

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

**FINANCIAL STATEMENTS**

June 30, 2008

# ST. FRANCIS SCHOOL DISTRICT

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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, 2008, 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.

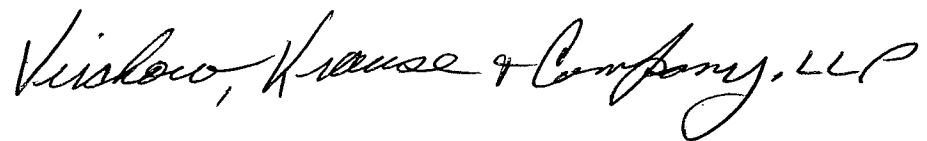
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Francis School District as of June 30, 2008, and the respective 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, 2008, 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, 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.

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

The management's discussion and analysis on pages 3 through 12 and the required supplementary information on pages 43 through 46 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.

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.

A handwritten signature in cursive script that reads "Viskow, Krause & Company, LLP". The signature is written in black ink and is centered horizontally on the page.

Milwaukee, Wisconsin  
November 19, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ST. FRANCIS SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2008

The discussion and analysis of the St. Francis School District's financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on the District's financial performance as a whole. A comparison to prior year data is presented.

#### FINANCIAL HIGHLIGHTS

- The District's overall financial status, as reflected in The Statement of Net Assets, increased from \$6,869,638 in 2007 by \$739,029 to \$7,608,667 in 2008.
- The General Fund [Fund 10] fund balance increased by approximately \$79,000 to a total of \$2,556,767 and represents approximately 24% of Fund 10 expenditures. The Board continues to work at maintaining a favorable fund balance at a time when state legislation limits the district's state aid and property tax payments, and costs continue to increase at a rate greater than inflation.
- Capital assets have been reported at \$13,836,991 less accumulated depreciation of \$7,389,482 for a net capital asset value of \$6,447,509 (See Note III C. – Capital Assets). The amount listed represents the estimated historical cost of all sites, site improvements, buildings, building improvements, furniture and equipment with a unit value of at least \$3,000. A physical inventory of the District's assets was initially completed in June, 2003 and updated in June, 2006.
- Due to the timing of the receipt of the majority of its revenues (property taxes and general state aid), the District participated in a short-term cash flow borrow. The \$3.1 Million tax and revenue anticipate note proceeds were received October 29, 2007 and are due in full on October 29, 2008.
- The District reached a contract settlement with the teacher and hourly staff bargaining units. The settlement was a two-year agreement for the period of July 1, 2007 through June 30, 2009.
- Total revenues for Governmental Funds were \$15,110,826. This amount includes \$5,725,827 of local property taxes and \$5,170,935 of general state aid, \$562,278 in categorical aid and food service revenue of \$458,560. Property taxes and other taxes represent 37.9% of all revenue. General state aid represents 34.2% of all revenue. Open Enrollment revenue totals \$2,016,245, which represents 13.3% of all revenue.

**ST. FRANCIS SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2008**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial report consists of two parts—management's discussion and analysis and the basic financial statements (district-wide and fund statements) including notes to the financial statements.

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

1. The Statement of Net Assets and Statement of Activities provide information on a district-wide basis. These 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 year presented in a manner similar to private-sector businesses.
  - The Statement of Net Assets compares assets to liabilities to give an overall view of the financial health of the District. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
  - The Statement of Activities defines the District's expenses by function and illustrates the total that is offset by corresponding revenues – charges for services and/or operating grants and contributions. General revenues and extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue – recognizing the Change in Net Assets for the District from the previous year.
2. The remaining statements: Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances –Governmental Funds focus on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements and support the Statement of Net Assets.
  - 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 and includes all reports in the financial statements including the financial notes.
  - Additional Supplemental Information provides information specific to non-major governmental funds such as Teach WI Fund and Food Service Fund.
  - The major features of the District's financial statements, including the portion of the activities reported and type of information contained is shown in the following table (Table #1).

# ST. FRANCIS SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2008

### 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 net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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 – is one way to measure the District's financial health or *position*.

Table #1

<i>Major Features of the District-wide and Fund Financial Statements (Table #1)</i>				
	District-Wide Statements	Governmental	Proprietary	Fiduciary
Scope	Entire district (except fiduciary funds)	The activity of the district that is not proprietary or fiduciary, such as instructional, support services and community services.	Activities the district operates similar to private business. <u>The District does not report any program for this designation because we do not operate a program in this area.</u>	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. <u>The Scholarship Fund is reported here.</u>
Required financial statements	Statement of net assets and Statement of activities	Balance sheet and Statement of revenues, expenditures and changes in fund balance.	Statement of net assets and Statement of revenues, expenses and changes in net assets and Statement of cash flows.	Statement of fiduciary net assets and Statement of changes in fiduciary net assets.
Basis of accounting and measurement focus	Accrual accounting Economic resources focus	Modified accrual accounting Current financial resources focus	Accrual accounting Economic 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 are 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 capital and financial; short-term and long-term	All assets and liabilities, 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 revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received and paid.

**ST. FRANCIS SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2008**

Table #2

<b>Condensed Statement of Net Assets</b>			
	<u>2008</u>	<u>2007</u>	<b>Percent of Change</b>
<b><u>Assets</u></b>			
Current Assets	\$ 8,196,075	\$ 7,989,551	3%
Capital Assets	<u>6,447,509</u>	<u>6,755,309</u>	-5%
<b>Total Assets</b>	<b><u>\$ 14,643,584</u></b>	<b><u>\$ 14,744,860</u></b>	-1%
<b><u>Liabilities</u></b>			
Current Liabilities	\$ 4,980,945	\$ 4,870,097	2%
Long-term Liabilities	<u>2,053,972</u>	<u>3,005,125</u>	-32%
<b>Total Liabilities</b>	<b><u>7,034,917</u></b>	<b><u>7,875,222</u></b>	-11%
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	6,175,991	5,531,070	12%
Restricted	279,540	275,089	2%
Unrestricted	<u>1,153,136</u>	<u>1,063,479</u>	8%
<b>Total Net Assets</b>	<b><u>\$ 7,608,667</u></b>	<b><u>\$ 6,869,638</u></b>	11%

Statement of Net Assets: (Table #2)

Table #2, (Statement of Net Assets), provides a summary of the District's net assets for the year ended June 30, 2008 compared to the year ended 2007. As of June 30, 2008, the District reported total assets of \$14,643,584 and total liabilities of \$7,034,917.

During Fiscal Year 2007-2008, the District paid \$920,000 of general obligation debt contributing to the decrease in long-term liabilities and the increase in net assets invested in capital assets.

For Fiscal Year 2007-2008, the total net assets of the District are reported at \$7,608,667. This represents an increase of 11% from Fiscal Year 2006-2007.

**ST. FRANCIS SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2008**

Table #3

<b>Changes in Net Assets from Operating Results For Governmental Activities</b>					
	<b>Actual 2007-08</b>	<b>Percent</b>	<b>Actual 2006-07</b>	<b>Percent</b>	<b>Percent Change</b>
<b>Revenues:</b>					
<b>Program</b>					
Charges for Services	\$ 2,518,747	16.7%	\$ 2,610,706	17.5%	-3.5%
Operating Grants & Contributions	1,383,366	9.2%	1,109,776	7.4%	24.7%
<b>General</b>					
Property & Other Taxes	5,725,827	37.9%	4,981,943	33.4%	14.9%
General State Aid	5,170,935	34.2%	5,870,781	39.3%	-11.9%
Other	<u>311,951</u>	2.1%	<u>349,828</u>	2.3%	-10.8%
<b>Total Revenue</b>	<b><u>15,110,826</u></b>	100.0%	<b><u>14,923,034</u></b>	100.0%	1.3%
<b>Expenses:</b>					
Instruction	8,492,852	59.1%	8,438,101	60.0%	0.6%
Pupil & Instructional Support Services	964,089	6.7%	933,968	6.6%	3.2%
Administration	1,339,271	9.3%	1,283,560	9.1%	4.3%
Buildings & Grounds	2,020,504	14.1%	1,807,625	12.8%	11.8%
Pupil Transportation	181,640	1.3%	163,613	1.2%	11.0%
Other Support Services	360,302	2.5%	395,803	2.8%	-9.0%
Interest & Fees	271,033	1.9%	346,490	2.5%	-21.8%
Food Service	526,188	3.7%	471,938	3.4%	11.5%
Community Service	<u>215,918</u>	1.5%	<u>231,369</u>	1.6%	-6.7%
<b>Total Expense</b>	<b><u>14,371,797</u></b>	100.0%	<b><u>14,072,467</u></b>	100.0%	2.1%
<b>Change in Net Assets</b>	<b><u>\$ 739,029</u></b>		<b><u>\$ 850,567</u></b>		

# ST. FRANCIS SCHOOL DISTRICT

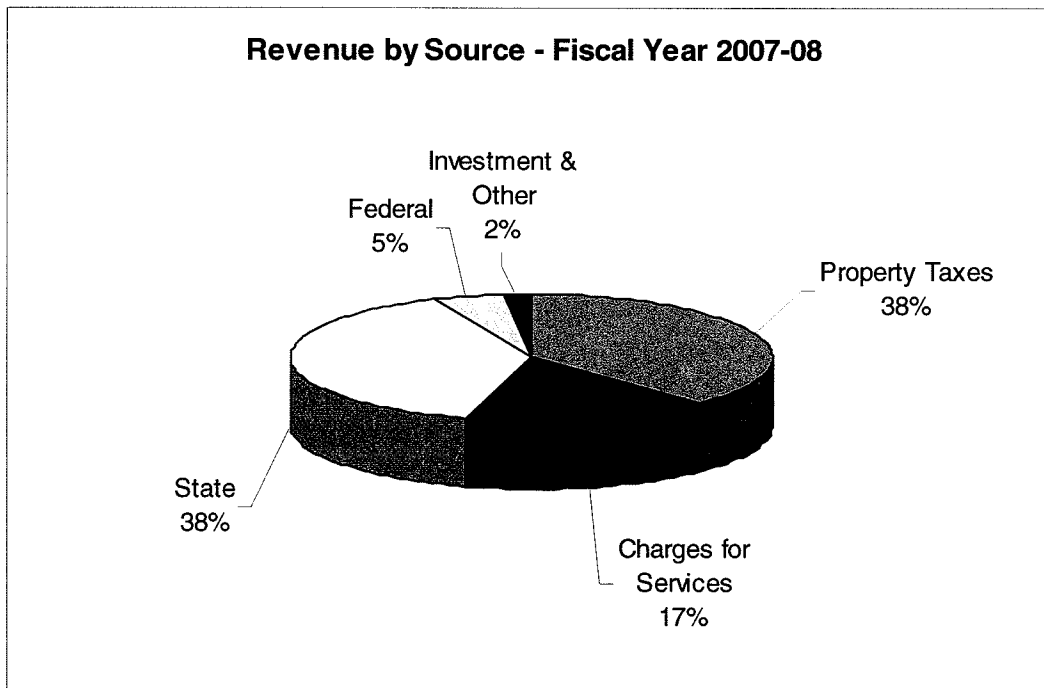
## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2008

### Revenues

- The District relies primarily on property taxes and general state aid to fund governmental activities. For Fiscal Year 2007-2008, the District received \$15,110,826 in revenue. Of this total, 37.9% came from local school property tax and 34.2% came from state equalized aid. The overall makeup of the sources of revenue changed slightly from Fiscal Year 2006-2007 as the District received more revenue from local taxes than state general aid in Fiscal Year 2007-2008. This is primarily due to the District's declining resident enrollment and increasing property valuations and the impact they have on the state's general equalization aid formula.
- The District receives 81% of its revenue from state and local sources. These funding sources are controlled for the most part by the State imposed revenue limits. The District also received 5% of all revenue from federal sources and 13.3% from the Open Enrollment program.
- In Fiscal Year 2007-2008, the District received increased federal and state aids due to the new vocational education cooperative agreement program.
- In addition, Federal and State government subsidized certain programs with grants and contributions including Special Education and Food Service.

### Chart #1

This chart illustrates the breakout of revenues by source.



# ST. FRANCIS SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2008

### Expenses

- For Fiscal Year 2007-2008, the District's total expenses were \$14,371,797.
- 66% of total expenses were directed to pupil instruction, transportation and instructional services. Costs for textbooks, teacher salaries/benefits and instructional supplies are included in this amount.
- General and Building Administration and Central Services account for 26%. These support costs included individual building administration, district maintenance and school insurance.
- The Food Service program represents 4%, costs for debt service and leases represents approximately 2%, and the Community Service program represents 2% of the District's total expenses.
- The District incurred increased buildings and grounds expenses during Fiscal Year 2007-2008 due to heavy snowfall causing increased plowing costs and some damage due to roof leaks. Interest and fees continues to decrease due to the early payment of debt obligations by the District in both Fiscal Year 2007-2008 and 2006-2007.

### Chart #2

This Chart illustrates the distribution of costs by function.

