

GERMANTOWN SCHOOL DISTRICT
Germantown, Wisconsin

FINANCIAL STATEMENTS

June 30, 2008



INDEPENDENT AUDITORS' REPORT

To the Board of Education
Germantown School District
Germantown, Wisconsin

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Germantown School District (District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Germantown School District as of June 30, 2008, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2008, on our consideration of the Germantown School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The respective budgetary comparison information presented on pages 29 – 31 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The District has not presented the management's discussion and

GERMANTOWN SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2008

ASSETS

CURRENT ASSETS

Cash and investments	\$ 7,330,773
Taxes receivable	6,305,212
Accounts receivable	59,485
Due from other governments	1,170,278
Inventory	11,644
Prepaid items	43,133
Total Current Assets	<u>14,920,525</u>

NONCURRENT ASSETS

Land	937,142
Capital assets, net of depreciation	<u>26,156,135</u>
Total Noncurrent Assets	<u>27,093,277</u>

Total Assets	<u>42,013,802</u>
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LIABILITIES

CURRENT LIABILITIES

Notes payable	6,500,000
Accounts payable and accrued expenses	2,175,511
Current portion of general obligations	2,682,119
Current portion of other long-term obligations	495,526
Other current liabilities	87,264
Total Current Liabilities	<u>11,940,420</u>

NONCURRENT LIABILITIES

Noncurrent portion of general obligations	6,942,908
Noncurrent portion of other long-term obligations	<u>6,960,499</u>
Total Noncurrent Liabilities	<u>13,903,407</u>

Total Liabilities	<u>25,843,827</u>
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NET ASSETS

Invested in capital assets, net of related debt	15,042,366
Restricted for debt service	465,309
Unrestricted	<u>662,300</u>

TOTAL NET ASSETS	<u>\$ 16,169,975</u>
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GERMANTOWN SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General Fund	Special Revenue Special Education Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and investments	\$ 5,531,876	\$ 56,604	\$ 553,333	\$ 649,224	\$ 539,736	\$ 7,330,773
Taxes receivable	6,305,212	-	-	-	-	6,305,212
Accounts receivable	58,533	877	-	-	75	59,485
Due from other funds	234,640	-	-	-	-	234,640
Due from other governments	653,530	486,008	-	-	30,740	1,170,278
Inventory	11,644	-	-	-	-	11,644
Prepaid items	43,133	-	-	-	-	43,133
TOTAL ASSETS	\$ 12,838,568	\$ 543,489	\$ 553,333	\$ 649,224	\$ 570,551	\$ 15,155,165
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Short-term debt	\$ 6,500,000	\$ -	\$ -	\$ -	\$ -	\$ 6,500,000
Accounts payable	163,607	23,836	-	13,590	2,946	203,979
Accrued wages and related liabilities	1,426,922	285,013	-	-	12,851	1,724,786
Accrued interest	158,722	-	-	-	-	158,722
Due to other funds	-	234,640	-	-	-	234,640
Due to other governments	57,234	-	-	-	-	57,234
Deferred revenues	-	-	-	-	30,030	30,030
Other Current Liabilities	-	-	-	-	-	-
Total Liabilities	<u>8,306,485</u>	<u>543,489</u>	<u>-</u>	<u>13,590</u>	<u>45,827</u>	<u>8,909,391</u>
FUND BALANCES						
Reserved						
Debt service	-	-	553,333	-	-	553,333
Prepaid items and inventories	54,777	-	-	-	-	54,777
Unreserved						
General fund designated	4,477,306	-	-	-	-	4,477,306
Special revenue funds	-	-	-	-	524,724	524,724
Capital projects fund	-	-	-	635,634	-	635,634
Total Fund Balances	<u>4,532,083</u>	<u>-</u>	<u>553,333</u>	<u>635,634</u>	<u>524,724</u>	<u>6,245,774</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,838,568	\$ 543,489	\$ 553,333	\$ 649,224	\$ 570,551	\$ 15,155,165

GERMANTOWN SCHOOL DISTRICT

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

	General Fund	Special Revenue Education Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
REVENUES						
Local	\$ 23,310,535	\$ -	\$ 2,640,984	\$ 1,063,045	\$ 1,388,055	\$ 28,402,619
Interdistrict	403,113	6,007	-	-	-	409,120
Intermediate	21,047	7,267	-	-	-	28,314
State	14,105,476	1,479,237	-	-	16,865	15,601,578
Federal	131,623	717,369	-	-	277,846	1,126,838
Other	169,879	-	-	-	174	170,053
Total Revenues	<u>38,141,673</u>	<u>2,209,880</u>	<u>2,640,984</u>	<u>1,063,045</u>	<u>1,682,940</u>	<u>45,738,522</u>
EXPENDITURES						
Instruction						
Regular	15,676,883	-	-	-	10,751	15,687,634
Special education	15,703	5,560,917	-	-	-	5,576,620
Vocational	1,097,994	-	-	-	-	1,097,994
Other	1,624,155	-	-	-	-	1,624,155
Total Instruction	<u>18,414,735</u>	<u>5,560,917</u>	<u>-</u>	<u>-</u>	<u>10,751</u>	<u>23,986,403</u>
Support Services						
Pupil services	1,416,979	465,480	-	-	-	1,882,459
Instructional support services	1,376,784	314,876	-	-	-	1,691,660
Administration	2,559,472	-	-	-	-	2,559,472
Buildings and grounds	4,270,513	2,784	-	527,183	4,500	4,804,980
Pupil transportation	2,260,037	513,645	-	-	-	2,773,682
Other support services	2,955,105	60,978	-	-	1,024	3,017,107
Debt service						
Principal	188,730	30,334	2,480,330	295,932	2,225	2,997,551
Interest	206,996	1,310	434,249	100,616	254	743,425
Food service	-	-	-	-	1,456,276	1,456,276
Total Support Services	<u>15,234,616</u>	<u>1,389,407</u>	<u>2,914,579</u>	<u>923,731</u>	<u>1,464,279</u>	<u>21,926,612</u>
Community Services	-	-	-	-	241,380	241,380
Total Expenditures	<u>33,649,351</u>	<u>6,950,324</u>	<u>2,914,579</u>	<u>923,731</u>	<u>1,716,410</u>	<u>46,154,395</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,492,322</u>	<u>(4,740,444)</u>	<u>(273,595)</u>	<u>139,314</u>	<u>(33,470)</u>	<u>(415,873)</u>
OTHER FINANCING SOURCES (USES)						
Sale of assets	250	-	-	-	-	250
Capital lease issued	85,823	-	-	-	-	85,823
Transfers in	-	4,740,444	291,284	-	-	5,031,728
Transfers out	(5,031,728)	-	-	-	-	(5,031,728)
Total Other Financing Sources (Uses)	<u>(4,945,655)</u>	<u>4,740,444</u>	<u>291,284</u>	<u>-</u>	<u>-</u>	<u>86,073</u>
Net Change in Fund Balances	(453,333)	-	17,689	139,314	(33,470)	(329,800)
FUND BALANCES - Beginning of Year	4,985,416	-	535,644	496,320	558,194	6,575,574

GERMANTOWN SCHOOL DISTRICT

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2008

	<u>Agency Fund</u>
ASSETS	
Cash and investments	<u>\$ 298,790</u>
LIABILITIES	
Due to student groups	<u>\$ 298,790</u>

GERMANTOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Germantown School District, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the Germantown School District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

District-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the District except for fiduciary funds. All of the District's activities are reported as governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, equalized aid, and other items not included among program revenues are reported as general revenues. Internally dedicated

GERMANTOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The District reports the following nonmajor governmental funds:

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

Food Service Fund
Community Service Fund
Gift Trust Fund

In addition, the District reports the following fund type:

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

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

District-Wide Financial Statements

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

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

GERMANTOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

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

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

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Cash and Investments

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

1. Time deposits in any credit union, bank, savings bank, or trust company maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.

GERMANTOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant.

Prepaid items consist of 2008-2009 insurance and maintenance agreements.

4. Capital Assets

District-Wide Statements

In the district-wide financial statements fixed assets are accounted for as capital assets. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one year or more. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Depreciation of exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Building improvements	20-50 years
Land improvements	10-20 years
Furniture and equipment	5-15 years
Computer and related technology	5 years

Fund Financial Statements

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

GERMANTOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

6. Long-Term Obligations

All long-term obligations to be repaid from District resources are reported as liabilities in the district-wide statements. The long-term obligations consist primarily of notes and bonds payable and employee benefits.

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

7. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the district-wide statements as expenses when the related liabilities are incurred. See Note IV. C. on commitments and contingencies for additional information.

8. Equity Classifications

District-Wide Statements

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

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

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

GERMANTOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

B. LIMITATION OF SCHOOL DISTRICT REVENUES

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

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

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

A referendum on or after August 12, 1993.

GERMANTOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit and Interest Rate Risks

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

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

As of June 30, 2008, the District had investments with the Local Government Investment Pool, which is an unrated investment pool. All investments in LGIP have a weighted average maturity of less than one year.

See Note I.D.1. for further information on cash and investment policies.

GERMANTOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

C. RECEIVABLES

All receivables are expected to be collected within one year.

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	Special Education Fund	\$ 234,640	\$ -

The principal purpose of these interfunds is to cover overdrafts on pooled cash. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net assets, interfund balances which are owed within the governmental activities are netted and eliminated.

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Special Education Fund	General Fund	\$ 4,740,444	District's share of costs
Debt Service Fund	General Fund	<u>291,284</u>	Cover deficit in this fund
Total Transfers		<u>\$ 5,031,728</u>	

Generally, transfers are used to move revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and Wisconsin Department of Public Instruction directives.

For the statement of activities, interfund transfers between governmental funds are netted and eliminated.

GERMANTOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed 10% of the equalized value of taxable property within the District's jurisdiction. The debt limit as of June 30, 2008, was \$302,769,946. Total general obligation debt outstanding at year end was \$9,265,027.

Description	Issue Date	Interest Rate	Maturity Date	Original Amount	Balance 6/30/2008
General Obligation Debt					
Refunding bonds	1/25/02	2.20 - 4.50%	4/1/11	\$ 5,910,000	\$ 730,000
Refunding bonds	1/15/04	2.00 - 4.00%	4/1/12	9,895,000	7,765,000
General obligation bonds	5/15/05	3.63%	4/1/10	1,600,000	825,000
State trust fund loan	6/28/04	3.00%	3/15/09	279,538	73,759
State trust fund loan	2/15/07	5.00%	3/15/11	300,000	231,268
Total General Obligation Debt					<u>\$ 9,625,027</u>

Debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2009	\$ 2,682,119	\$ 349,792	\$ 3,031,911
2010	2,552,028	259,118	2,811,146
2011	2,225,880	171,391	2,397,271
2012	2,165,000	81,188	2,246,188
Totals	<u>\$ 9,625,027</u>	<u>\$ 861,489</u>	<u>\$ 10,486,516</u>

Estimated payments of compensated absences and WRS prior service liability are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

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

GERMANTOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES (cont.)

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

Reserved

Major Funds

General Fund

Reserved for prepaid items and inventories \$ 54,777

Debt Service Fund

Reserved for debt service \$ 553,333

Unreserved - Designated

Major Fund

General Fund

Designated for working capital \$ 4,477,306

Capital Projects Fund

Designated for subsequent year expenditures \$ 635,634

Nonmajor Funds

Special Revenue Funds

Designated for Community service fund \$ 14,377

Designated for Gift Trust fund 37,754

Designated for Food Service fund 472,593

\$ 524,724

GERMANTOWN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

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

The District has outstanding contractual obligations as of June 30, 2008 of approximately \$496,000. These obligations relate to the replacement of bleachers and roof maintenance for several buildings.

D. OTHER POST-EMPLOYMENT BENEFITS

The District provides health insurance benefits, according to the Germantown Education Association union agreement, to teachers who have a minimum of 15 years of service to the District and who are at least 55 years of age prior to the September 1 in the year in which the benefit commences. The District will make health insurance contributions on behalf of retirees in an amount equal to the rate in effect during the retiree's final month of employment depending upon age of the retiree. Retirees are entitled to participate in health insurance coverage only until the first to occur of (a) 96 months, (b) the death of the teacher, (c) the eligibility of the teacher for Medicare or (d) the eligibility of the teacher for comparable health insurance through his/her subsequent employment. Surviving spouse and/or dependent coverage is provided, but limited to restrictions stated in the contract.

The cost of these premiums is recognized as an expenditure as the premiums are paid. Funding for those costs is provided out of the current operating budget of the general fund. The 2007-2008 cost of these post employment benefits was \$659,022 and is an expense in both the district-wide and the fund financial statements. The total amount estimated outstanding at year end to be paid in the future for current retirees is \$2,272,335. Fifty-one participants are currently eligible to receive this benefit.

E. SUBSEQUENT EVENT

In August, 2008 the District paid \$6,500,000 due on their Tax and Revenue Anticipation Promissory Note dated October 23, 2007, along with interest at a rate of 3.5%. On October 6, 2008, the District board approved the borrowing of a \$6,500,000 Tax and Revenue Anticipation Promissory Note. This debt comes due in August, 2009, along with the related interest.

REQUIRED SUPPLEMENTARY INFORMATION

GERMANTOWN SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL EDUCATION FUND For the Year Ended June 30, 2008

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Interdistrict	\$ 5,000	\$ 6,007	\$ 1,007
Intermediate	7,000	7,267	267
State	1,479,124	1,479,237	113
Federal	713,724	717,369	3,645
Total Revenues	<u>2,204,848</u>	<u>2,209,880</u>	<u>5,032</u>
EXPENDITURES			
Instruction			
Special education	4,948,029	5,169,454	(221,425)
Total Instruction	<u>4,948,029</u>	<u>5,169,454</u>	<u>(221,425)</u>
Support Services			
Pupil services	568,275	465,480	102,795
Instructional support services	318,560	314,876	3,684
Buildings and grounds	-	2,784	(2,784)
Pupil transportation	497,237	513,645	(16,408)
Other support services	-	60,978	(60,978)
Debt service			
Principal	35,184	30,334	4,850
Interest	6,141	1,310	4,831
Total Support Services	<u>1,425,397</u>	<u>1,389,407</u>	<u>35,990</u>
Non-Program			
Other non-program	335,441	391,463	(56,022)
Total Expenditures	<u>6,708,867</u>	<u>6,950,324</u>	<u>(241,457)</u>
Deficiency of revenues over expenditures	(4,504,019)	(4,740,444)	(236,425)
OTHER FINANCING SOURCES			
Transfer in	4,504,019	4,740,444	236,425
Net Change in Fund Balances	-	-	-
FUND BALANCES - Beginning of Year	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

GERMANTOWN SCHOOL DISTRICT

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

	Food Service	Community Service	Gift Trust	Total Governmental Funds
REVENUES				
Local	\$ 1,188,480	\$ 179,265	\$ 20,310	\$ 1,388,055
State	16,865	-	-	16,865
Federal	277,846	-	-	277,846
Other	174	-	-	174
Total Revenues	<u>1,483,365</u>	<u>179,265</u>	<u>20,310</u>	<u>1,682,940</u>
EXPENDITURES				
Instruction				
Regular	-	-	10,751	10,751
Support Services				
Buildings and grounds	-	-	4,500	4,500
Other support services	-	-	1,024	1,024
Debt service				
Principal	-	-	2,225	2,225
Interest	-	-	254	254
Food service	1,456,276	-	-	1,456,276
Total Support Services	<u>1,456,276</u>	<u>-</u>	<u>8,003</u>	<u>1,464,279</u>
Community Service	-	241,380	-	241,380
Total Expenditures	<u>1,456,276</u>	<u>241,380</u>	<u>18,754</u>	<u>1,716,410</u>
Net Change in Fund Balances	27,089	(62,115)	1,556	(33,470)
FUND BALANCES - Beginning of Year	<u>445,504</u>	<u>76,492</u>	<u>36,198</u>	<u>558,194</u>
FUND BALANCES - END OF YEAR	<u>\$ 472,593</u>	<u>\$ 14,377</u>	<u>\$ 37,754</u>	<u>\$ 524,724</u>