

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

**TOMAH AREA SCHOOL DISTRICT
TOMAH, WISCONSIN**

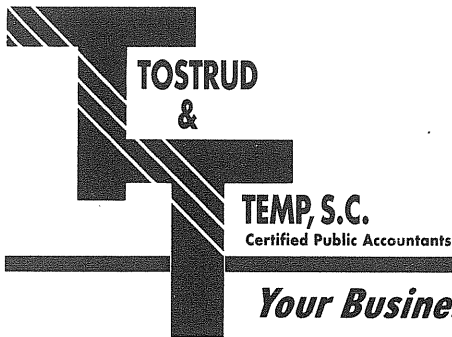
June 30, 2012

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

	Page
INDEPENDENT AUDITOR'S REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
FINANCIAL SECTION	
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
SUPPLEMENTAL FINANCIAL INFORMATION	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 - FUNDS 10 AND 27	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
RECONCILIATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REGULATORY BASIS TO GAAP BASIS - GENERAL FUND AND SPECIAL FUND	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 - FUND 39	45
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND - NON-REFERENDUM DEBT - FUND 38	46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND - FUND 45	47
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	48
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - 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
OTHER REPORTS	54
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	55
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	57
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	59
SCHEDULE OF PRIOR YEAR FINDINGS	61



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

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, 2012, 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, 2012, 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, 41 through 42, and 45 through 47 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 9, 2012 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.

Tostward & Kemp, S.C.

November 9, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2012**

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 2011 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 \$34,457,272; including \$11,116,668 of property taxes, \$19,864,864 of state aids and grants, and \$2,754,935 of federal grants. Total governmental fund expenditures were \$34,474,790, including \$19,939,410 for direct instruction.

The District's total long-term liabilities decreased by \$1,174,528. The liability for General obligation bonds decreased by \$1,185,000, but the liability for post-retirement health care and other benefits increased by \$206,627. The liability for sick and vacation payable decreased by \$196,155.

The District's financial status, as reflected by total net assets, increased by \$1,280,281. Net assets of governmental activities increased \$1,263,503 and business-type activities (Food Service Program) increased \$16,778 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.

**Tomah Area School District
Management's Discussion and Analysis – Continued
Year ended June 30, 2012**

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

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 or paid.

**Tomah Area School District
Management's Discussion and Analysis – Continued
Year ended June 30, 2012**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by 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.

**Tomah Area School District
Management's Discussion and Analysis – Continued
Year ended June 30, 2012**

Fund Financial Statements - Continued

- 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.
- 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, 2012, compared to 2011. The District's total combined net assets were \$17,171,894 at June 30, 2012, which is an increase of 8.06% over the prior year.

	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	
Current and other assets	\$ 6,732.6	\$ 7,005.6	\$ 148.4	\$ 184.6	\$ 6,881.0	\$ 7,190.2	4.49%
Capital assets	24,335.5	24,420.6	271.0	253.3	24,606.5	24,673.9	0.27%
Total assets	31,068.1	31,426.2	419.4	437.9	31,487.5	31,864.1	1.20%
Long-term debt outstanding	12,333.6	11,159.0	-	-	12,333.6	11,159.0	-9.52%
Other liabilities	3,239.0	3,508.2	23.2	25.0	3,262.2	3,533.2	8.31%
Total liabilities	15,572.6	14,667.2	23.2	25.0	15,595.8	14,692.2	-5.79%
Net assets							
Invested in capital assets, net of related debt	16,970.5	18,240.6	271.0	253.3	17,241.5	18,493.9	7.26%
Restricted	674.0	648.2	125.2	159.6	799.2	807.8	1.08%
Unrestricted	(2,149.0)	(2,129.8)	-	-	(2,149.0)	(2,129.8)	-0.89%
TOTAL NET ASSETS	\$ 15,495.5	\$ 16,759.0	\$ 396.2	\$ 412.9	\$ 15,891.7	\$ 17,171.9	8.06%

Note: Totals may not add due to rounding

For the year ended June 30, 2012, the largest portion of the District's net assets is its investment in capital assets, net of related debt, \$18,493,903 (e.g. land, buildings, and equipment, less related outstanding debt used to acquire those assets). These assets are

**Tomah Area School District
Management's Discussion and Analysis – Continued
Year ended June 30, 2012**

Financial Analysis of the District as a Whole – Continued

used to provide services to students and consequently are not available for future spending. Restricted net assets account for \$807,811 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 \$339,217 restricted for debt service, \$77,977 restricted for the Special Revenue Trust Fund, \$231,029 for future payments to employee retirement plans, and \$159,588 restricted for food service type activities. Unrestricted net assets for the District account for the final (\$2,129,820) of total net assets.

Table 2							
Changes in Net Assets from Operating Results							
(in thousands of dollars)							
	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	<u>2010-2011</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>2011-2012</u>	
Revenues							
Program revenues							
Charges for services	\$ 159.7	\$ 169.4	\$ 778.7	\$ 809.0	\$ 938.4	\$ 978.4	4.26%
Operating grants & contributions	4,200.0	3,998.8	769.7	800.3	4,969.7	4,799.1	-3.43%
Capital grants & contributions	-	-	-	-	-	-	0.00%
General revenues							
Property taxes	10,472.4	11,116.7	-	-	10,472.4	11,116.7	6.15%
State equalization aid	20,524.7	18,495.3	-	-	20,524.7	18,495.3	-9.89%
Gain on sale of fixed assets	5.5	3.3	-	-	5.5	3.3	100.00%
Other	590.1	677.2	1.6	0.6	591.7	677.8	14.55%
Total revenues	<u>35,952.4</u>	<u>34,460.7</u>	<u>1,550.0</u>	<u>1,609.9</u>	<u>37,502.4</u>	<u>36,070.6</u>	-3.82%
Expenses							
Instruction	22,538.7	20,334.9	-	-	22,538.7	20,334.9	-9.78%
Pupil & instructional services	2,801.3	2,706.6	-	-	2,801.3	2,706.6	-3.38%
General & Building Administration	1,638.8	1,587.4	-	-	1,638.8	1,587.4	-3.14%
Business Administration	6,693.6	6,522.8	-	-	6,693.6	6,522.8	-2.55%
Central	610.6	568.1	-	-	610.6	568.1	-6.96%
Debt service	339.3	292.1	-	-	339.3	292.1	-13.91%
Insurance	301.1	286.6	-	-	301.1	286.6	-4.82%
Other	734.4	898.6	1,583.1	1,593.1	2,317.5	2,491.7	7.52%
Total expenses	<u>35,657.8</u>	<u>33,197.1</u>	<u>1,583.1</u>	<u>1,593.1</u>	<u>37,240.9</u>	<u>34,790.2</u>	-6.58%
CHANGE IN NET ASSETS	<u>\$ 294.6</u>	<u>\$ 1,263.6</u>	<u>\$ (33.1)</u>	<u>\$ 16.8</u>	<u>\$ 261.5</u>	<u>\$ 1,280.4</u>	

Note: Totals may not add due to rounding

Table 2 provides summarized operating results and their impact on net assets. Governmental activities increased the financial position of the District by \$1,263,503 and business-type activities increased the District's financial position by \$16,778.

**Tomah Area School District
Management's Discussion and Analysis – Continued
Year ended June 30, 2012**

Financial Analysis of the District as a Whole – Continued

The District relies primarily on property taxes (33%), unrestricted state aids (56%) and operating grants and contributions (12%) 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).

Table 3						
Net Cost of Government Activities						
(in thousands of dollars)						
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2010-2011	2011-2012		2010-2011	2011-2012	
Expenses						
Instruction	\$ 22,538.67	\$ 20,334.92	-10%	\$ 19,583.51	\$ 17,415.51	-12%
Pupil & instructional services	2,801.29	2,706.58	-3%	1,986.73	1,947.79	-2%
General & Building Administration	1,638.76	1,587.44	-3%	1,638.76	1,587.44	-3%
Business Administration	6,693.60	6,522.77	-3%	6,413.57	6,297.04	-2%
Central	610.64	568.05	-7%	538.16	515.42	-4%
Principal & interest	339.33	292.12	-14%	339.33	292.12	-16%
Insurance	301.09	286.60	-5%	258.87	274.60	6%
Other	734.45	898.56	22%	539.25	698.98	23%
TOTAL EXPENSES	\$ 35,657.83	\$ 33,197.04		\$ 31,298.18	\$ 29,028.90	

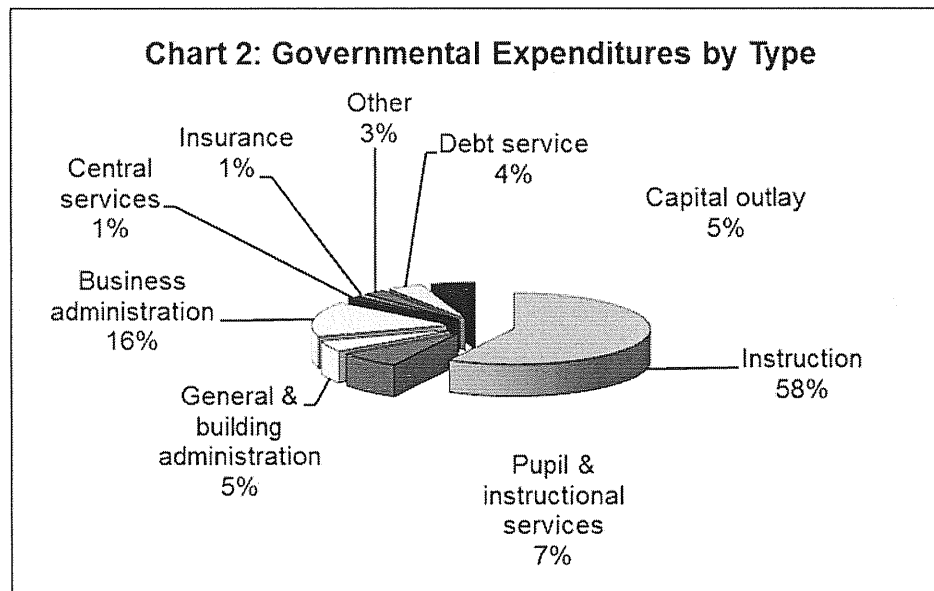
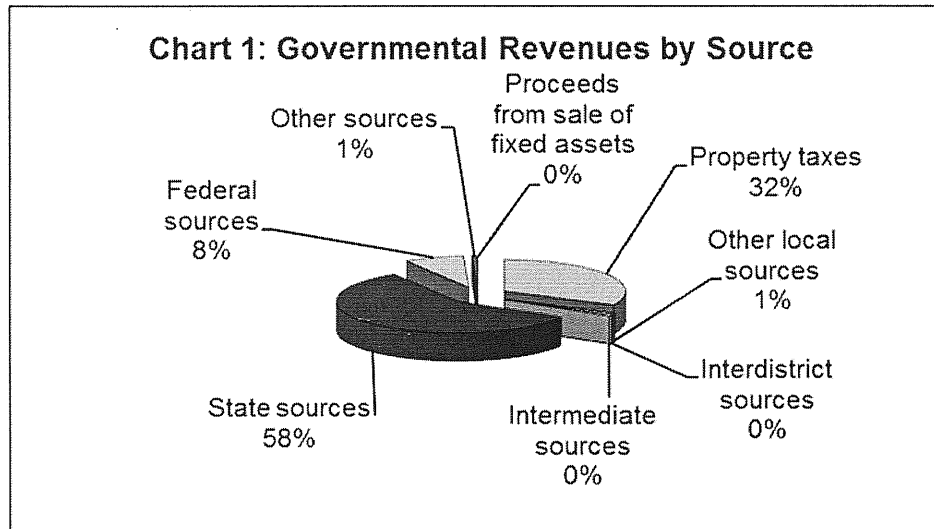
Note: Totals may not add due to rounding

The cost of all governmental activities this year was \$33,197,043. Individuals who directly participated or benefited from a program offering paid \$169,391 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$3,998,763. The net cost of governmental activities of \$29,028,889 was financed by general revenues of the District.

**Tomah Area School District
Management's Discussion and Analysis – Continued
Year ended June 30, 2012**

Financial Analysis of the District's Governmental Fund Statements

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 \$1,609,311 and interest income of \$560, and comprised of charges for services (50.2%), federal and state reimbursements (44.5%) and commodities (5.3%). Expenses of \$1,593,093 resulted in an increase in net assets of \$16,778 for the year. Major expenses include food purchases (49%) and labor/benefits (47%). The District increased meal prices an average of \$.10 per meal for the 2011-12 school year.

**Tomah Area School District
Management's Discussion and Analysis – Continued
Year ended June 30, 2012**

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 \$4,774,828. The fund balance decreased \$4,201 from last year's ending funding balance of \$4,779,029. Important factors affecting fund balance include:

- Projects in the general fund carried forward to 2012-13 that were not completed in 2011-12.
- Saving in utilities based on weather and economic conditions.
- Changes in health and retirement benefits as a result of ACT 10.
- Use of \$17,387 of fund balance for principal and interest payments in the debt service fund.

General Fund Budgetary Highlights

The District reviews an interim budget in May for the subsequent year (beginning July 1st). Consistent with current state statutes and regulations an *original* budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified. The District modified its original budget in 2011-12 to reflect:

- Reallocation of unspent salaries and benefits and other budget appropriations to several facility, technology and curriculum projects.
- Modifications in several state and federal grants.

**Tomah Area School District
Management's Discussion and Analysis – Continued
Year ended June 30, 2012**

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2012, the District had invested \$48,396,970 in capital assets, including buildings, sites, library books, and equipment (See Table 4). Total accumulated depreciation on these assets equaled \$23,723,067. Asset acquisitions for governmental activities totaled \$1,804,117 and \$11,050 for the food service program. The District recognized depreciation expense of \$1,708,957 for governmental activities and \$28,692 for the food service program for the year ended June 30, 2012. Detailed information about capital assets can be found in Note 6 to the financial statements.

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

	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	
	Land and site improvements	\$ 1,118.08	\$ 1,264.33	\$ -	\$ -	\$ 1,118.08	
Buildings & building improvements	30,892.37	31,385.74	73.41	73.41	30,965.78	31,459.15	1.59%
Equipment & furniture	14,461.10	15,296.40	366.04	377.09	14,827.14	15,673.49	5.71%
Accumulated depreciation	(22,136.08)	(23,525.89)	(168.49)	(197.18)	(22,304.57)	(23,723.07)	6.36%
TOTAL	\$ 24,335.47	\$ 24,420.58	\$ 270.96	\$ 253.32	\$ 24,606.43	\$ 24,673.90	

Note: Totals may not add due to rounding

Long-Term Debt

At year-end, the District had \$12,374,029 in general obligation bonds and other long-term debt outstanding – a net decrease of \$1,174,528 from July 1, 2011.

**Table 5
Outstanding Long-Term Obligations
Total School District**

	2010-2011	2011-2012	Total Percentage Change
General obligation debt	\$ 7,365.00	\$ 6,180.00	-19.17%
Other	6,183.56	6,194.03	0.17%
TOTAL	\$ 13,548.56	\$ 12,374.03	-9.49%

**Tomah Area School District
Management's Discussion and Analysis – Continued
Year ended June 30, 2012**

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 continued current financial crisis on the Local, State, and Federal budgets and aids.
- The decrease/increase of allowable per student increases on the Revenue Limit on the 2012-13 and 2013-14 Budgets.
- Decrease in State Aid. The decrease in the 2012-13 State Aid is approximately \$262,918 or a 1.42% decrease.
- The impact of the Governor's Budget and Act 10.
- Further decreases in Federal Grant dollars for Title I, Title IIA, IDEA, and Pre-School Grants.
- The development of the 2012-13 and 2013-14 State Budget will have the most significant impact on the District in the next years. The decrease in the annual increase per student amount and a decrease in state aid will put pressure on the District to both increase new dollars and decrease the tax burden on the taxpayer. New dollars will not be available to fund current programs and additional state aid will not be available to offset the property tax impact.
- The downsizing of Fort McCoy decreased student enrollment by 50 students in the 2011-12 school year. Overall, the District added approximately 20 new students in the 2012-13 school year. The impact of that downsizing will not be fully known until the further enrollment counts cycle through in the upcoming years.

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, 2012

	Governmental Activities	Business- Type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 2,709,393	\$ 147,688	\$ 2,857,081
Prepaid expenses	282	-	282
Receivables			
Taxes	3,146,164	-	3,146,164
Accounts	4,354	-	4,354
Due from other governments	1,145,379	23,426	1,168,805
Inventory	-	13,497	13,497
Total current assets	<u>7,005,572</u>	<u>184,611</u>	<u>7,190,183</u>
Noncurrent assets			
Land and improvements	1,264,326	-	1,264,326
Buildings and improvements	31,385,744	73,409	31,459,153
Furniture and equipment	15,296,403	377,088	15,673,491
Accumulated depreciation	(23,525,887)	(197,180)	(23,723,067)
Total noncurrent assets	<u>24,420,586</u>	<u>253,317</u>	<u>24,673,903</u>
Total assets	<u>\$ 31,426,158</u>	<u>\$ 437,928</u>	<u>\$ 31,864,086</u>
Liabilities			
Current liabilities			
Current portion of long-term obligations	\$ 1,215,000	\$ -	\$ 1,215,000
Accounts payable	112,797	-	112,797
Accrued liabilities			
Payroll, payroll taxes, and insurances	2,117,947	4,846	2,122,793
Interest	62,396	-	62,396
Deferred revenue	-	20,177	20,177
Total current liabilities	<u>3,508,140</u>	<u>25,023</u>	<u>3,533,163</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations	<u>11,159,029</u>	<u>-</u>	<u>11,159,029</u>
Total liabilities	<u>14,667,169</u>	<u>25,023</u>	<u>14,692,192</u>
Net assets			
Invested in capital assets, net of related debt	18,240,586	253,317	18,493,903
Restricted			
Debt service	339,217	-	339,217
Other activities	309,006	159,588	468,594
Unrestricted	(2,129,820)	-	(2,129,820)
Total net assets	<u>16,758,989</u>	<u>412,905</u>	<u>17,171,894</u>
Total liabilities and net assets	<u>\$ 31,426,158</u>	<u>\$ 437,928</u>	<u>\$ 31,864,086</u>

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF ACTIVITIES
For the year ended June 30, 2012

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
Governmental activities							
Current							
Instruction							
Regular instruction	\$ 14,668,476	\$ 7,605	\$ 1,533,632	\$ -	\$ (13,127,239)	\$ -	\$ (13,127,239)
Vocational instruction	1,002,037	34,991	31,382	-	(935,664)	-	(935,664)
Special education instruction	3,152,800	-	1,226,354	-	(1,926,446)	-	(1,926,446)
Other instruction	1,511,607	73,149	12,298	-	(1,426,160)	-	(1,426,160)
Total instruction	<u>20,334,920</u>	<u>115,745</u>	<u>2,803,666</u>	<u>-</u>	<u>(17,415,509)</u>	<u>-</u>	<u>(17,415,509)</u>
Support services							
Pupil services	1,321,803	-	308,345	-	(1,013,458)	-	(1,013,458)
Instructional staff services	1,384,779	2,056	448,391	-	(934,332)	-	(934,332)
General administration services	337,079	-	-	-	(337,079)	-	(337,079)
School administration services	1,250,359	-	-	-	(1,250,359)	-	(1,250,359)
Business administration services	6,522,765	51,590	174,137	-	(6,297,038)	-	(6,297,038)
Central services	568,050	-	52,631	-	(515,419)	-	(515,419)
Insurance	286,604	-	12,009	-	(274,595)	-	(274,595)
Other support services	152,167	-	-	-	(152,167)	-	(152,167)
Total support services	<u>11,823,606</u>	<u>53,646</u>	<u>995,513</u>	<u>-</u>	<u>(10,774,447)</u>	<u>-</u>	<u>(10,774,447)</u>
Non-program							
Other non-program	746,397	-	199,584	-	(546,813)	-	(546,813)
Total non-program	<u>746,397</u>	<u>-</u>	<u>199,584</u>	<u>-</u>	<u>(546,813)</u>	<u>-</u>	<u>(546,813)</u>
Debt service							
	<u>292,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(292,120)</u>	<u>-</u>	<u>(292,120)</u>
Total governmental activities	33,197,043	169,391	3,998,763	-	(29,028,889)	-	(29,028,889)
Business-type activities							
School food service program	1,593,093	809,033	800,278	-	-	16,218	16,218
Total school district	<u>\$ 34,790,136</u>	<u>\$ 978,424</u>	<u>\$ 4,799,041</u>	<u>\$ -</u>	<u>(29,028,889)</u>	<u>16,218</u>	<u>(29,012,671)</u>
General revenues							
Property taxes							
General purposes							
					9,625,190	-	9,625,190
Mobile home taxes							
					34,433	-	34,433
Debt services							
					1,457,045	-	1,457,045
State and federal aids not restricted to specific functions							
General							
					18,495,256	-	18,495,256
Other							
					435,627	-	435,627
Interest and investment earnings							
					7,489	560	8,049
Miscellaneous							
					234,078	-	234,078
Gain on sale of fixed assets							
					3,274	-	3,274
Total general revenues							
					<u>30,292,392</u>	<u>560</u>	<u>30,292,952</u>
Change in net assets							
					1,263,503	16,778	1,280,281
Net assets at July 1, 2011							
					<u>15,495,486</u>	<u>396,127</u>	<u>15,891,613</u>
Net assets at June 30, 2012							
					<u>\$ 16,758,989</u>	<u>\$ 412,905</u>	<u>\$ 17,171,894</u>

The accompanying notes are an integral part of this statement.

Tomah Area School District
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Debt Service Funds	Capital Projects Fund	Other Governmental Funds	Total
Assets					
Cash and investments	\$ 2,229,803	\$ 401,613	\$ -	\$ 77,977	\$ 2,709,393
Prepaid expenses	282	-	-	-	282
Receivables					
Taxes	3,146,164	-	-	-	3,146,164
Accounts	4,354	-	-	-	4,354
Due from other funds	-	-	-	-	-
Due from other governments	1,145,379	-	-	-	1,145,379
Total assets	\$ 6,525,982	\$ 401,613	\$ -	\$ 77,977	\$ 7,005,572
 Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 112,797	\$ -	\$ -	\$ -	\$ 112,797
Accrued liabilities					
Payroll, payroll taxes, insurance	2,117,947	-	-	-	2,117,947
Due to other funds	-	-	-	-	-
Total liabilities	2,230,744	-	-	-	2,230,744
 Fund balances					
Restricted	231,029	401,613	-	77,977	710,619
Unrestricted					
Unassigned	4,064,209	-	-	-	4,064,209
Total fund balances	4,295,238	401,613	-	77,977	4,774,828
Total liabilities and fund balances	\$ 6,525,982	\$ 401,613	\$ -	\$ 77,977	\$ 7,005,572

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, 2012

Fund balance - governmental funds \$ 4,774,828

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	\$ 47,946,473	
Governmental accumulated depreciation	(23,525,887)	24,420,586

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	(6,180,000)	
Accrued interest on general obligation debt	(62,396)	
Vested employee benefits	(6,194,029)	(12,436,425)

Total net assets - governmental activities	\$	<u>16,758,989</u>
---	-----------	--------------------------

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, 2012

	General Fund	Debt Service Funds	Capital Projects Fund	Other Governmental Funds	Total
Revenues					
Property taxes	\$ 9,659,623	\$ 1,457,045	\$ -	\$ -	\$ 11,116,668
Other local sources	191,828	5,051	-	71,372	268,251
Interdistrict sources	198,121	-	-	-	198,121
Intermediate sources	8,345	-	-	-	8,345
State sources	19,864,864	-	-	-	19,864,864
Federal sources	2,730,858	-	-	24,077	2,754,935
Other sources	246,088	-	-	-	246,088
Total revenues	32,899,727	1,462,096	-	95,449	34,457,272
Expenditures					
Current					
Instruction					
Regular instruction	14,346,248	-	-	10,234	14,356,482
Vocational instruction	981,317	-	-	-	981,317
Special instruction	3,150,060	-	-	-	3,150,060
Other instruction	1,444,543	-	-	7,008	1,451,551
Total instruction	19,922,168	-	-	17,242	19,939,410
Support services					
Pupil services	1,296,409	-	-	24,434	1,320,843
Instructional staff services	1,284,073	-	-	(856)	1,283,217
General administration services	331,167	-	-	-	331,167
Building administration services	1,250,359	-	-	-	1,250,359
Business administration services	5,366,945	-	-	3,446	5,370,391
Central services	503,604	-	-	1,335	504,939
Insurance	286,604	-	-	-	286,604
Other support services	152,167	-	-	-	152,167
Total support services	10,471,328	-	-	28,359	10,499,687
Non-program services	746,397	-	-	-	746,397
Debt service	5,672	1,479,507	-	-	1,485,179
Capital outlay	1,756,674	-	-	47,443	1,804,117
Total expenditures	32,902,239	1,479,507	-	93,044	34,474,790
Excess (deficiency) of revenues over expenditures	(2,512)	(17,411)	-	2,405	(17,518)
Other financing sources (uses)					
Proceeds from sale of fixed assets	13,317	-	-	-	13,317
Transfer to debt service fund	-	24	(24)	-	-
	13,317	24	(24)	-	13,317
Net change in fund balances	10,805	(17,387)	(24)	2,405	(4,201)
Fund balances at July 1, 2011	4,284,433	419,000	24	75,572	4,779,029
Fund balances at June 30, 2012	<u>\$ 4,295,238</u>	<u>\$ 401,613</u>	<u>\$ -</u>	<u>\$ 77,977</u>	<u>\$ 4,774,828</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, 2012

Net change in fund balances - total governmental fund: \$ (4,201)

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 expense in the statement of activities:

Capital outlay reported as expenditures in governmental fund statements	\$ 1,804,117	
Depreciation expense reported in the statement of activities	(1,708,957)	
Proceeds from sale of fixed assets	(13,317)	
Gain on sale of fixed assets	<u>3,274</u>	85,117

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	1,592,414	
Special termination benefits earned in current year	<u>(1,602,886)</u>	
Amounts paid are less than amounts earned by:		(10,472)

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: 1,185,000

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	294,507	
The amount of interest accrued during the current year	<u>(286,448)</u>	
Interest paid is more than interest accrued by:		<u>8,059</u>

Change in net assets - governmental activities **\$ 1,263,503**

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, 2012

Assets

Current assets

Cash and investments	\$	147,688
Due from other governments		23,426
Inventory		<u>13,497</u>
 Total current assets		 184,611

Non-current assets

Building		73,409
Furniture and equipment		<u>377,088</u>
		450,497
Less accumulated depreciation		<u>197,180</u>
 Total non-current assets		 <u>253,317</u>

Total assets	\$	<u><u>437,928</u></u>
---------------------	-----------	------------------------------

Liabilities

Current liabilities

Accrued payroll, payroll taxes and insurance	\$	4,846
Deferred revenue - student lunch accounts		<u>20,177</u>
 Total current liabilities		 25,023

Net assets

Invested in capital assets		253,317
Restricted for food service		<u>159,588</u>
 Total net assets		 <u>412,905</u>

Total liabilities and net assets	\$	<u><u>437,928</u></u>
---	-----------	------------------------------

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, 2012

Revenues	
Food sales	\$ 809,033
State sources	21,942
Federal sources	693,983
Federal commodities	<u>84,353</u>
 Total revenues	 1,609,311
Operating expenses	
Salaries and wages	567,414
Employer paid benefits	179,016
Purchased services	34,054
Supplies, food and materials	783,792
Other	125
Depreciation	<u>28,692</u>
 Total operating expenses	 <u>1,593,093</u>
 Operating income	 16,218
Non-operating revenue	
Interest income	<u>560</u>
 Change in net assets	 16,778
 Net assets at beginning of year	 <u>396,127</u>
 Net assets at end of year	 \$ <u><u>412,905</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, 2012

Increase in Cash and Cash Equivalents

Cash flows from operating activities:	
Cash received from user charges	\$ 809,105
Cash received from other government payments	720,745
Cash payments to employees for services	(744,155)
Cash payments for utilities and other purchased services	(34,054)
Cash payments to suppliers for goods and services	(702,125)
Cash payments for other operating expenses	<u>(125)</u>
Net cash provided by operating activities	49,391
Cash flows used in capital and related financing activities:	
Capital expenditures	(11,050)
Cash flows from investing activities:	
Interest on investments	<u>560</u>
Net increase in cash and cash equivalents	38,901
Cash and cash equivalents at beginning of year	<u>108,787</u>
Cash and cash equivalents at end of year	<u>\$ 147,688</u>

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

Operating income	\$ 16,218
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	28,692
Changes in net assets and liabilities	
Decrease in due from other governments	4,820
(Increase) in inventory	(2,111)
(Decrease) in accounts payable	(575)
Increase in accrued liabilities	2,275
Increase in deferred revenue	72
	<u>33,173</u>
Net cash provided by operating activities	<u>\$ 49,391</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 \$84,353.

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2012

	Student Activities	Scholarship Funds	Employee Benefit Trust	Total
Assets				
Cash and cash equivalents	\$ 124,065	\$ 108,556	\$ 244,495	\$ 477,116
Liabilities				
Due to student organizations	\$ 124,065	\$ -	\$ -	\$ 124,065
	124,065	-	-	124,065
Net assets				
Nonspendable	-	20,000	-	20,000
Reserved for scholarships	-	88,556	-	88,556
Restricted for employee post-employment benefits	-	-	244,495	244,495
Total net assets	-	108,556	244,495	353,051
 Total liabilities and net assets	\$ 124,065	\$ 108,556	\$ 244,495	\$ 477,116

STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS

Year ended June 30, 2012

Additions				
Gifts and contributions	\$ -	\$ 44,780	\$ -	\$ 44,780
Interest income	-	385	5,514	5,899
Employee trust fund contribution	-	-	1,463,973	1,463,973
	-	45,165	1,469,487	1,514,652
Deductions				
Scholarships awarded	-	13,317	-	13,317
Employee benefits	-	-	1,393,973	1,393,973
	-	13,317	1,393,973	1,407,290
 Net change in assets	-	31,848	75,514	107,362
 Net assets at beginning of year	-	76,708	168,981	245,689
 Net assets at end of year	\$ -	\$ 108,556	\$ 244,495	\$ 353,051

The accompanying notes are an integral part of these statements.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2012

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 and users of the goods and services.

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, 2012

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.

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, 2012

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, 2012

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, 2012

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 offered an early retirement package to teachers who had reached age 55 by August 15 of the year the retirement goes into effect and had 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, 2012

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 is forfeited and will remain the sole property of the District.

Accumulated unpaid vacation is lost upon termination. See Note 9 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.
- 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.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

N. Fund Balance Designations

The District classifies its fund balance as follows:

- a. Unrestricted, unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.
- b. Unrestricted, assigned fund balances include amounts that can be spent only for specific purposes stipulated by representatives designated by the board.
- c. Unrestricted, committed fund balances include amounts that can be spent only for specific purposes approved by the board.
- d. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use).

Fund balance classifications for restricted and all categories of unrestricted amounts are considered to have been spent when an expenditure is incurred.

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.
- ◆ 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

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

O. Budgetary Accounting - Continued

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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Q. Subsequent Events

The District has evaluated subsequent events through November 9, 2012, 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, 2012

**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
Revenues and other sources					
Property taxes	\$ 11,116,668	\$ -	\$ -	\$ -	\$ 11,116,668
Other local sources	268,251	-	-	-	268,251
Interdistrict sources	198,121	-	-	-	198,121
Intermediate sources	8,345	-	-	-	8,345
State sources	19,864,864	-	-	-	19,864,864
Federal sources	2,754,935	-	-	-	2,754,935
Other sources	246,088	-	-	-	246,088
Proceeds from sale of fixed assets	13,317	-	(13,317)	-	-
Gain on sale of fixed assets	-	-	3,274	-	3,274
Total revenues	34,470,589	-	(10,043)	-	34,460,546
Expenditures					
Current					
Instruction					
Regular instruction	14,356,482	8,901	303,093	-	14,668,476
Vocational instruction	981,317	-	20,720	-	1,002,037
Special instruction	3,150,060	1,571	1,169	-	3,152,800
Other instruction	1,451,551	-	60,056	-	1,511,607
Support services					
Pupil	1,320,843	-	960	-	1,321,803
Instructional staff	1,283,217	-	101,562	-	1,384,779
General administration	331,167	-	5,912	-	337,079
Building administration	1,250,359	-	-	-	1,250,359
Business administration	5,370,391	-	1,152,374	-	6,522,765
Central	504,939	-	63,111	-	568,050
Insurance	286,604	-	-	-	286,604
Other support services	152,167	-	-	-	152,167
Non-program	746,397	-	-	-	746,397
Debt service	1,485,179	-	-	(1,193,059)	292,120
Capital outlay	1,804,117	-	(1,804,117)	-	-
Total expenditures	34,474,790	10,472	(95,160)	(1,193,059)	33,197,043
Net change for the year	\$ (4,201)	\$ (10,472)	\$ 85,117	\$ 1,193,059	\$ 1,263,503

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2012

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2012, are classified in the accompanying financial statements as follows:

Statement of net assets	
Governmental activities	\$ 2,709,393
Business-type activities	<u>147,688</u>
	2,857,081
Fiduciary funds	<u>477,116</u>
	<u>\$ 3,334,197</u>

Cash and investments as of June 30, 2012 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 2,652,177	\$ 3,205,646
Passbook savings	34,922	34,922
Certificates of deposit	171,028	171,028
Trust fund	244,495	244,495
Local government investment pool	<u>231,575</u>	<u>231,575</u>
Total	<u>\$ 3,334,197</u>	<u>\$ 3,887,666</u>

Investment Pool Information

Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool is not registered with the Securities and Exchange Commission, but operated under the statutory authority of Wisconsin Chapter 25. The LGIP does not have a credit quality rating. The fair value of the District's position in the Pool is the same as the value of the Pool shares. At June 30, 2012, the Pool's fair value was 100 percent of book value.

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 6.4 months.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2012

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, 2012, 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, 2012

NOTE 4 - TRANSFERS

Interfund transfers for the year ended June 30, 2012 are as follows:

TRANSFERS FROM	TRANSFERS TO Debt Service Fund
Capital Projects Fund	\$ 24

NOTE 5 - SHORT-TERM NOTES PAYABLE

The District has no short-term notes payable at June 30, 2012. During the year, the District took out two short-term notes. The District borrowed \$1,900,000 in November of 2011 and repaid the note in December 2011. The District also borrowed \$2,650,000 in May and June of 2012 and repaid the note in June 2012. Interest expense for the fiscal year on short-term borrowing was \$5,672.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2012

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 are as follows:

	Balances at July 1, 2011	Additions and Adjustments	Deletions and Adjustments	Balances at June 30, 2012
Governmental Activities				
Land (non-depreciable) and site improvements	\$ 1,118,079	\$ 146,247	\$ -	\$ 1,264,326
Buildings and building improvements	30,892,370	493,374	-	31,385,744
Furniture and equipment	14,461,099	1,164,496	329,192	15,296,403
Totals	<u>46,471,548</u>	<u>1,804,117</u>	<u>329,192</u>	<u>47,946,473</u>
Less accumulated depreciation				
Site improvements	441,204	48,789	-	489,993
Buildings and building improvements	11,823,040	734,069	-	12,557,109
Furniture and equipment	9,871,835	926,099	319,149	10,478,785
Totals	<u>22,136,079</u>	<u>1,708,957</u>	<u>319,149</u>	<u>23,525,887</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 24,335,469</u>	<u>\$ 95,160</u>	<u>\$ 10,043</u>	<u>\$ 24,420,586</u>
Business-Type Activities				
Building	\$ 73,409	\$ -	\$ -	\$ 73,409
Furniture and equipment	366,038	11,050	-	377,088
Totals	<u>439,447</u>	<u>11,050</u>	<u>-</u>	<u>450,497</u>
Less accumulated depreciation				
Building	17,285	3,592	-	20,877
Furniture and equipment	151,203	25,100	-	176,303
Totals	<u>168,488</u>	<u>28,692</u>	<u>-</u>	<u>197,180</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 270,959</u>	<u>\$ (17,642)</u>	<u>\$ -</u>	<u>\$ 253,317</u>

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	\$ 303,093
Vocational instruction	20,720
Special education instruction	1,169
Other instruction	60,056
Pupil services	960
Instructional staff services	101,562
School administration services	5,912
Business administration services	1,152,374
Central services	63,111
	<u>\$ 1,708,957</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2012

NOTE 7 - LONG-TERM OBLIGATIONS

Long-term balances and activity for the year ended June 30, 2012 are as follows:

	Balances at July 1, 2011	Additions	Reductions and Adjustments	Balances at June 30, 2012
Governmental Activities				
General obligation bonds	\$ 7,365,000	\$ -	\$ 1,185,000	\$ 6,180,000
Vacation and sick payable	1,524,827	2,286	198,441	1,328,672
Post retirement health care & other benefits	4,658,730	1,600,600	1,393,973	4,865,357
Total governmental activity long-term obligations	\$ 13,548,557	\$ 1,602,886	\$ 2,777,414	\$ 12,374,029

The current portion (due within one year) of long-term obligations at June 30, 2012 consists of:

General obligation bonds	\$ 1,185,000
Vested employee benefits	
Vacation and sick payable	30,000
Post retirement health care and other benefits	-
Total current portion of long-term obligations	\$ 1,215,000

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, 2012 is as follows:

	Accrued	Paid
Short-term borrowing	\$ 5,672	\$ 5,672
Long-term obligations	286,448	294,507
Totals	\$ 292,120	\$ 300,179

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2012

NOTE 7 - LONG-TERM OBLIGATIONS - CONTINUED

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance at June 30, 2012	Current Maturities
Refunding					
Bonds	1/12/2007	4%	4/1/2014	\$ 1,440,000	\$ 675,000
	2/15/2007	4.00-4.25%	4/1/2021	3,855,000	345,000
	6/22/2009	1.75-4.20%	4/1/2017	<u>885,000</u>	<u>165,000</u>
Total general obligation debt				<u>\$ 6,180,000</u>	<u>\$ 1,185,000</u>

The 2011 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,319,306,142. The legal debt limit and margin of indebtedness as of June 30, 2012 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit	
(10% of \$1,319,306,142)	\$ 131,930,614
Deduct long-term debt applicable to debt margin	<u>6,180,000</u>
Margin of indebtedness	<u>\$ 125,750,614</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on bonds and loans at June 30, 2012 follows:

Year ended June 30	Principal	Interest	Total
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	590,000	131,220	721,220
2017	615,000	106,793	721,793
2018-2020	<u>1,900,000</u>	<u>206,124</u>	<u>2,106,124</u>
Totals	<u>\$ 6,180,000</u>	<u>\$ 1,049,110</u>	<u>\$ 7,229,110</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 Year ended June 30, 2012

NOTE 8 - EMPLOYEE RETIREMENT PLAN

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

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

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2011 are:

	<u>Employee</u>	<u>Employer</u>
General (including teachers)	5.8%	5.8%
Executives and elected officials	6.65%	6.65%
Protective with social security	5.8%	8.9%
Protective without social security	5.8%	11.2%

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2012

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

The payroll for Tomah Area School District employees covered by the System for the year ended December 31, 2011 was \$17,950,523; the employer's total payroll was \$19,005,277. The total required contribution for the year ended December 31, 2011 was \$2,082,260, which consisted of \$965,635, or 5.4% of payroll from the employer and \$1,116,625, or 6.2% of payroll from employees. Total contributions for the years ending December 31, 2010 and 2009 were \$1,981,132 and \$1,810,488, 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, 2012

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

	Teachers and District Office Employees Hired Before June 30, 2007		Administrators Hired Before 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, 2012

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED

In addition to the pension benefits described in Note 8, 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 86 retirees receiving benefits and 23 employees were eligible to receive benefits in the fiscal year ended June 30, 2012.

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 2012 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, 2012, the District has \$244,495 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:

Component	Amount
Annual required contribution	\$ 1,539,038
Interest on net pension obligation	61,562
Annual pension cost (expense)	1,600,600
Pension payments made	1,393,973
Increase in net pension obligation	206,627
Net pension obligation - beginning of year	4,658,730
Net pension obligation - end of year	<u>\$ 4,865,357</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2012

NOTE 9 - 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>
6/30/2012	\$1,600,600	87.09%	\$4,865,357
6/30/2011	\$1,600,322	58.79%	\$4,658,730
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 10 - FUND BALANCES AND NET ASSETS

Fund Balance

At June 30, 2012, the District has a restricted general fund balance of \$231,029 for payments due to qualifying individual employee 403(b) retirement plans and the remaining \$4,064,209 of the general fund balance is unassigned.

Net Assets

At June 30, 2012, food service net assets of \$253,317 were invested in fixed assets, and \$159,588 was restricted for food service programs.

At June 30, 2012, 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 (\$2,129,820).

NOTE 11 - 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, 2012:

<u>Individual Fund and Function</u>	<u>Expenditures</u>
General Fund	
Regular instruction	\$ 994,401
Other instruction	6,798
Business administration services	160,558

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2012

NOTE 12 - OPERATING LEASE, AS LESSEE

The District, as lessee, leases copy machines at varying monthly payments. The leases expire at various times through December, 2015. Lease expenses for the year ended June 30, 2012 were \$68,671. Minimum annual rentals are as follows:

Year ended June 30, 2013	\$	65,625
2014		65,625
2015		64,002
2016		<u>35,808</u>
 Total minimum payments required	 \$	 <u>231,060</u>

NOTE 13 - 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, 2012 were \$77,716. The annual payments due on these contracts are as follows:

	Heating and Air Conditioning Maintenance	Health and Safety Compliance	Totals
Year ended June 30, 2013	\$ <u>20,000</u>	\$ <u>3,654</u>	\$ <u>23,654</u>
Total required minimum contractual payments	\$ <u>20,000</u>	\$ <u>3,654</u>	\$ <u>23,654</u>

NOTE 14 - 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 15 - 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

SUPPLEMENTAL FINANCIAL INFORMATION

Tomah Area School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
POST-EMPLOYMENT BENEFIT PLANS
Year ended June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Other Post-employment Benefits</u>						
6/29/2012	\$ 244,495	\$ 16,122,413	\$ 15,877,918	1.52%	\$ 13,037,975	121.78%
6/29/2011	168,981	27,573,748	27,404,767	0.61%	14,015,788	195.53%
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 - FUNDS 10 AND 27
Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 9,894,836	\$ 9,658,190	\$ 9,659,623	\$ 1,433
Other local sources	155,745	183,962	191,828	7,866
Interdistrict sources	279,930	211,218	198,121	(13,097)
Intermediate sources	14,000	4,031	8,345	4,314
State sources	19,753,619	19,836,506	19,864,864	28,358
Federal sources	2,587,309	2,808,548	2,730,858	(77,690)
Other sources	166,000	314,176	246,088	(68,088)
Total revenues	32,851,439	33,016,631	32,899,727	(116,904)
Expenditures				
Instruction				
Regular instruction	13,847,415	13,804,957	14,799,358	(994,401)
Vocational instruction	1,025,344	1,015,181	998,510	16,671
Special instruction	3,411,795	3,170,016	3,150,060	19,956
Other instruction	1,417,407	1,441,734	1,448,532	(6,798)
Total instruction	19,701,961	19,431,888	20,396,460	(964,572)
Support services				
Pupil services	1,281,978	1,306,103	1,296,409	9,694
Instructional staff services	1,356,400	1,466,795	1,427,139	39,656
General administration services	323,369	343,675	331,167	12,508
Building administration services	1,300,334	1,282,641	1,276,726	5,915
Business administration services	5,799,077	6,311,220	6,471,778	(160,558)
Central services	548,766	564,608	511,720	52,888
Insurance	262,297	289,200	286,604	2,596
Principal and interest	10,000	6,000	5,672	328
Other support services	1,185,939	1,178,598	152,167	1,026,431
Total support services	12,068,160	12,748,840	11,759,382	989,458
Non-program services	1,088,318	847,412	746,397	101,015
Total expenditures	32,858,439	33,028,140	32,902,239	125,901
Excess (deficiency) of revenues over expenditures	(7,000)	(11,509)	(2,512)	8,997
Other financing sources (uses)				
Proceeds from sale of fixed assets	7,000	13,300	13,317	17
Transfer from (to) other funds	-	(1,791)	-	1,791
	<u>7,000</u>	<u>11,509</u>	<u>13,317</u>	<u>1,808</u>
Net change in fund balance	-	-	10,805	10,805
Fund balance at July 1, 2011	4,284,433	4,284,433	4,284,433	-
Fund balance at June 30, 2012	<u>\$ 4,284,433</u>	<u>\$ 4,284,433</u>	<u>\$ 4,295,238</u>	<u>\$ 10,805</u>

Tomah Area School District
**RECONCILIATION SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**
BUDGET AND ACTUAL - REGULATORY BASIS TO GAAP BASIS
GENERAL FUND AND SPECIAL EDUCATION FUND
Year ended June 30, 2012

	General Fund - Fund 10			Special Education Fund - Fund 27			Combined Fund 10 and 27		
	Budgeted Amounts			Budgeted Amounts			Budgeted Amounts		
	Original	Final	Actual	Original	Final	Actual	Original	Final	Actual
Revenues									
Property taxes	\$ 9,894,836	\$ 9,658,190	\$ 9,659,623	\$ -	\$ -	\$ -	\$ 9,894,836	\$ 9,658,190	\$ 9,659,623
Other local sources	155,745	183,962	191,828	-	-	-	155,745	183,962	191,828
Interdistrict sources	238,607	179,258	198,121	41,323	31,960	-	279,930	211,218	198,121
Intermediate sources	2,000	1,291	928	12,000	2,740	7,417	14,000	4,031	8,345
State sources	18,775,298	18,832,127	18,826,909	978,321	1,004,379	1,037,955	19,753,619	19,836,506	19,864,864
Federal sources	1,819,700	1,925,922	1,831,462	767,609	882,626	899,396	2,587,309	2,808,548	2,730,858
Other sources	166,000	314,176	246,088	-	-	-	166,000	314,176	246,088
Total revenues	31,052,186	31,094,926	30,954,959	1,799,253	1,921,705	1,944,768	32,851,439	33,016,631	32,899,727
Expenditures									
Instruction									
Regular instruction	13,847,415	13,804,957	14,799,358	-	-	-	13,847,415	13,804,957	14,799,358
Vocational instruction	1,025,344	1,015,181	998,510	-	-	-	1,025,344	1,015,181	998,510
Special instruction	-	-	-	3,411,795	3,170,016	3,150,060	3,411,795	3,170,016	3,150,060
Other instruction	1,404,681	1,432,436	1,439,337	12,726	9,298	9,195	1,417,407	1,441,734	1,448,532
Total instruction	16,277,440	16,252,574	17,237,205	3,424,521	3,179,314	3,159,255	19,701,961	19,431,888	20,396,460
Support services									
Pupil services	782,990	790,092	782,669	498,988	516,011	513,740	1,281,978	1,306,103	1,296,409
Instructional staff services	1,050,651	1,099,701	1,109,305	305,749	367,094	317,834	1,356,400	1,466,795	1,427,139
General administration services	323,369	343,675	331,167	-	-	-	323,369	343,675	331,167
Building administration services	1,300,334	1,282,641	1,276,726	-	-	-	1,300,334	1,282,641	1,276,726
Business administration services	5,556,636	6,092,102	6,251,649	242,441	219,118	220,129	5,799,077	6,311,220	6,471,778
Central services	475,972	513,562	460,424	72,794	51,046	51,296	548,766	564,608	511,720
Insurance	262,297	289,200	286,604	-	-	-	262,297	289,200	286,604
Principal and interest	10,000	6,000	5,672	-	-	-	10,000	6,000	5,672
Other support services	1,185,939	1,178,598	152,167	-	-	-	1,185,939	1,178,598	152,167
Total support services	10,948,188	11,595,571	10,656,383	1,119,972	1,153,269	1,102,999	12,068,160	12,748,840	11,759,382
Non-program services	782,232	571,334	555,401	306,086	276,078	190,996	1,088,318	847,412	746,397
Total expenditures	28,007,860	28,419,479	28,448,989	4,850,579	4,608,661	4,453,250	32,858,439	33,028,140	32,902,239
Excess of revenues over (under) expenditures	3,044,326	2,675,447	2,505,970	(3,051,326)	(2,686,956)	(2,508,482)	(7,000)	(11,509)	(2,512)
Other financing sources (uses)									
Proceeds from sale of fixed assets	7,000	13,300	13,317	-	-	-	7,000	13,300	13,317
Transfer from (to) other funds	(3,051,326)	(2,688,747)	(2,508,482)	3,051,326	2,686,956	2,508,482	-	(1,791)	-
	<u>(3,044,326)</u>	<u>(2,675,447)</u>	<u>(2,495,165)</u>	<u>3,051,326</u>	<u>2,686,956</u>	<u>2,508,482</u>	<u>7,000</u>	<u>11,509</u>	<u>13,317</u>
Net change in fund balance	-	-	10,805	-	-	-	-	-	10,805
Fund balance at July 1, 2011	4,284,433	4,284,433	4,284,433	-	-	-	4,284,433	4,284,433	4,284,433
Fund balance at June 30, 2012	\$ <u>4,284,433</u>	\$ <u>4,284,433</u>	\$ <u>4,295,238</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,284,433</u>	\$ <u>4,284,433</u>	\$ <u>4,295,238</u>

Tomah Area School District
BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2012

	Fund Number: <u> (39) </u>	<u> (38) </u>	
	<u>Referendum</u>	<u>Non-Referendum</u>	<u>Total</u>
Assets			
Cash and investments	\$ <u>383,114</u>	\$ <u>18,499</u>	\$ <u>401,613</u>
Total assets	\$ <u><u>383,114</u></u>	\$ <u><u>18,499</u></u>	\$ <u><u>401,613</u></u>
Liabilities and fund balances			
Fund balances			
Restricted	\$ <u>383,114</u>	\$ <u>18,499</u>	\$ <u>401,613</u>
Total liabilities and fund balances	\$ <u><u>383,114</u></u>	\$ <u><u>18,499</u></u>	\$ <u><u>401,613</u></u>

Tomah Area School District
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS**
Year ended June 30, 2012

Fund Number:	(39)	(38)	
	Referendum	Non-Referendum	Total
Revenues			
Property taxes	\$ 1,259,025	\$ 198,020	\$ 1,457,045
Other local sources	5,051	-	5,051
Total revenues	1,264,076	198,020	1,462,096
Expenditures			
Support services			
Principal and interest	1,279,425	200,082	1,479,507
Total expenditures	1,279,425	200,082	1,479,507
Excess of revenues over (under) expenditures	(15,349)	(2,062)	(17,411)
Other financing uses			
Transfer from capital projects fund	24	-	24
Net change in fund balance	(15,325)	(2,062)	(17,387)
Fund balance at July 1, 2011	398,439	20,561	419,000
Fund balance at June 30, 2012	\$ 383,114	\$ 18,499	\$ 401,613

Tomah Area School District
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
REFERENDUM DEBT - FUND 39
Year ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property taxes	\$ 1,259,025	\$ 1,259,025	\$ 1,259,025	\$ -
Other local sources	-	-	5,051	5,051
Total revenues	1,259,025	1,259,025	1,264,076	5,051
Expenditures				
Support services				
Principal and interest	1,279,425	1,279,425	1,279,425	-
Total expenditures	1,279,425	1,279,425	1,279,425	-
Excess of revenues over (under) expenditures	(20,400)	(20,400)	(15,349)	5,051
Other financing uses				
Transfer from capital projects fund	-	-	24	(24)
Net change in fund balance	(20,400)	(20,400)	(15,325)	5,027
Fund balance at July 1, 2011	398,439	398,439	398,439	-
Fund balance at June 30, 2012	<u>\$ 378,039</u>	<u>\$ 378,039</u>	<u>\$ 383,114</u>	<u>\$ 5,027</u>

Tomah Area School District
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
NON-REFERENDUM DEBT - FUND 38
Year ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property taxes	\$ 198,020	\$ 198,020	\$ 198,020	\$ -
Total revenues	198,020	198,020	198,020	-
Expenditures				
Support services Principal and interest	200,082	200,082	200,082	-
Total expenditures	200,082	200,082	200,082	-
Net change in fund balance	(2,062)	(2,062)	(2,062)	-
Fund balance at July 1, 2011	20,561	20,561	20,561	-
Fund balance at June 30, 2012	\$ <u>18,499</u>	\$ <u>18,499</u>	\$ <u>18,499</u>	\$ -

Tomah Area School District
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND - FUND 45
Year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Non-Program	<u>24</u>	<u>24</u>	<u>-</u>	<u>24</u>
Total expenditures	<u>24</u>	<u>24</u>	<u>-</u>	<u>24</u>
Excess of revenues over (under) expenditures	(24)	(24)	-	24
Other financing uses				
Transfer to debt service fund	<u>-</u>	<u>-</u>	<u>(24)</u>	<u>(24)</u>
Net change in fund balance	(24)	(24)	(24)	-
Fund balance at July 1, 2011	<u>24</u>	<u>24</u>	<u>24</u>	<u>-</u>
Fund balance at June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Tomah Area School District
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue Funds		
Fund Number:	(21)	(29)	
	Special Revenue Trust Fund	Indian Education Fund	Total
Assets			
Cash and investments	\$ 77,977	\$ -	\$ 77,977
Total assets	\$ 77,977	\$ -	\$ 77,977
Liabilities and fund balances			
Fund balances			
Restricted	\$ 77,977	\$ -	\$ 77,977
Total liabilities and fund balances	\$ 77,977	\$ -	\$ 77,977

Tomah Area School District
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**
Year ended June 30, 2012

Fund Number:	Special Revenue Funds		
	(21)	(29)	
	Special Revenue Trust Fund	Indian Education Fund	Total
Revenues			
Other local sources	\$ 71,372	\$ -	\$ 71,372
Federal sources	-	24,077	24,077
	71,372	24,077	95,449
Total revenues			
	71,372	24,077	95,449
Expenditures			
Instruction			
Regular instruction	12,048	-	12,048
Other instruction	12,298	-	12,298
Total instruction	24,346	-	24,346
Support services			
Pupil services	357	24,077	24,434
Instructional staff services	13,118	-	13,118
Business administration	29,811	-	29,811
Central services	1,335	-	1,335
Total support services	44,621	24,077	68,698
	68,967	24,077	93,044
Total expenditures			
	68,967	24,077	93,044
Net change in fund balance	2,405	-	2,405
Fund balance at July 1, 2011	75,572	-	75,572
Fund balance at June 30, 2012	\$ 77,977	\$ -	\$ 77,977

Tomah Area School District
PUPIL ACTIVITY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 2012

	Balance at July 1, 2011	Additions and Transfers In	Deductions and Transfers Out	Balance at June 30, 2012
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 120,012	\$ 421,969	\$ 417,916	\$ 124,065
Total assets	<u>\$ 120,012</u>	<u>\$ 421,969</u>	<u>\$ 417,916</u>	<u>\$ 124,065</u>
 LIABILITIES				
Due to student organizations				
Camp Douglas	\$ 983	\$ 734	\$ 913	\$ 804
District office	15,124	4,918	3,465	16,577
La Grange	2,618	13,251	12,903	2,966
Lemonweir	4,157	11,895	15,305	747
Miller	1,027	5,807	6,221	613
Middle School	20,984	141,798	142,397	20,385
Oakdale	467	1,430	1,452	445
Senior High School	70,730	236,028	227,556	79,202
Warrens	1,858	441	1,309	990
Wyeville	1,534	2,989	4,149	374
Learning Center	530	2,678	2,246	962
Total liabilities	<u>\$ 120,012</u>	<u>\$ 421,969</u>	<u>\$ 417,916</u>	<u>\$ 124,065</u>

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2012

	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2011	Expenditures	Revenues		Receivable at June 30, 2012	Footnote
					Grantor	Local		
United States Department of Agriculture								
Passed through Wisconsin Department of Public Instruction								
Food Distribution								
July 1, 2011 to June 30, 2012	10.550	N/A	\$ -	\$ 84,353	\$ 84,353	\$ -	\$ -	3
School Breakfast Program								
July 1, 2010 to June 30, 2011	10.553 *	N/A	3,674	-	3,674	-	-	
July 1, 2011 to June 30, 2012		N/A	-	135,000	107,512	26,923	565	2
National School Lunch Program								
July 1, 2010 to June 30, 2011	10.555 *	N/A	17,121	-	17,121	-	-	
July 1, 2011 to June 30, 2012		N/A	-	919,212	506,877	409,893	2,442	2
Summer Food Service Program								
July 1, 2010 to June 30, 2011	10.559 *	N/A	7,451	-	7,451	-	-	
July 1, 2011 to June 30, 2012		N/A	-	71,340	51,208	-	20,132	
Subtotal Child Nutrition Cluster			28,246	1,125,552	693,843	436,816	23,139	
Equipment Assistance Grant								
May 1, 2011 to September 30, 2011	10.579	\$ 5,248	-	5,248	5,248	-	-	
Total United States Department of Agriculture			28,246	1,215,153	783,444	436,816	23,139	
United States Department of Education								
Direct from federal government								
Education Jobs								
September 1, 2010 to September 20, 2012	84.410 *	\$ 580,610	-	580,610	353,906	-	226,704	
Passed through Wisconsin Department of Public Instruction								
Title 1 Basic Grant								
July 1, 2010 to June 30, 2011	84.010	N/A	70,246	-	70,246	-	-	
July 1, 2011 to June 30, 2012		\$ 869,824	-	757,619	569,408	-	188,211	
Title 1 Basic Grant - ARRA								
February 17, 2009 to September 30, 2011	84.389	\$ 439,036	91,552	-	91,552	-	-	
Subtotal Title IA Cluster			161,798	757,619	731,206	-	188,211	
Carl Perkins Vocational Education								
July 1, 2010 to June 30, 2011	84.048	N/A	3,015	-	3,015	-	-	
July 1, 2011 to June 30, 2012		\$ 33,496	-	33,496	19,601	-	13,895	
PL 94-142 Idea Flow-Through								
July 1, 2010 to June 30, 2011	84.027	N/A	91,189	-	91,189	-	-	
July 1, 2011 to June 30, 2012		\$ 741,387	-	680,899	456,118	-	224,781	
PL 94-142 Idea Flow-Through - ARRA								
February 17, 2009 to September 30, 2011	84.391a	\$ 643,258	4,362	-	4,362	-	-	
Title IIA Teacher and Principal Training								
July 1, 2010 to June 30, 2011	84.367	N/A	70,751	-	70,751	-	-	
July 1, 2011 to June 30, 2012		\$ 170,276	-	166,831	124,744	-	42,087	
PL 99-457 Pre-School Entitlement								
July 1, 2010 to June 30, 2011	84.173	N/A	1,471	-	1,471	-	-	
July 1, 2011 to June 30, 2012		\$ 17,809	-	14,303	12,707	-	1,596	
PL 99-457 Pre-School Entitlement ARRA								
February 17, 2009 to September 30, 2011	84.392a	\$ 35,116	2,033	-	2,033	-	-	
Subtotal Special Education (IDEA) Cluster			169,806	862,033	763,375	-	268,464	
Title X-C Homeless Children								
July 1, 2011 to June 30, 2012	84.196	\$ 12,045	-	12,045	11,492	-	553	
			666,223	1,665,193	1,528,689	-	471,123	

* Denotes major program

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year ended June 30, 2012

	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2011	Expenditures	Revenues		Receivable at June 30, 2012	Footnote
					Grantor	Local		
United States Department of Education - Continued								
Passed through Cooperative Educational Services Agency #3								
PL 99-457 Pre-School Entitlement	84.173							
July 1, 2011 to June 30, 2012		\$ 2,800	-	2,800	-	-	2,800	
Direct Programs								
PL 81-874 Impact Aid	84.041							
July 1, 2011 to June 30, 2012		\$ 179,261	-	179,261	179,261	-	-	
Indian Education Act	84.060A							
July 1, 2011 to June 30, 2012		\$ 24,077	-	24,077	24,077	-	-	
Total United States Department of Education			334,619	2,451,941	2,085,933	-	700,627	
United States Department of Health and Human Services								
Passed through Coulee Cap Drug Free Communities								
July 1, 2011 to June 30, 2012	93.276	N/A	-	928	928	-	-	
Passed through State of Wisconsin Health Care Financing Programs								
Medicaid	93.778							
July 1, 2010 to June 30, 2011		N/A	41,217	-	41,217	-	-	
July 1, 2011 to June 30, 2012		N/A	-	204,194	204,194	-	-	
Total United States Department of Health and Human Services			41,217	205,122	246,339	-	-	
United States Department of Defense								
Direct								
Promoting K-12 Student Achievement at Military Connected Schools								
July 1, 2011 to June 30, 2012	66.039	\$ 101,600	-	101,600	73,028	-	28,572	
Total United States Environmental Protection Agency			-	101,600	73,028	-	28,572	
Total federal financial assistance			\$ 404,082	\$ 3,973,816	\$ 3,188,744	\$ 436,816	\$ 752,338	

* Denotes major program

Note 1: This statement is prepared using the same basis of accounting as the District's financial statements. The District uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

Note 2: The amount shown as current year expenses represent the federal grant portion of the grant program costs and local revenues that are aided by the grant. Entire program costs including other local revenues may be more than shown.

Note 3: The amount of commodities reported on the schedule is the value of commodities received by the District in the current year and are priced as prescribed by the Wisconsin Department of Public Instruction.

Note 4: All costs reported are direct costs. No indirect costs were used.

Tomah Area School District
SCHEDULE OF STATE FINANCIAL ASSISTANCE
Year ended June 30, 2012

	I.D. Number	Program or Award Amount	Receivable at July 1, 2011	Expenditures	Revenue		Receivable at June 30, 2012
					State Reimbursements	Local	
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Cost Reimbursement Programs - Non-major							
Passed through Wisconsin Department of Public Instruction							
American Indian Language Revitalization							
	255.364						
		N/A	\$ 3,462	\$ -	\$ 3,462	\$ -	\$ -
			July 1, 2010 to June 30, 2011				
			July 1, 2011 to June 30, 2012	\$ 10,200	7,984	-	7,984
Passed through CESA #4							
Mentoring Grants for Initial Educators							
	255.355						
		N/A	-	4,500	4,500	-	-
			July 1, 2011 to June 30, 2012				
			3,462	12,484	7,962	-	7,984
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT							
Cost Reimbursement Programs - Non-major							
Youth Apprenticeship							
	445.107						
		\$ 11,700	-	11,700	-	-	11,700
			July 1, 2011 to June 30, 2012				
			\$ 3,462	\$ 24,184	\$ 7,962	\$ -	\$ 19,684
Entitlement Programs							
Major State Programs (A)							
Handicapped Pupils and School Age Parents:							
	255.101			\$ 3,735,591	\$ 1,015,333		
	255.210				22,622		
					206		
					4,411		
					1,042,572		
	255.107				130,593		
	255.103				121,037		
	255.201				18,328,693		
	255.203				138,546		
					\$ 19,761,441		
Total major programs							
Non-major State Programs (B)							
	255.102				\$ 14,624		
	255.344				7,318		
	255.401				8,325		
	255.924				28,017		
					\$ 58,284		
					\$ 19,827,687		
Total non-major programs							
Total Wisconsin DPI							
WISCONSIN DEPARTMENT OF REVENUE							
Exempt Computer Aid							
					\$ 37,433		
					\$ 19,865,120		
					Total State Assistance		

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

OTHER REPORTS

The logo for TOSTRUD & TEMP, S.C. features a stylized 'T' shape composed of several parallel lines, creating a sense of depth and movement. The text 'TOSTRUD &' is positioned to the right of the top part of the 'T', and 'TEMP, S.C.' is positioned to the right of the middle part. Below 'TEMP, S.C.' is the text 'Certified Public Accountants'.

TOSTRUD
&

TEMP, S.C.

Certified Public Accountants

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

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, 2012, which collectively comprise the Tomah Area School District's basic financial statements and have issued our report thereon dated November 9, 2012. 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

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

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 entity'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 12-1 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.

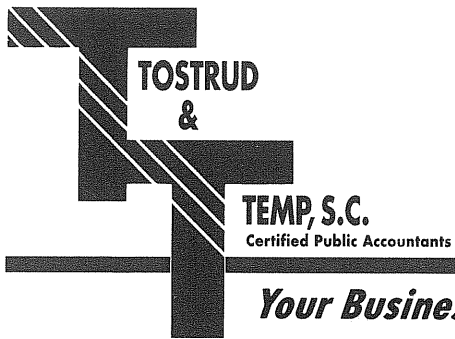
Compliance and Other Matters

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.

Kastud & Temp, L.C.

November 9, 2012



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 THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON 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, 2012, and have issued our report thereon dated November 9, 2012. 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, 2012.

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 the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. We noted no matters involving the internal control over compliance and its operation 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.

Tostud J. Kemp, S.C.

November 9, 2012

Tomah Area School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2012

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 compliance:

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
10.553, 10.555, 10.559	Child Nutrition Cluster
84.410	Education Jobs

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, 2012

Section I - Summary of Auditor's Results - Continued

State Awards

Internal control over financial reporting:
 Significant deficiency (ies) identified? yes no
 Significant deficiency (ies) identified
 considered to be material weaknesses? yes 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 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
255.210	High Cost Special Education Aid
255.107	Pupil Transportation
255.103	Common School Fund
255.201	General Equalization Aid
255.203	Special Adjustment Aid

Section II - Financial Statement Findings

12-1 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, 2012 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.

Section III - Federal and State Award Findings and Questioned Costs

None

Tomah Area School District
SCHEDULE OF PRIOR YEAR FINDINGS
Year ended June 30, 2012

Prior-Year Financial Statement Findings

11-1 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, 2011 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.