

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

BASIC FINANCIAL STATEMENTS
and
**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

For the Year Ended June 30, 2010

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 9
BASIC FINANCIAL STATEMENTS	
District-wide Financial Statements:	
Statement of Net Assets	10 - 11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Assets	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15 - 16
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	17 - 18
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Special Education Fund	20
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	21
Statement of Net Assets - Proprietary Funds	22
Statement of Revenues, Expenditures, and Changes in Net Assets - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Statement of Fiduciary and Plan Net Assets	25
Statement of Changes in Fiduciary and Plan Net Assets	26
Notes to the Basic Financial Statements	27 - 49

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress for Postemployment Benefit Plans	51
SUPPLEMENTAL FINANCIAL INFORMATION	
Schedule of Changes in Assets and Liabilities - Pupil Activity Agency Funds	53
Analysis of Local Levy	54

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the School Board
Evansville Community School District
Evansville, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Evansville Community School District (the district) as of and for the year ended June 30, 2010, which collectively comprise the district's basic financial statements as identified in the accompanying table of contents. These financial statements are the responsibility of the district's board of education and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the district's board of education and management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010, on our consideration of the district's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Funding Progress for Postemployment Benefits on pages 3 to 9, and 51 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the district's basic financial statements. The supplemental schedules listed on pages 53 to 54 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the district. The supplemental financial information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Madison, Wisconsin
November 22, 2010

Smith & Gesteland, LLP
SMITH & GESTELAND, LLP

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010

This discussion and analysis of the Evansville Community School District's financial information provides an overall review of financial activities for the fiscal year.

FINANCIAL HIGHLIGHTS

- The assets of the school district exceeded liabilities at the close of the fiscal year by \$663,275. Of this amount, \$1,337,185 represents amounts invested in capital assets, net of related debt and \$877,999 is restricted for various purposes. The remaining negative \$1.55 million is unrestricted.
- Net assets for the most recent fiscal year increased by \$470,727 over the prior year. This change includes an increase of \$471,015 in governmental activities and a decrease of \$288 in business type activities. The increase in assets for governmental activities is primarily due to the board's effort to increase the General Fund 10 fund balance. The decrease in the net assets for business activities reflects a decision by the district to use a portion of Fund 50 fund balance to upgrade equipment.
- Total long-term debt obligations decreased by approximately \$1,215,000 from the prior year.
- Total net capital assets decreased by \$722,941, primarily due to the district's depreciation expense of \$832,482 being greater than the asset additions of \$109,541.
- In governmental type funds, total fund balance increased by \$146,508. The General Fund (Fund 10) fund balance increased \$168,240 the Debt Service Fund (Fund 30) fund balance decreased \$30,561 and the Other Cooperative Program Fund (Fund 90) increased \$8,829.
- At the end of the current fiscal year, fund balance for the general fund was \$2,189,046 or a total of 13.3 % of total general expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The district's basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other supplementary information to the basic financial statements is provided.

District wide financial statements

- The district-wide financial statements are the *statement of net assets* and *statement of activities*. These statements present an aggregate view of the district's finances in a manner similar to private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called *governmental activities*, from functions that are intended to recover all or a significant portion of costs through user fees and charges called *business type activities*.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010

- The *statement of net assets* presents information on all of the district's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.
- The *statement of activities* presents information showing how the district's net assets changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.

Fund financial statements

- The district also produces *fund financial statements*. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The district, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a district's near-term financing requirements.
- There are two fund financial statements, the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* (operating statement). Generally, fund statements focus on near-term inflows and outflows of spend-able resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the district-wide statements it is useful to make comparison between the information presented. This helps readers better understand the long-term implication of the government's near-term financial decisions. A reconciliation to facilitate the comparison of the Statement of Net Assets to the Governmental Funds Balance Sheet is presented at the bottom of the governmental funds statement. A separate statement to reconcile the Statement of Activities to the governmental funds operating statement is presented.
- The district has three kinds of funds: *governmental, proprietary* and *fiduciary*. *Governmental funds* include the district's five regular funds (general, special education, debt service, community service, and cooperatives) and individual capital project funds as needed. In the current fiscal year the district has one capital projects fund. The district has one *proprietary* fund (the food service fund) and three *fiduciary funds* (an agency fund for student and parent organizations, a trust fund serving scholarship recipients, and an employee benefit trust fund for post-employment benefits).
- Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* for the general fund, special education fund, debt service fund, and capital projects fund as these are considered to be major funds. The only fund that is not a major fund is the cooperatives fund.
- The proprietary fund statements for the district's food service program are prepared on the same basis of accounting and measurement focus as the district-wide financial statements. In addition, the district provides a *statement of cash flows* for the proprietary funds.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2010

- The district serves as a trustee, or *fiduciary*, for student and parent organizations. The assets of these organizations do not directly benefit nor are under the direct control of the district. The district's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. *Fiduciary* activities are excluded from the district-wide financial statements because the district cannot use these assets to finance its operations.
- The district adopts an annual appropriation budget for its general fund and special education fund. The district also adopts an appropriation budget for the capital projects fund when projects are in process. Budgetary comparison statements have been provided to demonstrate budget compliance.

Notes to the financial statements

The *notes to the financial statements* provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

Changes in revenues and expenses for Fiscal 2010 as compared to Fiscal 2009 are as follows:

	<u>2010</u>	<u>2009</u>	<u>Increase</u>
Expenses:			
General operating	\$ 16,463,907	\$ 16,271,363	\$ 192,544
Special education	3,646,183	3,322,939	323,244
Debt service	2,457,498	2,341,225	116,273
Food service	692,116	695,947	(3,831)
Other governmental	105,136	95,150	9,986
Revenues:			
Local sources	7,834,818	7,942,755	(107,937)
Intermediate sources	1,916	21,284	(19,368)
State sources	13,495,106	12,232,276	1,262,830
Federal sources	1,765,526	2,138,036	(372,510)
Other	<u>413,694</u>	<u>354,672</u>	<u>59,022</u>
Increase (Decrease) in fund balances	<u>\$ 146,220</u>	<u>\$ (37,601)</u>	<u>\$ 183,821</u>

The 2009-2010 general operating expenses increased 1.2% from 2008-2009. This increase is less than previous years because of lower heat costs, positive open enrollment adjustments, and savings in personnel costs as a result of several medical and maternity leaves.

Special education costs increased 9.7%, which is fairly typical. At the beginning of the 2009-2010 school years, the district added four part-time educational assistant, a full-time intermediate school special education teacher, and increased speech and language and social work positions.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010

Debt service expenditures increased slightly, which is expected based on the debt payment schedules.

Food service expenditures decreased because of lower food costs.

The increase in state sources and decrease in federal sources is a result of a portion of the equalization aid recorded as federal stimulus revenue. The portion of aid considered federal stimulus revenue decreased by \$730,438 for 2009-2010. Overall, the equalization aid increased \$498,649, which is partly a result of the State of Wisconsin's continued commitment to two-thirds funding for public schools.

Below is the Condensed Statement of Net Assets:

	Condensed Statement of Net Assets						
	Governmental Activities		Business-Type Activities		Total		% Change
	2010	2009	2010	2009	2010	2009	
Current assets	\$ 7,723,471	\$ 9,491,820	\$ 115,971	\$ 134,773	\$ 7,839,442	\$ 9,626,593	-18.6%
Capital assets	25,366,416	26,096,329	95,612	88,640	25,462,028	26,184,969	-2.8%
Other assets	230,616	254,269			230,616	254,269	-9.3%
Total assets	33,320,503	35,842,418	211,583	223,413	33,532,086	36,065,831	-7.0%
Current liabilities	6,965,158	8,740,980	32,258	43,800	6,997,416	8,784,780	-20.3%
Long-term debt outstanding	25,871,395	27,088,503			25,871,395	27,088,503	-4.5%
Total liabilities	32,836,553	35,829,483	32,258	43,800	32,868,811	35,873,283	-8.4%
Net assets	\$ 483,950	\$ 12,935	\$ 179,325	\$ 179,613	\$ 663,275	\$ 192,548	-244.5%
Invested in capital assets, net of related debt	\$ 1,241,573	\$ 733,604	\$ 95,612	\$ 88,640	\$ 1,337,185	\$ 822,244	62.6%
Restricted	794,286	816,019	83,713	90,973	877,999	906,992	-3.2%
Unrestricted	(1,551,909)	(1,536,688)			(1,551,909)	(1,536,688)	1.0%
Total net assets	\$ 483,950	\$ 12,935	\$ 179,325	\$ 179,613	\$ 663,275	\$ 192,548	-244.5%

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010

Below is the Condensed Statement of Changes in Net Assets:

Condensed Statement of Changes in Net Assets								
	Governmental Activities	%	Business-Type Activities	%	Total	%	Total	%
	2010		2010		2010		2009	
Revenues								
Program revenues								
Charges for services	\$ 459,660	2.0%	\$ 439,687	63.6%	\$ 899,347	3.8%	\$ 960,925	4.2%
Operating grants and contributions	2,050,826	8.9%	252,141	36.4%	2,302,967	9.7%	1,989,972	8.7%
Capital grants								
General revenues								
Property taxes	7,204,208	31.4%			7,204,208	30.5%	7,119,194	31.2%
General state aid	12,224,402	53.4%			12,224,402	51.9%	10,995,315	48.3%
ARRA State Fiscal Stabilization	744,490	3.2%			744,490	3.2%	1,413,689	6.2%
Other	246,251	1.1%			246,251	1.0%	330,259	1.4%
Total revenues	22,929,837	100.0%	691,828	100.0%	23,621,665	100.0%	22,809,354	100.0%
Expenses								
Instruction	12,851,704	57.2%			12,851,704	55.5%	12,507,096	54.5%
Pupil services	1,425,997	6.3%			1,425,997	6.2%	1,292,798	5.6%
Instructional staff services	1,038,952	4.6%			1,038,952	4.5%	998,058	4.4%
Administration and business	1,605,932	7.2%			1,605,932	6.9%	1,567,077	6.8%
Operations and maintenance	1,925,899	8.6%			1,925,899	8.3%	2,031,540	8.9%
Pupil transportation	708,787	3.2%			708,787	3.1%	628,898	2.7%
Central services	46,679	0.2%			46,679	0.2%	40,969	0.2%
Interest on debt	1,301,390	5.8%			1,301,390	5.6%	1,483,288	6.5%
Other	1,553,482	6.9%	692,116	100.0%	2,245,598	9.7%	2,388,457	10.4%
Total expenses	22,458,822	100.0%	692,116	100.0%	23,150,938	100.0%	22,938,181	100.0%
Change in net assets	\$ 471,015		\$ (288)		\$ 470,727		\$ (128,827)	

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010

BUDGET TO ACTUAL COMPARISON - CHANGE IN FUND BALANCES (EXCLUDING CAPITAL PROJECTS FUND)

The original 2009-2010 Fund 10 adopted budget had a deficit of \$60,473 but the year ended with a surplus of \$168,240. The actual revenues were \$84,996 more than budgeted. Most of this difference was a result of an insurance settlement for an employee theft case and Title I ARRA funds that were not included in the original budget. The actual expenditures were \$143,717 less than budgeted, which was due primarily to savings in short-term borrowing costs and personnel costs. The personnel costs were less than budgeted because of several medical and maternity leaves and savings in heat costs.

CAPITAL ASSET AND LONG-TERM DEBT ANALYSIS

	<u>7/1/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2010</u>
Property & equipment, net	<u>\$26,184,969</u>	<u>\$ 116,241</u>	<u>\$ 839,182</u>	<u>\$25,462,028</u>
General obligation debt	<u>\$25,362,725</u>	<u>\$ 0</u>	<u>\$ 1,237,882</u>	<u>\$24,124,843</u>

The reduction in property and equipment represents the annual depreciation.

The scheduled principal payments represent the reduction in the long-term debt.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The district is restricted by State Statute as to the amount of property tax levy for operating purposes, without public referendum to approve an increase. See notes to the financial statements for further discussion on the property tax levy limitation.

The number of students served by the district is a major factor in determining the amount of equalization aid paid to the district and the maximum allowable property tax levy. The district saw an enrollment increase of 1.8% during 2009-2010 but is expecting to see a 1% decrease for 2010-2011. The district is projecting a small budget surplus and the board has adopted a policy that the Fund 10 fund balance shall be 10% of the annual proposed level of expenditures by 2010 and 15% by 2020.

If the State of Wisconsin continues to experience significant budget deficits, this will likely have an impact on the funding for K-12 education during the next biennium budget. In addition, the State has announced plans to review the current school aid formula, which may result in new legislation for funding public education.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2010

Labor contracts for 2009-2010 are settled. The Evansville Education Association (teachers) settled for a 3.8% package for 2009-2010. The custodians (teamsters) settled a 3 year contract for 2008-2011 that allows for average hourly wage increases of 4 % for each year. The Evansville Education Association Auxiliary (educational assistants, secretaries and clerks) settled for a 4.4% package for the 2009-2010 school year which included a \$.50 per hour increase. The food service (teamsters) settled a three year contract for 2008-2011 that allows for average hourly wage increases of \$.50 per hour for each year of the contract. All the non-represented groups, including administrative personnel, received total package increases of 2.76% to 3.0%.

The district completed an actuarial valuation to determine its long-term obligations for other postemployment benefits. The district will incur an increasing liability as this obligation is recognized on the financial statements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

For a more in-depth explanation of the District-Wide and the Governmental Fund Financial Statements, see the notes to the financial statements. If you have questions about this report or need additional financial information, please contact Deb Olsen, Business Manager, Evansville Community School District, 340 Fair Street, Evansville, WI 53536.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

STATEMENT OF NET ASSETS

As of June 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and investments	\$ 4,451,951	\$ 111,313	\$ 4,563,264
Taxes receivable	2,294,649		2,294,649
Accounts receivable	25,731	1,262	26,993
Due from other governments	704,680	2,959	707,639
Inventories and prepaid supplies	77,636		77,636
Asset held for resale	168,824		168,824
Other current assets		437	437
	<u>7,723,471</u>	<u>115,971</u>	<u>7,839,442</u>
Total current assets			
Noncurrent assets			
Land	191,874		191,874
Site improvements	1,980,458		1,980,458
Buildings and building improvements	32,926,126		32,926,126
Furniture and equipment	2,741,826	256,913	2,998,739
	37,840,284	256,913	38,097,197
Less accumulated depreciation	<u>(12,473,868)</u>	<u>(161,301)</u>	<u>(12,635,169)</u>
	<u>25,366,416</u>	<u>95,612</u>	<u>25,462,028</u>
Total noncurrent assets			
Other assets			
Bond issuance costs	354,793		354,793
Accumulated amortization	<u>(124,177)</u>		<u>(124,177)</u>
	<u>230,616</u>		<u>230,616</u>
Total other assets			
	<u>\$ 33,320,503</u>	<u>\$ 211,583</u>	<u>\$ 33,532,086</u>
Total assets			

The accompanying notes are an integral part of the basic financial statements.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Current liabilities			
Short-term notes payable	\$ 3,100,000	\$	\$ 3,100,000
Accounts payable	282,830	13,811	296,641
Accrued liabilities	1,651,809	18,447	1,670,256
Current portion of long-term liabilities	<u>1,930,519</u>	<u></u>	<u>1,930,519</u>
Total current liabilities	<u>6,965,158</u>	<u>32,258</u>	<u>6,997,416</u>
Noncurrent liabilities			
Long-term liabilities, less current portion	<u>25,871,395</u>	<u></u>	<u>25,871,395</u>
Total noncurrent liabilities	<u>25,871,395</u>	<u></u>	<u>25,871,395</u>
Total liabilities	<u>32,836,553</u>	<u>32,258</u>	<u>32,868,811</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,241,573	95,612	1,337,185
Restricted for:			
Debt service	775,583		775,583
Capital projects	500		500
Special revenue	18,203		18,203
Food service		83,713	83,713
Unrestricted	<u>(1,551,909)</u>	<u></u>	<u>(1,551,909)</u>
Total net assets	<u>\$ 483,950</u>	<u>\$ 179,325</u>	<u>\$ 663,275</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010

Functions/ Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Government Activities	Business Type Activities	Total
Governmental activities:						
Instruction:						
Regular instruction	\$ 8,216,505	\$ 330,093	\$ 403,395	\$ (7,483,017)		\$ (7,483,017)
Special education instruction	2,697,097	40,649	1,498,533	(1,157,915)		(1,157,915)
Vocational instruction	1,023,038			(1,023,038)		(1,023,038)
Other instruction	915,064	22,385	41,345	(851,334)		(851,334)
Total instruction	12,851,704	393,127	1,943,273	(10,515,304)		(10,515,304)
Support services:						
Pupil services	1,425,997			(1,425,997)		(1,425,997)
Instructional staff services	1,038,952		70,029	(968,923)		(968,923)
General administration services	398,373			(398,373)		(398,373)
School administration services	981,361			(981,361)		(981,361)
Business services	226,198			(226,198)		(226,198)
Operations & maintenance of plant services	1,925,899	17,299		(1,908,600)		(1,908,600)
Pupil transportation services	708,787		36,808	(671,979)		(671,979)
Central services	46,679			(46,679)		(46,679)
Other support services	626,219	49,234	716	(576,269)		(576,269)
Insurance	113,253			(113,253)		(113,253)
Interest	1,301,390			(1,301,390)		(1,301,390)
Depreciation and amortization - unallocated	814,010			(814,010)		(814,010)
Total support services	9,607,118	66,533	107,553	(9,433,032)		(9,433,032)
Total governmental activities	22,458,822	459,660	2,050,826	(19,948,336)		(19,948,336)
Business-type activities:						
School food service program	692,116	439,687	252,141		(288)	(288)
Total school district	\$ 23,150,938	\$ 899,347	\$ 2,302,967	\$ (19,948,336)	\$ (288)	\$ (19,948,624)
General revenues:						
Property taxes:						
General purposes				4,779,589		4,779,589
Debt services				2,424,619		2,424,619
Federal and state aid not restricted to specific purposes:						
General				12,224,402		12,224,402
Interest and investment earnings				66,466		66,466
ARRA State Fiscal Stabilization				744,490		744,490
Miscellaneous				179,785		179,785
Total general revenues				20,419,351		20,419,351
Change in net assets				471,015	(288)	470,727
Net assets - beginning of year				12,935	179,613	192,548
Net assets - end of year				\$ 483,950	\$ 179,325	\$ 663,275

The accompanying notes are an integral part of the basic financial statements.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2010

	General Fund	Special Education Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 3,658,164	\$	\$ 775,583	\$ 18,204	\$ 4,451,951
Taxes receivable	2,294,649				2,294,649
Accounts receivable	17,737	3,494		4,500	25,731
Interest receivable					
Due from other governments	425,120	279,560			704,680
Inventories and prepaid supplies	52,303	25,333			77,636
Asset held for resale	168,824				168,824
Due from other funds		34,863		16,307	51,170
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 6,616,797</u>	<u>\$ 343,250</u>	<u>\$ 775,583</u>	<u>\$ 39,011</u>	<u>\$ 7,774,641</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Short-term note payable	\$ 3,100,000	\$	\$	\$	\$ 3,100,000
Accounts payable	154,403	128,427			282,830
Accrued salaries and related items	1,072,242	214,823		3,773	1,290,838
Due to other funds	51,170				51,170
Accrued interest payable	43,659				43,659
Other current liabilities	6,277			16,535	22,812
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>4,427,751</u>	<u>343,250</u>	<u> </u>	<u>20,308</u>	<u>4,791,309</u>
Fund balances					
Reserved			775,583	18,703	794,286
Unreserved - designated	2,189,046				2,189,046
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>2,189,046</u>	<u> </u>	<u>775,583</u>	<u>18,703</u>	<u>2,983,332</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 6,616,797</u>	<u>\$ 343,250</u>	<u>\$ 775,583</u>	<u>\$ 39,011</u>	<u>\$ 7,774,641</u>

The accompanying notes are an integral part of the basic financial statements.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

June 30, 2010

Total fund balances - governmental funds \$ 2,983,332

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Amounts reported for governmental activities in the statement of net assets:

Governmental capital assets	\$ 37,840,284	
Governmental accumulated depreciation	<u>(12,473,868)</u>	25,366,416

Bond issuance costs are not financial resources and therefore are not reported as assets in governmental funds. Amounts reported for governmental activities in the statement of net assets:

Governmental bond issuance costs	354,793	
Governmental accumulated amortization	<u>(124,177)</u>	230,616

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

Bonds payable	(24,070,000)	
Premium on refunded bonds payable	(1,078,400)	
Accrued interest on bonds payable	(294,500)	
Capital leases payable	(54,843)	
Prior service liability, Wisconsin Retirement Fund	(1,113,235)	
Vested employee benefits	<u>(1,485,436)</u>	<u>(28,096,414)</u>

Total net assets - governmental activities \$ 483,950

The accompanying notes are an integral part of the basic financial statements.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2010

	General Fund	Special Education Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 4,952,696	\$	\$ 2,426,937	\$ 15,498	\$ 7,395,131
Interdistrict sources	224,704	40,649		49,234	314,587
Intermediate sources	1,542	374			1,916
State sources	12,629,200	853,854			13,483,054
Federal sources	882,674	642,763			1,525,437
Other	99,107				99,107
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	18,789,923	1,537,640	2,426,937	64,732	22,819,232
Expenditures					
Instruction:					
Regular instruction	8,186,396	23,440		6,669	8,216,505
Vocational instruction	1,020,483	2,555			1,023,038
Special instruction	111,189	2,554,150		98,304	2,763,643
Other instruction	915,064				915,064
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total instruction	10,233,132	2,580,145		104,973	12,918,250
Support services:					
Pupil services	403,944	542,418			946,362
Instructional staff services	849,477	177,430			1,026,907
General administration services	398,373				398,373
School administration services	979,588				979,588
Business services	222,014	4,184			226,198
Operations and maint. of plant	1,926,297	7,318			1,933,615
Pupil transportation	510,679	198,108			708,787
Central services	40,812	5,867			46,679
Insurance	110,770	2,320		163	113,253
Other support services	279,523				279,523
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total support services	\$ 5,721,477	\$ 937,645	\$	\$ 163	\$ 6,659,285

The accompanying notes are an integral part of the basic financial statements.

	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonprogram:					
General tuition	\$ 347,718	\$ 128,393	\$	\$	\$ 476,111
Other nonprogram	<u>3,524</u>	<u></u>	<u></u>	<u></u>	<u>3,524</u>
Total nonprogram	<u>351,242</u>	<u>128,393</u>	<u></u>	<u></u>	<u>479,635</u>
Debt service:					
Principal	52,882	<u></u>	1,245,787	<u></u>	1,298,669
Interest	<u>105,174</u>	<u></u>	<u>1,211,711</u>	<u></u>	<u>1,316,885</u>
Total debt service	<u>158,056</u>	<u></u>	<u>2,457,498</u>	<u></u>	<u>2,615,554</u>
Total expenditures	<u>16,463,907</u>	<u>3,646,183</u>	<u>2,457,498</u>	<u>105,136</u>	<u>22,672,724</u>
Excess of revenues over (under) expenditures	<u>2,326,016</u>	<u>(2,108,543)</u>	<u>(30,561)</u>	<u>(40,404)</u>	<u>146,508</u>
Other financial sources (uses)					
Operating transfers in (out)	<u>(2,157,776)</u>	<u>2,108,543</u>	<u></u>	<u>49,233</u>	<u></u>
Net other financing sources (uses)	<u>(2,157,776)</u>	<u>2,108,543</u>	<u></u>	<u>49,233</u>	<u></u>
Net change in fund balances	<u>168,240</u>	<u></u>	<u>(30,561)</u>	<u>8,829</u>	<u>146,508</u>
Fund balances - beginning of year	<u>2,020,806</u>	<u></u>	<u>806,144</u>	<u>9,874</u>	<u>2,836,824</u>
Fund balances - end of year	<u>\$ 2,189,046</u>	<u>\$</u>	<u>\$ 775,583</u>	<u>\$ 18,703</u>	<u>\$ 2,983,332</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2010

Net change in fund balances - total governmental funds \$ 146,508

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

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Capital outlay reported in governmental fund statements	\$ 93,272	
Depreciation expense reported in the statement of activities	<u>(823,185)</u>	

Amount by which depreciation is greater than capital outlays in the current period:		(729,913)
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The payments of bond issuance costs are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over the life of the bond as annual amortization expense in the statement of activities.

The amount amortized in the current year is:	<u>(23,653)</u>	(23,653)
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The accompanying notes are an integral part of the basic financial statements.

Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

Vested employee benefits paid in current year	\$ 414,541	
Vested employee benefits earned in current year	<u>(700,450)</u>	
Benefits earned are greater than benefits paid by:		\$ (285,909)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is:	<u>1,237,882</u>	1,237,882
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Premium received on bond refunding is reported as revenue in the governmental funds, but is capitalized and amortized over the life of the bonds in the statement of net assets and the statement of activities.

The amount amortized in the current year is:	<u>110,605</u>	110,605
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In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.

The amount of interest paid during the current period	1,316,885	
The amount of interest accrued during the current period	<u>(1,301,390)</u>	
Interest paid is greater than interest accrued by:		<u>15,495</u>

Change in net assets - governmental activities		<u>\$ 471,015</u>
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EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

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

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues:				
Local sources	\$ 4,997,042	\$ 4,985,935	\$ 4,952,696	\$ (33,239)
Interdistrict sources	219,062	217,804	224,704	6,900
Intermediate sources			1,542	1,542
State sources	13,333,817	13,307,575	12,629,200	(678,375)
Federal sources	134,917	134,917	882,674	747,757
Other sources	21,460	60,943	99,107	38,164
Total revenues	<u>18,706,298</u>	<u>18,707,174</u>	<u>18,789,923</u>	<u>82,749</u>
Expenditures:				
Instruction:				
Regular instruction	8,345,060	8,381,938	8,186,396	195,542
Vocational instruction	1,034,608	1,034,608	1,020,483	14,125
Special instruction	112,904	112,904	111,189	1,715
Other instruction	906,150	906,150	915,064	(8,914)
Total instruction	<u>10,398,722</u>	<u>10,435,600</u>	<u>10,233,132</u>	<u>202,468</u>
Support services:				
Pupil services	433,293	433,293	403,944	29,349
Instructional staff services	786,286	724,036	849,477	(125,441)
General administration services	389,965	389,965	398,373	(8,408)
Building administration services	971,894	971,894	979,588	(7,694)
Business services	220,671	220,671	222,014	(1,343)
Operations and maintenance of plant	1,974,132	1,913,078	1,926,297	(13,219)
Pupil transportation	527,552	517,058	510,679	6,379
Central services	34,893	34,893	40,812	(5,919)
Insurance	136,863	112,772	110,770	2,002
Other support services	278,816	278,816	279,523	(707)
Total support services	<u>5,754,365</u>	<u>5,596,476</u>	<u>5,721,477</u>	<u>(125,001)</u>
Nonprogram:				
General tuition	348,649	330,140	347,718	(17,578)
Other nonprogram	2,500	2,500	3,524	(1,024)
Total nonprogram	<u>351,149</u>	<u>332,640</u>	<u>351,242</u>	<u>(18,602)</u>
Debt service:				
Principal	50,883	50,883	52,882	(1,999)
Interest	77,260	99,883	105,174	(5,291)
Total debt service	<u>128,143</u>	<u>150,766</u>	<u>158,056</u>	<u>(7,290)</u>
Total expenditures	<u>16,632,379</u>	<u>16,515,482</u>	<u>16,463,907</u>	<u>51,575</u>
Excess of revenues over expenditures	2,073,919	2,191,692	2,326,016	134,324
Other financing uses:				
Transfer to other funds	(2,134,392)	(2,134,392)	(2,157,776)	(23,384)
Net change in fund balance	(60,473)	57,300	168,240	110,940
Fund balance - beginning of year	2,020,806	2,020,806	2,020,806	
Fund balance - end of year	<u>\$ 1,960,333</u>	<u>\$ 2,078,106</u>	<u>\$ 2,189,046</u>	<u>\$ 110,940</u>

The accompanying notes are an integral part of the basic financial statements.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL EDUCATION FUND**

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues:				
Interdistrict sources	\$ 51,544	\$ 40,600	\$ 40,649	\$ 49
Intermediate sources	9,649	7,324	374	(6,950)
State sources	856,704	853,854	853,854	
Federal sources	853,910	839,871	642,763	(197,108)
Total revenues	<u>1,771,807</u>	<u>1,741,649</u>	<u>1,537,640</u>	<u>(204,009)</u>
Expenditures:				
Instruction:				
Regular instruction	15,000	15,000	23,440	(8,440)
Vocational instruction	6,550	6,550	2,555	3,995
Special instruction	2,730,534	2,701,534	2,554,150	147,384
Total instruction	<u>2,752,084</u>	<u>2,723,084</u>	<u>2,580,145</u>	<u>142,939</u>
Support services:				
Pupil services	525,532	520,562	542,418	(21,856)
Instructional staff services	236,947	236,947	177,430	59,517
Business services			4,184	(4,184)
Operations and maintenance of plant	8,000	8,000	7,318	682
Pupil transportation	195,809	195,809	198,108	(2,299)
Central services	4,197	4,197	5,867	(1,670)
Insurance			2,320	(2,320)
Total support services	<u>970,485</u>	<u>965,515</u>	<u>937,645</u>	<u>27,870</u>
Nonprogram:				
General tuition	135,003	122,825	128,393	(5,568)
Total nonprogram	<u>135,003</u>	<u>122,825</u>	<u>128,393</u>	<u>(5,568)</u>
Total expenditures	<u>3,857,572</u>	<u>3,811,424</u>	<u>3,646,183</u>	<u>165,241</u>
Excess of expenditures over revenues	<u>(2,085,765)</u>	<u>(2,069,775)</u>	<u>(2,108,543)</u>	<u>(38,768)</u>
Other financing sources:				
Transfer from general fund	<u>2,085,765</u>	<u>2,069,775</u>	<u>2,108,543</u>	<u>38,768</u>
Net change in fund balance				
Fund balance - beginning of year				
Fund balance - end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

The accompanying notes are an integral part of the basic financial statements.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND**

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local sources	\$ 2,433,119	\$ 2,426,919	\$ 2,426,937	\$ 18
Total revenues	<u>2,433,119</u>	<u>2,426,919</u>	<u>2,426,937</u>	<u>18</u>
Expenditures:				
Debt service				
Principal	1,246,293	1,246,293	1,245,787	506
Interest	<u>1,211,206</u>	<u>1,211,206</u>	<u>1,211,711</u>	<u>(505)</u>
Total debt service	<u>2,457,499</u>	<u>2,457,499</u>	<u>2,457,498</u>	<u>1</u>
Total expenditures	<u>2,457,499</u>	<u>2,457,499</u>	<u>2,457,498</u>	<u>1</u>
Net change in fund balance	(24,380)	(30,580)	(30,561)	19
Fund balance - beginning of year	<u>806,144</u>	<u>806,144</u>	<u>806,144</u>	
Fund balance - end of year	<u>\$ 781,764</u>	<u>\$ 775,564</u>	<u>\$ 775,583</u>	<u>\$ 19</u>

The accompanying notes are an integral part of the basic financial statements.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

As of June 30, 2010

	<u>Food Service Fund</u>
ASSETS	
Current assets	
Cash and investments	\$ 111,313
Accounts receivable	1,262
Prepaid expenses	437
Due from other governments	<u>2,959</u>
Total current assets	<u>115,971</u>
Noncurrent assets	
Furniture and equipment	256,913
Less accumulated depreciation	<u>(161,301)</u>
Total noncurrent assets	<u>95,612</u>
Total assets	<u><u>\$ 211,583</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 13,811
Accrued liabilities	<u>18,447</u>
Total liabilities	<u>32,258</u>
NET ASSETS	
Invested in capital assets, net of related debt	95,612
Restricted for food service	<u>83,713</u>
Total net assets	<u><u>\$ 179,325</u></u>

The accompanying notes are an integral part of the basic financial statements.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS**

For the Year Ended June 30, 2010

	<u>Food Service Fund</u>
Revenues:	
Food sales	\$ 439,687
State sources	12,052
Federal sources	194,099
Federal commodities	<u>45,990</u>
 Total revenues	 <u>691,828</u>
 Operating expenses:	
Salaries and wages	205,930
Employer paid benefits	41,307
Supplies, food, and materials	428,882
Depreciation	<u>15,811</u>
 Total operating expenses	 <u>691,930</u>
 Operating loss	 (102)
 Loss on disposal of fixed assets	 <u>(186)</u>
 Change in net assets	 (288)
 Net assets - beginning of year	 <u>179,613</u>
 Net assets - end of year	 <u>\$ 179,325</u>

The accompanying notes are an integral part of the basic financial statements.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2010

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from user charges	\$ 441,651
Cash received from government payments	209,630
Cash payments to employees for services	(262,855)
Cash payments to suppliers for goods and services	(370,959)
Cash payments for other operating expenses	<u>(11,110)</u>
 Net cash provided by operating activities	 <u>6,357</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	<u>(22,969)</u>
 Net cash used in investing activities	 <u>(22,969)</u>
 Net decrease in cash	 (16,612)
 Cash - beginning of year	 <u>127,925</u>
 Cash - end of year	 <u>\$ 111,313</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Change in net assets	\$ (288)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	15,811
Loss on disposal of fixed assets	186
Changes in assets and liabilities:	
Accounts receivable	(1,262)
Prepaid expenses	(27)
Due from other governments	3,479
Accounts payable	(4,264)
Accrued liabilities	<u>(7,278)</u>
 Net cash provided by operating activities	 <u>\$ 6,357</u>

The accompanying notes are an integral part of the basic financial statements.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

STATEMENT OF FIDUCIARY AND PLAN NET ASSETS

As of June 30, 2010

	<u>Agency Funds</u>	<u>Employee Benefit Trust Fund</u>	<u>Expendable Trust Funds Scholarships</u>	<u>Nonexpendable Trust Funds Scholarships</u>
ASSETS				
Cash and cash equivalents	\$ 158,828	\$ 5,096	\$ 8,959	\$ 500
Total assets	<u>158,828</u>	<u>5,096</u>	<u>8,959</u>	<u>500</u>
LIABILITIES				
Due to student groups:				
Levi Leonard Elementary	12,396			
Theodore Robinson Intermediate	32,958			
JC McKenna Middle School	32,193			
Senior High School	<u>81,281</u>			
Total liabilities	<u>158,828</u>			
NET ASSETS				
Net assets held in trust for OPEB		5,096		
Reserved for scholarships			<u>8,959</u>	<u>500</u>
Total net assets	<u>\$</u>	<u>\$ 5,096</u>	<u>\$ 8,959</u>	<u>\$ 500</u>

The accompanying notes are an integral part of the basic financial statements.

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

STATEMENT OF CHANGES IN FIDUCIARY AND PLAN NET ASSETS

For the Year Ended June 30, 2010

	<u>Employee Benefit Trust Fund</u>	<u>Expendable Trust Funds Scholarships</u>
ADDITIONS		
Investment earnings	\$ 4	\$
Other	<u> </u>	<u>50</u>
Total additions	<u>4</u>	<u>50</u>
Change in net assets	4	50
Net assets - beginning of year	<u>5,092</u>	<u>8,909</u>
Net assets - end of year	<u>\$ 5,096</u>	<u>\$ 8,959</u>

The accompanying notes are an integral part of the basic financial statements.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - INFORMATION ABOUT THE DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The financial statements of the Evansville Community School District (the district) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the district are described below.

The district was established as a common school district under the statutes of the State of Wisconsin. The district, governed by a seven member elected school board, operates grades kindergarten through twelve and is comprised of all or parts of eight taxing districts.

The accompanying financial statements present the activities of the district. The district is not a component unit of another reporting entity nor does it have any component units.

The reporting entity for the district is based upon criteria set forth by the Governmental Accounting Standards Board. All functions of the district for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency between the district and any other governmental entity; control by the district over selection of the entity's governing authority or designation of management; the ability of the district to significantly influence operations of the entity; and whether the district is responsible for the accountability for fiscal matters.

B. BASIS OF PRESENTATION

District-Wide Statements

The statement of net assets and the statement of activities present financial information about the district's governmental and business-type activities. These statements include the financial activities of the overall district in its entirety, except those that are fiduciary. The effect of internal activity has been eliminated from the district-wide financial statements to avoid double-counting of internal transactions. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - INFORMATION ABOUT THE DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the district's governmental activities and for business type activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The district reports the following major governmental funds:

General Fund: This is the district's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Education Fund: This fund accounts for activities associated with providing educational programs for students with disabilities. Sources include financial aid received from the state and federal government and payments from other school districts. Excess expenditures of the fund are financed with a transfer from the general fund.

Debt Service Fund: This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - INFORMATION ABOUT THE DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The district operates one proprietary fund, the food service fund. This fund accounts for the activities of the district's food service, generally school hot lunch, program.

The district accounts for assets held as an agent for various student and parent organizations in an agency fund.

The district also accounts for assets that are accumulated to finance retiree health insurance benefits in a trust fund.

The district accounts for transactions related to scholarships for graduating seniors in a private purpose trust fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The district-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time expenses are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the district gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The district considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - INFORMATION ABOUT THE DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reports for the district's food service fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. ASSETS AND LIABILITIES

Deposits and Investments

The district's cash and investments consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

State statutes permit the district to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. Agency issues, high-grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States, and the local government pooled-investment fund.

All investments are stated at fair value. Determination of fair value for investment in the state treasurer's investment pool is based on information provided by the State of Wisconsin Investment Board.

Property Tax Levy

Under Wisconsin law, personal property taxes and first installment real estate taxes can be collected by city, town, and village treasurers or clerks who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. The county treasurer who then makes settlement with the city, town, village, and school districts before retaining any for county purposes collects second installment real estate taxes and delinquent taxes. Municipalities have the option of turning the entire collection process over to the county treasurer.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - INFORMATION ABOUT THE DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The district's property taxes are levied on or before October 31 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. The district is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15, and by the 20th of each subsequent month thereafter. The lottery tax credit portion of the levy is payable by April 15. On or before August 20, the County Treasurer makes full settlement to the district for any remaining balance. The county assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2009 tax levy is used to finance operations of the district's fiscal year ended June 30, 2010. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

Accounts Receivable

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed such allowance would not be material.

Other Assets

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year's cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Due to/Due from other funds

The amounts reported on the governmental funds balance sheets as due to and due from other funds represents amounts due between different funds and results from the use of a central checking account reported in the general fund. All interfund balances are expected to be repaid within one year. Eliminations have been made for amounts due to and due from within the same fund type for reporting in the Statement of Net Assets. See Note 4 for a detailed description of the interfund balances and transfers as of June 30, 2010.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - INFORMATION ABOUT THE DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond Premiums

Bond premiums associated with the issuance of general obligation bonds are being amortized using the straight-line method over the life of the bonds.

Bond Issue Costs

Costs associated with the issuance of general obligation bonds are being amortized using the straight-line method over the life of the bonds.

Capital Assets

Capital assets are reported at actual cost or at estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 2,500	Straight-line	50 years
Building improvements	2,500	Straight-line	20 years
Site improvements	2,500	Straight-line	10-20 years
Furniture and equipment	2,500	Straight-line	5-15 years
Computer and related technology*	2,500	Straight-line	5 years
Library books*	2,500	Straight-line	7 years

*For purposes of determining the capitalization threshold for these items, the district groups all purchases for the year.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - INFORMATION ABOUT THE DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Vested Employee Benefits

Vacation: The district's policy does not provide school year employees with paid vacations. However, 12-month employees are provided paid vacation days. The district's policy does not allow vacation days to vest and all unused days are forfeited upon retirement or termination of employment.

Sick Pay: The district's policy allows employees to earn varying days of sick pay for each year employed, accumulating to a maximum vested amount of 110 days. These unused accumulated days may be paid out in cash or as a contribution to a non-elective TSA through WEI, depending on the class of employee and their years of service.

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction, or improvement for those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of their governments.

The district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The district reserves those portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for the debt service fund, the TEACH fund, the capital projects fund, and the food service fund.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - INFORMATION ABOUT THE DISTRICT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

State and Federal Aids

State general, categorical, and SAGE aids are recognized as revenue in the entitlement year. Federal and state aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenues.

E. ESTIMATES

The preparation of financial statements 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 expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The reconciling amounts shown on pages 14, 17, and 18 represent:

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported on pages 14, 17, and 18 recognize the change in vested employee benefits.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale/disposal of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)

- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and interest, principal payments, and refunding costs are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities and refunding costs are amortized over the life of the bonds.

NOTE 3 - CASH AND INVESTMENTS

Investments are carried at fair value. Fair value for investments is based on quoted market prices, except for investments in the Local Government Investment Pool (LGIP), which are based on information provided by the State of Wisconsin Investment Board. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. The district, at any point in time, is able to remove the pool shares deposited at full value plus any accrued interest. The Legislative Audit Bureau audits the SIF annually.

The districts cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Debt Service Fund accounts for transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the Trust and Agency Funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

Deposits - As of June 30, 2010, deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for demand deposits and time deposits. In addition, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available. As of June 30, 2010, \$936,234 of the district's bank balance of \$1,592,102 was exposed to custodial credit risk. The district's bank deposits are uncollateralized as of June 30, 2010.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3 - CASH AND INVESTMENTS (continued)

The district is required to invest its funds in accordance with Wisconsin Statute 66.0603. The school board has adopted an investment policy pursuant to these statutes which allows the district to invest in the following:

- Time deposits
- Securities guaranteed by the U.S. Government
- Securities of Wisconsin Municipal Units including Educational and School Districts
- Other highly rated securities
- Local Government Investment Pool
- Repurchase agreements

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the district's deposits may not be returned to it. The district does not have a deposit policy for custodial credit risk.

Interest Rate Risk - The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments held in the State Treasurer's Investment Pool are unrated, but conform with investment guidelines as required by state law.

Concentration of Credit Risk - The district places no limit on the amount the district may invest in any one issuer.

As of June 30, 2010, the district had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Investment in State Treasurer's Investment Pool	Less than 6 months	\$ 3,028,623

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 4 - INTERFUND BALANCES/TRANSFERS

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

Fund	Due From	Due To
General Fund	\$	\$ 51,170
Special Revenue Funds		
Special education	34,863	
Package/cooperative	20,307	
Capital Projects Fund		4,000
	\$ 55,170	\$ 55,170

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Fund	Transfer From	Transfer To
General Fund	\$ 2,157,776	\$
Special Revenue Funds		
Special education		2,108,543
Package/cooperative		49,233
	\$ 2,157,776	\$ 2,157,776

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 5 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following individual funds had an excess of actual expenditures over budget for the year ended June 30, 2010:

Fund	Excess Expenditures
General Fund	
Support services	\$ 125,001
Nonprogram	18,602
Debt Service	7,290
Other financing uses	23,384
Special Revenue Funds	
Nonprogram	5,568

NOTE 6 - FUND BALANCE

Portions of fund balances are reserved and are not available for current appropriation or expenditure as follows:

Debt service fund	\$ 775,583
Capital projects fund	500
Special revenue fund	18,203
Food service	83,713
Trust and agency	14,555
	\$ 892,554

The general fund balance is designated to meet subsequent year cash flow requirements.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
Capital assets not being depreciated:				
Sites (land)	\$ 191,874	\$ _____	\$ _____	\$ 191,874
Total capital assets not being depreciated	<u>191,874</u>	<u> </u>	<u> </u>	<u>191,874</u>
Capital assets being depreciated:				
Site improvements	1,976,200	4,258		1,980,458
Buildings and building improvements	32,926,126			32,926,126
Furniture and equipment	<u>2,652,812</u>	<u>89,014</u>	<u> </u>	<u>2,741,826</u>
Total capital assets being depreciated	<u>37,555,138</u>	<u>93,272</u>	<u> </u>	<u>37,648,410</u>
Less accumulated depreciation for:				
Site improvements	(1,127,811)	(88,445)		(1,216,256)
Buildings and building improvements	(8,207,620)	(643,309)		(8,850,929)
Furniture and equipment	<u>(2,315,252)</u>	<u>(91,431)</u>	<u> </u>	<u>(2,406,683)</u>
Total accumulated depreciation	<u>(11,650,683)</u>	<u>(823,185)</u>	<u> </u>	<u>(12,473,868)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>25,904,455</u>	<u>(729,913)</u>	<u> </u>	<u>25,174,542</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 26,096,329</u>	<u>\$ (729,913)</u>	<u>\$ _____</u>	<u>\$ 25,366,416</u>
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 240,644	\$ 22,969	\$ (6,700)	\$ 256,913
Less accumulated depreciation	<u>(152,004)</u>	<u>(15,811)</u>	<u>6,514</u>	<u>(161,301)</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 88,640</u>	<u>\$ 7,158</u>	<u>\$ (186)</u>	<u>\$ 95,612</u>
Depreciation expense was charged to governmental functions as follows:				
Instructional staff services	\$ 12,045			
School administration services	1,773			
Operations and maintenance of plant	19,010			
Depreciation not charged to a specific function	<u>790,357</u>			
Total depreciation for governmental activities	<u>\$ 823,185</u>			

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 - SHORT-TERM NOTES PAYABLE

The district issued a tax anticipation note in advance of property tax collections. The note is necessary because expenditure payments for the year begin in July whereas the tax collections are received from the municipalities beginning in January. The note is due on October 15, 2010, and bears interest at 1.875%.

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Note - Zion's National Bank	\$ 2,000,000	\$	\$ 2,000,000	\$
Note - Zion's National Bank	3,000,000		3,000,000	
Note - Hutchinson	<u> </u>	<u>3,100,000</u>	<u> </u>	<u>3,100,000</u>
Total short-term borrowings	<u>\$ 5,000,000</u>	<u>\$ 3,100,000</u>	<u>\$ 5,000,000</u>	<u>\$ 3,100,000</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM OBLIGATIONS

Long-term obligations of the district are as follows:

	Beginning			Ending	Amounts
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental activities:					
Bonds and notes payable					
Capital projects	\$ 25,255,000	\$	\$ 1,185,000	\$ 24,070,000	\$ 1,365,000
Capital leases	<u>107,725</u>	<u></u>	<u>52,882</u>	<u>54,843</u>	<u>54,843</u>
Subtotal	<u>25,362,725</u>	<u></u>	<u>1,237,882</u>	<u>24,124,843</u>	<u>1,419,843</u>
Other liabilities					
Vested employee benefits					
Vacation pay	31,736	20,343	31,736	20,343	20,343
Sick leave	715,918	32,692	42,596	706,014	42,500
Other postemployment benefits	391,086	647,415	279,422	759,079	269,191
Bond refunding premium	1,189,005		110,605	1,078,400	110,605
Prior service liability, Wisconsin					
Retirement Fund	<u>1,174,022</u>	<u></u>	<u>60,787</u>	<u>1,113,235</u>	<u>68,037</u>
Total other liabilities	<u>3,501,767</u>	<u>700,450</u>	<u>525,146</u>	<u>3,677,071</u>	<u>510,676</u>
Total governmental activities					
long-term liabilities	<u>\$ 28,864,492</u>	<u>\$ 700,450</u>	<u>\$ 1,763,028</u>	<u>\$ 27,801,914</u>	<u>\$ 1,930,519</u>
Business type activities:					
Bonds and notes payable	NONE				
Capital leases	NONE				

Total interest paid during the year aggregated \$1,316,885 including \$98,258 for short-term borrowing. Total interest incurred during the year aggregated \$1,301,390 including \$50,917 for short-term borrowing.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the district. General obligation debt at June 30, 2010, is comprised of the following individual issues:

Description	Issue Date	Interest Rate (%)	Date of Maturity	Balance June 30, 2010
Refunding bond payable	03/01/07	4.25 - 5.05	04/01/12	\$ 850,000
Refunding bond payable	10/01/01	3.2 - 5.5	04/01/20	900,000
Refunding bond payable	03/01/05	3.0 - 5.0	04/01/20	<u>22,320,000</u>
*Total general obligation debt				<u>\$ 24,070,000</u>

The 2009 equalized valuation of the district as certified by the Wisconsin Department of Revenue is \$697,133,995. The legal debt limit and margin of indebtedness as of June 30, 2010, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of 697,133,995)	\$ 69,713,400
* Deduct long-term debt applicable to debt margin	<u>24,070,000</u>
Margin of indebtedness	<u>\$ 45,643,400</u>

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

Year Ended June 30	Principal	Interest	Total
2011	\$ 1,365,000	\$ 1,100,810	\$ 2,465,810
2012	1,560,000	1,043,623	2,603,623
2013	1,750,000	977,323	2,727,323
2014	1,980,000	902,948	2,882,948
2015	2,200,000	803,948	3,003,948
2016 - 2020	<u>15,215,000</u>	<u>2,265,283</u>	<u>17,480,283</u>
	<u>\$ 24,070,000</u>	<u>\$ 7,093,935</u>	<u>\$ 31,163,935</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10 - EMPLOYEE PENSION PLANS

Defined Benefit Plan

All eligible district employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system. All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.9% of their salary to the plan. The district makes these contributions on behalf of employees as part of their compensation package. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits. Rates are determined annually and go into effect on January 1 of each year.

The payroll for district employees covered by the WRS for the year ended December 31, 2009, was \$11,291,735. The total required contribution for the year ended December 31, 2009, was \$1,174,340 which consisted of \$508,128 or 4.5% of payroll from the employer and \$666,212 or 5.9% of payroll from employees. The district pays 100% of the contribution for their employees. Total contributions for the years ending December 31, 2009 and 2008, were \$1,174,340 and \$1,102,194, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to Department of Employee Trust Funds, P.O. Box 7931, Madison, Wisconsin 53707-7931.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10 - EMPLOYEE PENSION PLANS (continued)

Defined Contribution Plan

The district offers a 403(b) plan to employees who meet certain eligibility requirements. Employees may defer limited amounts of compensation under this plan. The district may make employer non-elective discretionary, matching, or post-retirement contributions. For the year ended June 30, 2010, total employer contributions to the plan were \$46,075.

NOTE 11 - OPERATING LEASE, AS LESSEE

The district, as lessee, leases office equipment under an operating lease agreement requiring quarterly payments. Minimum future annual rental payments are as follows:

Year ended June 30	
2011	\$ 49,908
2012	49,908
2013	49,908
2014	<u>24,954</u>
Total	<u>\$ 174,678</u>

Total rental expense for all operating leases was \$49,600 for the year ended June 30, 2010.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 12 - CAPITAL LEASE, AS LESSEE

The following is an analysis of the leased property under capital leases by major class as of June 30, 2010:

Band equipment	\$ 14,648
Computer equipment	<u>140,206</u>
Gross	154,854
Accumulated depreciation	<u>(116,664)</u>
Net	<u>\$ 38,190</u>

The following is a schedule by years of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2010:

Year ended June 30	
2011	\$ 58,400
Less amount representing interest	<u>3,557</u>
Present value of net minimum lease payments	<u>\$ 54,843</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The district maintains a single-employer defined benefit OPEB plan that is administered as a trust. The district implemented GASB #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension* for the fiscal year ended June 30, 2009. The benefits under this plan include stated medical and dental benefits to the following classes of employees:

- Teachers and Non-Represented: At retirement age of 55 or older, with 15 or more years of service in the district, the district will contribute towards the retiree's medical premiums for any four consecutive years during retirement. For the first three years of retirement, the district will pay the full amount of the medical premiums. However, for the remaining years, the district's contributions shall be frozen at the rate in effect during the third year of retirement.
- Custodians: At retirement age of 57 or older, with 15 or more years of service in the district, the district will contribute towards the retiree's medical premiums for any four consecutive years during retirement. For the first three years of retirement, the district will pay the full amount of the medical premiums. However, for the remaining years, the district's contributions shall be frozen at the rate in effect during the third year of retirement.

District contributions are financed on a pay-as-you-go basis. During the years ended June 30, 2010 and 2009, the district recognized approximately 279,422 and 254,095 of health and dental insurance and supplemental retirement benefit expenditures related to 19 and 21 former employees, respectively.

Benefits that require payment in future fiscal years, though related to currently-received services, are recorded as an expenditure in the period incurred for district-wide presentation and as an expenditure in the period paid or normally payable for governmental reporting.

As of July 1, 2008, the district currently had 18 retirees receiving benefits under the plan. There are no terminated members entitled to, but not yet receiving benefits. The district had 189 employees in active service. The district's School Board maintains the right to amend the provisions of the plan, including employer and employee obligations to contribute to the plan.

The Statements of Plan Net Assets and Changes in Plan Net Assets are maintained on the accrual basis of accounting. Plan assets are recorded at published fair market values.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

The funding policy of the plan states that the employer will fund 100% of the contributions to the plan, up to the “frozen” levels specified above, including costs to administer the plan. Employees may contribute additional amounts above and beyond the “frozen” levels specified above. There are no legal or contractual maximum contribution rates. The district is currently funding the plan on a “pay-as-you-go” basis. At June 30, 2010 and 2009, the plan has no legally-required reserves or designations, other than the Net Asset balance of \$5,096 and \$5,092, respectively.

The districts annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the district’s annual OPEB cost for the year, the amount actually paid from the plan, and changes in the district’s net OPEB obligation:

Component	Amount
Annual required contribution	\$ 645,181
Interest on net OPEB obligation	19,554
Adjustment to annual required contribution	(17,320)
Annual OPEB cost (expense)	647,415
OPEB payments made	(279,422)
Increase in net OPEB obligation	367,993
Net OPEB obligation - beginning of year	391,086
Net OPEB obligation - end of year	\$ 759,079

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

The districts annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding two year's were:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 647,415	43.16%	\$ 759,079
6/30/2009	645,181	39.38%	391,086
6/30/2008	N/A	N/A	N/A

The actuarial methods and assumptions used are based on the premium rate history of the district's medical insurance plans and retirement age trends. The actuarial valuation provided for a 30-year amortization of unfunded accrued liability based upon the level percent amortization method. The overall actuarial cost method used was the "projected unit credit" method. An investment rate of return of 5.0% was used, along with an initial medical care trend rate of 10% (decreasing by 1% per year down to 5%). The rate of inflation used was 4%. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits are based on the types of benefits provided under the plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and employee to that point. Actuarial calculations reflect a long-term perspective, and consistent with that perspective, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 14 - BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental and special revenue funds. The statutes do not require a limit at which expenditures may not legally exceed appropriations. Any appropriations lapse at year end.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 15 - COMMITMENTS AND CONTINGENT LIABILITIES

Encumbrances Outstanding - Encumbrances for purchase orders, contracts and other commitments for expenditures are recognized by the district as a reservation of fund balance. On June 30, 2010, there were no encumbrances outstanding.

NOTE 16 - LIMITATION ON 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 by the higher of the rate of inflation or the CPI-adjusted dollar amount on the prior year per pupil amount unless a higher amount has been approved by a referendum.

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

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

For the fiscal year ended June 30, 2010, the district did not exceed its revenue limit.

NOTE 17 - RISK MANAGEMENT

The district is exposed to various risks of loss related to limited torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the district carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 18 - SUBSEQUENT EVENTS

Subsequent to year end, on August 5, 2010, the district issued \$1,140,000 of General Obligation refunding bonds to refinance the State Trust Fund loan. The debt bears interest at rates ranging from 3.0% to 5.25% and matures on April 1, 2021.

The district has performed an evaluation of subsequent events requiring disclosure that have occurred after the statement of net asset date but before the financial statements are issued or available to be issued. The district has evaluated its subsequent events through November 22, 2010, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

**SCHEDULE OF FUNDING PROGRESS FOR
POSTEMPLOYMENT BENEFIT PLANS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
7/1/08	\$ 0	\$ 5,343,663	\$ 5,343,663	\$ 0	\$ 9,006,357	59.3%
7/1/05	0	3,739,994	3,739,994	0	7,758,282	48.2%
2nd preceding valuation date - NONE						

SUPPLEMENTAL FINANCIAL INFORMATION

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
PUPIL ACTIVITY AGENCY FUNDS**

For the Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS				
Cash and investments	\$ 148,087	\$ 387,339	\$ 376,598	\$ 158,828
Total assets	<u>\$ 148,087</u>	<u>\$ 387,339</u>	<u>\$ 376,598</u>	<u>\$ 158,828</u>
LIABILITIES				
Due to student organizations				
Levi Leonard Elementary	\$ 9,416	\$ 49,741	\$ 46,761	\$ 12,396
Theodore Robinson Intermediate	19,321	48,910	35,273	32,958
JC McKenna Middle School	33,307	101,203	102,317	32,193
Senior High School	<u>86,043</u>	<u>187,485</u>	<u>192,247</u>	<u>81,281</u>
Total due to student organizations	<u>148,087</u>	<u>387,339</u>	<u>376,598</u>	<u>158,828</u>
Total liabilities	<u>\$ 148,087</u>	<u>\$ 387,339</u>	<u>\$ 376,598</u>	<u>\$ 158,828</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

ANALYSIS OF LOCAL LEVY

June 30, 2010

	Taxes Receivable July 1, 2009	Current Levy	Collections	Taxes Receivable June 30, 2010
City of Evansville	\$ 1,036,549	\$ 3,393,289	\$ 3,378,260	\$ 1,051,578
Town of Rutland	2,419	8,992	8,861	2,550
Town of Brooklyn	35,626	121,351	115,457	41,520
Town of Center	243,578	682,038	676,956	248,660
Town of Janesville	124,123	390,452	385,099	129,476
Town of Magnolia	173,849	456,503	457,233	173,119
Town of Porter	128,243	411,154	401,054	138,343
Town of Union	<u>489,669</u>	<u>1,716,000</u>	<u>1,696,266</u>	<u>509,403</u>
	<u>\$ 2,234,056</u>	<u>\$ 7,179,779</u>	<u>\$ 7,119,186</u>	<u>\$ 2,294,649</u>