

**ST. FRANCIS SCHOOL DISTRICT**  
Milwaukee County, Wisconsin

**FINANCIAL STATEMENTS**

June 30, 2007

# ST. FRANCIS SCHOOL DISTRICT

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June 30, 2007

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**INDEPENDENT AUDITORS' REPORT**



## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
St. Francis School District  
Milwaukee County, Wisconsin

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Francis School District ("District") as of and for the year ended June 30, 2007, 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 management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Francis School District as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 19, 2007, on our consideration of the St. Francis School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison schedules on pages 32 through 34 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the Board of Education  
St. Francis School District  
Milwaukee County, Wisconsin

The St. Francis School District has not presented the management's discussion and analysis that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Francis School District's basic financial statements. The combining financial statements and schedules as listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and schedules 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.

*Nicholas Krause + Company, LLP*

Milwaukee, Wisconsin  
November 19, 2007

## **BASIC FINANCIAL STATEMENTS**

# ST. FRANCIS SCHOOL DISTRICT

## STATEMENT OF NET ASSETS

June 30, 2007

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### ASSETS

Cash and investments	\$ 7,252,532
Accounts receivable	5,515
Due from other governments	718,269
Inventories and other assets	13,235
Capital Assets	
Land	15,000
Other capital assets, net of depreciation	<u>6,740,309</u>
Total Assets	<u>14,744,860</u>

### LIABILITIES

Short term notes payable	2,800,000
Accounts payable and accrued liabilities	2,026,559
Unearned revenues	43,538
Noncurrent liabilities	
Due within one year	488,237
Due in more than one year	<u>2,516,888</u>
Total Liabilities	<u>7,875,222</u>

### NET ASSETS

Invested in capital assets, net of related debt	5,531,070
Restricted for debt service	275,089
Unrestricted	<u>1,063,479</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 6,869,638</u></b>

# ST. FRANCIS SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants and Contributions	
<b>Instruction</b>				
Regular	\$ 5,552,204	\$ 2,073,834	\$ 225,862	\$ (3,252,508)
Vocational	225,058	-	-	(225,058)
Special education	1,936,096	186,584	652,221	(1,097,291)
Other	724,743	36,868	-	(687,875)
Total Instruction	8,438,101	2,297,286	878,083	(5,262,732)
<b>Support Services</b>				
Pupil services	512,698	-	-	(512,698)
Instructional support services	421,270	-	84,341	(336,929)
Administration	1,283,560	5,630	6,231	(1,271,699)
Buildings and grounds	1,807,625	-	-	(1,807,625)
Pupil transportation	163,613	-	-	(163,613)
Other support services	395,803	-	-	(395,803)
Interest and fees	346,490	-	-	(346,490)
Food service	471,938	292,286	141,122	(38,530)
Total Support Services	5,402,997	297,916	231,693	(4,873,388)
Community services	231,369	15,504	-	(215,865)
Total Activities	\$ 14,072,467	\$ 2,610,706	\$ 1,109,776	(10,351,985)
<b>General Revenues</b>				
<b>Taxes</b>				
Property taxes, levied for general purposes				3,674,176
Property taxes, levied for debt service				1,114,278
Property taxes, levied for community service				193,489
Intergovernmental revenues not restricted to specific program				5,870,781
Investment Income				202,667
Miscellaneous				147,161
Total General Revenues				11,202,552
<b>Change in Net Assets</b>				850,567
<b>NET ASSETS - Beginning of Year</b>				6,019,071
<b>NET ASSETS - END OF YEAR</b>				\$ 6,869,638

**ST. FRANCIS SCHOOL DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2007

	General Fund	Special Revenue Special Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>					
Cash and investments	\$ 6,568,186	\$ -	\$ 306,790	\$ 377,556	\$ 7,252,532
Accounts receivable	2,754	-	-	-	2,754
Due from other governments	255,004	446,179	-	17,086	718,269
Due from other funds	113,945	-	-	-	113,945
Inventory	-	-	-	3,235	3,235
Other current assets	10,000	-	-	-	10,000
<b>TOTAL ASSETS</b>	<b>\$ 6,949,889</b>	<b>\$ 446,179</b>	<b>\$ 306,790</b>	<b>\$ 397,877</b>	<b>\$ 8,100,735</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Short term notes payable	\$ 2,800,000	\$ -	\$ -	\$ -	\$ 2,800,000
Accounts payable	25,392	3,614	-	15,444	44,450
Accrued salaries and wages	582,354	144,378	-	-	726,732
Payroll taxes and withholdings	105,137	29,222	-	189	134,548
Due to other governments	1,544	125,380	-	-	126,924
Due to other funds	-	105,114	-	6,070	111,184
Accrued interest payable	65,392	-	-	-	65,392
Deferred revenues	33,748	-	-	9,790	43,538
Other current liabilities	858,173	38,471	-	168	896,812
<b>Total Liabilities</b>	<b>4,471,740</b>	<b>446,179</b>	<b>-</b>	<b>31,661</b>	<b>4,949,580</b>
Fund Balances					
Reserved for debt service	-	-	306,790	-	306,790
Unreserved, reported in:					
General fund undesignated	2,478,149	-	-	-	2,478,149
Special revenue funds - undesignated	-	-	-	366,216	366,216
<b>Total Fund Balances</b>	<b>2,478,149</b>	<b>-</b>	<b>306,790</b>	<b>366,216</b>	<b>3,151,155</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,949,889</b>	<b>\$ 446,179</b>	<b>\$ 306,790</b>	<b>\$ 397,877</b>	

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. (See Note IV)	6,755,309
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds. (See Note IV)	(3,005,125)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(31,701)
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 6,869,638</b>

**ST. FRANCIS SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	General Fund	Special Revenue Special Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Local	\$ 3,992,626	\$ -	\$ 1,127,496	\$ 501,279	\$ 5,621,401
Interdistrict	1,961,522	164,283	-	-	2,125,805
Intermediate	25,809	22,301	-	-	48,110
State	5,996,111	484,513	-	5,130	6,485,754
Federal	151,210	206,061	-	135,991	493,262
Other	148,702	-	-	-	148,702
<b>Total Revenues</b>	<b>12,275,980</b>	<b>877,158</b>	<b>1,127,496</b>	<b>642,400</b>	<b>14,923,034</b>
<b>EXPENDITURES</b>					
Instruction					
Regular	5,468,227	-	-	-	5,468,227
Special education	-	1,936,096	-	-	1,936,096
Vocational	225,058	-	-	-	225,058
Other	724,743	-	-	-	724,743
<b>Total instruction</b>	<b>6,418,028</b>	<b>1,936,096</b>	<b>-</b>	<b>-</b>	<b>8,354,124</b>
Support Services					
Pupil services	384,459	128,239	-	-	512,698
Instructional support services	305,603	115,667	-	-	421,270
Administration	1,279,096	-	-	-	1,279,096
Buildings and grounds	1,458,413	-	-	-	1,458,413
Pupil transportation	54,337	109,276	-	-	163,613
Other support services	374,098	-	-	-	374,098
Debt service					
Principal	54,343	-	1,030,427	-	1,084,770
Interest and fees	112,377	-	230,078	-	342,455
Food service	-	-	-	465,642	465,642
<b>Total support services</b>	<b>4,022,726</b>	<b>353,182</b>	<b>1,260,505</b>	<b>465,642</b>	<b>6,102,055</b>
Community service	-	-	-	231,369	231,369
<b>Total Expenditures</b>	<b>10,440,754</b>	<b>2,289,278</b>	<b>1,260,505</b>	<b>697,011</b>	<b>14,687,548</b>
Excess (deficiency) of revenues over expenditures	1,835,226	(1,412,120)	(133,009)	(54,611)	235,486
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	1,412,120	-	32,235	1,444,355
Transfers out	(1,444,355)	-	-	-	(1,444,355)
Capital leases	78,783	-	-	-	78,783
Payment of debt refunded	-	-	(1,575,000)	-	(1,575,000)
Refunding bonds issued	-	-	1,590,000	-	1,590,000
<b>Total Other Financing Sources (Uses)</b>	<b>(1,365,572)</b>	<b>1,412,120</b>	<b>15,000</b>	<b>32,235</b>	<b>93,783</b>
<b>Net Change in Fund Balance</b>	<b>469,654</b>	<b>-</b>	<b>(118,009)</b>	<b>(22,376)</b>	<b>329,269</b>
<b>FUND BALANCES - Beginning of Year</b>	<b>2,008,495</b>	<b>-</b>	<b>424,799</b>	<b>388,592</b>	<b>2,821,886</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 2,478,149</b>	<b>\$ -</b>	<b>\$ 306,790</b>	<b>\$ 366,216</b>	<b>\$ 3,151,155</b>

## ST. FRANCIS SCHOOL DISTRICT

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2007

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Net change in fund balances - total governmental funds	\$ 329,269
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	107,003
Depreciation is reported in the government-wide statements	(324,086)
Net book value of assets retired	(128,667)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt issued	(1,590,000)
Capital leases issued	(78,783)
Principal repaid	2,659,770

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

Compensated absences	10,461
Net pension obligation	(130,371)
Accrued interest on debt	(4,029)

<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 850,567</u></b>
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**ST. FRANCIS SCHOOL DISTRICT**

**STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2007**

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	Private Purpose Trust	<u>Agency Student Activity</u>
<b>ASSETS</b>		
Cash and investments	\$ 9,965	\$ 99,240
<b>LIABILITIES</b>		
Due to student organizations	-	96,479
Due to other funds	-	<u>2,761</u>
Total Liabilities	<u>-</u>	<u>\$ 99,240</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 9,965</u>	

**ST. FRANCIS SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN NET ASSETS  
FIDUCIARY FUNDS**

For the Year Ended June 30, 2007

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	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>	\$ -
<b>DEDUCTIONS</b>	<u>-</u>
<b>Change in Net Assets</b>	-
NET ASSETS - Beginning	<u>9,965</u>
<b>NET ASSETS - END</b>	<u>\$ 9,965</u>

# ST. FRANCIS SCHOOL DISTRICT

## INDEX TO NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of the St. Francis School District, Wisconsin conform to generally accepted accounting principles as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

This report includes all of the funds of the St. Francis School District. The reporting entity for the District consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and 1) it is able to impose its will on that organization or 2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: 1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; 2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; 3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. This report does not contain any component units.

#### **B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the District except for fiduciary funds. All of the District's activities are reported as governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to students or others who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, equalized aid and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

