

**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.

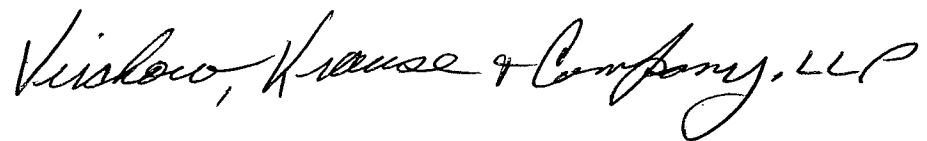
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Francis School District as of June 30, 2008, and the respective 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><u>Revenues:</u></b>					
<b><i>Program</i></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><i>General</i></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><u>Expenses:</u></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

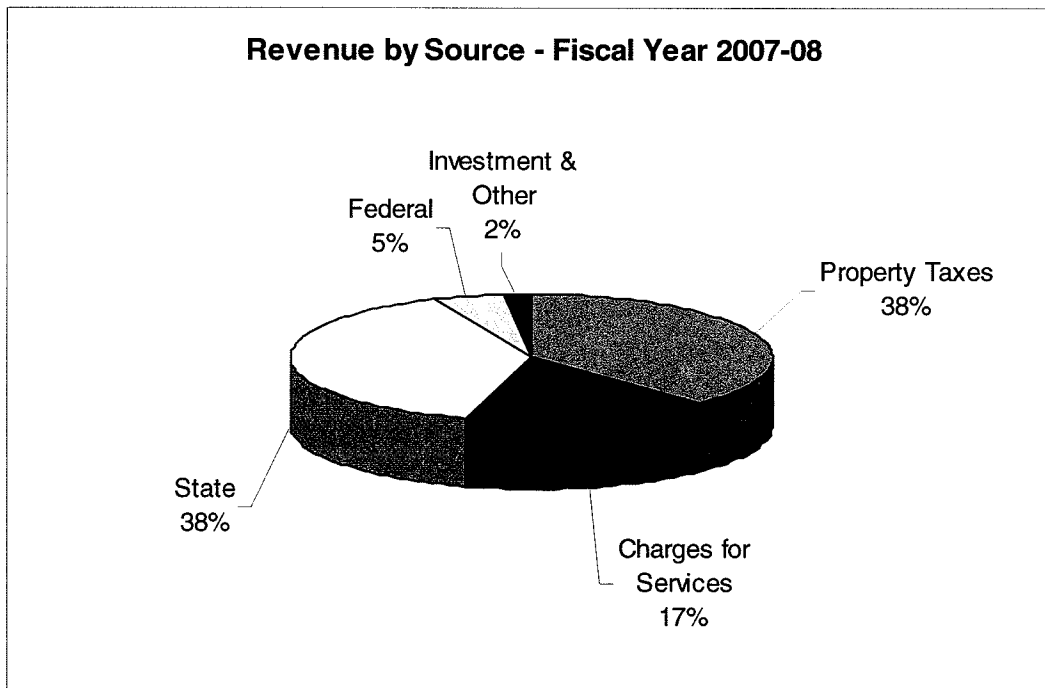
## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2008

### 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

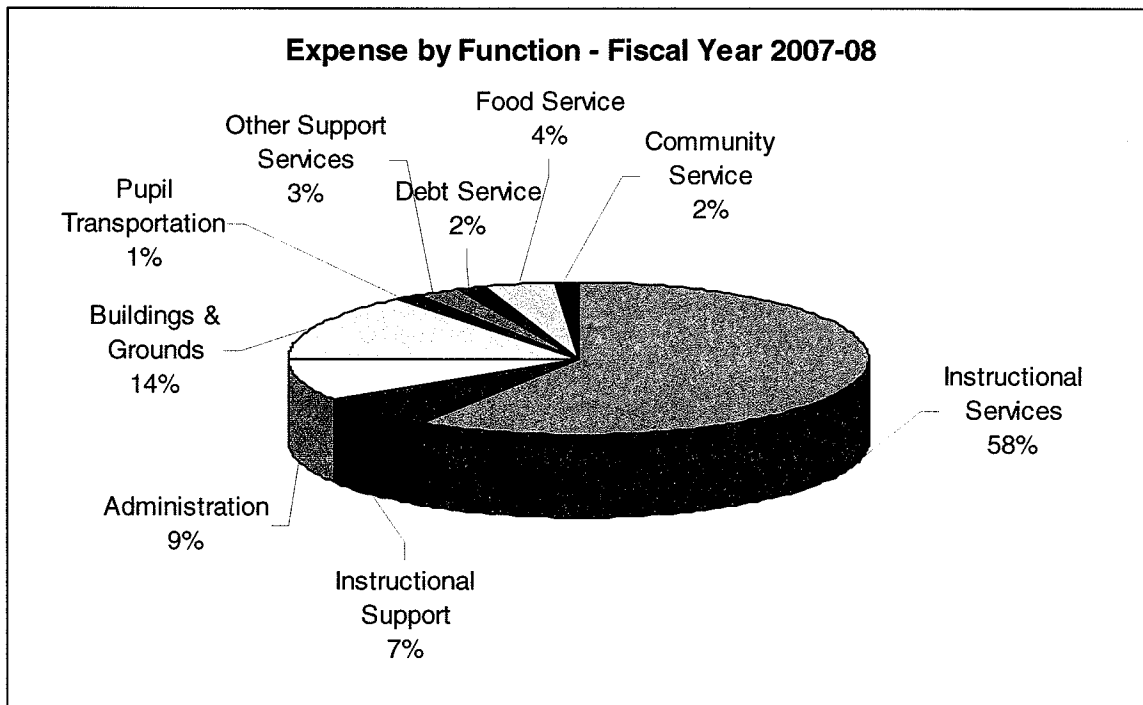
## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2008

### 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.



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

Table #4

<b>Net Cost of Government Activities</b>		
	Total Costs of Services	Net Costs of Services
Instruction	\$ 8,492,852	\$ 5,260,948
Pupil & Instructional Support Services	964,089	843,570
General & Building Administration	3,359,775	3,285,943
Transportation & Other Support Services	541,942	541,942
Interest and Fees	271,033	271,033
Food Service Program	526,188	69,204
Community Service	215,918	197,044
<b>Total</b>	<b>\$ 14,371,797</b>	<b>\$10,469,684</b>

- Total cost of all government activities was \$14,371,797 (Table #4 – Net Costs of Government Activities).
- General revenues of \$11.2 Million financed the net cost of government activities, which was primarily made up of property taxes (\$5.7 Million) and general state aid (\$5.2 Million). Miscellaneous and investment earnings accounted for \$311,951.

General Fund Budgetary Comparisons:

The District adopts an interim budget in June for the subsequent year which is presented to the electors at its Annual Meeting. Consistent with current state statutes and regulations, an updated budget is adopted in October to reflect the actual revenue cap and state aid certified October 15<sup>th</sup>. The General Fund budgetary data is reported on page 43.

Fund Balances

- The District shows a total for all fund balances of \$3,239,969 as of June 30, 2008. (See Note #III H. Governmental Activities Net Assets / Fund Balances).
- \$2,556,767 is in the fund balance for the General Fund [Fund 10]. The District utilizes this fund balance to fund short-term operations. This is advantageous to the District because it helps the District limit short-term borrowing activity and the interest earned provides additional spending capacity. This fund balance is 20% of the general and special education funds operating expenditures. A fund balance of this size is a positive sign of financial viability, enhances the District's bond rating and allows the District to respond to non-recurring economic needs.
- \$304,379 in the Debt Service Fund [Funds 38 and 39] is reserved to make the October and November interest and principal payment on long-term debt.
- The remaining fund balance of \$378,823 is in the Non-Major Governmental Funds and includes the Community Service program that runs the District's recreation department.

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

Government Activities

The improvement in the District's financial position can be credited to effective and conservative fiscal management.

- It has been the goal of the Board of Education to implement ongoing capital improvement projects for all District facilities. The District has a 10-year Maintenance Plan that was developed in 2005. This plan is an ongoing project list and is reviewed annually as part of the budget development process.
- Cash management and investment programs continue to be reviewed to maximize the earnings potential of temporarily idle cash.

Capital Assets and Debt Administration

Capital Assets

- The District has used a three year budget approach, which coordinates project scheduling to optimize efficiencies.
- In order to comply with GASB Statement #34, the District had a comprehensive inventory of all assets over \$3,000 and estimated depreciation in June, 2003. This has provided a beginning figure for the value of capital assets net of depreciation as of June 2003. Additions are identified through the purchasing process and deletions are identified when a bar coded asset is disposed.
- Note III C. to the financial statements provides a summary of all capital asset activity for the fiscal year including the year end balances.

Long Term Debt

- At year-end, the District had \$2,053,972 in Long Term Governmental Obligations. This includes \$1,756,071 of bonds, \$30,446 of capital leases, \$197,031 of net pension obligation and \$70,424 of accrued compensation. The District has an "A2" rating from Moody's Investor's Service, Inc. for outstanding debt.
- General Obligation 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 the use for annual debt service payments. St. Francis School District complies with all statutory requirements.
- Note III F. to the financial statements provides a summary of all long-term obligations activity for the fiscal year including year end balances.

## ST. FRANCIS SCHOOL DISTRICT

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

#### DECISIONS THAT WILL IMPACT THE FUTURE OF THE DISTRICT

- The State of Wisconsin continues to have budgetary difficulties and possible future budget deficits which could negatively affect funding at the district level. The result could have a negative affect on the district's programs.
- The State of Wisconsin has an open enrollment law that allows students to attend school districts of their choice with few restrictions. The state adjusts each district's general aid payment based on the number of students who transfer. The St. Francis School District has actively encouraged attendance by non-resident students through open enrollment. This school year through the open enrollment program 364 non-resident open enrollment students attended the St. Francis School District while 28 St. Francis School District residents attended other schools through the open enrollment program. Because 13% of the District's revenue comes from the open enrollment program, it is important for the District to maintain the quality of instruction and facilities to remain competitive.
- The State of Wisconsin has limited revenue growth through legislation. Revenue caps have been in place since the 1993–1994 school year, which requires local districts to pass a referendum to raise additional revenues. The District will continue to be challenged by the imposed revenue limit.
- The Chapter 220 program is usually discussed during the state legislative session and the viability of the program has been in question for some time. A future change to this program could have an impact on the St. Francis School District's local tax levy. The District currently has 97 students enrolled in the program and the District received \$919,383 for educating these students. If the District did not receive Chapter 220 aid, the revenue shortfall would have to be made up either through a reduction in programs or an increase to the tax levy. The District reviews the number of seats available for the Chapter 220 program annually.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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, please contact:

Julie A. Kelly, Business Manager  
St. Francis School District  
4225 S. Lake Drive  
St. Francis, WI 53235

Phone: 414-747-3912  
Fax: 414-482-7198  
Email: [jkelly@stfrancisschools.org](mailto:jkelly@stfrancisschools.org)

## **BASIC FINANCIAL STATEMENTS**

# ST. FRANCIS SCHOOL DISTRICT

## STATEMENT OF NET ASSETS June 30, 2008

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### ASSETS

Cash and investments	\$ 7,561,053
Accounts receivable	12,518
Due from other governments	606,661
Inventories and other assets	15,843
Capital Assets	
Land	15,000
Construction in progress	24,630
Other capital assets, net of depreciation	<u>6,407,879</u>
Total Assets	<u>14,643,584</u>

### LIABILITIES

Short term notes payable	3,100,000
Accounts payable and accrued liabilities	1,820,691
Unearned revenues	60,254
Noncurrent liabilities	
Due within one year	351,290
Due in more than one year	<u>1,702,682</u>
Total Liabilities	<u>7,034,917</u>

### NET ASSETS

Invested in capital assets, net of related debt	6,175,991
Restricted for debt service	279,540
Unrestricted	<u>1,153,136</u>

**TOTAL NET ASSETS** \$ 7,608,667

## ST. FRANCIS SCHOOL DISTRICT

### STATEMENT OF ACTIVITIES For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes In Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Instruction</b>				
Regular	\$ 5,472,955	\$ 2,076,898	\$ 266,957	\$ (3,129,100)
Vocational	299,643	-	17,592	(282,051)
Special education	1,992,023	101,891	742,038	(1,148,094)
Other	728,231	26,527	-	(701,704)
Total Instruction	8,492,852	2,205,316	1,026,588	(5,260,948)
<b>Support Services</b>				
Pupil services	471,861	-	-	(471,861)
Instructional support services	492,228	-	120,519	(371,709)
Administration	1,339,271	580	73,252	(1,265,439)
Buildings and grounds	2,020,504	-	-	(2,020,504)
Pupil transportation	181,640	-	-	(181,640)
Other support services	360,302	-	-	(360,302)
Interest and fees	271,033	-	-	(271,033)
Food service	526,188	293,977	163,007	(69,204)
Total Support Services	5,663,027	294,557	356,778	(5,011,692)
Community services	215,918	18,874	-	(197,044)
Total Activities	\$ 14,371,797	\$ 2,518,747	\$ 1,383,366	(10,469,684)
<b>General Revenues</b>				
<b>Taxes</b>				
Property taxes, levied for general purposes				4,420,943
Property taxes, levied for debt service				1,111,395
Property taxes, levied for community service				193,489
Intergovernmental revenues not restricted to specific program				5,170,935
Investment Income				160,043
Miscellaneous				151,908
Total General Revenues				11,208,713
<b>Change in Net Assets</b>				739,029
NET ASSETS - Beginning of Year				6,869,638
<b>NET ASSETS - END OF YEAR</b>				\$ 7,608,667

**ST. FRANCIS SCHOOL DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2008

	General Fund	Special Revenue Special Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>					
Cash and investments	\$ 6,809,719	\$ 50,255	\$ 304,379	\$ 396,700	\$ 7,561,053
Accounts receivable	1,070	-	-	-	1,070
Due from other governments	248,627	276,638	-	81,396	606,661
Due from other funds	72,376	-	-	-	72,376
Inventory	-	-	-	5,843	5,843
Other current assets	10,000	-	-	-	10,000
<b>TOTAL ASSETS</b>	<b>\$ 7,141,792</b>	<b>\$ 326,893</b>	<b>\$ 304,379</b>	<b>\$ 483,939</b>	<b>\$ 8,257,003</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Short term notes payable	\$ 3,100,000	\$ -	\$ -	\$ -	\$ 3,100,000
Accounts payable	43,405	13,170	-	16,287	72,862
Accrued salaries and wages	611,177	135,431	-	-	746,608
Payroll taxes and withholdings	111,943	27,483	-	9	139,435
Due to other governments	5,058	83,997	-	-	89,055
Due to other funds	-	-	-	60,928	60,928
Accrued interest payable	73,498	-	-	-	73,498
Deferred revenues	33,822	-	-	26,432	60,254
Other current liabilities	606,122	66,812	-	1,460	674,394
Total Liabilities	4,585,025	326,893	-	105,116	5,017,034
Fund Balances					
Reserved for debt service	-	-	304,379	-	304,379
Unreserved, reported in:					
General fund designated	2,556,767	-	-	-	2,556,767
Special revenue funds - undesignated	-	-	-	378,823	378,823
Total Fund Balances	2,556,767	-	304,379	378,823	3,239,969
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,141,792</b>	<b>\$ 326,893</b>	<b>\$ 304,379</b>	<b>\$ 483,939</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)	6,447,509
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)	(2,053,972)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(24,839)
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 7,608,667</b>

**ST. FRANCIS SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	General Fund	Special Revenue Special Education Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Local	\$ 4,696,909	\$ -	\$ 1,116,904	\$ 525,648	\$ 6,339,461
Interdistrict	1,943,127	88,435	-	-	2,031,562
Intermediate	20,139	13,455	-	-	33,594
State	5,289,732	535,438	-	29,529	5,854,699
Federal	210,851	265,965	-	222,786	699,602
Other	151,840	-	-	-	151,840
<b>Total Revenues</b>	<u>12,312,598</u>	<u>903,293</u>	<u>1,116,904</u>	<u>777,963</u>	<u>15,110,758</u>
<b>EXPENDITURES</b>					
Instruction					
Regular	5,391,225	-	-	-	5,391,225
Special education	-	1,992,023	-	-	1,992,023
Vocational	268,936	4,409	-	26,298	299,643
Other	728,231	-	-	-	728,231
<b>Total instruction</b>	<u>6,388,392</u>	<u>1,996,432</u>	<u>-</u>	<u>26,298</u>	<u>8,411,122</u>
Support Services					
Pupil services	357,902	113,959	-	-	471,861
Instructional support services	348,698	137,030	-	4,417	490,145
Administration	1,266,550	-	-	62,125	1,328,675
Buildings and grounds	1,763,402	-	-	-	1,763,402
Pupil transportation	57,646	123,994	-	-	181,640
Other support services	360,302	-	-	-	360,302
Debt service					
Principal	47,295	-	950,421	-	997,716
Interest and fees	109,001	-	168,894	-	277,895
Food service	-	-	-	523,336	523,336
<b>Total support services</b>	<u>4,310,796</u>	<u>374,983</u>	<u>1,119,315</u>	<u>589,878</u>	<u>6,394,972</u>
Community service	-	-	-	215,918	215,918
<b>Total Expenditures</b>	<u>10,699,188</u>	<u>2,371,415</u>	<u>1,119,315</u>	<u>832,094</u>	<u>15,022,012</u>
Excess (deficiency) of revenues over expenditures	1,613,410	(1,468,122)	(2,411)	(54,131)	88,746
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	1,468,122	-	66,738	1,534,860
Transfers out	(1,534,860)	-	-	-	(1,534,860)
Sale of fixed assets	68	-	-	-	68
<b>Total Other Financing Sources (Uses)</b>	<u>(1,534,792)</u>	<u>1,468,122</u>	<u>-</u>	<u>66,738</u>	<u>68</u>
<b>Net Change in Fund Balance</b>	78,618	-	(2,411)	12,607	88,814
<b>FUND BALANCES - Beginning of Year</b>	<u>2,478,149</u>	<u>-</u>	<u>306,790</u>	<u>366,216</u>	<u>3,151,155</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,556,767</u>	<u>\$ -</u>	<u>\$ 304,379</u>	<u>\$ 378,823</u>	<u>\$ 3,239,969</u>

## 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, 2008

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Net change in fund balances - total governmental funds	\$ 88,814
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	33,545
Depreciation is reported in the government-wide statements	(341,345)
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.	
Principal repaid	997,716
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	20,097
Net pension obligation	(66,660)
Accrued interest on debt	<u>6,862</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 739,029</u></b>

**ST. FRANCIS SCHOOL DISTRICT**

**STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS**

June 30, 2008

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	<u>Private Purpose Trust</u>	<u>Agency Student Activity</u>
<b>ASSETS</b>		
Cash and investments	\$ 9,965	\$ 83,037
<b>LIABILITIES</b>		
Due to student organizations	-	71,589
Due to other funds	-	11,448
Total Liabilities	-	\$ 83,037
<b>TOTAL NET ASSETS</b>	<b>\$ 9,965</b>	

**ST. FRANCIS SCHOOL DISTRICT**

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

For the Year Ended June 30, 2008

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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, 2008

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# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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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.

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

#### **B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

##### ***District-Wide Financial Statements (continued)***

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.

##### ***Fund Financial Statements***

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10% test is at least 5% of the corresponding total for all funds combined.
- c. In addition, any other fund that the District believes is particularly important to financial statement users may be reported as a major fund.

The District reports the following major governmental funds:

General Fund – accounts for the District's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Special Education Fund – accounts for resources used to provide special education services to District students.

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt.

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

#### **B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

##### ***Fund Financial Statements*** (continued)

The District reports the following nonmajor governmental funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Food Service Fund  
Donations Fund

Community Service Fund  
Cooperative Program Fund

In addition, the District reports the following fund types:

Private-purpose trust funds are used to report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.

Scholarship Fund

Agency funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Student Activity Fund

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

The District-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

As a general rule, the effect of interfund activity has been eliminated from the District-wide financial statements.

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)**

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

The aggregate amount of property taxes to be levied for school purposes is determined according to the provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing Districts for collection. Property taxes attach as an enforceable lien as of January 1.

Property tax calendar – 2007 tax roll:

Lien date and levy date	December 2007
Tax bills mailed	December 2007
Payment in full, or	January 31, 2008
First installment due	January 31, 2008
Second installment due	March 31, 2008
Final installment due	May 31, 2008
Tax sale 2007 delinquent real estate taxes	October, 2010

Property taxes are recognized in the fiscal year levied. The District considers all taxes as due prior to the end of the fiscal year even though taxpayers have an option to pay their taxes in installments up to July 31. The full amount of the tax levy is paid the District by the county prior to August 20 regardless of whether or not the taxpayers have made the required installment payments.

Property taxes are collected by the local town, village, or city until January 31. Real estate tax collections after that date are made by the applicable county, which assumes all responsibility for delinquent real estate taxes.

Intergovernmental aids and grants are recognized as revenues in the period the District is entitled to the resources and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are recorded as deferred revenues.

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)**

##### ***Fund Financial Statements*** (continued)

Revenues susceptible to accrual include property taxes, miscellaneous taxes, investment income, and public charges for services that meet the availability criteria described above. Other general revenues such as student fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

##### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

##### ***1. Deposits and Investments***

Investment of District funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY* (continued)

##### *1. Deposits 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. Investment income on commingled investments of district accounting funds is allocated to the general fund.

PMA Financial Network, Inc. is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network, Inc. The WISC is not registered with the Securities and Exchange Commission, but invests its funds in accordance with applicable Wisconsin statutes. The WISC has the characteristics of a mutual fund and accordingly, reports the value of its underlying assets at fair value. At June 30, 2008, the District's share of the WISC's assets was substantially equal to the amount reported.

The District has adopted an investment policy but that policy does not address certain investment risks. The policy contains the following guidelines:

The fiscal affairs manager with the advice of superintendent and school district treasurer shall act for the school board and its officers in managing investments of district monies, may execute investment documents in the district's name, and may confer when necessary with consultants regarding investment decisions. District monies shall be deposited as investments in any institution or security specified in Wisconsin Statutes 66.04(2), except that no more than \$500,000 shall be invested in any one bank, credit union, or savings institution. District monies without limit may be deposited as investments in the Local Government Investment Pool and/or Wisconsin School District Liquid Asset Fund operated by the State Treasurer of Wisconsin as a service to local municipalities. Twice each year, and upon demand by any school board member, the fiscal affairs manager shall report on monies earned through investing.

The general fund and debt service fund checking accounts shall be placed at a board-designated depository.

Once each year in the months of September or October a short-term loan to meet current fiscal year expenditures of the district shall be effected in anticipation of property taxes and state aids to be received by the district. The total amount borrowed shall not exceed one-half the estimated receipts for the operation and maintenance of the school district for the fiscal year in which the borrowing occurs. The interest rate for such loan shall be formally bid among banks and financial institutions in Wisconsin and other states.

See Note III.A. for further information.

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

#### **2. Receivables**

General accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year end.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

#### **3. Inventories**

The District has recorded certain food service fund items as inventory. All other governmental fund inventories are charged to expenditure accounts when purchased. Year-end inventory was not significant.

#### **4. Capital Assets**

##### ***District –Wide Statements***

In the district-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the District as assets with an initial cost of more than \$3,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or their estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets associated with specific functions is allocated to those functions in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 Years
Land improvements	20 Years
Furniture and equipment	5 – 20 Years

##### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

#### **5. Other Assets**

Other assets consist of a deposit made with Employee Benefits Corporation for the District's flexible spending program.

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)*

##### *6. Compensated Absences*

The District's policy allows certain full-time employees, excluding teachers, to earn varying amounts of vacation pay for each year employed, accumulating to a maximum vested amount of 25 days. These employees also earn varying amounts of sick pay accumulating to a maximum amount of 70 days. Accumulated sick pay vests at age 55 for custodial employees with at least 10 years of service and at age 62 for clerical employees with at least 10 years of service. Upon retirement or termination of employment, the employee is entitled to a cash payment for one-half of vested vacation or sick pay. The value of this benefit payable in future fiscal periods amounting to \$70,424 is recorded in the statement of net assets.

##### *7. Long-Term Obligations*

All long-term obligations to be repaid from District resources are reported as liabilities in the District-wide statements. The long-term obligations consist primarily of notes and bonds payable, capital leases and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources, and payments of principal and interest are reported as expenditures.

##### *8. Claims and Judgments*

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the District-wide statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2008

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)**

##### **9. Equity Classifications**

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

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

###### ***Fund Statements***

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance includes funds which have been legally segregated for specific purposes or are unavailable to finance current expenditures. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicates it is available for appropriation.

Fiduciary fund equity is classified as held in trust for scholarships on the statement of fiduciary net assets. Various donor restrictions apply, including authorizing and spending trust income, and the District believes it is compliance for all significant restrictions.

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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### NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C.

Operating budgets are adopted each fiscal year for all Governmental Funds in accordance with section 65.90 of the Wisconsin Statutes. The legally adopted budget and budgetary expenditure control is exercised at the function level in the General Fund and at the fund level for all other funds. Reported budget amounts are as amended by School Board resolution. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year.

The following General Fund subfunctions had an excess of actual expenditures over budget for the year ended June 30, 2008.

Function	Excess Expenditures
Pupil services	\$ 21,635
Instructional support services	17,623
Buildings and grounds	312,092
Transfers out	110,643

The following individual funds had an excess of actual expenditures and other financing uses over appropriations for the year ended June 30, 2008:

Fund	Excess Expenditures
Debt Service Fund	\$ 16
Donations Trust Fund	1,570
Food Services Fund	43,848
Community Service Fund	6,925

#### B. LIMITATION OF SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase that is determined by the legislature.

This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

**ST. FRANCIS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE III – DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The District's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risk
Wisconsin Investment Series Cooperative (WISC)	\$ 7,653,929	\$ 8,209,678	Credit, Interest rate
Petty Cash	126	-	N/A
<b>Total Deposits and Investments</b>	<u>\$ 7,654,055</u>	<u>\$ 8,209,678</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 7,561,053		
Per statement of net assets - Fiduciary Funds			
Private Purpose Trust Fund	9,965		
Agency Funds	83,037		
<b>Total Cash and Investments</b>	<u>\$ 7,654,055</u>		

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2008, the District's investments in WISC were not rated.

**Interest Rate Risk**

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of June 30, 2008, the District's investments were as follows:

Specific Investment	Maturity (Days)	Fair Value
WISC	0	<u>\$ 8,209,678</u>

See Note I D. 1. for further information on deposits and investments.

**B. RECEIVABLES**

All receivables as of year end are expected to be collected within one year and no allowance for uncollectible accounts has been recorded.

**ST. FRANCIS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE III – DETAILED NOTES ON ALL FUNDS (continued)**

**C. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Construction in progress	-	24,630	-	24,630
Total Capital Assets Not Being Depreciated	<u>15,000</u>	<u>24,630</u>	<u>-</u>	<u>39,630</u>
Capital Assets Being Depreciated:				
Buildings	11,767,211	-	-	11,767,211
Land improvements	1,131,608	-	-	1,131,608
Furniture and equipment	889,627	8,915	-	898,542
Total Capital Assets Being Depreciated	<u>13,788,446</u>	<u>8,915</u>	<u>-</u>	<u>13,797,361</u>
Total capital assets	<u>13,803,446</u>	<u>33,545</u>	<u>-</u>	<u>13,836,991</u>
Less: Accumulated Depreciation for				
Buildings	(5,477,596)	(235,588)	-	(5,713,184)
Land improvements	(1,102,571)	(2,095)	-	(1,104,666)
Furniture and equipment	(467,970)	(103,662)	-	(571,632)
Total Accumulated Depreciation	<u>(7,048,137)</u>	<u>(341,345)</u>	<u>-</u>	<u>(7,389,482)</u>
Net Capital Assets Being Depreciated	<u>6,740,309</u>	<u>(332,430)</u>	<u>-</u>	<u>6,407,879</u>
 Total Capital Assets, Net of Accumulated Depreciation	 <u>\$ 6,755,309</u>	 <u>\$ (307,800)</u>	 <u>\$ -</u>	 <u>\$ 6,447,509</u>

Depreciation expense was charged to District functions as follows:

Instruction	
Regular	\$ 37,796
Support services	
Instructional	2,083
Building and grounds	281,732
Administration	12,702
Food services	<u>7,032</u>
 Total Depreciation Expense	 <u>\$ 341,345</u>

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

### NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

#### **D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts. These amounts are all due within one year.

Receivable Fund	Payable Fund	Amount
General Fund	Agency Fund- Student Activity Fund	\$ 11,448
General Fund	Cooperative Program Fund	<u>60,928</u>
		<u>\$ 72,376</u>

The principal purpose of the above interfunds amounts is to temporarily finance expenditures until all revenue sources are received.

For the Statement of Net Assets, interfund balances which are owed within the governmental activities are netted and eliminated.

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principl Purpose
Special Education Fund	General Fund	\$ 1,468,122	To eliminate deficit fund balance
Food Service Fund	General Fund	64,776	To eliminate deficit fund balance
Cooperative Program Fund	General Fund	<u>1,962</u>	To eliminate deficit fund balance
	Total Transfers	<u>\$ 1,534,860</u>	

The above transfers use unrestricted revenues collected in the General fund to finance Special Education and Food Service program costs and the Cooperative Program Fund costs in accordance with budgetary authorizations and Wisconsin Department of Public Instruction directives.

For the Statement of Activities, interfund transfers between governmental activities are netted and eliminated.

#### **E. SHORT TERM NOTES PAYABLE**

The District issues tax and revenue anticipation notes in advance of property tax collections. The fiscal year begins July 1, but tax collections from the municipalities are received beginning the following January. The District's short-term debt activity for the year ending June 30, 2008, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Tax and Revenue Anticipation Note	<u>\$ 2,800,000</u>	<u>\$ 3,100,000</u>	<u>\$ 2,800,000</u>	<u>\$ 3,100,000</u>

The current tax and revenue anticipation note is due on October 29, 2008 and has an interest rate of 3.54%. Total short-term interest expended during the year was \$109,001.

**ST. FRANCIS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE III – DETAILED NOTES ON ALL FUNDS (continued)**

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Bonds and Notes Payable:</b>					
General obligation debt	\$ 2,600,000	\$ -	\$ 920,000	\$ 1,680,000	\$ 150,000
EPA bonds	106,492	-	30,421	76,071	30,421
Sub-totals	<u>2,706,492</u>	<u>-</u>	<u>950,421</u>	<u>1,756,071</u>	<u>180,421</u>
<b>Other Liabilities</b>					
Capital leases	77,741	-	47,295	30,446	30,445
Net Pension Obligation	130,371	133,127	66,467	197,031	70,000
Vested compensated absences	90,521	-	20,097	70,424	70,424
Sub-totals	<u>298,633</u>	<u>133,127</u>	<u>133,859</u>	<u>297,901</u>	<u>170,869</u>
<b>Total Long-Term Liabilities</b>	<b><u>\$ 3,005,125</u></b>	<b><u>\$ 133,127</u></b>	<b><u>\$ 1,084,280</u></b>	<b><u>\$ 2,053,972</u></b>	<b><u>\$ 351,290</u></b>

**General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the District and will be retired by future property tax levies accumulated by the Debt Service Fund.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed 10% of the equalized value of taxable property within the District's jurisdiction. The debt limit as of June 30, 2008, was \$66,802,880. Total general obligation debt outstanding at year end was \$1,756,071.

<u>Type</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtness</u>	<u>Balance 6/30/08</u>
Refunding bonds	12/15/02	4/1/15	1.55-4.30	\$ 1,555,000	\$ 165,000
	8/1/06	4/1/26	5.73-6.05	1,590,000	1,515,000
EPA bonds	6/1/91	5/30/10	n/a	547,572	76,071
<b>Total General Obligation Debt</b>					<b><u>\$ 1,756,071</u></b>

Total interest expense on the District-wide statement of activities is \$271,033. Interest and fiscal charges paid during the year was \$168,894 which is included in the debt service function in the fund financial statements.

**ST. FRANCIS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE III – DETAILED NOTES ON ALL FUNDS (continued)**

**F. LONG-TERM OBLIGATIONS (continued)**

**General Obligation Debt (continued)**

Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 180,421	\$ 94,731	\$ 275,152
2010	145,420	88,666	234,086
2011	70,230	84,376	154,606
2012	60,000	81,224	141,224
2013	60,000	77,786	137,786
2014-2018	365,000	331,677	696,677
2019-2023	495,000	208,423	703,423
2024-2026	<u>380,000</u>	<u>46,888</u>	<u>426,888</u>
Totals	<u>\$ 1,756,071</u>	<u>\$ 1,013,771</u>	<u>\$ 2,769,842</u>

Estimated payments of compensated absences and capital leases are not included in the debt service requirement schedules. The compensated absences and capital leases liabilities are attributable to governmental activities and will be liquidated primarily by the General Fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The District believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

**Defeasance of Debt**

In June 2008, the District defeased a portion of the 2002 general obligation refunding bonds by placing funds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2008, \$600,000 of bonds outstanding are considered defeased. The bonds are due in varying amounts through April 1, 2015.

**G. LEASE DISCLOSURES**

**Lessee – Capital Leases**

The District leases office equipment which has been capitalized for financial reporting purposes. The following is a schedule by years of the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2008:

<u>Year Ending June 30</u>	
2009	\$ 33,575
Less: Amount representing interest	<u>(3,129)</u>
Present Value of Minimum Lease Payments	<u>\$ 30,446</u>

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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### NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

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#### *H. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES*

Net assets reported on the District-wide Statement of Net Assets at June 30, 2008 includes the following:

Invested in capital assets, net of related debt	
Land	\$ 15,000
Construction in progress	24,630
Capital assets, net of accumulated depreciation	6,407,879
Less: Related long-term debt outstanding (net of unspent proceeds)	<u>(271,518)</u>
Total Invested in Capital Assets, Net of Related Debt	6,175,991
Restricted for debt service	279,540
Unrestricted	<u>1,153,136</u>
 Total Governmental Activities Net Assets	 <u>\$ 7,608,667</u>

Governmental fund balances reported on the fund financial statements at June 30, 2008 include the following:

<b>Reserved</b>	
Major Funds	
Debt Service Fund	
Reserved for debt service	\$ <u>304,379</u>
<b>Unreserved</b>	
Major Funds	
General Fund	
Unreserved - designated for working capital	2,556,767
Nonmajor Funds	
Community Service Fund	
Unreserved - undesignated	362,821
Donations Fund	
Unreserved - undesignated	<u>16,002</u>
Total Unreserved	<u>2,935,590</u>
 Total Fund Balances	 <u>\$ 3,239,969</u>

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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### NOTE IV – EXPLANATION OF CERTAIN DIFFERENCES

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#### *GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS*

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$ 15,000
Construction in progress	24,630
Buildings	11,767,211
Land improvements	1,131,608
Furniture and equipment	898,542
Less: accumulated depreciation	<u>(7,389,482)</u>
Adjustment for Capital Assets	<u>\$ 6,447,509</u>

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities—both current and long-term—are reported in the Statement of Net Assets.

Long term debt	\$ 1,756,071
Capital leases	30,446
Net pension obligation	197,031
Compensated absences	<u>70,424</u>
Combined Adjustment	<u>\$ 2,053,972</u>

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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### NOTE V – OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM**

All eligible District employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the General and Teacher categories are required by statute to contribute 6.0% of their salary to the plan. Employers generally 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 District employees covered by the system for the year ended June 30, 2008 was \$6.7 million; the employer's total payroll was \$6.8 million. The total required contribution for the year ended June 30, 2008 was \$715,963 or 10.6% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending June 30, 2007 and 2006 were \$676,560 or 10.5% of covered payroll and \$638,408 or 10.3% of covered payroll, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 are entitled to receive a retirement benefit. Employees may retire at age 55 and receive actuarially reduced benefits. Retirement benefits are calculated as 1.6% of final average earnings for each year of creditable service. The factors influencing the benefit are: 1) final average earnings, 2) years of creditable service, and 3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System 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.

As of June 30, 2008, the District did not have any System pension-related debt.

#### **B. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**

##### ***Plan Description***

In accordance with its collective bargaining agreement and certain employment agreements, the District provides pension benefits through a non-contributory single employer defined pension plan covering eligible teachers. Eligible employees attaining the age of 56 and 20 years of full-time equivalent service are entitled to a retirement benefit equal to \$1,300 times the number of years of service, not to exceed 30 years, plus one-half of accumulated sick leave paid as a cash payment over 4 years. This amount is contributed directly to the former employee.

**ST. FRANCIS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE V – OTHER INFORMATION (continued)**

**B. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (continued)**

***Funding Policy***

The contribution requirements of plan members and the District are established through the collective bargaining agreement. The District is required to provide annual contributions on a pay-as-you-go basis. Active plan members are not required to contribute.

***Annual Pension Cost and Net Pension Obligation***

The District's annual pension cost and net pension obligation to the plan for the current year were as follows:

Annual required contribution	\$ 133,127
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>133,127</u>
Contributions made	<u>(66,467)</u>
Increase (decrease) in net pension obligation	66,660
Net pension obligation - beginning of year	<u>130,371</u>
Net pension obligation - end of year	<u>\$ 197,031</u>

The annual required contribution for the current year was determined as part of the July 1, 2005 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.75% discount rate and (b) projected salary increases of 3.0% per year. The assumptions did not include postretirement benefit increases. The unfunded actuarial accrued liability is being amortized over twenty (20) years, using a level dollar amortization method.

Three Year Trend Information

Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/06	\$ 133,127	51%	\$ 65,745
6/30/07	133,127	51%	130,371
6/30/08	133,127	50%	197,031

***Funded Status and Funding Progress***

The funded status as of July 1, 2005, the most recent actuarial valuation date, was 0 percent funded. The actuarial accrued liability for benefits was \$841,596, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$841,596. The covered payroll (annual payroll of active employees covered by the plan) was \$5,122,070, and the ratio of the UAAL to the covered payroll was 16%

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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### NOTE V – OTHER INFORMATION (continued)

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#### **B. SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (continued)**

##### ***Funded Status and Funding Progress (continued)***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and compensation trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

##### ***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used 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.

In the July 1, 2005 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.75 percent rate of return (net of administrative expenses) and a projected salary increase of 3 percent per year. The actuarial value of the plan assets was not determined because there were no plan assets as of the date of the actuarial valuation. The plan's unfunded actuarial liability is being amortized using the level dollar amortization method. The remaining amortization period at June 30, 2008 was 27 years.

#### **C. OTHER POST-EMPLOYMENT BENEFITS**

The District provides post-employment benefits to teachers and certain administrators who served the District with at least 20 full-time equivalent years of service and are at least 56 years of age when they retire. The benefit is equal to \$1,300 times the number of years of service, not to exceed 30 years, plus one-half of accumulated sick leave paid in health insurance benefits. The entire cost is paid by the District; funding comes from the current year budget. The contributions are funded on a pay as you go basis. The number of participants currently eligible to receive benefits is one hundred fifteen.

Benefits that require payments in future fiscal years though related to current received services are recorded as expenditure in the period or periods in which they are paid or normally payable rather than the period in which they are incurred. The cost of these post-employment benefits was approximately \$170,000 and is expense/expenditure in both the District-wide and fund financial statements. The estimated future liability at current costs for those individuals covered by this benefit is approximately \$1.8 million. This liability is considered an other post-employment benefit and in accordance with generally accepted accounting principals has not been reported as a long-term obligation in the District's Statement of Net Assets.

# ST. FRANCIS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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### NOTE V – OTHER INFORMATION (continued)

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#### ***D. RISK MANAGEMENT***

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

#### ***E. COMMITMENTS AND CONTINGENCIES***

From time to time, the District becomes party to claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position.

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The District has construction commitments of approximately \$161,500 related to construction in progress at year end. It is anticipated that the construction will be completed during the 2009 fiscal year.

At June 30, 2008, the District had commitments under a lease agreement for which the equipment has not been received. This agreement provides for principal and interest payments in the amount of \$54,877 per year through June 30, 2012. The lease agreement payments are subject to adjustments resulting from changes in the actual equipment to be leased and other factors.

**ST. FRANCIS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2008

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**NOTE V – OTHER INFORMATION (continued)**

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**F. SELF INSURANCE**

On January 1, 1990, the District established a self-funded health benefit plan for its employees. The District also established a self-funded dental benefit plan effective July 1, 1993. The Plan Administrators, Beneco and Delta Dental are responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is responsible for monthly administrative and stop loss insurance fees. The Plans report on a fiscal year ending December 31. Accounting and budgeting requirements for the Plans are established by the Wisconsin Department of Public Instruction. The Plans are accounted for in the General Fund of the District.

As part of the health care coverage of the Plan, the District purchases stop-loss coverage which pays claims in excess of \$50,000 for both 2008 and 2007 per individual and/or 125% of the annual estimated claims as provided by Allianz. The aggregate annual claim limit was \$1,685,485 for 2008 and \$1,558,552 for 2007. The District has no stop-loss coverage for dental care coverage of the Plan. At June 30, 2008, the District has reported a liability of \$650,000 which represents reported and unreported health and dental claims which were incurred on or before June 30, 2008, but were not paid by the District as of that date. This amount is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the claims liability amount in 2008 and 2007 were:

<u>Year</u>	<u>Beginning of Fiscal Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year</u>
2007	\$ 796,599	\$ 1,558,862	\$ 1,476,241	\$ 879,220
2008	879,220	1,380,446	1,609,666	650,000

**G. SUBSEQUENT EVENT**

In November 2008, the District approved the issuance of general obligation bonds in the amount of \$14.9 million for the purpose of paying the cost of constructing a science lab addition to the high school, various repair, replacement and improvement projects at the high school and elementary schools, and to acquire equipment and furnishings.

**REQUIRED SUPPLEMENTARY INFORMATION**

## ST. FRANCIS SCHOOL DISTRICT

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

(Unaudited)

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local	\$ 4,566,181	\$ 4,701,174	\$ 4,696,909	\$ (4,265)
Interdistrict	2,235,910	1,943,127	1,943,127	-
Intermediate	40,000	40,000	20,139	(19,861)
State	5,261,859	5,307,389	5,289,732	(17,657)
Federal	262,524	220,909	210,851	(10,058)
Other Revenues	2,000	2,000	151,840	149,840
Total Revenues	<u>12,368,474</u>	<u>12,214,599</u>	<u>12,312,598</u>	<u>97,999</u>
<b>EXPENDITURES</b>				
Instruction				
Regular	5,541,511	5,512,857	5,391,225	121,632
Vocational	278,766	280,531	268,936	11,595
Other	680,432	736,257	728,231	8,026
Total instruction	<u>6,500,709</u>	<u>6,529,645</u>	<u>6,388,392</u>	<u>141,253</u>
Support Services				
Pupil services	302,418	336,267	357,902	(21,635)
Instructional support services	309,415	331,075	348,698	(17,623)
Administration	1,401,929	1,351,838	1,266,550	85,288
Buildings and grounds	1,451,310	1,451,310	1,763,402	(312,092)
Pupil transportation	69,500	69,500	57,646	11,854
Other support services	566,276	559,330	360,302	199,028
Debt service				
Principal	63,000	63,000	47,295	15,705
Interest and fees	125,000	123,000	109,001	13,999
Total support services	<u>4,288,848</u>	<u>4,285,320</u>	<u>4,310,796</u>	<u>(25,476)</u>
Total Expenditures	<u>10,789,557</u>	<u>10,814,965</u>	<u>10,699,188</u>	<u>115,777</u>
Excess of revenues over expenditures	1,578,917	1,399,634	1,613,410	213,776
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,579,417)	(1,424,217)	(1,534,860)	(110,643)
Sale of fixed assets	500	500	68	(432)
Capital leases	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,578,917)</u>	<u>(1,423,717)</u>	<u>(1,534,792)</u>	<u>(111,075)</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ (24,083)</u>	<u>78,618</u>	<u>\$ 102,701</u>
FUND BALANCES - Beginning of Year			<u>2,478,149</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 2,556,767</u>	

See accompanying notes to required supplementary information

## ST. FRANCIS SCHOOL DISTRICT

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - SPECIAL EDUCATION FUND (Unaudited)

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interdistrict	\$ 150,000	\$ 160,000	\$ 88,435	\$ (71,565)
Intermediate	30,000	30,000	13,455	(16,545)
State	513,000	539,880	535,438	(4,442)
Federal	275,213	343,062	265,965	(77,097)
<b>Total Revenues</b>	<u>968,213</u>	<u>1,072,942</u>	<u>903,293</u>	<u>(169,649)</u>
<b>EXPENDITURES</b>				
Instruction				
Regular	4,384	4,384	-	4,384
Vocational	4,409	4,409	4,409	-
Special education	1,924,398	2,003,997	1,992,023	11,974
<b>Total instruction</b>	<u>1,933,191</u>	<u>2,012,790</u>	<u>1,996,432</u>	<u>16,358</u>
Support Services				
Pupil services	173,729	172,859	113,959	58,900
Instructional support services	175,510	175,510	137,030	38,480
Pupil transportation	111,000	111,000	123,994	(12,994)
<b>Total support services</b>	<u>460,239</u>	<u>459,369</u>	<u>374,983</u>	<u>84,386</u>
<b>Total Expenditures</b>	<u>2,393,430</u>	<u>2,472,159</u>	<u>2,371,415</u>	<u>100,744</u>
Excess (deficiency) of revenues over expenditures	(1,425,217)	(1,399,217)	(1,468,122)	(68,905)
<b>OTHER FINANCING SOURCES</b>				
Transfer in	1,425,217	1,399,217	1,468,122	68,905
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES - Beginning of Year			-	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ -</u>	

