

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**TOMAH AREA SCHOOL DISTRICT  
TOMAH, WISCONSIN**

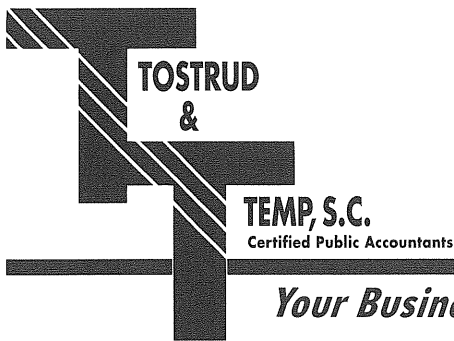
**June 30, 2010**

**T A B L E O F C O N T E N T S**

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	6
<b>FINANCIAL SECTION</b>	
STATEMENT OF NET ASSETS	8
STATEMENT OF ACTIVITIES	9
BALANCE SHEET - GOVERNMENTAL FUNDS	10
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS	11
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	12
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	13
STATEMENT OF NET ASSETS - PROPRIETARY FUND - FOOD SERVICE FUND	14
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS - PROPRIETARY FUND - FOOD SERVICE FUND	15
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - FOOD SERVICE FUND	16
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS	17
STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS	17
NOTES TO FINANCIAL STATEMENTS	18
<b>SUPPLEMENTAL FINANCIAL INFORMATION</b>	39
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS FOR POST-EMPLOYMENT BENEFIT PLANS	40
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	41

T A B L E O F C O N T E N T S - C O N T I N U E D

	Page
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL EDUCATION	42
BALANCE SHEET - DEBT SERVICE FUNDS	43
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - DEBT SERVICE FUNDS	44
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND - REFERENDUM DEBT	45
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND - NON-REFERENDUM DEBT	46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND	47
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	48
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	49
PUPIL ACTIVITY FUNDS - SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES	50
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	51
SCHEDULE OF STATE FINANCIAL ASSISTANCE	53
<b>OTHER REPORTS</b>	54
INDEPENDENT AUDITOR'S ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	55
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL ON COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	57
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	59



609 S. 4th Street, Suite B  
La Crosse, WI 54601  
Phone: 608-784-8060  
Fax: 608-784-8167

*Your Business Safety Net*

## INDEPENDENT AUDITOR'S REPORT

Members of the School Board  
Tomah Area School District  
Tomah, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each fiduciary fund type, each major fund, and the aggregate remaining fund information of the Tomah Area School District ("District") as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the District's Board of Education and management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each fiduciary fund type, each major fund, and the aggregate remaining fund information of the Tomah Area School District at June 30, 2010, and the respective changes in financial position and cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 6.1 through 6.10, 40 through 41 and 44 through 46 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with Government Auditing Standards, we have also issued a report dated November 30, 2010 on our consideration of the Tomah Area School 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 and should be considered in assessing the results of our audit.



November 30, 2010

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Tomah Area School District  
Management's Discussion and Analysis  
Year ended June 30, 2010**

This discussion and analysis of the Tomah Area School District's financial information provides an overall review of financial activities for the fiscal year. The analysis focuses on School District financial performance as a whole. Revenue and expense comparisons to fiscal year 2009 are used throughout this discussion and analysis letter. It should be read in conjunction with the Letter of Transmittal at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

Total governmental funds revenues were \$34,940,963; including \$10,460,012 of property taxes, \$20,255,798 of state aids and grants, and \$3,606,964 of federal grants. Total governmental fund expenditures were \$34,898,823, including \$21,027,877 for direct instruction.

The District's total long-term liabilities increased by \$783,720 primarily due to an increase in the liability for post retirement health care and other benefits.

The District's financial status, as reflected by total net assets, decreased by \$752,837. Net assets of governmental activities decreased \$768,198 and business-type activities (Food Service Program) increased \$15,361 in net assets for the current fiscal year.

**Overview of the Financial Statements**

This section of the comprehensive annual financial report consists of three parts: management's discussion and analysis, basic financial statements including notes to the financial statements, and other required supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The *Statement of Net Assets* and *Statement of Activities* provide information on a District-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the District-wide statements.

The notes to the financial statements provide further explanation of some of the information in the statements and provides additional disclosures so statement users have a complete picture of the District's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

**Tomah Area School District  
Management's Discussion and Analysis  
Year ended June 30, 2010**

The major features of the District's financial statements, including activities reported and the type of information contained is shown in the following table.

	District Wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, debt service, capital projects, and community services.	Activities the District operates similar to private business. The District's food service program is its only proprietary operation.	Assets held by the District on behalf of someone else. Students and other organizations that have funds on deposit with the District are reported here.
Required financial statements	*Statement of net assets *Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balance	* Statement of net assets * Statement of revenues, expenses and changes in net assets * Statement of cash flows	* Statement of fiduciary net assets * Statement of changes in fiduciary net assets.
Basis of accounting and measurement focus	Accrual accounting Economic resources focus.	Modified accrual accounting Current financial resources focus	Accrual accounting Economic resources focus.	Accrual accounting Economic resources focus.
Type of asset and liability information	All assets and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital; short-term and long-term.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues or deductions during the year, regardless of when cash is received and paid.



**Tomah Area School District  
Management's Discussion and Analysis  
Year ended June 30, 2010**

**District-wide Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used in the private-sector companies. The Statement of Activities reports all revenues and expenses used to support District activities. The two District-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position. Increases or decreases in the District's net assets are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities should be considered. In the District-wide financial statements, the District's activities are divided into two categories:

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, community programs and administration. Property taxes and state equalization aid finance most of these activities.
- Business-type activities – Activities that are intended to be mostly self-supporting and meet certain accounting criteria are considered business-type activities. The District charges fees and receives federal and state reimbursements to cover the costs of its food service operation. The food service operation is the only activity that is considered a business-type activity.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's fund, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues (such as capital project funds).

The District has three kinds of funds:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the District-wide statements.
- Proprietary fund – The food service fund, an activity for which the District charges a fee and for which revenues are expected to cover all expenses, is reported as a proprietary fund. Proprietary funds are reported in the same way as District-wide statements.

**Tomah Area School District  
Management's Discussion and Analysis  
Year ended June 30, 2010**

**Fund Financial Statements - Continued**

- Fiduciary funds – The District serves as a trustee, or fiduciary, for its student activity funds, scholarship funds, and employee benefit trust fund. The assets of these organizations and trust funds belong to the organization or trust and not to the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

**Financial Analysis of the District as a Whole**

Table 1, below, provides a summary of the District's net assets for the year ended June 30, 2010, compared to 2009. The District's total combined net assets were \$15,630,055 at June 30, 2010, which is a decrease of 4.6% over the prior year. Within total net assets, "invested in capital assets, net of related debt" was \$16,362,701, "total restricted net assets" was \$790,958 and "total unrestricted net assets" accounted for the remaining (\$1,523,604).

	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2008-2009 As Restated	2009-2010	2008-2009	2009-2010	2007-2008 As Restated	2009-2010	
	Current and other assets	\$ 11,403.0	\$ 6,477.1	\$ 246.1	\$ 260.2	\$ 11,649.1	
Capital assets	24,670.8	24,634.8	195.9	201.9	24,866.7	24,836.7	-0.12%
<b>Total Assets</b>	<b>36,073.8</b>	<b>31,112.0</b>	<b>442.0</b>	<b>462.1</b>	<b>36,515.8</b>	<b>31,574.1</b>	<b>-13.53%</b>
Long-Term debt outstanding	12,155.8	12,854.6	-	-	12,155.8	12,854.6	5.75%
Other liabilities	7,948.9	3,056.5	28.2	32.9	7,977.1	3,089.4	-61.27%
<b>Total Liabilities</b>	<b>20,104.7</b>	<b>15,911.1</b>	<b>28.2</b>	<b>32.9</b>	<b>20,132.9</b>	<b>15,944.0</b>	<b>-20.81%</b>
<b>Net assets</b>							
Invested in capital assets, net of related debt	15,161.7	16,160.8	195.9	201.9	15,357.6	16,362.7	6.54%
Restricted	472.1	563.7	217.9	227.3	690.0	791.0	14.63%
Unrestricted	335.3	(1,523.6)	-	-	335.3	(1,523.6)	-554.40%
<b>TOTAL NET ASSETS</b>	<b>\$ 15,969.1</b>	<b>\$ 15,200.9</b>	<b>\$ 413.8</b>	<b>\$ 429.2</b>	<b>\$ 16,382.9</b>	<b>\$ 15,630.1</b>	<b>-4.60%</b>

Note: totals may not add due to rounding

For the year ended June 30, 2010, the largest portion of the District's net assets is its investment in capital assets, net of related debt, \$16,362,701 (e.g. land, buildings, and equipment, less related outstanding debt used to acquire those assets). These assets are used to provide services to students and consequently are not available for future spending. Restricted net assets account for \$790,958 of total net assets. The District is required by state statute to have available in the debt service fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20). The restricted net assets are comprised of amounts of \$319,605 restricted for debt service, \$80,704 restricted for the Special Revenue Trust Fund,

**Tomah Area School District  
Management's Discussion and Analysis  
Year ended June 30, 2010**

**Financial Analysis of the District as a Whole – Continued**

\$163,371 for future payments to employee retirement plans, and \$227,278 restricted for food service type activities. Unrestricted net assets for the District account for the final (\$1,523,604) of total net assets.

<b>Table 2</b>							
<b>Changes in Net Assets from Operating Results</b>							
(in thousands of dollars)							
	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	
<b>Revenues</b>							
<b>Program revenues</b>							
Charges for services	\$ 134.7	\$ 154.5	\$ 813.9	\$ 788.7	\$ 948.6	\$ 943.3	-0.56%
Operating grants & contributions	3,534.7	3,755.9	694.4	786.3	4,229.1	4,542.2	7.40%
Capital grants & contributions	69.6	69.6	-	-	69.6	69.6	0.05%
<b>General revenues</b>							
Property taxes	8,937.1	10,460.0	-	-	8,937.1	10,460.0	17.04%
State equalization aid	20,323.0	19,874.5	-	-	20,323.0	19,874.5	-2.21%
Gain on sale of fixed assets	0.5	-	-	-	0.5	-	100.00%
Other	683.2	626.5	1.3	0.4	684.5	626.9	-8.42%
<b>Total Revenues</b>	<b>33,682.8</b>	<b>34,941.0</b>	<b>1,509.6</b>	<b>1,575.4</b>	<b>35,192.4</b>	<b>36,516.4</b>	<b>3.76%</b>
<b>Expenses</b>							
Instruction	22,341.3	23,341.3	-	-	22,341.3	23,341.3	4.48%
Pupil & instructional services	3,018.2	2,873.5	-	-	3,018.2	2,873.5	-4.79%
General & Building Administration	1,570.8	1,591.9	-	-	1,570.8	1,591.9	1.35%
Business Administration	6,092.9	6,038.8	-	-	6,092.9	6,038.8	-0.89%
Central	479.4	398.7	-	-	479.4	398.7	-16.84%
Debt service	665.5	402.5	-	-	665.5	402.5	-39.52%
Insurance	278.7	255.7	-	-	278.7	255.7	-8.27%
Other	687.7	806.8	1,399.9	1,560.1	2,087.6	2,366.8	13.38%
<b>Total Expenses</b>	<b>35,134.5</b>	<b>35,709.2</b>	<b>1,399.9</b>	<b>1,560.1</b>	<b>36,534.4</b>	<b>37,269.2</b>	<b>2.01%</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (1,451.7)</b>	<b>\$ (768.2)</b>	<b>\$ 109.7</b>	<b>\$ 15.4</b>	<b>\$ (1,342.0)</b>	<b>\$ (752.8)</b>	<b>-</b>
							-

Note: totals may not add due to rounding

Table 2 provides summarized operating results and their impact on net assets. Both the governmental and business-type activities contributed to the increase in the District's financial position. The District did not raise meal prices for the 2009-10 school year.

**Tomah Area School District  
Management's Discussion and Analysis  
Year ended June 30, 2010**

**Financial Analysis of the District as a Whole –Continued**

The District relies primarily on property taxes (30%), unrestricted state aids (58%) and operating grants and contributions (10%) to fund 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).

<b>Table 3</b>						
<b>Net Cost of Government Activities</b>						
(in thousands of dollars)						
	<u>Total Cost of Services</u>		Percentage Change	<u>Net Cost of Services</u>		Percentage Change
	<u>2008-2009</u>	<u>2009-2010</u>		<u>2008-2009</u>	<u>2009-2010</u>	
Expenses						
Instruction	\$22,341.29	\$23,341.33	4%	\$19,853.83	20,774.31	4%
Pupil & instructional services	\$3,018.22	\$2,873.52	-5%	\$2,335.58	2,109.91	-11%
General & Building Administration	\$1,570.78	\$1,591.94	1%	\$1,570.78	1,591.94	1%
Business Administration	\$6,092.94	\$6,038.75	-1%	\$5,840.37	5,751.70	-2%
Central	\$479.42	\$398.69	-17%	\$467.18	316.99	-47%
Principal & Interest	\$665.52	\$402.52	-40%	\$609.44	402.52	-51%
Insurance	\$278.74	\$255.66	-8%	\$207.06	232.62	11%
Other	<u>\$687.56</u>	<u>\$806.75</u>	17%	<u>\$511.21</u>	<u>549.16</u>	7%
<b>TOTAL EXPENSES</b>	<u><b>\$35,134.47</b></u>	<u><b>\$35,709.16</b></u>		<u><b>\$31,395.45</b></u>	<u><b>\$31,729.15</b></u>	

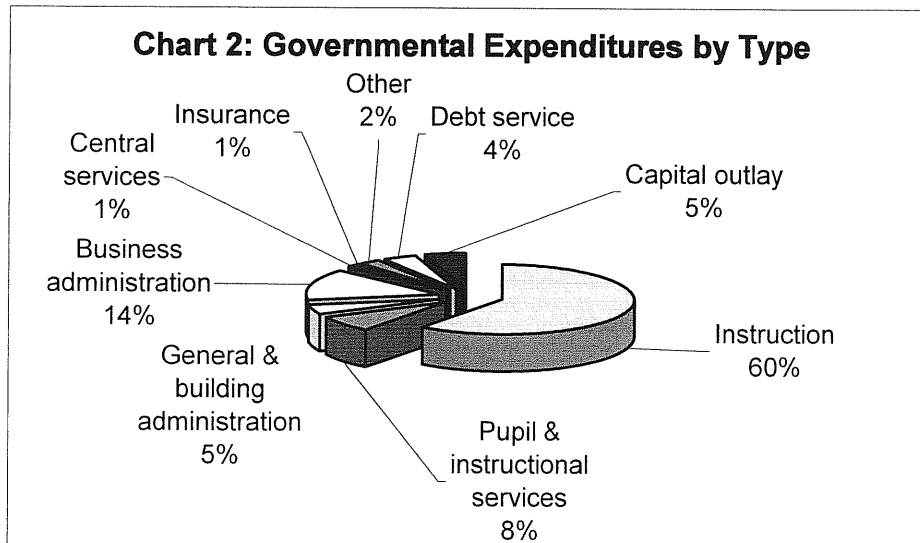
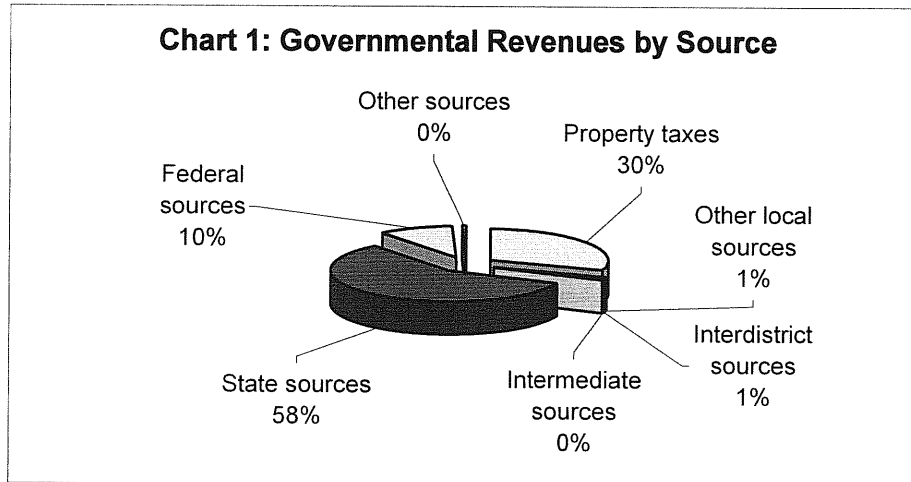
Note: total may not add due to rounding

The cost of all governmental activities this year was \$35,709,161. Individuals who directly participated or benefited from a program offering paid \$154,518 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$3,825,490. The net cost of governmental activities \$31,729,153 was financed by general revenues of the District.

**Tomah Area School District  
Management's Discussion and Analysis  
Year ended June 30, 2010**

**Financial Analysis of the District as a Whole –Continued**

The composition of governmental revenues by source and expenditures by type are illustrated in chart 1 below. Chart 2 details governmental expenditures by type.



**Business-Type Activities**

Operating revenues for the District's business-type activities (food service program) were \$1,575,055 and interest income of \$381, comprised of charges for services (50%), federal and state reimbursements (45%) and commodities (5%). Expenses of \$1,560,075 resulted in an increase in net assets of \$15,361 for the year. Major expenses include food purchases (45%) and labor/benefits (49%). The District did not raise meal prices for the 2009-10 school year.

**Tomah Area School District  
Management's Discussion and Analysis  
Year ended June 30, 2010**

**Financial Aspect of the District's Fund Balance**

The District completed the year with a total governmental fund balance, which excludes the food service program, of \$4,671,279 up \$42,140 from last year's ending funding balance of \$4,629,139. Important factors affecting fund balance include:

- Projects in the general fund carried forward to 2010-11 that were not completed in 2009-10.
- Saving in utilities based on weather and economic conditions.

**General Fund Budgetary Highlights**

The District reviews an interim budget in May for the subsequent year (beginning July 1<sup>st</sup>). Consistent with current state statutes and regulations an *original* budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified. The District modified its original budget in 2009-2010 to reflect:

- Reallocation of unspent salaries and benefits and other budget appropriations to several facility and curriculum projects and to carry over excess revenues into fund balance for future expenditures.
- Modifications in several state and federal grants.

**Tomah Area School District  
Management's Discussion and Analysis  
Year ended June 30, 2010**

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of fiscal year 2010, the District had invested \$45,546,956 in capital assets, including buildings, sites, library books, and equipment (See Table 4). Total accumulated depreciation on these assets equaled \$20,710,240. Asset acquisitions for governmental activities totaled \$1,737,886 and \$28,183 for the food service program. The District recognized depreciation expense of \$1,773,953 for governmental activities and \$22,160 for the food service program for the year ended June 30, 2010. Detailed information about capital assets can be found in Note 7 to the financial statements.

Table 4 Capital Assets (net of depreciation, in thousands of dollars)							
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		Total % Change
	<u>2008-2009</u>	<u>2009-2010</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2008-2009</u>	<u>2009-2010</u>	
Land and site improvements	\$ 994.65	\$ 1,110.97	\$ -	\$ -	\$ 994.65	\$ 1,110.97	11.69%
Buildings & building improvements	30,136.84	30,859.94	19.24	38.93	30,156.08	30,898.88	2.46%
Equipment & furniture	12,373.67	13,232.49	296.14	304.63	12,669.81	13,537.11	6.85%
Construction in progress	78.55	-	-	-	78.55		--100.00%
Accumulated depreciation	<u>(18,912.83)</u>	<u>(20,568.59)</u>	<u>(119.50)</u>	<u>(141.66)</u>	<u>(19,032.33)</u>	<u>(20,710.24)</u>	8.82%
<b>TOTAL</b>	<u>\$ 24,670.9</u>	<u>\$ 24,634.8</u>	<u>\$ 195.9</u>	<u>\$ 201.9</u>	<u>\$ 24,866.8</u>	<u>\$ 24,836.7</u>	-

Note: totals may not add due to rounding.

**Long-Term Debt**

At year-end, the District had \$14,029,614 in general obligation bonds and other long-term debt outstanding – a net increase of \$783,720 from July 1, 2009.

Table 5 Outstanding Long-Term Obligations Total School District			
	<u>As Restated 2008-2009</u>	<u>2009-2010</u>	<u>Total Percentage Change</u>
General obligation debt	\$9,600.00	\$8,510.00	-12.81%
Other	<u>\$3,645.90</u>	<u>\$5,519.61</u>	33.95%
<b>TOTAL</b>	<u>\$13,245.90</u>	<u>\$14,029.61</u>	5.59%

**Tomah Area School District  
Management's Discussion and Analysis  
Year ended June 30, 2010**

**Long-Term Debt - Continued**

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 to the debt service fund for annual debt service payments.

**Factors Bearing on the District's Future**

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

- The impact of the current financial crisis on the Local, State, and Federal budgets and aids.
- The decrease in the annual revenue limit per pupil increase.
- Decrease in State Aid.
- The labor agreement for the teachers will expire on June 30, 2011.
- The labor agreement for the support staff will expire on June 30, 2012.
- The elimination of the QEO and its impact on the revenue limit and future bargaining.
- The District received approximately \$943,926 in ARRA Funds which will not be available in the next budget cycle. The District did receive approximately \$570,214 from the Federal Jobs Bill and will have approximately \$242,000 in Micro-Soft credits available for use in 2011-2012. If the District is to maintain budgets at current levels, the District would need to generate an additional one million dollars to maintain its current programming levels. If the dollars are not generated the District will be eliminating approximately one million dollars in programming.
- The development of the 2011-2012 State Budget will have the most significant impact on the District in the next two years. Given the current economic status of our State, State Officials will find it difficult to find new dollars to plug current holes in the budget which will continue to squeeze budgets.

**Contacting the District's Financial Management**

The 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 any questions about this report or need additional financial information contact Greg Gaarder, Business Manager, (608) 374-7003 Tomah Area School District, 129 W. Clifton Street, Tomah, WI 54660.



**FINANCIAL SECTION**

Tomah Area School District  
**STATEMENT OF NET ASSETS**  
June 30, 2010

	Governmental Activities	Business- Type Activities	Total
<b>Assets</b>			
<b>Current assets</b>			
Cash and investments	\$ 2,866,825	\$ 219,987	\$ 3,086,812
Prepaid expenses	339	-	339
Receivables			
Taxes	2,936,976	-	2,936,976
Accounts	30,168	145	30,313
Due from other governments	642,832	8,718	651,550
Inventory	-	31,372	31,372
Total current assets	6,477,140	260,222	6,737,362
<b>Noncurrent assets</b>			
Land and improvements	1,110,969	-	1,110,969
Buildings and improvements	30,859,944	38,932	30,898,876
Furniture and equipment	13,232,486	304,625	13,537,111
Accumulated depreciation	(20,568,585)	(141,655)	(20,710,240)
Total noncurrent assets	24,634,814	201,902	24,836,716
<b>Total assets</b>	\$ 31,111,954	\$ 462,124	\$ 31,574,078
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current portion of long-term obligations	\$ 1,175,000	\$ -	\$ 1,175,000
Accounts payable	126,611	13,275	139,886
Accrued liabilities			
Payroll, payroll taxes, and insurances	1,679,250	3,399	1,682,649
Interest	75,604	-	75,604
Deferred revenue	-	16,270	16,270
Total current liabilities	3,056,465	32,944	3,089,409
<b>Noncurrent liabilities</b>			
Noncurrent portion of long-term obligations	12,854,614	-	12,854,614
Total liabilities	15,911,079	32,944	15,944,023
<b>Net assets</b>			
Invested in capital assets, net of related debt	16,160,799	201,902	16,362,701
Restricted			
Debt service	319,605	-	319,605
Other activities	244,075	227,278	471,353
Unrestricted	(1,523,604)	-	(1,523,604)
Total net assets	15,200,875	429,180	15,630,055
<b>Total liabilities and net assets</b>	\$ 31,111,954	\$ 462,124	\$ 31,574,078

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental activities</b>							
<b>Current</b>							
<b>Instruction</b>							
Regular instruction	\$ 17,066,143	\$ 14,163	\$ 951,757	\$ -	\$ (16,100,223)	\$ -	\$ (16,100,223)
Vocational instruction	1,092,764	7,674	10,975	-	(1,074,115)	-	(1,074,115)
Special education instruction	3,571,937	-	1,472,439	-	(2,099,498)	-	(2,099,498)
Other instruction	1,610,481	88,796	(48,428)	69,636	(1,500,477)	-	(1,500,477)
Total instruction	23,341,325	110,633	2,386,743	69,636	(20,774,313)	-	(20,774,313)
<b>Support services</b>							
Pupil services	1,293,183	-	315,228	-	(977,955)	-	(977,955)
Instructional staff services	1,580,334	3,256	445,123	-	(1,131,955)	-	(1,131,955)
General administration services	327,014	-	-	-	(327,014)	-	(327,014)
School administration services	1,264,923	-	-	-	(1,264,923)	-	(1,264,923)
Business administration services	6,038,751	40,629	246,423	-	(5,751,699)	-	(5,751,699)
Central services	398,692	-	81,704	-	(316,988)	-	(316,988)
Insurance	255,664	-	23,040	-	(232,624)	-	(232,624)
Other support services	5,591	-	-	-	(5,591)	-	(5,591)
Total support services	11,164,152	43,885	1,111,518	-	(10,008,749)	-	(10,008,749)
<b>Non-program</b>							
Other non-program	801,162	-	257,593	-	(543,569)	-	(543,569)
Total non-program	801,162	-	257,593	-	(543,569)	-	(543,569)
<b>Debt service</b>							
	402,522	-	-	-	(402,522)	-	(402,522)
Total governmental activities	35,709,161	154,518	3,755,854	69,636	(31,729,153)	-	(31,729,153)
<b>Business-type activities</b>							
School food service program	1,560,075	788,744	786,311	-	-	14,980	14,980
Total school district	\$ 37,269,236	\$ 943,262	\$ 4,542,165	\$ 69,636	(31,729,153)	14,980	(31,714,173)
<b>General revenues</b>							
Property taxes							
General purposes							
					8,967,821	-	8,967,821
Mobile home taxes							
					33,689	-	33,689
Debt services							
					1,458,502	-	1,458,502
State and federal aids not restricted to specific functions							
General							
					19,874,452	-	19,874,452
Other							
					458,107	-	458,107
Interest and investment earnings							
					42,438	381	42,819
Miscellaneous							
					125,946	-	125,946
Total general revenues					30,960,955	381	30,961,336
<b>Change in net assets</b>							
					(768,198)	15,361	(752,837)
Net assets at July 1, 2009 (as restated)							
					15,969,073	413,819	16,382,892
Net assets at June 30, 2010							
					\$ 15,200,875	\$ 429,180	\$ 15,630,055

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2010

	General Fund	Special Education Fund	Debt Service Funds	Capital Projects Fund	Other Governmental Funds	Total
<b>Assets</b>						
Cash and investments	\$ 2,354,927	\$ -	\$ 395,209	\$ 35,985	\$ 80,704	\$ 2,866,825
Prepaid expenses	339	-	-	-	-	339
Receivables						
Taxes	2,936,976	-	-	-	-	2,936,976
Accounts	30,168	-	-	-	-	30,168
Due from other funds	64,471	-	-	-	-	64,471
Due from other governments	563,467	79,365	-	-	-	642,832
Total assets	\$ 5,950,348	\$ 79,365	\$ 395,209	\$ 35,985	\$ 80,704	\$ 6,541,611
 <b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 115,457	\$ 11,154	\$ -	\$ -	\$ -	\$ 126,611
Accrued liabilities						
Payroll, payroll taxes, insurance	1,675,510	3,740	-	-	-	1,679,250
Due to other funds	-	64,471	-	-	-	64,471
Total liabilities	1,790,967	79,365	-	-	-	1,870,332
 <b>Fund balances</b>						
Reserved						
Subsequent years budget	163,371	-	-	-	-	163,371
Unreserved						
Designated	3,996,010	-	-	-	-	3,996,010
Undesignated	-	-	395,209	35,985	80,704	511,898
Total fund balances	4,159,381	-	395,209	35,985	80,704	4,671,279
Total liabilities and fund balances	\$ 5,950,348	\$ 79,365	\$ 395,209	\$ 35,985	\$ 80,704	\$ 6,541,611

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**  
June 30, 2010

Fund balance - governmental funds \$ 4,671,279

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

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

Governmental capital assets	\$ 45,203,399	
Governmental accumulated depreciation	<u>(20,568,585)</u>	24,634,814

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

General obligation debt	(8,510,000)	
Accrued interest on general obligation debt	(75,604)	
Vested employee benefits	<u>(5,519,614)</u>	<u>(14,105,218)</u>

<b>Total net assets - governmental activities</b>	<b>\$</b>	<b><u><u>15,200,875</u></u></b>
---	-----------	---------------------------------

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year ended June 30, 2010

	General Fund	Special Education Fund	Debt Service Funds	Capital Projects Fund	Other Governmental Funds	Total
<b>Revenues</b>						
Property taxes	\$ 9,001,510	\$ -	\$ 1,458,502	\$ -	\$ -	\$ 10,460,012
Other local sources	186,044	-	9,053	166	60,335	255,598
Interdistrict sources	175,193	24,453	-	-	-	199,646
Intermediate sources	2,007	11,523	-	-	-	13,530
State sources	19,192,043	1,063,755	-	-	-	20,255,798
Federal sources	2,307,611	1,277,583	-	-	21,770	3,606,964
Other sources	149,406	-	9	-	-	149,415
<b>Total revenues</b>	<b>31,013,814</b>	<b>2,377,314</b>	<b>1,467,564</b>	<b>166</b>	<b>82,105</b>	<b>34,940,963</b>
<b>Expenditures</b>						
<b>Current</b>						
<b>Instruction</b>						
Regular instruction	15,093,941	-	-	-	10,323	15,104,264
Vocational instruction	1,080,126	-	-	-	-	1,080,126
Special instruction	-	3,289,565	-	-	-	3,289,565
Other instruction	1,536,829	8,963	-	-	8,130	1,553,922
<b>Total instruction</b>	<b>17,710,896</b>	<b>3,298,528</b>	<b>-</b>	<b>-</b>	<b>18,453</b>	<b>21,027,877</b>
<b>Support services</b>						
Pupil services	751,960	517,472	-	-	22,298	1,291,730
Instructional staff services	1,009,786	320,235	-	-	10,601	1,340,622
General administration services	322,241	-	-	-	-	322,241
Building administration services	1,264,923	-	-	-	-	1,264,923
Business administration services	4,771,039	196,276	-	-	(11,700)	4,955,615
Central services	309,808	76,606	-	-	7,126	393,540
Insurance	255,664	-	-	-	-	255,664
Other support services	5,591	-	-	-	-	5,591
<b>Total support services</b>	<b>8,691,012</b>	<b>1,110,589</b>	<b>-</b>	<b>-</b>	<b>28,325</b>	<b>9,829,926</b>
<b>Non-program services</b>	551,569	249,593	-	-	-	801,162
<b>Debt service</b>	43,711	-	1,458,261	-	-	1,501,972
<b>Capital outlay</b>	1,558,202	88,869	-	54,955	35,860	1,737,886
<b>Total expenditures</b>	<b>28,555,390</b>	<b>4,747,579</b>	<b>1,458,261</b>	<b>54,955</b>	<b>82,638</b>	<b>34,898,823</b>
Excess (deficiency) of revenues over expenditures	2,458,424	(2,370,265)	9,303	(54,789)	(533)	42,140
<b>Other financing sources (uses)</b>						
Transfer to (from) special education fund	(2,370,265)	2,370,265	-	-	-	-
	(2,370,265)	2,370,265	-	-	-	-
<b>Net change in fund balances</b>	<b>88,159</b>	<b>-</b>	<b>9,303</b>	<b>(54,789)</b>	<b>(533)</b>	<b>42,140</b>
Fund balances at July 1, 2009	4,071,222	-	385,906	90,774	81,237	4,629,139
Fund balances at June 30, 2010	<u>\$ 4,159,381</u>	<u>\$ -</u>	<u>\$ 395,209</u>	<u>\$ 35,985</u>	<u>\$ 80,704</u>	<u>\$ 4,671,279</u>

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
 Year ended June 30, 2010

**Net change in fund balances - total governmental funds** \$ 42,140

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

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

Capital outlay reported as expenditures in governmental fund statements	\$ 1,737,886	
Depreciation expense reported in the statement of activities	<u>(1,773,953)</u>	
Capital outlays and gain on sale of fixed assets are less than depreciation and proceeds from sale of fixed assets in the current period by		(36,067)

Vested employee benefits are reported in the governmental fund statements when amounts are paid. The statement of activities reports the value of benefits earned during the year:

Special termination benefits paid in current year	973,033	
Special termination benefits earned in current year	<u>(2,846,754)</u>	
Amounts paid are less than amounts earned by		(1,873,721)

Proceeds from current year debt issues are reported as revenue in the governmental funds, but are reported as long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of proceeds from new debt issues in the current year is:

Repayments of principal on long-term debt are reported in the governmental fund statements as expenditures, but are reported as a reduction in long-term debt in the statement of net assets. There is no affect on the statement of activities.		
The amount of long-term debt principal payments in the current year is		1,090,000

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

The amount of interest paid during the current year	368,261	
The amount of interest accrued during the current year	<u>(358,811)</u>	
Interest paid is more than interest accrued by		<u>9,450</u>

**Change in net assets - governmental activities** \$ (768,198)

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND - FOOD SERVICE FUND**  
June 30, 2010

**Assets**

**Current assets**

Cash and investments	\$	219,987
Accounts receivable		145
Due from other governments		8,718
Inventory		31,372
		31,372

Total current assets 260,222

**Non-current assets**

Building		38,932
Furniture and equipment		304,625
		343,557
Less accumulated depreciation		141,655
		141,655

Total non-current assets 201,902

**Total assets** **\$ 462,124**

**Liabilities**

**Current liabilities**

Accounts payable	\$	13,275
Accrued payroll, payroll taxes and insurance		3,399
Deferred revenue - student lunch accounts		16,270
		16,270

Total current liabilities 32,944

**Net assets**

Invested in capital assets		201,902
Restricted for food service		227,278
		227,278

Total net assets 429,180

**Total liabilities and net assets** **\$ 462,124**

The accompanying notes are an integral part of this statement.



Tomah Area School District  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND - FOOD SERVICE FUND**  
Year ended June 30, 2010

<b>Revenues</b>	
Food sales	\$ 788,744
State sources	26,260
Federal sources	683,342
Federal commodities	<u>76,709</u>
Total revenues	1,575,055
 <b>Operating expenses</b>	
Salaries and wages	548,951
Employer paid benefits	212,998
Purchased services	65,524
Supplies, food and materials	696,304
Other	14,138
Depreciation	<u>22,160</u>
Total operating expenses	<u>1,560,075</u>
Operating income	14,980
 <b>Non-operating revenue</b>	
Interest income	<u>381</u>
Change in net assets	15,361
Net assets at beginning of year	<u>413,819</u>
Net assets at end of year	<u><u>\$ 429,180</u></u>

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND - FOOD SERVICE FUND**  
Year ended June 30, 2010

**Increase in Cash and Cash Equivalents**

<b>Cash flows from operating activities:</b>	
Cash received from user charges	\$ 790,601
Cash received from other government payments	795,886
Cash payments to employees for services	(762,426)
Cash payments for utilities and other purchased services	(65,524)
Cash payments to suppliers for goods and services	(625,356)
Cash payments for other operating expenses	<u>(14,138)</u>
Net cash provided by operating activities	119,043
<b>Cash flows used in capital and related financing activities:</b>	
Capital expenditures	(28,183)
<b>Cash flows from investing activities:</b>	
Interest on investments	<u>381</u>
Net increase in cash and cash equivalents	91,241
Cash and cash equivalents at beginning of year	<u>128,746</u>
Cash and cash equivalents at end of year	<u>\$ 219,987</u>

**Reconciliation of Operating Income to Net Cash  
Provided by Operating Activities**

Operating income	\$ 14,980
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	22,160
Changes in net assets and liabilities	
(Increase) in accounts receivable	(145)
Decrease in due from other governments	86,284
(Increase) in inventory	(8,969)
Increase in accounts payable	3,208
(Decrease) in accrued liabilities	(477)
Increase in deferred revenue	<u>2,002</u>
Net cash provided by operating activities	<u>\$ 119,043</u>

**Non-cash non-capital financing activities**

During the year, the District received commodities from the U.S. Department of Agriculture in the amount of \$76,709.

The accompanying notes are an integral part of this statement.

Tomah Area School District  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
June 30, 2010

	<u>Student Activities</u>	<u>Scholarship Funds</u>	<u>Employee Benefit Trust</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ <u>134,738</u>	\$ <u>76,828</u>	\$ <u>114,641</u>	\$ <u>326,207</u>
<b>Liabilities</b>				
Due to student groups	\$ <u>134,738</u>	\$ -	\$ -	\$ <u>134,738</u>
	134,738	-	-	134,738
<b>Net assets</b>				
Reserved for scholarships	-	76,828	-	76,828
Reserved for employee post-employment benefits	-	-	114,641	114,641
Total net assets	<u>-</u>	<u>76,828</u>	<u>114,641</u>	<u>191,469</u>
 Total liabilities and net assets	 <u>\$ 134,738</u>	 <u>\$ 76,828</u>	 <u>\$ 114,641</u>	 <u>\$ 326,207</u>

**STATEMENT OF CHANGES IN NET ASSETS**  
**FIDUCIARY FUNDS**  
Year ended June 30, 2010

<b>Additions</b>				
Gifts and contributions	\$ -	\$ 5,300	\$ -	\$ 5,300
Interest income	-	827	68	895
Employee trust fund contribution	-	-	933,052	933,052
	<u>-</u>	<u>6,127</u>	<u>933,120</u>	<u>939,247</u>
<b>Deductions</b>				
Scholarships awarded	-	8,200	-	8,200
Employee benefits	-	-	883,052	883,052
	<u>-</u>	<u>8,200</u>	<u>883,052</u>	<u>891,252</u>
 Net change in assets	 -	 (2,073)	 50,068	 47,995
Net assets at beginning of year	<u>-</u>	<u>78,901</u>	<u>64,573</u>	<u>143,474</u>
Net assets at end of year	<u>\$ -</u>	<u>\$ 76,828</u>	<u>\$ 114,641</u>	<u>\$ 191,469</u>

The accompanying notes are an integral part of these statements.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS**  
Year ended June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Introduction**

The Tomah Area School District (the "District") is organized as a common school district. The District, governed by a seven member elected school board, operates grades kindergarten through 12 and is comprised of all or parts of twenty-two (22) taxing districts.

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

**B. Component Units**

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the financial statements. It was determined that the District has no component units, and it is not included in any other governmental reporting entity.

**C. Basis of Presentation**

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

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs; and

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Basis of Presentation - Continued**

**District-wide Statements - Continued**

(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 the following major governmental funds:

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

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

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

**Capital Projects fund** - This fund accounts for resources from long-term borrowing, segregated tax levy and other designated revenues used for the acquisition, construction and maintenance of capital facilities and other fixed assets.

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

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Basis of Presentation - Continued**

The District accounts for assets held as an agent for various student organizations, scholarship donations and an employee benefit trust fund in fiduciary funds.

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**E. 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. Cash and investment balances for individual funds are pooled unless regulations require separate investment accounts. State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the Debt Service Fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

All investments are stated at fair market value. Determination of fair value for investment in the state treasurer's investment pool is based on information provided by the State of Wisconsin Investment Board.

**F. Receivables and Payables**

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of February, the collecting municipalities pay proportionate shares of tax collections received through the last day of the preceding month to the District. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Any amounts reported on the statement of net assets for due to and due from other funds represents amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

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.

Tomah Area School District  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
Year ended June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**G. Inventory**

The District's food service inventory is valued at the lower of cost or market on a first-in, first-out basis.

**H. Other Assets**

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as expenditures would result in more than one year's cost being recorded. Prepaid supplies are valued at cost.

**I. Capital Assets**

Capital assets with a minimum cost of \$5,000 are reported at actual cost where possible; otherwise estimated cost was used based on District estimates of original cost. Donated assets are reported at estimated fair market value on the date received.

Depreciable assets are depreciated over their useful lives by the straight-line method. Estimated useful lives are as follows:

Land improvements	20 years
Buildings and improvements	20-50 years
Furniture and equipment	5-20 years

**J. 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 corresponding salaries or wages are accrued.

**K. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts**

The District's policy allows employees with at least fifteen years service to accumulate a maximum of 120 days of sick pay. In addition, non-teachers must have attained the age of fifty-five. Upon retirement or termination, the employee is paid for one-half of his/her accumulated sick pay based upon an average of his/her last five years' pay.

In the governmental statements, the payment of benefits is recorded as expenditures in the fiscal year when these amounts are paid. In the statement of activities, the benefits are recorded when earned.

For teachers retiring during fiscal years ending June 30, 2008 and 2009, the District offers an early retirement package to teachers who have reached age 55 by August 15 of the year the retirement goes into effect and have taught in the District a minimum of fifteen years. The benefit will be the retiree's monthly group health insurance premium in effect on the employee's retirement date for a period of ten years. Surviving spouse coverage also applies.



Tomah Area School District  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
Year ended June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**K. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts - Continued**

For teachers hired prior to the 2007-2008 school year, the District offers post-retirement benefits to teachers who have reached age 55 by August 15 of the year the retirement goes into effect and have taught in the District a minimum of fifteen years. Teachers must have a sum equal to or greater than 75 of the teacher's age and years of continuous service. Teachers may choose one of the following options for post retirement:

- a. The District will deposit into a Health Reimbursement account an amount equal to the teacher's continuous years of service, not to exceed 40 years, times \$4,000, paid in equal installments over 84 months, or
- b. The District will deposit into a Health Reimbursement Account an amount equal to 100% of the premium rate on June 30 of the year the retirement is to commence. The deposits will be made on a monthly basis and will cease after 84 months. This option will not be available after June 30, 2013. Surviving spouse coverage also applies.

For teachers hired during the 2007-2008 school year and thereafter, the District will deposit \$1,500 per year into an investment account during the term of the teacher's employment with the District for a period not to exceed 25 years. The District will retain title and control of the investment account until the teacher has completed five years of continuous service in the District. If the teacher's employment relationship is severed prior to completing five years of continuous service, any deposits and accrued interest in the investment account will remain the sole property of the District.

Accumulated unpaid vacation is lost upon termination. See note 10 for additional information about these benefits and the related liability.

**L. Deferred Revenue**

The District maintains prepaid family lunch accounts for student lunches. The District records these balances as deferred revenue.

**M. Net Asset Designations**

The District classifies its net assets as follows:

- a. Invested in capital assets, net of related debt represents the net depreciated value of capital assets less any remaining debt owed that was incurred to finance the acquisition of such assets.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**M. Net Asset Designations - Continued**

- b. Restricted net assets indicate that portion of net assets that have been legally segregated for specific purposes.
- c. Unrestricted net assets indicate that portion of net assets for which the District has no legal financial obligation.

**N. Fund Balance Designations**

The District classifies its fund balance as follows:

- a. Unreserved, designated fund balances indicate that portion of fund equity for which the District has made tentative plans.
- b. Unreserved, undesignated fund balances indicate that portion of fund equity which is available for use in future periods.
- c. Reserved fund balances indicate that portion of fund equity which has been legally segregated for specific purposes.

**O. 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. 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 School Board resolution.

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

- ◆ Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- ◆ The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- ◆ A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- ◆ Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**O. Budgetary Accounting - Continued**

- ◆ Once 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 reserved fund balance.

**P. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**P. Subsequent Events**

The District has evaluated subsequent events through November 30, 2010, the date which the financial statements were available to be issued.

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

- a. Long-term revenue differences that arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expense adjustments report the differences between the two accounting methods in recognizing vested employee benefits.
- b. Capital asset related differences between recording expenditures for the purchase of capital items in the governmental fund statements versus increasing non-current assets on the statement of net assets and recording depreciation expense on all capital items in the statement of activities.
- c. Long-term debt transaction differences that occur because proceeds from debt issues and both interest and principal debt payments are recorded as revenues or expenditures, as applicable, in the governmental fund statements, whereas debt proceeds or principal payments are recorded as an increase or decrease, as applicable, in the statement of net assets, and interest expense is recorded in the statement of activities as incurred.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS - CONTINUED**

	Total Governmental Funds	Long-term Revenue/ Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Total
<b>Revenues and other sources</b>					
Property taxes	\$ 10,460,012	\$ -	\$ -	\$ -	\$ 10,460,012
Other local sources	255,598	-	-	-	255,598
Interdistrict sources	199,646	-	-	-	199,646
Intermediate sources	13,530	-	-	-	13,530
State sources	20,255,798	-	-	-	20,255,798
Federal sources	3,606,964	-	-	-	3,606,964
Other sources	149,415	-	-	-	149,415
<b>Total revenues</b>	<b>34,940,963</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,940,963</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instruction</b>					
Regular instruction	15,104,264	1,592,663	369,216	-	17,066,143
Vocational instruction	1,080,126	-	12,638	-	1,092,764
Special instruction	3,289,565	281,058	1,314	-	3,571,937
Other instruction	1,553,922	-	56,559	-	1,610,481
<b>Support services</b>					
Pupil	1,291,730	-	1,453	-	1,293,183
Instructional staff	1,340,622	-	239,712	-	1,580,334
General administration	322,241	-	4,773	-	327,014
Building administration	1,264,923	-	-	-	1,264,923
Business administration	4,955,615	-	1,083,136	-	6,038,751
Central	393,540	-	5,152	-	398,692
Insurance	255,664	-	-	-	255,664
Other support services	5,591	-	-	-	5,591
Non-program	801,162	-	-	-	801,162
Debt service	1,501,972	-	-	(1,099,450)	402,522
Capital outlay	1,737,886	-	(1,737,886)	-	-
<b>Total expenditures</b>	<b>34,898,823</b>	<b>1,873,721</b>	<b>36,067</b>	<b>(1,099,450)</b>	<b>35,709,161</b>
<b>Net change for the year</b>	<b>\$ 42,140</b>	<b>\$ (1,873,721)</b>	<b>\$ (36,067)</b>	<b>\$ 1,099,450</b>	<b>\$ (768,198)</b>

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2010, are classified in the accompanying financial statements as follows:

Statement of net assets	
Governmental activities	\$ 2,866,825
Business-type activities	<u>219,987</u>
	3,086,812
Fiduciary funds	<u>326,207</u>
	<u>\$ 3,413,019</u>

Cash and investments as of June 30, 2010 consist of the following:

	Carrying <u>Amount</u>	Bank <u>Balance</u>
Demand deposits	\$ 2,913,212	\$ 3,514,420
Passbook savings	5,496	5,496
Certificates of deposit	179,793	179,793
Trust fund	114,641	114,641
Local government investment pool	<u>199,877</u>	<u>199,877</u>
Total	<u>\$ 3,413,019</u>	<u>\$ 4,014,227</u>

**Investments Authorized by the District's Investment Policy**

The District is required to invest its funds in accordance with Wisconsin Statute 66.0603. The District's investment policy is to invest in authorized funds that maximize the returns on the District's cash balances consistent with the safety of those monies and with the desired liquidity of the investments.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District's policy is to invest in funds that mature in not more than three years. As of year end, the weighted average maturity of the investments in certificates of deposit is 6.3 months.

Tomah Area School District  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
Year ended June 30, 2010

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

**Disclosures Relating to 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. The District holds no securities that are rated by a nationally recognized statistical rating organization.

**Concentration of Credit Risk**

SFAS 105 defines a concentration of credit risk as an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The District's investment policy does not specifically address guidelines regarding concentration of credit 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 collateral securities that are in the possession of an outside party. The District does not have an investment policy that would limit the exposure to custodial credit risk for deposits. The District has securities pledged in its name to cover deposits exceeding federal depository insurance limits in the amount of \$250,000. The Wisconsin State Deposit Guarantee Fund provides coverage for uninsured and uncollateralized cash and investments for up to an additional \$400,000, but collection is not certain due to the limited size of the fund.

At June 30, 2010, the District has no deposits with financial institutions in excess of federal depository insurance limits that were not collateralized or covered by the Wisconsin State Deposit Guarantee Fund. Amounts may have exceeded these coverage limits during the fiscal year.

The custodial 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. The District does not have an investment policy that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 4 - DUE FROM/DUE TO OTHER FUNDS**

Individual fund interfund receivable and payable balances on June 30, 2010 are as follows:

FUND	Due From	Due To
General	\$ 64,471	\$ -
Special Education	-	64,471
Totals	\$ 64,471	\$ 64,471

As stated in Note 1F, the above amounts have been eliminated on the statement of net assets.

**NOTE 5 - TRANSFERS**

Interfund transfers for the year ended June 30, 2010 are as follows:

TRANSFERS FROM	TRANSFERS TO Special Education Fund
General fund	\$ 2,370,265

**NOTE 6 - SHORT-TERM NOTES PAYABLE**

The District has no short-term notes payable at June 30, 2010.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 7 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2010 are as follows:

	Balances at July 1, 2009	Additions and Adjustments	Deletions and Adjustments	Balances at June 30, 2010
<b>Governmental Activities</b>				
Land (non-depreciable) and site improvements	\$ 994,652	\$ 116,317	\$ -	\$ 1,110,969
Buildings and building improvements	30,136,840	723,104	-	30,859,944
Furniture and equipment	12,373,669	977,011	118,194	13,232,486
Construction in process	78,546	-	78,546	-
Totals	43,583,707	1,816,432	196,740	45,203,399
Less accumulated depreciation				
Site improvements	533,944	51,086	193,665	391,365
Buildings and building improvements	10,401,680	697,224	-	11,098,904
Furniture and equipment	7,977,202	1,219,308	118,194	9,078,316
Totals	18,912,826	1,967,618	311,859	20,568,585
Governmental activities capital assets, net of accumulated depreciation	\$ 24,670,881	\$ (151,186)	\$ (115,119)	\$ 24,634,814
<b>Business-Type Activities</b>				
Building	\$ 19,237	\$ 19,695	\$ -	\$ 38,932
Furniture and equipment	296,137	8,488	-	304,625
Totals	315,374	28,183	-	343,557
Less accumulated depreciation				
Building	11,060	2,154	-	13,214
Furniture and equipment	108,435	20,006	-	128,441
Totals	119,495	22,160	-	141,655
Business-type activities capital assets, net of accumulated depreciation	\$ 195,879	\$ 6,023	\$ -	\$ 201,902

Depreciation expense was allocated to governmental activities based on functional expense totals as they relate to total functional expenses in the following categories:

Regular instruction	\$ 369,216
Vocational instruction	12,638
Special education instruction	1,314
Other instruction	56,559
Pupil services	1,453
Instructional staff services	239,712
School administration services	4,773
Business administration services	1,083,136
Central services	5,152
	\$ 1,773,953



Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 8 - LONG-TERM OBLIGATIONS**

Long-term balances and activity for the year ended June 30, 2010 are as follows:

	As Restated Balances at July 1, 2009	Additions	Reductions and Adjustments	Balances at June 30, 2010
<b>Governmental Activities</b>				
General obligation bonds	\$ 9,600,000	\$ -	\$ 1,090,000	\$ 8,510,000
Vacation and sick payable	1,482,138	78,210	39,981	1,520,367
Post retirement health care & other benefits	<u>2,163,756</u>	<u>2,768,543</u>	<u>933,052</u>	<u>3,999,247</u>
Total governmental activity long-term obligations	<u>\$ 13,245,894</u>	<u>\$ 2,846,753</u>	<u>\$ 2,063,033</u>	<u>\$ 14,029,614</u>

The current portion (due within one year) of long-term obligations at June 30, 2010 consists of:

General obligation bonds	\$ 1,145,000
Vacation and sick payable	30,000
Post retirement health care and other benefits	<u>-</u>
Total current portion of long-term obligations	<u>\$ 1,175,000</u>

Payments on bonds and notes are made by the Debt Service Fund. Vested employee benefits reported as due within one year have been estimated by the District. The benefits will be paid by several of the governmental funds.

Total interest accrued and paid, including fiscal agent fees of \$0, for the year ended June 30, 2010 is as follows:

	Accrued	Paid
Short-term borrowing	\$ 43,711	\$ 143,111
Long-term obligations	<u>358,811</u>	<u>368,261</u>
Totals	<u>\$ 402,522</u>	<u>\$ 511,372</u>

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 8 - LONG-TERM OBLIGATIONS - CONTINUED**

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance at June 30, 2010</u>	<u>Current Maturities</u>
Refunding					
Bonds	1/12/2007	4%	4/1/2014	\$ 2,770,000	\$ 655,000
	2/15/2007	4.00-4.25%	4/1/2021	4,530,000	330,000
	6/22/2009	1.75-4.20%	4/1/2017	<u>1,210,000</u>	<u>160,000</u>
Total general obligation debt				<u>\$ 8,510,000</u>	<u>\$ 1,145,000</u>

The 2009 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,298,911,270. The legal debt limit and margin of indebtedness as of June 30, 2010 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$1,298,911,270)	\$ 129,891,127
Deduct long-term debt applicable to debt margin	<u>8,510,000</u>
Margin of indebtedness	<u>\$ 121,381,127</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on bonds and loans at June 30, 2010 follows:

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,145,000	\$ 337,108	\$ 1,482,108
2012	1,185,000	294,507	1,479,507
2013	1,230,000	249,583	1,479,583
2014	1,280,000	202,445	1,482,445
2015	565,000	152,945	717,945
2016-2020	2,600,000	422,675	3,022,675
2021	<u>505,000</u>	<u>21,462</u>	<u>526,462</u>
Totals	<u>\$ 8,510,000</u>	<u>\$ 1,680,725</u>	<u>\$ 10,190,725</u>

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 9 - EMPLOYEE RETIREMENT PLAN**

All eligible District employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.9% of their salary (3.0% for executives and elected officials, 5.0% for protective occupations with social security, and 3.2% for protective occupations without social security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Tomah Area School District employees covered by the System for the year ended December 31, 2009 was \$17,408,536; the employer's total payroll was \$18,252,553. The total required contribution for the year ended December 31, 2009 was \$1,810,488, which consisted of \$783,384, or 4.5% of payroll from the employer and \$1,027,104, or 5.9% of payroll from employees. Total contributions for the years ending December 31, 2008 and 2007 were \$1,787,859 and \$1,690,725, 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 retirement benefits. Employees may retire at age 55, (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings are the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

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

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

A description of the single-employer benefit plan is as follows:

**Teachers and District Office**  
**Employees Hired**                      **Administrators Hired Before**  
**Before June 30, 2007**                      **June 30, 2009**

	Effective for retirement dates before 7/1/09	Effective for retirement dates after 7/1/09	Effective for retirement dates before 7/1/09	Effective for retirement dates after 7/1/09
Eligibility - Age	55	55	57	55
Eligibility - Service	15 years	15 years	8 years	15 years
Age plus service	N/A	75	N/A	75
Benefit Duration	10 years	Paid over 84 months	8 years	Paid over 84 months
Medical	100% of premium; frozen at rate at retirement (Medicare supplement rate paid after age 65)	Choice of \$4,000 per year of service, not to exceed 40 years, or 100% of premium; frozen at rate at retirement	10 Years of Service - 50% 15 Years of Service - 75% 20 Years of Service - 100%	Choice of \$4,000 per year of service, not to exceed 40 years, or 100% of premium; frozen at rate at retirement
Survivor's Benefit	Yes	Yes	Yes	Yes

For teachers and district office employees hired after June 30, 2007 and for administrators hired after June 30, 2009, the District will deposit \$1,500 per year into an investment account during the term of the employees' employment with the District for a period not to exceed 25 years. This is in lieu of any post-retirement health benefits. The District will retain title and control of the investment account until the employee has completed 5 years of continuous service in the District. If the employment relationship is severed prior to completing the five years of service, any deposits and accrued interest in the investment account will remain the sole property of the District.

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED**

In addition to the pension benefits described in Note 9, the District provides various early retirement benefits to eligible staff. The benefit is determined based on position, longevity and union membership (if applicable). Details of these benefit programs are summarized on the previous page. Expenditures for these benefits are recognized on a pay-as-you-go basis in the fund statements and on the full accrual basis using the valuation methods required in Governmental Accounting Standards Board (GASB) Statement No. 45 in the Statement of Activities. There were 52 retirees receiving benefits and 43 employees were eligible to receive benefits in the fiscal year ended June 30, 2010.

*Actuarial methods and assumptions.* Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and used to determine the Other Post-Employment Benefits (OPEB) liability of the District include using Projected Unit Credit for pay-related benefits method, a 4% discount rate based on the plan being funded into an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio, no expenses, and an initial healthcare trend rate of 6.0% in 2008, 9.5% in 2009, 9.0% in 2010 with a one-half percent per year decrease annually until leveling off in 2016 and later at 6%. The UAAL is being amortized over 30 years using the level dollar method. Demographic assumptions are based on those used to value the pension plan of the Wisconsin Retirement System with some consideration given to differences exhibited by the employees of the Tomah Area School District.

The discount rate was chosen assuming that the plan will be funded into an irrevocable trust at the minimum level required by the Wisconsin Department of Public Instruction to receive categorical aid. If the District chooses to fund the plan at a different level, the discount rate must be adjusted accordingly to reflect the rate of return on the assets which will be used to pay the benefits.

*Funding Policy.* The plan is being funded by making contributions into an irrevocable employee benefit trust in an amount at least equal to the minimum required by the Department of Public Instruction (DPI) to receive categorical aid. At June 30, 2010, the District has \$114,641 in its OPEB trust. The general fund, special education, and food service funds are used for funding of all pension/retirement benefits. The employer makes all contributions.

*Annual Pension Cost and Net Pension Obligation.* The District's annual pension cost and net pension obligation for the current year is:

<u>Component</u>	<u>Amount</u>
Annual required contribution	\$ 2,768,543
Interest on net pension obligation	<u>0</u>
Annual pension cost (expense)	2,768,543
Pension payments made	<u>933,052</u>
Increase in net pension obligation	1,835,491
Net pension obligation - beginning of year	<u>2,163,756</u>
Net pension obligation - end of year	<u>\$ 3,999,247</u>

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED**

*Funded Status and Funding Progress.* The District implemented GASB Statement No. 45 for the first time for the fiscal year ending June 30, 2009. See page 39 for information on funding status and progress.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
6/30/2010	\$2,768,543	33.70%	\$3,999,247
6/30/2009	\$2,786,626	22.35%	\$2,163,756

GASB Statement No. 45 required that the Tomah Area School District implement this new standard for the fiscal year 2009, which began July 1, 2008. The District established the "Tomah Area School District Post Employment Trust" and chose to implement this standard prospectively, meaning that the liability started at zero on July 1, 2008, but the liability will grow every year that the District does not make contributions equal to the annual OPEB cost.

**NOTE 11 - FUND BALANCES AND NET ASSETS**

Fund Balance

At June 30, 2010, the District has a restricted general fund balance of \$163,371 for payments due to qualifying individual employee 403(b) retirement plans and has designated the remaining \$3,996,010 of the general fund fund balance for working capital purposes.

Net Assets

At June 30, 2010, food service net assets of \$201,902 were invested in fixed assets, and \$227,278 was restricted for food service programs.

At June 30, 2010, the Governmental Activities net asset balance after subtracting capital assets net of related debt, and the amounts restricted for debt service and other activities is (\$1,674,812).

**NOTE 12 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

The following functions had an excess of actual expenditures over budget for the year ended June 30, 2010:

<u>Individual Fund and Function</u>	<u>Expenditures</u>
General Fund	
Regular instruction	\$      842
Instructional staff services	2,687
Special Education	
Non-program services	3,899

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 13 - OPERATING LEASE, AS LESSEE**

The District, as lessee, leases copy machines at varying monthly payments. The leases expire at various times through September 2014. Lease expenses for the year ended June 30, 2010 were \$93,466. Minimum annual rentals are as follows:

Year ended June 30, 2011	\$	25,633
2012		4,256
2013		2,435
2014		2,435
2015		609
Total minimum payments required	\$	35,368

**NOTE 14 - CONTRACTUAL OBLIGATIONS**

The District has entered into long-term service agreements for preventive maintenance on the heating and air conditioning equipment in all schools and the administrative offices. Another agreement was entered into regarding environmental/occupational health and safety compliance. Contractual obligation expenses for the year ended June 30, 2010 were \$100,698. The annual payments due on these contracts are as follows:

	Heating and Air Conditioning Maintenance	Health and Safety Compliance	Totals
Year ended June 30, 2011	\$ 100,655	\$ 7,053	\$ 107,708
2012	103,705	7,264	110,969
2013	106,816	5,570	112,386
2014	110,019	-	110,019
2015	27,706	-	27,706
Total minimum Contractual payments	\$ 448,901	\$ 19,887	\$ 468,788

**NOTE 15 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District insures through commercial insurance companies for all risks of loss, except for health and dental care. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 16 - LIMITATION ON SCHOOL DISTRICT REVENUES**

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

Tomah Area School District  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2010

**NOTE 17 - RESTATEMENT OF PRIOR YEAR NET ASSETS**

Prior year financial statements did not properly include a long-term liability for sick leave days at June 30, 2009. The District is restating net assets at July 1, 2009 to properly reflect the liability at the beginning of the year.

	Government Activities	Business-Type Activities	Total
Net assets as previously stated	\$ 17,343,422	\$ 413,819	\$ 17,757,241
Adjustment			
Sick and incentive leave days	(1,374,349)	-	(1,374,349)
Net assets as restated	\$ 15,969,073	\$ 413,819	\$ 16,382,892



**SUPPLEMENTAL FINANCIAL INFORMATION**

Tomah Area School District  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS FOR**  
**POST-EMPLOYMENT BENEFIT PLANS**  
Year ended June 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ( (b-a) /c )
<u>Other Post-employment Benefits</u>						
6/30/2010	\$ 114,641	\$ 23,213,747	\$23,099,106	0.49%	\$ 13,595,369	169.90%
6/30/2009	64,573	24,817,279	24,752,706	0.26%	13,685,404	180.87%
6/30/2008	33,906	23,213,747	23,179,841	0.15%	12,722,890	182.19%
6/30/2007	5,000	11,156,748	11,151,748	0.04%	11,570,298	96.38%

Tomah Area School District  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
Year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 8,997,525	\$ 9,001,560	\$ 9,001,510	\$ (50)
Other local sources	186,801	186,801	186,044	(757)
Interdistrict sources	213,599	175,193	175,193	-
Intermediate sources	-	2,171	2,007	(164)
State sources	20,195,354	19,189,248	19,192,043	2,795
Federal sources	1,439,021	2,307,611	2,307,611	-
Other sources	480,729	137,217	149,406	12,189
Total revenues	31,513,029	30,999,801	31,013,814	14,013
<b>Expenditures</b>				
<b>Instruction</b>				
Regular instruction	15,045,150	15,189,377	15,190,219	(842)
Vocational instruction	1,073,708	1,080,454	1,080,454	-
Other instruction	1,567,796	1,556,574	1,556,574	-
Total instruction	17,686,654	17,826,405	17,827,247	(842)
<b>Support services</b>				
Pupil services	774,010	751,960	751,960	-
Instructional staff services	1,241,873	1,176,743	1,179,430	(2,687)
General administration services	343,229	322,241	322,241	-
Building administration services	1,273,714	1,269,724	1,269,724	-
Business administration services	5,454,894	5,777,036	5,777,036	-
Central services	524,148	571,217	571,217	-
Insurance	248,415	255,664	255,664	-
Principal and interest	61,071	43,711	43,711	-
Other support services	560,197	5,591	5,591	-
Total support services	10,481,551	10,173,887	10,176,574	(2,687)
<b>Non-program services</b>	680,674	552,411	551,569	842
Total expenditures	28,848,879	28,552,703	28,555,390	(2,687)
Excess of revenues over expenditures	2,664,150	2,447,098	2,458,424	11,326
<b>Other financing sources (uses)</b>				
Proceeds from sale of fixed assets	-	11,175	-	(11,175)
Transfer out to special education fund	(2,664,150)	(2,367,258)	(2,370,265)	(3,007)
	(2,664,150)	(2,356,083)	(2,370,265)	(14,182)
<b>Net change in fund balance</b>	-	91,015	88,159	(2,856)
Fund balance at July 1, 2009	4,071,222	4,071,222	4,071,222	-
Fund balance at June 30, 2010	\$ 4,071,222	\$ 4,162,237	\$ 4,159,381	\$ (2,856)

Tomah Area School District  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL EDUCATION**  
Year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Interdistrict sources	\$ 12,644	\$ 24,453	\$ 24,453	\$ -
Intermediate sources	12,000	8,436	11,523	3,087
State sources	1,043,727	1,063,755	1,063,755	-
Federal sources	1,144,245	1,279,778	1,277,583	(2,195)
<b>Total revenues</b>	<b>2,212,616</b>	<b>2,376,422</b>	<b>2,377,314</b>	<b>892</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Special instruction	3,339,494	3,289,565	3,289,565	-
Other Instruction	12,447	8,963	8,963	-
<b>Total instruction</b>	<b>3,351,941</b>	<b>3,298,528</b>	<b>3,298,528</b>	<b>-</b>
<b>Support services</b>				
Pupil services	542,719	517,472	517,472	-
Instructional staff services	324,261	320,235	320,235	-
Business administration services	223,387	285,145	285,145	-
Central services	75,484	76,606	76,606	-
<b>Total support services</b>	<b>1,165,851</b>	<b>1,199,458</b>	<b>1,199,458</b>	<b>-</b>
<b>Non-program services</b>	<b>358,974</b>	<b>245,694</b>	<b>249,593</b>	<b>(3,899)</b>
<b>Total expenditures</b>	<b>4,876,766</b>	<b>4,743,680</b>	<b>4,747,579</b>	<b>(3,899)</b>
<b>Excess of revenues under expenditures</b>	<b>(2,664,150)</b>	<b>(2,367,258)</b>	<b>(2,370,265)</b>	<b>(3,007)</b>
<b>Other financing sources</b>				
Transfer in from general fund	2,664,150	2,367,258	2,370,265	3,007
	<u>2,664,150</u>	<u>2,367,258</u>	<u>2,370,265</u>	<u>3,007</u>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance at July 1, 2009	-	-	-	-
Fund balance at June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Tomah Area School District  
**BALANCE SHEET**  
**DEBT SERVICE FUNDS**  
June 30, 2010

	Referendum	Non-Referendum	Total
<b>Assets</b>			
Cash and investments	\$ <u>373,048</u>	\$ <u>22,161</u>	\$ <u>395,209</u>
Total assets	\$ <u><u>373,048</u></u>	\$ <u><u>22,161</u></u>	\$ <u><u>395,209</u></u>
<b>Liabilities and fund balances</b>			
<b>Fund balances</b>			
Unreserved			
Undesignated	\$ <u>373,048</u>	\$ <u>22,161</u>	\$ <u>395,209</u>
Total liabilities and fund balances	\$ <u><u>373,048</u></u>	\$ <u><u>22,161</u></u>	\$ <u><u>395,209</u></u>

Tomah Area School District  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
DEBT SERVICE FUNDS**  
Year ended June 30, 2010

	Referendum	Non-Referendum	Total
<b>Revenues</b>			
Property taxes	\$ 1,262,725	\$ 195,777	\$ 1,458,502
Other local sources	9,053	-	9,053
Other sources	9	-	9
Total revenues	1,271,787	195,777	1,467,564
<b>Expenditures</b>			
Support services			
Principal and interest	1,281,625	176,636	1,458,261
Total expenditures	1,281,625	176,636	1,458,261
 <b>Net change in fund balance</b>	 (9,838)	 19,141	 9,303
 Fund balance at July 1, 2009	 382,886	 3,020	 385,906
 Fund balance at June 30, 2010	 \$ 373,048	 \$ 22,161	 \$ 395,209

Tomah Area School District  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**REFERENDUM DEBT**  
Year ended June 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property taxes	\$ 1,262,725	\$ 1,262,725	\$ 1,262,725	\$ -
Other local sources	-	7,994	9,053	1,059
Other sources	-	-	9	9
 Total revenues	 1,262,725	 1,270,719	 1,271,787	 1,068
<b>Expenditures</b>				
Support services				
Principal and interest	<u>1,281,625</u>	<u>1,281,625</u>	<u>1,281,625</u>	<u>-</u>
 Total expenditures	 <u>1,281,625</u>	 <u>1,281,625</u>	 <u>1,281,625</u>	 <u>-</u>
 Excess (deficiency) of revenues over expenditures	 (18,900)	 (10,906)	 (9,838)	 1,068
 Fund balance at July 1, 2009	 <u>382,886</u>	 <u>382,886</u>	 <u>382,886</u>	 <u>-</u>
 Fund balance at June 30, 2010	 <u>\$ 363,986</u>	 <u>\$ 371,980</u>	 <u>\$ 373,048</u>	 <u>\$ 1,068</u>

Tomah Area School District  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**NON-REFERENDUM DEBT**  
Year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 195,777	\$ 195,777	\$ 195,777	\$ -
Total revenues	195,777	195,777	195,777	-
<b>Expenditures</b>				
Support services				
Principal and interest	176,636	176,636	176,636	-
Total expenditures	176,636	176,636	176,636	-
<b>Net change in fund balance</b>	19,141	19,141	19,141	-
Fund balance at July 1, 2009	-	-	-	-
Fund balance at June 30, 2010	<u>\$ 19,141</u>	<u>\$ 19,141</u>	<u>\$ 19,141</u>	<u>\$ -</u>



Tomah Area School District  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
Year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local sources	\$ -	\$ 159	\$ 166	\$ 7
Total revenues	-	159	166	7
<b>Expenditures</b>				
<b>Support services</b>				
Business admin- istration services	-	54,955	54,955	-
Total expenditures	-	54,955	54,955	-
Deficiency of revenues over expenditures	-	(54,796)	(54,789)	7
Fund balance at July 1, 2009	90,774	90,774	90,774	-
Fund balance at June 30, 2010	<u>\$ 90,774</u>	<u>\$ 35,978</u>	<u>\$ 35,985</u>	<u>\$ 7</u>

Tomah Area School District  
**BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2010

	Special Revenue Funds		Total
	Special Revenue Trust Fund	Indian Education Fund	
<b>Assets</b>			
Cash and investments	\$ <u>80,704</u>	\$ <u>-</u>	\$ <u>80,704</u>
Total assets	\$ <u><u>80,704</u></u>	\$ <u><u>-</u></u>	\$ <u><u>80,704</u></u>
<b>Liabilities and fund balances</b>			
<b>Fund balances</b>			
Unreserved			
Undesignated	\$ <u>80,704</u>	\$ <u>-</u>	\$ <u>80,704</u>
Total liabilities and fund balances	\$ <u><u>80,704</u></u>	\$ <u><u>-</u></u>	\$ <u><u>80,704</u></u>

Tomah Area School District  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS**  
Year ended June 30, 2010

	Special Revenue Funds		Total
	Special Revenue Trust Fund	Indian Education Fund	
<b>Revenues</b>			
Other local sources	\$ 60,335	\$ -	\$ 60,335
Federal sources	-	21,770	21,770
<b>Total revenues</b>	<b>60,335</b>	<b>21,770</b>	<b>82,105</b>
<b>Expenditures</b>			
<b>Instruction</b>			
Regular instruction	13,142	-	13,142
Other instruction	11,965	-	11,965
<b>Total instruction</b>	<b>25,107</b>	<b>-</b>	<b>25,107</b>
<b>Support services</b>			
Pupil services	528	21,770	22,298
Instructional staff services	12,446	-	12,446
Business administration	15,661	-	15,661
Central services	7,126	-	7,126
<b>Total support services</b>	<b>35,761</b>	<b>21,770</b>	<b>57,531</b>
<b>Total expenditures</b>	<b>60,868</b>	<b>21,770</b>	<b>82,638</b>
<b>Net change in fund balance</b>	<b>(533)</b>	<b>-</b>	<b>(533)</b>
Fund balance at July 1, 2009	81,237	-	81,237
Fund balance at June 30, 2010	<u>\$ 80,704</u>	<u>\$ -</u>	<u>\$ 80,704</u>

Tomah Area School District  
**PUPIL ACTIVITY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
Year ended June 30, 2010

	Balance at July 1, 2009	Additions and Transfers In	Deductions and Transfers Out	Balance at June 30, 2010
<b>ASSETS</b>				
Cash and investments	\$ 128,723	\$ 431,218	\$ 425,203	\$ 134,738
Total assets	<u>\$ 128,723</u>	<u>\$ 431,218</u>	<u>\$ 425,203</u>	<u>\$ 134,738</u>
<b>LIABILITIES</b>				
Due to student organizations				
Camp Douglas	\$ 1,184	\$ 295	\$ 469	\$ 1,010
District office	13,123	10,065	9,051	14,137
La Grange	3,111	10,285	9,696	3,700
Lemonweir	4,517	12,679	14,900	2,296
Miller	1,944	4,937	5,518	1,363
Middle School	18,238	138,542	140,948	15,832
Oakdale	440	871	764	547
Senior High School	82,059	241,996	231,756	92,299
Warrens	2,500	1,792	2,245	2,047
Wyeville	1,302	4,342	4,949	695
Learning Center	305	5,414	4,907	812
Total liabilities	<u>\$ 128,723</u>	<u>\$ 431,218</u>	<u>\$ 425,203</u>	<u>\$ 134,738</u>

Tomah Area School District  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2010

	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2009	Expenditures	Revenues		Receivable at June 30, 2010
					Grantor	Local	
<b>United States Department of Agriculture</b>							
Passed through Wisconsin Department of Public Instruction							
Food Distribution	10.550						
July 1, 2009 to June 30, 2010		N/A	\$ -	\$ 76,709	\$ 76,709	\$ -	\$ -
School Breakfast Program	10.553						
July 1, 2008 to June 30, 2009			16,415	-	16,415	-	-
July 1, 2009 to June 30, 2010		N/A	-	140,132	106,489	33,643	-
National School Lunch Program	10.555						
July 1, 2008 to June 30, 2009		N/A	78,586	-	78,586	-	-
July 1, 2009 to June 30, 2010		N/A	-	908,142	470,987	437,155	-
Special Milk Program	10.556						
July 1, 2009 to June 30, 2010		N/A	-	1,828	1,728	-	100
Summer Food Service Program	10.559						
July 1, 2009 to June 30, 2010		N/A	-	86,264	77,647	-	8,617
National School Lunch Equipment - ARRA Program	10.579						
July 1, 2009 to June 30, 2010		\$ 20,800	-	17,816	17,816	-	-
Total United States Department of Agriculture			95,001	1,230,891	846,377	470,798	8,717
<b>United States Department of Education</b>							
Passed through Wisconsin Department of Public Instruction							
Title 1 Basic Grant	84.010 *						
July 1, 2008 to June 30, 2009		N/A	162,888	-	162,888	-	-
July 1, 2009 to June 30, 2010		\$ 904,872	-	780,567	640,224	-	140,343
Title 1 Basic Grant - ARRA	84.389 *						
February 17, 2009 to September 30, 2011		\$ 439,036	237	43,418	43,655	-	-
Carl Perkins Vocational Education	84.048						
July 1, 2008 to June 30, 2009		N/A	3,797	-	3,797	-	-
July 1, 2009 to June 30, 2010		\$ 36,652	-	36,652	41,788	-	(5,136)
PL 94-142 Idea Flow-Through	84.027 *						
July 1, 2008 to June 30, 2009		N/A	55,626	-	55,626	-	-
July 1, 2009 to June 30, 2010		\$ 644,601	-	603,651	544,800	-	58,851
PL 94-142 Idea Flow-Through - ARRA	84.391a *						
February 17, 2009 to September 30, 2011		\$ 643,258	-	454,809	438,188	-	16,621
Title IID Education Technology	84.318						
July 1, 2008 to June 30, 2009		N/A	731	-	731	-	-
July 1, 2009 to June 30, 2010		\$ 7,222	-	7,222	7,222	-	-
Title IID Education Technology - ARRA	84.386						
February 17, 2009 to September 30, 2011		\$ 16,233	-	16,233	15,115	-	1,118
Title IIA Teacher and Principal Training	84.367						
July 1, 2008 to June 30, 2009		N/A	39,302	-	39,302	-	-
July 1, 2009 to June 30, 2010		\$ 186,212	-	167,260	135,798	-	31,462

\* Denotes major program

Note: This report is prepared on the accrual basis of accounting

Tomah Area School District  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
Year ended June 30, 2010

	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2009	Expenditures	Revenues		Receivable at June 30, 2010
					Grantor	Local	
<b>United States Department of Education - continued</b>							
Passed through Wisconsin Department of Public Instruction - continued							
PL 99-457 Pre-School Entitlement	84.173	*					
July 1, 2008 to June 30, 2009		N/A	4,490	-	4,490	-	-
July 1, 2009 to June 30, 2010		\$ 18,211	-	15,691	12,616	-	3,075
PL 99-457 Pre-School Entitlement ARRA	84.392a	*					
February 17, 2009 to September 30, 2011		\$ 30,059	-	12,875	12,058	-	817
Safe and Drug-Free Schools and Community Act							
July 1, 2008 to June 30, 2009	84.186A		94	-	94	-	-
July 1, 2009 to June 30, 2010		\$ 14,391	-	14,391	8,862	-	5,529
Title X-C Homeless Children							
July 1, 2009 to June 30, 2010	84.196	\$ 12,225	-	12,225	12,225	-	-
ARRA State Fiscal Stabilization Fund							
July 1, 2009 to June 30, 2010	84.394	*	\$ 1,052,030	-	1,052,030	-	-
Passed through Western Technical College							
Carl Perkins Tech Prep	84.243						
July 1, 2009 to June 30, 2010		\$ 575	-	554	554	-	-
Passed through Cooperative Educational Services Agency #2							
PL 94-142 Idea Flow-Through	84.027	*					
July 1, 2009 to June 30, 2010		\$ 3,000	-	2,637	2,637	-	-
Passed through Cooperative Educational Services Agency #12							
PL 94-142 Idea Flow-Through	84.027	*					
July 1, 2009 to June 30, 2010		\$ 450	-	450	450	-	-
Direct Programs							
PL 81-874 Impact Aid	84.041						
July 1, 2009 to June 30, 2010		\$ 177,844	-	177,844	177,844	-	-
Indian Education Act							
July 1, 2009 to June 30, 2010	84.060A						
		\$ 21,770	-	21,770	21,770	-	-
Total United States Department of Education			267,165	3,420,279	3,434,764	-	252,680
<b>United States Department of Health and Human Services</b>							
Passed through State of Wisconsin Health Care Financing Programs							
Medicaid							
July 1, 2009 to June 30, 2010	93.778	*					
		N/A	-	190,557	190,557	-	-
Total United States Department of Health and Human Services			-	190,557	190,557	-	-
Total federal financial assistance			\$ 362,166	\$ 4,841,727	\$ 4,471,698	\$ 470,798	\$ 261,397

\* Denotes major program

Note: This report is prepared on the accrual basis of accounting

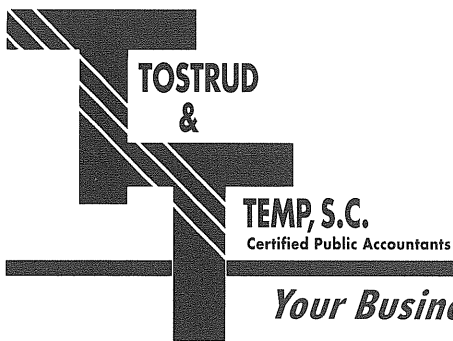
Tomah Area School District  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
 Year ended June 30, 2010

	I.D. Number	Program or Award Amount	Receivable at July 1, 2009	Expenditures	Revenue		Receivable at June 30, 2010
					State Reimbursements	Local	
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>							
<b>Cost Reimbursement Programs - Non-major</b>							
Passed through Wisconsin Department of Public Instruction							
Alternative Education Program	255.330						
July 1, 2008 to June 30, 2009		N/A	\$ 11,051	\$ -	\$ 11,051	\$ -	\$ -
July 1, 2009 to June 30, 2010		\$ 36,250	-	36,250	28,706	-	7,544
American Indian Language Revitalization	255.364						
July 1, 2009 to June 30, 2010		\$ 12,574	-	2,687	-	-	2,687
Drop Out Summit	255.366						
July 1, 2009 to June 30, 2010		\$ 100	-	100	100	-	-
Passed through CESA #4							
Alcohol and Other Drug Abuse Programs	255.306						
Peer Mentors							
July 1, 2008 to June 30, 2009		N/A	967	-	967	-	-
July 1, 2009 to June 30, 2010		\$ 800	-	393	-	-	393
Gifted and Talented	255.350						
July 1, 2008 to June 30, 2009		N/A	125	-	125	-	-
July 1, 2009 to June 30, 2010		\$ 1,200	-	1,060	1,060	-	-
Passed through Wisconsin School Districts							
Youth Achievement	455.107						
July 1, 2008 to June 30, 2009		N/A	2,713	-	2,713	-	-
July 1, 2009 to June 30, 2010		\$ 6,300	-	6,300	6,300	-	-
			<u>\$ 14,856</u>	<u>\$ 46,790</u>	<u>\$ 51,022</u>	<u>\$ -</u>	<u>\$ 10,624</u>
<b>Entitlement Programs</b>							
Major State Programs (A)							
Handicapped Pupils and School Age Parents:							
Internal District Programs	255.101			\$ 3,646,551	\$ 1,062,196		
Participant in Package Program at CESA #4					8,436		
Total Handicapped Program					<u>1,070,632</u>		
Pupil Transportation	255.107				133,412		
Common School Fund	255.103				118,114		
General Equalization	255.201				18,822,422		
Total major programs					<u>\$ 20,144,580</u>		
Non-major State Programs (B)							
State School Lunch Aid	255.102				\$ 14,831		
School Breakfast Program	255.344				11,429		
Tuition Payments by State	255.401				28,417		
Total non-major programs					<u>\$ 54,677</u>		
Total Wisconsin DPI					<u>\$ 20,250,279</u>		
<b>WISCONSIN DEPARTMENT OF REVENUE</b>							
Exempt Computer Aid							
Total State Assistance					<u>\$ 37,413</u>		
					<u>\$ 20,287,692</u>		

NOTE: (A) Major by definition  
 (B) Non-major if under \$100,000

**OTHER REPORTS**





609 S. 4th Street, Suite B  
La Crosse, WI 54601  
Phone: 608-784-8060  
Fax: 608-784-8167

*Your Business Safety Net*

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

Board of Education  
Tomah Area School District  
Tomah, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Tomah Area School District, as of and for the year ended June 30, 2010, which collectively comprise the Tomah Area School District's basic financial statements and have issued our report thereon dated November 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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 a 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.

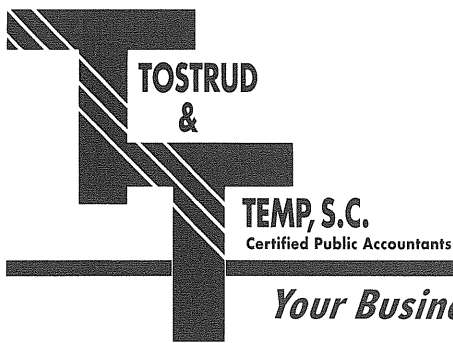
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 10-1 that we consider to be significant deficiencies in internal control over financial reporting. 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.

#### **Compliance and Other Matters**

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

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

November 30, 2010



609 S. 4th Street, Suite B  
La Crosse, WI 54601  
Phone: 608-784-8060  
Fax: 608-784-8167

## *Your Business Safety Net*

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education  
Tomah Area School District  
Tomah, Wisconsin

#### Compliance

We have audited the compliance of the Tomah Area School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration that are applicable to each of its major federal and state programs for the year ended June 30, 2010, and have issued our report thereon dated November 30, 2010. The Tomah Area School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration. Those standards and OMB Circular A-133 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 and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Tomah Area School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010.

## Internal Control Over Compliance

The management of the Tomah Area School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A 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 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 program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information of the school board, management, and the Wisconsin Department of Public Instruction and is not intended to be, and should not be, used by anyone other than these interested parties.

November 30, 2010

Tomah Area School District  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year ended June 30, 2010

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
Significant deficiency (ies) identified?  X  yes      \_\_\_ no  
Significant deficiency (ies) identified  
considered to be material weaknesses?      \_\_\_ yes       X  no

Noncompliance material to the financial statements?      \_\_\_ yes       X  no

Federal Awards

Internal control over financial reporting:  
Significant deficiency (ies) identified?      \_\_\_ yes       X  no  
Significant deficiency (ies) identified  
considered to be material weaknesses?      \_\_\_ yes       X  no

Type of auditor's report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with Circular A-133  
Section .510(1)?      \_\_\_ yes       X  no

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Basic
84.389	Title I Recovery
84.027	PL 94-142 IDEA Flow-Through
84.173	PL 99-457 Preschool Entitlement
84.391	PL 94-142 IDEA Flow-Through Recovery
84.392	PL 99-457 Preschool Entitlement Recovery
84.394	ARRA-State Fiscal Stabilization Fund
93.778	Medicaid

Dollar threshold used to distinguish  
between Type A and Type B programs      \$300,000

Auditee qualified as a low-risk auditee?       X  yes      \_\_\_ no

Tomah Area School District  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
 Year ended June 30, 2010

**Section I - Summary of Auditor's Results - Continued**

State Awards

Internal control over financial reporting:  
 Significant deficiency (ies) identified?   X   yes      no  
 Significant deficiency (ies) identified  
 considered to be material weaknesses?      yes   X   no

Type of auditor's report issued on compliance  
 for major programs: Unqualified

Any audit findings disclosed that are required  
 to be reported in accordance with Circular A-133  
 Section .510(1)?      yes   X   no

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
255.101	Handicapped Pupils and School Age Parents
255.107	Pupil Transportation
255.103	Common School Fund
255.201	General Equalization Aid

**Section II - Financial Statement Findings**

10-1 Finding: Financial statement preparation - Under SAS 112, management is responsible for preparation and fair presentation of its financial statements. The District relied on its independent audit firm to prepare a draft of the District's June 30, 2010 audited financial statements.

Recommendation: We recommend that the District evaluate the cost benefit of hiring staff with the expertise to prepare its financial statements and related footnotes, outsourcing the services to another accounting firm or continuing to allow the audit firm to prepare the financial statements.

Response: The District states the outsourcing of these services is not unusual in Districts of its size and is a result of management's cost benefit decision to rely on the audit firm's expertise rather than incurring this internal resource cost.

Tomah Area School District  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
Year ended June 30, 2010

**Section III - Prior-Year Financial Statement Findings**

09-1 Financial statement preparation - Under SAS 112, management is responsible for preparation and fair presentation of its financial statements. The District relied on its independent audit firm to prepare a draft of the District's June 30, 2009 audited financial statements.

Status: The District states the outsourcing of these services is not unusual in Districts of its size and is a result of management's cost benefit decision to rely on the audit firm's expertise rather than incurring this internal resource cost.

**Section IV - Federal and State Award Findings and Questioned Costs**

None