

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

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

For the Year Ended June 30, 2011

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

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Evansville, Wisconsin

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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, 2011, 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 the 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, the aggregate remaining fund information, and the respective budgetary comparison for the General and Debt Service Funds of the district as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows 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, 2011, 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 50 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 as a whole. The supplemental financial information listed on pages 52 to 53 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental financial information is the responsibility of management and was derived from and relates 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, 2011

Smith & Gesteland, LLP
SMITH & GESTELAND, LLP

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

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 \$1,228,629. Of this amount, \$885,841 represents amounts invested in capital assets, net of related debt and \$873,602 is restricted for various purposes. The remaining negative \$530,814 is unrestricted.
- Net assets for the most recent fiscal year increased by \$565,354 over the prior year. This change includes an increase of \$572,875 in governmental activities and a decrease of \$7,521 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 (food service) is due to a decrease in total noncurrent assets (furniture and equipment) from the previous year.
- Total long-term debt obligations decreased by approximately \$1,600,000 from the prior year.
- Total net capital assets decreased by \$791,323, primarily due to the district's depreciation expense of \$831,043 being greater than the asset additions of \$39,720.
- In governmental type funds, total fund balance increased by \$121,231. The General Fund (Fund 10) fund balance increased \$131,047, the Debt Service Fund (Fund 30) fund balance decreased \$7,100, and other governmental funds decreased \$2,716.
- At the end of the current fiscal year, fund balance for the general fund was \$2,320,093 or a total of 11.3 % 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, 2011

- 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 four regular funds (general, special revenue, debt 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 and the debt service fund, as these are considered to be major funds. The other governmental funds are not considered major funds.
- 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, 2011

- 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 debt service 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 2011 as compared to Fiscal 2010 are as follows:

	<u>2011</u>	<u>2010</u>	<u>Increase</u>
Expenses:			
General operating	\$ 20,557,356	\$ 20,110,090	\$ 447,266
Debt service	3,734,681	2,457,498	1,277,183
Food service	703,732	692,116	11,616
Other governmental	109,342	105,136	4,206
Revenues:			
Local sources	8,351,764	7,834,818	516,946
Intermediate sources	26,054	1,916	24,138
State sources	14,274,876	13,495,106	779,770
Federal sources	1,010,780	1,765,526	(754,746)
Other	<u>1,555,347</u>	<u>413,694</u>	<u>1,141,653</u>
Increase (decrease) in fund balances	<u>\$ 113,710</u>	<u>\$ 146,220</u>	<u>\$ (32,510)</u>

The 2010-2011 general operating expenses increased 2.2% from 2009-2010. This increase is more than the previous year and is a result of increases to expenditures for salaries and benefits.

Debt service expenditures increased significantly over the previous year as a result of the refinance of the district state trust fund loan.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

The increase in state revenue sources and decrease in federal revenue sources is because the state did not supplant equalized aid with federal money for 2010-2011. In 2009-2010, the state supplanted a portion of equalized aid to schools with federal dollars totaling \$683,251. This resulted in a portion of state aid being reported as a federal source for 2009-2010. For 2010-2011 the equalized aid received from the state did not include federal dollars and therefore was all reported as a state revenue source resulting in an increase of \$712,573 over 2009-2010.

The increase in local source revenue is mainly due to an increase in the tax levy for 2010-2011.

The increase in other sources of revenue is the result of a refinance of debt to reduce interest expense. The district refinanced a state trust fund loan resulting in loan proceeds of \$1,140,000 recorded as revenue.

Below is the Condensed Statement of Net Assets:

Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total		% Change
	2011	2010	2011	2010	2011	2010	
Current assets	\$ 8,757,446	\$ 7,723,471	\$ 126,102	\$ 115,971	\$ 8,883,548	\$ 7,839,442	13.3%
Capital assets	24,588,033	25,366,416	82,672	95,612	24,670,705	25,462,028	-3.1%
Other assets	230,165	230,616			230,165	230,616	-0.2%
Total assets	33,575,644	33,320,503	208,774	211,583	33,784,418	33,532,086	0.8%
Current liabilities	8,235,228	6,965,158	36,970	32,258	8,272,198	6,997,416	18.2%
Long-term debt outstanding	24,283,591	25,871,395			24,283,591	25,871,395	-6.1%
Total liabilities	32,518,819	32,836,553	36,970	32,258	32,555,789	32,868,811	-1.0%
Net assets	\$ 1,056,825	\$ 483,950	\$ 171,804	\$ 179,325	\$ 1,228,629	\$ 663,275	-85.2%
Invested in capital assets, net of related debt	\$ 803,169	\$ 1,241,573	\$ 82,672	\$ 95,612	\$ 885,841	\$ 1,337,185	-33.8%
Restricted	784,470	794,286	89,132	83,713	873,602	877,999	-0.5%
Unrestricted	(530,814)	(1,551,909)			(530,814)	(1,551,909)	-65.8%
Total net assets	\$ 1,056,825	\$ 483,950	\$ 171,804	\$ 179,325	\$ 1,228,629	\$ 663,275	-85.2%

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Below is the Condensed Statement of Changes in Net Assets:

Condensed Statement of Changes in Net Assets								
	Governmental Activities	%	Business-Type Activities	%	Total	%	Total	%
	2011		2011		2011		2010	
Revenues								
Program revenues								
Charges for services	\$ 478,863	2.0%	\$ 438,569	63.0%	\$ 917,432	3.8%	\$ 899,347	3.8%
Operating grants and contributions	2,120,569	9.0%	257,641	37.0%	2,378,210	9.8%	2,302,967	9.7%
Capital grants								
General revenues								
Property taxes	7,744,578	33.0%			7,744,578	32.1%	7,204,208	30.5%
General state aid	12,936,975	55.3%			12,936,975	53.6%	12,224,402	51.8%
ARRA State Fiscal Stabilization							744,490	3.2%
Other	168,963	0.7%			168,963	0.7%	246,251	1.0%
Total revenues	23,449,948	100.0%	696,210	100.0%	24,146,158	100.0%	23,621,665	100.0%
Expenses								
Instruction	13,430,371	58.8%			13,430,371	56.9%	12,851,704	55.5%
Pupil services	1,321,175	5.8%			1,321,175	5.6%	1,425,997	6.2%
Instructional staff services	991,013	4.3%			991,013	4.2%	1,038,952	4.5%
Administration and business	1,646,577	7.2%			1,646,577	7.0%	1,605,932	6.9%
Operations and maintenance	2,056,583	9.0%			2,056,583	8.7%	1,925,899	8.3%
Pupil transportation	627,264	2.7%			627,264	2.7%	708,787	3.1%
Central services	50,308	0.2%			50,308	0.2%	46,679	0.2%
Interest on debt	1,198,809	5.2%			1,198,809	5.1%	1,301,390	5.6%
Other	1,554,973	6.8%	703,731	100.0%	2,258,704	9.6%	2,245,598	9.7%
Total expenses	22,877,073	100.0%	703,731	100.0%	23,580,804	100.0%	23,150,938	100.0%
Change in net assets	\$ 572,875		\$ (7,521)		\$ 565,354		\$ 470,727	

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

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

The original 2010-2011 Fund 10 adopted budget had a deficit of \$66,492 but the year ended with a surplus of \$131,047. The actual revenues were \$97,156 less than budgeted. This difference represents a decrease in expected school-based-services reimbursements from Medicaid claims and a decrease in expected claims submitted for the Federal Flow-Through grant as the district focused on claiming ARRA grant funds due to expire September 30, 2011. The actual expenditures were \$268,021 less than budgeted, which was due primarily to conservative budget oversight and prudent spending decisions throughout the year. This small budget surplus was expected at fiscal year-end.

CAPITAL ASSET AND LONG-TERM DEBT ANALYSIS

	<u>7/1/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2011</u>
Property & equipment, net	<u>\$25,462,028</u>	<u>\$ 39,720</u>	<u>\$ 831,043</u>	<u>\$24,670,705</u>
General obligation debt	<u>\$24,124,843</u>	<u>\$ 1,163,013</u>	<u>\$ 1,502,992</u>	<u>\$23,784,864</u>

The reduction in property and equipment represents the annual depreciation.

The additions to long-term debt were a result of the refinancing of the district's state trust fund loan. Scheduled principal payments represent the reductions in the long-term debt.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The district is restricted by State Statute as to the amount of revenue it may raise from the property tax levy used for operating purposes, without public referendum to approve an increase. After many years of annual increases to the state imposed revenue limit, school districts are subject to a 5.5% revenue decrease for the 2011-2012 fiscal year. The revenue decrease for Evansville is \$988,022.

Recent state law changes reducing collective bargaining rights of district employees will allow school boards more control over the cost of salaries and benefits for all district employees. Evansville will be subject to the new labor laws upon expiration of current union contracts. The district is currently managing four union labor contracts, of which three will expire on June 30th, 2013. The Evansville Education Association Auxiliary labor contract will expire June 30th, 2012. The elimination of union labor contracts will have a significant impact on all Wisconsin school districts.

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. Student enrollment is predicted to remain stable at the current level and, therefore, the district will not realize changes in revenue due to student count increases or decreases.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

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 Doreen Treuden, 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, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and investments	\$ 5,444,875	\$ 75,038	\$ 5,519,913
Taxes receivable	2,398,347		2,398,347
Accounts receivable	112,463	48	112,511
Due from other funds		18,759	18,759
Due from other governments	565,136	31,810	596,946
Inventories and prepaid supplies	74,817		74,817
Asset held for resale	161,808		161,808
Other current assets		<u>447</u>	<u>447</u>
Total current assets	<u>8,757,446</u>	<u>126,102</u>	<u>8,883,548</u>
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	<u>2,778,779</u>	<u>259,680</u>	<u>3,038,459</u>
	37,877,237	259,680	38,136,917
Less accumulated depreciation	<u>(13,289,204)</u>	<u>(177,008)</u>	<u>(13,466,212)</u>
Total noncurrent assets	<u>24,588,033</u>	<u>82,672</u>	<u>24,670,705</u>
Other assets			
Bond issuance costs	380,195		380,195
Accumulated amortization	<u>(150,030)</u>		<u>(150,030)</u>
Total other assets	<u>230,165</u>		<u>230,165</u>
Total assets	<u>\$ 33,575,644</u>	<u>\$ 208,774</u>	<u>\$ 33,784,418</u>

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	\$ 3,900,000	\$	\$ 3,900,000
Accounts payable	262,254	17,783	280,037
Accrued liabilities	1,734,269	19,187	1,753,456
Other deferred revenue	10,742		10,742
Due to other funds	18,759		18,759
Current portion of long-term liabilities	<u>2,309,204</u>		<u>2,309,204</u>
Total current liabilities	<u>8,235,228</u>	<u>36,970</u>	<u>8,272,198</u>
Noncurrent liabilities			
Long-term liabilities, less current portion	<u>24,283,591</u>		<u>24,283,591</u>
Total noncurrent liabilities	<u>24,283,591</u>		<u>24,283,591</u>
Total liabilities	<u>32,518,819</u>	<u>36,970</u>	<u>32,555,789</u>
NET ASSETS			
Invested in capital assets, net of related debt	803,169	82,672	885,841
Restricted for:			
Debt service	768,483		768,483
Capital projects	500		500
Special revenue	15,487		15,487
Food service		89,132	89,132
Unrestricted	<u>(530,814)</u>		<u>(530,814)</u>
Total net assets	<u>\$ 1,056,825</u>	<u>\$ 171,804</u>	<u>\$ 1,228,629</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

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	\$ 8,401,599	\$ 355,620	\$ 496,886	\$ (7,549,093)		\$ (7,549,093)
Special education instruction	3,027,838	33,325	1,403,561	(1,590,952)		(1,590,952)
Vocational instruction	1,023,496		15,852	(1,007,644)		(1,007,644)
Other instruction	977,438	26,038	34,550	(916,850)		(916,850)
Total instruction	<u>13,430,371</u>	<u>414,983</u>	<u>1,950,849</u>	<u>(11,064,539)</u>		<u>(11,064,539)</u>
Support services:						
Pupil services	1,321,175			(1,321,175)		(1,321,175)
Instructional staff services	991,013		73,301	(917,712)		(917,712)
General administration services	405,577			(405,577)		(405,577)
School administration services	986,992			(986,992)		(986,992)
Business services	254,008			(254,008)		(254,008)
Operations & maintenance of plant services	2,056,583	17,330	60,416	(1,978,837)		(1,978,837)
Pupil transportation services	627,264		36,003	(591,261)		(591,261)
Central services	50,308			(50,308)		(50,308)
Other support services	646,511	46,550		(599,961)		(599,961)
Insurance	100,326			(100,326)		(100,326)
Interest	1,198,809			(1,198,809)		(1,198,809)
Depreciation and amortization - unallocated	808,136			(808,136)		(808,136)
Total support services	<u>9,446,702</u>	<u>63,880</u>	<u>169,720</u>	<u>(9,213,102)</u>		<u>(9,213,102)</u>
Total governmental activities	<u>22,877,073</u>	<u>478,863</u>	<u>2,120,569</u>	<u>(20,277,641)</u>		<u>(20,277,641)</u>
Business-type activities:						
School food service program	703,731	438,569	257,641		(7,521)	(7,521)
Total school district	<u>\$ 23,580,804</u>	<u>\$ 917,432</u>	<u>\$ 2,378,210</u>	<u>\$ (20,277,641)</u>	<u>\$ (7,521)</u>	<u>\$ (20,285,162)</u>
General revenues:						
Property taxes:						
General purposes				\$ 5,179,941		\$ 5,179,941
Debt services				2,564,637		2,564,637
Federal and state aid not restricted to specific purposes:						
General				12,936,975		12,936,975
Interest and investment earnings				147,532		147,532
Miscellaneous				21,431		21,431
Total general revenues				<u>20,850,516</u>		<u>20,850,516</u>
Change in net assets				572,875	(7,521)	565,354
Net assets - beginning of year				<u>483,950</u>	<u>179,325</u>	<u>663,275</u>
Net assets - end of year				<u>\$ 1,056,825</u>	<u>\$ 171,804</u>	<u>\$ 1,228,629</u>

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

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 4,658,547	\$ 768,483	\$ 17,845	\$ 5,444,875
Taxes receivable	2,398,347			2,398,347
Accounts receivable	80,679		31,784	112,463
Due from other governments	565,136			565,136
Inventories and prepaid supplies	74,817			74,817
Asset held for resale	<u>161,808</u>			<u>161,808</u>
 Total assets	 <u>\$ 7,939,334</u>	 <u>\$ 768,483</u>	 <u>\$ 49,629</u>	 <u>\$ 8,757,446</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Short-term note payable	\$ 3,900,000	\$	\$	\$ 3,900,000
Accounts payable	261,895		359	262,254
Accrued salaries and related items	1,394,522		3,732	1,398,254
Due to other funds	9,050		9,709	18,759
Accrued interest payable	36,755			36,755
Other current liabilities	6,277		19,842	26,119
Other deferred revenue	<u>10,742</u>			<u>10,742</u>
 Total liabilities	 <u>5,619,241</u>		 <u>33,642</u>	 <u>5,652,883</u>
 Fund balances				
Non-spendable	212,263			212,263
Restricted		768,483	15,987	784,470
Unassigned	<u>2,107,830</u>			<u>2,107,830</u>
 Total fund balances	 <u>2,320,093</u>	 <u>768,483</u>	 <u>15,987</u>	 <u>3,104,563</u>
 Total liabilities and fund balances	 <u>\$ 7,939,334</u>	 <u>\$ 768,483</u>	 <u>\$ 49,629</u>	 <u>\$ 8,757,446</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, 2011

Total fund balances - governmental funds \$ 3,104,563

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	\$ 37,877,237	
Governmental accumulated depreciation	<u>(13,289,204)</u>	24,588,033

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	380,195	
Governmental accumulated amortization	<u>(150,030)</u>	230,165

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	(23,770,000)	
Premium on refunded bonds payable	(988,049)	
Accrued interest on bonds payable	(273,141)	
Capital leases payable	(14,864)	
Vested employee benefits	<u>(1,819,882)</u>	<u>(26,865,936)</u>

Total net assets - governmental activities \$ 1,056,825

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, 2011

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 5,340,860	\$ 2,565,406	\$ 6,929	\$ 7,913,195
Interdistrict sources	273,013		46,544	319,557
Intermediate sources	26,054			26,054
State sources	14,262,477			14,262,477
Federal sources	765,537			765,537
Other	73,615			73,615
Total revenues	<u>20,741,556</u>	<u>2,565,406</u>	<u>53,473</u>	<u>23,360,435</u>
Expenditures				
Instruction:				
Regular instruction	8,422,024		2,588	8,424,612
Vocational instruction	1,016,439		7,057	1,023,496
Special instruction	2,931,036		99,697	3,030,733
Other instruction	977,438			977,438
Total instruction	<u>13,346,937</u>		<u>109,342</u>	<u>13,456,279</u>
Support services:				
Pupil services	959,016			959,016
Instructional staff services	983,832			983,832
General administration services	405,577			405,577
School administration services	985,357			985,357
Business services	254,008			254,008
Operations and maint. of plant	2,043,391			2,043,391
Pupil transportation	627,264			627,264
Central services	50,308			50,308
Insurance	100,326			100,326
Other support services	312,065			312,065
Total support services	<u>\$ 6,721,144</u>	<u>\$</u>	<u>\$</u>	<u>\$ 6,721,144</u>

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

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Nonprogram:				
General tuition	\$ 362,159	\$	\$	\$ 362,159
Total nonprogram	<u>362,159</u>	<u> </u>	<u> </u>	<u>362,159</u>
Debt service:				
Principal	62,992	2,553,235		2,616,227
Interest	<u>64,124</u>	<u>1,156,044</u>	<u> </u>	<u>1,220,168</u>
Total debt service	<u>127,116</u>	<u>3,709,279</u>	<u> </u>	<u>3,836,395</u>
Total expenditures	<u>20,557,356</u>	<u>3,709,279</u>	<u>109,342</u>	<u>24,375,977</u>
Excess of revenues over (under) expenditures	<u>184,200</u>	<u>(1,143,873)</u>	<u>(55,869)</u>	<u>(1,015,542)</u>
Other financial sources (uses)				
Operating transfers in (out)	(53,153)		53,153	
Refinancing bonds issued		1,140,000		1,140,000
Bond premium		22,175		22,175
Bond issuance costs	<u> </u>	<u>(25,402)</u>	<u> </u>	<u>(25,402)</u>
Net other financing sources (uses)	<u>(53,153)</u>	<u>1,136,773</u>	<u>53,153</u>	<u>1,136,773</u>
Net change in fund balances	<u>131,047</u>	<u>(7,100)</u>	<u>(2,716)</u>	<u>121,231</u>
Fund balances - beginning of year	<u>2,189,046</u>	<u>775,583</u>	<u>18,703</u>	<u>2,983,332</u>
Fund balances - end of year	<u>\$ 2,320,093</u>	<u>\$ 768,483</u>	<u>\$ 15,987</u>	<u>\$ 3,104,563</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, 2011

Net change in fund balances - total governmental funds \$ 121,231

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	\$ 36,953	
Depreciation expense reported in the statement of activities	<u>(815,336)</u>	
Amount by which depreciation is greater than capital outlays in the current period:		(778,383)

Equipment received under a capital lease agreement is reported
in the governmental funds as revenue, but is reported as an
addition to long-term debt in the statement of net assets and
does not affect the statement of activities. (23,013)

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.

Bond issuance costs paid in the current year is:	25,402	
The amount amortized in the current year is:	<u>(25,853)</u>	(451)

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	\$ 1,471,644	
Vested employee benefits earned in current year	<u>(692,855)</u>	
Benefits paid are greater than benefits earned by:		\$ 778,789

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:		1,502,992
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Proceeds received from bond payable issuance is reported in the governmental funds as revenue, but is reported as an increase in long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of proceeds from long-term debt in the current year is:		(1,140,000)
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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 of premium received in the current year is:	(22,175)	
The amount amortized in the current year is:	<u>112,526</u>	90,351

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	1,220,168	
The amount of interest accrued during the current period	<u>(1,198,809)</u>	
Interest paid is greater than interest accrued by:		<u>21,359</u>

Change in net assets - governmental activities		<u>\$ 572,875</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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues:				
Local sources	\$ 5,335,477	\$ 5,366,661	\$ 5,340,860	\$ (25,801)
Interdistrict sources	292,228	391,501	273,013	(118,488)
Intermediate sources	500	500	26,054	25,554
State sources	14,279,540	14,217,474	14,262,477	45,003
Federal sources	860,619	843,027	765,537	(77,490)
Other sources	19,549	19,549	73,615	54,066
Total revenues	<u>20,787,913</u>	<u>20,838,712</u>	<u>20,741,556</u>	<u>(97,156)</u>
Expenditures:				
Instruction:				
Regular instruction	8,485,518	8,584,791	8,422,024	162,767
Vocational instruction	1,047,534	1,047,534	1,016,439	31,095
Special instruction	2,883,051	2,883,051	2,931,036	(47,985)
Other instruction	977,824	977,824	977,438	386
Total instruction	<u>13,393,927</u>	<u>13,493,200</u>	<u>13,346,937</u>	<u>146,263</u>
Support services:				
Pupil services	1,015,403	1,011,403	959,016	52,387
Instructional staff services	1,018,357	1,018,357	983,832	34,525
General administration services	402,522	402,522	405,577	(3,055)
Building administration services	977,698	977,698	985,357	(7,659)
Business services	228,779	228,779	254,008	(25,229)
Operations and maintenance of plant	2,040,837	2,040,837	2,043,391	(2,554)
Pupil transportation	657,878	657,878	627,264	30,614
Central services	44,642	44,642	50,308	(5,666)
Insurance	114,783	114,783	100,326	14,457
Other support services	315,166	315,166	312,065	3,101
Total support services	<u>6,816,065</u>	<u>6,812,065</u>	<u>6,721,144</u>	<u>90,921</u>
Nonprogram:				
General tuition	484,676	403,124	362,159	40,965
Total nonprogram	<u>484,676</u>	<u>403,124</u>	<u>362,159</u>	<u>40,965</u>
Debt service:				
Principal	54,133	54,133	62,992	(8,859)
Interest	61,011	64,619	64,124	495
Total debt service	<u>115,144</u>	<u>118,752</u>	<u>127,116</u>	<u>(8,364)</u>
Total expenditures	<u>20,809,812</u>	<u>20,827,141</u>	<u>20,557,356</u>	<u>269,785</u>
Excess of revenues over (under) expenditures	(21,899)	11,571	184,200	172,629
Other financing uses:				
Transfer to other funds	(44,593)	(51,389)	(53,153)	(1,764)
Net change in fund balance	(66,492)	(39,818)	131,047	170,865
Fund balance - beginning of year	2,189,046	2,189,046	2,189,046	
Fund balance - end of year	<u>\$ 2,122,554</u>	<u>\$ 2,149,228</u>	<u>\$ 2,320,093</u>	<u>\$ 170,865</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local sources	\$ 2,566,962	\$ 2,622,601	\$ 2,565,406	\$ (57,195)
Total revenues	<u>2,566,962</u>	<u>2,622,601</u>	<u>2,565,406</u>	<u>(57,195)</u>
Expenditures:				
Debt service				
Principal	2,553,235	2,553,235	2,553,235	
Interest	<u>1,156,044</u>	<u>1,190,470</u>	<u>1,156,044</u>	<u>34,426</u>
Total debt service	<u>3,709,279</u>	<u>3,743,705</u>	<u>3,709,279</u>	<u>34,426</u>
Total expenditures	<u>3,709,279</u>	<u>3,743,705</u>	<u>3,709,279</u>	<u>34,426</u>
Excess of revenues over (under) expenditures	<u>(1,142,317)</u>	<u>(1,121,104)</u>	<u>(1,143,873)</u>	<u>(22,769)</u>
Other financial sources (uses)				
Refinancing bonds issued	1,140,000	1,140,000	1,140,000	
Bond premium	28,375	28,375	22,175	6,200
Bond issuance costs	<u>(31,602)</u>	<u>(31,602)</u>	<u>(25,402)</u>	<u>(6,200)</u>
Net other financing sources (uses)	<u>1,136,773</u>	<u>1,136,773</u>	<u>1,136,773</u>	
Net change in fund balance	(5,544)	15,669	(7,100)	(22,769)
Fund balance - beginning of year	<u>775,583</u>	<u>775,583</u>	<u>775,583</u>	
Fund balance - end of year	<u>\$ 770,039</u>	<u>\$ 791,252</u>	<u>\$ 768,483</u>	<u>\$ (22,769)</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, 2011

	<u>Food Service Fund</u>
ASSETS	
Current assets	
Cash and investments	\$ 75,038
Accounts receivable	48
Prepaid expenses	447
Due from general fund	18,759
Due from other governments	<u>31,810</u>
Total current assets	<u>126,102</u>
Noncurrent assets	
Furniture and equipment	259,680
Less accumulated depreciation	<u>(177,008)</u>
Total noncurrent assets	<u>82,672</u>
Total assets	<u>\$ 208,774</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 17,783
Accrued liabilities	<u>19,187</u>
Total liabilities	<u>36,970</u>
NET ASSETS	
Invested in capital assets, net of related debt	82,672
Restricted for food service programs - nonexpendable	447
Restricted for food service programs - expendable	<u>88,685</u>
Total net assets	<u>\$ 171,804</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, 2011

	<u>Food Service Fund</u>
Revenues:	
Food sales	\$ 438,569
State sources	12,399
Federal sources	201,668
Federal commodities	<u>43,575</u>
 Total revenues	 <u>696,211</u>
 Operating expenses:	
Salaries and wages	214,640
Employer paid benefits	44,000
Supplies, food, and materials	429,385
Depreciation	<u>15,707</u>
 Total operating expenses	 <u>703,732</u>
 Operating loss	 (7,521)
 Net assets - beginning of year	 <u>179,325</u>
 Net assets - end of year	 <u>\$ 171,804</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, 2011

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from user charges	\$ 439,562
Cash received from government payments	185,216
Cash payments to employees for services	(255,033)
Cash payments to suppliers for goods and services	(386,816)
Cash payments for other operating expenses	<u>(16,437)</u>
Net cash used in operating activities	<u>(33,508)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	<u>(2,767)</u>
Net cash used in investing activities	<u>(2,767)</u>
Net decrease in cash	(36,275)
Cash - beginning of year	<u>111,313</u>
Cash - end of year	<u>\$ 75,038</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Change in net assets	\$ (7,521)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	15,707
Changes in assets and liabilities:	
Accounts receivable	1,214
Prepaid expenses	(10)
Due from general fund	(18,759)
Due from other governments	(28,851)
Accounts payable	3,972
Accrued liabilities	<u>740</u>
Net cash used in operating activities	<u>\$ (33,508)</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, 2011

	<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	\$ 166,078	\$ 5,096	\$ 8,984	\$ 500
Total assets	<u>166,078</u>	<u>5,096</u>	<u>8,984</u>	<u>500</u>
LIABILITIES				
Due to student groups:				
Levi Leonard Elementary	10,657			
Theodore Robinson Intermediate	25,969			
JC McKenna Middle School	46,174			
Senior High School	<u>83,278</u>			
Total liabilities	<u>166,078</u>			
NET ASSETS				
Restricted		<u>5,096</u>	<u>8,984</u>	<u>500</u>
Total net assets	<u>\$</u>	<u>\$ 5,096</u>	<u>\$ 8,984</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, 2011

	<u>Employee Benefit Trust Fund</u>	<u>Expendable Trust Funds Scholarships</u>
ADDITIONS		
Investment earnings	\$ _____	\$ _____ 25
Total additions	_____	_____ 25
Change in net assets		25
Net assets - beginning of year	_____ 5,096	_____ 8,959
Net assets - end of year	<u>\$ 5,096</u>	<u>\$ 8,984</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.

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.

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.

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 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)

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.

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.

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)

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2010 tax levy is used to finance operations of the district's fiscal year ended June 30, 2011. 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, 2011.

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.

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)

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.

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.

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)

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.

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.

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

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.
- 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.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3 - CASH AND INVESTMENTS (continued)

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, 2011, 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, 2011, \$3,914,222 of the district's bank balance of \$4,570,091 was exposed to custodial credit risk. The district's bank deposits are uncollateralized as of June 30, 2011.

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.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3 - CASH AND INVESTMENTS (continued)

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

As of June 30, 2011, the district had the following investments:

Investment	Maturities	Fair Value
Investment in State Treasurer's Investment Pool	Less than 6 months	\$ 1,393,664

NOTE 4 - INTERFUND BALANCES/TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2011, are as follows:

Fund	Due From	Due To
General fund	\$	\$ 9,049
Other governmental funds		9,710
Food service	18,759	
	\$ 18,759	\$ 18,759

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.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 4 - INTERFUND BALANCES/TRANSFERS (continued)

Interfund transfers for the year ended June 30, 2011, consisted of the following:

Fund	Transfer From	Transfer To
General fund	\$ 53,153	\$
Special revenue funds		
Package/cooperative		53,153
	\$ 53,153	\$ 53,153

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.

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, 2011:

Fund	Excess Expenditures
General fund	
Debt service	\$ 8,364
Other financing uses	1,764

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Sites (land)	\$ 191,874	\$	\$	\$ 191,874
Total capital assets not being depreciated	191,874			191,874
Capital assets being depreciated:				
Site improvements	1,980,458			1,980,458
Buildings and building improvements	32,926,126			32,926,126
Furniture and equipment	2,741,826	36,953		2,778,779
Total capital assets being depreciated	37,648,410	36,953		37,685,363
Less accumulated depreciation for:				
Site improvements	(1,216,256)	(78,037)		(1,294,293)
Buildings and building improvements	(8,850,929)	(643,309)		(9,494,238)
Furniture and equipment	(2,406,683)	(93,990)		(2,500,673)
Total accumulated depreciation	(12,473,868)	(815,336)		(13,289,204)
Total capital assets being depreciated, net of accumulated depreciation	25,174,542	(778,383)		24,396,159
Governmental activities capital assets, net of accumulated depreciation	\$ 25,366,416	\$ (778,383)	\$	\$ 24,588,033
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 256,913	\$ 2,767	\$	\$ 259,680
Less accumulated depreciation	(161,301)	(15,707)		(177,008)
Business-type activities capital assets, net of accumulated depreciation	\$ 95,612	\$ (12,940)	\$	\$ 82,672
Depreciation expense was charged to governmental functions as follows:				
Instructional staff services	\$ 7,181			
School administration services	1,635			
Operations and maintenance of plant	24,237			
Depreciation not charged to a specific function	782,283			
Total depreciation for governmental activities	\$ 815,336			

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7 - 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 17, 2011, and bears interest at 1.25%.

Short-term notes payable at June 30, 2011, are as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Note - Hutchinson	<u>\$ 3,100,000</u>	<u>\$ 3,900,000</u>	<u>\$ 3,100,000</u>	<u>\$ 3,900,000</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 - 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	\$ 24,070,000	\$ 1,140,000	\$ 1,440,000	\$ 23,770,000	\$ 1,640,000
Capital leases	54,843	23,013	62,992	14,864	7,202
Subtotal	<u>24,124,843</u>	<u>1,163,013</u>	<u>1,502,992</u>	<u>23,784,864</u>	<u>1,647,202</u>
Other liabilities					
Vested employee benefits					
Vacation pay	20,343	21,592	20,343	21,592	21,592
Sick leave	706,014	73,582	48,196	731,400	41,800
Other postemployment benefits	759,079	597,681	289,870	1,066,890	486,113
Bond premium	1,078,400	22,175	112,526	988,049	112,497
Prior service liability, Wisconsin					
Retirement Fund	<u>1,113,235</u>		<u>1,113,235</u>		
Total other liabilities	<u>3,677,071</u>	<u>715,030</u>	<u>1,584,170</u>	<u>2,807,931</u>	<u>662,002</u>
Total governmental activities					
long-term liabilities	<u>\$ 27,801,914</u>	<u>\$ 1,878,043</u>	<u>\$ 3,087,162</u>	<u>\$ 26,592,795</u>	<u>\$ 2,309,204</u>
Business type activities:					
Bonds and notes payable	NONE				
Capital leases	NONE				

Total interest paid during the year aggregated \$1,220,168 including \$60,570 for short-term borrowing. Total interest incurred during the year aggregated \$1,198,809 including \$53,666 for short-term borrowing.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 - LONG-TERM OBLIGATIONS (continued)

General Obligation Debt

All general obligation debt is secured by the full faith and credit and taxing powers of the district. General obligation debt at June 30, 2011, is comprised of the following individual issues:

Description	Issue Date	Interest Rate (%)	Date of Maturity	Balance June 30, 2011
Refunding bond payable	03/01/07	4.25 - 5.05	04/01/12	\$ 435,000
Refunding bond payable	03/01/05	3.0 - 5.0	04/01/20	22,270,000
Refinancing bond payable	08/05/10	3.0 - 5.25	04/01/21	<u>1,065,000</u>
*Total general obligation debt				<u>\$ 23,770,000</u>

The 2010 equalized valuation of the district as certified by the Wisconsin Department of Revenue is \$683,234,138. The legal debt limit and margin of indebtedness as of June 30, 2011, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of 683,234,138)	\$ 68,323,414
* Deduct long-term debt applicable to debt margin	<u>23,770,000</u>
Margin of indebtedness	<u>\$ 44,553,414</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on June 30, 2011, follows:

Year Ended June 30	Principal	Interest	Total
2012	\$ 1,640,000	\$ 1,089,723	\$ 2,729,723
2013	1,835,000	1,021,022	2,856,022
2014	2,070,000	943,991	3,013,991
2015	2,300,000	841,954	3,141,954
2016	2,570,000	727,829	3,297,829
2017 - 2021	<u>13,355,000</u>	<u>1,659,123</u>	<u>15,014,123</u>
	<u>\$ 23,770,000</u>	<u>\$ 6,283,642</u>	<u>\$ 30,053,642</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9 - 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 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) 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, 2010, was \$11,213,427. The total required contribution for the year ended December 31, 2010, was \$1,233,477 which consisted of \$538,245 or 4.8% of payroll from the employer and \$695,232 or 6.2% of payroll from employees. The district pays 100% of the contribution for their employees. Total contributions for the years ending December 31, 2010 and 2009, were \$1,233,477 and \$1,174,340, 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' of earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to 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 9 - 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, 2011, total employer contributions to the plan were \$26,100.

NOTE 10 - 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	
2012	\$ 49,908
2013	49,908
2014	<u>24,954</u>
Total	<u>\$ 124,770</u>

Total rental expense for all operating leases was \$49,908 for the year ended June 30, 2011.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 11 - CAPITAL LEASE, AS LESSEE

The following is an analysis of the leased property under capital leases by major class as of June 30, 2011:

Computer equipment	\$ 23,013
Accumulated depreciation	<u>(2,301)</u>
Net	<u>\$ 20,712</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, 2011:

Year ended June 30	
2012	\$ 8,149
2013	<u>8,149</u>
Total future minimum lease payments	16,298
Less amount representing interest	<u>1,434</u>
Present value of net minimum lease payments	<u>\$ 14,864</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The district maintains a single-employer defined benefit OPEB plan that is administered as a trust. The district accounts for OPEB under GASB #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. 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 10 or more years of service in the district, the district will make annual contributions into an HRA on behalf of the retiree for a period of 3 years (4 years for those with at least 15 years of service) but not to exceed Medicare-eligibility. These contribution amounts will be equal to the medical premium contributions made on behalf of active employees.
- Administrators: At retirement age of 55 or older, with 10 or more years of service in the district;
 - For those with a minimum of 10 years of service as of July 1, 2010, the district will make annual contributions into an HRA on behalf of the retiree for a period of 3 years (4 years for those with at least 15 years of service) but not to exceed Medicare-eligibility. These contribution amounts will be equal to the medical premium amounts contributed on behalf of active EEA members.
 - For those with less than 10 years of service as of July 1, 2010, the district will make annual contributions into an HRA on behalf of the retiree for a period of 3 years (4 years for those with at least 15 years of service) but not to exceed Medicare-eligibility. These contribution amounts will be frozen at the rates in effect at the time of retirement.
- Custodians: At retirement age of 57 or older, with 10 or more years of service in the district;
 - For those with a minimum of 10 years of service as of July 1, 2010, the district will make annual contributions into an HRA on behalf of the retiree for a period of 3 years but not to exceed Medicare-eligibility. These contribution amounts will be equal to the single medical premium rates.
 - For those with a minimum of 15 years of service as of July 1, 2010, the district will make annual contributions into an HRA on behalf of the retiree for a period of 3 years but not to exceed Medicare-eligibility. These contribution amounts will be equal to the medical premium contributions (single or family) made on behalf of active employees
- Administrative Assistants: At retirement age of 55 or older, with 10 or more years of service in the district, the district will make annual contributions into an HRA on behalf of the retiree for a period of 3 years (4 years for those with at least 15 years of service) but not to exceed Medicare-eligibility. These contribution amounts will be equal to the medical premium contributions made on behalf of active employees.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

District contributions are financed on a pay-as-you-go basis. During the years ended June 30, 2011 and 2010, the district recognized approximately \$289,870 and \$279,422 of health and dental insurance and supplemental retirement benefit expenditures related to 17 and 19 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, 2010, the district currently had 19 retirees receiving benefits under the plan. There are no terminated members entitled to, but not yet receiving benefits. The district had 256 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.

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. 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, 2011 and 2010, the plan has no legally-required reserves or designations, other than the Net Asset balance of \$5,096.

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	\$ 594,358
Interest on net OPEB obligation	37,954
Adjustment to annual required contribution	(34,631)
Annual OPEB cost (expense)	597,681
OPEB payments made	(289,870)
Increase in net OPEB obligation	307,811
Net OPEB obligation - beginning of year	759,079
Net OPEB obligation - end of year	\$ 1,066,890

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 12 - 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 2011 and the preceding two year's were:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 597,681	48.50%	\$ 1,066,890
6/30/2010	647,415	43.16%	759,079
6/30/2009	645,181	39.38%	391,086

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 8% (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 13 - FUND BALANCE

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 13 - FUND BALANCE (continued)

GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This includes items such as inventories, prepaid amounts, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by constitutional provisions, external resource providers, or through enabling legislation.

Committed - Includes amounts that can be used only for the specific purposes determined by formal action of the School Board (the district's highest level of decision-making authority).

Assigned - Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned - The residual classification for the general fund. It includes all funds that have not been assigned to other funds and have not been restricted, committed, or assigned to specific purposes.

The district will generally use restricted amounts before unrestricted amounts when doing so does not result in loss of general state aid.

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.

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, 2011, there were no encumbrances outstanding.

EVANSVILLE COMMUNITY SCHOOL DISTRICT
Evansville, Wisconsin

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2011, 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

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, 2011, 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**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ([b-a]/c)</u>
7/1/10	\$ 0	\$ 5,519,990	\$ 5,519,990	\$ 0	\$ 8,910,467	61.9%
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%

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, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS				
Cash and investments	\$ 158,828	\$ 381,957	\$ 374,707	\$ 166,078
Total assets	<u>\$ 158,828</u>	<u>\$ 381,957</u>	<u>\$ 374,707</u>	<u>\$ 166,078</u>
LIABILITIES				
Due to student organizations				
Levi Leonard Elementary	\$ 12,396	\$ 34,635	\$ 36,374	\$ 10,657
Theodore Robinson Intermediate	32,958	39,053	46,042	25,969
JC McKenna Middle School	32,193	83,797	69,816	46,174
Senior High School	<u>81,281</u>	<u>224,472</u>	<u>222,475</u>	<u>83,278</u>
Total due to student organizations	<u>158,828</u>	<u>381,957</u>	<u>374,707</u>	<u>166,078</u>
Total liabilities	<u>\$ 158,828</u>	<u>\$ 381,957</u>	<u>\$ 374,707</u>	<u>\$ 166,078</u>

EVANSVILLE COMMUNITY SCHOOL DISTRICT

Evansville, Wisconsin

ANALYSIS OF LOCAL LEVY

June 30, 2011

	<u>Taxes Receivable July 1, 2010</u>	<u>Current Levy</u>	<u>Collections</u>	<u>Taxes Receivable June 30, 2011</u>
City of Evansville	\$ 1,051,578	\$ 3,633,579	\$ 3,580,662	\$ 1,104,495
Town of Rutland	2,550	9,796	9,656	2,690
Town of Brooklyn	41,520	129,503	126,786	44,237
Town of Center	248,660	732,645	737,362	243,943
Town of Janesville	129,476	429,720	423,903	135,293
Town of Magnolia	173,119	499,464	476,972	195,611
Town of Porter	138,343	456,380	448,631	146,092
Town of Union	<u>509,403</u>	<u>1,832,069</u>	<u>1,815,486</u>	<u>525,986</u>
	<u>\$ 2,294,649</u>	<u>\$ 7,723,156</u>	<u>\$ 7,619,458</u>	<u>\$ 2,398,347</u>