

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORTS**

Year Ended June 30, 2009

SCHOOL DISTRICT OF REEDSBURG

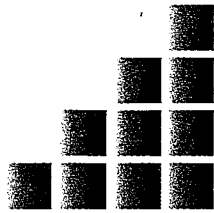
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
School District of Reedsburg
Reedsburg, Wisconsin

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Reedsburg (District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Board of Education and management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Reedsburg as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparison for the general fund and special education fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1.B. to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45 "Accounting and Financial Reporting by Employees for Post-Employment Benefits Other than Pensions" as of July 1, 2008.

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2009, on our consideration of the School District of Reedsburg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9 and the Schedule of Funding Progress for Post-Employment Benefit Plans on page 42 are not a required part of the basic financial statements but is supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and are also not a required part of the basic financial statements of the School District of Reedsburg. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vig & Associates LLC

November 25, 2009

**SCHOOL DISTRICT OF REEDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009**

The discussion and analysis of the School District of Reedsburg's financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole. Comparison to prior year data is provided for all key financial information.

FINANCIAL HIGHLIGHTS

- The District's overall net assets, as reflected in the District-wide financial statements, decreased by \$655,198 during 2008-2009 as compared to an increase of \$210,005 during 2007-2008. The decrease in net assets is primarily due to the recognition of expenses related to the implementation of GASB 45. The District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions." This change in accounting principle resulted in the removal of \$3,874,316 of the estimated OPEB liability the District has reported prior to implementation of this new standard.
- The General Fund (Fund 10) fund balance increased \$121,639 from \$2,342,970 to \$2,464,609. The fund balance is 9.5% of Fund 10 expenditures and transfers. The original budget was adopted with an expected deficit of \$65,027.
- Financial activity resulted in an operating deficit of \$69,088 in the Food Service Fund (Fund 50). The Board of Education had approved a balanced budget. The deficit was mainly attributable to an increase in the cost of food, added delivery surcharges, and labor increases.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of management's discussion and analysis and the basic financial statements including notes to the financial statements. Supplemental information is also included in the report.

The basic financial statements consist of four components: (1) District-Wide Financial Statements, (2) Fund Financial Statements, (3) Notes to Financial Statements, and (4) Required Supplementary Information.

- The District-Wide Financial Statements provide information on a District-wide basis. These statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
 - The Statement of Net Assets compares assets to liabilities to give an overall view of the financial health of the District.

SCHOOL DISTRICT OF REEDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The Statement of Activities defines the entity's expenses by function and illustrates the total that is offset by corresponding revenues – charges for services and/or operating grants and contributions. General revenues and extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue – recognizing the change in net assets for the District from the previous year.
- These statements report information about the overall governmental unit, distinguish between governmental activities and business-type activities, report all assets (including infrastructure assets) and eliminate internal service fund and interfund activity and balances. The District-wide statements are designed to assess the government unit in its entirety, identify the true cost of providing services to its citizens, disclose the extent of capital asset investment and make better comparisons between governmental units.
- The Fund Financial Statements generally report operations in more detail than the District-Wide Statements and support the *Statement of Net Assets*.
 - Generally accepted accounting principles (GAAP) require the inclusion of separate sets of financial statements for governmental funds, enterprise (business-type) and fiduciary funds (see pages 12 through 19). The enterprise and fiduciary funds use the full accrual basis of accounting. The financial statements for governmental funds are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, the financial statements include a summary reconciliation explaining the differences between the data reported in the governmental funds and the data reported for the governmental activities in the District-wide and fund financial statements.
- The Notes to the Financial Statements provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.
- The Required Supplementary Information presents certain information concerning the School District of Reedsburg's progress toward funding its' obligation to provide supplemental pension and other post-employment benefits to its employees. The required supplementary information can be found immediately following the Notes to the Financial Statements.

SCHOOL DISTRICT OF REEDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009

CONDENSED FINANCIAL INFORMATION

Table #1

Net Assets - District-Wide
(in Millions of Dollars)

	2009	2008
Assets		
Current assets	\$ 6.4	\$ 6.2
Capital assets	22.7	23.8
Other assets	0.1	0.1
Total assets	<u>\$ 29.2</u>	<u>\$ 30.1</u>
Liabilities		
Current liabilities	\$ 4.6	\$ 5.0
Non-current liabilities	14.7	14.6
Total liabilities	<u>\$ 19.3</u>	<u>\$ 19.6</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 9.0	\$ 8.8
Restricted	0.9	0.7
Unrestricted	-	1.0
Total net assets	<u>\$ 9.9</u>	<u>\$ 10.5</u>

Statement of Net Assets: (Refer to Table #1)

As of June 30, 2009, the District reported total assets of \$29.2M and total liabilities of \$19.3M. Net assets amount to \$9.9M. This includes the estimated historical cost of land, land improvements, buildings, furniture, equipment, and vehicles, net of accumulated depreciation. The District has recorded \$22.7M in capital assets as of June 30, 2009.

SCHOOL DISTRICT OF REEDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009

CONDENSED FINANCIAL INFORMATION (Continued)

Table #2

Changes in Net Assets For Governmental Activities (in Millions of Dollars)				
	Actual FY 09	%	Actual FY 08	%
Revenues:				
Program				
Charges for services	\$ 0.9	3%	\$ 0.8	3%
Operating grants and contributions	3.9	13%	3.3	11%
General				
Property and other taxes	11.3	36%	10.7	36%
General state and federal aid	14.6	47%	14.5	49%
Other	0.3	1%	0.3	1%
Total revenues	\$ 31.0	100%	\$ 29.6	100%
Expenses:				
Instruction	\$ 18.5	58%	\$ 17.3	59%
Pupil and instruction services	3.4	11%	2.5	8%
Administration and business services	2.3	7%	2.0	7%
Building and grounds	2.8	9%	3.0	10%
Pupil transportation	1.1	3%	0.9	3%
Other support services	0.8	3%	0.9	3%
Interest and fees	0.7	2%	0.6	2%
Food service	1.3	4%	1.4	5%
Depreciation - unallocated	0.2	1%	0.2	1%
Nonprogram expenses	0.6	2%	0.6	2%
Total expenses	\$ 31.7	100%	\$ 29.4	100%
Change in net assets	\$ (0.7)		\$ 0.2	

Revenues: (Refer to Table #2)

For FY 09, the District received \$31.0M in revenue. 36% of this total came from local school property tax. 47% of the total came in the form of state and federal aid. The District receives approximately 16% of all revenue in the form of specific use State Grants, Federal Aid and direct fees for services. The overall make up of the sources of revenue did not vary significantly from FY 08.

**SCHOOL DISTRICT OF REEDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009**

CONDENSED FINANCIAL INFORMATION (Continued)

Revenues: (Refer to Table #2) (Continued)

Individuals who directly participated or benefited from a program offering contributed \$875,715 of the cost. A large portion of this amount (\$725,360) is attributable to nutritional services. Book and activity fees, admissions to athletic events, open enrollment tuition and building rental fees are also included here.

In addition, Federal and State government subsidized certain programs with grants and contributions of \$3.9M. Special Education Aid, Transportation and Food Service-Lunch Aid are included here.

Expenses: (Refer to Table #2)

For FY 09, the District's total expenditure amount was \$31.7M. 69% was directed to pupil instruction and instructional services. Costs for textbooks, teacher salaries/benefits and instructional supplies are included in this amount. General/Building Administration and Central Services account for 22%. These costs included student transportation, individual building budgets, District maintenance and school business insurance. The Food Service Program represents 4%, nonprogram expenses amounted to 2%, unallocated depreciation amounted to 1%, and costs for debt service and leases represent less than 2% of total expenditures.

General Fund Budgetary Comparison:

The District adopts an interim budget in June for the subsequent year. Consistent with current state statutes and regulations, a budget is adopted in October to reflect the actual revenue cap and state aid certification.

Fund 10 budget was approved with an expected deficit. The actual results for the year show a favorable increase of \$121,639.

Fund Balances:

- The District shows a total for all fund balances of \$3.4M as of June 30, 2009. (See Note 2.J.)
- \$2.5M is in the General Fund (Fund 10). The District utilizes this fund balance for funding short-term operations. The Fund 10 fund balance is 10.7% of operating expenditures. A fund balance of this size is a positive sign of financial viability, enhances the District's bond rating and allows the District to respond to non-recurring economic needs.
- \$864,322 in the Debt Service Fund is reserved to make the interest and principal payments on long-term debt. The remaining \$92,830 is in the Community Service Fund (Fund 80).

**SCHOOL DISTRICT OF REEDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009**

CAPITAL ASSETS AND DEBT ADMINISTRATION

At June 30, 2009, the District had \$22.7 million (net of depreciation) invested in a broad range of capital assets, including land, buildings and improvements, furniture and equipment in Note 2.B. (pages 31 and 32) and summarized below:

Capital Assets at Year-end
(Net of Depreciation, in Millions of Dollars)

	FY 09	FY 08
Land	\$ 1.3	\$ 1.3
Furniture, equipment, and vehicles	1.5	1.9
Buildings and improvements	19.9	20.6
Total net capital assets	\$ 22.7	\$ 23.8

Governmental Activities:

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

- The Board of Education has ongoing small capital improvement projects in all the buildings of the District. These funds have been expended from the General Fund and have been accommodated under the revenue cap. A list of capital improvement projects is reviewed by administration and the Board every fiscal period to insure the physical plants in the District are kept in good condition and that costly major repairs may be averted through timely facility maintenance.

Long-term Debt:

- At year end, the District had \$16.2M in Long-term Obligations of which the current portion is \$1.5M.

General Obligation Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for use for annual debt service payments. The School District of Reedsburg complies with all statutory requirements.

DECISIONS THAT WILL IMPACT THE FUTURE OF THE DISTRICT

- The State of Wisconsin is facing budgeting issues, and since the state budget currently funds a major component of the cost of K-12 education, local school districts, including the School District of Reedsburg, are concerned that the future funding level may be negatively impacted.

**SCHOOL DISTRICT OF REEDSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009**

DECISIONS THAT WILL IMPACT THE FUTURE OF THE DISTRICT (Continued)

- The current teachers' contract runs from June 30, 2007 through June 30, 2009. The custodial and maintenance union contract runs from July 1, 2008 through June 30, 2010. The teaching assistants' union contract expired on June 30, 2008. Each contract agreement will have an impact on the District's future operating budget.
- The State of Wisconsin has an open enrollment law that allows students to attend the School District of their choice with few restrictions. The State adjusts each District's general state aid payment based on the number of students who transfer. The School District of Reedsburg has actively encouraged attendance by non-resident students through open enrollment and strives to keep resident students by offering a varied and complete curriculum. In spite of these efforts, this year the number of non-resident open enrollment pupils attending the School District of Reedsburg were less than the number of resident pupils attending other districts by 29 students. It is important for the District to maintain a quality instructional program and attractive physical plant to improve their open enrollment numbers.
- Since enrollment is a major factor in the calculation of equalization aid, it is important for the District to be able increase enrollment numbers by maintaining a quality instructional program and attractive physical plant. Enrollment increased for September counts from September 2004 through September 2006, enrollment declined in September 2007 and September 2008. The District enrollment forecast remains stable with no changes in enrollment predicted over the next four years.
- One of the most important variables in the District's financial future is the cost of health insurance for its employees. The cost of health benefits for all District teachers continues to increase, which the District is monitoring. If these rate increases continue, the cost of health benefits will have an impact on the instructional services provided in the District. Based on current trends, officials expect another double-digit increase next year. Administration has been implementing various employee cost sharing measures to offset the District's portion of this expense but this issue continued to be a budgetary challenge.
- It is important that the District continues to be able to complete capital improvement projects. It is one of the Board of Education's goals and a budget priority to continue to upgrade and maintain the physical plants of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This Financial Report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Patrick A. Ruddy, Director of Business Services, of the School District of Reedsburg, 501 K Street; Reedsburg, WI 53959-1825, or by telephone at (608) 524-2016, extension 2004.

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT OF REEDSBURG
DISTRICT-WIDE STATEMENT OF NET ASSETS
As of June 30, 2009

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 1,819,363
Receivables:	
Taxes	3,962,473
Accounts	6,760
Due from other governments	568,430
Total current assets	6,357,026
Noncurrent assets:	
Land	1,259,600
Buildings and improvements	30,922,846
Furniture, equipment, and vehicles	5,849,577
Less: accumulated depreciation	(15,326,704)
Deferred bond issue costs	135,818
Total noncurrent assets	22,841,137
Total assets	\$ 29,198,163
Liabilities	
Current liabilities:	
Accounts payable	\$ 43,874
Accrued liabilities:	
Payroll, payroll taxes, insurance	2,876,534
Interest	140,069
Deferred revenue	14,857
Current portion of long-term obligations	1,504,643
Total current liabilities	4,579,977
Noncurrent liabilities:	
Long-term obligations, net of current portion	13,541,631
Capital leases, net of current portion	6,765
Vested employee benefits, net of current portion	1,180,726
Total noncurrent liabilities	14,729,122
Total liabilities	19,309,099
Net Assets	
Invested in capital assets, net of related debt	9,048,709
Restricted for:	
Debt service	724,253
Community service	92,830
Unrestricted	23,272
Total net assets	9,889,064
Total liabilities and net assets	\$ 29,198,163

See accompanying notes to financial statements.

SCHOOL DISTRICT OF REEDSBURG
DISTRICT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Government Activities
Governmental activities:				
Instruction:				
Regular instruction	\$ 12,345,866	\$ 119,928	\$ 1,281,024	\$ (10,944,914)
Vocational instruction	1,030,488	-	-	(1,030,488)
Physical instruction	1,025,205	-	-	(1,025,205)
Special education instruction	3,564,496	-	1,587,469	(1,977,027)
Other instruction	512,537	30,427	-	(482,110)
Total instruction	<u>18,478,592</u>	<u>150,355</u>	<u>2,868,493</u>	<u>(15,459,744)</u>
Support services:				
Pupil services	1,997,379	-	119,036	(1,878,343)
Instructional staff services	1,382,721	-	98,336	(1,284,385)
General administration services	455,104	-	-	(455,104)
Building administration services	1,429,732	-	-	(1,429,732)
Business services	402,891	-	-	(402,891)
Operation and maintenance of facilities	2,839,660	-	231,616	(2,608,044)
Pupil transportation	1,127,530	-	85,485	(1,042,045)
Central services	90,372	-	-	(90,372)
Insurance	268,053	-	-	(268,053)
Community services	32,130	-	-	(32,130)
Other support services	423,769	-	-	(423,769)
Food service	1,319,211	725,360	507,792	(86,059)
Interest on debt	648,080	-	-	(648,080)
Debt issue costs	16,126	-	-	(16,126)
Depreciation - unallocated*	178,450	-	-	(178,450)
Total support services	<u>12,611,208</u>	<u>725,360</u>	<u>1,042,265</u>	<u>(10,843,583)</u>
Nonprogram:				
Purchased instructional service	611,677	-	-	(611,677)
Total nonprogram	<u>611,677</u>	<u>-</u>	<u>-</u>	<u>(611,677)</u>
Total governmental activities	<u>\$ 31,701,477</u>	<u>\$ 875,715</u>	<u>\$ 3,910,758</u>	<u>(26,915,004)</u>
General revenues:				
Property taxes:				
General purpose				9,473,137
Debt service				1,817,807
Community service				93,710
State and federal aids not restricted to specific functions:				
General				14,571,077
Interest and investment earnings				40,972
Miscellaneous				263,103
Total general revenues				<u>26,259,806</u>
Change in net assets				<u>(655,198)</u>
Net assets - beginning of year, restated**				<u>10,544,262</u>
Net assets - end of year				<u>\$ 9,889,064</u>

* This amount excludes the depreciation that is included in the direct expenses of the various functions.
See Note 2.B.

** See Note 2.L.

See accompanying notes to financial statements.

SCHOOL DISTRICT OF REEDSBURG
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2009
With Comparative Totals as of June 30, 2008

	General Fund	Special Education Fund	Debt Service Fund	Nonmajor Gov't. Funds	2009 Total Gov't. Funds	2008 Totals (Memorandum Only)
Assets						
Cash and investments	\$ 287,305	\$ 451,966	\$ 956,314	\$ 123,778	\$ 1,819,363	\$ 2,286,819
Receivables:						
Taxes:	3,962,473	-	-	-	3,962,473	3,533,012
Accounts	6,760	-	-	-	6,760	10,328
Due from other funds	91,992	-	-	-	91,992	-
Due from other governments	448,851	104,249	-	15,330	568,430	429,302
Total assets	\$ 4,797,381	\$ 556,215	\$ 956,314	\$ 139,108	\$ 6,449,018	\$ 6,259,461
Liabilities						
Accounts payable	\$ 43,428	\$ 414	\$ -	\$ 32	\$ 43,874	\$ 197,899
Accrued liabilities:						
Payroll, payroll taxes, insurance	2,289,344	555,801	-	31,389	2,876,534	2,795,594
Due to other funds	-	-	91,992	-	91,992	-
Deferred revenues	-	-	-	14,857	14,857	17,192
Total liabilities	2,332,772	556,215	91,992	46,278	3,027,257	3,010,685
Fund balances						
Reserved for:						
Community service	-	-	-	92,830	92,830	64,607
Debt service	-	-	864,322	-	864,322	841,199
Unreserved:						
Designated	2,464,609	-	-	-	2,464,609	2,342,970
Total fund balances	2,464,609	-	864,322	92,830	3,421,761	3,248,776
Total liabilities and fund balances	\$ 4,797,381	\$ 556,215	\$ 956,314	\$ 139,108	\$ 6,449,018	\$ 6,259,461

See accompanying notes to financial statements.

SCHOOL DISTRICT OF REEDSBURG
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2009
With Comparative Totals as of June 30, 2008

	2009 Total Gov't. Funds	2008 Totals (Memorandum Only)
Total fund balances from previous page	\$ 3,421,761	\$ 3,248,776

Total net assets reported for governmental activities in the Statement of Net Assets are different from the amount reported as total governmental funds' fund balance because:

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the Statement of Net Assets are:

Governmental capital assets	\$ 38,032,023		
Governmental accumulated depreciation	<u>(15,326,704)</u>	22,705,319	23,667,915

Long-term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the Statement of Net Assets that are not reported in the Governmental Funds Balance Sheet are:

General obligation debt	(14,876,631)		
Deferred bond issue costs	135,818		
Accrued interest on general obligation debt	(140,069)		
Post-employment benefits	(1,180,726)		
Capital leases	(79,979)		
Compensated absences	<u>(96,429)</u>	<u>(16,238,016)</u>	<u>(16,372,429)</u>
Total net assets - governmental activities		<u>\$ 9,889,064</u>	<u>\$ 10,544,262</u>

See accompanying notes to financial statements.

SCHOOL DISTRICT OF REEDSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009
With Comparative Totals for the Year Ended June 30, 2008

	General Fund	Special Education Fund	Debt Service Fund	Nonmajor Gov't. Funds	2009 Total Gov't. Funds	2008 Totals (Memorandum Only)
Revenues:						
Property taxes	\$ 9,473,137	\$ -	\$ 1,817,807	\$ 93,710	\$ 11,384,654	\$ 10,655,081
Other local sources	305,062	-	23,120	770,089	1,098,271	1,086,553
Interdistrict sources	227,329	37,442	-	-	264,771	227,121
Intermediate sources	-	65,943	-	-	65,943	19,358
State sources	13,450,083	988,081	-	24,156	14,462,320	15,968,288
Federal sources	2,518,145	709,090	-	483,635	3,710,870	1,505,706
Other sources	58,953	-	-	497	59,450	155,463
Total revenues	<u>26,032,709</u>	<u>1,800,556</u>	<u>1,840,927</u>	<u>1,372,087</u>	<u>31,046,279</u>	<u>29,617,570</u>
Expenditures:						
Current:						
Instruction:						
Regular instruction	11,431,426	-	-	-	11,431,426	11,096,397
Vocational instruction	958,754	-	-	-	958,754	904,655
Physical instruction	963,641	-	-	-	963,641	908,816
Special education instruction	-	3,479,503	-	-	3,479,503	3,199,825
Other instruction	492,414	-	-	-	492,414	485,718
Total instruction	<u>13,846,235</u>	<u>3,479,503</u>	<u>-</u>	<u>-</u>	<u>17,325,738</u>	<u>16,595,411</u>
Support services:						
Pupil services	643,935	603,722	-	-	1,247,657	1,208,323
Instructional staff services	1,217,156	134,522	-	-	1,351,678	1,267,567
General administration services	362,325	-	-	-	362,325	320,680
Building administration services	1,377,526	693	-	-	1,378,219	1,279,348
Business services	402,891	-	-	-	402,891	403,921
Operation and maintenance	2,821,381	-	-	-	2,821,381	3,077,155
Pupil transportation	807,804	65,558	-	-	873,362	919,206
Central services	89,763	-	-	-	89,763	243,524
Insurance	268,053	-	-	-	268,053	272,324
Community service	-	-	-	32,130	32,130	2,741
Other support services	345,629	34,806	-	42,400	422,835	380,868
Food service	-	-	-	1,297,224	1,297,224	1,353,755
Total support services	<u>8,336,463</u>	<u>839,301</u>	<u>-</u>	<u>1,371,754</u>	<u>10,547,518</u>	<u>10,729,412</u>
Debt service:						
Principal	70,068	-	1,235,000	-	1,305,068	1,072,095
Interest	54,929	-	620,858	-	675,787	641,834
Debt issue costs	-	-	-	-	-	114,968
Total debt service	<u>124,997</u>	<u>-</u>	<u>1,855,858</u>	<u>-</u>	<u>1,980,855</u>	<u>1,828,897</u>
Nonprogram:						
Purchased instructional service	435,234	176,443	-	-	611,677	547,806
Total nonprogram	<u>435,234</u>	<u>176,443</u>	<u>-</u>	<u>-</u>	<u>611,677</u>	<u>547,806</u>
Capital outlay						
Total expenditures	<u>23,080,141</u>	<u>4,580,079</u>	<u>1,855,858</u>	<u>1,412,952</u>	<u>30,929,030</u>	<u>29,976,954</u>
Excess (deficiency) of revenues over expenditures	<u>2,952,568</u>	<u>(2,779,523)</u>	<u>(14,931)</u>	<u>(40,865)</u>	<u>117,249</u>	<u>(359,384)</u>
Other financing sources (uses):						
Proceeds from refinancing debt	-	-	-	-	-	7,421,631
Proceeds from sale of assets	55,736	-	-	-	55,736	-
Principal payment of refinanced debt	-	-	-	-	-	(7,446,631)
Transfer from other funds	-	2,779,523	38,054	69,088	2,886,665	3,025,697
Transfer to other funds	(2,886,665)	-	-	-	(2,886,665)	(3,025,697)
Total other financing sources (uses)	<u>(2,830,929)</u>	<u>2,779,523</u>	<u>38,054</u>	<u>69,088</u>	<u>55,736</u>	<u>(25,000)</u>
Net change in fund balances	<u>121,639</u>	<u>-</u>	<u>23,123</u>	<u>28,223</u>	<u>172,985</u>	<u>(384,384)</u>
Fund balance - beginning of year	<u>2,342,970</u>	<u>-</u>	<u>841,199</u>	<u>64,607</u>	<u>3,248,776</u>	<u>3,633,160</u>
Fund balance - end of year	<u>\$ 2,464,609</u>	<u>\$ -</u>	<u>\$ 864,322</u>	<u>\$ 92,830</u>	<u>\$ 3,421,761</u>	<u>\$ 3,248,776</u>

See accompanying notes to financial statements.

SCHOOL DISTRICT OF REEDSBURG
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Net change in fund balances - total governmental funds		\$ 172,985
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
The acquisition of capital assets is 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	\$ 463,242	
Amounts included in capital outlay not in capital assets	(108,301)	
Depreciation expense reported in the Statement of Activities	<u>(1,233,174)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period:		(878,233)
The District disposed of outdated assets resulting in a reduction of capital assets and prior year accumulated depreciation expense reported on the Statement of Net Assets as a net loss and has no affect on the Governmental Funds Balance Sheet.		
The value of capital assets disposed of during the year was	(339,593)	
The amount of accumulated depreciation for the year was	<u>255,230</u>	
The difference in the value of assets net of accumulated depreciation creates a gain (loss) of:		(84,363)
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.		
Special termination benefits paid in current year	300,899	
Special termination benefits earned in current year	<u>(1,483,135)</u>	
Amounts paid are greater (less) than amounts earned by:		(1,182,236)
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 general obligation long-term debt principal payments		1,235,000
The amount of capital lease principal payments		70,068
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	675,787	
The amount of interest accrued during the current period	<u>(648,080)</u>	
Interest paid is greater (less) than interest accrued by:		27,707
In governmental funds debt issue cost on outstanding long-term debt are reported as an expenditure when paid. In the Statement of Activities debt issue costs, premiums and discounts are amortized and expensed over the life of the issue.		
The amount of debt issue costs, premiums and discounts paid during the current period	-	
The amount of debt issue costs, premiums and discounts recognized during the current period	<u>(16,126)</u>	
Debt issuance, premium and discounts costs paid are greater (less) than debt issuance costs, premium and discounts accrued by:		(16,126)
Change in net assets - governmental activities		<u>\$ (655,198)</u>

See accompanying notes to financial statements.

SCHOOL DISTRICT OF REEDSBURG
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2009
 With Comparative Actual Totals for the Year Ended June 30, 2008

	2009		Actual	Variance with Final Budget Favorable (Unfavorable)	2008 Actual Totals (Memorandum Only)
	Budgeted Amounts				
	Original	Final			
Revenues:					
Property taxes	\$ 9,473,137	\$ 9,473,137	\$ 9,473,137	\$ -	\$ 8,754,410
Other local sources	292,929	292,929	305,062	12,133	283,351
Interdistrict sources	278,168	278,168	227,329	(50,839)	209,100
State sources	15,130,662	15,130,662	13,450,083	(1,680,579)	15,091,836
Federal sources	775,678	775,678	2,518,145	1,742,467	605,702
Other sources	121,809	121,809	58,953	(62,856)	155,455
Total revenues	<u>26,072,383</u>	<u>26,072,383</u>	<u>26,032,709</u>	<u>(39,674)</u>	<u>25,099,854</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	11,588,922	11,588,922	11,431,426	157,496	11,096,397
Vocational instruction	949,538	949,538	958,754	(9,216)	904,655
Physical instruction	924,311	924,311	963,641	(39,330)	908,816
Other instruction	468,915	468,915	492,414	(23,499)	485,055
Total instruction	<u>13,931,686</u>	<u>13,931,686</u>	<u>13,846,235</u>	<u>85,451</u>	<u>13,394,923</u>
Support services:					
Pupil services	798,503	798,503	643,935	154,568	705,241
Instructional staff services	1,106,883	1,106,883	1,217,156	(110,273)	1,137,539
General administration services	322,692	322,692	362,325	(39,633)	320,680
Building administration services	1,289,015	1,289,015	1,377,526	(88,511)	1,274,948
Business services	391,124	391,124	402,891	(11,767)	403,921
Operation and maintenance	2,759,485	2,759,485	2,821,381	(61,896)	3,032,620
Pupil transportation	837,436	837,436	807,804	29,632	843,019
Central services	118,100	118,100	89,763	28,337	230,037
Insurance	263,975	263,975	268,053	(4,078)	272,324
Other support services	374,330	374,330	345,629	28,701	305,703
Total support services	<u>8,261,543</u>	<u>8,261,543</u>	<u>8,336,463</u>	<u>(74,920)</u>	<u>8,526,032</u>
Debt service:					
Principal	58,000	58,000	70,068	(12,068)	67,095
Interest	40,000	40,000	54,929	(14,929)	40,654
Total debt service	<u>98,000</u>	<u>98,000</u>	<u>124,997</u>	<u>(26,997)</u>	<u>107,749</u>
Nonprogram:					
Purchased instructional service	476,506	476,506	435,234	41,272	380,205
Total nonprogram	<u>476,506</u>	<u>476,506</u>	<u>435,234</u>	<u>41,272</u>	<u>380,205</u>
Capital outlay	<u>399,834</u>	<u>399,834</u>	<u>337,212</u>	<u>62,622</u>	<u>260,365</u>
Total expenditures	<u>23,167,569</u>	<u>23,167,569</u>	<u>23,080,141</u>	<u>87,428</u>	<u>22,669,274</u>
Excess (deficiency) of revenues over expenditures	<u>2,904,814</u>	<u>2,904,814</u>	<u>2,952,568</u>	<u>47,754</u>	<u>2,430,580</u>
Other financing sources (uses):					
Proceeds from sale of assets	56,400	56,400	55,736	(664)	-
Transfer to other funds	(3,026,241)	(3,026,241)	(2,886,665)	139,576	(3,025,697)
Total other financing sources (uses)	<u>(2,969,841)</u>	<u>(2,969,841)</u>	<u>(2,830,929)</u>	<u>138,912</u>	<u>(3,025,697)</u>
Net change in fund balances	<u>(65,027)</u>	<u>(65,027)</u>	<u>121,639</u>	<u>186,666</u>	<u>(595,117)</u>
Fund balance - beginning of year.	<u>2,342,970</u>	<u>2,342,970</u>	<u>2,342,970</u>	<u>-</u>	<u>2,938,087</u>
Fund balance - end of year	<u>\$ 2,277,943</u>	<u>\$ 2,277,943</u>	<u>\$ 2,464,609</u>	<u>\$ 186,666</u>	<u>\$ 2,342,970</u>

See accompanying notes to financial statements.

SCHOOL DISTRICT OF REEDSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL EDUCATION FUND
For the Year Ended June 30, 2009
With Comparative Actual Totals for the Year Ended June 30, 2008

	2009			Variance with Final Budget Favorable (Unfavorable)	2008 Actual Totals (Memorandum Only)
	Budgeted Amounts		Actual		
	Original	Final			
Revenues:					
Interdistrict sources	\$ 15,876	\$ 15,876	\$ 37,442	\$ 21,566	\$ 18,021
Intermediate sources	33,633	33,633	65,943	32,310	19,358
State sources	813,854	813,854	988,081	174,227	852,914
Federal sources	507,631	507,631	709,090	201,459	447,018
Total revenues	<u>1,370,994</u>	<u>1,370,994</u>	<u>1,800,556</u>	<u>429,562</u>	<u>1,337,311</u>
Expenditures:					
Current:					
Instruction:					
Special education instruction	3,273,014	3,273,014	3,479,503	(206,489)	3,199,825
Other instruction	-	-	-	-	663
Total instruction	<u>3,273,014</u>	<u>3,273,014</u>	<u>3,479,503</u>	<u>(206,489)</u>	<u>3,200,488</u>
Support services:					
Pupil services	531,110	531,110	603,722	(72,612)	503,082
Instructional staff services	143,596	143,596	134,522	9,074	129,799
Building administration services	250	250	693	(443)	4,400
Operation and maintenance	-	-	-	-	44,535
Pupil transportation	62,820	62,820	65,558	(2,738)	76,187
Central services	-	-	-	-	13,487
Other support services	39,061	39,061	34,806	4,255	-
Total support services	<u>776,837</u>	<u>776,837</u>	<u>839,301</u>	<u>(62,464)</u>	<u>771,490</u>
Nonprogram:					
Purchased instructional service	200,706	200,706	176,443	24,263	167,601
Total nonprogram	<u>200,706</u>	<u>200,706</u>	<u>176,443</u>	<u>24,263</u>	<u>167,601</u>
Capital outlay	<u>108,623</u>	<u>108,623</u>	<u>84,832</u>	<u>23,791</u>	<u>6,764</u>
Total expenditures	<u>4,359,180</u>	<u>4,359,180</u>	<u>4,580,079</u>	<u>(220,899)</u>	<u>4,146,343</u>
Excess (deficiency) of revenues over expenditures	<u>(2,988,186)</u>	<u>(2,988,186)</u>	<u>(2,779,523)</u>	<u>208,663</u>	<u>(2,809,032)</u>
Other financing sources (uses):					
Transfer from General Fund	2,988,186	2,988,186	2,779,523	(208,663)	2,809,032
Total other financing sources (uses)	<u>2,988,186</u>	<u>2,988,186</u>	<u>2,779,523</u>	<u>(208,663)</u>	<u>2,809,032</u>
Net change in fund balances	-	-	-	-	-
Fund balance - beginning of year	-	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

SCHOOL DISTRICT OF REEDSBURG
 STATEMENT OF FIDUCIARY NET ASSETS
 As of June 30, 2009
 With Comparative Totals as of June 30, 2008

	Private- Purpose Trust Fund	Agency Fund	2009 Total Fiduciary	2008 Totals (Memorandum Only)
Assets				
Cash and investments	\$ 50,279	\$ 129,275	\$ 179,554	\$ 153,124
Total assets	<u>\$ 50,279</u>	<u>\$ 129,275</u>	<u>\$ 179,554</u>	<u>\$ 153,124</u>
Liabilities				
Due to student groups	\$ -	\$ 129,275	\$ 129,275	\$ 104,146
Total liabilities	<u>-</u>	<u>129,275</u>	<u>129,275</u>	<u>104,146</u>
Net Assets				
Reserved for scholarships	50,279	-	50,279	48,978
Total net assets	<u>50,279</u>	<u>-</u>	<u>50,279</u>	<u>48,978</u>
Total liabilities and net assets	<u>\$ 50,279</u>	<u>\$ 129,275</u>	<u>\$ 179,554</u>	<u>\$ 153,124</u>

See accompanying notes to financial statements.

SCHOOL DISTRICT OF REEDSBURG
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 For the Year Ended June 30, 2009
 With Comparative Totals for the Year Ended June 30, 2008

	2009 Private- Purpose Trust Fund	2008 Totals (Memorandum Only)
Additions		
Private donations	\$ 1,890	\$ 1,121
Interest income	1,187	1,302
Total additions	<u>3,077</u>	<u>2,423</u>
Deductions		
Scholarships awarded	1,776	3,856
Total deductions	<u>1,776</u>	<u>3,856</u>
Change in net assets	1,301	(1,433)
Net assets - beginning of year	<u>48,978</u>	<u>50,411</u>
Net assets - end of year	<u>\$ 50,279</u>	<u>\$ 48,978</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF REEDSBURG
INDEX TO NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

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**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School District of Reedsburg conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

The School District of Reedsburg is organized as a common school district. The District, governed by a seven member elected school board, operates early childhood through grade 12 and is comprised of all or parts of twenty taxing districts. This report includes all of the funds of the School District of Reedsburg. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

B. BASIS OF FINANCIAL STATEMENT PRESENTATION

District-Wide Financial Statements

The District-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the District. The effect of interfund activity, within the governmental columns, has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues included (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Change in Accounting Principle and Restatement of Net Assets

For the year ended June 30, 2009, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions."

The statement improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of other post-employment benefits (OPEB) costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. Governmental entities have traditionally accounted for OPEB on a pay-as-you-go basis. The guidance in this statement rests on the assumption that OPEB should be accrued as service is provided by employees.

Fund Financial Statements

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

Funds are organized as major funds or nonmajor funds within the governmental and fiduciary statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

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

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following governmental funds:

General Fund – The General Fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The District reports the following major governmental funds:

- General Fund
- Special Education Fund
- Debt Service Fund

The District reports the following nonmajor funds:

- Special Revenue Funds:
 - Special Revenue Trust Fund
 - Food Service Fund
 - Community Service Fund

Fiduciary Funds (Not included in District-Wide Statements)

Private-Purpose Trust Funds – Private-Purpose Trust Funds are used to account for resources legally held in trust for student scholarships.

Agency Funds – Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units. The District reports its Student Activity Fund as an agency fund.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

The District-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred or economic asset used.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenues are recognized as revenue in the fiscal year levied as the District considers the property taxes as due prior to June 30. The District considers the taxes as due on January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment. Full receipt of the entire levy is assured within sixty days of the school's fiscal year end. Receipt of the balance of taxes levied within sixty days meets the requirements for availability in accordance with generally accepted accounting principles applicable to governmental entities.

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

The aggregate amount of property taxes to be levied for district purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing districts for collection. Property taxes attach as an enforceable lien as of January 1. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2008 tax roll:

Lien date and levy date	December, 2008
Tax bills mailed	December, 2008
Payment in full or first installment due	January 31, 2009
Second installment due	July 31, 2009

State general and categorical aids and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are also recorded as deferred revenue.

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure-driven grant programs, public charges for services, and investment income.

Charges for services provided other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

D. MEASUREMENT FOCUS

On the District-Wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the District-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND INVESTMENTS

The District's cash and cash equivalents are considered to be 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.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

F. INVENTORIES

Governmental fund inventories are recorded at cost based on the FIFO (first-in, first-out) method using the consumption method of accounting.

G. LONG-TERM OBLIGATIONS

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the District-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as a liability in the District-wide statements. The long-term debt consists primarily of notes, bonds or loans payable, other post-employment benefits, accrued compensated absences, and capital leases.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

H. CAPITAL ASSETS

District-Wide Statements

In the District-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The District maintains a threshold level of a unit cost of \$5,000 or more for capitalizing capital assets.

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. CAPITAL ASSETS (Continued)

District-Wide Statements (Continued)

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	50 years
Furniture, equipment, and vehicles	5 - 15 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

I. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

J. BUDGETS

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.C.

The budgeted amounts presented include amendments adopted during the year. Transfers between functions and changes to the overall budget must be approved by a two-thirds board action. There were no supplemental appropriations during the year. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level in the General Fund and at the fund level for all other funds.

K. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

The District's policy allows twelve month employees to earn varying amounts of vacation pay each year depending on the total number of years employed. Upon retirement or termination of employment, the employee is entitled to the pro-rated amount of vacation pay. The District is liable for \$48,229 of accrued vacation.

The District's Support Staff Agreements allow employees covered by the contract to earn personal sick leave based on their employment contract. Full-time employees earn 10 days of personal sick leave per year, with a maximum accumulation of 70 days. Part-time employees shall receive 12 days of personal sick leave per year. Employees covered under the District's Master Agreement with the Reedsburg Education Association earn 10 days of personal sick leave per year, with a maximum accumulation of 90 days. The District is liable for \$48,200 of accrued sick leave.

As provided in applicable negotiated contracts, qualified employees meeting minimum age and length of service requirements may be eligible for certain other post-employment benefits directly from the District (See Note 2.H.).

M. OTHER ASSETS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized over the life of the debt issue.

N. CLAIMS AND JUDGMENTS

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

O. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. EQUITY CLASSIFICATIONS

District-Wide Statements

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

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

It is the District's policy to use restricted resources first, then unrestricted resources as they are needed when both are available.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved and unreserved, with unreserved further split between designated and undesignated. Reserved fund balance represents amounts not available for appropriation or is legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative management plans that are subject to change. Undesignated fund balance amounts represent amounts available for use in future periods.

NOTE 2. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Investment of District funds is restricted by State Statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin, if the time deposits mature in not more than three years.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

3. Bonds or securities issued or guaranteed by the federal government.
4. The Local Government Investment Pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The carrying amount of the District's cash and investments totaled \$1,998,917 on June 30, 2009 and is summarized below:

Deposits with financial institutions	\$ 1,998,917
	\$ 1,998,917
Reconciliation to the basic financial statements:	
District-wide statement of net assets:	
Cash and investments	\$ 1,819,363
Fiduciary funds:	
Private purpose trust fund	50,279
Agency fund	129,275
	\$ 1,998,917

Deposits and investments of the District are subject to various risks. Following is a discussion of the specific risks and the District's policy related to the risk.

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 evaluates custodial credit risk through periodic monitoring of the financial condition of financial institutions where deposits are held. Formal written custodial risk policies have not been adopted by the District. As of June 30, 2009, \$1,733,296 of the District's deposits with financial institutions of \$2,171,190 was in excess of federal depository insurance limits and uncollateralized. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Deposits are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has not been considered in computing the above amounts.

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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. Wisconsin State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years. The District had no investments of this type at year-end.

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statute limits investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The District had no investments of this type at year-end.

Concentration of Credit Risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. The District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance 07/01/08	Additions	Deletions	Balance 06/30/09
Capital assets not being depreciated:				
Land	\$ 1,273,800	\$ -	\$ 14,200	\$ 1,259,600
Total capital assets not being depreciated	1,273,800	-	14,200	1,259,600
Capital assets being depreciated:				
Buildings and improvements	31,026,290	64,871	168,315	30,922,846
Furniture, equipment, and vehicles	5,716,585	290,070	157,078	5,849,577
Total capital assets being depreciated	36,742,875	354,941	325,393	36,772,423
Total capital assets	38,016,675	354,941	339,593	38,032,023
Less: Accumulated depreciation for:				
Buildings and improvements	10,421,682	729,131	98,152	11,052,661
Furniture, equipment, and vehicles	3,927,078	504,043	157,078	4,274,043
Total accumulated depreciation	14,348,760	1,233,174	255,230	15,326,704
Net capital assets	\$ 23,667,915	\$ (878,233)	\$ 84,363	\$ 22,705,319

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

B. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Instruction:			
Regular	\$	704,788	
Vocational		5,767	
Physical		53,967	
Special education		46,801	
Other		14,754	
Support services:			
Operation and maintenance of facilities		2,850	
Pupil transportation		205,099	
Food service		20,698	
Depreciation - unallocated		178,450	
Total depreciation expense	\$	1,233,174	

C. INTERFUND BALANCES AND ACTIVITY

Interfund transfers at June 30, 2009 were as follows:

Transfer From:	Transfer To:			
	Special Education Fund	Debt Service Fund	Food Service Fund	Total
General Fund	\$ 2,779,523	\$ 38,054	\$ 69,088	\$ 2,886,665
	\$ 2,779,523	\$ 38,054	\$ 69,088	\$ 2,886,665

General Fund transfers to the Special Education Fund and Food Service Fund were to cover operating deficits. The General Fund transfer to the Debt Service Fund was to pay the principal and interest on the District's referendum debt.

Interfund receivables and payables at June 30, 2009 are as follows:

	Due From Other Funds	Due To Other Funds
Governmental:		
General Fund	\$ 91,992	\$ -
Debt Service Fund	-	91,992
Total	\$ 91,992	\$ 91,992

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

D. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Balance 07/01/2008	Increases	Decreases	Balance 06/30/2009	Amounts Due Within One Year
Bonds, notes and loans payable:					
General obligation debt	\$ 16,111,631	\$ -	\$ 1,235,000	\$ 14,876,631	\$ 1,335,000
Total bonds, notes and loans payable	16,111,631	-	1,235,000	14,876,631	1,335,000
Other liabilities:					
Capital leases	150,047	-	70,068	79,979	73,214
Vested compensated absences	94,919	3,220	1,710	96,429	96,429
Other post-employment benefits	-	1,479,915	299,189	1,180,726	-
Total other liabilities	244,966	1,483,135	370,967	1,357,134	169,643
Total long-term liabilities	<u>\$ 16,356,597</u>	<u>\$ 1,483,135</u>	<u>\$ 1,605,967</u>	<u>\$ 16,233,765</u>	<u>\$ 1,504,643</u>

All general obligation bonds, notes and loans payable are backed by the full faith and credit of the District. Bonds, notes and loans in the governmental funds will be retired by future property tax levies.

General obligation debt at June 30, 2009 is comprised of the following individual issues:

Type	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance Outstanding 6/30/2009
General obligation debt:					
Refunding bonds	4/29/2005	4/1/2019	3.8% - 5.45%	1,610,000	\$ 1,300,000
Refunding bonds	9/15/2005	4/1/2017	3.5% - 4.0%	7,400,000	6,780,000
Refunding bonds	3/5/2008	4/1/2017	3.0% - 3.5%	6,850,000	6,375,000
G.O. promissory note	9/4/2007	9/4/2012	6.05%	571,631	421,631
Total general obligation debt					<u>\$ 14,876,631</u>

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

D. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity on general obligation debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 1,335,000	\$ 560,351	\$ 1,895,351
2011	1,460,000	511,276	1,971,276
2012	1,635,000	457,841	2,092,841
2013	1,806,631	395,934	2,202,565
2014	1,860,000	331,120	2,191,120
2015 - 2019	6,780,000	550,150	7,330,150
	<u>\$ 14,876,631</u>	<u>\$ 2,806,672</u>	<u>\$ 17,683,303</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed ten percent of the equalized value of taxable property within the District's jurisdiction. The debt limit as of June 30, 2009, was \$143,567,598. Total general obligation debt outstanding at year end was \$14,876,631.

E. SHORT-TERM DEBT

The District issued and repaid \$11,250,000 of short-term notes during the year ended June 30, 2009. The notes were issued for cash flow purposes in anticipation of state aid. Short-term debt outstanding at year end was \$0. Interest expense on the notes totaled \$48,749.

F. LEASE DISCLOSURES

Lessee – Capital Leases

The District has acquired fixed assets through lease/purchase agreements. The gross amount of these assets under capital leases is \$299,133, which are included in capital assets. The following is a schedule, by year of the future minimum lease payments together with the present value of net minimum lease payments as of June 30, 2009:

Year Ending June 30,	
2010	\$ 76,248
2011	11,510
Subtotal	<u>87,758</u>
Less: amount representing interest	7,779
Present value of minimum lease payments	<u>\$ 79,979</u>

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

F. LEASE DISCLOSURES (Continued)

Lessee – Operating Leases

The District has no material operating leases with a remaining noncancellable term exceeding one year.

Lessor – Capital Leases

The District has no material outstanding sales-type or direct financing leases.

Lessor – Operating Leases

The District does not receive material lease payments from property rented to others.

G. EMPLOYEES' RETIREMENT SYSTEM

All eligible School District of Reedsburg 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 at least 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.9% and 6.0% of their salary to the plan in calendar years 2009 and 2008, respectively. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for School District of Reedsburg employees covered by the WRS for the year ended June 30, 2009 was \$15,085,522; the employer's total payroll was \$16,000,963. The total required contribution for the year ended June 30, 2009 was \$1,578,882, which consisted of \$683,842, or 4.5% of payroll from the employer and \$895,040, or 5.9% of payroll from employees. Total contributions for the years ending June 30, 2008 and 2007 were \$1,571,864 and \$1,407,906, respectively, equal to the required contributions for each year.

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

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

G. EMPLOYEES' RETIREMENT SYSTEM (Continued)

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

The pension related debt was paid off as of June 30, 2005.

H. OTHER POST-EMPLOYMENT BENEFITS

The School District of Reedsburg prospectively implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions" for the fiscal year ended June 30, 2009. This implementation allows the District to report its liability for other post-employment benefits consistent with newly established generally accepted accounting principles and to reflect and actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

Plan Description

The School District of Reedsburg operates a single-employer retiree benefit plan that provides post-employment health benefits to eligible employees and their spouses. There are 211 active and 28 retired members in the plan as of July 1, 2008, the most recent actuarial valuation date. Benefits and eligibility for teachers and administrators are established and amended through collective bargaining with the recognized bargaining agent for each group; and include post-employment health coverage. Benefits and eligibility for secretaries and general support staff are established and amended by the governing body. The plan does not issue stand-alone financial statements.

Funding Policy

The District has not established an Employee Benefits Trust Fund to accumulate assets for payment of future benefits.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (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 unfunded actuarial liabilities over a period not to exceed thirty years.

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

H. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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.

	Governmental Activities
Annual required contribution	\$ 1,479,915
Interest on net OPEB	-
Annual OPEB cost (expense)	1,479,915
Contributions made	299,189
Change in net OPEB obligation	1,180,726
OPEB obligation at beginning of year	-
OPEB obligation at end of year	\$ 1,180,726

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 1,479,915	20%	\$ 1,180,726
6/30/2008	N/A	N/A	N/A
6/30/2007	N/A	N/A	N/A

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, for the period July 1, 2008 through June 30, 2009, the District's unfunded actuarial accrued liability (UAAL) was \$10,428,471. The annual payroll for active employees covered by the plan in the actuarial valuation for the 2008-2009 fiscal year was not able to be determined.

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

H. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a rate of 6.5% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 10%, reduced by decrements to an ultimate rate of 5% for medical after five years. Mortality, disability and retirement rates are based on those used to value the Wisconsin Retirement System pension plan for public schools. The UAAL is being amortized as a level dollar of projected payrolls. The remaining amortization period at June 30, 2009 was 30 years.

I. GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental activities net assets reported on the District-Wide Statement of Net Assets at June 30, 2009 includes the following:

Invested in capital assets, net of related debt:	
Capital assets, net of accumulated depreciation	\$ 22,705,319
Less: related long-term debt outstanding	(13,576,631)
Less: capital leases	(79,979)
Total invested in capital assets	9,048,709
Restricted:	
Debt service	724,253
Community service	92,830
Total restricted	817,083
Unrestricted	23,272
Total governmental activities net assets	\$ 9,889,064

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

J. GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at June 30, 2009 include the following:

Reserved	
Major fund:	
Debt Service Fund	\$ 864,322
Nonmajor fund:	
Community Service Fund	<u>92,830</u>
Total reserved fund balances	<u>957,152</u>
Unreserved	
Major fund:	
General Fund:	
Designated:	
Working capital	<u>2,464,609</u>
Total unreserved fund balances	<u>2,464,609</u>
Total governmental fund balances	<u>\$ 3,421,761</u>

K. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2009:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund:	
Support services	\$ 74,920
Debt service	26,997
Special Education Fund:	
Instruction	206,489
Support services	62,464
Special Revenue Trust Fund:	
Capital outlay	35,686
Food Service Fund:	
Support services	32,081

The excess expenditures listed above were financed by favorable budget variances in revenues, transfers, and fund balance.

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2. DETAILED NOTES ON ALL FUNDS (Continued)

L. PRIOR PERIOD ADJUSTMENT

The effect of the District recording a prior period adjustment resulted in the restatement of the District's net assets as of July 1, 2008:

	Governmental Activities
Total net assets as previously reported	\$ 6,669,946
Change in prior year retirement benefits valuation due to GASB 45 implementation	3,874,316
Net assets as restated	\$ 10,544,262

Benefits previously recorded as early retirement benefits are now subject to GASB 45. The effect of this transition increased net assets by \$3,874,316. Also, see Note 2.H. (Other Post-Employment Benefits) for additional information.

NOTE 3. OTHER INFORMATION

A. RISK MANAGEMENT

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

B. COMMITMENTS AND CONTINGENCIES

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

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

**SCHOOL DISTRICT OF REEDSBURG
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 3. OTHER INFORMATION (Continued)

C. LIMITATION OF SCHOOL DISTRICT REVENUES

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

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

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

D. SUBSEQUENT EVENT

Subsequent to year end, but prior to the issuance of this report, the District issued and repaid \$2,500,000 of short-term notes. The notes were issued for cash flow purposes and in anticipation of state aids.

REQUIRED SUPPLEMENTAL INFORMATION

**SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF FUNDING PROGRESS FOR
POST-EMPLOYMENT BENEFIT PLANS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
7/1/2008	\$ -	\$ 10,428,471	\$ 10,428,471	0.00%	N/A*	N/A*

* Amount was not able to be determined

OTHER SUPPLEMENTAL INFORMATION

SCHOOL DISTRICT OF REEDSBURG
BALANCE SHEET
GENERAL FUND
As of June 30, 2009
With Comparative Totals as of June 30, 2008

	2009	2008 Totals (Memorandum Only)
Assets		
Cash and investments	\$ 287,305	\$ 809,927
Receivables:		
Taxes	3,962,473	3,533,012
Accounts	6,760	4,321
Due from other funds	91,992	-
Due from other governments	448,851	369,003
Total assets	\$ 4,797,381	\$ 4,716,263
Liabilities		
Accounts payable	\$ 43,428	\$ 161,614
Accrued liabilities:		
Payroll, payroll taxes, insurance	2,289,344	2,211,679
Total liabilities	2,332,772	2,373,293
Fund balances		
Unreserved:		
Designated	2,464,609	2,342,970
Total fund balances	2,464,609	2,342,970
Total liabilities and fund balances	\$ 4,797,381	\$ 4,716,263

SCHOOL DISTRICT OF REEDSBURG
BALANCE SHEET
SPECIAL EDUCATION FUND
As of June 30, 2009
With Comparative Totals as of June 30, 2008

	2009	2008 Totals (Memorandum Only)
Assets		
Cash and investments	\$ 451,966	\$ 485,978
Receivables:		
Accounts	-	6,007
Due from other governments	104,249	52,513
Total assets	\$ 556,215	\$ 544,498
Liabilities		
Accounts payable	\$ 414	\$ 32,561
Accrued payroll, payroll taxes	555,801	511,937
Total liabilities	556,215	544,498
Fund balances	-	-
Total liabilities and fund balances	\$ 556,215	\$ 544,498

SCHOOL DISTRICT OF REEDSBURG
BALANCE SHEET
DEBT SERVICE FUND
As of June 30, 2009
With Comparative Totals as of June 30, 2008

	2009	2008 Totals (Memorandum Only)
Assets		
Cash and investments	\$ 956,314	\$ 841,199
Total assets	\$ 956,314	\$ 841,199
 Liabilities		
Due to other funds	\$ 91,992	\$ -
Total liabilities	91,992	-
 Fund balances		
Reserved for debt service	864,322	841,199
Total fund balances	864,322	841,199
 Total liabilities and fund balances	\$ 956,314	\$ 841,199

SCHOOL DISTRICT OF REEDSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUND
For the Year Ended June 30, 2009
With Comparative Actual Totals for the Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual Totals (Memorandum Only)
Revenues:				
Property taxes	\$ 1,817,807	\$ 1,817,807	\$ -	\$ 1,833,330
Earnings on investments	20,000	23,120	3,120	49,224
Total revenues	<u>1,837,807</u>	<u>1,840,927</u>	<u>3,120</u>	<u>1,882,554</u>
Expenditures:				
Debt service:				
Principal	1,235,000	1,235,000	-	1,005,000
Interest	620,859	620,858	1	601,180
Debt issue costs	-	-	-	114,968
Total debt service	<u>1,855,859</u>	<u>1,855,858</u>	<u>1</u>	<u>1,721,148</u>
Total expenditures	<u>1,855,859</u>	<u>1,855,858</u>	<u>1</u>	<u>1,721,148</u>
Excess (deficiency) of revenues over expenditures	<u>(18,052)</u>	<u>(14,931)</u>	<u>3,121</u>	<u>161,406</u>
Other financing sources (uses):				
Proceeds from refinancing debt	-	-	-	7,421,631
Principal payment of refinanced debt	-	-	-	(7,446,631)
Transfer in from other funds	38,055	38,054	(1)	70,729
Total other financing sources (uses)	<u>38,055</u>	<u>38,054</u>	<u>(1)</u>	<u>45,729</u>
Net change in fund balances	20,003	23,123	3,120	207,135
Fund balance - beginning of year	841,199	841,199	-	634,064
Fund balance - end of year	<u>\$ 861,202</u>	<u>\$ 864,322</u>	<u>\$ 3,120</u>	<u>\$ 841,199</u>

SCHOOL DISTRICT OF REEDSBURG
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of June 30, 2009
With Comparative Totals as of June 30, 2008

	Food Service Fund	Community Service Fund	2009 Total Nonmajor Gov't. Funds	2008 Totals (Memorandum Only)
Assets				
Cash and investments	\$ 30,395	\$ 93,383	\$ 123,778	\$ 149,715
Due from other governments	15,330	-	15,330	7,786
Total assets	<u>\$ 45,725</u>	<u>\$ 93,383</u>	<u>\$ 139,108</u>	<u>\$ 157,501</u>
Liabilities				
Accounts payable	\$ 32	\$ -	\$ 32	\$ 3,724
Accrued payroll, payroll taxes	30,836	553	31,389	71,978
Deferred revenues	14,857	-	14,857	17,192
Total liabilities	<u>45,725</u>	<u>553</u>	<u>46,278</u>	<u>92,894</u>
Fund balances				
Reserved for:				
Community service	-	92,830	92,830	64,607
Total fund balances	<u>-</u>	<u>92,830</u>	<u>92,830</u>	<u>64,607</u>
Total liabilities and fund balances	<u>\$ 45,725</u>	<u>\$ 93,383</u>	<u>\$ 139,108</u>	<u>\$ 157,501</u>

SCHOOL DISTRICT OF REEDSBURG
BALANCE SHEET
FOOD SERVICE FUND
As of June 30, 2009
With Comparative Totals as of June 30, 2008

	2009	2008 Totals Memorandum Only)
Assets		
Cash and investments	\$ 30,395	\$ 81,914
Due from other governments	15,330	7,786
Total assets	\$ 45,725	\$ 89,700
Liabilities		
Accounts payable	\$ 32	\$ 886
Accrued payroll, payroll taxes	30,836	71,622
Deferred revenue	14,857	17,192
Total liabilities	45,725	89,700
Fund balances	-	-
Total liabilities and fund balances	\$ 45,725	\$ 89,700

SCHOOL DISTRICT OF REEDSBURG
BALANCE SHEET
COMMUNITY SERVICE FUND
As of June 30, 2009
With Comparative Totals as of June 30, 2008

	2009	2008 Totals (Memorandum Only)
Assets		
Cash and investments	\$ 93,383	\$ 67,801
Total assets	\$ 93,383	\$ 67,801
Liabilities		
Accounts payable	\$ -	\$ 2,838
Accrued payroll, payroll taxes	553	356
Total liabilities	553	3,194
Fund balances		
Reserved for community service	92,830	64,607
Total fund balances	92,830	64,607
Total liabilities and fund balances	\$ 93,383	\$ 67,801

SCHOOL DISTRICT OF REEDSBURG
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009
With Comparative Totals for the Year Ended June 30, 2008

	Special Revenue Trust Fund	Food Service Fund	Community Service Fund	2009 Total Nonmajor Gov't. Funds	2008 Totals (Memorandum Only)
Revenues:					
Property taxes	\$ -	\$ -	\$ 93,710	\$ 93,710	\$ 67,341
Other local sources	35,686	725,360	9,043	770,089	753,978
State sources	-	24,156	-	24,156	23,538
Federal sources	-	483,635	-	483,635	452,986
Other sources	-	497	-	497	8
Total revenues	<u>35,686</u>	<u>1,233,648</u>	<u>102,753</u>	<u>1,372,087</u>	<u>1,297,851</u>
Expenditures:					
Current:					
Support services:					
Instructional staff services	-	-	-	-	229
Community service	-	-	32,130	32,130	2,741
Other support services	-	-	42,400	42,400	75,165
Food service	-	1,297,224	-	1,297,224	1,353,755
Total support services	<u>-</u>	<u>1,297,224</u>	<u>74,530</u>	<u>1,371,754</u>	<u>1,431,890</u>
Capital outlay	35,686	5,512	-	41,198	8,299
Total expenditures	<u>35,686</u>	<u>1,302,736</u>	<u>74,530</u>	<u>1,412,952</u>	<u>1,440,189</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(69,088)</u>	<u>28,223</u>	<u>(40,865)</u>	<u>(142,338)</u>
Other financing sources (uses):					
Transfer from other funds	-	69,088	-	69,088	145,936
Total other financing sources (uses)	<u>-</u>	<u>69,088</u>	<u>-</u>	<u>69,088</u>	<u>145,936</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>28,223</u>	<u>28,223</u>	<u>3,598</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>64,607</u>	<u>64,607</u>	<u>61,009</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,830</u>	<u>\$ 92,830</u>	<u>\$ 64,607</u>

SCHOOL DISTRICT OF REEDSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE TRUST FUND
For the Year Ended June 30, 2009
With Comparative Actual Totals for the Year Ended June 30, 2008

	2009			2008
	Final Budget	Actual	Variance Favorable (Unfavorable)	Actual Totals (Memorandum Only)
Revenues:				
Other local sources	\$ -	\$ 35,686	\$ 35,686	\$ -
Total revenues	-	35,686	35,686	-
Expenditures:				
Capital outlay	-	35,686	(35,686)	-
Total expenditures	-	35,686	(35,686)	-
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

SCHOOL DISTRICT OF REEDSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - FOOD SERVICE FUND
For the Year Ended June 30, 2009
With Comparative Actual Totals for the Year Ended June 30, 2008

	2009		Variance	2008
	Final Budget	Actual	Favorable (Unfavorable)	Actual Totals (Memorandum Only)
Revenues:				
Other local sources	\$ 796,580	\$ 725,360	\$ (71,220)	\$ 739,586
State sources	22,313	24,156	1,843	23,538
Federal sources	456,750	483,635	26,885	452,986
Other sources	-	497	497	8
Total revenues	<u>1,275,643</u>	<u>1,233,648</u>	<u>(41,995)</u>	<u>1,216,118</u>
Expenditures:				
Current:				
Support services:				
Food service	1,265,143	1,297,224	(32,081)	1,353,755
Total support services	<u>1,265,143</u>	<u>1,297,224</u>	<u>(32,081)</u>	<u>1,353,755</u>
Capital outlay	<u>10,500</u>	<u>5,512</u>	<u>4,988</u>	<u>8,299</u>
Total expenditures	<u>1,275,643</u>	<u>1,302,736</u>	<u>(27,093)</u>	<u>1,362,054</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(69,088)</u>	<u>(69,088)</u>	<u>(145,936)</u>
Other financing sources (uses):				
Transfer from other funds	-	69,088	69,088	145,936
Total other financing sources (uses)	<u>-</u>	<u>69,088</u>	<u>69,088</u>	<u>145,936</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL DISTRICT OF REEDSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - COMMUNITY SERVICE FUND
For the Year Ended June 30, 2009
With Comparative Actual Totals for the Year Ended June 30, 2008

	2009		Variance Favorable (Unfavorable)	2008
	Final Budget	Actual		Actual Totals (Memorandum Only)
Revenues:				
Property taxes	\$ 93,710	\$ 93,710	\$ -	\$ 67,341
Other local sources	5,500	9,043	3,543	14,392
Total revenues	<u>99,210</u>	<u>102,753</u>	<u>3,543</u>	<u>81,733</u>
Expenditures:				
Current:				
Support services:				
Community service	67,650	32,130	35,520	2,741
Other support services	31,560	42,400	(10,840)	75,165
Total support services	<u>99,210</u>	<u>74,530</u>	<u>24,680</u>	<u>77,906</u>
Total expenditures	<u>99,210</u>	<u>74,530</u>	<u>24,680</u>	<u>77,906</u>
Net change in fund balances	-	28,223	28,223	3,827
Fund balance - beginning of year	64,607	64,607	-	60,780
Fund balance - end of year	<u>\$ 64,607</u>	<u>\$ 92,830</u>	<u>\$ 28,223</u>	<u>\$ 64,607</u>

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUND
Year Ended June 30, 2009

	Balance 07/01/2008	Additions	Deductions	Balance 6/30/2009
Assets				
Cash and investments	\$ 104,146	\$ 536,538	\$ 511,409	\$ 129,275
Total assets	<u>\$ 104,146</u>	<u>\$ 536,538</u>	<u>\$ 511,409</u>	<u>\$ 129,275</u>
Liabilities				
Elementary School	\$ 23,952	\$ 53,324	\$ 52,590	\$ 24,686
Middle School	11,683	79,863	83,440	8,106
High School	68,511	403,351	375,379	96,483
Total liabilities	<u>\$ 104,146</u>	<u>\$ 536,538</u>	<u>\$ 511,409</u>	<u>\$ 129,275</u>

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

Administering Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Program or Award Amount	Accrued Receivable at July 1	Receipts-Grantor Reimbursement	Total Expenditures	Accrued Receivable at June 30
U.S. Department of Agriculture						
Wisconsin Department of Public Instruction:						
Food Distribution	10.555 (1)	\$ -	\$ -	70,282 \$	70,282 \$	-
July 1, 2007 - June 30, 2008						
July 1, 2008 - June 30, 2009				62,702	62,702	-
School Breakfast Program	10.553 (1)	-	2,156	72,947	72,556	1,765
July 1, 2007 - June 30, 2008						
July 1, 2008 - June 30, 2009			1,765	72,529	73,878	3,114
National School Lunch Program	10.555 (1)(2)	-	7,554	311,680	310,147	6,021
July 1, 2007 - June 30, 2008						
July 1, 2008 - June 30, 2009			6,021	340,860	347,055	12,216
Total U.S. Department of Agriculture - July 1, 2008 - June 30, 2009			7,786	476,091	483,635	15,330
U.S. Department of Education						
Wisconsin Department of Public Instruction:						
ESEA Title I - Basic Grant	84.010 (1)(2)	329,875	157,182	373,840	287,360	70,702
July 1, 2007 - June 30, 2008						
July 1, 2008 - June 30, 2009		331,485	70,702	306,498	323,643	87,847
ESEA Title I - B Reading First	84.357	204,909	87,668	250,424	192,042	29,286
July 1, 2007 - June 30, 2008						
July 1, 2008 - June 30, 2009		196,486	29,286	191,788	196,390	33,888
IDEA Flow Through	84.027 (1)(2)	520,647	354,299	724,568	422,402	52,133
July 1, 2007 - June 30, 2008						
July 1, 2008 - June 30, 2009		623,091	52,133	523,356	575,473	104,250
ESEA Title III	84.365	-	1,355	1,355	-	-
July 1, 2007 - June 30, 2008						
July 1, 2008 - June 30, 2009			-	775	775	-
Dwight D. Eisenhower Education Program	84.281	157,688	37,818	133,874	99,219	3,163
July 1, 2007 - June 30, 2008						
July 1, 2008 - June 30, 2009		163,514	3,163	82,311	142,924	63,776

(Continued)

See notes to schedules of expenditures of financial awards.

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

For the Year Ended June 30, 2009

Administering Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Program or Award Amount	Accrued Receivable at July 1	Receipts- Grantor Reimbursement	Total Expenditures	Accrued Receivable at June 30
U.S. Department of Education (Continued)						
Wisconsin Department of Public Instruction (Continued):						
Vocational Education	84.048	\$ 19,788	\$ 17,054	\$ 23,867	\$ 19,282	12,469
July 1, 2007 - June 30, 2008						5,788
July 1, 2008 - June 30, 2009		22,234	12,469	29,005	22,324	
PL 99-457 Preschool Entitlements	84.173	24,616	25,029	49,265	24,616	380
July 1, 2007 - June 30, 2008			380	24,295	23,915	
July 1, 2008 - June 30, 2009		23,915				
Title IV Safe and Drug Free	84.186	9,710	9,346	11,926	2,869	289
July 1, 2007 - June 30, 2008			289	7,112	9,334	2,511
July 1, 2008 - June 30, 2009		14,181				
Center for Disease Control - Basic	93.938	-	-	250	250	-
July 1, 2007 - June 30, 2008						
Title VA Innovative Programs	84.298	4,327	1,994	3,691	1,697	-
July 1, 2007 - June 30, 2008				2,630	2,630	-
July 1, 2008 - June 30, 2009		2,630	-	-	-	-
ARRA State Fiscal Stabilization Fund	84.394	(1)(2)	-	1,619,751	1,619,751	-
July 1, 2008 - June 30, 2009						
Presidential Disaster Declaration FEMA 1768-DR-WI	84.394	-	-	198,528	198,528	-
July 1, 2008 - June 30, 2009						
ESEA Title II-D ED Tech	84.318	2,998	-	2,984	2,984	-
July 1, 2007 - June 30, 2008				2,621	2,621	-
July 1, 2008 - June 30, 2009		2,621	-	-	-	-
Total U.S. Department of Education -		1,380,157	168,422	2,988,670	3,118,308	298,060
July 1, 2008 - June 30, 2009						
TOTAL FEDERAL AWARDS -		\$ 1,380,157	\$ 176,208	\$ 3,464,761	\$ 3,601,943	\$ 313,390
July 1, 2008 - June 30, 2009						

(1) Major Program
(2) Type A Program - all other programs considered Type B.

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2009

Administering Agency/ Award Description	State I.D. Number	Accrued Receivable at July 1	State Reimbursements	Accrued Receivable at June 30
<u>Wisconsin Department of Public Instruction:</u>				
Cost Reimbursement Programs:				
State Lunch	255.102	\$ -	\$ 12,869	\$ -
School Breakfast Program	255.344	-	11,287	-
Total Cost Reimbursement Programs		\$ -	\$ 24,156	\$ -
Entitlement Programs:				
Special Education and School Age Parents	255.101 (1)	\$ -	\$ 1,054,024	\$ -
Pupil Transportation	255.107 (1)	-	85,485	-
General Equalization Aid	255.201 (1)(2)	236,203	12,403,007	231,670
SAGE	255.504 (1)	-	588,723	-
Total Entitlement Programs		\$ 236,203	\$ 14,131,239	\$ 231,670
Other Aids:				
Common School Fund Library Aids	255.103	\$ -	\$ 95,706	\$ -
Mentoring Grants for Initial Educators	255.355	-	3,375	-
Presidential Disaster Declaration FEMA 176-DR-WI	465.305	-	33,088	-
Total Other Aids		\$ -	\$ 132,169	\$ -
Total State Awards		\$ 236,203	\$ 14,287,564	\$ 231,670

(1) Major program.

(2) The total Equalization Aid at June 30, 2009, including the reimbursement, state fiscal stabilization, and accrued receivable is \$14,217,767.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO SCHEDULES OF EXPENDITURES OF FINANCIAL AWARDS
For the Year Ended June 30, 2009

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards include the federal and state grant activity of the School District of Reedsburg and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. FEDERAL AND STATE AGENCIES

The District's federal oversight agency for the audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

NOTE 3. SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

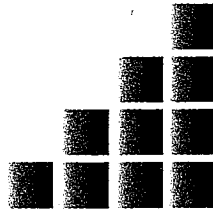
2008-2009 aidable costs under the State Special Education Program are \$3,646,115.

NOTE 4. FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed.

NOTE 5. OTHER

The Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards each contain additional footnotes specific to those programs.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Education
School District of Reedsburg
Reedsburg, Wisconsin

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Reedsburg (District), as of and for the year ended June 30, 2009, which collectively comprise the School District of Reedsburg's basic financial statements and have issued our report thereon dated November 25, 2009. Our report included an emphasis paragraph describing the adoption of GASB Statement No. 45. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, we identified certain deficiencies in the internal control over financial reporting that we consider to be significant deficiencies.

Internal Control Over Financial Reporting (continued)

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the following deficiencies (which were also reported in the prior year) to be significant deficiencies in internal control over financial reporting:

2009-1 - The District has a control deficiency in that overlapping duties are concentrated within a small number of accounting and administrative staff. This situation is not unusual and it is a control deficiency shared with entities of similar size because ideal segregation of duties and responsibilities may not be practical from a cost benefit standpoint.

2009-2 - The District has established controls over most routine transactions involving cash receipts, cash disbursements, billing and receivables, and payroll. Controls over non-routine transactions of a complex nature may not be effective to ensure that they are properly recorded in the financial statements. In addition, controls over routine and non-routine transactions may be concentrated in personnel responsible for reconciling general ledger accounts and preparing general journal entries. Controls could be enhanced by involving other financial personnel or management in the approval of all reconciliations and journal entries.

2009-3 - The District has identified general fraud risks and the implication of those risks to its business; however, they have yet to develop a formal antifraud program with stated control processes.

2009-4 - The governing body receives abbreviated financial reports and summaries for the various funds of the District rather than a complete set of financial statements at its regular meetings. Like other entities of similar size, the District requires the assistance of the auditor to draft financial statements and disclosures that comply with technical standards.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider all of the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District of Reedsburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

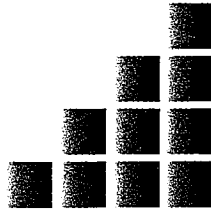
We noted certain matters that we reported to management of the School District of Reedsburg, in separate correspondence dated November 25, 2009.

The School District of Reedsburg's response to the significant deficiencies identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School District of Reedsburg's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and the Wisconsin Department of Public Instruction and is not intended to be and should not be used by anyone other than these specified parties.

Vig & Associates LLC

November 25, 2009



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
School District of Reedsburg
Reedsburg, Wisconsin

Compliance

We have audited the compliance of the School District of Reedsburg (District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the State Single Audit Guidelines issued by the Wisconsin Department of Administration (DOA) that are applicable to each of its major federal and state programs for the year ended June 30, 2009. The District's major federal and state programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance 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; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the State Single Audit Guidelines issued by the Wisconsin Department of Administration (DOA). Those standards, OMB Circular A-133, and the State Single Audit Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies, and the Wisconsin Department of Public Instruction and is not intended to be and should not be used by anyone other than these specified parties.

Vig & Associates LLC

November 25, 2009

**SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2009**

There were no findings in the previous year.

**SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the School District of Reedsburg.
2. Four significant deficiencies (2009-1, 2009-2, 2009-3 and 2009-4) were noted in the audit of the financial statements and are reported in the Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. All of the deficiencies were also reported as material weaknesses. Management's responses to the significant deficiencies were not audited, and accordingly, no opinion is expressed on them.

2009-1 - The District has a control deficiency in that overlapping duties are concentrated within a small number of accounting and administrative staff. This situation is not unusual and it is a control deficiency shared with entities of similar size because ideal segregation of duties and responsibilities may not be practical from a cost benefit standpoint.

2009-2 - The District has established controls over most routine transactions involving cash receipts, cash disbursements, billing and receivables, and payroll. Controls over non-routine transactions of a complex nature may not be effective to ensure that they are properly recorded in the financial statements. In addition, controls over routine and non-routine transactions may be concentrated in personnel responsible for reconciling general ledger accounts and preparing general journal entries. Controls could be enhanced by involving other financial personnel or management in the approval of all reconciliations and journal entries.

Management response to 2009-1 & 2009-2 - *The District is aware of the lack of segregation of duties issues but is unable to clear the deficiency due to limited resources.*

2009-3 - The District has identified general fraud risks and the implication of those risks to its business; however, they have yet to develop a formal antifraud program with stated control processes.

Management response to 2009-3 - *Although many fraud risks have been identified, a formal antifraud program with stated control processes has not yet been developed. The District is evaluating this matter further.*

**SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the Year Ended June 30, 2009**

A. SUMMARY OF AUDIT RESULTS (Continued)

2009-4 - The governing body receives abbreviated financial reports and summaries for the various funds of the District rather than a complete set of financial statements at its regular meetings. Like other entities of similar size, the District requires the assistance of the auditor to draft financial statements and disclosures that comply with technical standards.

Management response to 2009-4 - *Due to the technical nature of preparing the financial statements, the District has requested the assistance of our auditor to draft the financial statements and the required disclosures. Due to limited resources, the District does not anticipate our need of this assistance to change in the foreseeable future.*

3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies relative to the audit of major federal and state programs were disclosed in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal and state awards programs expresses an unqualified opinion.
6. There were no audit findings relative to major federal and state awards programs.
7. The programs tested as major programs included:

a. Federal

<u>Program ID#</u>	<u>Name</u>
84.027	IDEA Flow-Through
84.010	ESEA Title I – Basic Grant
84.394	ARRA State Fiscal Stabilization Fund
10.555	Food Distribution
10.553	School Breakfast Program
10.555	National School Lunch Program

b. State

<u>Program ID#</u>	<u>Name</u>
255.101	Special Education and School Age Parents
255.201	General Equalization Aid
255.107	Pupil Transportation
255.504	SAGE

State major program fiscal criteria was \$100,000.

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The School District of Reedsburg was not determined to be a low risk auditee.

