	\$ ---	\$ ---	\$ ---

The accompanying notes to financial statements  
are an integral part of these statements.

## OTHER SUPPLEMENTARY INFORMATION

# SCHOOL DISTRICT OF FORT ATKINSON

Fort Atkinson, Wisconsin

## Combining Balance Sheet

### Nonmajor Governmental Funds

June 30, 2009

#### Special Revenue Funds

	Special Revenue Trust	Food Service	Community Service	Debt Service	Capital Projects	Total
Cash	\$ 2,445	\$ 49,543	\$ 15,914	\$ 899,337	\$ ---	\$ 967,239
Accounts receivable	---	1,424	---	---	---	1,424
Due from other governments	---	23,220	---	---	---	23,220
Inventory	---	8,528	---	---	---	8,528
<b>Total assets</b>	<b>\$ 2,445</b>	<b>\$ 82,715</b>	<b>\$ 15,914</b>	<b>\$ 899,337</b>	<b>\$ ---</b>	<b>\$ 1,000,411</b>

#### ASSETS

Cash  
Accounts receivable  
Due from other governments  
Inventory

#### Total assets

#### LIABILITIES AND FUND BALANCES

##### Liabilities:

Deferred revenues  
Total liabilities

\$ ---	\$ 16,170	\$ ---	\$ ---	\$ ---	\$ 16,170
---	16,170	---	---	---	16,170

##### Fund Balances

Reserved  
Total fund balances

2,445	66,545	15,914	899,337	---	984,241
2,445	66,545	15,914	899,337	---	984,241

#### Total liabilities and fund balances

\$ 2,445	\$ 82,715	\$ 15,914	\$ 899,337	\$ ---	\$ 1,000,411
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The accompanying notes to financial statements  
are an integral part of these statements.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2009

	<u>Special Revenue Funds</u>					
	<u>Special</u>	<u>Food</u>	<u>Community</u>	<u>Debt</u>	<u>Capital</u>	
	<u>Revenue</u>	<u>Service</u>	<u>Service</u>	<u>Service</u>	<u>Projects</u>	<u>Total</u>
	<u>Trust</u>					
<b>Revenues:</b>						
Local	\$ 9,245	\$ 762,903	\$ 24,978	\$ 2,553,531	\$ 72,235	\$ 3,422,892
State	--	25,044	--	--	--	25,044
Federal	--	500,102	--	--	--	500,102
Total revenues	9,245	1,288,049	24,978	2,553,531	72,235	3,948,038
<b>Expenditures:</b>						
Instruction:						
Current	3,429	--	--	--	--	3,429
Support Services:						
Current	8,741	1,213,829	21,831	--	--	1,244,401
Capital outlay	--	7,675	--	--	2,042,103	2,049,778
Debt service	--	--	--	2,577,114	--	2,577,114
Total expenditures	12,170	1,221,504	21,831	2,577,114	2,042,103	5,874,722
Excess (deficiency) of revenues over (under) expenditures	(2,925)	66,545	3,147	(23,583)	(1,969,868)	(1,926,684)
Fund Balances - Beginning of year	5,370	--	12,767	922,920	1,969,868	2,910,925
Fund Balances - End of year	\$ 2,445	\$ 66,545	\$ 15,914	\$ 899,337	\$ --	\$ 984,241

The accompanying notes to financial statements are an integral part of these statements.

**SCHOOL DISTRICT OF FORT ATKINSON**

Fort Atkinson, Wisconsin

**Agency Funds - Schedule of Changes in Assets and Liabilities**

June 30, 2009

	<u>Balance</u> <u>7/1/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/09</u>
<b>ASSETS</b>				
Cash	\$ 120,949	\$ 686,253	\$ (682,066)	\$ 125,136
Total assets	<u>\$ 120,949</u>	<u>\$ 686,253</u>	<u>\$ (682,066)</u>	<u>\$ 125,136</u>
<b>LIABILITIES AND NET ASSETS</b>				
Due to student groups				
High School	\$ 104,404	\$ 568,925	\$ (581,136)	\$ 92,193
Middle School	16,545	104,393	(100,930)	20,008
Barrie Elementary School	-	6,328	-	6,328
Rockwell Elementary School	-	6,607	-	6,607
Total liabilities and net assets	<u>\$ 120,949</u>	<u>\$ 686,253</u>	<u>\$ (682,066)</u>	<u>\$ 125,136</u>

The accompanying notes to financial statements  
are an integral part of these statements.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Schedule of State Financial Assistance**  
Year Ended June 30, 2009

Awarding Agency Pass-Through Agency Award Description	State I.D. Number	Accrued or (Deferred) Revenue at 7/1/08	Receipts	State Disbursements/ Expenditures	Accrued or (Deferred) Revenue at 6/30/09
<b>WI Dept. of Public Instruction</b>					
Special education and school-age parents**	255.101	\$ ---	\$ 971,884	\$ 971,884	\$ ---
State school lunch	255.102	---	12,632	12,632	---
Common school fund library aid	255.103	---	100,414	100,414	---
Pupil transportation	255.107	---	64,633	64,633	---
Wisconsin morning milk program	255.109	---	6,123	6,123	---
Equalization aids	255.201	234,778	13,557,712	13,566,633	243,699
High cost special education aid	255.210	---	13,036	13,036	---
School breakfast program	255.344	---	6,289	6,289	---
Grants for advanced placement courses	255.351	---	1,457	1,457	---
Mentoring	255.355	---	3,750	3,750	---
Four-Year-Old Kindergarten Grants	255.360	---	131,140	131,140	---
Personal Financial Literacy	255.913	6,599	6,599	---	---
Passed through CESA					
Special education and school-age parents	255.101	---	12,347	12,347	---
Alcohol and other drug abuse	255.306	---	2,851	2,851	---
Passed through Cambridge School District					
Special education and school-age parents	255.101	---	2,144	2,144	---
Passed through Janesville School District					
Special education and school-age parents	255.101	---	12,450	12,450	---
Passed through Jefferson School District					
Special education and school-age parents	255.101	---	62,250	62,250	---
Passed through Lake Mills School District					
Special education and school-age parents	255.101	---	6,225	6,225	---
Passed through Palmyra School District					
Special education and school-age parents	255.101	---	6,225	6,225	---
Passed through Whitewater School District					
Special education and school-age parents	255.101	---	---	12,450	12,450
Total WI Dept. of Public Instruction		241,377	14,980,161	14,994,933	256,149
<b>U.S. Department of Military Affairs</b>					
Passed Through Wisconsin Division of Emergency Management					
Disaster Recovery	465.305	---	2,248	2,248	---
<b>Total state assistance</b>		<b>\$ 241,377</b>	<b>\$ 14,982,409</b>	<b>\$ 14,997,181</b>	<b>\$ 256,149</b>

\*\* Total DPI aidable expenditures for the year ended June 30, 2009 were \$3,580,703.

The accompanying notes to financial statements  
are an integral part of these statements.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Schedule of Federal Financial Assistance**  
Year Ended June 30, 2009

Awarding Agency Pass-Through Agency Award Description	Federal Catalog Number	Accrued or (Deferred) Revenue at 7/1/08	Receipts	Federal Disbursements/ Expenditures	Accrued or (Deferred) Revenue at 6/30/09
<b>U.S. Department of Agriculture</b>					
Passed through Wisconsin Department of Public Instruction:					
Donated Commodities	10.550	\$ ---	\$ 72,166	\$ 72,166	\$ ---
Food Service Aid - Breakfast	10.553	2,231	84,015	87,543	5,759
Food Service Aid - Lunch	10.555	11,513	334,444	340,393	17,462
Total U.S. Department of Agriculture		13,744	490,625	500,102	23,221
<b>U.S. Department of Military Affairs</b>					
Passed Through Wisconsin Division of Emergency Management					
Disaster Recovery	83.544	---	13,489	13,489	---
<b>U.S. Department of Education</b>					
Passed through Wisconsin Department of Public Instruction:					
ESEA Title 1A Basic	84.010	67,868	127,868	157,140	97,140
High Cost Special Education	84.027	---	7,190	7,190	---
Idea Flow Through	84.027	104,396	458,233	580,226	226,389
Idea Preschool Entitlement	84.173	2,326	13,436	12,468	1,358
Title 4 AODA	84.186	1,669	9,328	11,537	3,878
ESEA Title 5A Innovative Program	84.298	1,353	1,353	---	---
Title 2D Technology	84.318	415	415	1,374	1,374
ESEA Title 2A Teacher Principal Training	84.367	45,967	92,754	112,842	66,055
ESEA Title 3A English Language Acquisition	84.365	38,521	64,409	50,090	24,202
ARRA-State Fiscal Stabilization	84.394	---	1,703,857	1,703,857	---
Passed through the School District of Jefferson					
Carl Perkins	84.048	10,588	14,089	13,243	9,742
Total U.S. Department of Education		273,103	2,492,932	2,649,967	430,138
<b>U.S. Department of Health and Human Services</b>					
Medical Assistance Program	93.778	---	86,028	86,028	---
<b>Total Awards</b>		<b>\$ 286,847</b>	<b>\$ 3,083,074</b>	<b>\$ 3,249,586</b>	<b>\$ 453,359</b>

The accompanying notes to financial statements  
are an integral part of these statements.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Notes to Schedules of State and Federal Financial Assistance**  
June 30, 2009

**1. General**

The accompanying schedule of expenditures of federal and state awards represents the activity of all federal and state financial awards programs of the District. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on the schedule.

**2. Basis of Accounting**

The accompanying schedule of expenditures of federal and state awards is presented using the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded as liabilities when incurred. The District applies all GASB pronouncements in accounting and reporting.

Richard A. Raymaker  
Steven C. Barney  
Steven R. Volz  
Daniel R. Brophey  
Thomas G. Wieland  
Michael W. Van Wagenen



**Reilly, Penner & Benton LLP**  
Certified Public Accountants & Consultants

*Celebrating Over 100 Years of Client Service*

David A. Grotkin  
Joel A. Joyce  
Brian J. Mechenich  
Carrie A. Gindt  
Patrick G. Hoffert

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

To the School Board  
School District of Fort Atkinson  
Fort Atkinson, Wisconsin

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Fort Atkinson (the "District") as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 14, 2009. 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 District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of School District of Fort Atkinson's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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 financial reporting that we consider to be material weaknesses, as defined below.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting 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 financial reporting that we considered to be a material weakness, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether School District of Fort Atkinson's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain other matters involving the internal control over financial reporting that we have reported to management of School District of Fort Atkinson in a separate letter dated October 14, 2009.

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

*Reilly, Penner & Benton LLP*

October 14, 2009  
Milwaukee, Wisconsin

Richard A. Raymaker  
Steven C. Barney  
Steven R. Volz  
Daniel R. Brophy  
Thomas G. Wieland  
Michael W. Van Wagenen

**RPB** **Reilly, Penner & Barton, LLP**  
Certified Public Accountants & Consultants  
**REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL**  
**OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**  
*Celebrating Over 100 Years of Client Service*  
**AND STATE SINGLE AUDIT GUIDELINES**

David A. Grotkin  
Joel A. Joyce  
Brian J. Mechenich  
Carrie A. Gindt  
Patrick G. Hoffert

To the School Board  
School District of Fort Atkinson  
Fort Atkinson, Wisconsin

### **Compliance**

We have audited the compliance of School District of Fort Atkinson (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *State Single Audit Guidelines* that are applicable to each of its major federal and major state programs for the year ended June 30, 2009. The District's major federal and major 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 District's management. Our responsibility is to express an opinion on School District of Fort Atkinson's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines*. Those standards and OMB Circular A-133 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 and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with state single audit guidelines and which are described in the accompanying schedule of findings and questioned costs as item 09-1.

### **Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

### Internal Control Over Compliance (Continued)

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

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.

School District of Fort Atkinson's response to the findings identified in our audit are 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 school board, management, and federal and state awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Reilly, Penner & Benton LLP*

October 14, 2009  
Milwaukee, Wisconsin

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Schedule of Prior Audit Findings**  
Year Ended June 30, 2009

No prior audit findings.

**SCHOOL DISTRICT OF FORT ATKINSON**  
Fort Atkinson, Wisconsin

**Summary of Audit Results**  
Year Ended June 30, 2009

**A. Summary of Auditors Results**

**Financial Statements**

- |  |             |
|--|-------------|
| 1. Type of auditor's report issued:  | Unqualified |
| 2. Internal control over financial reporting:  |             |
| A. Significant deficiency(s) identified that are not considered to be material weaknesses? | No          |
| B. Material weaknesses identified?   | No          |
| 3. Noncompliance material to financial statements?   | No          |

**Federal Awards**

- |   |             |
|---|-------------|
| 4. Internal control over major programs:  |             |
| A. Significant deficiency(s) identified that are not considered to be material weaknesses?                            | No          |
| B. Material weaknesses identified?  | No          |
| 5. Type of auditor's report issued on compliance for major programs:  | Unqualified |
| 6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No          |
| 7. Identification of major programs:  |             |

CFDA Number(s)  
84.394

Name of Federal Program or Cluster  
ARRA – State Fiscal Stabilization Fund

- |  |           |
|--|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs | \$300,000 |
| 9. Auditee qualified as low-risk auditee?                                  | Yes       |

**State Awards**

- |  |               |
|--|---------------|
| 10. Internal control over financial reporting:   |               |
| A. Significant deficiency(s) identified that are not considered to be material weaknesses? | No            |
| B. Material weaknesses identified?   | None reported |

# SCHOOL DISTRICT OF FORT ATKINSON

Fort Atkinson, Wisconsin

## Summary of Audit Results

Year Ended June 30, 2009

### A. Summary of Auditors Results (Continued)

#### State Awards (Continued)

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

12. Any audit findings disclosed that are required to be reported Yes

13. Identification of major state programs:

<u>CFDA Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.201	Equalization Aid
255.210	High Cost Special Education Aid
255.360	4 Year Old Kindergarten Grants

### B. Financial Statement Findings

No matters were reported

### C. State Award Findings and Questioned Costs

#### Finding 09-1 Special education and school-age parents

**Finding:** The District charged \$1,071 as aidable cost for their school nurse; however, based on Wisconsin Act 221 Addenda, the maximum amount the District can claim is \$379. Total questioned costs equal \$692.

**District's Response:** The amount of \$1,071 charged to this area is a result of accounting for the Other Post Employment Benefits (OPEB) transaction for an individual employee. According to guidelines established by WI DPI to account for the OPEB transaction, the payment to the trust should be spread proportionately across the functional areas in which FTE's or payment to employees is made. The issue here is that we contract for our school nurse with the local hospital; however, we have an employee who is that contracted person's assistant to help her with things across the district when the nurse is not available. The assistant is not a registered or licensed nurse, and is not required to be, as a portion of this individual's salary and benefits come out of the federal Flow-Through grant with the remainder coming from the general fund (Fund 10). None of this assistant's salary and benefits comes from an aidable expense account.

This assistant serves in a school health capacity and therefore receives her pay and benefits from the nursing account(s) (function 214100). So, when the OPEB transaction is coded according to the WI DPI guidelines, \$1,071 is allocated to this individual where her regular pay is charged, function 214100. The transaction coding for OPEB is not determined by whether the individual is paid for with grant money or district money, simply the functional area (214100) that they are paid from. According to Act 221, the District is not allowed to charge aidable expenses to function 214100 because we contract for the nursing services and do not have a licensed individual as an employee. However, the WI DPI guidelines for the OPEB transaction accounting contradict Act 221.