SCHOOL DISTRICT OF CHILTON
CHILTON, WISCONSIN

ANNUAL FINANCIAL REPORT

JUNE 30, 2008

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
June 30, 2008

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Chilton, Wisconsin
June 30, 2008

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INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND SCHEDULE OF STATE FINANCIAL ASSISTANCE

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Chilton (the "District") as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Board of Education and management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's 2007 financial statements and, in our report dated September 14, 2007, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and special education special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2008, on our consideration of the District'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.

AGN INTERNATIONAL
2200 Riverside Drive • P.O. Box 23819 • Green Bay, WI 54305-3819 • schencksolutions.com
Phone: 920-436-7800 • 800-676-0829 • Fax: 920-436-7808
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The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 financial information listed in the table of contents as supplemental information, and the accompanying schedule of expenditures of federal awards and schedule of state financial assistance, as required by the *Wisconsin Public School District Audit Manual*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

Schenck SC

Certified Public Accountants
Green Bay, Wisconsin
October 13, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHILTON PUBLIC SCHOOLS

Dr. Claire Martin, Superintendent
Dawn Bartel, Administrative Assistant

530 West Main Street
Chilton, WI 53014
(920) 849-8109
Fax: (920) 849-4539

Management's Discussion and Analysis
June 30, 2008

As management of the School District of Chilton we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2008.

Financial Highlights

- The assets of the District exceeded its liabilities as of June 30, 2008 by $8.8 million. Of this amount, $2.0 million may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by $738 thousand. Factors that contributed to the overall increase are as follows:
  - Favorable budget variations.
  - Debt retirement exceeded depreciation on the related assets.
  - As of June 30, 2008, the District's governmental funds reported combined ending fund balances of $4.4 million, an increase of $382 thousand in comparison with the prior year.
- As of June 30, 2008, the Fund balance for the general fund was $3.4 million, or approximately 30% of total general fund expenditures and other financing uses.
- The District's total general-obligation debt decreased by $1,185,000 (5%) during 2007-08. The key factor in this decrease was the District making its required principal payments.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.

The district-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, special education fund and debt service fund, all of which are considered to be major funds. Data from the non major funds are shown in the other governmental funds column.

The District adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on page 11-16 of this report.

Proprietary funds. The District maintains a single type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The District uses enterprise funds to account for its food service fund.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service fund, which is considered to be a nonmajor fund of the District.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22-35 of this report.

District-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $8.8 million at June 30, 2008.

School District of Chilton, Wisconsin's Net Assets						
	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	$7,057,555	$6,733,680	$ 75,069	$ 58,323	$7,132,624	$6,792,003
Capital assets	28,087,566	28,942,865	182,194	195,430	28,269,760	29,138,295
Total Assets	35,145,121	35,676,545	257,263	253,753	35,402,384	35,930,298
Long-term liabilities outstanding	24,182,075	25,499,267	-	-	24,182,075	25,499,267
Other liabilities	2,426,010	2,375,936	14,492	13,762	2,440,502	2,389,698
Total Liabilities	26,608,085	27,875,203	14,492	13,762	26,622,577	27,888,965
Net Assets						
Invested in capital assets, net of related debt	3,789,907	3,522,865	182,194	195,430	3,972,101	3,718,295
Restricted	2,720,716	2,652,937	60,577	44,561	2,781,293	2,697,498
Unrestricted	2,026,413	1,625,540	-	-	2,026,413	1,625,540
Total Net Assets	$8,537,036	$7,801,342	$ 242,771	$ 239,991	$8,779,807	$8,041,333

The largest portion of the District's net assets (45%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (32%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($2.0 million) may be used to meet the District's ongoing obligations to citizens and creditors.

Change in net assets. Governmental activities increased the District's net assets by $735,694 during 2007-08. Key elements of this increase are shown in the following table:

School District of Chilton, Wisconsin's Change in Net Assets						
	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues						
Charges for services	$ 714,741	$ 631,397	$ 389,493	$ 370,150	$ 1,104,234	$ 1,001,547
Operating grants and contributions	583,325	525,606	207,555	181,922	790,880	707,528
General Revenues						
Property taxes	4,367,956	4,010,205	-	-	4,367,956	4,010,205
Other taxes	438	556	-	-	438	556
State and federal aids not restricted to specific programs	8,113,943	8,198,312	-	-	8,113,943	8,198,312
Interest and investment earnings	105,571	119,864	-	-	105,571	119,864
Other	303,256	37,608	-	-	303,256	37,608
Total Revenues	14,189,230	13,523,548	597,048	552,072	14,786,278	14,075,620
Expenses						
Instruction	5,746,243	5,620,321	-	-	5,746,243	5,620,321
Support services	4,758,250	4,547,975	-	-	4,758,250	4,547,975
Interest on long-term debt	1,224,263	1,119,330	-	-	1,224,263	1,119,330
Depreciation - unallocated	865,639	909,115	-	-	865,639	909,115
School food service program	-	-	594,268	545,626	594,268	545,626
Other	859,141	829,658	-	-	859,141	829,658
Total Expenses	13,453,536	13,026,399	594,268	545,626	14,047,804	13,572,025
Change in Net Assets	735,694	497,149	2,780	6,446	738,474	503,595
Net Assets - July 1	7,801,342	7,304,193	239,991	233,545	8,041,333	7,537,738
Net Assets - June 30	$ 8,537,036	$ 7,801,342	$ 242,771	$ 239,991	$ 8,779,807	$ 8,041,333

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2008, the District's governmental funds reported combined ending fund balances of $4.4 million, an increase of $382 thousand in comparison with the prior year. Approximately 76% of this amount ($3.3 million) constitutes *designated fund balance*. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for current year purchases of inventory and prepayments that benefit periods beyond the end of the current year ($94,153), 2) for retirement of long-term debt ($901,094), and 3) for a variety of other restricted purposes ($56,959).

The general fund is the main operating fund of the District. The general fund has a total fund balance of $3.4 million, of this fund balance, $3,306,723 is unreserved yet designated to be used for working cash purposes in lieu of cash flow borrowing and $500,000 is available for other designated purposes. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Both unreserved and total fund balance represent 30% of total general fund expenditures.

The fund balance of the District's general fund increased by $221,371 during the current year. This result was due to conservative purchasing and previously implemented energy saving equipment and practices in the facilities.

The District has two other major funds; special education and debt service. The special education fund is annually funded by an operating transfer from the general fund. At year end, this fund does not have a fund balance.

The debt service fund has a fund balance of $901,094 which is reserved for retirement of long-term debt. This amount represents property taxes collected for subsequent year debt payments and increased $160,871 from the prior year balance.

Proprietary funds. The District's proprietary funds provide the same type of information found in the District's district-wide financial statements, but in more detail.

Net assets of the food service fund at the end of the year amounted to $242,771. The total increase in net assets was $2,780.

Other factors concerning the finances of this fund have already been addressed in the discussion of the District's business-type activities.

General Fund Budgetary Highlights

Generally the original budget is rarely modified. The District made no modifications to the total budget for 2008.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounts to $28.3 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, and vehicles.

School District of Chilton, Wisconsin's Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2006
Land	$ 46,510	$ 46,510	$ -	$ -	$ 46,510	$ 46,510
Land improvements	952,908	1,022,012	-	-	952,908	1,022,012
Buildings	26,327,302	26,972,922	-	-	26,327,302	26,972,922
Machinery and equipment	760,846	901,421	182,194	195,430	943,040	1,096,851
Total	$ 28,087,566	$ 28,942,865	$ 182,194	$ 195,430	$ 28,269,760	$ 29,138,295

Long-term debt. At the end of the current fiscal year, the District had total long-term debt outstanding of $25.1 million. The total debt is backed by the full faith and credit of the government.

School District of Chilton, Wisconsin's Outstanding Debt
General Obligation Debt and Revenue Bonds

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General Obligation Debt Bonds	$ 25,110,000	$ 26,295,000	$ -	$ -	$ 25,110,000	$ 26,295,000

The District's total debt decreased by $1,185,000 (5%) during the current fiscal year. The key factor in this decrease was the District paid the required debt payments.

State statutes limit the amount of general obligation debt the District may issue to 10% of its total equalized valuation. The current debt limitation for the District is $48.8 million, which is significantly in excess of the District's $25.1 million in outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

- The District continues to face a declining enrollment trend. This trend will negatively impact revenues in future years as they play a more prominent role in state aid and revenue cap formulas in future years.
- The District is seriously concerned about the rising cost of health insurance and the significant impact it has had on resources and the ability to fund instructional needs.
- The District continues to face large utilities increases. Though it has made facility improvements as well as cost saving changes, rate increases for utilities continues to far exceed any saving from efficiencies.
- The District is concerned about the state of the economy and its affect on the next biennium State budget. We assume there will need to be another budget repair bill for the 2007-2009 budget and it is expected that the next biennium budget will again be a concern and perhaps again take as long as the end of October 2009 to be finalized.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager at the School District of Chilton, 530 W. Main St., Chilton, Wisconsin 53014.

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Statement of Net Assets
June 30, 2008
(With summarized financial information for June 30, 2007)

	Governmental Activities	Business-type Activities	Total 2008	Total 2007
ASSETS				
Cash and investments	$ 3,463,442	$ 61,355	$ 3,524,797	$ 3,382,733
Receivables				
Taxes	1,377,537	-	1,377,537	1,228,811
Accounts	595	10,640	11,235	1,664
Internal balances	318	-	318	221
Due from other governments	347,951	3,074	351,025	264,664
Inventories and prepaid items	94,153	-	94,153	57,456
Current portion of unconditional promises to give	87,187	-	87,187	82,892
Capital Assets				
Land	46,510	-	46,510	46,510
Land improvements	1,445,762	-	1,445,762	1,445,762
Buildings	32,251,054	-	32,251,054	32,251,054
Machinery and equipment	3,251,042	388,515	3,639,557	3,657,633
Less: Accumulated depreciation	(8,906,802)	(206,321)	(9,113,123)	(8,262,664)
Non-current portion of unconditional promises to give	1,686,372	-	1,686,372	1,773,562
TOTAL ASSETS	35,145,121	257,263	35,402,384	35,930,298
LIABILITIES				
Current Liabilities				
Accounts payable	86,390	1,559	87,949	63,475
Accrued payroll liabilities	838,677	-	838,677	830,293
Accrued interest payable	280,943	-	280,943	290,461
Unearned revenues	-	12,933	12,933	13,469
Other fund liabilities	-	-	-	7,000
Long-term Obligations				
Due within one year	1,220,000	-	1,220,000	1,185,000
Due in more than one year	24,182,075	-	24,182,075	25,499,267
TOTAL LIABILITIES	26,608,085	14,492	26,622,577	26,703,965
NET ASSETS				
Invested in capital assets, net of related debt	3,792,566	182,194	3,974,760	3,718,295
Restricted for				
Debt service	2,674,653	-	2,674,653	2,596,677
Community service	46,063	-	46,063	56,260
Food service	-	60,577	60,577	44,561
Unrestricted	2,023,754	-	2,023,754	1,625,540
TOTAL NET ASSETS	$ 8,537,036	$ 242,771	$ 8,779,807	$ 8,041,333

The notes to the basic financial statements are an integral part of this statement.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Statement of Activities
Year Ended June 30, 2008
(With summarized financial information for the year ended June 30, 2007)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Total 2008	Total 2007
Governmental Activities							
Instruction	$ 5,746,243	$ 560,701	$ 442,979	$ (4,742,563)	$ -	$ (4,742,563)	$ (4,731,968)
Support services	4,758,250	154,040	140,346	(4,463,864)	-	(4,463,864)	(4,279,325)
Interest and fiscal charges	1,224,263	-	-	(1,224,263)	-	(1,224,263)	(1,119,330)
Depreciation - unallocated	865,639	-	-	(865,639)	-	(865,639)	(909,115)
Non-program	859,141	-	-	(859,141)	-	(859,141)	(829,658)
Total Governmental Activities	13,453,536	714,741	583,325	(12,155,470)	-	(12,155,470)	(11,869,396)
Business-type Activities							
School food service program	594,268	389,493	207,555	-	2,780	2,780	6,446
Total School District	$ 14,047,804	$ 1,104,234	$ 790,880	(12,155,470)	2,780	(12,152,690)	(11,862,950)
General revenues							
Property taxes				4,367,956	-	4,367,956	4,010,205
Other taxes				438	-	438	556
State and federal aids not restricted to specific functions				8,113,943	-	8,113,943	8,198,312
Interest and investment earnings				105,571	-	105,571	119,864
Miscellaneous				303,256	-	303,256	37,609
Total General Revenues				12,891,164	-	12,891,164	12,366,546
Change in net assets				735,694	2,780	738,474	503,596
Net assets - July 1				7,801,342	239,991	8,041,333	7,537,737
Net assets - June 30				$ 8,537,036	$ 242,771	$ 8,779,807	$ 8,041,333

The notes to the basic financial statements are an integral part of this statement.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Balance Sheet
Governmental Funds
June 30, 2008
(With summarized financial information for June 30, 2007)

	General	Special Education	Debt Service	Other Governmental Funds	Total Governmental Funds 2008	Total Governmental Funds 2007
ASSETS						
Cash and investments	$ 2,483,404	$ 20,734	$ 901,094	$ 58,210	$ 3,463,442	$ 3,329,334
Receivables						
Taxes	1,377,537	-	-	-	1,377,537	1,228,811
Accounts	595	-	-	-	595	1,664
Due from other funds	318	-	-	-	318	6,545
Due from other governments	344,947	3,004	-	-	347,951	259,831
Inventories and prepaid items	94,153	-	-	-	94,153	57,456
TOTAL ASSETS	$ 4,300,954	$ 23,738	$ 901,094	$ 58,210	$ 5,283,996	$ 4,883,641
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 82,332	$ 2,807	$ -	$ 1,251	$ 86,390	$ 63,182
Accrued payroll	817,746	20,931	-	-	838,677	830,292
Due to other funds	-	-	-	-	-	6,416
Other fund liabilities	-	-	-	-	-	7,000
Total Liabilities	900,078	23,738	-	1,251	925,067	906,890
Fund Balances						
Reserved for						
Inventories and prepaid items	94,153	-	-	-	94,153	56,961
Debt service	-	-	901,094	-	901,094	740,223
Subsequent years budget	-	-	-	56,959	56,959	57,023
Unreserved						
Designated						
Capital projects	500,000	-	-	-	500,000	500,000
Working capital	2,806,723	-	-	-	2,806,723	2,622,544
Total Fund Balances	3,400,876	-	901,094	56,959	4,358,929	3,976,751
TOTAL LIABILITIES AND FUND BALANCES	$ 4,300,954	$ 23,738	$ 901,094	$ 58,210	$ 5,283,996	$ 4,883,641

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Balance Sheet (Continued)
Governmental Funds
June 30, 2008
(With summarized financial information for June 30, 2007)

		2008	2007
Reconciliation to the Statement of Net Assets			
Total Fund Balances as shown on previous page		$ 4,358,929	$ 3,976,751
Amounts reported for governmental activities in the statement of net assets are different because:			
Long-term receivables are not current financial resources and therefore are not reported in the fund statements above.		1,773,559	1,856,454
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		28,087,566	28,942,865
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Bonds payable	$ 25,110,000		
Post-employment health benefits payable	292,075		
Accrued interest on long-term obligations	280,943	(25,683,018)	(26,974,728)
Net Assets of Governmental Activities as reported on the Statement of Net Assets (see page 9)		$ 8,537,036	$ 7,801,342

The notes to the basic financial statements are an integral part of this statement.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2008
(With summarized financial information for year ended June 30, 2007)

	General	Special Education	Debt Service	Other Governmental Funds	Total Governmental Funds 2008	Total Governmental Funds 2007
Revenues						
Property taxes	$ 2,213,129	$ -	$ 2,094,827	$ 60,000	$ 4,367,956	$ 4,010,205
Other local sources	167,688	-	218,393	33,249	419,330	404,363
Interdistrict sources	419,664	57,066	-	-	476,730	403,407
Intermediate sources	12,638	192,467	-	-	205,105	196,957
State sources	8,202,064	66,805	-	-	8,268,869	8,338,404
Federal sources	224,352	-	-	-	224,352	193,367
Other sources	36,594	-	-	7,205	43,799	55,445
Total Revenues	11,276,129	316,338	2,313,220	100,454	14,006,141	13,602,148
Expenditures						
Instruction						
Regular instruction	4,519,470	-	-	1,500	4,520,970	4,473,144
Vocational instruction	473,156	-	-	-	473,156	439,401
Special education instruction	-	159,557	-	-	159,557	165,365
Other instruction	642,639	-	-	8,262	650,901	609,886
Total Instruction	5,635,265	159,557	-	9,762	5,804,584	5,687,796
Support Services						
Pupil services	266,371	90,585	-	-	356,956	362,143
Instructional staff services	1,036,993	5,174	-	-	1,042,167	894,325
General administration services	256,094	-	-	-	256,094	308,629
School administration services	652,447	-	-	7,667	660,114	622,262
Business services	221,458	-	-	-	221,458	207,308
Operations and maintenance of plant	1,402,711	-	-	-	1,402,711	1,347,548
Pupil transportation services	500,364	81,179	-	8,946	590,489	583,886
Insurance	91,169	-	-	-	91,169	80,688
Other support services	103,490	-	-	-	103,490	102,103
Total Support Services	4,531,097	176,938	-	16,613	4,724,648	4,508,892
Debt Service						
Principal	-	-	1,185,000	-	1,185,000	1,140,000
Interest	-	-	1,233,781	-	1,233,781	1,196,686
Total Debt Service	-	-	2,418,781	-	2,418,781	2,336,686
Community Service	-	-	-	84,146	84,146	87,945
Non-program						
General tuition payments	163,346	-	-	-	163,346	146,283
Special education tuition payments	-	693,148	-	-	693,148	683,375
Adjustments and refunds	2,647	-	-	-	2,647	-
Total Non-program	165,993	693,148	-	-	859,141	829,658
Total Expenditures	10,332,355	1,029,643	2,418,781	110,521	13,891,300	13,450,977
Excess of Revenues Over (Under) Expenditures	943,774	(713,305)	(105,561)	(10,067)	114,841	151,171
Other Financing Sources (Uses)						
Capital leases issued	266,432	-	-	-	266,432	-
Sale of capital assets	905	-	-	-	905	-
Transfers in	-	713,305	266,432	10,003	989,740	731,033
Transfers out	(989,740)	-	-	-	(989,740)	(731,033)
Total Other Financing Sources (Uses)	(722,403)	713,305	266,432	10,003	267,337	-
Net Change in Fund Balances	221,371	-	160,871	(64)	382,178	151,171
Fund Balances - July 1	3,179,505	-	740,223	57,023	3,976,751	3,825,580
Fund Balances - June 30	$ 3,400,876	$ -	$ 901,094	$ 56,959	$ 4,358,929	$ 3,976,751

(Continued)

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
Year Ended June 30, 2008
(With summarized financial information for year ended June 30, 2007)

		2008	2007
Reconciliation to the Statement of Activities			
Net Change in Fund Balances from previous page		$ 382,178	$ 151,171
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay reported in governmental fund statements	$ 11,683		
Depreciation expense reported in the statement of activities	(865,639)		
Amount in which depreciation is greater than capital outlays in current period		(853,956)	(874,842)
In governmental funds, contributions and unconditional promises to give are reported as revenue when cash or other assets are received. In the statement of activities, revenue is reported when the promise to give is received. In the current period these amounts are:			
Change in net present value of unconditional promises to give		(82,895)	(78,574)
In the statement of activities, post-employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these benefits are measured by the amount paid.		97,192	86,950
In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported.		(1,343)	(4,882)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:		1,185,000	1,140,000
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid. In the statement of activities interest is reported as it accrues.		9,518	77,327
Change in Net Assets of Governmental Activities as Reported on the Statement of Activities (see pages 10 - 11)		$ 735,694	$ 497,150

The notes to the basic financial statements are an integral part of this statement.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Property taxes	$ 2,213,129	$ 2,213,129	$ 2,213,129	$ -
Other local sources	144,852	144,852	167,688	22,836
Interdistrict sources	419,415	419,415	419,664	249
Intermediate sources	13,500	13,500	12,638	(862)
State sources	8,193,056	8,193,056	8,202,064	9,008
Federal sources	250,798	250,798	224,352	(26,446)
Other sources	25,000	25,000	36,594	11,594
Total Revenues	11,259,750	11,259,750	11,276,129	16,379
Expenditures				
Instruction				
Regular instruction	4,698,763	4,698,763	4,519,470	179,293
Vocational instruction	496,387	496,387	473,156	23,231
Other instruction	688,773	688,773	642,639	46,134
Total Instruction	5,883,923	5,883,923	5,635,265	248,658
Support Services				
Pupil services	285,739	285,739	266,371	19,368
Instructional staff services	816,154	816,154	1,036,993	(220,839)
General administration services	294,736	294,736	256,094	38,642
School administration services	692,206	692,206	652,447	39,759
Business services	220,301	220,301	221,458	(1,157)
Operations and maintenance of plant	1,374,704	1,374,704	1,402,711	(28,007)
Pupil transportation services	560,991	560,991	500,364	60,627
Insurance	106,214	106,214	91,169	15,045
Other support services	101,252	101,252	103,490	(2,238)
Total Support Services	4,452,297	4,452,297	4,531,097	(78,800)
Non-program				
General tuition payments	165,323	165,323	163,346	1,977
Adjustments and refunds	-	-	2,647	(2,647)
Total Non-program	165,323	165,323	165,993	(670)
Total Expenditures	10,501,543	10,501,543	10,332,355	169,188
Excess of Revenues Over (Under) Expenditures	758,207	758,207	943,774	185,567
Other Financing Sources (Uses)				
Capital leases issued	-	-	266,432	266,432
Sale of capital assets	-	-	905	905
Transfers out	(761,207)	(761,207)	(989,740)	(228,533)
Total Other Financing Sources (Uses)	(761,207)	(761,207)	(722,403)	38,804
Net Change in Fund Balance	(3,000)	(3,000)	221,371	224,371
Fund Balance - July 1	3,179,505	3,179,505	3,179,505	-
Fund Balance - June 30	$ 3,176,505	$ 3,176,505	$ 3,400,876	$ 224,371

The notes to the basic financial statements are an integral part of this statement.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Education Fund
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interdistrict sources	$ 63,452	$ 63,452	$ 57,066	$ (6,386)
Intermediate sources	186,908	186,908	192,467	5,559
State sources	53,403	53,403	66,805	13,402
Total Revenues	303,763	303,763	316,338	12,575
Expenditures				
Instruction				
Special education instruction	195,251	195,251	159,557	35,694
Support Services				
Pupil services	75,765	75,765	90,585	(14,820)
Instructional staff services	6,549	6,549	5,174	1,375
Pupil transportation services	85,700	85,700	81,179	4,521
Total Support Services	168,014	168,014	176,938	(8,924)
Non-program				
Special education tuition payments	691,934	691,934	693,148	(1,214)
Total Expenditures	1,055,199	1,055,199	1,029,643	25,556
Excess of Revenues Over (Under) Expenditures	(751,436)	(751,436)	(713,305)	38,131
Other Financing Sources (Uses)				
Transfers in	751,436	751,436	713,305	(38,131)
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	$ -	$ -	$ -	$ -

The notes to the basic financial statements are an integral part of this statement.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2008
(With summarized financial information for June 30, 2007)

	Food Service	
	2008	2007
ASSETS		
Current Assets		
Cash and investments	$ 61,355	$ 53,398
Accounts receivable	10,640	-
Due from other funds	-	92
Due from other governments	3,074	4,833
Total Current Assets	75,069	58,323
Noncurrent Assets		
Machinery and equipment	381,468	378,563
Vehicles	7,047	7,047
Less accumulated depreciation	206,321	190,180
Total Noncurrent Assets	182,194	195,430
TOTAL ASSETS	257,263	253,753
LIABILITIES		
Current Liabilities		
Accounts payable	1,559	293
Unearned revenues	12,933	13,469
TOTAL LIABILITIES	14,492	13,762
NET ASSETS		
Invested in capital assets	182,194	195,430
Restricted for food service	60,577	44,561
TOTAL NET ASSETS	$ 242,771	$ 239,991

The notes to the basic financial statements are an integral part of this statement.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Proprietary Funds
Year Ended June 30, 2008
(With summarized financial information for year ended June 30, 2007)

	Food Service	
	2008	2007
Operating Revenues		
Food sales	$ 367,381	$ 347,848
Interdistrict sources	21,280	20,437
State sources	13,368	8,485
Federal sources	164,471	149,526
Federal commodities	29,716	23,911
Other sources	832	1,865
Total Operating Revenues	597,048	552,072
Operating Expenses		
Salaries, wages and benefits	246,814	236,845
Purchased services	29,063	19,918
Supplies and materials	299,987	271,156
Other	1,251	938
Depreciation	17,153	16,769
Total Operating Expenses	594,268	545,626
Change in Net Assets	2,780	6,446
Net Assets - July 1	239,991	233,545
Net Assets - June 30	$ 242,771	$ 239,991

The notes to the basic financial statements are an integral part of this statement.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended June 30, 2008
(With summarized financial information for year ended June 30, 2007)

	Food Service	
	2008	2007
Cash Flows from Operating Activities		
Cash received from users	$ 378,113	$ 368,193
Cash received from other government payments	209,610	191,751
Cash payments to employees	(246,814)	(236,845)
Cash payments to suppliers	(329,035)	(292,014)
Net Cash Provided by Operating Activities	11,874	31,085
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(3,917)	(21,786)
Net Increase in Cash and Cash Equivalents	7,957	9,299
Cash and Cash Equivalents - July 1	53,398	44,099
Cash and Cash Equivalents - June 30	$ 61,355	$ 53,398
Reconciliation of Operating Income to Net		
Cash Provided by Operating Activities:		
Operating income	$ 2,780	$ 6,446
Adjustments to reconcile operating income		
to net cash provided by operating activities		
Depreciation	17,153	16,769
Changes in assets and liabilities		
Due from other funds	92	(92)
Due from other governments	1,759	9,783
Accounts receivable	(10,640)	-
Accounts payable	1,266	(2)
Unearned revenues	(536)	(1,819)
Net Cash Provided by Operating Activities	$ 11,874	$ 31,085
Noncash Noncapital Financing Activities:		
Commodities Received From		
U.S. Department of Agriculture	$ 29,716	$ 23,911

The notes to the basic financial statements are an integral part of this statement.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Statement of Net Assets
Fiduciary Funds
June 30, 2008
(With summarized financial information for June 30, 2007)

	Private-Purpose Trust Fund	Agency Fund	Total 2008	Total 2007
ASSETS				
Cash and cash equivalents	$ 85,090	110,362	$ 195,452	$ 159,975
LIABILITIES				
Due to other funds	$ -	$ 318	$ 318	$ 221
Due to student organizations	-	110,044	110,044	89,205
TOTAL LIABILITIES	-	110,362	110,362	89,426
NET ASSETS				
Reserved for Scholarships	85,090	-	85,090	70,549
TOTAL LIABILITIES AND NET ASSETS	$ 85,090	$ 110,362	$ 195,452	$ 159,975

The notes to the basic financial statements are an integral part of this statement.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Statement of Changes in Net Assets
Fiduciary Funds
Year Ended June 30, 2008
(With summarized financial information for year ended June 30, 2007)

	Private-Purpose Trust Fund	
	2008	2007
ADDITIONS		
Gifts and contributions	$ 12,893	$ -
Interest	3,199	3,168
Total Additions	16,092	3,168
DEDUCTIONS		
Scholarship awards	1,551	2,100
Change in Net Assets	14,541	1,068
Net Assets - July 1	70,549	69,481
Net Assets - June 30	$ 85,090	$ 70,549

The notes to the basic financial statements are an integral part of this statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School District of Chilton (the "District"), Chilton, Wisconsin, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

1. Reporting Entity
   The School District of Chilton is organized as a common school district. The District, governed by a five member elected school board, operates grades K through 12 and is comprised of all or parts of nine taxing districts.

   In accordance with GAAP, the basic financial statements are required to include the District (the primary government) and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. District-Wide and Fund Financial Statements
   The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

   The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

   Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The District has no internal service funds. Major individual governmental funds and nonmajor individual enterprise funds are reported as separate columns in the fund financial statements.

   The District reports the following major governmental funds:

   GENERAL FUND

   This is the District's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

   SPECIAL EDUCATION FUND

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The District reports one nonmajor proprietary fund, the food service fund. This fund accounts for the activities of the District's food service program.

Additionally, the government reports the following fund types:

The *private-purpose trust fund* is used to account for resources legally held in trust for scholarship awards and other purposes. Only earnings on the invested resources may be used to support the scholarships.

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

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities, and enterprise fund subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

4. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments
Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable
Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

c. Interfund Receivables and Payables
During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental and fiduciary activities.

e. Prepaid Items
Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental fund types in the fund financial statements are offset by fund balance reserve accounts to indicate that they do not represent spendable available financial resources.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

Capital assets, which include property, plant, and machinery and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of $1,000 or higher and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-type Activities
	Years	
Assets		
Land improvements	20	-
Buildings	25 - 50	-
Machinery and equipment	5 - 20	5 - 20

g. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

h. Long-term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

DISTRICT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted net assets - Amount of net assets that are subject to restrictions that are imposed 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.

- Unrestricted net assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

5. Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

6. Summarized Comparative Information
The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

NOTE B - STEWARDSHIP AND COMPLIANCE

Budgets and Budgetary Accounting

Operating budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting procedures prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.
- Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
- Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a reserved or designated fund balance in the fund financial statements.
- Encumbrance accounting is used by the District.

The school district did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2008.

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The debt service fund accounts for its transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the fiduciary funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the District's cash and investments totaled $3,720,249 on June 30, 2008 as summarized below:

Petty cash funds	$ 1,035
Deposits with financial institutions	402,543
Investments	
Wisconsin local government investment pool	912
Repurchase agreements	3,315,759
	$ 3,720,249

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	$ 3,524,797
Fiduciary funds	
Private-purpose trust fund	85,090
Agency fund	110,362
	$ 3,720,249

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

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit risk policy.

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $100,000 for interest bearing accounts and $100,000 for non-interest bearing accounts. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of $400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

On June 30, 2008, none of the District's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized.

On June 30, 2008, the District held repurchase agreement investments of $3,315,759 of which the underlying securities are held by the investment's counterparty, not in the name of the District.

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 statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The District does not have an additional credit risk policy. Presented below is the actual rating as of year end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Wisconsin local government investment pool	$ 912	$ -	$ -	$ -	$ 912

Concentration of Credit Risk
The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

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.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

		Remaining Maturity (in Months)			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin local government investment pool	$ 912	$ 912	$ -	$ -	$ -
Repurchase agreements	3,315,759	3,315,759	-	-	-
	$ 3,316,671	$ 3,316,671	$ -	$ -	$ -

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin local government investment pool of $912 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2008, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

Investments in the Wisconsin Local Government Investment Pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance, and income on the investment during the calendar quarter a loss occurs.

2. Property Taxes

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes must be paid in full or in two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance. Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

3. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 46,510	$ -	$ -	$ 46,510
Capital assets, being depreciated:				
Land improvements	1,445,762	-	-	1,445,762
Buildings	32,251,054	-	-	32,251,054
Machinery and equipment	3,272,020	11,683	93,659	3,190,044
Vehicles	60,998	-	-	60,998
Subtotals	37,029,834	11,683	93,659	36,947,858
Less accumulated depreciation for:				
Land improvements	423,750	69,104	-	492,854
Buildings	5,278,132	645,620	-	5,923,752
Machinery and equipment	2,370,602	148,125	88,018	2,430,709
Vehicles	56,697	2,790	-	59,487
Subtotals	8,129,181	865,639	88,018	8,906,802
Total capital assets, being depreciated, net	28,900,653	(853,956)	5,641	28,041,056
Governmental activities capital assets, net	$ 28,947,163	$ (853,956)	$ 5,641	28,087,566
Less related long-term debt outstanding				24,295,000
Invested in capital assets, net of related debt				$ 3,792,566

Capital assets acquired with temporary lease financing are recorded upon retirement of temporary financing in 2008-09.

Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	$ 378,563	$ 3,917	$ 1,012	$ 381,468
Vehicles	7,047	-	-	7,047
Subtotals	385,610	3,917	1,012	388,515
Less accumulated depreciation for:				
Machinery and equipment	189,409	16,272	1,012	204,669
Vehicles	771	881	-	1,652
Subtotals	190,180	17,153	1,012	206,321
Total capital assets, being depreciated, net	195,430	(13,236)	-	182,194
Business-type activities capital assets, net	$ 195,430	$ (13,236)	$ -	$ 182,194

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Interfund Receivable, Payables, and Transfers

Interfund transfers for the year ended June 30, 2008 were as follows:

	Transfer to:		
	Special Education Fund	Debt Service Fund	Cooperative Program
Transfers from:			
General Fund	$ 713,305	$ 266,432	$ 10,003

These transfers fund the operating deficits of the special education and cooperative program special revenue funds. The debt service fund transfer was made to retire temporary lease financing incurred in 2007-08 and retired in 2008-09.

5. Unconditional Promises to Give

Unconditional promises to give as of June 30, 2008 are as follows:

Receivable in less than one year	$ 185,000
Receivable in one to five years	925,000
Receivable in more than five years	1,295,000
Total unconditional promises to give	2,405,000
Less: Discount to net present value at 5.5%	(631,441)
Net unconditional promises to give	$ 1,773,559

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2008.

	Outstanding 7/1/07	Issued	Retired	Outstanding 6/30/08	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	$ 26,295,000	$ -	$ 1,185,000	$ 25,110,000	$ 1,220,000
Total General Obligation Debt	26,295,000	-	1,185,000	25,110,000	1,220,000
Capital leases	-	266,432	72,058	194,374	194,374
Post-employment health benefits payable	389,267	-	97,192	292,075	-
Governmental activities Long-term obligations	$ 26,684,267	$ 266,432	$ 1,354,250	$ 25,596,449	$ 1,414,374

Total interest paid during the year on long-term debt totaled $1,161,723.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt
General obligation debt currently outstanding is detailed as follows:

Bonds	
$17,180,000 issued 11/01/02; $400,000 to $1,120,000 due annually through 2015; interest 2.5% to 4.625%	$ 9,230,000
$1,535,000 issued 1/01/04; $325,000 due in 2009; interest 2.0% to 3.25%	325,000
$6,690,000 issued 4/01/05; $35,000 to $1,430,000 due annually through 2020; interest 4.0% to 4.2%	6,690,000
$10,000,000 issued 10/15/02; $430,000 to $755,000 due annually through 2022; interest 2.75% to 4.7%	8,050,000
$1,080,000 issued 4/15/03; $65,000 to $120,000 due annually through 2017; interest 4.65%	815,000
Total Outstanding General Obligation Debt	$ 25,110,000

Annual principal and interest maturities of the outstanding general obligation debt of $25,110,000 on June 30, 2008 are detailed below:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2009	$ 1,220,000	$ 1,123,651	$ 2,343,651
2010	1,290,000	1,080,441	2,370,441
2011	1,450,000	872,515	2,322,515
2012	1,545,000	976,774	2,521,774
2013	1,655,000	846,931	2,501,931
2014-2018	9,380,000	3,148,271	12,528,271
2019-2022	8,570,000	984,430	9,554,430
	$ 25,110,000	$ 9,033,013	$ 34,143,013

For the governmental activities, the other long-term liabilities are generally liquidated by the general fund.

Legal Margin for New Debt
The District's legal margin for creation of additional general obligation debt on June 30, 2008 was $24,641,071 as follows:

Equalized valuation of the District		$488,499,769
Statutory limitation percentage		(x) 10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		48,849,977
Total outstanding general obligation debt applicable to debt limitation	$ 25,110,000	
Less: Amounts available in debt service fund	(901,094)	
Net outstanding general obligation debt applicable to debt limitation		24,208,906
Legal Margin for New Debt		$ 24,641,071

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible District employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system. The WRS operated on a calendar year which differs from the District's fiscal year ending June 30. Therefore, certain required financial disclosures on retirement commitments that follow will be for the District's calendar year ending December 31, 2007. 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 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% for Protective Occupations without Social Security) to the plan. 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 District employees covered by the WRS for the year ended December 31, 2007 was $5,319,367 and the total payroll was $5,423,708. The total required contribution for the year ended December 31, 2007 was $563,853, which consisted of $244,691 or 4.6% of payroll from the employer and $319,162, or 6.0% of payroll from employees. Total contributions for the years ending December 31, 2006 and 2005 were $554,567 and $525,167 respectively, equal to the required contributions for each year.

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

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of the 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.

NOTE D - OTHER INFORMATION (Continued)

2. Post-Employment Benefits
In addition to the pension benefits described in Note D.1., the District provides insurance coverage for certain retired employees per terms of an addendum to the master contract. The District will provide insurance coverage for the retired employee and their dependents up to $6,500 for certified staff and $6,000 for non-certified staff.

The District provided coverage to eighteen retirees in the 2007-08 fiscal year. The District has recorded the estimated liability of $292,075 for all future payments to be made under these agreements in the Statement of Net Assets. The District recognized paid expenditures of $97,192 during the year.

3. Risk Management
The District is exposed to various risks of loss related to torts; thefts, damage or destruction of assets; errors or omissions; employee health and accident claims; or acts of God. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

4. Contingencies
   a. The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

   b. From time to time, the District is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and 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.

5. Limitation on School District Revenues
Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

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

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

   b. A referendum on or after August 12, 1993.

SUPPLEMENTAL INFORMATION

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008
(With summarized financial information for June 30, 2007)

	Special Revenue Funds		Total Nonmajor Governmental Funds	
	Trust Fund	Community Service Fund	2008	2007
ASSETS				
Cash and investments	$ 10,896	$ 47,314	$ 58,210	$ 64,425
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ 1,251	$ 1,251	$ 402
Other fund liabilities	-	-	-	7,000
Total Liabilities	-	1,251	1,251	7,402
Fund Balances				
Reserved for				
Other	10,896	46,063	56,959	57,023
TOTAL LIABILITIES AND FUND BALANCES	$ 10,896	$ 47,314	$ 58,210	$ 64,425

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008
(With summarized financial information for year ended June 30, 2007)

	Special Revenue Funds			Total Nonmajor Governmental Funds	
	Trust Fund	Community Service Fund	Cooperative Program Fund	2008	2007
Revenues					
Property taxes	$ -	$ 60,000	$ -	$ 60,000	$ 105,400
Other local sources	19,300	13,949	-	33,249	10,920
Other sources	-	-	7,205	7,205	7,651
Total Revenues	19,300	73,949	7,205	100,454	123,971
Expenditures					
Instruction					
Regular instruction	1,500	-	-	1,500	200
Other instruction	-	-	8,262	8,262	7,710
Total Instruction	1,500	-	8,262	9,762	7,910
Support Services					
School administration services	7,667	-	-	7,667	2,150
Pupil transportation services	-	-	8,946	8,946	7,386
Community services	-	84,146	-	84,146	87,945
Total Support Services	7,667	84,146	8,946	100,759	97,481
Total Expenditures	9,167	84,146	17,208	110,521	105,391
Excess of Revenues Over (Under) Expenditures	10,133	(10,197)	(10,003)	(10,067)	18,580
Other Financing Sources (Uses)					
Transfers in	-	-	10,003	10,003	7,445
Net Change in Fund Balances	10,133	(10,197)	-	(64)	26,025
Fund Balances - July 1	763	56,260	-	57,023	30,998
Fund Balances - June 30	$ 10,896	$ 46,063	$ -	$ 56,959	$ 57,023

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Schedule of Changes in Assets and Liabilities
Pupil Activity Funds
Year Ended June 30, 2008

	Balance July 1, 2007	Receipts	Disbursements	Balance June 30, 2008
ASSETS				
Cash and investments	$ 89,426	$ 204,242	$ 183,306	$ 110,362
LIABILITIES				
Accounts payable	221	8,313	8,216	318
Due to student organizations				
Class of 2007	354	-	354	-
Class of 2008	1,517	4,635	5,042	1,110
Class of 2009	2,018	3,188	2,434	2,772
Class of 2010	425	1,906	729	1,602
Class of 2011	-	925	272	653
Class of 2012	-	94	-	94
Drama Club	2,239	2,277	2,683	1,833
5th - 6th activity account	1,121	-	-	1,121
Middle School Student Council	2,533	4,293	6,145	681
Middle School library account	4,578	9,813	10,112	4,279
High School library account	3,187	404	240	3,351
Media Club	426	1,631	1,545	512
Class trip 2006	1,238	-	616	622
Class trip 2007	7,027	18,246	10,056	15,217
Class trip 2008	2,397	-	500	1,897
Class Trip 2009	-	5,352	2,107	3,245
Pool/soda machine	3,596	9,112	11,478	1,230
Soda machines	194	-	-	194
High School Student Council	2,729	6,677	4,903	4,503
Home Education Club	1,485	-	168	1,317
Yearbook	842	18,894	18,693	1,043
Choir trip	234	2,359	2,119	474
J Schomish Com	2,772	1,575	3,266	1,081
Music campership	781	1,072	-	1,853
SADD	712	-	-	712
Clearing	317	-	-	317
Alumni account	1,019	-	-	1,019
Weight Lifter Club	2,014	3,606	4,766	854
Athletic activities	215	4,734	4,590	359
Pom pons	820	4,926	3,278	2,468
Cheerleaders	(74)	5,952	4,293	1,585
School gift fund	5,034	354	69	5,319
AFS student account	809	1,869	2,029	649
FFA	510	5,548	5,489	569
Spanish Club	232	235	456	11
Girls basketball	100	-	-	100
Girls softball	678	4,062	3,208	1,532
Girls tennis	27	-	-	27
Volleyball	632	-	64	568
Math league	61	-	-	61

(Continued)

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Schedule of Changes in Assets and Liabilities (Continued)
Pupil Activity Funds
Year Ended June 30, 2008

	Balance July 1, 2007	Receipts	Disbursements	Balance June 30, 2008
LIABILITIES (Continued)				
Due to student organizations (continued)				
Science league	500	2,149	1,759	890
Ski club	273	3,809	3,863	219
School greenhouse	2,562	3,318	4,241	1,639
FBLA	2,662	1,750	1,693	2,719
Elementary POPS	14,823	14,946	12,253	17,516
Baseball	2,207	4,647	4,403	2,451
Boys basketball	693	2,693	2,781	605
Football	1,857	1,000	1,421	1,436
Golf	403	-	400	3
Wrestling	56	-	-	56
MS POPS	3,405	12,992	9,196	7,201
School store	1,745	9,372	6,298	4,819
Art Club	877	-	586	291
HS POPS	1,518	3,064	4,032	550
HS student activity	270	970	852	388
Curling Club	559	527	441	645
Concessions	(476)	5,346	4,157	713
8th grade trip	472	5,607	5,010	1,069
TOTAL LIABILITIES	$ 89,426	$ 204,242	$ 183,306	$ 110,362

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

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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 Chilton
Chilton, Wisconsin

We have audited the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the School District of Chilton ("the District"), Wisconsin, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 13, 2008. 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 of 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 or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 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 over financial reporting. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

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 the 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 believe that the significant deficiency described in the accompanying schedule of findings and responses is not a material weakness.

AGN INTERNATIONAL
2200 Riverside Drive • P.O. Box 23819 • Green Bay, WI 54305-3819 • schencksolutions.com
Phone: 920-436-7800 • 800-676-0829 • Fax: 920-436-7808
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic 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 basic 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*.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the School District of Chilton, Wisconsin'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 and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants
Green Bay, Wisconsin
October 13, 2008

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Schedule of Findings and Responses
Year Ended June 30, 2008

Finding No.	Control Deficiencies

2008-01 **Year End Closing and Financial Reporting**

Condition: While the current staff of the District maintain financial records which report revenues and expenditures throughout the year, preparing year end adjusting, closing and GASB 34 conversion entries necessary to prepare financial statements, including related notes, and state financial reports require additional expertise that would entail additional training and staff time to develop. The District contracts with Schenck and their knowledge of current accounting principles and regulatory requirements of the Wisconsin Department of Public Instruction to prepare required journal entries and financial reports for the District in an efficient manner.

Criteria: The review of financial statements by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential misstatement in the financial statements or notes.

Cause: The additional costs associated with hiring staff experienced in preparing year end adjusting, closing, and GASB 34 conversion entries and financial reports, including additional training time outweigh the derived benefits.

Recommendation: We recommend the District continue reviewing the adjusting, closing and GASB 34 conversion entries along with the financial reports prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the District is necessary to obtain an adequate understanding of the district's financial report.

Management Response: Management believes that the cost of hiring additional staff to prepare year end adjusting and closing entries and to prepare financial reports outweighs the benefits to be received.

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO STATE PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE

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

Compliance

We have audited the compliance of the School District of Chilton (the "District") with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that are applicable to its designated state major aid programs for the year ended June 30, 2008. The state major aid programs are identified in the Schedule of State Financial Assistance. Compliance with the requirements of laws, regulations and contracts applicable to its 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and compliance requirements as prescribed by the Wisconsin Department of Public Instruction and the *Wisconsin Public School District Audit Manual*. Those standards and compliance requirements 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 the designated state major aid programs. 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 on the District's compliance with those requirements.

Compliance requirements applicable to the state designated major aid programs were identified as below:

- Cost
- Teacher and Teacher Aide Certification

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its designated state major aid programs for the year ended June 30, 2008.

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, and contracts applicable to the state designated major aid 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 the state programs in order to determine our auditing procedures for the purpose of expressing an 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.

AGN INTERNATIONAL
2200 Riverside Drive • P.O. Box 23819 • Green Bay, WI 54305-3819 • schencksolutions.com
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Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in the District'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 state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying summary of audit results to be a significant deficiency.

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 state program will not be prevented or detected by the District's internal control. The significant deficiency in internal control over compliance described in the accompanying summary of audit results is not considered to be a material weakness.

The District's response to the finding identified in our audit is described in the accompanying summary of audit results. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the District, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Schenck SC

Certified Public Accountants
Green Bay, Wisconsin
October 13, 2008

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Awarding Agency Pass-Through Agency Award Description	Federal Catalog Number	Revenues				Total Expenditures
		(Accrued) or Deferred Revenue 7/1/07	Cash Received	Accrued or (Deferred) Revenue 6/30/08	Total Revenues	
U.S. DEPARTMENT OF AGRICULTURE						
WI Dept. of Public Instruction						
Nutrition Enhancement - Breakfast	10.500					
July 1, 2006 - June 30, 2007		$ (993)	$ 993	$ -	$ -	$ -
July 1, 2007 - June 30, 2008			9,843	-	9,843	9,843
Food Distribution	10.550					
July 1, 2007 - June 30, 2008		-	-	-	29,716	29,716
National School Breakfast Program	10.553					
July 1, 2006 - June 30, 2007		(806)	806	-	-	-
July 1, 2007 - June 30, 2008		-	31,107	565	31,672	31,672
National School Lunch Program	10.555					
July 1, 2006 - June 30, 2007		(2,978)	2,978	-	-	-
July 1, 2007 - June 30, 2008		-	120,447	2,509	122,956	122,956
Total U.S. Department of Agriculture		(4,777)	166,174	3,074	194,187	194,187
U.S. DEPARTMENT OF EDUCATION						
WI Dept. of Public Instruction						
Title I Grants to Local Educational Agencies	84.010					
July 1, 2006 - June 30, 2007		(40,382)	40,382	-	-	-
July 1, 2007 - June 30, 2008		-	11,080	176,366	187,446	187,446
Title V State Grants for Innovative Programs	84.298					
July 1, 2007 - June 30, 2008		-	1,775	2,241	4,016	4,016
Title III Education Technology State Grants	84.318					
July 1, 2007 - June 30, 2008		-	-	751	751	751
Title II Improving Teacher Quality State Grants	84.367					
July 1, 2006 - June 30, 2007		(17,421)	6,737	-	(10,684)	-
July 1, 2007 - June 30, 2008		-	36,347	5,977	42,324	42,324
Stockbridge School District	84.048					
Vocational Education - Basic Grant						
July 1, 2006 - June 30, 2007		(52)	52	-	-	-
July 1, 2007 - June 30, 2008		-	-	11,580	11,580	11,580
Total U.S. Department of Education		(57,855)	96,373	196,915	235,433	246,117
TOTAL FEDERAL AWARDS		$ (62,632)	$ 262,547	$ 199,989	$ 429,620	$ 440,304

The notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Schedule of State Financial Assistance
Year Ended June 30, 2008

Awarding Agency Award Description	State I.D. Number	Revenues (Accrued) or Deferred Revenue 7/01/07	Cash Received	Accrued or (Deferred) Revenue 6/30/08	Total Revenues	Total Expenditures
ENTITLEMENT PROGRAMS						
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
MAJOR STATE PROGRAMS						
Special Education and School Age Parents:	255.101					
Internal district program		$ -	$ 66,805	$ -	$ 66,805	$ 66,805
Participant in Package Program at CESA 7		(49,169)	241,636	-	192,467	192,467
Subtotal		(49,169)	308,441	-	259,272	259,272
General equalization aid	255.201					
2006-2007		(134,978)	134,978	-	-	-
2007-2008		-	7,944,024	133,891	8,077,915	8,077,915
TOTAL MAJOR STATE PROGRAMS		(184,147)	8,387,443	133,891	8,337,187	8,337,187
NONMAJOR STATE PROGRAMS						
State lunch	255.102	-	6,811	-	6,811	6,811
Common school fund library	255.103	-	49,922	-	49,922	49,922
Pupil transportation	255.107	-	37,074	-	37,074	37,074
Morning Milk Program	255.109	-	1,109	-	1,109	1,109
State breakfast	255.344	-	5,448	-	5,448	5,448
Mentoring program	255.355	-	1,125	-	1,125	1,125
TOTAL NONMAJOR STATE PROGRAMS		-	101,489	-	101,489	101,489
TOTAL STATE FINANCIAL ASSISTANCE		$ (184,147)	$ 8,488,932	$ 133,891	$ 8,438,676	$ 8,438,676

The notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Notes to the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance
Year Ended June 30, 2008

NOTE A - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the School District of Chilton and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of the *Wisconsin Public School District Audit Manual.* Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2007-2008 eligible costs under the State Special Education Program as reported by the District are $210,160.

NOTE C - OVERSIGHT AGENCIES

The Wisconsin Department of Public Instruction is the state oversight agency for the District.

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Summary of Audit Results
Year Ended June 30, 2008

Basic Financial Statements	
Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	Yes
Noncompliance material to basic financial statements noted?	No
State Financial Assistance	
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Type of auditors' report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the *Wisconsin Public School District Audit Manual?*	Yes

Section II - Financial Statement Findings (see page 42)

2008-01 Year End Closing and Financial Reporting

Section III - State Financial Assistance Findings

2008-01 Year End Closing and Financial Reporting

SCHOOL DISTRICT OF CHILTON
Chilton, Wisconsin
Schedule of Prior Year Audit Findings and Corrective Action Plan
June 30, 2008

Status of Prior Year Audit Finding

The finding noted in the 2007 Schedule of Findings and Questioned Costs has been reported to the proper state agencies. Management continues to believe the cost to hire additional staff to eliminate the control deficiency identified as 2007-01 outweigh the benefits to be received. Management reviews the financial report prepared by Schenck.

Corrective Action Plan for Audit Findings

See management response on page 42.