

ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 2013



Kenosha Unified
School District

maximizing the brilliance of children

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Kenosha, Wisconsin

June 30, 2013

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KENOSHA UNIFIED SCHOOL DISTRICT

Kenosha, Wisconsin

June 30, 2013

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November 26, 2013

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

We are pleased to submit the Annual Financial Report of the Kenosha Unified School District No. 1 for the year ended June 30, 2013. 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 is 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 also consistent with legal reporting requirements of the State of Wisconsin. In addition to meeting legal requirements, this report is intended to present a summary of significant financial data to meet the needs of citizens, taxpayers, employees, financial institutions, intergovernmental agencies, creditors, and the Board of Education.

The Management Discussion and Analysis also provides analysis of some key data presented in the basic financial statements.

THE REPORTING ENTITY

The legal name of the district is the Kenosha School District No. 1, however, the name commonly used by the district is the Kenosha Unified School District. 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 162,000 in an area of about 85 square miles. The District operates 23 elementary schools (grades PK-5), 5 middle schools (grade 6-8), and 6 high schools (grades 9-12), 5 charter schools, and 14 non-school-site early education schools. At the end of the 2012-2013 school year, the District served 22,639 pupils in its regular education program. In addition to providing a PK-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.

COMMUNITY PARTERS

KUSD would like to acknowledge the following community partnerships, which are integral to a robust student experience and whose support is vital to the success of District:

- Anderson Arts Center student art exhibits
- Boys and Girls Club of Kenosha
- Cardinal Stritch University
- Carthage College
- City of Kenosha Police Department
- Clergy Summit on Suicide Prevention—Kenosha County Health Department, Medical Examiner's Office
- Concerned Citizens Coalition
- Expose Kenosha
- Fun and Fit Fair at YMCA—for persons with disabilities in the community
- Gateway Technical College
- HOPE Council Program
- Individually, Kenosha Unified School District athletic teams continue to receive tens of thousands of dollars in sponsorships from the local business community to aid in providing top-notch athletic facilities and equipment.
- Kenosha Achievement Center
- Kenosha Area Business Alliance
- Kenosha Band Boosters, Kenosha Orchestra Boosters and Kenosha Choir Boosters
- Kenosha Chamber of Commerce
- Kenosha Community Health Center—School-Based Health Care
- Kenosha County Health Department
- Kenosha County Sherriff's Department
- Kenosha County with Child Fatality Review Team
- Kenosha County with Suicide Prevention Coalition
- Kenosha Gang Intervention
- Kenosha News Weather Art weekly publication
- Kenosha Parks Department
- Kenosha Public Library
- Kenosha Public Museum
- Kenosha Rotary
- Kiwanis Club of Kenosha
- Literacy Council
- Mary Lou & Arthur F. Mahone Fund
- McDonalds Corporation
- Mentoring partnerships
- Organizational Review Committee
- Professional Services Group
- Safe Kids Coalition
- Trauma Sensitive School Committee—Wisconsin Department of Public Instruction
- Union Grove Veterans' Retirement Home
- University of Wisconsin—Extension
- University of Wisconsin—Milwaukee—Early Childhood Collaboration
- University of Wisconsin—Parkside
- University of Wisconsin—Platteville

LOOKING AHEAD

The District has faced many challenges over the past three years since the 2011 Wisconsin Budget Act 10 reduced state funding for public schools. After budget deficits and lay-offs, the District is in the process of rebuilding with a stable Moody's credit rating and a conservative approach to spending. During 2013-2014, a comprehensive curriculum audit is addressing student learning, an energy efficiency project and security upgrades will improve our facilities, an active anti-bullying task force is addressing student safety, and a continued commitment to technology initiatives will help ensure our students are college and career ready with 21st century skills.

ACKNOWLEDGEMENTS

We express our appreciation to Kenosha Unified School District's dedicated staff, and Schenck, S.C., Certified Public Accountants, for their expertise and assistance.

Respectfully submitted,



Dr. Michele Hancock
Superintendent of Schools



Tarik Hamdan
Interim Chief Financial Officer



Heather Kraeuter, CPA
Accounting & Payroll Manager

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
SCHOOL BOARD AND ADMINISTRATION
2013-2014

MEMBERS OF THE BOARD OF EDUCATION

Rebecca Stevens	President
Jo Ann Taube	Vice President
Kyle Flood	Clerk
Carl Bryan	Treasurer
Tamarra Coleman	Member
Robert Nuzzo	Member
Mary Snyder	Member

ADMINISTRATION

Dr. Michele Hancock	Superintendent of Schools
Tarik Hamdan	Interim Chief Financial Officer
Dr. Bethany Ormseth	Assistant Superintendent of Secondary School Leadership
Dr. Floyd Williams	Assistant Superintendent of Elementary School Leadership
Dr. Sue Savaglio-Jarvis	Assistant Superintendent of Teaching and Learning
Sheronda Glass	Executive Director of Business Services
Kristopher Keckler	Executive Director of Information Systems, Data Management and Evaluation
Tanya Ruder	Executive Director of Community Partnerships and Media Relations
Susan Valeri	Director of Special Education and Student Support
Patrick Finnemore	Director of Facilities

REPORT PREPARED BY

Heather Kraeuter, CPA
Accounting & Payroll Manager

Our Vision: *"Maximizing the brilliance of children."*

Our Mission: *"To assure every child experiences
high quality, personalized learning success."*

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

To the Board of Education
Kenosha Unified School District No. 1
Kenosha, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenosha Unified School District No. 1, Wisconsin ("the District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1.d to the financial statements, the District adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2013. Our opinions are not modified with respect to this matter.

As described in Note 5(c), the District restated their general fund balance and net position of governmental activities by \$1,406,276 to correct payments made during 2011-12 to the WRS pension plan. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of funding progress and the schedule of employer contributions on pages 4 through 13, and 47 through 52 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration and are also not a required part of the basic financial statements.

The supplementary information and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The transmittal letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the District's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
November 26, 2013

BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis For the Year Ended June 30, 2013

The discussion and analysis of the Kenosha Unified School District'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 the liabilities at the close of the fiscal year by \$6 million (*net position*). Of this amount, \$74.4 million represents amounts invested in capital assets, net of related debt, and \$1,646,432 is restricted for food service programs. This results in an unrestricted assets balance of (\$78.7) million.
- Net position for the most recent fiscal year increased \$12.9 million over the prior year. The change includes an increase of \$11.9 million in governmental activities and an increase of \$1 million in business-type activities.
- The District's total long-term liabilities decreased by \$2.46 million
- Total capital assets decreased by \$2.1 million.
- In the governmental funds, total fund balance increased by \$11.9 million. The fund balance in the General Fund experienced a net increase from operations of \$10 million, from the restated beginning fund balance of \$17 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$22.9 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 supplementary information is provided for the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are the *statement of net position* 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 position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the year. This statement reports the cost of government functions and how those functions were financed in the fiscal year.

Management's Discussion and Analysis For the Year Ended June 30, 2013

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 five regular funds (general, debt service, special revenue trust, Head Start and community service) and individual capital project funds as needed. The District has one *proprietary* fund, the food service fund and three *fiduciary funds*, an agency fund for student and parent organizations, a retiree health insurance fund used to provide for premiums the District has obligated itself related to prior service of retired employees, and a trust fund for scholarships.

There are two fund financial statements, the *balance sheet* and the *statement of revenues, expenditures and changes in fund balances* (operating statement). Financial information is presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balances* for the general fund and the debt service fund as these are considered to be major funds. Data for the capital projects, community service fund and Head Start fund 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 Position 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 Balances 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, a retiree insurance fund and a trust fund for scholarships. 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 governmental funds. 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 government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

Management's Discussion and Analysis For the Year Ended June 30, 2013

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2013 compared to 2012. The District's combined net position increased by \$12,978,223 to \$6,038,094.

Table 1
Condensed Statement of Net Position
As Restated
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total % Change
	<u>2012 restated</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012 restated</u>	<u>2013</u>	<u>2012-2013</u>
Current and other assets	\$ 75,497	\$ 92,780	\$ 716	\$ 1,825	\$ 76,213	\$ 94,605	24.1%
Capital assets	\$ 164,571	\$ 162,505	\$ 1,192	\$ 1,122	\$ 165,763	\$ 163,627	-1.3%
Total assets	\$ 240,068	\$ 255,286	\$ 1,908	\$ 2,947	\$ 241,976	\$ 258,232	6.7%
Deferred charge on refunding	\$ 595,470	\$ 491,910	\$ -	\$ -	\$ 595,470	\$ 491,910	-17.4%
Total deferred outflows	\$ 595,470	\$ 491,910	\$ -	\$ -	\$ 595,470	\$ 491,910	-17.4%
Long-term debt outstanding	\$ 177,262	\$ 175,645	\$ -	\$ -	\$ 177,262	\$ 175,645	-0.9%
Other liabilities	\$ 71,498	\$ 76,862	\$ 156	\$ 179	\$ 71,654	\$ 77,041	7.5%
Total liabilities	\$ 248,967	\$ 252,508	\$ 156	\$ 179	\$ 249,123	\$ 252,686	1.4%
Net Position							
Net investment in capital assets	\$ 68,115	\$ 74,422	\$ 1,192	\$ 1,122	\$ 69,307	\$ 75,544	9.0%
Restricted	\$ 24	\$ -	\$ 560	\$ 1,646	\$ 584	\$ 1,646	181.8%
Unrestricted	\$ (76,831)	\$ (71,152)	\$ -	\$ -	\$ (76,831)	\$ (71,152)	-7.4%
Total Net Position	\$ (8,692)	\$ 3,270	\$ 1,752	\$ 2,768	\$ (6,940)	\$ 6,038	-187.0%

Note: May be rounding differences.

The largest portion of the District's net position is its net 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 position accounts for 27% of total net position. 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 on or about January 20th). Unrestricted net position for the District increased \$5,678,776 to (\$71,152,278) million.

Table 2 provides summarized operating results and their impact on net position. The District relies primarily on property taxes (32.7%), state sources (52.4%) and operating grants and contributions (12.6%) to fund District activities. There were only minor variations between years within the sources of revenue, with the exception of other general revenues wherein during fiscal year 2012, proceeds were recorded as a result of ongoing OPEB Trust litigation.

Management's Discussion and Analysis For the Year Ended June 30, 2013

Program revenues, in the form of charges for services and operating grants and contributions, decreased \$2,638,762 for governmental activities reflecting a decrease in federal and state grants. Program revenues decreased \$262,409 for business type activities.

Overall, expenses decreased 8% primarily due to reduction in staffing and other operating expenses.

Table 2
Changes in Net Position from Operating Results
As Restated
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total % Change
	<u>2012 restated</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012 restated</u>	<u>2013</u>	<u>2012-2013</u>
Revenues							
Program revenues							
Charges for services	\$ 1,295	\$ 2,063	\$ 3,099	\$ 2,653	\$ 4,395	\$ 4,716	7.3%
Operating grants & contributions	\$ 33,024	\$ 29,880	\$ 5,713	\$ 5,898	\$ 38,738	\$ 35,778	-7.6%
General revenues							
Property taxes	\$ 93,681	\$ 92,641	\$ -	\$ -	\$ 93,681	\$ 92,641	-1.1%
State formula aid	\$ 142,394	\$ 148,518	\$ -	\$ -	\$ 142,394	\$ 148,518	4.3%
Other	\$ 11,340	\$ 1,719	\$ -	\$ -	\$ 11,340	\$ 1,719	-84.8%
Total revenues	\$ 281,734	\$ 274,821	\$ 8,813	\$ 8,550	\$ 290,547	\$ 283,371	-2.5%
Expenses							
Instruction	\$ 180,225	\$ 166,767	\$ -	\$ -	\$ 180,225	\$ 166,767	-7.5%
Pupil & instructional services	\$ 31,209	\$ 30,574	\$ -	\$ -	\$ 31,209	\$ 30,574	-2.0%
Administration and business	\$ 26,777	\$ 25,336	\$ -	\$ -	\$ 26,777	\$ 25,336	-5.4%
Maintenance and operations	\$ 27,324	\$ 22,060	\$ -	\$ -	\$ 27,324	\$ 22,060	-19.3%
Transportation	\$ 6,784	\$ 6,712	\$ -	\$ -	\$ 6,784	\$ 6,712	-1.1%
Community service	\$ 1,399	\$ 487	\$ -	\$ -	\$ 1,399	\$ 487	-65.2%
Interest on debt	\$ 6,903	\$ 6,932	\$ -	\$ -	\$ 6,903	\$ 6,932	0.4%
Other	\$ 3,153	\$ 3,992	\$ 8,624	\$ 7,534	\$ 11,777	\$ 11,526	-2.1%
Total expenses	\$ 283,774	\$ 262,859	\$ 8,624	\$ 7,534	\$ 292,398	\$ 270,393	-7.5%
Increase (decrease) in Net Position	\$ (2,040)	\$ 11,962	\$ 189	\$ 1,016	\$ (1,851)	\$ 12,978	

Note: May be rounding differences.

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.

Management's Discussion and Analysis For the Year Ended June 30, 2013

The cost of all governmental activities this year was \$262,858,620. Individuals who directly participated or benefited from a program offering paid \$2,062,898 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$29,880,238. The net cost of governmental activities totaling \$230,915,483 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 2012-2013 District equalized property value of \$7,982,932,601 represents a 6.13% decrease over the previous year and the total tax mill rate for 2012-2013 is \$11.58 and represents a 5.10% increase over the previous year.

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. This year, the District's share of general state aid increased by \$6,124,366.

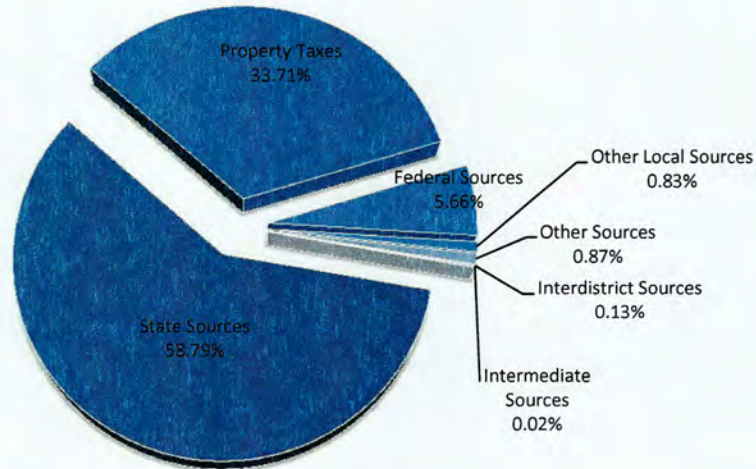
Table 3
Net Cost of Governmental Activities
As Restated
(in thousands of dollars)

	Total Cost of Services			Net Cost of Services		
	<u>2012</u> <u>restated</u>	<u>2013</u>	<u>2012-2013</u>	<u>2012</u> <u>restated</u>	<u>2013</u>	<u>2012-2013</u>
Instruction	\$ 180,225	\$ 166,767	-7.5%	\$ 153,017	\$ 147,342	-3.7%
Pupil & instructional services	\$ 31,209	\$ 30,574	-2.0%	\$ 27,180	\$ 22,643	-16.7%
Administration and business	\$ 26,777	\$ 25,336	-5.4%	\$ 26,388	\$ 25,011	-5.2%
Maintenance and operations	\$ 27,324	\$ 22,060	-19.3%	\$ 27,324	\$ 20,754	-24.0%
Transportation	\$ 6,784	\$ 6,712	-1.1%	\$ 5,514	\$ 5,847	6.0%
Community service	\$ 1,399	\$ 487	-65.2%	\$ 1,221	\$ 358	-70.7%
Interest on debt	\$ 6,903	\$ 6,932	0.4%	\$ 5,657	\$ 5,320	-6.0%
Other	\$ 3,153	\$ 3,992	26.6%	\$ 3,153	\$ 3,640	15.5%
Total	\$ 283,774	\$ 262,860	-7.4%	\$ 249,454	\$ 230,915	-7.4%

Note: totals may not add due to rounding.

Management's Discussion and Analysis For the Year Ended June 30, 2013

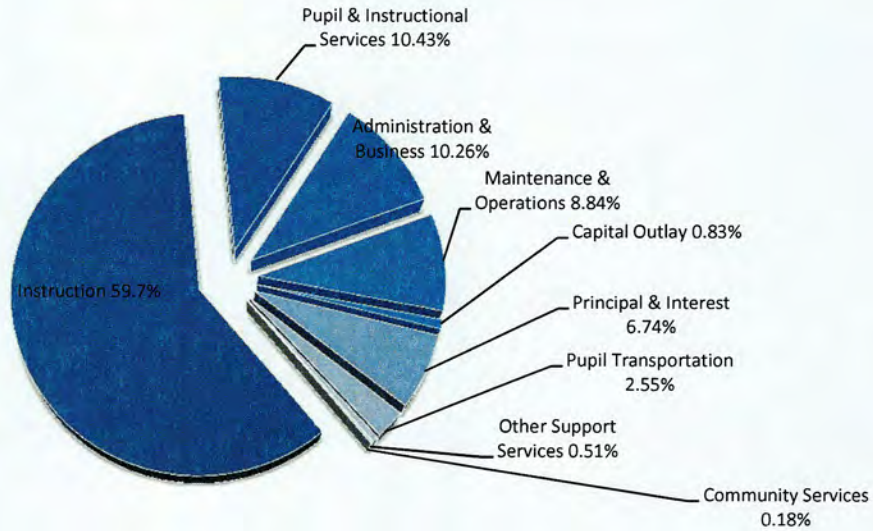
GOVERNMENTAL REVENUES BY TYPE



Governmental Revenues by Type	2012	2013
State Sources	\$ 155,070,668	\$ 161,565,278
Property Taxes	\$ 93,988,056	\$ 92,639,254
Federal Sources	\$ 21,466,446	\$ 15,551,827
Other Local Sources	\$ 2,981,186	\$ 2,275,299
Other Sources	\$ 8,255,505	\$ 2,379,681
Interdistrict Sources	\$ 358,267	\$ 351,557
Intermediate Sources	\$ 60,065	\$ 57,885
Total Governmental Revenues	\$ 282,180,193	\$ 274,820,781

Management's Discussion and Analysis For the Year Ended June 30, 2013

GOVERNMENTAL EXPENDITURES BY TYPE



Governmental Expenditures by Type	2012 restated	2013
Instruction	\$ 166,413,082	\$ 156,854,845
Pupil & Instructional Services	\$ 29,533,160	\$ 27,421,454
Administration & Business	\$ 26,636,820	\$ 26,966,309
Maintenance & Operations	\$ 26,094,119	\$ 23,253,469
Capital Outlay	\$ 4,432,758	\$ 2,188,236
Principal & Interest	\$ 23,932,631	\$ 17,729,288
Pupil Transportation	\$ 6,783,011	\$ 6,702,227
Other Support Services	\$ 1,814,429	\$ 1,334,658
Community Services	\$ 1,385,600	\$ 478,485
Total Governmental Expenditures	\$ 287,025,610	\$ 262,928,971

Management's Discussion and Analysis For the Year Ended June 30, 2013

BUSINESS-TYPE ACTIVITIES

Operating revenues for the District's business-type activities (food service program) were \$8,550,318 comprised of charges for services (31%) and federal and state reimbursements (69%). Expenses of \$7,534,380 resulted in operating income of \$1,015,938 for the year. Major expenses include food and supply purchases (65.0%) and labor/benefits (35.0%). The District raises school lunch prices to provide for inflationary cost increases.

FINANCIAL ASPECTS OF THE DISTRICT'S FUNDS

The District completed the year with fund balance of \$29,625,126 up from last year's ending fund balance of \$17,733,316 due to the following:

- The general fund had an increase in fund balance of \$10,019,472, of which \$3 million was planned fund balance restoration, and approximately \$7 million was due to conservative staffing and hiring practices, and an overall change in spending habits made necessary by the previous two years of budget cuts.
- The debt service fund had an increase of \$926,794. The fund balance of the debt service fund will fluctuate each year, based on bond activity.
- The capital project fund had a zero fund balance at fiscal year-end due to the completion of the Indian Trail High School expansion project.

GENERAL FUND BUDGETARY HIGHLIGHTS

- The District adopts an interim budget in July for the year (beginning July 1st). Consistent with current state statutes and regulations an *original* budget is adopted in October, following a determination of the official enrollment and the certification of general state aids.
- The total Third Friday enrollment for school year 2012-2013 was 22,639 a decrease of 339 students from the 2011-2012 school year.
- The Third Friday membership count for the 2012-2013 school year, as measured on September 21, 2012, was 22,407, a decrease of 256 full time student equivalents from the final Third Friday count for the 2011-2012 school year.
- Through the continued expansion of the four year-old (4K) Kindergarten program into a universal program, the District anticipates the declining enrollment trend will change course in the near future.
- The 2012-2013 budget included a decrease in staffing FTE which necessary in light of the reduction in state funding combined with existing contractual obligations that prevented the District from implementing all of expense reduction tools provided for in WI ACT 10.

Management's Discussion and Analysis For the Year Ended June 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013, the District had invested \$271,670,939 in capital assets, including buildings, sites, and equipment (See Table 4). Total accumulated depreciation on these assets total \$108,043,998. Capital Asset acquisitions for governmental activities totaled \$2,188,236. The District recognized depreciation expense of \$4,254,277 for governmental activities and \$80,168 for the food service program. Detailed information about capital assets can be found in Note 3(b) to the financial statements.

Table 4
Capital Assets
(net of depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total % Change
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012-2013</u>
Land	\$ 8,694	\$ 8,830	\$ -	\$ -	\$ 8,694	\$ 8,830	1.6%
Construction in progress	\$ 50,581	\$ 401	\$ -	\$ -	\$ 50,581	\$ 401	-99.2%
Site improvements	\$ 6,208	\$ 6,208	\$ -	\$ -	\$ 6,208	\$ 6,208	0.0%
Buildings & improvements	\$ 156,615	\$ 208,368	\$ -	\$ -	\$ 156,615	\$ 208,368	33.0%
Equipment & furniture	\$ 44,774	\$ 45,253	\$ 2,600	\$ 2,610	\$ 47,374	\$ 47,863	1.0%
Accumulated depreciation	\$ (102,302)	\$ (106,556)	\$ (1,408)	\$ (1,488)	\$ (103,710)	\$ (108,044)	4.2%
Total	\$ 164,571	\$ 162,505	\$ 1,192	\$ 1,122	\$ 165,763	\$ 163,627	-1.3%

Note: totals may not add due to rounding.

Long-Term Debt

At year-end the District had \$106,546,000 in general obligation bonds and \$81,434,788 other long-term debt outstanding – a decrease of 1.3% from last year (see Table 5).

Table 5
Outstanding Long-Term Obligations
(in thousands of dollars)

	Total School District		Total Percentage Change
	<u>2012</u>	<u>2013</u>	<u>2012-2013</u>
General obligation debt	\$ 117,674	\$ 106,546	-9.5%
Other	\$ 72,773	\$ 81,435	11.9%
Total	\$ 190,447	\$ 187,981	-1.3%

Management's Discussion and Analysis For the Year Ended June 30, 2013

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:

- Wisconsin has experienced several consecutive years of reductions in K-12 education funding, beginning with 2011 Wisconsin Act 32, which decreased general school aids by \$749 million over the biennium. As a result of the 2011-13 state budget school districts experienced a 5.5% revenue limit cut. This had a strong impact on the District, specifically demonstrated by a significant drop in general fund balance in fiscal year 2011. However, in fiscal year 2012-2013, the District was able to recover that fund balance as a result of spending cuts and more conservative staffing practices. While litigation and interpretation at the State level surrounding the Municipal Employment Relations Act ("MERA"), as amended by 2011 Wisconsin Act 10, is ongoing, the District has enacted agreements with all bargaining units related to wages, and employee relations remain in good standing with all groups.
- Pursuant to the amendment to MERA described above, beginning in fiscal year 2012-13, employees were required to pay 50% of pension contributions to the Wisconsin Retirement System. During 2013-2014, employees are also contributing significantly more to their health insurance premiums, which will have a positive fiscal impact.
- In October 2011 and March 2012, KUSD received a partial settlement from the CDO lawsuit. The Securities and Exchange Commission took action against the Royal Bank of Canada Capital Markets LLC for its misconduct in the sale of unsuitable investments to five Wisconsin school districts, including the District, and its inadequate disclosures regarding the risks associated with those investments. Proceeds received to date (beyond payments for legal fees) have been used to pay down the related \$9.5m State Trust Fund loan. The balance remaining on the State Trust Fund loan at June 30, 2012 is \$3,360,000. Legal action continues in this suit.

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 Kenosha Unified School District Finance Department (262-359-6300), Kenosha Unified School District, 3600 52nd Street, Kenosha, WI 53144.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Statement of Net Position

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 57,401,999	\$ 667,319	\$ 58,069,317
Receivables			
Taxes	20,592,940	-	20,592,940
Accounts	3,972,941	28,118	4,001,059
Due from other governments	6,637,193	813,591	7,450,784
Prepaid items	4,168,434	-	4,168,434
Inventory	6,947	315,918	322,865
Capital assets			
Land	8,830,458	-	8,830,458
Construction in progress	400,950	-	400,950
Land improvements	6,208,343	-	6,208,343
Buildings	200,957,226	-	200,957,226
Building improvements	7,410,923	-	7,410,923
Furniture and equipment	45,253,371	2,609,668	47,863,039
Less: accumulated depreciation	(106,556,040)	(1,487,958)	(108,043,998)
Total Capital Assets	162,505,231	1,121,710	163,626,941
TOTAL ASSETS	255,285,685	2,946,656	258,232,341
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	491,910	-	491,910
LIABILITIES			
Short-term notes payable	36,000,000	-	36,000,000
Accounts payable	5,109,067	28,118	5,137,185
Accrued payroll liabilities	21,496,743	-	21,496,743
Due to other governments	-	-	-
Accrued interest payable	1,776,526	-	1,776,526
Unearned revenues	144,520	150,396	294,916
Long-term obligations			
Due within one year	12,335,628	-	12,335,628
Due in more than one year	175,645,161	-	175,645,161
TOTAL LIABILITIES	252,507,645	178,514	252,686,159
NET POSITION			
Net investment in capital assets	74,422,231	1,121,710	75,543,941
Restricted for			
Food service programs		1,646,431	1,646,431
Unrestricted	(71,152,279)	-	(71,152,279)
TOTAL NET POSITION	\$ 3,269,952	\$ 2,768,141	\$ 6,038,093

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

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
Instruction						
Regular instruction	\$ 115,157,572	\$ 1,135,486	\$ 6,327,995	\$ (107,694,091)	\$ -	\$ (107,694,091)
Vocational instruction	9,356,409	-	253,427	(9,102,982)	-	(9,102,982)
Special education instruction	39,186,524	-	13,127,088	(26,059,436)	-	(26,059,436)
Other instruction	3,066,499	130,344	(1,549,414)	(4,485,569)	-	(4,485,569)
Instruction	166,767,004	1,265,830	18,159,096	(147,342,078)	-	(147,342,078)
Support Services						
Pupil services	16,883,643	-	2,697,909	(14,185,734)	-	(14,185,734)
Instructional staff services	13,689,954	-	5,232,372	(8,457,581)	-	(8,457,581)
General administration services	1,588,604	-	108,530	(1,480,075)	-	(1,480,075)
Building administration services	14,462,701	-	54,709	(14,407,992)	-	(14,407,992)
Business services	2,672,905	-	(2,009)	(2,674,914)	-	(2,674,914)
Operation and maintenance of plant	22,059,540	316,289	988,765	(20,754,486)	-	(20,754,486)
Pupil transportation	6,712,481	-	865,901	(5,846,580)	-	(5,846,580)
Central services	6,611,433	-	162,922	(6,448,511)	-	(6,448,511)
Insurance	1,334,658	-	-	(1,334,658)	-	(1,334,658)
Support services	86,015,920	316,289	10,109,100	(75,590,532)	-	(75,590,532)
Community services	487,009	129,223	-	(357,785)	-	(357,785)
Interest on debt	6,931,558	-	1,612,043	(5,319,515)	-	(5,319,515)
Non program						
General tuition payments	2,215,406	351,557	-	(1,863,849)	-	(1,863,849)
Other nonprogram	441,723	-	-	(441,723)	-	(441,723)
Non-program	2,657,129	351,557	-	(2,305,572)	-	(2,305,572)
Total Governmental Activities	262,858,620	2,062,898	29,880,238	(230,915,483)	-	(230,915,483)
Business-Type Activities						
Food service	7,534,381	2,652,619	5,897,699	-	1,015,938	1,015,938
Total	\$ 270,393,001	4,715,517	\$ 35,777,938	\$ (230,915,483)	\$ 1,015,938	\$ (229,899,545)

General revenues:

Property taxes, levied for general purposes	74,684,161	-	74,684,161
Property taxes, levied for debt service	15,626,547	-	15,626,547
Property taxes, levied for community service	2,050,267	-	2,050,267
Other taxes	280,151	-	280,151
State and federal aids not restricted to specific functions			
General	148,517,955	-	148,517,955
Other	388,839	-	388,839
Interest and investment earnings	48,968	125	49,093
Miscellaneous			
Gifts and donations	91,511	-	91,511
Other	1,189,246	-	1,189,246
Total general revenues	242,877,645	125	242,877,770
Change in net position	11,962,162	1,016,063	12,978,225
Net position - beginning of year as restated	(8,692,210)	1,752,078	(6,940,132)
Net position - end of year	<u>\$ 3,269,952</u>	<u>\$ 2,768,141</u>	<u>\$ 6,038,093</u>

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

KENOSHA UNIFIED SCHOOL DISTRICT NO.1

Balance Sheet
Governmental Funds
June 30, 2013

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
ASSETS				
Cash and investments	\$ 54,883,171	\$ 950,971	\$ 1,567,857	\$ 57,401,999
Receivables				
Taxes	20,592,940	-	-	20,592,940
Accounts	3,941,973	-	30,969	3,972,941
Due from other governments	6,469,423	-	167,770	6,637,193
Due from other funds	174,034	-	-	174,034
Prepaid items	4,167,479	-	955	4,168,434
Inventory	6,947	-	-	6,947
TOTAL ASSETS	\$ 90,235,967	\$ 950,971	\$ 1,767,551	\$ 92,954,489
LIABILITIES AND FUND BALANCES				
Liabilities				
Short-term notes payable	\$ 36,000,000	\$ -	\$ -	\$ 36,000,000
Accounts payable	5,080,228	-	28,839	5,109,067
Accrued payroll liabilities	21,496,743	-	-	21,496,743
Accrued interest payable	405,000	-	-	405,000
Unearned revenues	144,520	-	-	144,520
Due to other funds	-	-	174,034	174,034
Total Liabilities	63,126,491	-	202,873	63,329,364
Fund Balances				
Nonspendable				
Inventory	6,947	-	-	6,947
Prepaid items	4,167,479	-	955	4,168,434
Restricted				
Retirement of long-term debt	-	950,971	-	950,971
Assigned				
Community services	-	-	1,563,724	1,563,724
Unassigned	22,935,050	-	-	22,935,050
Total Fund Balances	27,109,476	950,971	1,564,679	29,625,126
TOTAL LIABILITIES AND FUND BALANCES	\$ 90,235,967	\$ 950,971	\$ 1,767,551	\$ 92,954,489

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

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Balance Sheet (continued)

Governmental Funds

June 30, 2013

Reconciliation to Statement of Net Position

Fund balance, as shown above	\$ 29,625,126
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	162,505,231
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
General obligation debt	(106,546,000)
Deferred charge on refunding	491,910
Accrued interest on long-term obligations	(1,371,526)
Compensated absences	(3,127,671)
Accrued OPEB obligation	<u>(78,307,118)</u>
Net Position of governmental activities as reported on the Statement of Net Position (see page 14)	<u>\$ 3,269,952</u>

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

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
Revenues				
Property taxes	\$ 74,959,777	\$ 15,626,547	\$ 2,052,930	\$ 92,639,254
Other local sources	2,119,280	9,221	146,798	2,275,299
Interdistrict sources	351,557	-	-	351,557
Intermediate sources	25,950	-	31,934	57,885
State sources	161,565,278	-	-	161,565,278
Federal sources	13,814,861	-	1,736,967	15,551,827
Other sources	967,262	1,227,403	185,016	2,379,681
Total Revenues	253,803,965	16,863,171	4,153,645	274,820,780
Expenditures				
Instruction				
Regular instruction	106,942,603	-	261,980	107,204,583
Vocational instruction	9,004,650	-	-	9,004,650
Special education instruction	36,726,634	-	924,927	37,651,561
Other instruction	2,981,394	-	12,656	2,994,050
Total Instruction	155,655,282	-	1,199,563	156,854,845
Support Services				
Pupil services	15,821,810	-	449,255	16,271,065
Instructional staff services	13,305,600	-	33,025	13,338,625
General administration services	1,237,393	-	308,604	1,545,998
School administration services	13,770,510	-	83,920	13,854,431
Business services	2,456,210	-	-	2,456,210
Operation and maintenance of plant	22,598,562	-	654,907	23,253,469
Food service	-	-	-	-
Pupil transportation	6,701,885	-	343	6,702,227
Central services	6,447,171	-	-	6,447,171
Insurance	1,334,658	-	-	1,334,658
Other support services	-	-	-	-
Total Support Services	83,673,799	-	1,530,054	85,203,853
Debt Service				
Principal	-	11,128,000	-	11,128,000
Interest and fiscal charges	636,017	5,965,271	-	6,601,288
Total Debt Service	636,017	17,093,271	-	17,729,288
Community services	-	-	478,485	478,485
Non-program				
General tuition payments	2,215,406	-	-	2,215,406
Special education tuition	5,371	-	-	5,371
Other non-program transactions	441,723	-	-	441,723
Total Non-program	2,662,500	-	-	2,662,500
Total Expenditures	242,627,598	17,093,271	3,208,102	262,928,971
Excess revenues over (under) expenditures	11,176,367	(230,101)	945,544	11,891,810
Other Financing Sources (Uses)				
Transfers in	-	1,156,895	-	1,156,895
Transfers out	(1,156,895)	-	-	(1,156,895)
Total Other Financing Sources (Uses)	(1,156,895)	1,156,895	-	0
Net change in fund balances	10,019,472	926,794	945,544	11,891,810
Fund balances - beginning of year as restated	17,090,004	24,177	619,135	17,733,316
Fund balances - end of year	\$ 27,109,476	\$ 950,971	\$ 1,564,679	\$ 29,625,126

(Continued)

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds (Continued)
For the Year Ended June 30, 2013

Reconciliation to Statement of Activities

Net Change in Fund Balances - Total Governmental Funds from the previous page \$ 11,891,810

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay reported in governmental fund statements	2,188,236	
Depreciation expense reported in the statement of activities	<u>(4,254,276)</u>	
Amount by which the capital outlays in current period is less than depreciation		(2,066,040)

Certain employee benefits are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year. This year the accrual of these benefits (increased) decreased by:

Other post-employment benefits (OPEB)	(9,942,799)
Accrued sick leave and vacation payable	1,281,461

The loss on advance refunding is reported in the governmental funds as an expenditure when paid. In the Statement of Activities, this cost is deferred and amortized over the life of the bonds. The amount of amortization reported on the Statement of Activities in the current year is:

Loss on advance refunding	(103,560)
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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 Position and does not affect the Statement of Activities. The amount of long-term debt principal payments in the current year is:

General obligation debt	11,128,000
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Accrued interest as presented in the governmental funds does not include an estimate of the interest expense incurred during the current period which relates to bonds and notes payable that were not recorded in the governmental funds.

	<u>(226,710)</u>
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Change in Net Position of Governmental Activities reported in the
Statement of Activities (see page 15)

	<u><u>\$ 11,962,162</u></u>
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The notes to the basic financial statements are an integral part of this statement.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Statement of Net Position

Proprietary Fund

June 30, 2013

	Food Service Fund
ASSETS	
Cash and investments	\$ 667,319
Accounts receivable	28,118
Due from other governments	813,591
Inventories and prepaid items	315,918
Capital assets	
Furniture and equipment	2,609,668
Less: Accumulated depreciation	<u>(1,487,958)</u>
TOTAL ASSETS	<u>2,946,656</u>
LIABILITIES	
Accounts payable	28,118
Unearned revenues	<u>150,396</u>
TOTAL LIABILITIES	<u>178,514</u>
NET POSITION	
Net investment in capital assets	1,121,710
Restricted for food service	<u>1,646,431</u>
TOTAL NET POSITION	<u>\$ 2,768,141</u>

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

KENOSHA UNIFIED SCHOOL DISTRICT NO.1
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	Food Service Fund
Revenues	
Operating revenue	
Food sales	\$ 2,652,619
State sources	140,005
Federal sources	5,242,511
Federal commodities	515,184
Total operating revenues	<u>8,550,319</u>
Operating Expenses	
Salaries and wages	1,928,908
Employer paid benefits	704,882
Purchased services	112,396
Supplies, food and materials	4,708,027
Depreciation	80,168
Total operating expenses	<u>7,534,381</u>
Operating income	1,015,938
Non-operating revenues	
Investment earnings	<u>125</u>
Total non-operating revenues	<u>125</u>
Change in net position	1,016,063
Net Position - beginning of year	1,752,078
Net Position - end of year	<u><u>\$ 2,768,141</u></u>

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

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2013

	Food Service Fund
Cash Flows from Operating Activities	
Cash received from user charges	\$ 2,619,142
Cash received from other government payments	4,765,858
Cash payments to employees for services	(2,633,790)
Cash payments for utilities and other purchased services	(112,396)
Cash payments to suppliers for goods and services	(4,357,097)
Net cash provided by operating activities	<u>281,718</u>
Cash Flows from Capital and Related Financing Activities	
Cash payments for acquisition of capital assets	(9,878)
Net cash used by capital and related financing activities	<u>(9,878)</u>
Cash Flows from Investing Activities	
Interest received	125
Net cash provided by investing activities	<u>125</u>
Net increase in cash and cash equivalents	271,965
Cash and cash equivalents - beginning of year	395,352
Cash and cash equivalents - end of year	<u>\$ 667,317</u>
Reconciliation of change of net position to net cash provided by operating activities:	
Operating income	\$ 1,015,938
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	80,168
Changes in assets and liabilities:	
Due from other governments	(616,658)
Accounts receivable	(28,118)
Accounts payable	28,118
Inventories and prepaid items	(192,371)
Unearned revenue	(5,359)
Net cash provided by operating activities	<u>\$ 281,718</u>
Noncash Operating Activities	
During the years, the District received commodities from the U.S. Department of Agriculture in the amount of:	<u>\$ 515,184</u>

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

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Statement of Net Position

Fiduciary Funds

June 30, 2013

	Retiree Health Ins	Private-Benefit Trust	Agency Fund	Total Fiduciary Funds
ASSETS				
Cash and investments	\$ 8,203,817	\$ 245,408	\$ 1,441,505	\$ 9,890,730
Accounts receivable	3,896,348	-	-	3,896,348
Prepaid items	341,510	-	50	341,560
	<u>12,441,675</u>	<u>245,408</u>	<u>1,441,555</u>	<u>14,128,638</u>
LIABILITIES				
Current liabilities				
Accounts payable	3,896,348	-	19,666	3,916,013
Due to student organizations	-	-	1,421,889	1,421,889
	<u>3,896,348</u>	<u>-</u>	<u>1,441,555</u>	<u>5,337,903</u>
NET POSITION				
Held in trust	<u>\$ 8,545,327</u>	<u>\$ 245,408</u>	<u>\$ -</u>	<u>\$ 8,790,735</u>

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

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	Retiree Health Ins	Private-Benefit Trust
Additions		
Employer contributions	\$ 8,252,456	\$ -
Earnings on investments	13,709	1,528
Other income	322,284	-
Total Additions	<u>8,588,450</u>	<u>1,528</u>
Deductions		
Trust fund distributions	8,134,626	-
Other expenditures	14,914	-
Scholarships awarded	-	-
Total Deductions	<u>8,149,540</u>	<u>-</u>
Change in Net Position	438,910	1,528
Net Position - beginning of year	<u>8,106,417</u>	<u>243,880</u>
Net Position - end of year	<u>\$ 8,545,327</u>	<u>\$ 245,408</u>

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

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2013

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 (City of Kenosha, Village of Pleasant Prairie, and Town of Somers).

The accompanying financial statements present the activities of the Kenosha Unified School District No. 1 under GASB Statement No. 61 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 position 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.

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 on the following funds:

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

Major Governmental Funds:

General Fund. This is the District's primary operating fund. It accounts for all financial activity that is not accounted for in another fund. The District follows the regulatory requirements of the Wisconsin Department of Public Instruction, which requires educational programs for students with disabilities to be reported in a separate Special Education Fund (Fund 27) from other instructional activities reported in the General Fund (Fund 10). Under GAAP, the activities of the Special Education Fund are reported with General Fund activities because excess expenditures within the Special Education Fund are financed by a transfer from Fund 10. General fund sources include financial aid received from the state and federal government and payments from other school districts.

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.

Non-Major Governmental Funds:

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 sports leagues, and other programs which are not elementary and secondary educational programs but have the primary function of serving the community.

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

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 purpose trust.

Note 1(c) - Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2013

considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

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.

For purposes of the statement of cash flows, all cash deposits and highly liquid investments with original maturities of three months or less from date of acquisition are considered to be cash equivalents.

Property Tax Levy

Under Wisconsin law, personal property taxes and first and second installments real estate taxes are collected by city, town, 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.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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 2012 tax levy is used to finance operations of the District's fiscal year ended June 30, 2013. 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.

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.

These non-liquid assets (inventories and prepaid items) of governmental fund types are offset by nonspendable fund balance accounts to signify that a portion of fund balance is not available for other subsequent expenditures.

Due to / Due from Other Funds

The amounts reported on the statement of net position for due to and due from other funds represents amounts due between different fund types (governmental activities and business-type activities). Eliminations have been made for amounts due to and due from within the same fund type. See Note 4(d) for a detailed description of the individual interfund balances as of June 30, 2013.

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.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2013

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 government-wide statements and proprietary funds are as follows:

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

Unearned Revenues

The District reports unearned revenues on its balance sheet. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

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 58 under a

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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.

The District conducted an actuarial valuation study to determine the Unfunded Actuarial Accrued Liability and annual required contribution for the post-retirement healthcare and life insurance plans on the basis of GASB 45. See Note 4(f) for more detail.

Deferred Outflows/Inflows of Resources

The District implemented GASB Statement No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended June 30, 2013. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently does not have any items that qualify for reporting in this category.

Long-term Obligations

In the government-wide financial statements, and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. For the government-wide statements and the proprietary fund statements, bond issuance costs are reported as expenses while bond discounts and premiums are included with long-term obligations. Bond premiums and discounts are amortized over the life of the issue using the straight-line method.

In the fund financial statements, governmental fund types recognize bond issuance costs, bond premium and discounts during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures while bond premiums and discounts are recorded as other financing sources or uses.

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.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

Fund Equity & Net Position

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable fund balance** - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted fund balance** - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed fund balance** - Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- **Assigned fund balance** - Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized the Chief Financial Officer to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned fund balance** - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has adopted a fund balance spend down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-wide Statements

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

- **Net investment in capital assets** - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** - Amount of net position that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - Net position that are neither classified as restricted nor as net investment in capital assets.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

Note 2 - Stewardship and compliance; violations of finance related legal/contractual provisions

There were no significant changes to the budget. The following individual funds had an excess of actual expenditures over budget by function for the year ended June 30, 2013:

General Fund		
Other General Fund		
Non-Program	\$	1,343,629
Debt Service		
Interest and Fiscal Charges		183,512
Special Education Fund		
Pupil Services		29,839
Pupil Transportation		293,470

Note 3 - Detailed notes on all funds

Note 3(a) - Cash and Investments

Deposit and Investment Risks

Cash and Investments

The debt service and capital service funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the agency fund uses separate and distinct accounts. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following: time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose trust fund and employee benefit trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

The carrying amount of the District's cash and investments totaled \$67,960,047 on June 30, 2013 as summarized below:

Petty Cash Funds	\$	5,074
Deposits with Financial Institutions		1,615,271
Investments		
Repurchase Agreements		4,000,000
Wisconsin Local Government Investment Pool		4,366,261
Wisconsin Investment Series Cooperative		57,973,440
	\$	<u>67,960,047</u>

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

Reconciliation to the Basic Financial Statements:

District-wide Statement of Net Position	
Cash and Investments	\$ 58,069,317
Fiduciary Funds Statement of Net Position	
Retiree Health Insurance Trust Fund	8,203,817
Private-Purpose Trust Fund	245,408
Agency Fund	1,441,505
	<u>\$ 67,960,047</u>

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

Custodial Credit Risk

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

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for the combined amount of interest bearing and non-interest bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of June 30, 2013, \$5,281,788 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized or collateralized with securities held by the pledging financial institution or its trust department or agent, but not in the District's name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The District does not have an additional credit risk policy. Presented below is the actual rating as of year-end for each investment type.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

Wisconsin Local Government Investment Pool	\$ 4,366,261	Not Rated
Wisconsin Investment Series Cooperative		
Cash Management Series	37,484,721	Not Rated
Investment Series	2,488,719	Not Rated
Term Series Investment Pool	18,000,000	Rated: AA
Subtotal	57,973,440	
Repurchase Agreements	4,000,000	Exempt from disclosure
Total Investments (Original Cost)	\$ 66,339,701	

On June 30, 2013, the District held repurchase agreement investment of \$4,000,000 of which the underlying securities are held by the investment's counterparty, not in the name of the District.

On June 30, 2013, the District held Wisconsin Investment Series Cooperative Cash Management Series of \$37,484,721 of which the underlying investments are held by the investment's counterparty, not in the name of the District.

On June 30, 2013, the District held Wisconsin Investment Series Cooperative Investment Series of \$2,488,719 of which the underlying certificates of deposit were covered by FDIC insurance.

Concentration of Credit Risk

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

Issuer:	Wisconsin Investment Series Cooperative
Investment Type and Amount:	Cash Management Series (\$37,484,721)
Investment Type and Amount:	Term Series Investment Pool (\$18,000,000)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following that shows the distribution of the District's investments by maturity (all mature in 12 months or less):

Repurchase Agreements	\$ 4,000,000
Wisconsin Local Government Investment Pool	4,366,261
Wisconsin Investment Series Cooperative	57,973,440
Total Investments	\$ 66,339,701

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The District's investments do not include investments that are highly sensitive to interest rate fluctuations.

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin local government investment pool of \$4,366,261 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2013, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

Investment in Wisconsin Investment Series Cooperative

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$57,973,440 at year end. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less. Term series Investment Pools consist of allowable investments under the Wisconsin Statutes which have maturities between 30 days and one year. The maturity date of the District's investment is September 16, 2013.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin intergovernmental Cooperation Statute, Wisconsin Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC reports the fair value of its underlying assets, at amortized cost, on a monthly basis. At June 30, 2013, the fair value of the District's share of the WISC assets was substantially equal to the carrying value.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

Note 3(b) - Capital assets

Capital asset balances and activity for the year ended June 30, 2013 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Sites (land)	\$ 8,693,976	\$ 136,482	\$ -	\$ 8,830,458
Construction in progress	50,581,201	400,950	(50,581,202)	400,950
Total capital assets not being depreciated	59,275,177	537,432	(50,581,202)	9,231,408
Capital assets being depreciated:				
Site Improvements	6,208,343	-	-	6,208,343
Buildings	149,204,300	51,752,926	-	200,957,226
Building improvements	7,410,923	-	-	7,410,923
Furniture and equipment	44,774,291	479,080	-	45,253,371
Total capital assets being depreciated	207,597,857	52,232,006	-	259,829,863
Less accumulated depreciation for:				
Site improvements	(4,316,942)	(294,122)	-	(4,611,064)
Buildings & building improvements	(57,646,851)	(2,944,066)	-	(60,590,917)
Furniture and equipment	(40,337,971)	(1,016,088)	-	(41,354,059)
Total accumulated depreciation	(102,301,764)	(4,254,276)	-	(106,556,040)
Total capital assets being depreciated,				
net of accumulated depreciation	105,296,093	47,977,730	-	153,273,823
Governmental activities capital assets, net of accumulated depreciation	<u><u>\$ 164,571,270</u></u>	<u><u>\$ 48,515,162</u></u>	<u><u>\$ (50,581,202)</u></u>	<u><u>\$ 162,505,231</u></u>
Business-type activities:				
Capital assets being depreciated:				
Furniture & Equipment	\$ 2,599,790	\$ 9,878	\$ -	\$ 2,609,668
Less accumulated depreciation	(1,407,790)	(80,168)	-	(1,487,958)
Business-type activities capital assets, net of accumulated depreciation	<u><u>\$ 1,192,000</u></u>	<u><u>\$ (70,290)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,121,710</u></u>

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

*Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 3,840,768
Vocational instruction	25,519
Special education instruction	3,249
Other instruction	46,807
Pupil services	3,315
Instructional staff services	14,103
General administration services	740
School administration services	11,736
Business services	66,103
Operation and maintenance of plant	201,382
Pupil transportation services	1,929
Central services	38,625
Other support services	-
Community services	-
Total depreciation for governmental activities	\$ 4,254,276

Note 4 - Detailed Disclosures Regarding Liabilities and Expenditures

Note 4(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, 2013 was as follows:

<u>Balance</u>	<u>Beginning Issued</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Tax anticipation notes	<u>\$34,000,000</u>	<u>\$46,000,000</u>	<u>\$44,000,000</u>	<u>\$36,000,000</u>

The \$36,000,000 Tax and Revenue Anticipation Promissory Notes matures on September 19, 2013 and bears interest of 1.5% per annum due at maturity.

Interest paid on short-term debt for the year ended June 30, 2013, was \$636,017.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

Note 4(b) - Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2013, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance *	Amounts Due within One Year
Governmental Activities					
General obligation debt					
Bonds and notes payable	\$ 117,674,000	\$ -	\$ 11,128,000	\$ 106,546,000	\$ 11,641,000
Other liabilities:					
Accrued OPEB Obligation	68,364,317	18,195,256	8,252,456	78,307,117	
Compensated absences	4,409,133	238,296	1,519,757	3,127,671	694,628
Total other liabilities	72,773,450	18,433,552	9,772,213	81,434,788	694,628
Total governmental activities long-term liabilities	\$ 190,447,450	\$ 18,433,552	\$ 20,900,213	\$ 187,980,788	\$ 12,335,628

Interest paid on long-term debt for the year ended June 30, 2013, was \$5,965,271.

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:

	Government Activities			
	Issue Dates	Interest Rates	Date of Maturity	Balance 6/30/2013
Bond - KSOL/Bain	10/10/02	2.75%-4.5%	04/01/16	\$ 6,575,000
Bond - Refinancing	06/15/05	3.75%-5.0%	04/01/16	8,110,000
Bond - Nash	02/01/06	3.24%-3.81%	04/01/25	18,325,000
Bond - Brass	06/20/07	3.69%-3.98%	04/01/27	6,360,000
Bond - Mahone	07/15/09	3.5%-5.0%	04/01/20	1,140,000
Bond - ITA Refinancing	07/15/09	4.00%-5.25%	04/01/24	18,295,000
Bond - ITA BAB	07/15/09	8.00%	04/01/29	20,000,000
State Trust Fund Loan - Reuther BAB	06/10/10	4.25%	03/15/17	1,464,000
State Trust Fund Loan - Reuther QSCB	06/10/10	4.25%	03/15/18	1,415,000
State Trust Fund Loan - ITA QSCB	06/10/10	4.25%	03/15/19	9,278,000
State Trust Fund Loan - Reuther QZAB	06/10/10	4.25%	03/15/20	3,444,000
State Trust Fund Loan - OPEB	06/08/11	3.75%	03/15/19	3,360,000
Bond - Refinancing	02/15/12	3.75%	04/01/18	8,780,000
Total bonds and notes				\$ 106,546,000

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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, 2013 is:

Equalized value certified by Wisconsin Department of Revenue for:	2013	\$ 7,982,932,601
Margin of indebtedness at 10%		798,293,260
Deduct long-term debt applicable to debt margin		106,546,000
Margin of indebtedness		\$ 691,747,260

Aggregate cash flow requirements for retirement of long-term principal and interest on notes and bonds (including State Trust Loans) as of June 30, 2013 as follows:

Governmental Activities			
Year ended June 30	Principal	Interest	Total
2014	\$ 11,641,000	\$ 5,354,599	\$ 16,995,599
2015	12,102,000	4,885,881	16,987,881
2016	11,763,000	4,390,499	16,153,499
2017	6,924,000	3,890,225	10,814,225
2018	7,408,000	3,620,848	11,028,848
2019-2023	28,478,000	13,879,764	42,357,764
2024-2028	24,145,000	6,540,294	30,685,294
2029	4,085,000	326,800	4,411,800
Totals	\$ 106,546,000	\$ 42,888,910	\$ 149,434,910

Note 4(c) - Operating Leases

The District leases buildings and other equipment under non-cancelable operating leases. Total costs for such leases were \$740,919 for facility leases, \$168,578 for vehicle leases, and \$244,000 for copier leases for the year ended June 30, 2013. The future minimum lease payments totaling \$2,885,588 for these leases are as follows:

Year ended June 30	Total
2014	\$ 1,035,104
2015	680,784
2016	345,379
2017	243,898
2018	139,120
2019-2023	182,040
2024-2028	162,040
2029-2031	97,224
Total Minimum Lease Payments	\$ 2,885,588

Note 4(d) - Interfund Balances and Activity

The General Fund is due money from the various funds as follows: \$167,734 from Head Start and \$6,300 from Community Service. The balances result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

Interfund Receivables and Payables at June 30, 2013 were as follows:

	Due from <u>other funds</u>	Due to <u>other funds</u>	Net internal balances on Statement of Net Position
Governmental Activities			
General Fund	\$ 174,034	\$ -	\$ 174,034
Head Start Fund	-	167,734	(167,734)
Community Services Fund	-	6,300	(6,300)
Total Governmental Activities	\$ 174,034	\$ 174,034	\$ -

Transfers within the reporting entity are substantially for the purposes of subsidizing operating functions, 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>Transfer out</u>	<u>Transfer in</u>	Net Transfers on <u>Statement of Activities</u>
Governmental Activities			
General Fund	\$ 1,156,895	\$ -	\$ 1,156,895
Debt Service Fund	-	1,156,895	(1,156,895)
Total Governmental Activities	\$ 1,156,895	\$ 1,156,895	\$ -

Note 4(e) - Contributions to Pension Plan

All eligible District employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective employees are the

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

The payroll for the Kenosha Unified School District No. 1 employees covered by the WRS for the year ended June 30, 2012 was \$133,749,728; the employer's total payroll was \$135,982,465. The total required contribution for the year ended June 30, 2013 was \$16,792,994, which consisted of \$8,396,495 or 6.28% of covered payroll from the employer for July 1, 2012 through June 30, 2013, and \$8,396,495 or 6.28% of covered payroll from employees for July 1, 2012 through June 30, 2013. The total contribution rates were 11.80% for the period of July 1, 2012 through December 31, 2012, and 13.30% for the period of January 1, 2013 through June 30, 2013. Employee contribution rates varied according to collective bargaining contracts. Total contributions for the years ended June 30, 2012 and 2011 were \$17,697,224 and \$17,397,439 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

Note 4(f) - Postemployment Benefits Trust

On August 22, 2006, the District established the Kenosha Unified School District Post Employment Benefits Trust (the "Trust") for the purpose of holding assets (the "Trust Estate") for the payment of benefits to the members of the District's postemployment health and other OPEB benefits plan, and incurring debt, as provided in the agreement. The Trust is reported as a fiduciary fund in the District's basic financial statements. Separate financial statements are not prepared for the Trust. The basis of accounting and valuation of investments of the Trust are described in Note 1 while the required disclosures on the Trust's investments can be found in Note 3(a).

Plan Descriptions and Contribution Information

The District administers a single-employer defined benefit OPEB plan providing District retirees with medical and other postemployment benefits. The plan is administered by the District and does not issue a standalone financial report.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
Notes to the Basic Financial Statements
For the Year Ended June 30, 2013

The District contracted with Milliman, Inc. to prepare an actuarial report dated August 2, 2013, which estimates the District's Expected Postretirement Benefit Obligation (EPSO) to be \$310,426,267 allocated, as follows:

Past Service Component (unfunded actuarial accrued liability)	\$162,327,661
Current Service Component (assets)	\$ 8,545,327
Future Service Component (present value of future normal costs)	<u>\$139,553,279</u>
Total Assets and Future Employer Contributions	<u>\$310,426,267</u>

The participant data as of July 1, 2012 was used in the development of the EPSO and ARC consisting of 2,197 active employees with the average age of 46.2 years and average service of 12 years, and 352 retirees (medical) with the average age of 61.2 years. Expected medical costs are based on estimates ranging from \$1,252 for male-single to \$3,896 for male-family and from \$1,314 for female-single to \$3,896 for female-family. Estimates are adjusted for age and demographic differences between retirees and all participants.

Plan Assets and Debt Obligation

Plan Assets

The Trust has cash and investments totaling \$8,203,817 as of June 30, 2013.

Debt Obligations

In 2006, the Trust entered into the Indenture of Trust dated as of September 1, 2006 (the "Trust Note Indenture") and issued an aggregate of \$28.4 million of its taxable Post-Employment Benefits Trust Asset Backed Notes (the "Trust Notes") bearing interest at a floating rate based upon a spread over the 3-month LIBOR rate. The District issued \$9.5 million of its Taxable Note Anticipation Notes (the "District Notes") due September 1, 2011 and deposited the proceeds with the Trust. On June 8, 2011, the District refinanced these District Notes with the proceeds of a 10-year loan through the Wisconsin State Trust Fund Loan program. The combined proceeds of the Trust Notes and the District Notes were used to acquire an aggregate of \$37.5 million of floating rate credit-linked secured notes due 2013 (the "CDOs") issued by a Cayman Island investment vehicle (the "CDO Issuer"). The District anticipated that the Trust would receive interest payments on the CDOs sufficient to pay interest on the Trust Notes. The District expected to pay interest on the District Notes from its general funds, with excess Trust earnings on the CDOs expected to ultimately fund a portion of the District's OPEB liabilities.

Although the Trust Notes and the Trust Note Indenture provide that the Trust Notes are payable solely from the assets of the Trust that are pledged for that purpose under the Trust Note Indenture (including the Moral Obligation Contribution Agreement described below), it is an Event of Default under the Trust Note Indenture if the Asset Ratio falls below 95% and is not raised to at least 101% within 30 days after The Bank of New York Trust Company, N.A., the Trustee under the Trust Note Indenture (the "Indenture Trustee"), provides notice of that fact to the Trust and the District. The "Asset Ratio" is calculated by the valuation agent as the ratio of the value of the CDOs (as determined by the valuation agent, using a "market value" approach) to the outstanding principal amount of the Trust Notes.

The District entered into a Moral Obligation Contribution Agreement with the Trust (the "Moral Obligation Agreement") in connection with the execution of the Trust Note Indenture and the issuance of the Trust Notes. In the Moral Obligation Contribution Agreement, the District agreed that if it is notified by the Indenture Trustee that the Asset Ratio is less than 101%, the District's Director of Business Services will include the amount of the deficiency in each annual budget submitted to the District School board until an appropriation of that amount is made and, if appropriated by the district School board from funds available for that purpose, will deposit with the Indenture Trustee for the account of the Trust an amount sufficient to cause the Asset Ratio to be at least 101%. The Moral Obligation Contribution Agreement included a statement recognizing the District's "moral obligation" and expressing the District's "expectation and

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2013

aspiration" to include any such deficiency in its next budget, but it expressly stated that the District's obligation constituted only a "moral obligation" and not a legal obligation or indebtedness of the District within the meaning of any state constitutional provision or statutory limitation. As part of the Stifel

Settlement (explained below), the District has been released from the terms of the Moral Obligation Agreement.

Upon completion of the CDO transactions described above there were \$28.4 million of Trust Notes outstanding and \$37.5 million principal amount of CDOs held by the Trust. However, both the value of the CDOs and the Asset Ratio have since declined dramatically.

On February 7, 2008, the Indenture Trustee notified the Trust and the District that the Asset Ratio was below 95% and requested that the district pay such amounts to the Trust as were necessary to restore the Asset Ratio to 101% in accordance with the Moral Obligation Contribution Agreement.

The District hired outside counsel in connection with these matters. Four other Wisconsin school districts and their OPEB investment trusts that have entered into similar financing arrangements have hired the same law firms for this purpose. The school boards for the five districts filed a lawsuit seeking rescission, actual and exemplary damages, costs and fees.

On August 10, 2011, the Securities and Exchange Commission ("SEC") filed a complaint against Stifel, Nicolaus & Co. Inc. and a former executive. On August 11, 2011, Stifel Financial Corp. ("Stifel") announced that it had finalized an agreement to purchase the Trust Notes from the holder of the Trust Notes.

On September 27, 2011, the SEC separately charged RBC Capital Markets LLC (RBCCM). The SEC subsequently accepted an Offer of Settlement and ordered RBCCM to pay disgorgement, prejudgment interest and a civil money penalty aggregating in the amount of \$30.4 million. Pursuant to the settlement order, RBCCM was ordered to pay such aggregate amount in specified proportions to each of the Plaintiffs, including a payment of \$6,331,061 to the District, which the District has received. The District has used \$633,106 of such amount to pay related attorney's fees, and used the remainder to pay down \$6 million of the June 10, 2011 State Trust Fund Loan. The District cannot use any of this payment for general or operating expenses.

On March 6, 2012, the Stifel Defendants entered into a Partial Settlement Agreement with the Plaintiffs in the Plaintiffs' suit against the Stifel Defendants (the "Stifel Settlement"). Under the terms of the Stifel Settlement, Stifel paid \$13 million to the Plaintiffs and provided a standby letter of credit for an additional \$9.5 million to be paid when, among other conditions, Stifel's case with the SEC as described above is resolved. The Stifel Settlement also provides for an additional conditional payment by Stifel to the Plaintiffs of the difference between any amounts recovered by the Plaintiffs from the RBC Defendants and a maximum of \$11 million. Additionally, as part of the Stifel Settlement, all of the Stifel Defendants' counterclaims against the Plaintiffs have been dismissed. Finally, the Stifel Settlement relieves and releases the District from the terms of the Moral Obligation Agreement and any other obligation to pay the Trust Notes. Accordingly, the Trust removed the liability from the Statement of Net Assets and recognized an addition of \$27,649,483 during the 2011-2012 fiscal year. The District received \$2,041,431 from Stifel pursuant to the Stifel Settlement and is entitled to receive an additional \$3,454,876 under the standby letter of credit. The District has used \$1,831,740 of this amount to pay related attorney's fees, and expects to use the remainder to pay down June 10, 2011 State Trust Fund Loan.

Following the Stifel Settlement, the Plaintiffs and Stifel sought and received leave to file an amended complaint adding Stifel as a plaintiff against the RBC Defendants, which amended complaint was filed April 23, 2012. On June 12, 2012, the RBC Defendants filed an answer to the amended complaint and filed counterclaims against the Plaintiffs and the Stifel Defendants. On August 6, 2012, the Plaintiffs and

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements

For the Year Ended June 30, 2013

the Stifel Defendants filed a Motion to Dismiss the RBC Defendants' counterclaims. The outcome of these legal proceedings cannot be predicted at this time.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

	<u>6/30/2013</u>
Annual Required Contribution	\$ 19,412,312
Interest on net OPEB	2,135,360
Adjustment to Annual Required Contribution	<u>(3,352,416)</u>
Annual OPEB Cost (expense)	\$ 18,195,256
Contributions made	<u>(8,252,456)</u>
Change in net OPEB Obligation	\$ 9,942,800
OPEB Obligation - Beginning of Year	<u>68,364,317</u>
OPEB Obligation - End of Year	<u>\$ 78,307,117</u>

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations.

Trend Information

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>Contribution (ARC)</u>	<u>OPEB Cost Contributed</u>	<u>% of ARC Contributed</u>	<u>OPEB Obligation</u>
6/30/2011	\$18,570,595	\$19,159,300	\$3,819,721	19.94%	\$55,423,991
6/30/2012	18,195,256	19,412,312	8,252,456	42.51%	68,364,317
6/30/2013	18,195,256	19,412,312	8,252,456	42.51%	78,307,117

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

Funded Status and Funding Progress

The funded status and progress of the plan as of the most recent actuarial valuation date is as follows (dollar amounts in millions):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ([b-a] / c)
3/31/2009	5.5	124.0	118.5	4.4%	130.3	90.9%
7/1/2010	5.6	150.8	145.2	3.7%	140.6	103.3%
7/1/2012	8.1	170.4	162.3	4.8%	124.7	130.2%

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Note 4(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 have been no significant reductions in insurance coverage from coverage in the prior year.

Note 5 - Other Note Disclosures

Note 5(a) - 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 5(b) - 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, 2013 have not been conducted. Accordingly, the District's compliance with

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to the Basic Financial Statements For the Year Ended June 30, 2013

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.

Note 5(c) – Restatement of Beginning Fund Balances / Net Position

During 2012 calendar year-end payroll reconciling, the District reviewed remittances made to the Wisconsin Retirement System (WRS) for pension related costs and identified an overpayment of \$1,200,477, made in error. Including accrual adjustments made at year-end, the total required adjustment to fund balance was \$1,406,276, in order to reflect the actual WRS contributions due for the 2011-12 fiscal year based on eligible WRS wages, as calculated by the District. The restatement is as follows:

	General Fund
Fund Balance, beginning of year, as previously stated	\$ 15,683,728
Decrease to expenditures	\$ 1,406,276
Fund Balance, beginning of year, as restated	<u>\$ 17,090,004</u>

	Governmental Activities
Net Position, beginning of year, as previously stated	\$ (10,098,486)
Decrease to expenditures	\$ 1,406,276
Net Position, beginning of year, as restated	<u>\$ (8,692,210)</u>

Note 5(d) – Subsequent Events

At the June 25, 2013, School Board meeting the Board voted to approve a resolution authorizing the sale of general obligation bonds in an amount not to exceed \$17,000,000 in order to finance the Energy Efficiency Project, also previously approved by the Board. The Project involves energy efficiency and operational savings projects at District Buildings, including HVAC system upgrades, HVAC control system improvements, lighting improvements, roof, window and wall repairs and replacement, and constructing vestibules at building entrances under provisions of 2011 Wisconsin Act 32. This bond issue also refunded existing debt consisting of General Obligation Bonds, Series 2002C, dated December 10, 2002, as part of the overall financing plan.

On August 27, 2013, the School Board approved the resolution authorizing the issuance and sale of \$23,100,000 General Obligation Corporate Purpose Bonds, Series 2013. This bond issue consists of \$16,690,000 in project financing and \$6,410,000 in refunding of prior obligations.

REQUIRED SUPPLEMENTARY INFORMATION

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund - Budgetary Basis
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 75,023,494	\$ 75,023,494	\$ 74,959,777	\$ (63,717)
Other local sources	2,557,280	2,643,723	2,110,599	(533,124)
Interdistrict sources	300,000	300,000	351,557	51,557
Intermediate sources	32,500	32,500	25,950	(6,550)
State sources	150,502,787	150,466,803	150,545,880	79,077
Federal sources	9,843,133	10,439,218	9,236,820	(1,202,397)
Other sources	510,000	575,887	967,262	391,374
Total Revenues	238,769,194	239,481,625	238,197,845	(1,283,779)
Expenditures				
Instruction				
Regular instruction	106,888,170	107,937,256	106,942,603	994,652
Vocational instruction	4,960,801	5,034,704	4,564,858	469,846
Other instruction	7,895,766	7,791,450	7,421,186	370,264
Total Instruction	119,744,737	120,763,410	118,928,648	1,834,762
Support Services				
Pupil services	9,718,571	10,099,731	9,677,877	421,854
Instructional staff services	16,362,044	14,569,611	12,396,643	2,172,968
General administration services	1,357,206	1,410,086	1,237,393	172,693
Building administration services	14,065,889	14,010,419	13,770,510	239,909
Business services	2,799,521	2,782,265	2,454,912	327,353
Operation and maintenance of plant	24,363,005	24,230,587	22,516,056	1,714,531
Pupil transportation	4,144,282	4,177,589	3,800,255	377,334
Central services	8,553,736	8,974,287	6,447,171	2,527,116
Insurance	2,354,457	2,354,457	1,334,658	1,019,799
Total Support Services	83,718,710	82,609,032	73,635,476	8,973,556
Debt Service				
Interest and fiscal charges	505,943	506,210	689,722	(183,512)
Non-program				
General tuition payments	1,284,500	1,313,500	2,215,406	(901,906)
Other non-program transactions	-	-	441,723	(441,723)
Total non-program	1,284,500	1,313,500	2,657,129	(1,343,629)
Total Expenditures	205,253,889	205,192,152	195,910,975	9,281,177
Excess of Revenues Over Expenditures	33,515,304	34,289,473	42,286,871	7,997,397
Other Financing Uses				
Transfers out	(30,515,305)	(31,289,473)	(32,267,399)	(977,926)
Net Change in Fund Balance	3,000,000	3,000,000	10,019,471	7,019,471
Fund balance - beginning of year as restated	17,090,004	17,090,004	17,090,004	-
Fund balance - end of year	\$ 20,090,004	\$ 20,090,004	\$ 27,109,476	\$ 7,019,471

The notes to required supplementary information are an integral part of this schedule.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Education Special Revenue Fund - Budgetary Basis
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Other local sources	\$ 10,064	\$ 10,064	\$ 8,681	\$ (1,383)
Interdistrict sources	20,000	20,000	-	(20,000)
State sources	10,405,000	10,405,000	11,019,398	614,398
Federal sources	6,888,115	7,710,576	4,578,040	(3,132,536)
Total Revenues	17,323,179	18,145,640	15,606,119	(2,539,521)
Expenditures				
Instruction				
Special education instruction	37,632,878	37,931,245	36,726,634	1,204,611
Support services				
Pupil services	6,114,044	6,114,094	6,143,933	(29,839)
Instructional staff services	1,107,632	1,430,705	908,958	521,747
Business services	3,200	3,200	1,298	1,903
Operation and maintenance of plant	30,500	36,100	28,801	7,299
Pupil transportation	2,418,160	2,608,160	2,901,630	(293,470)
Total Support Services	9,673,536	10,192,259	9,984,618	207,641
Non-program				
Special education tuition	-	5,371	5,371	-
Total Expenditures	47,306,414	48,128,875	46,716,623	1,412,251
Excess of Revenues Over (Under) Expenditures	(29,983,235)	(29,983,235)	(31,110,504)	(1,127,269)
Other Financing Sources				
Transfers in	29,983,235	29,983,235	31,110,504	1,127,269
Net Change in Fund Balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

The notes to required supplementary information are an integral part of this schedule.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Schedule of Funding Progress
Other Post-Employment Benefit Plan
For the Year Ended June 30, 2013
(in millions of dollars)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
3/31/2009	\$ 5.5	\$ 124.0	4.44%	\$ 118.5	\$ 130.3	90.94%
7/1/2010	5.6	150.8	3.71%	145.2	140.6	103.27%
7/1/2012	8.1	170.4	4.75%	162.3	124.7	130.15%

The notes to required supplementary information are an integral part of this schedule.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Schedule of Employer Contributions
Other Post-Employment Benefit Plan
For the Year Ended June 30, 2013
(in millions of dollars)

Year Ended June 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2011	\$ 3.8	\$ 19.2	13.50%
2012	4.7	19.4	24.23%
2013	8.2	19.4	42.27%

The notes to required supplementary information are an integral part of this schedule.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to Required Supplementary Information For the Year Ended June 30, 2013

Note 1 – Other Post-employment Benefits

The District implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions" for the fiscal year ended June 30, 2008.

Note 2 – Budgets and Budgetary Accounting

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 (DPI), 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 DPI requires the District to separate special education revenues and expenditures from other general fund amounts. Funds such as the general fund, food service, and Head Start are typically used to liquidate long-term liabilities such as loans and leases. No major budget adjustments occurred in 2013.

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 committed or assigned 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. There were no encumbrances at the end of 2013.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Notes to Required Supplementary Information For the Year Ended June 30, 2013

Note 3 – Budgets and Budgetary Accounting

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 2 in the notes to required supplemental information; however, the District adopts a budget for the special education special revenue fund which is reported with the general fund in accordance with generally accepted accounting principles. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below:

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	\$ 238,197,845	\$ 15,606,119
Reclassification of special education	15,606,119	(15,606,119)
Total Revenues	<u>253,803,965</u>	<u>-</u>
Expenditures		
Actual amounts (budgetary basis)	195,910,975	46,716,623
Reclassification of special education	46,716,623	(46,716,623)
Total Expenditures	<u>242,627,598</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	42,286,871	(31,110,504)
Reclassification of special education	(31,110,504)	31,110,504
Excess of Revenues Over (Under) Expenditures	<u>11,176,367</u>	<u>-</u>
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(32,267,399)	31,110,504
Reclassification of special education	31,110,504	(31,110,504)
Total Other Financing Sources (Uses)	<u>(1,156,895)</u>	<u>-</u>
Net Change in Fund Balance		
Actual amounts (budgetary basis)	<u>10,019,471</u>	<u>-</u>
Fund Balance - July 1		
Actual amounts (budgetary basis)	<u>17,090,004</u>	<u>-</u>
Fund Balance - June 30		
Actual amounts (budgetary basis)	<u>\$ 27,109,476</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds		Capital Projects	Total Nonmajor Governmental Funds
	Head Start	Community Service		
ASSETS				
Cash and investments	\$ -	\$ 1,567,857	\$ -	\$ 1,567,857
Receivables				
Accounts	17,092	13,875	-	30,968
Due from other governments	167,770	-	-	167,770
Prepaid items	-	955	-	955
TOTAL ASSETS	<u>\$ 184,862</u>	<u>\$ 1,582,688</u>	<u>\$ -</u>	<u>\$ 1,767,550</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 17,128	\$ 11,710	\$ -	\$ 28,838
Due to other funds	167,734	6,300	-	174,034
Total liabilities	<u>184,862</u>	<u>18,010</u>	<u>-</u>	<u>202,872</u>
Fund balances				
Nonspendable - prepaid items	-	955	-	955
Assigned - community services	-	1,563,724	-	1,563,724
Total fund balances	<u>-</u>	<u>1,564,679</u>	<u>-</u>	<u>1,564,679</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 184,862</u>	<u>\$ 1,582,688</u>	<u>\$ -</u>	<u>\$ 1,767,550</u>

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, 2013

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Head Start	Community Service	Capital Projects	
Revenues				
Property taxes	\$ -	\$ 2,052,930	\$ -	\$ 2,052,930
Other local sources	-	146,798	-	146,798
Intermediate sources	-	31,934	-	31,934
Federal sources	1,736,967	-	-	1,736,967
Other sources	-	230	184,786	185,016
Total Revenues	<u>1,736,967</u>	<u>2,231,892</u>	<u>184,786</u>	<u>4,153,645</u>
Expenditures				
Instruction				
Regular instruction	261,980	-	-	261,980
Special education instruction	924,927	-	-	924,927
Other instruction	-	12,656	-	12,656
Total Instruction	<u>1,186,907</u>	<u>12,656</u>	<u>-</u>	<u>1,199,563</u>
Support Services				
Pupil services	330,227	119,028	-	449,255
Instructional staff services	30,867	2,158	-	33,025
General administration services	-	308,604	-	308,604
Building administration services	83,920	-	-	83,920
Operation and maintenance of plant	105,046	23,678	526,183	654,907
Pupil transportation	-	343	-	343
Total Support Services	<u>550,060</u>	<u>453,811</u>	<u>526,183</u>	<u>1,530,054</u>
Community service	-	478,485	-	478,485
Total Expenditures	<u>1,736,967</u>	<u>944,952</u>	<u>526,183</u>	<u>3,208,102</u>
Net Change in Fund Balances	-	1,286,941	(341,397)	945,544
Fund balances - beginning of year	-	277,738	341,397	619,135
Fund balances - end of year	<u>\$ -</u>	<u>\$ 1,564,679</u>	<u>\$ -</u>	<u>\$ 1,564,679</u>

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
Schedule of Changes in Assets and Liabilities
Pupil Activity Funds
For the Year ended June 30, 2013

	Balance 7/1/2012	Additions	Deletions	Balance 6/30/2013
ASSETS				
Cash and investments	\$ 1,348,408	\$ 3,898,601	\$ 3,805,504	\$ 1,441,505
Prepaid items	-	50	-	50
	<u>\$ 1,348,408</u>	<u>\$ 3,898,651</u>	<u>\$ 3,805,504</u>	<u>\$ 1,441,555</u>
LIABILITIES				
Accounts Payable	\$ 600	\$ 19,666	\$ 600	\$ 19,666
Due to Student Organizations	1,347,808	3,898,601	3,824,520	1,421,889
	<u>\$ 1,348,408</u>	<u>\$ 3,918,267</u>	<u>\$ 3,825,120</u>	<u>\$ 1,441,555</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

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

To the Board of Education
Kenosha Unified School District No. 1
Kenosha, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenosha Unified School District No. 1, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Kenosha Unified School District No. 1's basic financial statements, and have issued our report thereon which included emphasis of matter paragraphs as indicated on page 2 dated November 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kenosha Unified School District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Kenosha Unified School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kenosha Unified School District No. 1's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Kenosha Unified School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kenosha Unified School District No. 1's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kenosha Unified School District No. 1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Green Bay, Wisconsin
November 26, 2013

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

To the Board of Education
Kenosha Unified School District No. 1
Kenosha, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Kenosha Unified School District No. 1's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Kenosha Unified School District No. 1's major federal and state programs for the year ended June 30, 2013. Kenosha Unified School District No. 1's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Kenosha Unified School District No. 1's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133 and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Kenosha Unified School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Kenosha Unified School District No. 1's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Kenosha Unified School District No. 1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Kenosha Unified School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kenosha Unified School District No. 1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Kenosha Unified School District No. 1's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-01 to be a significant deficiency.

Kenosha Unified School District No. 1's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. Kenosha Unified School District No. 1's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants
Green Bay, Wisconsin
November 26, 2013

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
KENOSHA, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Grantor Agency/Federal Program Title	Pass-through Agency	Federal Catalog Number	Accrued Receivable 7/1/2012	Revenues		Total Expenditures	Accrued Receivable 6/30/2013
				Amount Received	Local Share		
U.S. Department of Agriculture							
<i>Child Nutrition Cluster</i>							
<u>National School Breakfast Program</u>	DPI	10.553	\$	29,887	\$	-	\$
July 1, 2011 - June 30, 2012			-	29,887	\$	-	-
July 1, 2012 - June 30, 2013			-	655,432	-	801,715	146,283
Total 10.553			29,887	685,319	-	801,715	146,283
<u>National School Lunch Program</u>	DPI	10.555					
Cash Assistance:							
July 1, 2011 - June 30, 2012			126,188	126,188	-	-	-
July 1, 2012 - June 30, 2013	-	3,491,408	-	4,117,076	625,668		
Noncash Assistance (Commodities):							
July 1, 2012 - June 30, 2013	-	515,184	-	515,184	-	-	
Total 10.555			126,188	4,132,780	-	4,632,260	625,668
<u>Summer Food Service Program</u>	DPI	10.559					
July 1, 2012 - June 30, 2013			-	72,381	-	93,090	20,709
Total Child Nutrition Cluster			156,075	4,890,480	-	5,527,065	792,660
<u>Fresh Fruit & Vegetable Program</u>	DPI	10.582					
July 1, 2011 - June 30, 2012			40,860	40,860	-	-	-
July 1, 2012 - June 30, 2013			-	206,577	-	227,508	20,931
Total 10.582			40,860	247,437	-	227,508	20,931
Total U.S. Department of Agriculture			196,935	5,137,917	-	5,754,573	813,591

(Continued)

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
KENOSHA, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
For the Year Ended June 30, 2013

Grantor Agency/Federal Program Title	Pass-through Agency	Federal Catalog Number	Accrued Receivable 7/1/2012	Revenues		Total Expenditures	Accrued Receivable 6/30/2013
				Amount Received	Local Share		
U.S. Department of Justice							
<u>Developing, Testing & Demonstrating New Programs</u>	Direct Program	16.541					
July 1, 2011 - June 30, 2012			\$ 21,959	\$ 21,959	\$ -	\$ -	\$ -
July 1, 2012 - June 30, 2013			-	58,776	-	99,093	40,317
Total U.S. Department of Justice			21,959	80,735	-	99,093	40,317
U.S. Department of Education							
<u>Title I, Part A Cluster</u>							
Title I - Grants to Local Educational Agencies							
Title I, Part A (Basic Grant)	DPI	84.010					
July 1, 2011 - June 30, 2012			1,429,029	1,429,029	-	-	-
July 1, 2012 - June 30, 2013			-	3,605,769	-	5,196,566	1,590,797
Title I, Part A (Reservation)	DPI	84.010					
July 1, 2012 - June 30, 2013			-	532,929	-	648,829	115,900
Title I, Part A (Reservation)	DPI	84.010					
July 1, 2012 - June 30, 2013			-	57,999	-	76,855	18,856
Title I, Part A (Delinquent)	DPI	84.010					
July 1, 2011 - June 30, 2012			16,328	16,328	-	-	-
July 1, 2012 - June 30, 2013			-	58,004	-	83,396	25,392
Total 84.010			1,445,357	5,700,058	-	6,005,646	1,750,945
Total Title I, Part A Cluster			1,445,357	5,700,058	-	6,005,646	1,750,945
<u>Career and Technical Education (Carl Perkins IV)</u>	DPI	84.048					
July 1, 2011 - June 30, 2012			16,857	16,857	-	-	-
July 1, 2012 - June 30, 2013			-	210,653	-	222,140	11,487
Total 84.048			16,857	227,510	-	222,140	11,487

(Continued)

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
KENOSHA, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
For the Year Ended June 30, 2013

Grantor Agency/Federal Program Title	Pass-through Agency	Federal Catalog Number	Accrued Receivable 7/1/2012	Revenues		Total Expenditures	Accrued Receivable 6/30/2013
				Amount Received	Local Share		
U.S. Department of Education, Continued							
Safe and Drug Free Schools and Communities	DPI	84.184	\$ 124,582	\$ 124,582	\$ -	\$ -	\$ -
July 1, 2011 - June 30, 2012			-	276,112	-	366,015	89,903
July 1, 2012 - June 30, 2013			-	-	-	-	-
Total 84.184			124,582	400,694	-	366,015	89,903
Special Education Cluster							
Special Education - Grants to States							
Special Education - IDEA Flow-through	DPI	84.027	834,012	834,012	-	-	-
July 1, 2011 - June 30, 2012			-	2,584,651	-	3,421,569	836,918
July 1, 2012 - June 30, 2013			-	-	-	-	-
Special Education - CEIS Entitlement	DPI	84.027	76,294	76,294	-	-	-
July 1, 2011 - June 30, 2012			-	260,664	-	333,329	72,665
July 1, 2012 - June 30, 2013			-	-	-	-	-
Special Education - High Cost	DPI	84.027	-	4,413	-	4,413	-
July 1, 2012 - June 30, 2013			-	-	-	-	-
Special Education - Discretionary	DPI	84.027	-	9,408	-	9,408	-
July 1, 2012 - June 30, 2013			-	-	-	-	-
Total 84.027			910,306	3,769,442	-	3,768,719	909,583
Special Education - Preschool Grants		84.173					
Special Education - IDEA Preschool	DPI	84.173	41,290	41,290	-	-	-
July 1, 2011 - June 30, 2012			-	81,367	-	212,595	131,228
July 1, 2012 - June 30, 2013			-	-	-	-	-
Total 84.173			41,290	122,657	-	212,595	131,228
Total Special Education Cluster			951,596	3,892,099	-	3,981,314	1,040,811

(Continued)

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
KENOSHA, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
For the Year Ended June 30, 2013

Grantor Agency/Federal Program Title	Pass-through Agency	Federal Catalog Number	Accrued Receivable 7/1/2012	Revenues		Total Expenditures	Accrued Receivable 6/30/2013
				Amount Received	Local Share		
U.S. Department of Education, Continued							
Education of Homeless Children & Youth Cluster							
Education for Homeless							
September 1, 2011 to August 31, 2012	DPI	84.196	\$ 10,952	\$ 10,952	\$ -	\$ -	-
September 1, 2012 to August 31, 2013			-	38,420	-	44,268	5,848
Total 84.196			10,952	49,372	-	44,268	5,848
Title II - A Charter Schools							
July 1, 2011 - June 30, 2012	DPI	84.282	58,612	58,612	-	-	-
July 1, 2012 - June 30, 2013			-	164,263	-	195,840	31,577
Total 84.282			58,612	222,875	-	195,840	31,577
21st Century Community Learning Centers							
July 1, 2011 - June 30, 2012	DPI	84.287	165,836	165,836	-	-	-
July 1, 2012 - June 30, 2013			-	490,356	-	700,000	209,644
Total 84.287			165,836	656,192	-	700,000	209,644
Title III-A - English Language Acquisition Grants							
July 1, 2011 - June 30, 2012	DPI	84.365	43,176	43,176	-	-	-
July 1, 2012 - June 30, 2013			-	215,892	-	252,730	36,838
Total 84.365			43,176	259,068	-	252,730	36,838
Improving Teacher Quality (Class Size Reduction)							
July 1, 2011 - June 30, 2012	DPI	84.367	248,640	248,640	-	-	-
July 1, 2012 - June 30, 2013			-	707,673	-	784,111	76,438
Total 84.367			248,640	956,313	-	784,111	76,438

(Continued)

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
KENOSHA, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
For the Year Ended June 30, 2013

Grantor Agency/Federal Program Title	Pass-through Agency	Federal Catalog Number	Accrued Receivable 7/1/2012	Revenues		Total Expenditures	Accrued Receivable 6/30/2013
				Amount Received	Local Share		
U.S. Department of Education, Continued							
ARRA - Education Jobs Funds	DOA	84.410	\$ 703,601	\$ 703,601	\$ -	\$ -	\$ -
July 1, 2011 - June 30, 2012			3,769,209	13,067,782	-	12,552,064	3,253,491
Total U.S. Department of Education							
U.S. Department of Health and Human Services							
Head Start	Direct Program	93.600	153,262	153,262	-	-	-
July 1, 2011 - June 30, 2012			-	1,620,485	-	1,788,255	167,770
July 1, 2012 - June 30, 2013			153,262	1,773,747	-	1,788,255	167,770
Total 93.600							
Medical Assistance	DHS	93.778					
School Based Services							
July 1, 2011 - June 30, 2012			2,540,602	2,540,602	-	-	-
July 1, 2012 - June 30, 2013			-	1,007,800	-	1,064,398	56,598
Total 93.778							
CDC Movin Schools							
July 1, 2012 - June 30, 2013			2,540,602	3,548,402	-	1,064,398	56,598
	DHS	93.938	-	250	-	250	-
Total U.S. Department of Health and Human Services							
			2,693,864	5,322,399	-	2,852,903	224,368
TOTAL FEDERAL AWARDS			\$ 6,681,967	\$ 23,608,833	\$ -	\$ 21,258,633	\$ 4,331,767

DPI - Wisconsin Department of Public Instruction
DHS - Wisconsin Department of Health Services
DOA - Wisconsin Department of Administration

See Notes to Schedule of Expenditures of Federal Awards.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
KENOSHA, WISCONSIN
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2013

Grantor Agency/State Program Title	Pass-through Agency	State ID Number	Accrued Receivable 7/1/2012	Revenues		Total Expenditures	Accrued Receivable 6/30/2013
				Amount Received	Local Share		
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Special Education and School Age Parents	Direct Program	255.101	\$ -	\$ 10,927,415	\$ -	\$ 10,927,415	\$ -
School Lunch Aid Program	Direct Program	255.102	-	86,236	-	86,236	-
Common School Fund Library Aid	Direct Program	255.103	-	787,016	-	787,016	-
Bilingual-Bicultural Education Aid	Direct Program	255.106	-	68,707	-	68,707	-
Pupil Transportation Aid	Direct Program	255.107	-	265,505	-	265,505	-
WI Morning Milk	Direct Program	255.109	-	7,324	-	7,324	-
Equalization Aid	Direct Program	255.201	2,788,163	2,795,030	(6,867)	-	-
July 1, 2011 to June 30, 2012			-	144,675,383	-	147,387,505	2,712,122
July 1, 2012 to June 30, 2013			-	91,983	-	91,983	-
High Cost Special Education Aid	Direct Program	255.210					
Alcohol and Other Drug Abuse	Direct Program	255.306	17,605	17,605	-	-	-
July 1, 2011 to June 30, 2012			-	13,527	-	25,000	11,473
July 1, 2012 to June 30, 2013							
Head Start	Direct Program	255.327	114,982	114,982	-	-	-
July 1, 2011 to June 30, 2012			-	231,644	-	312,966	81,322
July 1, 2012 to June 30, 2013			-	46,445	-	46,445	-
School Breakfast Aid	Direct Program	255.344	-	177,892	-	177,892	-
Tuition Payments	Direct Program	255.401	-	1,130,450	-	1,130,450	-
Per Pupil Adjustment Aid	Direct Program	255.925	-	2,000	-	2,000	-
CDC WI Movin Schools	Direct Program	255.930	-	15,311	-	17,968	2,657
Youth Opportunities	CESA #1	N/A					
Total Wisconsin Department of Public Instruction			2,920,750	161,454,455	(6,867)	161,334,412	2,807,574
TOTAL STATE AWARDS			\$ 2,920,750	\$ 161,454,455	\$ (6,867)	\$ 161,334,412	\$ 2,807,574

See notes to Schedule of State Awards.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Kenosha, Wisconsin

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2013

NOTE A - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Kenosha Unified School District No. 1 and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2012-2013 eligible costs under the State Special Education Program as reported by the District are \$39,758,907.

NOTE C - OVERSIGHT AGENCIES

The U.S. Department of Education has been designated the federal oversight agency for the District. The Wisconsin Department of Public Instruction is the state oversight agency for the District.

NOTE D - DONATED SERVICES

The District receives an undeterminable amount of donated services from a variety of unpaid volunteers assisting the Head Start program. Therefore, no amounts have been recorded in the Schedule of Expenditures of Federal Awards.

NOTE E - RECONCILIATION OF REVENUES TO BASIC FINANCIAL STATEMENTS

The following is a reconciliation of federal and state revenues per the schedule of expenditures of federal and state financial assistance to the federal and state revenues per the District's basic financial statements.

	Federal	State
Revenues per schedule of expenditures of federal and state awards:		
Programs not subject to single audit	\$ 21,258,633	\$ 161,334,412
	<u>50,889</u>	<u>388,839</u>
Revenues per basic financial statements	<u>\$ 21,309,522</u>	<u>\$ 161,723,251</u>
Revenues per basic financial statements:		
Governmental funds		
Federal and state sources	\$ 15,551,827	\$ 161,565,278
Intermediate sources	-	17,968
Proprietary funds	<u>5,757,695</u>	<u>140,005</u>
Revenues per basic financial statements	<u>\$ 21,309,522</u>	<u>\$ 161,723,251</u>

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1

Kenosha, Wisconsin

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2013

Section I - Summary of Auditors' Results**Basic Financial Statements**

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

No

None Reported

Noncompliance material to basic financial statements noted?

No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

No

Yes

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported

in accordance with Section 510(1) of Circular A-133?

Yes

Audit threshold used to determine between Type A and Type B programs:

\$637,759

Auditee qualified as low-risk auditee?

Yes

Identification of major federal programs:

CFDA #	Programs
	<i>Child Nutrition Cluster</i>
10.553	National School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program
93.600	Head Start
93.778	Medical Assistance - School Based Services

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

No

None Reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in

accordance with the *State Single Audit Guidelines*?

No

Audit threshold used to determine between Type A and Type B programs:

\$100,000

Auditee qualified as low-risk auditee?

Yes

Identification of major state programs:

State ID #	Programs
255.101	Special Education and School Age Parents
255.327	Head Start
255.201	Equalization Aid
255.106	Bilingual-Bicultural Education Aid
255.925	Per Pupil Adjustment Aid

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
Kenosha, Wisconsin
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2013

Section II - Financial Statement Findings

There were no findings or questioned costs noted for the year ending June 30, 2013.

Section III - Federal Award and State Financial Assistance Findings and Questioned Costs

Finding No.	Internal Control Deficiencies
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2013-01	Segregation of Duties Over the Filing of the Verification Report For the Free and Reduced Lunch Program
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U.S. Department of Agriculture
Passed through Wisconsin Department of Public Instruction
Child Nutrition Cluster

CFDA #: 10.553, 10.555, 10.559

Condition: Annually, a verification report for the Free and Reduced Lunch Program needs to be filed with Wisconsin Department of Public instruction. This report is prepared and submitted by the Food Service Supervisor. The Food Service Supervisor also performs the verification procedures.

Criteria: The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Adequate segregation of duties provided between performance, review, and recordkeeping of a task is a control activity which will reasonably ensure compliance with Federal laws, regulations and program requirements.

Cause: The current processes in place do not have a supervisory review of the work completed under the program.

Effect: The District may not be able to prevent, detect and correct a potential error in a student's eligibility; Therefore, the District may be inadvertently charging the student the incorrect price for meals as well as being incorrectly reimbursed under the Federal free and reduced lunch program.

Recommendation: The District's verification report filed with Wisconsin Department of Public Instruction should be reviewed, initialed and dated by the Business Office before submission of the report.

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
Kenosha, Wisconsin
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2013

Section IV - Other Issues

Does the auditors' report or the notes to the financial statement include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

_____ Yes X No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Administration

_____ Yes X No

Department of Health Services

_____ Yes X No

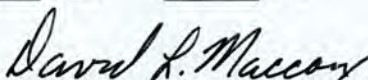
Department of Public Instruction

_____ Yes X No

Was a Management Letter or other document conveying audit comments issued as a result of this audit?

 X Yes _____ No

Name and signature of shareholder



David L. Maccoux, CPA

Date of report

November 26, 2013

KENOSHA UNIFIED SCHOOL DISTRICT NO. 1
Kenosha, Wisconsin
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended June 30, 2013

Status of Prior Year Audit Findings

There were no findings or questioned costs noted for the year ended June 30, 2012.

Corrective Action Plan

2013-01 Segregation of Duties Over the Filing of the Verification Report For the Free and Reduced Lunch Program

Beginning with the next round of required verifications and subsequent report filing (November 15th 2014), the process will be adjusted to segregate the duties. The Food Service Department currently has two clerical positions in the central office (level I and level II). The level I secretary will be responsible for collecting and filing the applications as they are turned in. The level II secretary will be responsible for sending out and compiling the randomly generated verification packets. The level II secretary will also evaluate the results of the information that has been submitted, and will then present the results to the Director of Food Services who will independently review the information and confirm the results. Finally, the Director of Food Services will submit the report to the Department of Public Instruction.

District Contact for
Corrective Action
Plan: Cindy Gossett (Director of Food Services)

Elementary Schools

EBSOLA Creative Arts

2600 50th St., Kenosha, WI 53140
Phone: 359-2300 Fax: 359-2400

EBSOLA Dual Language

2600 50th St., Kenosha, WI 53140
Phone: 359-2300 Fax: 359-2400

Bose Elementary School

1900 15th St., Kenosha, WI 53140
Phone: 359-4044 Fax: 359-4005

Brass Community School

6400 15th Ave., Kenosha, WI 53143
Phone: 359-8000 Fax: 359-8050

Forest Park Elementary School

6810 45th Ave., Kenosha, WI 53142
Phone: 359-6319 Fax: 359-6170

Frank Elementary School

1816 57th St., Kenosha, WI 53140
Phone: 359-6324 Fax: 359-6393

Grant Elementary School

1716 35th St., Kenosha, WI 53140
Phone: 359-6346 Fax: 359-6672

Grewenow Elementary School

7714 20th Ave., Kenosha, WI 53143
Phone: 359-6362 Fax: 359-7706

Harvey Elementary School

2012 19th Ave., Kenosha, WI 53140
Phone: 359-4040 Fax: 359-4020

Jefferson Elementary School

1832 43rd St., Kenosha, WI 53140
Phone: 359-6390 Fax: 359-7578

Jeffery Elementary School

4011 87th St., Kenosha, WI 53142
Phone: 359-2100 Fax: 359-2033

McKinley Elementary School

5520 32nd Ave., Kenosha, WI 53144
Phone: 359-6002 Fax: 359-7641

Charles W. Nash Elementary School

6801 99th Ave., Kenosha, WI 53142
Phone: 359-3500 Fax: 359-3550

Pleasant Prairie Elementary School

9208 Wilmot Rd., Pleasant Prairie, WI 53158
Phone: 359-2104 Fax: 359-2157

Prairie Lane Elementary School

10717 47th Ave., Pleasant Prairie, WI 53158
Phone: 359-3600 Fax: 359-3650

Roosevelt Elementary School

3322 Roosevelt Rd., Kenosha, WI 53142
Phone: 359-6097 Fax: 359-6107

Somers Elementary School

1245 72nd Ave., Kenosha, WI 53144
Phone: 359-3200 Fax: 359-3212

Southport Elementary School

723 76th St., Kenosha, WI 53143
Phone: 359-6309 Fax: 359-5952

Stocker Elementary School

6315 67th St., Kenosha, WI 53142
Phone: 359-2143 Fax: 359-2012

C. Strange Elementary School

5414 49th Ave., Kenosha, WI 53144
Phone: 359-6024 Fax: 359-6247

Jane Vernon Elementary School

8518 22nd Ave., Kenosha, WI 53143
Phone: 359-2113 Fax: 359-2169

Whittier Elementary School

8542 Cooper Rd., Pleasant Prairie, WI 53158
Phone: 359-2110 Fax: 359-2270

Wilson Elementary School

4520 33rd Ave., Kenosha, WI 53144
Phone: 359-6094 Fax: 359-5993

Charter/Specialty Schools

The Brompton School

8518 22nd Ave., Kenosha, WI 53143
Phone: 359-2191 Fax: 359-2194

Dimensions of Learning Academy

6218 25th Ave., Kenosha, WI 53143
Phone: 359-6849 Fax: 359-3134

Harborside Academy

913 57th St., Kenosha, WI 53140
Phone: 359-8400 Fax: 359-8450

KTEC (Kenosha School of Technology Enhanced Curriculum)

6811 18th Ave., Kenosha, WI 53143
Phone: 359-3800 Fax: 359-3850

Kenosha eSchool

6121 Green Bay Rd., Suite 100, Kenosha, WI 53142
Phone: 359-7715 Fax: 359-5933

Cesar E. Chavez Learning Station

6300 27th Ave., Kenosha, WI 53143
Phone: 359-6078 Fax: 359-6286

Hillcrest School

4616 24th St., Kenosha, WI 53144
Phone: 359-6118 Fax: 359-7870

Middle Schools

John Bullen Middle School

2804 39th Ave., Kenosha, WI 53144
Phone: 359-4460 Fax: 359-4487

Lance Middle School

4515 80th St., Kenosha, WI 53142
Phone: 359-2240 Fax: 359-2184

Lincoln Middle School

6729 18th Ave., Kenosha, WI 53143
Phone: 359-6296 Fax: 359-5966

Mary Lou Mahone Middle School

6900 60th St., Kenosha, WI 53144
Phone: 359-8100 Fax: 359-6851

Washington Middle School

811 Washington Rd., Kenosha, WI 53140
Phone: 359-6291 Fax: 359-6056

High Schools

Bradford High School

3700 Washington Rd., Kenosha, WI 53144
Phone: 359-6200 Fax: 359-5948

Indian Trail High School & Academy

6800 60th St., Kenosha, WI 53144
Phone: 359-8700 Fax: 359-8756

LakeView Technology Academy

9449 88th Ave., Pleasant Prairie, WI 53158
Phone: 359-8155 Fax: 359-8159

Reuther Central High School

913 57th St., Kenosha, WI 53140
Phone: 359-6160 Fax: 359-6281

Tremper High School

8560 26th Ave., Kenosha, WI 53143
Phone: 359-2200 Fax: 359-2187



Educational Support Center • 3600 52nd St., Kenosha, WI 53144 • Phone: 359-2300

Prepared by the Office of Financial Services