

**Kenosha Unified School District No. 1  
3600-52nd Street  
Kenosha, Wisconsin 53144**

**Comprehensive  
Annual  
Financial Report  
for the  
Fiscal Year Ended  
June 30, 2004**



**Prepared by the  
Office of Financial Services**



The image features a decorative background of marbled paper with a central vertical band of a solid, light cream color. The marbled paper has a complex, organic pattern of swirling, irregular shapes in shades of grey, white, and light brown, with occasional streaks of a darker, reddish-brown hue. The central band is a uniform, pale yellowish-cream color. The text 'Introductory Section' is printed in a bold, black, serif font, centered within the cream band.

# **Introductory Section**

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# KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

## Comprehensive Annual Financial Report

### For Fiscal Year Ended June 30, 2004

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## KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

3600 52<sup>nd</sup> Street, Kenosha, WI 53141-03  
262-653-6200 Fax 262-653-7753

September 8, 2004

Members of the Board of Education  
Citizens of the Kenosha Unified School District No. 1

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Kenosha Unified School District No. 1 for the year ended June 30, 2004. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported as a whole and of its various funds. This report is a complete disclosure of all financial activities of the District.

This report is prepared in conformance with generally accepted accounting principles (GAAP) for governments as promulgated by the Government Account Standards Board (GASB). This report is consistent with legal reporting requirements of the State of Wisconsin. In addition to meeting legal requirements, this report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, employees, financial institutions, intergovernmental agencies, creditors, and the Board of Education.

The comprehensive annual financial report is presented in three sections:


1. The **INTRODUCTORY SECTION** contains the Table of Contents and this Letter of Transmittal. The letter of transmittal includes a list of principal officers and the organizational chart. The introductory section is not audited.
2. The **FINANCIAL SECTION** begins with the independent auditor's report. This section includes the management's discussion and analysis, basic financial statements, notes to the basic financial statements, combining and individual fund statements, and required budgetary supplemental information. All reports of the financial section are audited.
3. The **STATISTICAL SECTION**, which is not audited, includes selected financial, demographic, and economic data, generally presented on a multi-year basis. This section also includes all disclosures, not contained elsewhere in the CAFR, to comply with the Securities and Exchange Commission continuing disclosure requirements for general obligation debt issues.

### **THE REPORTING ENTITY**

The legal name of the district is the Kenosha Unified School District No. 1. The School District was established in 1967 and is located in eastern Kenosha County. The District includes the City of Kenosha, the Town of Somers, and the Village of Pleasant Prairie.

The District is an independent entity governed by an elected seven member School Board. The Board has the power and duty to set budgets, certify tax levies, issue debt, and perform other tasks necessary to the operation of the District. The District is subject to the general oversight of the Wisconsin Department of Public Instruction. This oversight generally includes an approval process that reviews compliance to standards enacted by legislative mandate.

The District serves a general population of approximately 120,057 in an area of about 85 square miles. The District operates 23 elementary schools (grades K-5), 6 middle schools (grade 6-8), 5 high schools (grades 9-12), 3 charter schools, 1 alternative school, and 3 non-school-site early childhood schools. In addition to providing a K-12 education for students, the District operates a school food service program and a community service program.



The district office is housed in a separate facility. At the end of the school year, the District served 21,504 pupils in its regular day program.

The School District enjoys a favorable economic environment and local indicators point to continued growth. Residential development continues in the District at a pace that is both constant and diverse. Although the District is primarily residential, significant commercial development has taken place during the past few years.

## **MANAGEMENT SYSTEMS AND CONTROLS**

Kenosha Unified is committed to developing, maintaining, and improving effective management systems and controls. The District makes conscientious efforts to employ highly qualified employees through active recruitment and thorough reference evaluations. Further, operations are annually evaluated to assure they function effectively and provide appropriate levels of supervision and segregation of duties.

### **Budget Adoption**

Budgetary control is decentralized to managers of each budgetary location. Overall administrative responsibility rests with the Executive Director of Business under the direction of the Superintendent and consistent with School Board policy. Board policy allows for limited re-appropriation of budgets within a budgetary location by authority of budgetary location managers. Re-appropriation of budget amounts between and among operating units requires authorization of the Executive Director of Business. School Board approval is required to change appropriations at the fund level. Wisconsin statutes require that any budget change authorized by the School Board must be approved by a 2/3 vote of the total board. The change is not effective until published in the district's official newspaper, within 10 days of the Board action.

The budget process starts each year in November. Starting in November, operating budget managers prepare requests for the upcoming year. The Finance Office compiles requests and tentative recommendations, consistent with annual strategies and goals. The School Board adopts the interim budget in June and submits a recommended tentative property tax levy to the annual meeting of electors. The original budget is adopted in October following an official enrollment count, adjustment of estimates made the previous spring and certification of general state aid.

### **Cash Management and Investments**

The goal of financial management in any school system is to make the most productive use of financial resources in the operations of the school district. The District has developed a cash flow projection schedule that predicts, with reasonable accuracy, the timing and amounts of cash receipts and disbursements.

A primary consideration in any program of cash management and investment must be the safeguarding of public funds from potential loss. Board policy establishes investment parameters and follows state statutes. Allowable investments include: (1) time deposits, (2) insured, collateralized or guaranteed bonds or securities, (3) other government bonds or securities or (4) commercial paper rated at least second or above.

Other cash management alternatives are participation in the Wisconsin School District Liquid Asset Fund (WSDLAF) or the State of Wisconsin Local Government Pooled Investment Fund (LGPIF). Administration provides the school board with a quarterly report on investments and earnings.

### **Risk Management**

Kenosha Unified School District No. 1 maintains a risk management program that includes a comprehensive insurance program specifically designed to meet school district needs, casualty and benefit insurance consultation, active safety committees oriented to identification and avoidance of risk, and periodic review of contracts and policies to assure regulatory compliance and adherence to legal constructs. The Executive Director of Business oversees risk management for the District.

## **Independent Audit**

Kenosha Unified's policy and state law requires an annual audit of the financial statements of the District by an independent certified public accountant. This requirement has been complied with and the auditor's opinion is included in this report. Kenosha Unified does not maintain an internal audit staff.

## **Financial Reporting**

This is the fourth year the Kenosha Unified School District No. 1 has prepared the Comprehensive Annual Financial Report (CAFR). The District received a Certificate of Excellence in Financial Reporting from the Association of School Business Officials, International for the CAFR since 2001. The District also early implemented GASB Statement No. 34, Basic Financial Statements - the Management's Discussion and Analysis - for State and Local Governments in that year. The GASB Statement 34 is an all encompassing and sweeping change to financial reporting requirements for governments. Public school districts of the size of Kenosha Unified were first required to implement GASB Statement 34 for fiscal years beginning after June 15, 2002. The District chose earlier implementation to take advantage of the significant improvements in financial disclosure afforded by Statement 34. GASB 34 creates the following financial statements that had not previously been published:

- Statement of net assets to report all assets and liabilities of the district as a whole
- Statement of activities to report all revenues and expenses of the district as a whole
- Budgetary comparison statements to inform readers of changes in the budget during the fiscal year as well as compare year-end results with the final budget

## **ACCOMPLISHMENTS**

Kenosha Unified School District No. 1 takes pride in its comprehensive instructional, co-curricular, and support programs. The District offers a variety of choice and charter schools as well as magnet programs; including an advance technologies high school academy, an accelerated learning middle school and a nationally recognized theatre arts program. Many of the District's schools have adopted comprehensive school reform (CSR) models.

Staff development is provided on a regular and scheduled basis. Plans are being developed to provide for an increased number of distance learning capabilities. Staff development opportunities in KUSD are focused on the improvement of classroom instruction. All offerings are aligned with District direction and initiatives. KUSD personnel also engage in collaborative staff development efforts such as mentoring and coaching activities, study groups, action research projects, distance learning courses, and numerous job-embedded staff development learning opportunities. In addition, KUSD non-certified staff have taken advantage of technology training and other training specific to their work groups.

The District has developed, adopted, and implemented various long-range plans for maintenance of facilities, incorporation of technology into education, improvement of education, and streamlining of operations. Plans are reviewed periodically and updated as needed.

## **LOOKING AHEAD**

The District provides a high quality, effective education within reasonable costs for students who attend district schools. Schools will continue to review and update strategic plans and prioritize strategies and tasks for implementation.

The District continues to closely monitor student enrollment. In September 2004, the District will open its newest school, Edward Bain School of Language and Art. This school replaced two existing elementary schools.

## Concerns

Although the District's educational program and finances are in good condition, the following concerns for the future have been identified:

- Enrollment continues to outpace the District's resources to construct facilities without further support from the electorate
- Increasing labor costs and benefits (primarily health care) will demand an increasing proportion of District resources, and potentially could affect programming
- Implementation of GASB 45 will require the District to change from a pay-as-you-go to accrual based accounting method for post-retirement healthcare and life insurance plans

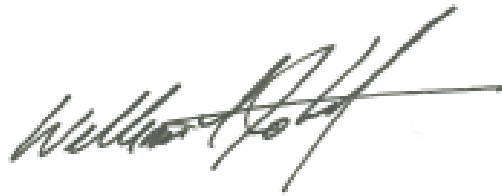
## ACKNOWLEDGEMENTS

We express our appreciation to Kenosha Unified School District No. 1's dedicated staff, and Schenck, S.C., Certified Public Accountants, for their assistance preparing the report. Particular appreciation is extended to Eileen Coss, Accounting Manager for its preparation and Nancy Hare, Public information Specialist, for design assistance.

Respectfully submitted,



Dr. R. Scott Pierce  
Superintendent of Schools



William L. Johnston, CPA  
Director of Finance

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2003

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

*William R. Kelly*  
President

*Emmie W. Keller*  
Executive Director

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**ADMINISTRATION**

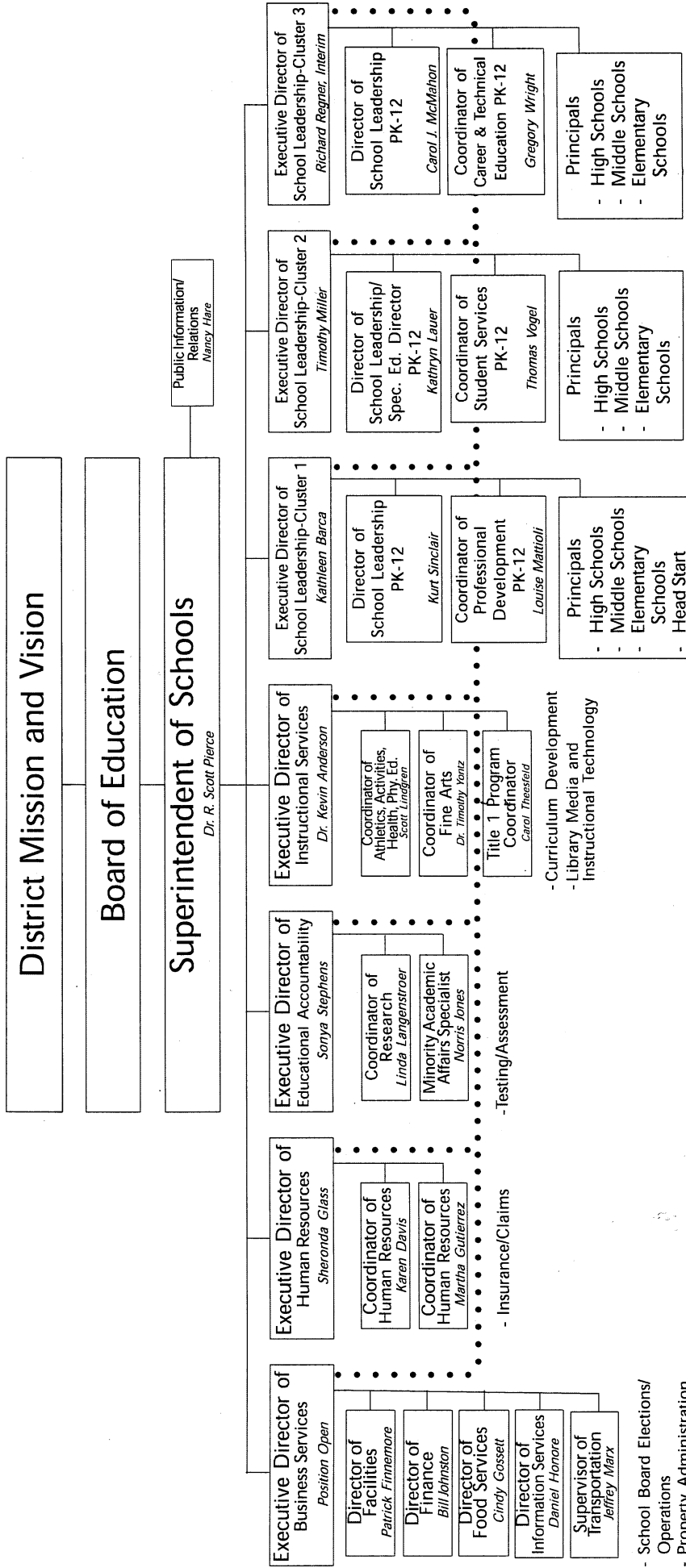
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Sonya Stevens	Executive Director of Educational Accountability
Kathleen Barca	Executive Director of School Leadership-Cluster 1
Tim Miller	Executive Director of School Leadership-Cluster 2
Richard Regner	Interim Executive Director of School Leadership-Cluster 3

**REPORT PREPARED BY**

William L. Johnston, CPA	Director of Finance
Eileen Coss	Accounting Manager

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# Kenosha Unified School District No. 1 Organizational Chart



..... = indirect collaboration/supervision  
 \_\_\_\_\_ = direct collaboration/supervision

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# **Financial Section**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Kenosha Unified School District No. 1  
Kenosha County, 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 Kenosha Unified School District No. 1 ("District"), as of and for the year ended June 30, 2004, 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 management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2004 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, 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 testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, respectively, are not a required part of the financial statements but are 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 supplementary 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 introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Certified Public Accountants

Fond du Lac, Wisconsin  
September 8, 2004

# Kenosha Unified School District No. 1 Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2004

The discussion and analysis of the Kenosha Unified School District No. 1's financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole.

## FINANCIAL HIGHLIGHTS

- The assets of the District exceeded liabilities at the close of the fiscal year by \$32.7 million (*net assets*). Of this amount, \$34.1 million represents amounts invested in capital assets, net of related debt and \$2.7 million is restricted for debt, capital projects or technology. This results in a negative unrestricted assets balance of \$4.1 million.
- Net assets for the most recent fiscal year increased \$4,039,866 over the prior year. The change includes an increase of \$3,479,915 in governmental activities and a decrease of \$559,951 in business-type activities.
- The District's total long-term liabilities increased by \$5.8 million. The most significant debt transaction included a refinancing of prior debt in the amount of \$5.1 million, resulting in a net savings of approximately \$100,000.
- Total capital assets increased by \$11.6 million, primarily as a result of expenditures at the new elementary school.
- In governmental funds, total fund balance decreased \$13.8 million. The fund balance in the General Fund experienced a net decrease from operations of \$0.9 million.
- At the end of the current fiscal year, unreserved fund balance for the general fund was approximately \$8.7 million dollars.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide financial statements

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

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

### Fund financial statements

The District also produces *fund financial statements*. A fund is a grouping of related accounts, which is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the government-wide statements and provide information that may be useful in evaluating a district's near-term financing requirements.

The District has three kinds of funds: *governmental*, *proprietary* and *fiduciary*. *Governmental funds* include the District's six regular funds (general, TEACH, special education, debt service, Head Start and community service) and individual capital project funds as needed. The District has one *proprietary* fund, the food service fund and two *fiduciary funds*, an agency fund for student and parent organizations and a retiree health insurance fund used to provide for premiums the District has obligated itself related to prior service of retired employees.

There are two fund financial statements, the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* (operating statement). Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* for the general fund, special education fund, debt service fund and the capital projects fund as these are considered to be major funds. Data for

the TEACH, community service fund and Head Start funds is combined into a single, aggregated column. Data for each of these individual non-major funds is provided separately as supplementary information.

A reconciliation to facilitate the comparison of the Statement of Net Assets to the Governmental Funds Balance Sheet is presented at the bottom of the governmental funds statement. A separate statement to reconcile the Statement of Activities to the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds is also presented.

The proprietary fund statements for the District's food service program are prepared on the same basis of accounting and measurement focus as the government-wide financial statements. In addition, the District provides a *statement of cash flows* for the proprietary funds.

The District serves as a trustee, or *fiduciary*, for student and parent organizations and a retiree insurance fund.

The assets of these organizations do not directly benefit the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. *Fiduciary* activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.

The District adopts an annual appropriation budget for its general fund and special education fund. Budgetary comparison statements have been provided to demonstrate budget compliance.

**Notes to the financial statements**

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

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Table 1, below, provides a summary of the District's net assets for the year ended June 30, 2004, compared to

2003. The District's combined net assets increased by \$4,039,866 or (14.1) percent to \$32,674,588.

	Governmental Activities		Business-type Activities		Total School District		Total % Change 2003-2004
	2003	2004	2003	2004	2003	2004	
Current and other assets	\$ 95,628.4	\$ 64,798.0	\$ 192.4	\$ 167.5	\$ 95,820.8	\$ 64,965.5	-32.2%
Capital assets	99,147.5	110,480.7	594.3	910.2	99,741.8	111,390.9	11.7%
<b>Total assets</b>	<b>194,775.9</b>	<b>175,278.8</b>	<b>786.7</b>	<b>1,077.7</b>	<b>195,562.6</b>	<b>176,356.5</b>	<b>-9.8%</b>
Long-term debt outstanding	100,400.2	94,554.6	-	-	100,400.2	94,554.6	-5.8%
Other liabilities	66,218.9	49,087.4	308.8	39.8	66,527.7	49,127.2	-26.2%
<b>Total liabilities</b>	<b>166,619.1</b>	<b>143,642.0</b>	<b>308.8</b>	<b>39.8</b>	<b>166,927.9</b>	<b>143,681.9</b>	<b>-13.9%</b>
Net assets							
Invested in capital assets, net of related debt	30,005.6	33,201.4	594.3	910.2	30,599.9	34,111.6	11.5%
Restricted	3,223.8	2,580.5	(116.4)	127.7	3,107.4	2,708.2	-12.8%
Unrestricted	(5,072.6)	(4,145.3)	-	-	(5,072.6)	(4,145.3)	-18.3%
<b>Total net assets</b>	<b>\$ 28,156.8</b>	<b>\$ 31,636.7</b>	<b>\$ 477.9</b>	<b>\$ 1,037.9</b>	<b>\$ 28,634.7</b>	<b>\$ 32,674.6</b>	<b>14.1%</b>
<i>Note: totals may not add due to rounding.</i>							

The largest portion of the District's net assets is its investment in capital assets (e. g. land, buildings, and equipment), less related outstanding debt used to acquire those assets. These assets are used to provide services to students and consequently are not available for future spending.

Restricted net assets account for 8.3% of total net assets. The District is required by state statute to have available in the debt service fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20). The restricted net assets are entirely comprised of amounts restricted for debt service payments.

Unrestricted net assets for the District decreased \$0.9 million dollars to (\$4.1) million.

Table 2 provides summarized operating results and their impact on net assets. The District relies primarily on property taxes (30.2%), state sources (61.5%) and operating grants and contributions (8.3%) to fund governmental activities. There were only minor variations between years within the sources of revenue.

Program revenues, in the form of charges for services and operating grants and contributions, increased \$1,916,017 for governmental activities reflecting improved collection of fees and additional federal and state grants. Program revenues increased \$355,507 for business type activities due mostly to increased sales of food to students.

Overall, expenses increased 1.6%.

	Governmental		Business-type		Total		Total
	Activities		Activities		School District		%
	2003	2004	2003	2004	2003	2004	Change
							2003-2004
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 860.2	\$ 1,112.5	\$ 2,545.1	\$ 2,561.7	\$ 3,405.3	\$ 3,674.2	7.9%
Operating grants & contributions	24,532.4	26,196.1	2,661.9	3,000.8	27,194.3	29,196.9	7.4%
General revenues							
Property taxes	57,029.6	61,826.9	-	-	57,029.6	61,826.9	8.4%
State formula aid	107,585.0	113,198.5	-	-	107,585.0	113,198.5	5.2%
Other	3,405.4	2,701.4	-	-	3,405.4	2,701.4	-20.7%
<b>Total revenues</b>	<b>193,412.6</b>	<b>205,035.4</b>	<b>5,207.0</b>	<b>5,562.5</b>	<b>198,619.6</b>	<b>210,597.9</b>	<b>6.0%</b>
<b>Expenses</b>							
Instruction	111,756.1	129,990.6	-	-	111,756.1	129,990.6	16.3%
Pupil & instructional services	20,634.3	22,987.3	-	-	20,634.3	22,987.3	11.4%
Administration and business	12,178.9	13,965.4	-	-	12,178.9	13,965.4	14.7%
Maintenance and operations	20,306.7	19,076.0	-	-	20,306.7	19,076.0	-6.1%
Transportation	5,150.8	5,162.3	-	-	5,150.8	5,162.3	0.2%
Community service	491.4	449.1	-	-	491.4	449.1	-8.6%
Pymt to WRS for past service	16,311.0	-	-	-	16,311.0	-	0.0%
Interest on debt	5,569.1	5,537.1	-	-	5,569.1	5,537.1	-0.6%
Other	5,670.3	4,520.2	5,211.7	4,870.2	10,882.0	9,390.4	-13.7%
<b>Total expenses</b>	<b>198,068.6</b>	<b>201,687.9</b>	<b>5,211.7</b>	<b>4,870.2</b>	<b>203,280.3</b>	<b>206,558.0</b>	<b>1.6%</b>
<b>Transfers</b>	<b>37.1</b>	<b>-</b>	<b>(37.1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Increase (decrease) in net asset</b>	<b>\$ (4,618.9)</b>	<b>\$ 3,347.5</b>	<b>\$ (41.8)</b>	<b>\$ 692.3</b>	<b>\$ (4,660.7)</b>	<b>\$ 4,039.9</b>	

*Note: totals may not add due to rounding.*

**Governmental Activities**

Table 3 presents the cost of the eight major District activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

The cost of all governmental activities this year was \$201,687,881. Individuals who directly participated or benefited from a program offering paid \$1,112,501 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$26,196,080. The net cost of governmental activities (\$174,379,300) was financed by general revenues of the District.

The District relies primarily on property taxes and general state aid to fund governmental activities. School funding regulations restrict the amount by which these two revenue sources, in combination, may be increased. This restriction, called revenue limit, is intended to help hold down increases in property taxes throughout the state. The total revenue limit levy for 2004 increased by \$4,320,544. The debt levy increased by \$436,286.

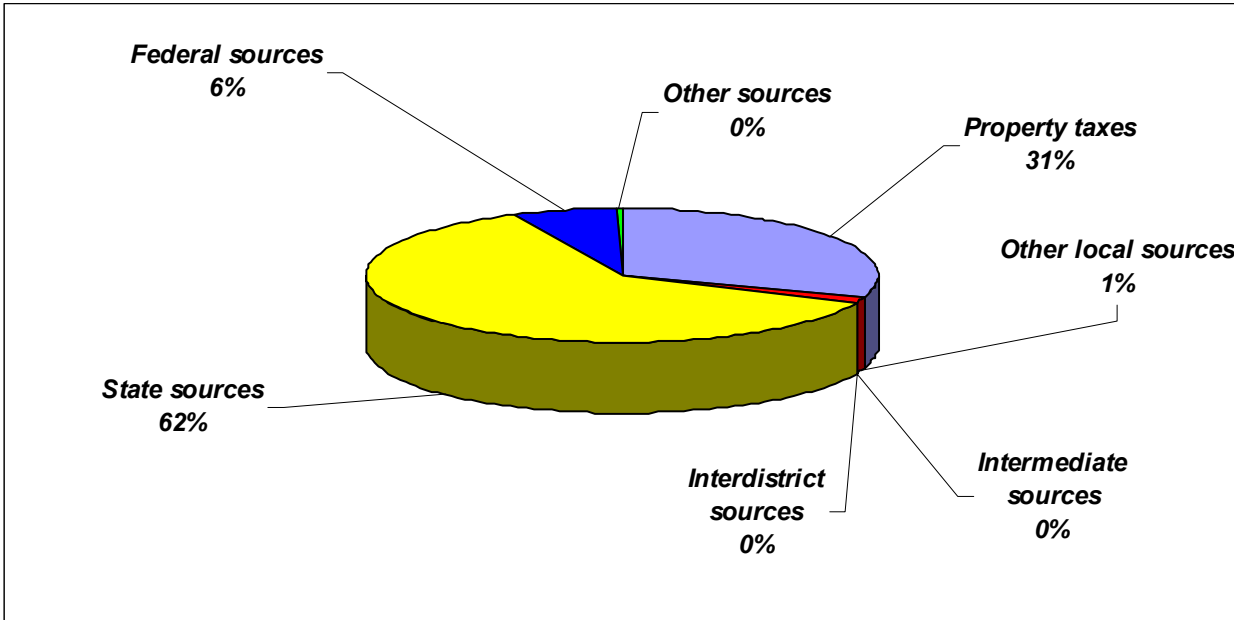
General state aid is paid according to a formula taking into consideration district spending and property values as compared to spending and property values for the state as a whole. The District's property values are growing slower than the state average. Consequently, the district's share of general state aid increased by about \$5,400,000.

<b>Table 3</b>						
<b>Net Cost of Governmental Activities</b>						
<i>(in thousands of dollars)</i>						
	<b>Total Cost</b>		<b>Percentage</b>	<b>Net Cost</b>		<b>Percentage</b>
	<b>of Services</b>		<b>Change</b>	<b>of Services</b>		<b>Change</b>
	<b>2003</b>	<b>2004</b>	<b>2003-2004</b>	<b>2003</b>	<b>2004</b>	<b>2003-2004</b>
Instruction	\$ 111,756.1	\$ 129,990.6	16.3%	\$ 93,472.7	\$ 108,766.6	16.4%
Pupil & instructional services	20,597.3	22,987.3	11.6%	14,565.2	18,015.8	23.7%
Administration and business	12,178.9	13,965.4	14.7%	11,447.7	13,362.9	16.7%
Maintenance and operations	20,306.7	19,076.0	-6.1%	20,306.7	19,049.6	-6.2%
Transportation	5,150.8	5,162.3	0.2%	4,924.6	4,854.3	-1.4%
Community service	491.4	449.1	-8.6%	371.7	272.9	-26.6%
Pymt to WRS for past service	16,311.0	-	0.0%	16,311.0	-	0.0%
Interest on debt	5,569.1	5,537.1	-0.6%	5,569.1	5,537.1	-0.6%
Other	5,707.4	4,520.2	-20.8%	5,707.4	4,520.2	-20.8%
<b>Total</b>	<b>\$ 198,068.7</b>	<b>\$ 201,687.9</b>	<b>1.8%</b>	<b>\$ 172,676.1</b>	<b>\$ 174,379.3</b>	<b>1.0%</b>

*Note: totals may not add due to rounding.*

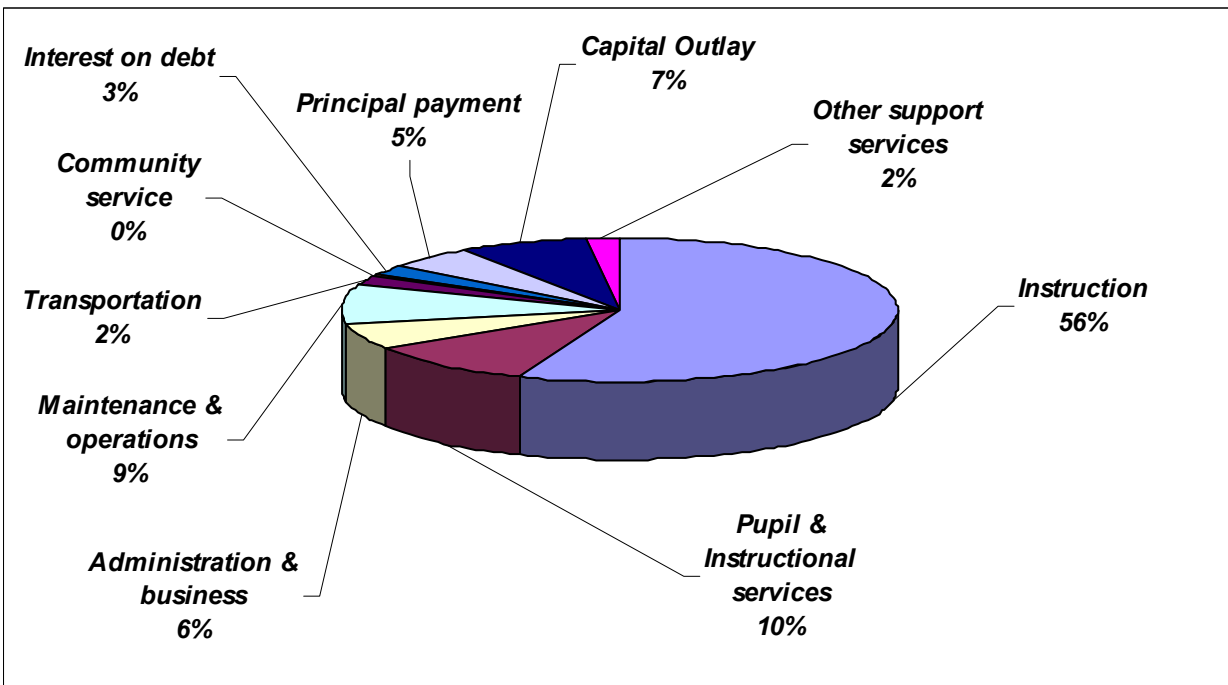
### Governmental Revenues by Source

Chart 1



### Governmental Expenditures by Type

Chart 2



**Business-Type Activities**

Revenues for the District’s business-type activities (food service program) were \$5,562,505 comprised of charges for services (46.0%) and federal and state reimbursements (54.0%). Expenses of \$4,870,156

resulted an operating gain of \$692,349 for the year. Major expenses include food purchases (53.0%) and labor/benefits (47.0%). The District raised school lunch prices to provide for inflationary cost increases.

**FINANCIAL ASPECTS OF THE DISTRICT’S FUNDS**

The District completed the year with a total governmental fund balance of \$16,792,090 down from last year’s ending fund balance of \$30,586,784, due primarily to expenditures to construct a new elementary school.

increase of 692,349. This was primarily due to an increase in federal dollars and a decrease in personnel.

- The general fund had a decrease in fund balance of \$905,872.
- The debt service fund had an decrease of \$132,997. The fund balance of the debt service fund will fluctuate each year.
- The capital project fund had a decrease of \$12,340,255. This decrease resulted from expenditures for construction of the new elementary school.
- The operation of the food service program (proprietary fund) reflected a gain and fund balance

**General Fund Budgetary Highlights**

- The district reviews an interim budget in May for the subsequent year (beginning July 1st). Consistent with current state statutes and regulations an *original* budget is adopted in October, following determination of official enrollment and certification of general state aids.
- While the District’s final budget for the general fund anticipated that expenditures would exceed revenues by \$1,335,620, the actual results for the year show a \$905,872 decrease in fund balance due to encumbrance carryovers.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2004, the District had invested \$172,287,240 in net capital assets, including buildings, sites, library books, and equipment (See Table 4.). Total accumulated depreciation on these assets exceeded \$60,896,320. Net Asset acquisitions for governmental

activities totaled \$16,341,664. The District recognized depreciation expense of \$5,008,463 for governmental activities and \$99,519 for the food service program. Detailed information about capital assets can be found in Note 4-B to the financial statements.

	Governmental Activities		Business-type Activities		Total School District		Total % Change
	2003	2004	2003	2004	2003	2004	2003-2004
	Land	\$ 7,645.6	\$ 7,645.6	-	-	\$ 7,645.6	\$ 7,645.6
Construction in Progress	1,748.3	14,488.8	-	-	1,748.3	14,488.8	
Site improvements	5,665.5	5,665.5	-	-	5,665.5	5,665.5	0.0%
Buildings & building improvements	101,862.9	103,546.7	-	-	101,862.9	103,546.7	1.7%
Equipment & furniture	37,454.1	39,371.5	1,153.7	1,569.2	38,607.8	40,940.7	6.0%
Accumulated depreciation	(55,228.9)	(60,237.4)	(559.4)	(658.9)	(55,788.3)	(60,896.3)	9.2%
<b>Total</b>	<b>\$ 99,147.5</b>	<b>\$110,480.7</b>	<b>\$ 594.3</b>	<b>\$ 910.2</b>	<b>\$ 99,741.8</b>	<b>\$111,390.9</b>	<b>11.7%</b>

*Note: totals may not add due to rounding.*

## Long-Term Debt

At year-end the District had \$94,554,625 in general obligation bonds and other long-term debt outstanding - a decrease of 5.8% from last year (see Table 5).

<b>Table 5</b>			
<b>Outstanding Long-Term Obligations</b>			
<i>(in thousands of dollars)</i>			
	<b>Total</b>		<b>Total</b>
	<b>School District</b>		<b>Percentage</b>
	<b>2003</b>	<b>2004</b>	<b>Change</b>
	<b>2003</b>	<b>2004</b>	<b>2003-2004</b>
General obligation debt	\$ 98,956.4	\$ 92,800.0	-6.2%
Other	1,443.8	1,754.6	21.5%
<b>Total</b>	<b>\$100,400.2</b>	<b>\$ 94,554.6</b>	<b>-5.8%</b>

The District retired \$11,431,378 of outstanding bonds and notes in 2003-2004. The District refinanced prior debt in the amount of \$5.1 million.

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

## FACTORS BEARING ON THE DISTRICT'S FUTURE

Currently known circumstances that will impact the District's financial status in the future are:

- The District continues to grow in enrollment. The 2004-2005 school year's enrollment exceeds the

previous year by 355 students. This continues to place demands upon the facilities and operating budget of the District. A referendum of \$61.1 million was voted down in November 2003.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need

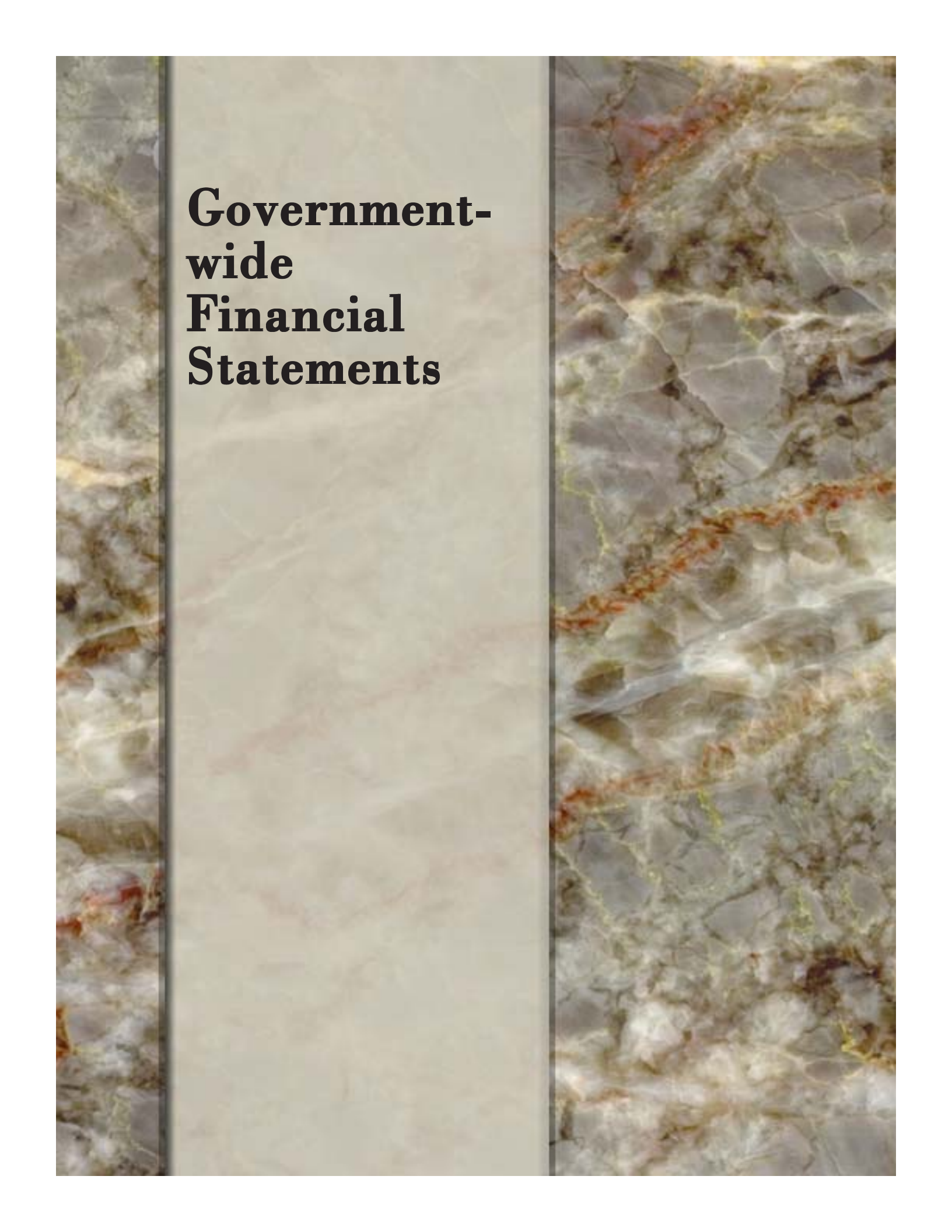
additional financial information, contact William Johnston, Director of Finance, (262-653-7363), Kenosha Unified School District, 3600 52<sup>nd</sup> Street, Kenosha, WI 53144

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**Basic  
Financial  
Statements**

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**Government-  
wide  
Financial  
Statements**

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**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Statement of Net Assets**  
**As of June 30, 2004**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and investments	\$ 41,546,814	\$ -	\$ 41,546,814
Receivables:			
Taxes	11,989,843	-	11,989,843
Accounts	480,678	989	481,667
Internal balances	75,525	(75,525)	-
Due from other governments	7,192,458	90,824	7,283,282
Inventories and prepaid items	3,512,730	151,206	3,663,936
<b>Total current assets</b>	<b><u>64,798,048</u></b>	<b><u>167,494</u></b>	<b><u>64,965,542</u></b>
<b>Noncurrent assets:</b>			
Land	7,645,589	-	7,645,589
Construction in progress	14,488,772	-	14,488,772
Site improvements	5,665,487	-	5,665,487
Buildings and building improvements	103,546,720	-	103,546,720
Furniture and equipment	39,371,510	1,569,162	40,940,672
Less: Accumulated depreciation	(60,237,375)	(658,945)	(60,896,320)
<b>Total noncurrent assets</b>	<b><u>110,480,703</u></b>	<b><u>910,217</u></b>	<b><u>111,390,920</u></b>
<b>Total assets</b>	<b><u>175,278,751</u></b>	<b><u>1,077,711</u></b>	<b><u>176,356,462</u></b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	2,061,507	-	2,061,507
Short-term notes payable	31,277,140	-	31,277,140
Accrued Liabilities			
Payroll, payroll taxes, insurance	14,205,755	-	14,205,755
Interest	1,543,007	-	1,543,007
Deferred revenue	-	39,840	39,840
Current portion of long-term obligations	7,581,843	-	7,581,843
<b>Total current liabilities</b>	<b><u>56,669,252</u></b>	<b><u>39,840</u></b>	<b><u>56,709,092</u></b>
<b>Noncurrent liabilities:</b>			
Noncurrent portion of long-term obligations	86,972,782	-	86,972,782
<b>Total non-current liabilities</b>	<b><u>86,972,782</u></b>	<b><u>-</u></b>	<b><u>86,972,782</u></b>
<b>Total liabilities</b>	<b><u>143,642,034</u></b>	<b><u>39,840</u></b>	<b><u>143,681,874</u></b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	33,201,432	910,217	34,111,649
Restricted for:			
Special revenue-technology	3,723	-	3,723
Debt service	2,576,818	-	2,576,818
Food services	-	127,654	127,654
Unrestricted	(4,145,256)	-	(4,145,256)
<b>Total net assets</b>	<b><u>31,636,717</u></b>	<b><u>1,037,871</u></b>	<b><u>32,674,588</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 175,278,751</u></b>	<b><u>\$ 1,077,711</u></b>	<b><u>\$ 176,356,462</u></b>

See accompanying notes to the basic financial statements.

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Statement of Activities**  
**For the Year ended June 30, 2004**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	Government Activities	Business- Type Activities	Total
<b>Governmental activities:</b>							
Instruction:							
Regular instruction	\$ 92,676,718	\$ 830,614	\$ 8,283,334	\$ -	\$ (83,562,770)		\$ (83,562,770)
Vocational instruction	4,653,189	40,331	639,931	-	(3,972,927)		(3,972,927)
Special education instruction	25,601,107	-	10,435,638	-	(15,165,468)		(15,165,468)
Other instruction	7,059,564	65,341	928,828	-	(6,065,395)		(6,065,395)
<b>Total Instruction</b>	<b>129,990,578</b>	<b>936,286</b>	<b>20,287,731</b>	<b>-</b>	<b>(108,766,561)</b>		<b>(108,766,561)</b>
Support services:							
Pupil services	11,670,187	-	3,022,381	-	(8,647,806)		(8,647,806)
Instructional staff services	11,317,085	-	1,949,087	-	(9,367,999)		(9,367,999)
General administration services	1,004,134	-	-	-	(1,004,134)		(1,004,134)
School administration services	10,627,421	-	-	-	(10,627,421)		(10,627,421)
Business services	2,333,841	-	602,512	-	(1,731,329)		(1,731,329)
Operations & maintenance of plant	19,075,980	-	26,369	-	(19,049,611)		(19,049,611)
Pupil transportation services	5,162,258	-	308,000	-	(4,854,258)		(4,854,258)
Central services	3,914,984	-	-	-	(3,914,984)		(3,914,984)
Insurance	464,595	-	-	-	(464,595)		(464,595)
Other support services	140,626	-	-	-	(140,626)		(140,626)
Community services	449,122	176,215	-	-	(272,907)		(272,907)
Interest and fiscal charges	5,537,070	-	-	-	(5,537,070)		(5,537,070)
<b>Total Support Services</b>	<b>71,697,303</b>	<b>176,215</b>	<b>5,908,349</b>	<b>-</b>	<b>(65,612,739)</b>		<b>(65,612,739)</b>
<b>Total governmental activities</b>	<b>201,687,883</b>	<b>1,112,501</b>	<b>26,196,080</b>	<b>-</b>	<b>(174,379,301)</b>		<b>(174,379,301)</b>
<b>Business-type activities:</b>							
School food service program	<b>4,870,156</b>	<b>2,561,665</b>	<b>3,000,840</b>	<b>-</b>		<b>692,349</b>	<b>692,349</b>
<b>Total school district</b>	<b>\$206,558,039</b>	<b>\$ 3,674,166</b>	<b>\$29,196,920</b>	<b>\$ -</b>	<b>(174,379,301)</b>	<b>692,349</b>	<b>(173,686,952)</b>
<b>General revenues:</b>							
Taxes							
Property taxes, levied for general purposes					50,021,358		50,021,358
Property taxes, levied for debt services					10,656,458		10,656,458
Property taxes, levied for community services					1,149,130		1,149,130
State and federal aids not restricted to specific functions							
General					113,198,464		113,198,464
Other					890,281		890,281
Interest and investment earnings					850,517		850,517
Miscellaneous					960,610		960,610
<b>Transfers</b>					132,398	(132,398)	-
<b>Total general revenues and transfers</b>					<b>177,859,216</b>	<b>(132,398)</b>	<b>177,726,818</b>
<b>Change in net assets</b>					<b>3,479,915</b>	<b>559,951</b>	<b>4,039,866</b>
<b>Net assets - beginning of year</b>					<b>28,156,802</b>	<b>477,920</b>	<b>28,634,722</b>
<b>Net assets - end of year</b>					<b>\$ 31,636,717</b>	<b>\$ 1,037,871</b>	<b>\$ 32,674,588</b>

See accompanying notes to the basic financial statements.

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# **Fund Financial Statements**

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**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2004**

	General Fund	Special Education Fund	Debt Service Fund	Capital Projects Fund	Other Gov't Funds	Total Gov't Funds
<b>Assets</b>						
Cash and investments	\$ 36,647,363	\$ -	\$ 2,707,706	\$ 1,774,760	\$ 416,985	\$ 41,546,814
Receivables:						
Taxes	11,989,843	-	-	-	-	11,989,843
Accounts	480,678	-	-	-	-	480,678
Due from other funds	2,529,675	-	-	-	-	2,529,675
Due from other governments	5,879,577	1,036,749	-	-	276,132	7,192,458
Inventories and prepaid items	3,512,730	-	-	-	-	3,512,730
<b>Total assets</b>	<b>61,039,866</b>	<b>1,036,749</b>	<b>2,707,706</b>	<b>1,774,760</b>	<b>693,117</b>	<b>67,252,198</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Short-term notes payable	31,277,140	-	-	-	-	31,277,140
Accounts payable	2,061,507	-	-	-	-	2,061,507
Accrued Liabilities						
Payroll, payroll taxes, insurance	14,205,755	-	-	-	-	14,205,755
Interest	461,556	-	-	-	-	461,556
Due to other funds	-	1,036,749	130,888	1,010,494	276,019	2,454,150
<b>Total liabilities</b>	<b>48,005,958</b>	<b>1,036,749</b>	<b>130,888</b>	<b>1,010,494</b>	<b>276,019</b>	<b>50,460,108</b>
<b>Fund Balances:</b>						
Reserved for:						
Inventories and prepaids	3,512,730	-	-	-	-	3,512,730
Encumbrances	792,147	-	-	-	-	792,147
Special revenue-technology	-	-	-	-	3,723	3,723
Capital projects	-	-	-	764,266	-	764,266
Debt Service	-	-	2,576,818	-	-	2,576,818
Unreserved:						
Designated						
Community services	-	-	-	-	413,375	413,375
For working capital	8,729,031	-	-	-	-	8,729,031
<b>Total fund balances</b>	<b>13,033,908</b>	<b>-</b>	<b>2,576,818</b>	<b>764,266</b>	<b>417,098</b>	<b>16,792,090</b>
<b>Total liabilities and fund balances</b>	<b>\$ 61,039,866</b>	<b>\$ 1,036,749</b>	<b>\$ 2,707,706</b>	<b>\$ 1,774,760</b>	<b>\$ 693,117</b>	

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

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

Governmental capital asset	170,718,078	
Governmental accumulated depreciation	(60,237,375)	110,480,703

Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are:

General obligation debt	(92,800,005)	
Accrued interest on general obligation debt	(1,081,451)	
Compensated absences	(1,754,620)	(95,636,076)

**Total net assets - governmental activities**

**\$ 31,636,717**

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2004**

	General Fund	Special Education Fund	Debt Service Fund	Capital Projects Fund	Other Gov't Funds	Total Gov't Funds
<b>Revenues:</b>						
Property taxes	\$ 50,021,358	\$ -	\$ 10,656,458	\$ -	\$ 1,149,130	\$ 61,826,946
Other local sources	2,445,531	4,290	36,584	225,260	179,938	2,891,603
Interdistrict sources	136,997	-	-	-	-	136,997
Intermediate sources	171,117	11,053	-	-	-	182,170
State sources	118,340,774	7,661,597	-	-	-	126,002,371
Federal sources	7,799,836	3,730,522	-	-	1,732,929	13,263,287
Other sources	711,330	-	20,695	-	-	732,025
<b>Total revenues</b>	<b>179,626,944</b>	<b>11,407,462</b>	<b>10,713,737</b>	<b>225,260</b>	<b>3,061,997</b>	<b>205,035,400</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular instruction	88,123,808	-	-	-	-	88,123,808
Vocational instruction	4,327,389	315,018	-	-	-	4,642,407
Special instruction	-	24,582,725	-	-	967,209	25,549,934
Other instruction	7,025,437	-	-	-	-	7,025,437
<b>Total Instruction</b>	<b>99,476,634</b>	<b>24,897,743</b>	<b>-</b>	<b>-</b>	<b>967,209</b>	<b>125,341,586</b>
<b>Support Services</b>						
Pupil services	7,656,276	3,804,286	-	-	173,310	11,633,871
Instructional staff services	9,830,733	830,634	-	-	26,704	10,688,071
General administration services	1,004,134	-	-	-	-	1,004,134
Building administration services	10,428,269	-	-	-	178,967	10,607,235
Business services	1,083,125	19,206	-	-	1,172,547	2,274,877
Operations and maintenance	19,073,480	-	-	-	-	19,073,480
Pupil transportation	2,942,273	2,217,985	-	-	-	5,160,258
Central services	3,774,529	-	-	-	-	3,774,529
Insurance	464,595	-	-	-	-	464,595
Community service	-	-	-	-	444,890	444,890
Other support services	137,268	3,358	-	-	-	140,626
<b>Total support services</b>	<b>56,394,680</b>	<b>6,875,469</b>	<b>-</b>	<b>-</b>	<b>1,996,417</b>	<b>65,266,566</b>
<b>Debt Services:</b>						
Principal	-	-	11,431,378	-	-	11,431,378
Interest and fiscal charges	889,307	-	4,743,610	-	-	5,632,917
<b>Total principal and interest</b>	<b>889,307</b>	<b>-</b>	<b>16,174,988</b>	<b>-</b>	<b>-</b>	<b>17,064,295</b>
<b>Capital Outlay:</b>						
Capital outlay	3,310,588	-	-	12,740,515	513,941	16,565,044
<b>Total expenditures</b>	<b>160,071,210</b>	<b>31,773,212</b>	<b>16,174,988</b>	<b>12,740,515</b>	<b>3,477,567</b>	<b>224,237,492</b>
Excess (deficiency) of revenues over expenditures	19,555,734	(20,365,750)	(5,461,251)	(12,515,255)	(415,570)	(19,202,093)
<b>Other Financing Sources (Uses):</b>						
Transfers to	(20,461,606)	-	-	-	-	(20,461,606)
Transfers from	-	20,365,750	228,254	-	-	20,594,004
Debt financing	-	-	5,100,000	175,000	-	5,275,000
<b>NET CHANGE IN FUND BALANCES</b>	<b>(905,872)</b>	<b>-</b>	<b>(132,997)</b>	<b>(12,340,255)</b>	<b>(415,570)</b>	<b>(13,794,694)</b>
Fund balances - beginning of year	13,939,780	-	2,709,815	13,104,521	832,668	30,586,784
Fund balances - end of year	<b>\$ 13,033,908</b>	<b>\$ -</b>	<b>\$ 2,576,818</b>	<b>\$ 764,266</b>	<b>\$ 417,098</b>	<b>\$ 16,792,090</b>

See accompanying notes to the basic financial statements.

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2004**

**Net change in fund balances - total governmental funds** **\$ (13,794,694)**

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

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

Capital outlay reported in governmental fund statements	16,565,044	
Depreciation expense reported in the statement of activities	<u>(5,231,843)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		11,333,201

Some capital assets acquired during the year were financed with loans. The amount of the loan is reported in the governmental funds as a source of financing. In the statement of net assets however, loans are not reported as a financing source, but rather constitute a long-term liability. The amount of loans reported in the governmental funds statement is: (5,275,000)

Certain employee benefits are reported in the government funds when amounts are due. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits decreased by: (310,816)

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: 11,431,378

In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.

The amount of interest paid during the current period	4,743,609	
The amount of interest accrued during the current period	<u>(4,647,763)</u>	
Interest paid is greater (less) than interest accrued by		95,846

**Change in net assets - governmental activities** **\$ 3,479,915**

**KENOSHA UNIFIED SCHOOL DISTRICT NO 1**  
**Comparative Statements of Net Assets**  
**Proprietary Funds**  
**As of June 30, 2004 and 2003**

	<b>Food Service Fund</b>	
	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Due from other governments	\$ 90,824	\$ 33,060
Accounts receivable	989	10,113
Inventories and prepaid items	151,206	149,275
<b>Total current assets</b>	<u><b>243,019</b></u>	<u><b>192,448</b></u>
<b>Non-current Assets:</b>		
Furniture and equipment	1,569,162	1,153,709
Less accumulated depreciation	<u>(658,945)</u>	<u>(559,426)</u>
<b>Total non-current assets</b>	<u><b>910,217</b></u>	<u><b>594,283</b></u>
<b>Total assets</b>	<u><u><b>1,153,236</b></u></u>	<u><u><b>786,731</b></u></u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	-	116,362
Due to other funds	75,525	154,508
Deferred revenue	39,840	37,941
<b>Total liabilities</b>	<u><b>115,365</b></u>	<u><b>308,811</b></u>
<b>Net Assets</b>		
Invested in capital assets	910,217	594,283
Restricted for food service	<u>127,654</u>	<u>(116,363)</u>
<b>Total net assets</b>	<u><b>1,037,871</b></u>	<u><b>477,920</b></u>
<b>Total liabilities and net assets</b>	<u><u><b>\$ 1,153,236</b></u></u>	<u><u><b>\$ 786,731</b></u></u>

See accompanying notes to the basic financial statements.

**KENOSHA UNIFIED SCHOOL DISTRICT NO 1**  
**Comparative Statements of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the Years Ended June 30, 2004 and 2003**

	<b>Food Service Fund</b>	
	<u>2004</u>	<u>2003</u>
<b>Revenues:</b>		
Food sales	\$ 2,561,665	\$ 2,545,095
State sources	127,372	107,534
Federal sources	2,510,401	2,295,098
Federal commodities	363,067	259,271
<b>Total revenues</b>	<b><u>5,562,505</u></b>	<b><u>5,206,998</u></b>
 <b>Operating Expenses:</b>		
Salaries and wages	1,618,300	1,787,743
Employer paid benefits	629,199	736,328
Purchased services	120,771	88,740
Supplies, food and materials	2,402,367	2,343,582
Other	-	158,002
Depreciation	99,519	97,314
<b>Total operating expenses</b>	<b><u>4,870,156</u></b>	<b><u>5,211,709</u></b>
 <b>Operating gain (loss)</b>	<b>692,349</b>	<b>(4,711)</b>
 <b>Transfers from</b>	 -	 8,825
<b>Transfers to</b>	<u>(132,398)</u>	<u>(45,905)</u>
 <b>Change in net assets</b>	 <b>559,951</b>	 <b>(41,791)</b>
 <b>Net Assets - beginning of year</b>	 <u>477,920</u>	 <u>519,711</u>
<b>Net Assets - end of year</b>	<b><u>\$ 1,037,871</u></b>	<b><u>\$ 477,920</u></b>

See accompanying notes to the basic financial statements.

**KENOSHA UNIFIED SCHOOL DISTRICT NO 1**  
**Comparative Statements of Cash Flows**  
**Proprietary Funds**  
**For the Years Ended June 30, 2004 and 2003**

**Food Service Fund**

	<b>2004</b>	<b>2003</b>
<b>Cash Flows from Operating Activities</b>		
Cash received from user charges	\$ 2,482,682	\$ 2,414,395
Cash received from other government payments	2,637,773	2,667,150
Cash payments to employees for services	(2,247,499)	(2,524,071)
Cash payments for utilities and other purchased services	(111,647)	(96,539)
Cash payments to suppliers for goods and services	(2,157,593)	(2,120,842)
Cash payments for other operating expenses	1,899	(120,061)
<b>Net cash provided by (used in) operating activities</b>	<b>605,615</b>	<b>220,032</b>
 <b>Cash Flows from Non-Capital Financing Activities</b>		
Transfers from	-	<b>8,825</b>
Transfers to	(132,398)	<b>(45,905)</b>
<b>Net cash used by Non-Capital Financing Activities</b>	<b>(132,398)</b>	<b>(37,080)</b>
 <b>Cash Flows from Capital and Related Financing Activities</b>		
Cash payments for acquisition of capital assets	(415,453)	(182,952)
<b>Net cash used by capital and related financing activities</b>	<b>(415,453)</b>	<b>(182,952)</b>
 <b>Net increase (decrease) in cash and cash equivalents</b>	-	-
 <b>Cash and cash equivalents - beginning of year</b>	-	-
<b>Cash and cash equivalents - end of year</b>	\$ -	\$ -
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 692,349	\$ (4,711)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	99,519	97,314
Changes in assets and liabilities:		
due to other governments	-	264,518
due to (from) other funds	(78,983)	(130,700)
accounts receivable	9,124	(7,799)
accounts payable	(116,362)	(45,905)
inventories	(1,931)	9,374
deferred revenue	1,899	37,941
<b>Net cash provided by operating activities</b>	<b>\$ 605,615</b>	<b>\$ 220,032</b>
 <b>NONCASH NONCAPITAL FINANCING ACTIVITIES</b>		
During the year the district received commodities from the US Department of Agriculture in the amount of:	\$ 363,067	\$ 259,271

See accompanying notes to the basic financial statements.

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Statement of Net Assets**  
**Fiduciary Funds**  
**As of June 30, 2004**

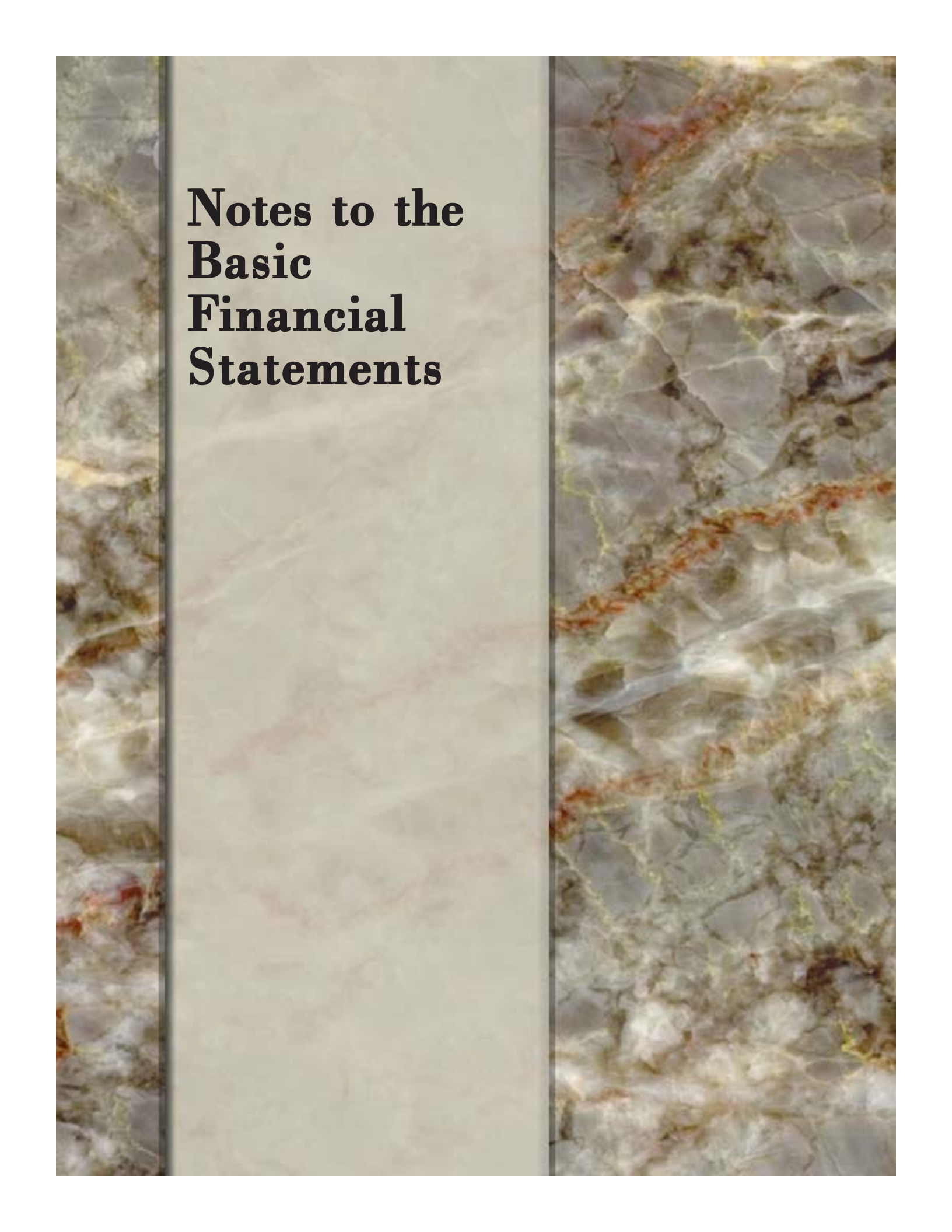
	<b>Retiree Health Insurance</b>	<b>Private Trusts</b>	<b>Agency Fund</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 346,768	\$ 214,561	\$ 1,146,470
<b>Total assets</b>	<b>346,768</b>	<b>214,561</b>	<b>1,146,470</b>
 <b>Liabilities</b>			
Due to student groups	-	-	1,146,470
<b>Total liabilities</b>	-	-	\$ 1,146,470
 <b>Net assets</b>			
Held in trust	<b>\$ 346,768</b>	<b>\$ 214,561</b>	

See accompanying notes to the basic financial statements.

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2004**

	<b>Retiree Health Ins</b>	<b>Private Trusts</b>
<b>ADDITIONS</b>		
Employer contributions	\$ 2,526,836	\$ -
Private contributions	-	214,561
<b>Total additions</b>	<b>2,526,836</b>	<b>214,561</b>
<b>DEDUCTIONS</b>		
Benefits	2,462,445	-
<b>Change in net assets</b>	<b>64,391</b>	<b>214,561</b>
Net Assets--beginning of year	282,377	-
Net Assets--end of year	<b>\$ 346,768</b>	<b>\$ 214,561</b>

See accompanying notes to the basic financial statements.

The image features a decorative background with a marbled pattern in shades of grey, white, and brown. A vertical band of a lighter, textured material runs down the center. The text is positioned in the upper left quadrant of this central band.

**Notes to the  
Basic  
Financial  
Statements**

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**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Note 1 - Summary of significant accounting policies

The financial statements of the Kenosha Unified School District No. 1 (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

Note 1-A, Reporting entity

The Kenosha Unified School District No. 1 is organized as a common school district governed by an elected seven-member school board. The District operates grades pre-kindergarten through grade 12, Head Start, and several adult education and recreation programs. The District is comprised of three municipal taxing districts.

The accompanying financial statements present the activities of the Kenosha Unified School District No. 1 under GASB Statement 14 criteria. The school district is not a component unit of another reporting entity nor does it have any component units.

Note 1-B, Basis of presentation

Government-wide statements

The statement of net assets and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

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

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Fund financial statements

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

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

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial activity that is not required to be accounted for in another fund.

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

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

Capital Projects Fund. This fund accounts for the resources restricted for the acquisition or construction of specific capital projects or items.

The District reports the following nonmajor governmental funds:

TEACH Fund. This fund is used to account for programs funded with grants and loans from the TEACH Wisconsin Board.

Head Start Fund. This fund is used to account for the federal Head Start program.

Community Service Fund. This fund is used to account for activities such as adult education, community recreation programs such as evening swimming pool operation and softball leagues, elderly food service programs, non-special education preschool, day care services, and other programs which are not elementary and secondary educational programs but have the primary function of serving the community.

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

The District operates one enterprise fund, the Food Service Fund. This fund accounts for the activities of the District's food service, generally school breakfast, lunch and snack programs.

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

The District accounts for assets that are accumulated to finance retiree health insurance benefits in the fiduciary fund – retiree health insurance trust.

The District accounts for assets that are accumulated to finance scholarships in the fiduciary fund – private trust.

Note 1-C, Measurement focus and basis of accounting

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

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

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

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

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Note 1-D, Assets and liabilities

Cash and investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts, such as the debt service fund.

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

Property tax levy

Under Wisconsin law, personal property taxes and first and second installments real estate taxes are collected by city and village treasurers who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. Third installments real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village and school districts before retaining any for county purposes. Taxes collected by the township are made in two installments, the first by the town, and the second by the county treasurer.

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

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2003 tax levy is used to finance operations of the District's fiscal year ended June 30, 2004. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Accounts receivable

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

Inventories and Prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Prepaid items represent payments made by the District for which benefits extend beyond June 30.

A reserve for these non-liquid assets (inventories and prepaid items) have been recognized to signify that a portion of fund balance is not available for other subsequent expenditures, except in cases where inventories are offset by deferred revenues.

Due to / Due from other funds:

The amounts reported on the statement of net assets for due to and due from other funds represents amounts due between different fund types (governmental activities, business type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. See Note 5-D for a detailed description of the individual fund balances as of June 30, 2004.

Capital assets

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	50 years
Building improvements	\$5,000	Straight-line	20-25 years
Site improvements	\$5,000	Straight-line	10-20 years
Furniture & equipment*	\$5,000	Straight-line	5 to 15 years
Computer & related technology*	\$5,000	Straight-line	4-10 years
Library books*	\$5,000	Straight-line	7 years

\* For these categories, the District recognizes similar group purchases exceeding \$5,000 under the capitalization threshold for the year.

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Vested employee benefits

Compensated absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Generally, sick leave can be accumulated up to a maximum of 95 to 120 days depending on the employment agreement. Accumulated sick time may not be taken in compensation but, upon retirement for certain collective bargaining groups, the employee is granted a payout equal to 50% of cumulative sick days times their daily rate. The District accrues that sick leave which it deems probable of payout for employee retirement. Only sick leave relating to employees qualifying for retirement is accrued.

The entire compensated absence liability is reported on the government-wide financial statements. The estimated liabilities include required salary-related payments.

For governmental fund financial statements only, the matured compensated absences payable to currently terminating employees are reported as a liability.

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

Post-employment benefits. The District provides varying amounts of health insurance to eligible retired employees until age 65, based on the employment agreement in existence at the date of their retirement. The benefit is offered to all employees who retire from the District on or after attaining age 55 (age 57 under a certain employment agreement) with at least fifteen years of service. The District will cover the cost of a single premium or a family premium based on the applicable employment agreement.

This year the District conducted an actuarial valuation study to determine the Unfunded Frozen Actuarial Accrued Liability and annual required contribution for the post-retirement healthcare and life insurance plans on the basis of GASB 45. This requirement will move from pay-as-you go to accrual based accounting. This year the district paid \$2,462,445 in benefits under the pay-as-you go method. The annual required contribution under the accrual method would be in the range of \$11,500,000.

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Estimates

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

Net assets

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

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

Fund balance reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund equity reserves have been established for encumbrances, inventories and prepaid expenditures, TEACH special revenue funds, debt service funds and capital project funds.

Note 2 -Explanation of certain differences between governmental fund statements and government-wide statements

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

Note 2-A, -Explanation of differences between governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into three broad categories. The amounts shown in the columns on the following page represent:

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
  
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
  
- c. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net assets.

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

	<u>Total Governmental Funds</u>	<u>Long-term Revenues/ Expenses</u>	<u>Capital Assets</u>		<u>Long-term Debt Transactions</u>	<u>Statement of Activities Total</u>
			<u>Acquisitions</u>	<u>Depreciation</u>		
<b>Revenues and other sources</b>						
Property taxes	\$ 61,826,946	\$ -	\$ -	\$ -	\$ -	\$ 61,826,946
Other local sources:						
Interest and investment earnings	850,517	-	-	-	-	850,517
Miscellaneous	924,572	-	-	-	-	924,572
Charges for services	1,112,501	-	-	-	-	1,112,501
Interdistrict sources	136,997	-	-	-	-	136,997
Intermediate sources (general state and federal aids)	175,131	-	-	-	-	175,131
State sources:						
General state aid	113,761,872	-	-	-	-	113,761,872
Operating grants and contributions	12,251,552	-	-	-	-	12,251,552
Federal sources (operating grants and contributions)	13,263,287	-	-	-	-	13,263,287
Other revenue sources:						
Operating grants and contributions	732,025	-	-	-	-	732,025
Total revenues	<u>205,035,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>205,035,400</u>
<b>EXPENDITURES/EXPENSES</b>						
Regular Instruction	88,123,808	174,600	-	4,378,310	-	92,676,718
Vocational Instruction	4,642,407	9,042	-	1,740	-	4,653,189
Special Instruction	25,549,934	49,668	-	1,505	-	25,601,107
Other Instruction	7,025,437	13,657	-	20,470	-	7,059,564
Pupil Services	11,633,871	22,616	-	13,700	-	11,670,187
Instructional Staff Services	10,688,071	21,047	-	607,967	-	11,317,085
General Administration Services	1,004,134	-	-	-	-	1,004,134
Building Administration Services	10,607,235	20,186	-	-	-	10,627,421
Business Services	2,274,877	-	-	58,964	-	2,333,841
Operations & Maintenance	19,073,480	-	-	2,500	-	19,075,980
Pupil Transportation	5,160,258	-	-	2,000	-	5,162,258
Central Services	3,774,529	-	-	140,455	-	3,914,984
Insurance	464,595	-	-	-	-	464,595
Community Service	444,890	-	-	4,232	-	449,122
Principal	11,431,378	-	-	-	(11,431,378)	-
Interest and fiscal charges	5,632,917	-	-	-	(95,846)	5,537,071
Other Support Services	140,626	-	-	-	-	140,626
Capital outlay	16,565,044	-	(16,565,044)	-	-	-
Total expenditures/expenses	<u>224,237,492</u>	<u>310,816</u>	<u>(16,565,044)</u>	<u>5,231,843</u>	<u>(11,527,224)</u>	<u>201,687,883</u>
<b>OTHER FINANCING SOURCE/USES - CHANGES IN NET ASSETS</b>						
Net transfers to	(20,461,606)	-	-	-	20,461,606	-
Net transfers from	20,594,004	-	-	-	(20,461,606)	132,398
Debt proceeds	5,275,000	-	-	-	(5,275,000)	-
Total other	<u>5,407,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,275,000)</u>	<u>132,398</u>
<b>NET CHANGE FOR YEAR</b>	<u>\$ (13,794,694)</u>	<u>\$ (310,816)</u>	<u>\$ 16,565,044</u>	<u>\$ (5,231,843)</u>	<u>\$ 6,252,224</u>	<u>\$ 3,479,915</u>

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Note 3 - Stewardship and compliance – Violations of finance related legal/contractual provisions

The school district did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2004.

Note 4 – Detailed disclosures regarding assets and revenues

Note 4-A, Cash and investments

*Cash deposits with financial institutions*

The Federal Deposit Insurance Corporation (FDIC) insures interest bearing deposits and noninterest bearing deposits in financial institutions in the amount of \$100,000 each, per entity. In addition, the State of Wisconsin has a State Guarantee Fund, which provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

At June 30, 2004, the carrying amount of the District's deposits was \$3,008,917 and the bank balances totaled \$3,021,782. FDIC insured up to \$100,000 and the balance of \$2,921,782 was insured by collateralized investments.

*Investments*

The District invests its funds in accordance with Wisconsin Statutes 66.04(2) and 67.11(2). Available investments are limited to the following:

Time deposits

Securities guaranteed by the U.S. Government

Securities of Wisconsin Municipal Units

Local Governmental Investment Pool

Certain securities maturing within seven years

Securities of an open-end management company or investment trust, subject to various conditions and investment options.

Repurchase agreements with public depositories, with certain conditions.

Wisconsin School District Liquid Asset Fund.

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

The District's investments are categorized to give an indication of the level of custodial credit risk assumed by the District at year-end. Category 1 includes items that are insured or registered or which are collateralized by or evidenced by securities held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the District's name.

	Category			Fair Value	Carrying amount
	1	2	3		
U.S. government securities - PIMA	\$ 1,774,757	\$ -	\$ -	\$ 1,774,757	\$ 1,774,757
Repurchase agreements	-	-	4,581,430	4,581,430	4,581,430
Short-term borrowing contract	-	31,152,653	-	31,152,653	31,152,653
<b>Totals</b>	<b><u>\$ 1,774,757</u></b>	<b><u>\$ 31,152,653</u></b>	<b><u>\$ 4,581,430</u></b>	<b><u>\$ 37,508,840</u></b>	<b><u>37,508,840</u></b>
Other uncategorized investments:					
Investment in Local Government Investment pool					<u>2,723,991</u>
Total investments					40,232,831
Cash deposits with financial institutions-Carrying amount					3,008,917
Petty cash					12,865
Cash held by fiduciary funds					<u>(1,707,799)</u>
					<b><u>\$ 41,546,814</u></b>

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, 2004, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported above.

Investments in the LGIP 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 except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC or State of Wisconsin Guarantee Fund Insurance.

The District is exposed to market risk through its participation in the LGIP, ownership of guaranteed investment contracts and money market funds. The District is exposed to both market and credit risk through its ownership of repurchase agreements.

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in temporary uninsured balances significantly exceeding the amount reported in Category 3 above.

Note 4-B, Capital assets

Capital asset balances and activity for the year ended June 30, 2004 were as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Sites (land)	\$ 7,645,589	\$ -	\$ -	\$ 7,645,589
Construction in progress	1,748,257	12,740,515	-	14,488,772
Total capital assets not being depreciated	<u>9,393,846</u>	<u>12,740,515</u>	<u>-</u>	<u>22,134,361</u>
Capital assets being depreciated:				
Site Improvements	5,665,487	-	-	5,665,487
Buildings	97,640,732	-	-	97,640,732
Building improvements	4,222,144	1,683,844	-	5,905,988
Furniture and equipment	37,454,205	2,140,685	(223,380)	39,371,510
Total capital assets being depreciated	<u>144,982,568</u>	<u>3,824,529</u>	<u>(223,380)</u>	<u>148,583,717</u>
Less accumulated depreciation for:				
Site improvements	(1,709,099)	(262,784)	-	(1,971,883)
Buildings & building improvements	(33,172,428)	(2,102,268)	-	(35,274,696)
Furniture and equipment	(20,347,385)	(2,791,100)	147,689	(22,990,796)
Total accumulated depreciation	<u>(55,228,912)</u>	<u>(5,156,152)</u>	<u>147,689</u>	<u>(60,237,375)</u>
<b>Total capital assets being depreciated,     net of accumulated depreciation</b>	<u><b>89,753,656</b></u>	<u><b>(1,331,623)</b></u>	<u><b>(75,691)</b></u>	<u><b>88,346,342</b></u>
<b>Governmental activities capital assets, net of accumulated depreciation</b>	<u><b>\$ 99,147,502</b></u>	<u><b>\$ 11,408,892</b></u>	<u><b>\$ (75,691)</b></u>	<u><b>\$ 110,480,703</b></u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Furniture & Equipment	\$ 1,153,709	\$ 415,453	\$ -	\$ 1,569,162
Less accumulated depreciation	(559,426)	(99,519)	-	(658,945)
<b>Business-type activities capital assets, net of accumulated depreciation</b>	<u><b>\$ 594,283</b></u>	<u><b>\$ 315,934</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 910,217</b></u>

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

\* Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 4,378,310
Vocational instruction	1,740
Special education instruction	1,505
Other instruction	20,470
Pupil services	13,700
Instructional staff services	607,967
Business services	58,964
Operations & maintenance of plant	2,500
Pupil transportation services	2,000
Central services	140,455
Community services	4,232
<b>Total depreciation for governmental activities</b>	<b><u><u>\$ 5,231,843</u></u></b>

Note 5- Detailed disclosures regarding liabilities and expenditures

Note 5-A, Short-term debt

The district issues tax anticipation notes in advance of property tax collections. The notes are necessary because payments for the year begin in July whereas the tax collections are received from the municipalities beginning in January. Short-term debt activity for the year ended June 30, 2004 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending</u> <u>Balance</u>
Tax anticipation notes	\$50,000,000	\$31,277,140	\$50,000,000	\$31,277,140

See Note 5-B for interest incurred and paid for the year ended June 30, 2004.

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Note 5-B, Long-term liabilities

Long-term liability balances and activity for the year ended June 30, 2004 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities</b>					
General obligation debt					
Bonds and notes payable					
Capital projects	\$ 98,630,000	\$ 5,100,000	\$ 11,225,000	\$ 92,505,000	\$ 6,900,000
State trust fund loans	326,383	175,000	206,378	295,005	81,843
Total general obligation debt	<u>98,956,383</u>	<u>5,275,000</u>	<u>11,431,378</u>	<u>92,800,005</u>	<u>6,981,843</u>
Other liabilities:					
Compensated absences	<u>1,443,803</u>	<u>2,659,884</u>	<u>2,349,067</u>	<u>1,754,620</u>	<u>600,000</u>
Total other liabilities	<u>1,443,803</u>	<u>2,659,884</u>	<u>2,349,067</u>	<u>1,754,620</u>	<u>600,000</u>
<b>Total governmental activity long-term liabilities</b>	<b><u>\$ 100,400,186</u></b>	<b><u>\$ 7,934,884</u></b>	<b><u>\$ 13,780,445</u></b>	<b><u>\$ 94,554,625</u></b>	<b><u>\$ 7,581,843</u></b>

Total interest paid and accrued during the year:	<b>Expense</b>	<b>Paid</b>
General obligation debt	\$ 4,647,763	\$ 4,743,610
Short-term borrowing	682,929	1,315,485
<b>Total interest paid</b>	<b><u>\$ 5,330,692</u></b>	<b><u>\$ 6,059,095</u></b>

Refunded Debt

In the current year, the District defeased certain general obligation notes and bonds by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liability for the defeased debt is not included in the District's financial statements. At June 30, 2004, \$2,975,000 of debt outstanding is considered defeased.

The District refunded general obligation notes and bonds of \$5,100,000 to decrease its total debt service payments by approximately \$197,500 and to obtain an economic gain of approximately \$192,000.

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

The full faith, credit, and taxing powers of the District secure all general obligation debt, including business type activities, if any. Bonds and notes payable is comprised of the following individual issues:

	<b>Government Activities</b>			
	<b>Issue Dates</b>	<b>Interest Rates</b>	<b>Date of Maturity</b>	
State Trust Fund loan	08/14/03	2.5%	04/18/08	\$ 140,484
State Trust Fund loan	07/18/02	4.75%	03/15/07	154,521
Notes payable				
G.O. promissory notes	03/15/04	2%-.2.5%	04/01/07	5,100,000
G.O. promissory notes	05/15/97	5.0-5.75%	04/01/07	1,500,000
G.O. promissory notes	12/27/01	4.0-5.0%	04/01/16	17,570,000
G.O. refunding bonds	11/01/93	2.6-5.1%	04/01/12	38,825,000
G.O. refunding bonds	11/26/02	3%-5.1%	04/01/18	16,285,000
G.O. promissory notes	12/10/02	2.75%-4.50%	04/01/16	13,225,000
<b>Total bonds and notes</b>				<b>\$ 92,800,005</b>

The legal debt limit and margin of indebtedness is set at 10% of equalized value by Section 67.03 (1) (b), Wisconsin Statutes. The margin of indebtedness at June 30, 2004 is:

Equalized value certified by Wisconsin Department of Revenue for:	2004	<u>\$ 6,811,019,618</u>
Margin of indebtedness at 10%		681,101,962
Deduct long-term debt applicable to debt margin		<u>92,800,005</u>
<b>Margin of indebtedness</b>		<b>\$ 588,301,957</b>

Aggregate cash flow requirements for retirement of long-term principal and interest on notes and bonds (including State Trust Fund loans) as of June 30, 2004 is as follows:

	<b>Government Activities</b>		
	<b>Year ended June 30</b>	<b>Principal</b>	<b>Interest</b>
2005	6,981,842	4,313,669	11,295,511
2006	7,255,731	4,053,435	11,309,166
2007	7,694,833	3,793,700	11,488,533
2008	8,012,599	3,464,138	11,476,737
2009	8,200,000	3,084,048	11,284,048
2010	8,250,000	2,688,723	10,938,723
2011	8,400,000	2,280,985	10,680,985
2012	8,400,000	1,861,510	10,261,510
2013	6,300,000	1,438,860	7,738,860
2014	6,450,000	1,131,110	7,581,110
2015	6,875,000	821,785	7,696,785
2016	6,320,000	492,948	6,812,948
2017	1,975,000	185,673	2,160,673
2018	1,685,000	85,935	1,770,935
<b>Totals</b>	<b>\$ 92,800,005</b>	<b>\$ 29,696,517</b>	<b>\$ 122,496,522</b>

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Note 5-C, Operating leases

The District leases buildings and other equipment under non-cancelable operating leases. Total costs for such leases was \$832,664 for the year ended June 30, 2004. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2005	\$ 654,288
2006	652,288
2007	548,688
2008	321,688
2009	321,688
2010-2014	<u>1,025,124</u>
Total minimum lease payments	<u>\$ 3,523,764</u>

Note 5-D, Interfund Balances and Activity

Interfund Receivables and Payables at June 30, 2004 were as follows:

	<b><u>Due from other funds</u></b>	<b><u>Due to other funds</u></b>	<b><u>Net due to other funds reported on Stmt of Activities</u></b>
General fund	\$ 2,529,675	\$ -	\$ 2,529,675
Head Start fund	-	276,019	(276,019)
Special education fund	-	1,036,749	(1,036,749)
Debt service fund		130,888	(130,888)
Capital projects fund		1,010,494	(1,010,494)
<b>Total governmental activities</b>	<b><u>2,529,675</u></b>	<b><u>2,454,150</u></b>	<b><u>\$ 75,525</u></b>
Food service fund	-	75,525	
<b>Total Business Type</b>	<b><u>-</u></b>	<b><u>75,525</u></b>	<b><u></u></b>
<b>Totals</b>	<b><u>\$ 2,529,675</u></b>	<b><u>\$ 2,529,675</u></b>	<b><u></u></b>

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Transfers within the reporting entity are substantially for the purposes of subsidizing operating functions, funding special education, funding capital acquisitions or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects.

The government-wide statement of activities eliminates as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement.

The following schedule reports transfers within the reporting entity:

<u>Transfers From</u>	<u>Transfer To</u>			<u>Total</u>
	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>General</u>	<u>Debt Service</u>	<u>Food Service</u>	
<b>Governmental activities:</b>				
Special education fund	\$ 20,365,750	\$ -	\$ -	\$ 20,365,750
Debt service fund	95,856	-	132,398	228,254
<b>Total transfers to:</b>	<u><u>\$ 20,461,606</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 132,398</u></u>	<u><u>\$ 20,594,004</u></u>

Note 5-E, Contributions to pension plan

All eligible employees of the District participate in the Wisconsin Retirement System ("System"), a cost-sharing multiple-employer public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the General Teacher category are required by statute to contribute 5.6% of their salary.

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.

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

The payroll for the Kenosha Unified School District No. 1 employees covered by the system for the year ended June 30, 2004 was \$104,440,109; the employer's total payroll was \$105,457,169. The total required contribution for the year ended June 30, 2004 was \$10,086,441, which consisted entirely of employer contributions. Total contributions for the years ending June 30, 2003 and 2002 were \$10,119,377 and \$10,921,291, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 are entitled to receive retirement benefits. Employees may retire at age 55 and receive actuarially reduced benefits. Retirement benefits are calculated as 1.6% of final average earnings for each year of creditable service. Final average earnings are the average of the employee's three highest years of earnings. Employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. For employees beginning participation after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested. The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report, which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

Note 5-F, Postemployment benefits other than pensions

In addition to providing retirement benefits the District provides health care, life insurance and other benefits for certain early retirement employees. The cost of providing these benefits for eligible participants aggregated \$2,569,587 for the year ended June 30, 2004. The District funds the benefits on a pay-as-you-go basis.

Note 5-G, Risk management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the District's policy is to purchase commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reductions in insurance coverage from coverage in the prior year. Additional coverage details may be found in the Statistical Section of this report.

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Note 6 - Other note disclosures

Note 6-A, Fund balances and net assets

Portions of fund balances are restricted because of legal restrictions or are not available for current expenditures as follows:

	<b>Government Activities (Fund balance)</b>	<b>Business Type Activities (Net assets)</b>
General fund	\$ 4,304,877	\$
TEACH fund	3,723	
Debt service fund	2,576,818	
Capital projects	764,266	
Community service fund	413,375	
Food service fund		1,037,871
<b>Totals</b>	<b>\$ 8,063,059</b>	<b>\$ 1,037,871</b>

Note 6-B, Excess of actual expenditure over budget

The following individual funds had an excess of actual expenditures over budget for the year ended June 30, 2004:

	<b>Government Activities (Expenditures)</b>
Head Start fund	\$ 11,086
Debt service fund	5,243,076
<b>Totals</b>	<b>\$ 5,254,162</b>

**Kenosha Unified School District No. 1**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2004**

Note 6-C, Limitation of school district revenues government

Wisconsin statutes limit the amount of revenues school districts are permitted to derive from general state aids and property taxes unless a higher amount is approved by a referendum of the taxpayers. This limitation does not apply to revenues needed for the repayment of any general obligation debt (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or a referendum prior to August 12, 1993, (b) a referendum on or after August 12, 1993.

Note 6-D, Contingencies and commitments

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 effect on the District's financial position or results of operations.

The District participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2004 have not been conducted. 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.

The image features a decorative background of marbled paper with a central vertical band of a lighter, cream-colored material. The marbled paper has a complex pattern of grey, white, and brownish-gold veins. The central band is a solid, light beige color. The text is positioned in the upper left quadrant of the central band.

**Required  
Supplementary  
Information**

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**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Budgetary Comparison Schedule for the General Fund**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 50,091,171	\$ 50,091,171	\$ 50,021,358	\$ (69,813)
Other local sources	2,280,825	2,320,439	2,445,531	125,092
Interdistrict sources	135,000	135,000	136,997	1,997
Intermediate sources	136,078	191,804	171,117	(20,687)
State sources	118,144,840	118,128,790	118,340,774	211,984
Federal sources	7,017,047	7,956,820	7,799,836	(156,983)
Other sources	779,826	779,826	711,330	(68,496)
<b>Total revenues</b>	<b>178,584,786</b>	<b>179,603,849</b>	<b>179,626,944</b>	<b>23,095</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Regular instruction	88,217,969	87,221,029	89,306,714	(2,085,685)
Vocational instruction	4,287,665	4,475,785	4,336,349	139,436
Other instruction	7,184,429	7,153,546	7,025,437	128,108
<b>Total instruction</b>	<b>99,690,063</b>	<b>98,850,359</b>	<b>100,668,500</b>	<b>(1,818,141)</b>
<b>Support Services</b>				
Pupil services	7,717,392	7,862,319	7,656,276	206,043
Instructional staff services	9,903,804	10,384,455	9,969,633	414,822
General administration services	1,062,652	932,364	1,004,134	(71,769)
Building administration services	9,792,444	10,250,102	10,204,889	45,213
Business services	1,401,552	1,613,213	1,083,125	530,089
Operations and maintenance	21,774,135	21,866,632	21,224,732	641,900
Pupil transportation	3,373,808	3,395,740	2,942,273	453,467
Central services	3,917,679	4,100,456	3,826,479	273,976
Insurance	845,423	845,423	464,595	380,828
Principal and interest	443,573	463,573	889,307	(425,734)
Other support services	210,404	210,403	137,268	73,135
<b>Total support services</b>	<b>60,442,867</b>	<b>61,924,680</b>	<b>59,402,710</b>	<b>2,521,970</b>
<b>Total expenditures</b>	<b>160,132,930</b>	<b>160,775,039</b>	<b>160,071,210</b>	<b>703,829</b>
Excess (deficiency) of revenues over expenditures	18,451,857	18,828,810	19,555,734	726,924
<b>Other Financing Sources (Uses):</b>				
Transfer to	(19,787,477)	(20,183,934)	(20,461,606)	(277,673)
<b>Net Change in Fund Balance</b>	<b>(1,335,620)</b>	<b>(1,355,123)</b>	<b>(905,872)</b>	<b>449,251</b>
Fund balance - beginning of year	13,939,780	13,939,780	13,939,780	-
Fund balance - end of year	\$ 12,604,160	\$ 12,584,657	\$ 13,033,908	\$ 449,251

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Budgetary Comparison Schedule for the Special Education Fund**  
**Budget and Actual**  
**Special Education Fund**  
**For the Year Ended June 30, 2004**

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
<b>Revenues:</b>				
Other local sources	\$ -	\$ -	\$ 15,343	\$ 15,343
State sources	7,953,171	7,953,171	7,661,597	(291,574)
Federal sources	3,439,625	3,439,625	3,730,522	290,897
<b>Total revenues</b>	<b>11,392,796</b>	<b>11,392,796</b>	<b>11,407,462</b>	<b>14,666</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Vocational instruction	308,598	303,927	315,018	(11,091)
Special instruction	24,222,801	25,225,820	24,582,725	643,095
<b>Total instruction</b>	<b>24,531,399</b>	<b>25,529,747</b>	<b>24,897,743</b>	<b>632,004</b>
<b>Support Services</b>				
Pupil services	3,901,445	3,762,103	3,804,286	(42,183)
Instructional staff services	775,429	762,349	830,634	(68,286)
Business administration	23,000	21,000	19,206	1,794
Pupil transportation	2,000	1,955,000	2,217,985	(262,985)
Other support	1,947,000	3,000	3,358	(358)
<b>Total support services</b>	<b>6,648,874</b>	<b>6,503,451</b>	<b>6,875,469</b>	<b>(372,018)</b>
<b>Total expenditures</b>	<b>31,180,273</b>	<b>32,033,198</b>	<b>31,773,212</b>	<b>259,987</b>
Excess (deficiency) of revenues over expenditures	(19,787,477)	(20,640,402)	(20,365,750)	274,652
<b>Other financing sources</b>				
Transfer from general fund	19,787,477	20,640,402	20,365,750	(274,652)
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund balance - beginning of year</b>	-	-	-	-
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

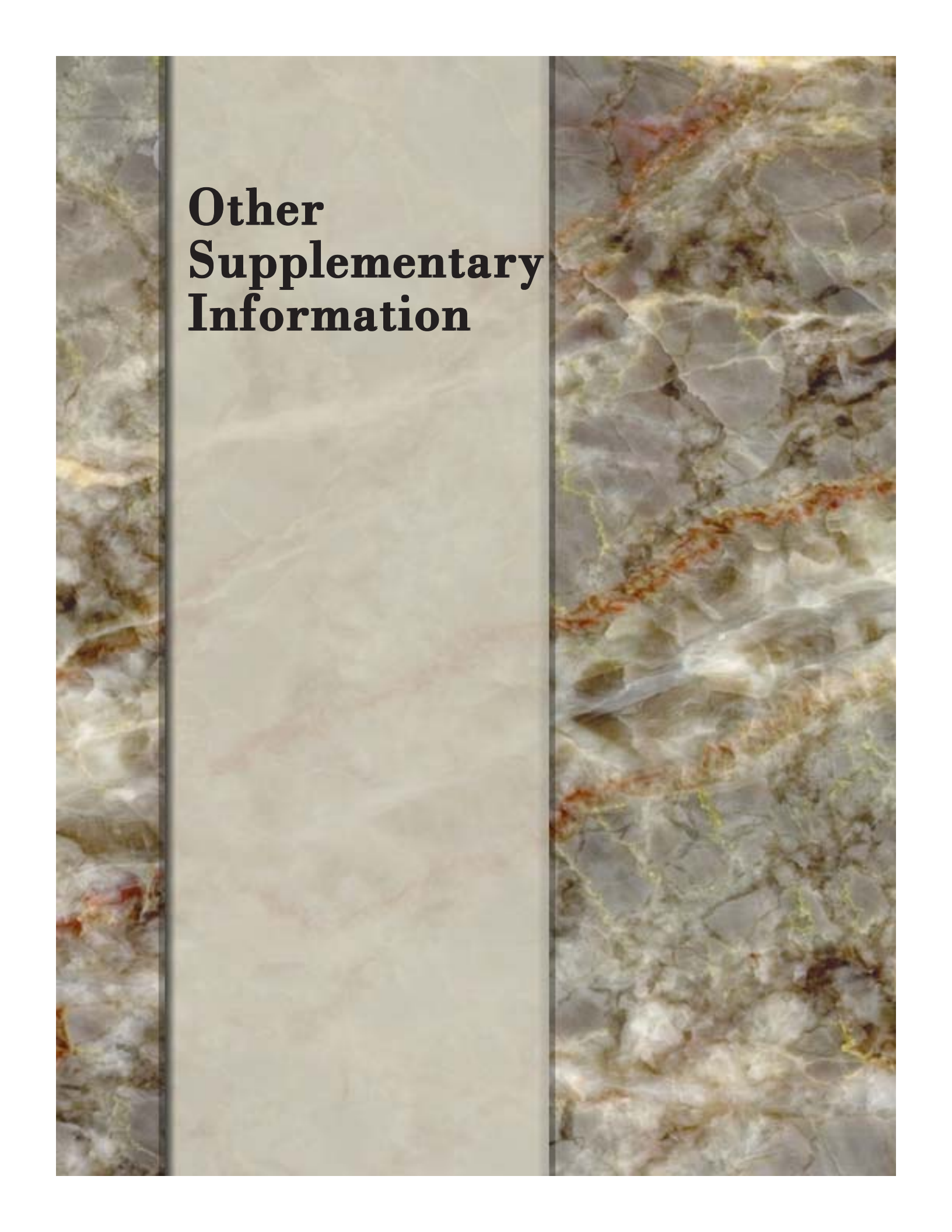
**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Notes to Required Supplementary Information**  
**On Budgetary Accounting and Control**  
*Year Ending June 30, 2004*

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction, which is in accordance with generally accepted accounting principles. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub-function level in the General Fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by the School Board resolution.

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

- Based upon requests from district staff, district administration recommends budget proposals to the School Board.
- The School Board 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 School Board may alter the proposed budget.
- After the School Board (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 School Board.
- Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a reserve of fund balance.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year. Encumbrances outstanding at year-end (e.g., purchase orders, contracts) are reported as reservations of fund balances.

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The image shows a book cover or endpaper with a marbled paper design. The marbling consists of irregular, overlapping shapes in shades of grey, white, and light brown, with some darker brown and yellowish veins. A vertical band of plain, cream-colored paper runs down the center of the page. The text is printed in a bold, black, serif font on the left side of this central band.

**Other  
Supplementary  
Information**

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**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**As of June 30, 2004**

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Gov't Funds</b>
	<b>TEACH Fund</b>	<b>Head Start Fund</b>	<b>Community Service Fund</b>	
<b>Assets</b>				
Cash and investments	\$ 3,723	\$ -	\$ 413,262	\$ 416,985
Due from other governments	-	276,019	113	276,132
<b>Total assets</b>	<b>3,723</b>	<b>276,019</b>	<b>413,375</b>	<b>693,117</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Due to other funds	-	276,019	-	276,019
<b>Total liabilities</b>	<b>-</b>	<b>276,019</b>	<b>-</b>	<b>276,019</b>
<b>Fund Balances:</b>				
Reserved for:				
Special revenue funds	3,723	-	-	3,723
Unreserved-designated	-	-	413,375	413,375
<b>Total fund balances</b>	<b>3,723</b>	<b>-</b>	<b>413,375</b>	<b>417,098</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,723</b>	<b>\$ 276,019</b>	<b>\$ 413,375</b>	<b>\$ 693,117</b>

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2004**

	<u>Special Revenue Funds</u>			<u>Total Gov't Funds</u>
	<u>TEACH Fund</u>	<u>Head Start Fund</u>	<u>Community Service Fund</u>	
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ 1,149,130	\$ 1,149,130
Other local sources	3,723	-	176,215	179,938
Federal sources	-	1,732,929	-	1,732,929
<b>Total revenues</b>	<b>3,723</b>	<b>1,732,929</b>	<b>1,325,345</b>	<b>3,061,997</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Special Education	-	967,209	-	967,209
<b>Total Instruction</b>	<b>-</b>	<b>967,209</b>	<b>-</b>	<b>967,209</b>
<b>Support Services</b>				
Pupil services	-	173,310	-	173,310
Instructional staff services	-	26,704	-	26,704
School building administration	-	178,967	-	178,967
Business administration	-	386,740	785,807	1,172,547
Community Service	-	-	444,890	444,890
<b>Total support services</b>	<b>-</b>	<b>765,720</b>	<b>1,230,697</b>	<b>1,996,417</b>
<b>Capital Outlay:</b>				
Capital Outlay	513,941	-	-	513,941
<b>Total expenditures</b>	<b>513,941</b>	<b>1,732,929</b>	<b>1,230,697</b>	<b>3,477,567</b>
<b>Net Change in Fund Balances</b>	<b>(510,218)</b>	<b>-</b>	<b>94,648</b>	<b>(415,570)</b>
<b>Fund balances - beginning of year</b>	<b>513,941</b>	<b>-</b>	<b>318,727</b>	<b>832,668</b>
<b>Fund balances - end of year</b>	<b>\$ 3,723</b>	<b>\$ -</b>	<b>\$ 413,375</b>	<b>\$ 417,098</b>

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Comparative Balance Sheets**  
**General Fund**  
**As of June 30, 2004 and 2003**

	<b>2004</b>	<b>2003</b>
<b>Assets</b>		
Cash and investments	\$ 5,469,508	\$ 30,644,237
Receivables:		
Taxes	11,989,843	11,018,327
Accounts	480,678	344,099
Due from other funds	2,529,675	939,789
Due from other governments	5,879,577	4,405,868
Inventories and prepaid items	3,512,730	3,497,848
Restricted assets		
Cash and investments	31,177,855	27,477,423
Interest Receivable	-	90,044
<b>Total assets</b>	<b>61,039,866</b>	<b>78,417,635</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Short-term notes payable	31,277,140	23,000,000
Accounts payable	2,061,507	2,519,108
Accrued Liabilities		
Payroll, payroll taxes, insurance	14,205,755	11,055,760
Interest	461,556	244,055
Liabilities payable - restricted assets		
Short-term notes payable	-	27,000,000
Accrued interest payable	-	388,500
Deferred revenue	-	270,432
<b>Total liabilities</b>	<b>48,005,958</b>	<b>64,477,855</b>
 <b>Fund Balances:</b>		
Reserved for:		
Inventories and Prepaids	3,512,730	3,497,848
Encumbrances	792,147	1,081,989
Unreserved:		
Designated		
For working capital	8,729,031	9,359,943
<b>Total fund balances</b>	<b>13,033,908</b>	<b>13,939,780</b>
 <b>Total liabilities and fund balances</b>	<b>\$ 61,039,866</b>	<b>\$ 78,417,635</b>

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**  
**For the Years Ended June 30, 2004 and 2003**

	2004			2003		
	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>						
Property taxes	\$ 50,091,171	\$ 50,021,358	\$ (69,813)	\$ 46,151,984	\$ 46,327,887	\$ 175,903
Other local sources	2,320,439	2,445,531	125,092	2,417,948	2,184,371	(233,577)
Interdistrict sources	135,000	136,997	1,997	156,395	133,647	(22,748)
Intermediate sources	191,804	171,117	164,681	164,681	167,562	2,881
State sources	118,128,790	118,340,774	211,984	112,627,337	112,476,565	(150,772)
Federal sources	7,956,820	7,799,836	(156,983)	9,049,309	7,374,832	(1,674,477)
Other sources	779,826	711,330	(68,496)	779,826	927,685	147,859
<b>Total revenues</b>	<b>179,603,849</b>	<b>179,626,944</b>	<b>208,462</b>	<b>171,347,480</b>	<b>169,592,549</b>	<b>(1,754,931)</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
Regular instruction	87,221,029	89,306,714	(2,085,685)	78,556,205	81,674,823	(3,118,618)
Vocational instruction	4,475,785	4,336,349	139,436	4,620,568	3,807,839	812,729
Other instruction	7,153,546	7,025,437	128,108	6,556,442	6,423,582	132,860
<b>Total instruction</b>	<b>98,850,359</b>	<b>100,668,500</b>	<b>(1,818,141)</b>	<b>89,733,215</b>	<b>91,906,244</b>	<b>(2,173,029)</b>
<b>Support Services</b>						
Pupil services	7,862,319	7,656,276	206,043	8,237,576	7,363,475	874,101
Instructional staff services	10,384,455	9,969,633	414,822	10,034,712	9,583,650	451,062
General administration services	932,364	1,004,134	(71,769)	1,065,095	1,010,814	54,281
Building administration services	10,250,102	10,204,889	45,213	9,283,784	9,648,667	(364,883)
Business services	1,613,213	1,083,125	530,089	1,268,685	1,039,730	228,955
Operations and maintenance	21,866,632	21,224,732	641,900	22,177,509	22,307,583	(130,074)
Pupil transportation	3,395,740	2,942,273	453,467	3,595,703	2,921,581	674,122
Central services	4,100,456	3,826,479	273,976	3,935,029	3,894,591	40,438
Insurance	845,423	464,595	380,828	721,982	351,483	370,499
Principal and interest	463,573	889,307	(425,734)	840,350	1,057,009	(216,659)
Other support services	210,403	137,268	73,135	2,134,588	435,091	1,699,497
Pymt to Wisconsin Retirement System for past service costs	-	-	-	-	16,311,014	(16,311,014)
<b>Total support services</b>	<b>61,924,680</b>	<b>59,402,710</b>	<b>2,521,970</b>	<b>63,295,013</b>	<b>75,924,688</b>	<b>(12,629,675)</b>
<b>Total expenditures</b>	<b>160,775,039</b>	<b>160,071,210</b>	<b>703,829</b>	<b>153,028,228</b>	<b>167,830,932</b>	<b>(14,802,704)</b>
Excess (deficiency) of revenues over expenditures	18,828,810	19,555,734	726,924	18,319,252	1,761,617	(16,557,635)
<b>Other Financing Sources (Uses):</b>						
Transfer to	(20,183,934)	(20,461,606)	(277,673)	(19,930,993)	(19,088,717)	842,276
Transfer from	-	-	-	-	16,311,014	16,311,014
<b>Net Change in Fund Balance</b>	<b>(1,355,123)</b>	<b>(905,872)</b>	<b>449,251</b>	<b>(1,611,741)</b>	<b>(1,016,086)</b>	<b>595,655</b>
Fund balance - beginning of year	13,939,780	13,939,780	-	14,955,866	14,955,866	-
<b>Fund balance - end of year</b>	<b>\$ 12,584,657</b>	<b>\$ 13,033,908</b>	<b>\$ 449,251</b>	<b>\$ 13,344,125</b>	<b>\$ 13,939,780</b>	<b>\$ 595,655</b>

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Comparative Balance Sheets**  
**Special Education Fund**  
**As of June 30, 2004 and 2003**

	<b>2004</b>	<b>2003</b>
<b>Assets</b>		
Due from other governments	\$ 1,036,749	\$ 554,439
<b>Total assets</b>	<b>1,036,749</b>	<b>554,439</b>
 <b>Liabilities and Fund Balance</b>		
<b>Liabilities:</b>		
Due to other funds	1,036,749	554,439
<b>Total Liabilities</b>	<b>1,036,749</b>	<b>554,439</b>
 <b>Fund Balances:</b>		
	-	-
<b>Total liabilities and fund balances</b>	<b>\$ 1,036,749</b>	<b>\$ 554,439</b>

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**Special Education Fund**  
**For the Years Ended June 30, 2004 and 2003**

	2004			2003		
	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>						
Other local sources	\$ -	\$ 4,290	\$ 4,290	\$ -	\$ 3,650	\$ 3,650
State sources	7,953,171	7,672,650	(280,521)	7,714,997	7,307,740	(407,257)
Federal sources	3,439,625	3,730,522	3,281,170	3,281,170	2,840,351	(440,819)
<b>Total revenues</b>	<b>11,392,796</b>	<b>11,407,462</b>	<b>3,004,939</b>	<b>10,996,167</b>	<b>10,151,741</b>	<b>(844,426)</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
Vocational instruction	303,927	315,018	(11,091)	190,142	190,088	54
Special instruction	25,225,820	24,582,725	643,095	23,151,150	22,368,025	783,125
<b>Total instruction</b>	<b>25,529,747</b>	<b>24,897,743</b>	<b>632,004</b>	<b>23,341,292</b>	<b>22,558,113</b>	<b>783,179</b>
<b>Support Services</b>						
Pupil services	3,762,103	3,804,286	(42,183)	3,093,137	3,585,556	(492,419)
Instructional staff services	762,349	830,634	(68,286)	922,696	785,172	137,524
Business administration	21,000	19,206	1,794	18,200	11,981	6,219
Pupil transportation	1,955,000	2,217,985	(262,985)	1,816,308	2,227,248	(410,940)
Other support services	3,000	3,358	(358)	259,290	7,151	252,139
<b>Total support services</b>	<b>6,503,451</b>	<b>6,875,469</b>	<b>(372,018)</b>	<b>6,109,631</b>	<b>6,617,108</b>	<b>(507,477)</b>
<b>Total expenditures</b>	<b>32,033,198</b>	<b>31,773,212</b>	<b>259,987</b>	<b>29,450,923</b>	<b>29,175,221</b>	<b>275,702</b>
Excess (deficiency) of revenues over expenditures	<b>(20,640,402)</b>	<b>(20,365,750)</b>	<b>274,652</b>	<b>(18,454,756)</b>	<b>(19,023,480)</b>	<b>(568,724)</b>
<b>Other Financing Sources</b>						
Transfer from general fund	<b>20,640,402</b>	<b>20,365,750</b>	<b>(274,652)</b>	<b>18,454,756</b>	<b>19,023,480</b>	<b>568,724</b>
<b>Net Change in Fund Balance</b>	-	-	-	-	-	-
<b>Fund balance - beginning of year</b>	-	-	-	-	-	-
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**KENOSHA UNIFIED SCHOOL DISTRICT NO 1**  
**Comparative Balance Sheets**  
**Debt Service Fund**  
**As of June 30, 2004 and 2003**

	<b>2004</b>	<b>2003</b>
<b>Assets</b>		
Cash and investments	\$ 2,707,706	\$ 2,709,815
<b>Total assets</b>	<b>2,707,706</b>	<b>2,709,815</b>
 <b>Liabilities and Fund Balances</b>		
Due to other funds	130,888	-
<b>Total liabilities</b>	<b>130,888</b>	<b>-</b>
 <b>Fund Balances:</b>		
Reserved for debt service	2,576,818	2,709,815
<b>Total fund balances</b>	<b>2,576,818</b>	<b>2,709,815</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,707,706</b>	<b>\$ 2,709,815</b>

**KENOSHA UNIFIED SCHOOL DISTRICT NO 1**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**Debt Service Fund**  
**For the Years Ended June 30, 2004 and 2003**

	2004			2003		
	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>						
Property taxes	\$ 10,798,300	\$ 10,656,458	\$ (141,842)	\$ 9,736,163	\$ 9,736,163	\$ -
Miscellaneous Revenue		20,695	20,695			
Earnings on investments	-	36,584	36,584		124,802	124,802
<b>Total revenues</b>	<b>10,798,300</b>	<b>10,713,737</b>	<b>(84,563)</b>	<b>9,736,163</b>	<b>9,860,965</b>	<b>124,802</b>
<b>Expenditures:</b>						
<b>Support Services</b>						
Debt service						
Principal	6,221,019	11,431,378	(5,210,359)	5,180,885	21,595,884	(16,414,999)
Interest and fiscal charges	4,710,893	4,743,610	(32,718)	4,282,133	4,477,321	(195,188)
<b>Total expenditures</b>	<b>10,931,912</b>	<b>16,174,988</b>	<b>(5,243,076)</b>	<b>9,463,018</b>	<b>26,073,205</b>	<b>(16,610,187)</b>
Excess (deficiency) of revenues over expenditures	(133,613)	(5,461,251)	(5,327,639)	273,145	(16,212,241)	(16,485,385)
<b>Other Financing Sources (Uses)</b>						
Transfer to	-	-	-	-	(16,381,376)	(16,381,376)
Transfer from	141,752	228,254	86,502	102,318	102,318	-
Debt financing	-	5,100,000	5,100,000	-	33,125,000	33,125,000
<b>Net Change in Fund Balance</b>	<b>8,140</b>	<b>(132,997)</b>	<b>(141,137)</b>	<b>375,462</b>	<b>633,701</b>	<b>258,239</b>
<b>Fund balance - beginning of year</b>	<b>2,709,815</b>	<b>2,709,815</b>	<b>-</b>	<b>2,076,114</b>	<b>2,076,114</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 2,717,955</b>	<b>\$ 2,576,818</b>	<b>\$ (141,137)</b>	<b>\$ 2,451,576</b>	<b>\$ 2,709,815</b>	<b>\$ 258,239</b>

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Comparative Balance Sheets**  
**Capital Projects Fund**  
**As of June 30, 2004 and 2003**

	<b>2004</b>	<b>2003</b>
<b>Assets</b>		
Cash & Investments	\$ 1,774,760	\$ 13,606,444
Accounts Receivable	-	61,805
<b>Total assets</b>	<b>1,774,760</b>	<b>13,668,249</b>
 <b>Liabilities and Fund Balance</b>		
<b>Liabilities:</b>		
Accounts payable	-	563,728
Due to other funds	1,010,494	-
<b>Total Liabilities</b>	<b>1,010,494</b>	<b>563,728</b>
 <b>Fund Balances:</b>		
Reserved for capital projects	764,266	13,104,521
<b>Total fund balances</b>	<b>764,266</b>	<b>13,104,521</b>
 <b>Total liabilities and fund balances</b>	 <b>\$ 1,774,760</b>	 <b>\$ 13,668,249</b>

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**Capital Projects Fund**  
**For the Years Ended June 30, 2004 and 2003**

	2004			2003		
	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>						
Interest income	\$ 103,000	\$ 225,260	122,260	\$ -	\$ 218,648	\$ 218,648
<b>Total revenues</b>	<b>103,000</b>	<b>225,260</b>	<b>122,260</b>	<b>-</b>	<b>218,648</b>	<b>218,648</b>
<b>Expenditures:</b>						
<b>Capital Outlay</b>						
New elementary construction	12,834,000	12,678,710	155,290	5,511,873	1,596,030	3,915,843
New middle school construction	-	61,805	(61,805)	-	3,157,361	(3,157,361)
New business system	-	-	-	-	168,971	(168,971)
<b>Total expenditures</b>	<b>12,834,000</b>	<b>12,740,515</b>	<b>93,485</b>	<b>5,511,873</b>	<b>4,922,362</b>	<b>589,511</b>
Excess (deficiency) of revenues over expenditures	<b>(12,731,000)</b>	<b>(12,515,255)</b>	<b>215,745</b>	<b>(5,511,873)</b>	<b>(4,703,714)</b>	<b>808,159</b>
<b>Other Financing Sources</b>						
Transfer from	-	-	-	-	70,361	(70,361)
Proceeds from debt financing	-	175,000	175,000	14,855,000	14,975,000	120,000
<b>Net Change in Fund Balance</b>	<b>(12,731,000)</b>	<b>(12,340,255)</b>	<b>390,745</b>	<b>9,343,127</b>	<b>10,341,647</b>	<b>998,520</b>
<b>Fund balance - beginning of year</b>	<b>13,104,521</b>	<b>13,104,521</b>	<b>-</b>	<b>2,762,874</b>	<b>2,762,874</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 373,521</b>	<b>\$ 764,266</b>	<b>\$ 390,745</b>	<b>\$ 12,106,001</b>	<b>\$ 13,104,521</b>	<b>\$ 998,520</b>

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Comparative Balance Sheets**  
**TEACH Fund**  
**As of June 30, 2004 and 2003**

	2004	2003
<b>Assets</b>		
Cash	\$ 3,723	\$ 513,941
<b>Total assets</b>	<b>3,723</b>	<b>513,941</b>
 <b>Liabilities and Fund Balances</b>		
 <b>Fund Balances:</b>		
Reserved for technology	3,723	513,941
<b>Total fund balances</b>	<b>3,723</b>	<b>513,941</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,723</b>	<b>\$ 513,941</b>

**KENSOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**TEACH Fund**  
**For the Years Ended June 30, 2004 and 2003**

	2004			2003		
	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>						
Other local sources	\$ -	\$ 3,723	\$ 3,723	\$ -	\$ 6,758	\$ -
State sources	-	-	-	771,338	822,899	51,561
<b>Total revenues</b>	<b>-</b>	<b>3,723</b>	<b>3,723</b>	<b>771,338</b>	<b>829,657</b>	<b>51,561</b>
<b>Expenditures:</b>						
Regular Instruction	510,441	510,865	(424)	771,686	483,010	288,676
<b>Total instruction</b>	<b>510,441</b>	<b>510,865</b>	<b>(424)</b>	<b>771,686</b>	<b>483,010</b>	<b>288,676</b>
<b>Support Services</b>						
Business administration	3,500	3,076	424	21,000	46,825	(25,825)
<b>Total support services</b>	<b>3,500</b>	<b>3,076</b>	<b>424</b>	<b>21,000</b>	<b>46,825</b>	<b>(25,825)</b>
<b>Total expenditures</b>	<b>513,941</b>	<b>513,941</b>	<b>-</b>	<b>792,686</b>	<b>529,835</b>	<b>262,851</b>
<b>Net Change in Fund Balance</b>	<b>(513,941)</b>	<b>(510,218)</b>	<b>3,723</b>	<b>(21,348)</b>	<b>299,822</b>	<b>321,170</b>
<b>Fund balance - beginning of year</b>	<b>513,941</b>	<b>513,941</b>	<b>-</b>	<b>214,119</b>	<b>214,119</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ 3,723</b>	<b>\$ 3,723</b>	<b>\$ 192,771</b>	<b>\$ 513,941</b>	<b>\$ 321,170</b>

**KENOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Comparative Balance Sheets**  
**Head Start Fund**  
**As of June 30, 2004 and 2003**

	<b>2004</b>	<b>2003</b>
<b>Assets</b>		
Due from other governments	\$ 276,019	\$ 230,842
<b>Total assets</b>	<b>276,019</b>	<b>230,842</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Due to other funds	276,019	230,842
<b>Total liabilities</b>	<b>276,019</b>	<b>230,842</b>
 <b>Fund Balances:</b>		
<b>Total liabilities and fund balances</b>	<b>\$ 276,019</b>	<b>\$ 230,842</b>

**KENSOSHA UNIFIED SCHOOL DISTRICT NO. 1**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**Head Start Fund**  
**For the Years Ended June 30, 2004 and 2003**

	2004			2003		
	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>						
Federal sources	\$ 1,721,843	\$ 1,732,929	\$ 11,086	\$ 1,614,183	\$ 1,673,882	\$ 59,699
<b>Total revenues</b>	<b>1,721,843</b>	<b>1,732,929</b>	<b>11,086</b>	<b>1,614,183</b>	<b>1,673,882</b>	<b>59,699</b>
<b>Expenditures:</b>						
Special education	878,840	967,209	(88,369)	884,111	902,037	(17,926)
<b>Total instruction</b>	<b>878,840</b>	<b>967,209</b>	<b>(88,369)</b>	<b>884,111</b>	<b>902,037</b>	<b>(17,926)</b>
<b>Support Services</b>						
Pupil services	188,172	173,310	14,862	277,386	208,746	68,640
Instructional staff services	29,890	26,704	3,186	26,690	24,612	2,078
School building administration	185,456	178,967	6,489	162,641	170,129	(7,488)
Business administration	439,485	386,740	52,746	263,354	368,358	(105,004)
<b>Total support services</b>	<b>843,003</b>	<b>765,720</b>	<b>77,283</b>	<b>730,072</b>	<b>771,845</b>	<b>(41,773)</b>
<b>Total expenditures</b>	<b>1,721,843</b>	<b>1,732,929</b>	<b>(11,086)</b>	<b>1,614,183</b>	<b>1,673,882</b>	<b>(59,699)</b>
<b>Net Change in Fund Balance</b>	-	-	-	-	-	-
<b>Fund balance - beginning of year</b>	-	-	-	-	-	-
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**KENOSHA UNIFIED SCHOOL DISTRICT NO 1**  
**Comparative Balance Sheets**  
**Community Service Fund**  
**As of June 30, 2004 and 2003**

	2004	2003
<b>Assets</b>		
Cash and investments	\$ 413,262	\$ 318,727
Due from other governments	113	-
<b>Total assets</b>	<b>413,375</b>	<b>318,727</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accrued payroll and payroll taxes	-	-
<b>Total liabilities</b>	-	-
 <b>Fund Balances:</b>		
Designated	413,375	318,727
<b>Total fund balances</b>	<b>413,375</b>	<b>318,727</b>
 <b>Total liabilities and fund balances</b>	<b>\$ 413,375</b>	<b>\$ 318,727</b>

**KENSOHA UNIFIED SCHOOL DISTRICT NO 1**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**Community Service Fund**  
**For the Years Ended June 30, 2004 and 2003**

	2004			2003		
	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>						
Property taxes	\$ 1,145,626	\$ 1,149,130	\$ 3,504	\$ 962,626	\$ 965,574	\$ 2,948
Other local sources	100,662	176,215	75,553	112,880	119,654	6,774
<b>Total revenues</b>	<b>1,246,288</b>	<b>1,325,345</b>	<b>79,057</b>	<b>1,075,506</b>	<b>1,085,228</b>	<b>9,722</b>
<b>Expenditures:</b>						
<b>Support Services</b>						
Business administration	785,807	785,807	-	477,960	497,914	(19,954)
Community service	498,152	444,890	53,261	557,701	573,889	(16,188)
<b>Total expenditures</b>	<b>1,283,959</b>	<b>1,230,697</b>	<b>53,261</b>	<b>1,035,661</b>	<b>1,071,804</b>	<b>(36,143)</b>
<b>Net Change in Fund Balance</b>	<b>(37,671)</b>	<b>94,648</b>	<b>132,318</b>	<b>39,845</b>	<b>13,424</b>	<b>(26,421)</b>
<b>Fund balance - beginning of year</b>	<b>318,727</b>	<b>318,727</b>	<b>-</b>	<b>305,303</b>	<b>305,303</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 281,056</b>	<b>\$ 413,375</b>	<b>\$ 132,318</b>	<b>\$ 345,148</b>	<b>\$ 318,727</b>	<b>\$ (26,421)</b>

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# **Statistical Section**

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## Kenosha Unified School District No. 1 Governmental Fund Types Revenues by Source 1993 - 2004

Year Ended June 30	General Fund and Special Revenue Funds									
	Local Tax Levy	General & Community Services	Debt Service	Local Sources	Inter-mediate & Inter-district Sources (a)	State Sources	Federal Sources	Other Sources	Debt Service Local Sources	Capital Projects Local Sources
2004	\$ 51,170,488	\$10,656,458	\$2,666,343	\$319,167	\$126,002,371	\$13,263,288	\$ 711,330	\$ 20,695	\$ 225,260	\$205,035,400
2003	47,293,461	9,736,163	2,314,433	301,209	120,607,204	11,889,064	927,685	124,802	218,648	193,412,669
2002	46,167,357	8,335,754	3,243,366	299,247	112,563,765	10,748,905	1,146,690	-	827,846	183,332,930
2001	43,443,564	7,219,100	4,007,596	380,579	104,705,977	9,541,582	2,818,846	221,888	53,777	172,392,909
2000	36,640,747	7,350,657	7,418,502	272,722	101,225,376	10,612,160	798,546	-	120,165	164,438,875
1999	36,633,566	7,530,563	5,291,142	386,417	93,517,803	8,905,279	673,528	1,277	394,931	153,334,506
1998	35,692,383	7,641,566	4,298,588	393,314	86,680,056	7,848,510	812,216	-	1,067,958	144,434,591
1997	36,784,343	7,585,137	3,980,249	211,681	79,241,602	7,849,349	155,674	-	397,721	136,205,756
1996	50,672,134	5,136,984	2,974,889	-	58,886,208	7,102,471	1,058,742	147,336	357,018	126,335,782
1995	51,688,660	4,460,922	2,539,533	-	52,103,132	6,688,912	1,221,508	141,942	342,265	119,186,874
1994	53,526,796	5,834,873	1,859,196	-	44,215,652	6,341,385	1,112,525	161,612	202,847	113,254,886
1993	50,339,062	3,346,117	1,967,041	-	41,743,028	5,468,304	1,032,766	53,911	548,369	104,498,598

(a) - Source category not reported separately prior to 1997.

Source: Kenosha Unified School District No. 1 annual financial reports

# Kenosha Unified School District No. 1 Governmental Fund Type Expenditures by Function

Year Ended June 30	GOVERNMENTAL FUND TYPES						Total
	Instruction	Support Services	Community Services	Operational Total	Debt Service	Capital Projects	
2004	\$125,341,586	\$ 64,821,677	\$ 444,890	\$190,608,153	\$17,064,295	\$16,565,044	\$ 224,237,492
2003	115,280,152	84,427,634	573,889	200,281,675	26,073,205	4,922,362	231,277,242
2002	108,584,220	65,004,364	537,663	174,126,247	30,241,888	18,093,218	222,461,353
2001	103,840,447	63,700,617	415,959	167,957,023	7,334,100	1,866,361	177,157,484
2000	92,662,349	61,734,001	375,391	154,771,741	7,467,213	2,716,928	164,955,882
1999	87,463,531	56,307,332	421,668	144,192,531	7,643,912	5,612,293	157,448,736
1998	82,283,076	50,579,932	468,110	133,331,118	7,244,878	15,240,599	155,816,595
1997	78,540,136	47,786,161	430,740	126,757,037	7,467,258	8,176,627	142,400,922
1996	73,620,092	44,976,163	422,625	119,018,880	5,106,958	2,359,427	126,485,265
1995	69,498,135	42,052,978	417,242	111,968,355	5,220,976	7,572,219	124,761,550
1994	66,281,078	40,728,533	420,601	107,430,212	5,273,398	10,972,088	123,675,698
1993	62,172,069	37,477,922	436,779	100,086,770	4,302,291	16,679,785	121,068,846

Source: Kenosha Unified School District No. 1 annual financial reports

## Kenosha Unified School District No. 1 Historical Student Enrollment (K-12)

YEAR ENDED JUNE 30	ENROLLMENT	ENROLLMENT INCREASE	PERCENT INCREASE
1994	17,678	613	3.59%
1995	18,243	565	3.20%
1996	18,702	459	2.52%
1997	19,046	344	1.84%
1998	19,345	299	1.57%
1999	19,565	220	1.14%
2000	19,657	92	0.47%
2001	20,158	501	2.55%
2002	20,600	442	2.19%
2003	21,146	546	2.65%
2004	21,504	358	1.69%
2005	21,859	355	1.65%
<i>Projected</i>			
2006	22,141	282	1.29%
2007	22,408	267	1.21%
2008	22,711	303	1.35%

Source: Kenosha Unified School District No.1 3rd Friday September reports

## Kenosha Unified School District No. 1 Property Tax Levies and Collections

Year Ended June 30	Total Tax Levy - All Funds	Percent of Current			Total Tax Collections (a)	Ratio of Total Tax Collections to Total Levy
		Current Tax Collections	Taxes Collected	Prior Year Tax Collections		
2004	\$61,560,509	\$49,488,812	0.8039052	\$ 11,018,327	\$60,507,139	0.982889
2003	56,620,526	45,845,758	0.8097021	10,667,829	56,513,587	0.998111
2002	54,268,974	43,601,146	0.8034268	10,185,463	53,786,609	0.991112
2001	50,662,664	40,477,201	0.7989552	8,868,768	49,345,969	0.974011
2000	43,991,404	35,122,636	0.7983977	8,876,915	43,999,551	1.000185
1999	44,164,129	35,287,214	0.7990017	9,259,570	44,546,784	1.008664
1998	43,333,949	34,074,379	0.7863207	9,784,210	43,858,589	1.012107
1997	44,369,480	34,585,270	0.7794833	11,193,655	45,778,925	1.031766
1996	55,809,118	44,615,463	0.7994296	10,836,542	55,452,005	0.993601
1995	56,149,582	45,313,040	0.8070058	11,949,076	57,262,116	1.019814
1994	59,361,669	47,412,593	0.7987072	12,002,943	59,415,536	1.000907
1993	53,685,179	41,682,236	0.7764198	9,055,087	50,737,323	0.945090

(a) - Includes general, special revenue and debt service funds.

Source: Kenosha School District No. 1 audited financial records.

## Kenosha Unified School District No. 1 Assessed and Estimated Actual Value of Taxable Property

Year Ended June 30	City of Kenosha			Township of Somers		Total District Assessed Value	Total District Equalized Value	Ratio of Assessed Value to Equalized Value	Percent Change in Equalized Value
	Assessed Value	Village of Pleasant Prairie Assessed Value		Assessed Value					
2004	\$5,120,051,200	\$ 2,071,092,200		\$500,548,100		<b>\$7,691,691,500</b>	\$ 6,811,019,618	1.12930	16.7%
2003	4,320,217,200	1,694,626,900		481,334,600		<b>6,496,178,700</b>	6,486,760,845	1.00145	11.2%
2002	4,346,974,500	1,626,455,500		475,374,500		<b>6,448,804,500</b>	6,292,405,445	1.02486	23.6%
2001	3,790,710,500	1,403,580,200		495,337,900		<b>5,689,628,600</b>	5,834,033,123	0.97525	14.6%
2000	3,715,074,000	1,353,265,600		407,175,700		<b>5,475,515,300</b>	5,090,465,630	1.07564	13.9%
1999	3,231,528,000	1,181,801,400		414,040,900		<b>4,827,370,300</b>	4,467,982,803	1.08044	7.9%
1998	3,218,716,000	1,125,372,900		409,799,300		<b>4,753,888,200</b>	4,139,444,953	1.14844	5.6%
1997	2,837,225,000	940,814,400		359,124,200		<b>4,137,163,600</b>	3,921,012,700	1.05513	4.4%
1996	2,750,399,000	868,802,300		347,782,900		<b>3,966,984,200</b>	3,755,180,100	1.05640	9.0%
1995	2,671,156,000	758,489,300		342,555,700		<b>3,772,201,000</b>	3,445,569,800	1.09480	3.2%
1994	2,627,809,000	725,166,100		336,304,900		<b>3,689,280,000</b>	3,338,692,301	1.10501	9.7%
1993	2,135,499,000	588,558,600		270,300,600		<b>2,994,358,200</b>	3,042,435,900	0.98420	10.4%

Source: Kenosha School District No. 1 audited financial reports.

# Kenosha Unified School District No. 1 Equalized Property Tax Rates (per \$1000)

Year Ended June 30	Operating	Debt Service	Community Service	Total	Local	County	Tech College	Spec. Dist.	State	Gross Rate	Tax Credits	Net Rate
<b>District Rates within the City of Kenosha</b>												
2004	7.31	1.56	0.17	9.04	10.17	5.36	1.58	-	0.20	26.35	(1.24)	25.11
2003	7.30	1.55	0.15	9.00	10.18	5.37	1.60	-	0.20	26.35	(1.39)	24.96
2002	7.71	1.42	0.17	9.30	10.67	5.25	1.60	-	0.20	27.02	(1.32)	25.70
2001	7.88	1.35	0.07	9.30	10.34	4.91	1.60	-	0.20	26.35	(1.44)	24.91
2000	7.13	1.44	0.07	8.64	9.80	4.88	1.55	-	0.20	25.07	(1.64)	23.43
1999	8.12	1.68	0.08	9.88	9.90	4.90	1.57	-	0.20	26.45	(1.80)	24.65
1998	8.54	1.84	0.09	10.47	10.28	4.65	1.57	-	0.20	27.17	(2.05)	25.12
1997	9.29	1.94	0.09	11.32	9.95	4.59	1.58	-	0.20	27.64	(2.20)	25.44
1996	13.40	1.32	0.10	14.82	9.77	4.60	1.60	-	0.20	30.99	(1.62)	29.37
1995	14.85	1.45	0.10	16.40	9.99	4.39	1.62	-	0.20	32.60	(1.68)	30.92
1994	15.93	1.48	0.11	17.52	9.86	4.26	1.61	-	0.20	33.45	(1.67)	31.78
<b>District Rates within the Village of Pleasant Prairie</b>												
2004	7.34	1.57	0.15	9.06	3.68	4.74	1.41	-	0.20	19.09	(1.05)	18.04
2003	7.30	1.52	0.15	8.97	4.03	5.24	1.55	-	0.20	19.99	(1.19)	18.80
2002	7.30	1.54	0.15	8.99	3.81	5.02	1.47	-	0.20	19.49	(1.13)	18.36
2001	7.88	1.35	0.07	9.30	4.07	5.29	1.60	-	0.20	20.46	(1.09)	19.37
2000	7.13	1.44	0.07	8.64	4.08	5.26	1.55	-	0.20	19.73	(1.10)	18.63
1999	8.12	1.68	0.08	9.88	4.75	5.28	1.57	-	0.20	21.68	(1.28)	20.40
1998	8.54	1.84	0.09	10.47	4.65	5.03	1.57	-	0.20	21.92	(1.45)	20.47
1997	9.29	1.94	0.09	11.32	4.20	4.97	1.58	-	0.20	22.27	(1.80)	20.47
1996	13.40	1.32	0.10	14.82	3.64	4.94	1.60	-	0.20	25.20	(1.35)	23.85
1995	14.85	1.45	0.10	16.40	3.23	4.68	1.62	-	0.20	26.13	(1.45)	24.68
1994	15.93	1.48	0.11	17.52	3.15	4.54	1.61	-	0.20	27.02	(1.32)	25.70
<b>District Rates within the Township of Somers</b>												
2004	7.34	1.56	0.15	9.05	2.73	4.40	1.40	0.34	0.20	18.12	(1.21)	16.91
2003	7.32	1.56	0.15	9.03	3.24	4.69	1.48	0.36	0.20	19.00	(1.23)	17.77
2002	7.30	1.55	0.15	9.00	4.44	5.33	1.60	-	0.20	20.57	(1.16)	19.41
2001	7.88	1.35	0.07	9.30	3.11	5.29	1.60	-	0.20	19.50	(1.49)	18.01
2000	7.13	1.44	0.07	8.64	2.49	5.26	1.55	-	0.20	18.14	(1.69)	16.45
1999	8.12	1.68	0.08	9.88	2.31	5.28	1.57	-	0.20	19.24	(1.91)	17.33
1998	8.54	1.84	0.09	10.47	2.09	5.03	1.57	-	0.20	19.36	(2.01)	17.35
1997	9.29	1.94	0.09	11.32	1.80	4.98	1.58	-	0.20	19.88	(2.26)	17.62
1996	13.40	1.32	0.10	14.82	1.57	4.95	1.60	-	0.20	23.14	(1.60)	21.54
1995	14.85	1.45	0.10	16.40	1.19	4.68	1.62	0.36	0.20	24.45	(1.75)	22.70
1994	15.93	1.48	0.11	17.52	0.99	4.54	1.61	0.31	0.20	25.17	(1.66)	23.51

Source: Wisconsin Department of Revenue

## Kenosha Unified School District No. 1 Outstanding General Obligation Direct Debt as a Percentage of Equalized Value on a Per Capita Basis

Year Ended	Outstanding General Obligation Debt	Equalized Valuation	Percent of Equalized Value	Population (a)	G.O. Debt Per Capita
2004	\$ 92,800,005	\$6,811,019,618	1.36%	120,057	773
2003	98,956,383	6,486,760,845	1.53%	118,856	833
2002	72,452,267	5,957,077,923	1.22%	117,236	618
2001	78,528,100	5,446,360,813	1.44%	116,526	674
2000	62,295,000	5,090,465,630	1.22%	115,547	539
1999	66,345,000	4,467,982,803	1.48%	111,402	596
1998	70,345,000	4,139,444,953	1.70%	109,757	641
1997	73,870,000	3,921,012,700	1.88%	108,125	683
1996	51,420,000	3,755,180,100	1.37%	107,197	480
1995	53,595,000	3,455,569,800	1.55%	106,227	505
1994	49,695,000	3,338,629,301	1.49%	105,304	472
1993	40,120,000	3,042,435,900	1.32%	103,900	386

(a) - Estimated by the Wisconsin Department of Administration

Source: Kenosha School District No. 1 audited financial reports.

## Kenosha Unified School District No.1

### Ratio of Annual Debt Service To Total Governmental Expenditures

Year Ended June 30	G. O. Debt Interest Payments	G. O. Debt Principal Payments	Total G.O. Debt Service	Governmental Expenditures (a)	Ratio of Debt Service to Expenditures
2004	\$ 4,743,610	\$ 6,331,378	\$11,074,988	\$224,237,492	4.94%
2003	4,477,321	5,180,884	9,658,205	231,277,242	4.18%
2002	3,683,788	6,243,100	9,926,888	222,461,353	4.46%
2001	3,184,100	4,150,000	7,334,100	177,157,484	4.14%
2000	3,417,213	4,050,000	7,467,213	162,238,954	4.60%
1999	3,643,912	4,000,000	7,643,912	151,836,443	5.03%
1998	3,719,878	3,525,000	7,244,878	140,575,996	5.15%
1997	2,917,258	4,550,000	7,467,258	134,224,295	5.56%
1996	2,931,958	2,175,000	5,106,958	124,125,838	4.11%
1995	2,520,976	2,700,000	5,220,976	117,189,331	4.46%
1994	2,683,398	2,590,000	5,273,398	112,703,610	4.68%
1993	2,852,291	1,450,000	4,302,291	104,389,061	4.12%

(a) - Includes all governmental fund types.

Source: Kenosha School District No. 1 audited financial reports.

## Kenosha Unified School District No. 1 Population Data

Year Ended June 30	School District	City of Kenosha	Village of Pleasant Prairie	Town of Somers	Kenosha County
2004	120,057	93,008	18,122	9,195	156,209
2003	118,856	92,078	17,675	9,103	154,234
2002	117,236	91,853	17,077	9,074	149,577
2001	116,526	90,963	16,493	9,070	146,934
2000	115,547	90,352	16,136	9,059	144,834
1999	111,402	87,664	14,226	8,519	142,467
1998	109,757	87,314	14,077	8,410	141,474
1997	108,125	86,800	13,765	8,314	140,133
1996	107,197	85,685	13,360	8,152	138,049
1995	106,227	84,998	13,093	8,136	136,828
1994	105,304	84,394	12,845	8,065	135,049
1993	103,900	83,308	12,604	7,988	133,406

*Source: State of Wisconsin, Demographic Services Center*

## Kenosha Unified School District No. 1 Demographic Data

Jurisdiction	1999	%*	2000	%*	2001	%*	2002	%*	2004	%*
<b>Adjusted Gross Income (a)</b>										
State of Wisconsin	19,657	100%	20,503	100%	20,091	100%	20,895	100%	21,271	100%
Kenosha County	18,861	96%	19,994	98%	18,803	94%	19,461	93%	21,207	100%
City of Kenosha	19,267	98%	19,813	97%	18,761	93%	19,511	93%	21,265	100%
Village of Pleasant Prairie	18,139	92%	20,744	101%	19,792	99%	20,380	98%	21,945	103%
Town of Somers	13,117	67%	16,239	79%	13,423	67%	13,826	66%	15,070	71%
<b>Unemployment Rates (b)</b>										
State of Wisconsin	3.0%	100%	3.5%	100%	4.6%	100%	4.3%	100%	5.0%	100%
Kenosha PMSA	3.2%	107%	3.8%	109%	4.9%	107%	4.8%	112%	5.7%	114%
City of Kenosha	4.5%	150%	3.8%	109%	6.2%	135%	5.8%	135%	6.0%	120%
State of Wisconsin	32.9	100%	36.0	100%						
Kenosha County	32.5	99%	34.8	97%						
City of Kenosha	31.8	97%	33.6	93%						
Village of Pleasant Prairie	35.2	107%	37.0	103%						
Town of Somers	33.8	103%	34.6	96%						

Source: (a) Department of Revenue, State of Wisconsin  
(b) Department of Industry, Labor and Human Relations, State of Wisconsin  
\* - Percentage ratio to State

# Kenosha Unified School District No.1 District Taxpayer Income

Year	Total Income	Taxable Income	Net Tax
<b>2002</b>			
Amount	\$ 2,002,763,813	\$ 1,694,574,274	\$ 85,319,707
Number	49,228	39,937	37,246
Amount per Tax filer	\$ 40,683	\$ 42,431	\$ 2,291
Change from Prior Year	2.3%	3.9%	4.1%
<b>2001</b>			
Amount	\$ 1,916,775,607	\$ 1,620,911,230	\$ 81,615,721
Number	48,191	39,680	37,088
Amount per Tax filer	\$ 39,775	\$ 40,850	\$ 2,201
Change from Prior Year	1.3%	1.5%	-1.1%
<b>2000</b>			
Amount	\$ 1,884,464,573	\$ 1,608,670,166	\$ 83,512,748
Number	48,006	39,970	37,525
Amount per Tax filer	\$ 39,255	\$ 40,247	\$ 2,226
Change from Prior Year	3.7%	1.3%	-8.1%
<b>1999</b>			
Amount	\$ 1,788,691,011	\$ 1,661,609,669	\$ 93,709,465
Number	47,263	41,842	38,712
Amount per Tax filer	\$ 37,845	\$ 39,712	\$ 2,421
Change from Prior Year	2.3%	2.7%	8.1%
<b>1998</b>			
Amount	\$ 1,732,760,527	\$ 1,607,756,111	\$ 83,225,178
Number	46,861	41,583	37,174
Amount per Tax filer	\$ 36,977	\$ 38,664	\$ 2,239
Change from Prior Year	5.9%	6.8%	6.9%
<b>1997</b>			
Amount	\$ 1,627,796,103	\$ 1,498,097,653	\$ 82,182,729
Number	46,633	41,392	39,239
Amount per Tax filer	\$ 34,907	\$ 36,193	\$ 2,094
Change from Prior Year	6.0%	6.0%	6.7%
<b>1996</b>			
Amount	\$ 1,519,361,011	\$ 1,384,070,752	\$ 75,201,054
Number	46,125	40,540	38,305
Amount per Tax filer	\$ 32,940	\$ 34,141	\$ 1,963
Change from Prior Year	2.5%	2.4%	2.4%
<b>1995</b>			
Amount	\$ 1,479,209,985	\$ 1,340,700,854	\$ 72,768,635
Number	46,045	40,209	37,959
Amount per Tax filer	\$ 32,125	\$ 33,343	\$ 1,917
Change from Prior Year	5.0%	4.8%	5.1%
<b>1994</b>			
Amount	\$ 1,431,686,836	\$ 1,287,199,705	\$ 69,389,566
Number	46,783	40,440	38,039
Amount per Tax filer	\$ 30,603	\$ 31,830	\$ 1,824
Change from Prior Year	3.6%	4.8%	5.2%

Source: Wisconsin Department of Revenue

## Kenosha Unified School District No. 1 Staffing History

Employee Group	1994-95	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Administration	85.0	95.0	99.0	97.0	94.0	101.0	96.0	114.0	113.0
Teachers and instructional support	1,276.0	1,341.7	1,380.4	1,411.0	1,516.0	1,631.0	1,707.7	1,693.1	1,733.0
Secretarial & clerical	121.0	125.0	128.5	132.0	131.0	135.0	137.6	138.0	137.0
Educational assistants	284.0	330.6	328.2	345.0	353.0	329.0	294.5	302.8	303.5
Service employees	199.0	191.6	192.1	201.0	174.0	211.0	212.5	212.5	214.5
Interpreters	*	9.0	9.0	8.0	10.0	9.0	12.0	12.0	12.0
Other	25.0	25.7	24.5	26.0	46.0	75.0	26.4	23.5	26.9
	<u>1,990.0</u>	<u>2,118.5</u>	<u>2,161.7</u>	<u>2,220.0</u>	<u>2,324.0</u>	<u>2,491.0</u>	<u>2,486.7</u>	<u>2,495.9</u>	<u>2,539.9</u>

\* - Category not delineated in this year.

Source: Kenosha Unified School District No. 1 Personnel Department

## Kenosha Unified School District No. 1 Principal Taxpayers in District

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Net Taxes Paid</u>	<u>%</u>
WisPark Corporation	Industrial park developer	\$ 58,047,807	\$ 1,103,489	10%
DaimlerChrysler	Auto manufacturer	39,400,400	997,815	9%
Prime Outlets	Retail shopping	36,923,769	701,921	6%
Southport Plaza Ltd. Partners	Retail shopping	36,399,900	921,827	8%
Petretti Realty	Real estate / apartments	34,380,300	870,681	8%
Wisconsin Electric Power	Electric utility	Utility tax	752,976	7%
Center Point (CP Financing Trust)	Financial Institution	27,630,800	574,069	5%
Dairyland Greyhound Park	Dog race track	22,361,800	566,313	5%
Super Value Stores	Grocery wholesaler	27,312,259	598,843	5%
Edward Rose Associates	Real estate / apartments	22,963,400	581,548	5%
HiddenOak of Pleasant Prairie	Real estate	22,833,300	474,394	4%
Corpus Addison Venture I	Real estate/Video Distr.	21,710,700	451,070	4%
Woodman's Food Market Inc	Retail food store	15,700,500	397,615	4%
DS-Riverwood Apartments	Real estate	14,042,100	355,616	3%
Badger Re Portfolio	Financial Institution	13,988,500	354,259	3%
Shagbark Limited Partnership	Real estate	18,333,600	464,298	4%
Harvest States Company	Flour processor	15,311,900	387,774	4%
		<u>\$ 447,938,035</u>	<u>\$ 11,062,636</u>	<u>100%</u>

Source: Kenosha Unified School District No. 1 bond official statements

## Kenosha Unified School District No. 1 Major Employers in District

Employers	Type of Business	No. of Employees (a)	%
Kenosha Unified School District	Education	2,540	18%
DaimlerChrysler	Automobile manufacturer	2,350	17%
United Hospital System	Medical facility	1,766	13%
Aurora Medical Group, Inc.	Medical facility	900	6%
Kenosha County	County government	1,041	7%
City of Kenosha	City government	730	5%
Super Valu Inc.	Food distribution center	750	5%
Prime Outlets (b)	Retail shopping center	700	5%
University of Wisconsin - Parkside	Education	625	4%
Albany-Chicago Company	Aluminum die casting /machining	430	3%
Deluxe Video Services	Pre-recorded video cassettes	412	3%
Iris U.S.A. Inc.	Plastic consumer products	395	3%
Dairyland Greyhound Park	Greyhound race track	390	3%
Jockey International, Inc.	Clothing manufacturer	385	3%
Sanmina Corporation	Electronic assembly	300	2%
		<u>14,114</u>	<u>100%</u>

(a) - Full time equivalent.

(b) - Reflects the combined number of employees for the various shops located in the center.

## Kenosha Unified School District No. 1 Calculation of Direct and Indirect Debt

<u>Governmental Unit</u>	<u>Amount of Debt on June 30, 2004</u>	<u>Percent of Debt Within District</u>	<u>Amount of Debt Within District</u>	<u>Anticipated Debt in FYE 6/30/05</u>
Kenosha Unified	\$ 92,800,005	100.00%	\$ 92,800,005	\$ -
City of Kenosha	122,454,398	99.23%	121,511,499	7,100,000
Village of Pleasant Prairie	85,335,000	99.64%	60,628,732	100,000,000
Township of Somers	1,825,000	100.00%	1,825,000	1,660,000
Kenosha County	102,484,154	69.78%	71,513,443	-
Gateway Technical College	23,740,000	23.37%	<u>5,548,038</u>	6,500,000
Total			<u><b>353,826,717</b></u>	
Population (a)			118,856	
Direct Debt Per Capita			833	
Indirect Debt Per Capita			<u>2,977</u>	
<i>Total Debt Per Capita</i>			<u><b>3,810</b></u>	

(a) - Estimated by the Wisconsin Department of Administration

Source: Kenosha School District No. 1 Official Statements for the sale of notes.

# Kenosha Unified School District No. 1 Facilities

SCHOOL	LOCATION	USEABLE SQ. FT.	ACRES	YEAR BUILT	ADDITIONS	REMODELING	BUILDING CAPACITY
BRADFORD HIGH SCHOOL	3700 WASHINGTON ROAD	290,436	61.67	1960	1965, 1980		1992
INDIAN TRAIL ACADEMY	6800 60 STREET	158,821	90.00	1998			1239
REUTHER CENTRAL HIGH SCHOOL	913 57 STREET	143,366	3.60	1926	1981		695
TREMPER HIGH SCHOOL	8560 26 AVENUE	272,786	40.00	1965	1981		2147
LAKEVIEW TECHNICAL ACADEMY	9449 88 AVENUE	40,000	14.10	LEASED			400
BULLEN MIDDLE SCHOOL	2804 39 AVENUE	121,962	20.72	1969			825
LANCE MIDDLE SCHOOL	4515 80 STREET	137,290	23.97	1962			1010
LINCOLN MIDDLE SCHOOL	6729 18 AVENUE	134,038	2.60	1929	1993		945
MAHONE MIDDLE SCHOOL	6900 60 STREET	182,316	40.00	2002			1035
MCKINLEY MIDDLE SCHOOL	5710 32 AVENUE	101,622	2.60	1921	1952, 1974		705
WASHINGTON MIDDLE SCHOOL	811 WASHINGTON ROAD	99,643	3.75	1920	1966		775
EDWARD BAIN ELEMENTARY (old)	2210 52 STREET	42,799	1.70	1907	1914, 1954		N/A
BOSE ELEMENTARY	1900 15 STREET	45,109	8.22	1968			420
BROMPTON SCHOOL	7951-36th AVENUE	17,550	N/A	LEASED			125
COLUMBUS ELEMENTARY	6410 25 AVENUE	36,439	1.31	1910	1954		252
DIMENSIONS OF LEARNING	6218 25 AVENUE	30,509	N/A	LEASED			200
DURKEE ELEMENTARY	839 62 STREET	23,376	1.52	1905	1962		168
EDWARD BAIN SCHL OF LANG & ART	2600 - 50TH STREET	126,900	12.00	2004			1100
FOREST PARK ELEMENTARY	6810 45 AVENUE	53,830	10.50	1956	1961		420
FRANK ELEMENTARY	1816 57 STREET	82,956	3.47	1896	1897, 1911, 1954, 1997	1965, 1997	546
GRANT ELEMENTARY	1716 35 STREET	43,040	4.30	1924	1954		273
GREWENOW ELEMENTARY	7714 20 AVENUE	49,230	6.40	1956		1961	336
HARVEY ELEMENTARY	2012 19 AVENUE	47,980	9.43	1961			399
HILLCREST SCHOOL	4616 24 STREET	22,405	16.23	1954	1956, 1959, 1961		N/A
JEFFERSON ELEMENTARY	1832 43 STREET	36,575	3.28	1924	1954		378
JEFFERSON ANNEX ELEMENTARY	1808 41 PLACE	12,953	2.07	1929		1963	W/Jefferson
JEFFERY ELEMENTARY	4011 86 STREET	45,209	10.00	1969			399
LINCOLN ELEMENTARY	6811 18 AVENUE	43,390	2.84	1917		1957	441
MCKINLEY ELEMENTARY	5520 32 AVENUE	34,469	2.95	1950			336

# Kenosha Unified School District No. 1 Facilities

SCHOOL	LOCATION	USEABLE SQ. FT.	ACRES	YEAR BUILT	ADDITIONS	REMODELING	BUILDING CAPACITY	
PAIDEIA ACADEMY	5821 10 AVENUE	3,000	N/A	LEASED			76	
PLEASANT PRAIRIE ELEMENTARY	9208 WILMOT ROAD	73,306	21.63	1994			609	
PRAIRIE LANE ELEMENTARY	10717 47 AVENUE	47,682	24.10	1953	1957,1960	1957, 1960	399	
ROOSEVELT ELEMENTARY	3322 ROOSEVELT ROAD	47,994	4.26	1929			399	
SOMERS ELEMENTARY	1245 72 AVENUE	69,100	20.00	1962	1964, 1992	1992	546	
SOUTHPORT ELEMENTARY	723 76 STREET	38,200	6.25	1954	1961		525	
STOCKER ELEMENTARY	6315 57 STREET	80,621	10.30	1993			567	
CURTIS STRANGE ELEMENTARY	5414 49 AVENUE	57,192	12.13	1964	1969		483	
VERNON ELEMENTARY	8518 22 AVENUE	88,280	11.75	1961			651	
WHITTIER ELEMENTARY	8542 51 AVENUE	63,888	6.71	1930	1952, 1959, 1965, 1991		588	
WILSON ELEMENTARY	4520 33 AVENUE	38,200	10.05	1954	1961		315	
CESAR CHAVEZ STATION	6300-27th AVENUE	20,500	1.90	LEASED			250	
ESC	3600 52 STREET	128,000	7.00	1964		1985	N/A	
<b>TOTALS</b>								
		<b>3,251,954</b>	<b>535.31</b>					

**Unimproved sites held for future expansion:**

STAHL PROPERTY	39 AVE & 109 STREET	69.0 ACRES FOR ELEMENTARY AND MIDDLE SCHOOL SITE
WHITECAPS SUBDIVISION	99 AVE & 69 STREET	16.0 ACRES FOR ELEMENTARY SCHOOL SITE
(CSI) INFUSINO PROPERTY	39 AVE & 15 STREET	16.86 ACRES FOR ELEMENTARY SCHOOL SITE
TOBIN CREEK	116 STREET & SHERIDAN ROAD	12 ACRES FOR ELEMENTARY SCHOOL SITE

# Kenosha Unified School District No. 1 Insurance Coverage

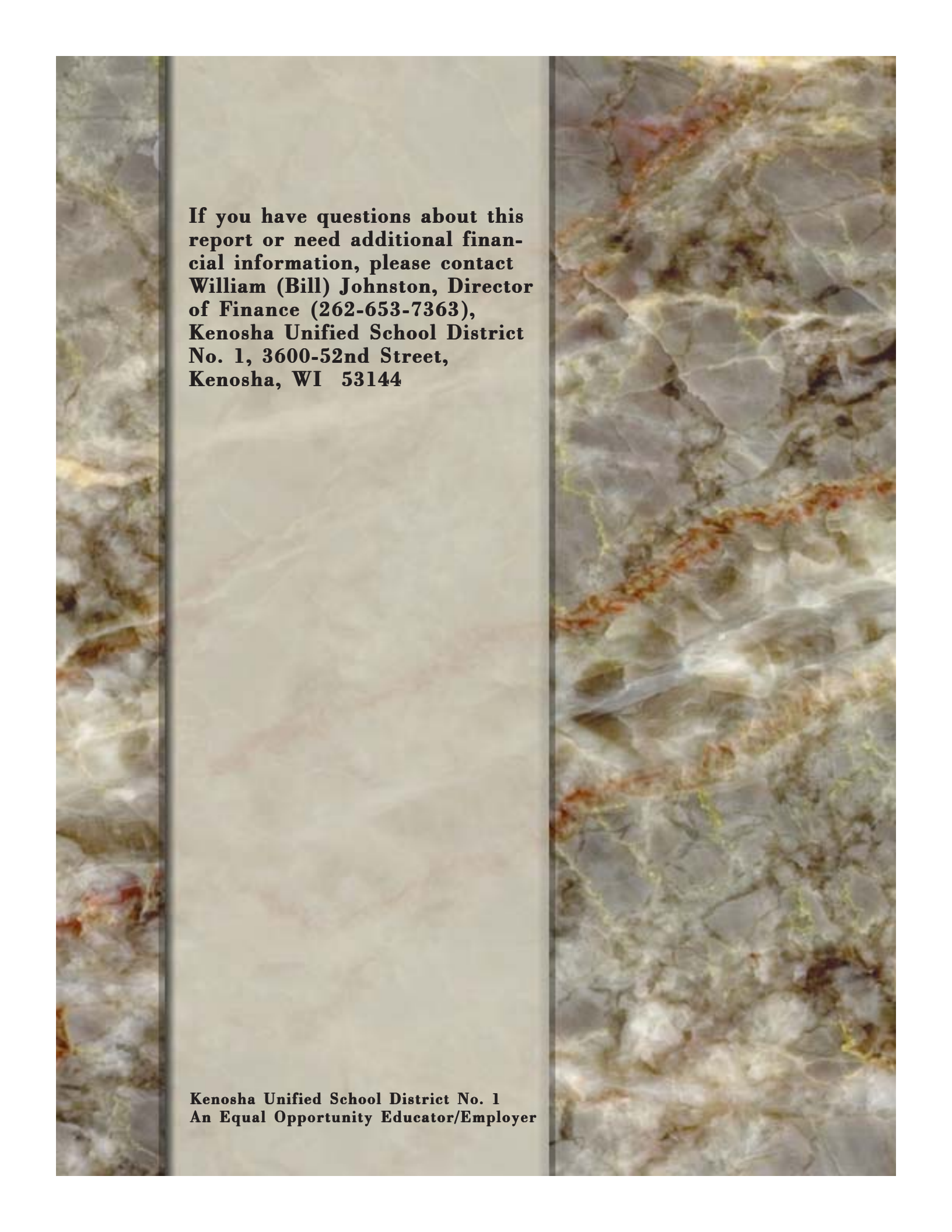
Insurance Type	Company	Policy Period	Coverage	Limits of Liability	Annual Premium
Property coverage	Local Government Property Insurance Fund	7/1/04-6/30/05	Blanket coverage Builders Risk Monies & securities Contractors equipments Deductible	410,026,455 00,000,000 varies by location 345,388 500	242,879
Automobile Physical Damage	Local Government Property Insurance Fund	7/1/04-6/30/05			
General Liability Educator's Legal Excess Liability (umbrella)	Community Insurance Corporation The Insurance Company of the State of Pennsylvania	7/1/04-6/30/05 7/1/04-6/30/05	Comprehensive deductible Collision deductible Each Occurance Limit Errors & Omissions Deductible	500 500 5,000,000 25,000	6,999 77,834 16,440
Crime	Fidelity & Deposit Company of Maryland	7/1/04-6/30/05	Each Occurance Limit	5,000,000	23,185
	Employee Dishonesty Deductible Forgery or Alteration Deductible Computer Fraud Deduct			2,000,000 10,000 25,000 1,000 100,000 1,000	11,281

# Kenosha Unified School District No. 1 Insurance Coverage

Boilers & machinery	Hartford Steam Boiler Inspection and Insurance Company	7/1/04-6/30/05	Limit of Insurance Deductible	30,000,000 5,000	26,318
Workers' Compensation	Self Insured- TPA - Aegis Corporation Excess Coverage	7/1/04-6/30/05	SIR \$100,000 per occ/ \$1,040,068 aggregate stop loss		238,068
Education Foundation of Kenosha	Fidelity & Deposit Company of Maryland	7/1/04-6/30/05	Employee Dishonesty Deductible	250,000 2,500	568
Education Foundation of Kenosha	Fireman's Fund Insurance Companies	7/1/04-6/30/05	Directors and officers Deductible	1,000,000 1,000	1,514

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**If you have questions about this report or need additional financial information, please contact William (Bill) Johnston, Director of Finance (262-653-7363), Kenosha Unified School District No. 1, 3600-52nd Street, Kenosha, WI 53144**

**Kenosha Unified School District No. 1  
An Equal Opportunity Educator/Employer**