

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

TOMAH AREA SCHOOL DISTRICT
TOMAH, WISCONSIN

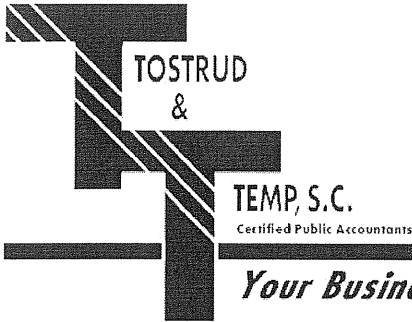
June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tomah Area School District ("District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7.1 - 7.9 and 48 - 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards as required by 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 awards and other supplemental information listed in the table of contents, are presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Tostrud + Tempel, S.C.

November 9, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2013

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 2012 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 \$34,108,901; including \$11,602,939 of property taxes, \$19,726,362 of state aids and grants, and \$2,058,135 of federal grants. Total governmental fund expenditures were \$34,058,003, including \$19,299,264 for direct instruction. Other financing sources and uses included proceeds from sales of fixed assets of \$20,906 and a transfer to the food service fund of \$60,694.

The District's total long-term liabilities decreased by \$1,576,872. The liability for General obligation bonds decreased by \$1,230,000, post-retirement health care and other benefits decreased by \$213,764, and the liability for sick and vacation payable decreased by \$133,108.

The District's financial status, as reflected by total net position, increased by \$1,317,666. Net position of governmental activities increased \$1,422,591 and business-type activities (Food Service Program) decreased \$104,925 in net position 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 required and other 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 Position* 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.

Tomah Area School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2013

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

Required and other 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 position *Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balance	* Statement of net position * Statement of revenues, expenses and changes in net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position.
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, 2013

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 position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's overall financial position. Increases or decreases in the District's net position 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, 2013

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 position for the year ended June 30, 2013, compared to 2012. The District's total combined net position was \$18,489,560 at June 30, 2013, which is an increase of 7.67% over the prior year.

	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	
Current and other assets	\$ 7,005.6	\$ 6,490.2	\$ 184.6	\$ 142.2	\$ 7,190.2	\$ 6,632.4	-7.76%
Capital assets	24,420.6	24,243.4	253.3	297.5	24,673.9	24,540.9	-0.54%
Total assets	<u>31,426.2</u>	<u>30,733.6</u>	<u>437.9</u>	<u>439.7</u>	<u>31,864.1</u>	<u>31,173.3</u>	-2.17%
Long-term debt outstanding	11,159.0	9,387.1	-	-	11,159.0	9,387.1	-15.88%
Other liabilities	3,508.2	3,164.9	25.0	131.7	3,533.2	3,296.6	-6.70%
Total liabilities	<u>14,667.2</u>	<u>12,552.0</u>	<u>25.0</u>	<u>131.7</u>	<u>14,692.2</u>	<u>12,683.7</u>	-13.67%
Net Position							
Net investment in capital assets	18,240.6	19,293.4	253.3	297.5	18,493.9	19,590.9	5.93%
Restricted	648.2	639.8	159.6	10.5	807.8	650.3	-19.50%
Unrestricted	<u>(2,129.8)</u>	<u>(1,751.6)</u>	<u>-</u>	<u>-</u>	<u>(2,129.8)</u>	<u>(1,751.6)</u>	-17.76%
TOTAL NET POSITION	<u>\$ 16,759.0</u>	<u>\$ 18,181.6</u>	<u>\$ 412.9</u>	<u>\$ 308.0</u>	<u>\$ 17,171.9</u>	<u>\$ 18,489.6</u>	7.67%

Note: Totals may not add due to rounding

For the year ended June 30, 2013, the largest portion of the District's net position is its net investment in capital assets of \$19,590,882 (e.g. land, buildings, and equipment, less related outstanding debt used to acquire those assets). These assets are used to provide services

Tomah Area School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2013

Financial Analysis of the District as a Whole – Continued

to students and consequently are not available for future spending. Restricted net position account for \$650,278 of total net position. The District is required by state statute to have available in the debt service fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20). The restricted net position are comprised of amounts of \$330,885 restricted for debt service, \$76,817 restricted for the Special Revenue Trust Fund, \$232,068 for future payments to employee retirement plans, and \$10,508 restricted for food service type activities. Unrestricted net position for the District account for the final (\$1,751,600) of total net position.

	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	
Revenues							
Program revenues							
Charges for services	\$ 169.4	\$ 138.4	\$ 809.0	\$ 705.6	\$ 978.4	\$ 844.0	-13.74%
Operating grants & contributions	3,998.8	3,287.8	800.3	911.6	4,799.1	4,199.4	-12.50%
Capital grants & contributions	-	-	-	-	-	-	0.00%
General revenues							
Property taxes	11,116.7	11,602.9	-	-	11,116.7	11,602.9	4.37%
State equalization aid	18,495.3	18,213.3	-	-	18,495.3	18,213.3	-1.52%
Gain on sale of fixed assets	3.3	20.9	-	-	3.3	20.9	100.00%
Transfers in (out)	-	(60.7)	-	60.7	-	-	0.00%
Other	677.2	866.5	0.6	0.4	677.8	866.9	27.90%
Total revenues	<u>34,460.7</u>	<u>34,069.1</u>	<u>1,609.9</u>	<u>1,678.3</u>	<u>36,070.6</u>	<u>35,747.4</u>	-0.90%
Expenses							
Instruction	20,334.9	19,468.7	-	-	20,334.9	19,468.7	-4.26%
Pupil & instructional services	2,706.6	2,635.0	-	-	2,706.6	2,635.0	-2.65%
General & Building Administration	1,587.4	1,693.7	-	-	1,587.4	1,693.7	6.70%
Business Administration	6,522.8	6,733.5	-	-	6,522.8	6,733.5	3.23%
Central	568.1	550.2	-	-	568.1	550.2	-3.15%
Debt service	292.1	244.2	-	-	292.1	244.2	-16.40%
Insurance	286.6	256.5	-	-	286.6	256.5	-10.50%
Other	898.6	1,064.7	1,593.1	1,783.3	2,491.7	2,848.0	14.30%
Total expenses	<u>33,197.1</u>	<u>32,646.5</u>	<u>1,593.1</u>	<u>1,783.3</u>	<u>34,790.2</u>	<u>34,429.8</u>	-1.04%
CHANGE IN NET POSITION	<u>\$ 1,263.6</u>	<u>\$ 1,422.6</u>	<u>\$ 16.8</u>	<u>\$ (105.0)</u>	<u>\$ 1,280.4</u>	<u>\$ 1,317.6</u>	

Note: Totals may not add due to rounding

Table 2 provides summarized operating results and their impact on net position. Governmental activities increased the financial position of the District by \$1,422,591 and business-type activities decreased the District's financial position by \$104,925.

Tomah Area School District
Management's Discussion and Analysis - Continued
 Year ended June 30, 2013

Financial Analysis of the District as a Whole – Continued

The District relies primarily on property taxes (35%), unrestricted state aids (55%) and operating grants and contributions (10%) to fund governmental activities.

Table 3 presents the cost of the eight major District activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

Table 3						
Net Cost of Government Activities						
(in thousands of dollars)						
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2011-2012	2012-2013		2011-2012	2012-2013	
Expenses						
Instruction	\$ 20,334.92	\$ 19,468.73	-4%	\$ 17,415.51	\$ 17,115.02	-2%
Pupil & instructional services	2,706.58	2,635.01	-3%	1,947.79	1,981.12	2%
General & Building Administration	1,587.44	1,693.68	7%	1,587.44	1,693.68	6%
Business Administration	6,522.77	6,733.52	3%	6,297.04	6,547.43	4%
Central	568.05	550.26	-3%	515.42	533.45	3%
Principal & interest	292.12	244.19	-16%	292.12	244.19	-20%
Insurance	286.60	256.48	-11%	274.60	224.76	-22%
Other	898.56	1,064.65	18%	698.98	880.71	21%
TOTAL EXPENSES	\$ 33,197.04	\$ 32,646.52		\$ 29,028.90	\$ 29,220.36	

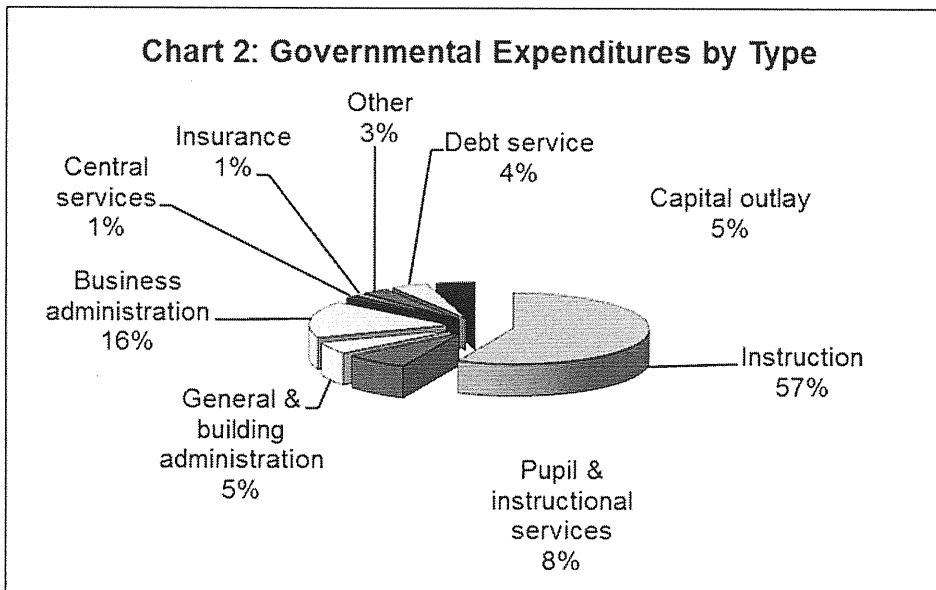
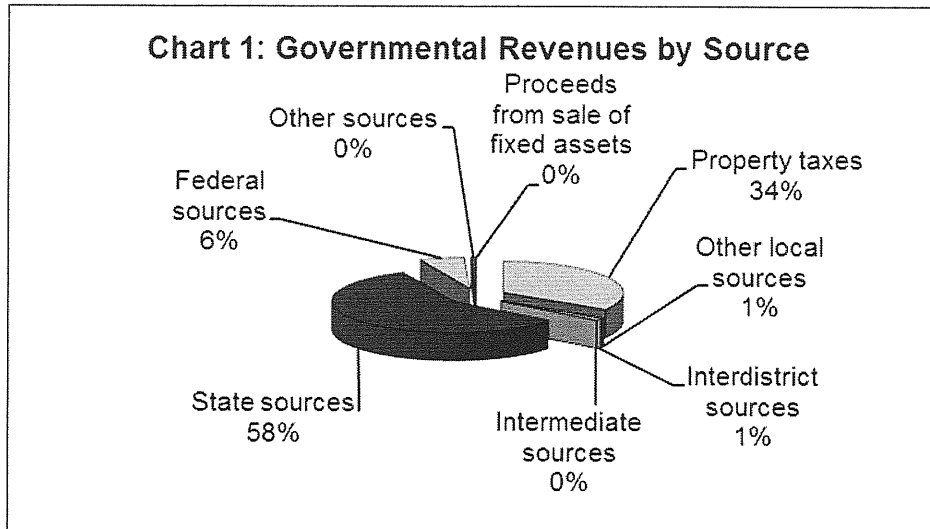
Note: Totals may not add due to rounding

The cost of all governmental activities this year was \$34,646,522. Individuals who directly participated or benefited from a program offering paid \$138,401 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$3,287,765. The net cost of governmental activities of \$29,220,356 was financed by general revenues of the District.

Tomah Area School District
Management's Discussion and Analysis - Continued
 Year ended June 30, 2013

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

Revenues for the District's business-type activities (food service program) were operating revenues of \$1,617,239, a transfer from the general fund of \$60,694, and interest income of \$392. Operating revenues were comprised of charges for services (43%), federal and state reimbursements (51%), commodities (5%) and other (1%). Expenses of \$1,783,250 resulted in a decrease in net position of \$104,925 for the year. Major expenses include food purchases (47%) and labor/benefits (46%). The District increased meal prices an average of \$.05 per meal for the 2012-13 school year.

Tomah Area School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2013

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 \$4,785,938. The fund balance increased \$11,110 from last year's ending funding balance of \$4,774,828. Important factors affecting fund balance include:

- Projects in the general fund carried forward to 2013-14 that were not completed in 2012-13.
- Saving in utilities based on weather and economic conditions.
- Changes in health and retirement benefits as a result of ACT 10.

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 2012-13 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, 2013

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had invested \$50,001,264 in capital assets, including buildings, sites, library books, and equipment (See Table 4). Total accumulated depreciation on these assets equaled \$25,460,382. Asset acquisitions for governmental activities totaled \$1,578,112 and \$76,036 for the food service program. The District recognized depreciation expense of \$1,755,288 for governmental activities and \$31,881 for the food service program for the year ended June 30, 2013. Detailed information about capital assets can be found in Note 6 to the financial statements.

	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	
	Land and site improvements	\$ 1,264.33	\$ 1,267.23	\$ -	\$ -	\$ 1,264.33	
Buildings & building improvements	31,385.74	31,713.83	73.41	76.55	31,459.15	31,790.38	1.05%
Equipment & furniture	15,296.40	16,493.67	377.09	449.98	15,673.49	16,943.65	8.10%
Accumulated depreciation	(23,525.89)	(25,231.32)	(197.18)	(229.06)	(23,723.07)	(25,460.38)	7.32%
TOTAL	\$ 24,420.58	\$ 24,243.41	\$ 253.32	\$ 297.47	\$ 24,673.90	\$ 24,540.88	

Note: Totals may not add due to rounding

Long-Term Debt

At year-end, the District had \$10,797,157 in general obligation bonds and other long-term debt outstanding – a net decrease of \$1,576,872 from July 1, 2012.

	2011-2012	2012-2013	Total Percentage Change
General obligation debt	\$ 6,180.00	\$ 4,950.00	-24.85%
Other	6,194.03	5,847.16	-5.93%
TOTAL	\$ 12,374.03	\$ 10,797.16	-14.60%

Tomah Area School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2013

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 2013-14, 2014-15 and 2015-16 budgets.
- State aid allocations based on declining enrollments.
- Declining enrollment will have the most significant impact on District budgets going forward. Based on current enrollments the District will have lost approximately 140 students which equates to approximately \$1,350,000 annually.
- Financial impact of a potential referendum to maintain existing programs.
- Further decreases in federal grant dollars for Title I, Title IIA, IDEA, and Pre-School Grants.

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 POSITION
June 30, 2013

	Governmental Activities	Business- Type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 2,426,116	\$ -	\$ 2,426,116
Prepaid expenses	123,246	-	123,246
Receivables			
Taxes	3,135,282	-	3,135,282
Accounts	32,229	4,470	36,699
Due from other governments	773,311	127,184	900,495
Inventory	-	10,508	10,508
Total current assets	6,490,184	142,162	6,632,346
Noncurrent assets			
Land and improvements	1,267,229	-	1,267,229
Buildings and improvements	31,713,830	76,552	31,790,382
Furniture and equipment	16,493,672	449,981	16,943,653
Accumulated depreciation	(25,231,321)	(229,061)	(25,460,382)
Total noncurrent assets	24,243,410	297,472	24,540,882
Total assets	\$ 30,733,594	\$ 439,634	\$ 31,173,228
Liabilities			
Current liabilities			
Current portion of long-term obligations	\$ 1,410,000	\$ -	\$ 1,410,000
Accounts payable	111,145	500	111,645
Accrued liabilities			
Payroll, payroll taxes, and insurances	1,637,955	3,208	1,641,163
Interest	50,611	-	50,611
Due to (from) other funds	(44,854)	107,959	63,105
Unearned revenue	-	19,987	19,987
Total current liabilities	3,164,857	131,654	3,296,511
Noncurrent liabilities			
Noncurrent portion of long-term obligations	9,387,157	-	9,387,157
Total liabilities	12,552,014	131,654	12,683,668
Net position			
Net investment in capital assets	19,293,410	297,472	19,590,882
Restricted			
Debt service	330,885	-	330,885
Other activities	308,885	10,508	319,393
Unrestricted	(1,751,600)	-	(1,751,600)
Total net position	18,181,580	307,980	18,489,560
Total liabilities and net position	\$ 30,733,594	\$ 439,634	\$ 31,173,228

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF ACTIVITIES
For the year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities							
Current							
Instruction							
Regular instruction	\$ 13,822,576	\$ 10,361	\$ 917,464	\$ -	\$ (12,894,751)	\$ -	\$ (12,894,751)
Vocational instruction	997,459	26,673	21,495	-	(949,291)	-	(949,291)
Special education instruction	3,128,066	-	1,300,473	-	(1,827,593)	-	(1,827,593)
Other instruction	1,520,633	60,058	17,187	-	(1,443,388)	-	(1,443,388)
Total instruction	19,468,734	97,092	2,256,619	-	(17,115,023)	-	(17,115,023)
Support services							
Pupil services	1,287,506	-	276,777	-	(1,010,729)	-	(1,010,729)
Instructional staff services	1,347,506	1,695	375,420	-	(970,391)	-	(970,391)
General administration services	331,957	-	-	-	(331,957)	-	(331,957)
School administration services	1,361,718	-	-	-	(1,361,718)	-	(1,361,718)
Business administration services	6,733,517	39,614	146,473	-	(6,547,430)	-	(6,547,430)
Central services	550,259	-	16,812	-	(533,447)	-	(533,447)
Insurance	256,483	-	31,728	-	(224,755)	-	(224,755)
Other support services	246,041	-	-	-	(246,041)	-	(246,041)
Total support services	12,114,987	41,309	847,210	-	(11,226,468)	-	(11,226,468)
Non-program							
Other non-program	818,610	-	183,936	-	(634,674)	-	(634,674)
Total non-program	818,610	-	183,936	-	(634,674)	-	(634,674)
Debt service							
	244,191	-	-	-	(244,191)	-	(244,191)
Total governmental activities	32,646,522	138,401	3,287,765	-	(29,220,356)	-	(29,220,356)
Business-type activities							
School food service program	1,783,250	705,595	911,644	-	-	(166,011)	(166,011)
Total school district	\$ 34,429,772	\$ 843,996	\$ 4,199,409	\$ -	(29,220,356)	(166,011)	(29,386,367)
General revenues							
Property taxes							
General purposes							
					10,114,411	-	10,114,411
Mobile home taxes							
					32,514	-	32,514
Debt services							
					1,456,014	-	1,456,014
State and federal aids not restricted to specific functions							
General							
					18,213,312	-	18,213,312
Other							
					661,940	-	661,940
Interest and investment earnings							
					6,174	392	6,566
Miscellaneous							
					198,370	-	198,370
Transfer from (to) other funds							
					(60,694)	60,694	-
Gain on sale of fixed assets							
					20,906	-	20,906
Total general revenues							
					30,642,947	61,086	30,704,033
Change in net position							
					1,422,591	(104,925)	1,317,666
Net position at July 1, 2012							
					16,758,989	412,905	17,171,894
Net position at June 30, 2013							
					\$ 18,181,580	\$ 307,980	\$ 18,489,560

The accompanying notes are an integral part of this statement.

Tomah Area School District
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Debt Service Funds	Other Governmental Funds	Total
Assets				
Cash and investments	\$ 1,967,803	\$ 381,496	\$ 76,817	\$ 2,426,116
Prepaid expenses	123,246	-	-	123,246
Receivables				
Taxes	3,135,282	-	-	3,135,282
Accounts	32,229	-	-	32,229
Due from other funds	1,307,712	-	-	1,307,712
Due from other governments	773,311	-	-	773,311
Total assets	\$ 7,339,583	\$ 381,496	\$ 76,817	\$ 7,797,896
 Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 111,145	\$ -	\$ -	\$ 111,145
Accrued liabilities				
Payroll, payroll taxes, insurance	1,637,955	-	-	1,637,955
Due to other funds	1,262,858	-	-	1,262,858
Total liabilities	3,011,958	-	-	3,011,958
 Fund balances				
Restricted	232,068	381,496	76,817	690,381
Unrestricted				
Unassigned	4,095,557	-	-	4,095,557
Total fund balances	4,327,625	381,496	76,817	4,785,938
Total liabilities and fund balances	\$ 7,339,583	\$ 381,496	\$ 76,817	\$ 7,797,896

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 POSITION
June 30, 2013

Fund balance - governmental funds	\$	4,785,938
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Total net position reported for governmental activities in the statement of net position 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 position are as follows:

Governmental capital assets	\$ 49,474,731	
Governmental accumulated depreciation	(25,231,321)	24,243,410

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 position that are not reported in the funds balance sheet are as follows:

General obligation debt	(4,950,000)	
Accrued interest on general obligation debt	(50,611)	
Vested employee benefits	(5,847,157)	(10,847,768)

Total net position - governmental activities	\$	<u>18,181,580</u>
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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, 2013

	General Fund	Debt Service Funds	Other Governmental Funds	Total
Revenues				
Property taxes	\$ 10,146,925	\$ 1,456,014	\$ -	\$ 11,602,939
Other local sources	154,852	3,452	72,356	230,660
Interdistrict sources	260,025	-	-	260,025
Intermediate sources	5,109	-	-	5,109
State sources	19,726,362	-	-	19,726,362
Federal sources	2,033,719	-	24,416	2,058,135
Other sources	225,671	-	-	225,671
Total revenues	32,552,663	1,459,466	96,772	34,108,901
Expenditures				
Current				
Instruction				
Regular instruction	13,643,940	-	15,406	13,659,346
Vocational instruction	1,008,150	-	-	1,008,150
Special instruction	3,178,012	-	-	3,178,012
Other instruction	1,444,312	-	9,444	1,453,756
Total instruction	19,274,414	-	24,850	19,299,264
Support services				
Pupil services	1,276,687	-	24,416	1,301,103
Instructional staff services	1,263,266	-	831	1,264,097
General administration services	323,998	-	-	323,998
Building administration services	1,375,588	-	-	1,375,588
Business administration services	5,592,917	-	-	5,592,917
Central services	484,228	-	3,030	487,258
Insurance	285,039	-	-	285,039
Other support services	246,041	-	-	246,041
Total support services	10,847,764	-	28,277	10,876,041
Non-program services	818,610	-	-	818,610
Debt service	6,393	1,479,583	-	1,485,976
Capital outlay	1,533,307	-	44,805	1,578,112
Total expenditures	32,480,488	1,479,583	97,932	34,058,003
Excess (deficiency) of revenues over expenditures	72,175	(20,117)	(1,160)	50,898
Other financing sources (uses)				
Proceeds from sale of fixed assets	20,906	-	-	20,906
Transfer to food service fund	(60,694)	-	-	(60,694)
	(39,788)	-	-	(39,788)
Net change in fund balances	32,387	(20,117)	(1,160)	11,110
Fund balances at July 1, 2012	4,295,238	401,613	77,977	4,774,828
Fund balances at June 30, 2013	<u>\$ 4,327,625</u>	<u>\$ 381,496</u>	<u>\$ 76,817</u>	<u>\$ 4,785,938</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, 2013

Net change in fund balances - total governmental fund: \$ 11,110

Amounts reported for governmental fund statements and 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 position 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	\$ 1,578,112	
Depreciation expense reported in the statement of activities	(1,755,288)	
Proceeds from sale of fixed assets	(20,906)	
Gain on sale of fixed assets	<u>20,906</u>	(177,176)

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	1,484,987	
Special termination benefits earned in current year	<u>(1,138,115)</u>	346,872

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 position 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 position. There is no affect on the statement of activities.

The amount of long-term debt principal payments in the current year is: 1,230,000

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	249,583	
The amount of interest accrued during the current year	<u>(237,798)</u>	<u>11,785</u>

Change in net position - governmental activities **\$ 1,422,591**

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF NET POSITION
PROPRIETARY FUND - FOOD SERVICE FUND
June 30, 2013

Assets

Current assets

Cash and investments	\$	-
Accounts receivable		4,470
Due from other governments		127,184
Inventory		10,508
		10,508

Total current assets 142,162

Non-current assets

Building		76,552
Furniture and equipment		449,981
		526,533
Less accumulated depreciation		229,061
		229,061

Total non-current assets 297,472

Total assets **\$ 439,634**

Liabilities

Current liabilities

Accounts payable	\$	500
Accrued payroll, payroll taxes and insurance		3,208
Due to other funds		107,959
Unearned revenue - student lunch accounts		19,987
		19,987

Total current liabilities 131,654

Net position

Net investment in capital assets		297,472
Restricted for food service		10,508
		10,508

Total net position 307,980

Total liabilities and net position **\$ 439,634**

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUND - FOOD SERVICE FUND
Year ended June 30, 2013

Revenues	
Food sales	\$ 702,127
State sources	22,342
Federal sources	801,351
Federal commodities	87,951
Other income	<u>3,468</u>
Total revenues	1,617,239
 Operating expenses	
Salaries and wages	599,843
Employer paid benefits	220,168
Purchased services	92,124
Supplies, food and materials	838,975
Other	259
Depreciation	<u>31,881</u>
Total operating expenses	<u>1,783,250</u>
Operating income	(166,011)
 Non-operating revenue	
Transfer from general fund	60,694
Interest income	<u>392</u>
	<u>61,086</u>
Change in net position	(104,925)
Net position at beginning of year	<u>412,905</u>
Net position at end of year	<u><u>\$ 307,980</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, 2013

Decrease in Cash and Cash Equivalents

Cash flows from operating activities:

Cash received from user charges	\$ 697,467
Cash received from other government payments	719,935
Cash payments to employees for services	(821,649)
Cash payments for utilities and other purchased services	(92,124)
Cash payments to suppliers for goods and services	(747,535)
Cash payments for other operating expenses	(259)
Cash received from other income	3,468
Net cash used in operating activities	(240,697)

Cash flows used in capital and related financing activities:

Capital expenditures	(76,036)
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Cash flows from investing activities:

Cash from (paid to) other funds	168,653
Interest on investments	392
	169,045

Net decrease in cash and cash equivalents	(147,688)
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Cash and cash equivalents at beginning of year	147,688
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Cash and cash equivalents at end of year	\$ <u><u>-</u></u>
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**Reconciliation of Operating Loss to Net Cash
Used in Operating Activities**

Operating loss	\$ (166,011)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	31,881
Changes in net position and liabilities	
(Increase) in accounts receivable	(4,470)
(Increase) in due from other governments	(103,758)
Decrease in inventory	2,989
Increase in accounts payable	500
(Decrease) in accrued liabilities	(1,638)
(Decrease) in deferred revenue	(190)
	(74,686)
Net cash used in operating activities	\$ (240,697)

Non-cash Non-Capital Financing Activities

During the year, the District received commodities from the U.S. Department of Agriculture in the amount of \$87,951.

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Student Activities	Scholarship Funds	Employee Benefit Trust	Total
Assets				
Cash and cash equivalents	\$ 122,542	\$ 114,266	\$ 251,821	\$ 488,629
Due from other funds	-	-	1,325,199	1,325,199
Total assets	\$ 122,542	\$ 114,266	\$ 1,577,020	\$ 1,813,828
Liabilities				
Due to other funds	\$ -	\$ -	\$ 1,262,094	\$ 1,262,094
Due to student organizations	122,542	-	-	122,542
	122,542	-	1,262,094	1,384,636
Net position				
Nonspendable	-	20,000	-	20,000
Reserved for scholarships	-	94,266	-	94,266
Restricted for employee post-employment benefits	-	-	314,926	314,926
Total net assets	-	114,266	314,926	429,192
Total liabilities and net position	\$ 122,542	\$ 114,266	\$ 1,577,020	\$ 1,813,828

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year ended June 30, 2013

Additions				
Gifts and contributions	\$ -	\$ 21,665	\$ -	\$ 21,665
Interest income	-	295	7,326	7,621
Employee trust fund contribution	-	-	1,325,199	1,325,199
	-	21,960	1,332,525	1,354,485
Deductions				
Scholarships awarded	-	16,250	-	16,250
Employee benefits	-	-	1,262,094	1,262,094
	-	16,250	1,262,094	1,278,344
Net change in position	-	5,710	70,431	76,141
Net position at beginning of year	-	108,556	244,495	353,051
Net position at end of year	\$ -	\$ 114,266	\$ 314,926	\$ 429,192

The accompanying notes are an integral part of these statements.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2013

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 position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties 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, 2013

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.

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.

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

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 position 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, 2013

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 position 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, 2013

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, 2013

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 through 2011-2012, the District will deposit \$1,500 per year and for teachers hired during the 2012-2013 school year and thereafter \$1,250 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.

Payment for accumulated vacation for administrators and central office staff will be placed into a health reimbursement account (HRA) based on current pay rates at the time of termination. Accumulated unpaid vacation is lost for all other employees. See Note 9 for additional information about these benefits and the related liability.

L. Unearned Revenue

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

M. Net Position Classification

The District classifies its net position as follows:

- a. Net investment in capital assets 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 position indicates that portion of net position that has been legally segregated for specific purposes.
- c. Unrestricted net position indicates that portion of net position for which the District has no legal financial obligation.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

N. Fund Balance Classification

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 a qualifying expenditure is incurred.

O. Budgetary Accounting

Budgets are adopted each fiscal year for all funds in accordance with 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

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

O. Budgetary Accounting - Continued

in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.

- ◆ Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a reserved fund balance.

P. Estimates

The preparation of financial statements in conformity with 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, 2013, 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 position 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 position, 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, 2013

**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	\$ 11,602,939	\$ -	\$ -	\$ -	\$ 11,602,939
Other local sources	230,660	-	-	-	230,660
Interdistrict sources	260,025	-	-	-	260,025
Intermediate sources	5,109	-	-	-	5,109
State sources	19,726,362	-	-	-	19,726,362
Federal sources	2,058,135	-	-	-	2,058,135
Other sources	225,671	-	-	-	225,671
Proceeds from sale of fixed assets	20,906	-	(20,906)	-	-
Gain on sale of fixed assets	-	-	20,906	-	20,906
Total revenues	34,129,807	-	-	-	34,129,807
Expenditures					
Current					
Instruction					
Regular instruction	13,659,346	(159,026)	322,256	-	13,822,576
Vocational instruction	1,008,150	(10,953)	262	-	997,459
Special instruction	3,178,012	(51,169)	1,223	-	3,128,066
Other instruction	1,453,756	(11,984)	78,861	-	1,520,633
Support services					
Pupil	1,301,103	(14,444)	847	-	1,287,506
Instructional staff	1,264,097	(12,773)	96,182	-	1,347,506
General					
administration	323,998	(1,666)	9,625	-	331,957
Building administration	1,375,588	(13,870)	-	-	1,361,718
Business					
administration	5,592,917	(40,765)	1,181,365	-	6,733,517
Central	487,258	(1,666)	64,667	-	550,259
Insurance	285,039	(28,556)	-	-	256,483
Other support services					
Non-program	246,041	-	-	-	246,041
Debt service	818,610	-	-	-	818,610
Transfer to food service	1,485,976	-	-	(1,241,785)	244,191
Capital outlay	60,694	-	-	-	60,694
	1,578,112	-	(1,578,112)	-	-
Total expenditures	34,118,697	(346,872)	177,176	(1,241,785)	32,707,216
Net change for the year	\$ 11,110	\$ 346,872	\$ (177,176)	\$ 1,241,785	\$ 1,422,591

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 Year ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2013, are classified in the accompanying financial statements as follows:

Statement of net position	
Governmental activities	\$ 2,426,116
Business-type activities	-
	2,426,116
Fiduciary funds	488,629
	\$ 2,914,745

Cash and investments as of June 30, 2013 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 2,229,470	\$ 2,928,070
Passbook savings	35,140	35,140
Certificates of deposit	165,700	165,700
Trust fund	251,821	251,821
Local government investment pool	232,614	232,614
Total	\$ 2,914,745	\$ 3,613,345

Investment Pool Information

Participation in the State of Wisconsin Local Government Investment Pool (LGIP) is voluntary. The Pool is not registered with the Securities and Exchange Commission, but operated under the statutory authority of the State of Wisconsin. 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, 2013, 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 6.7 months.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2013

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, 2013, the District had \$2,302,999 in deposits with financial institutions in excess of federal depository insurance limits that were collateralized and another \$168,438 that was not collateralized, but was 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, 2013

NOTE 4 - TRANSFERS

Interfund transfers for the year ended June 30, 2013 are as follows:

TRANSFERS FROM	TRANSFERS TO Food Service Fund
General Fund	\$ 60,694

NOTE 5 - SHORT-TERM NOTES PAYABLE

The District has no short-term notes payable at June 30, 2013. During the year, the District took out three short-term notes. The District borrowed \$2,300,000 in November of 2012 and repaid the note in December 2012. The District also borrowed \$150,000 in January 2013 and repaid the note in January 2013. The District also borrowed \$2,700,000 in May and June of 2013 and repaid the note in June 2013. Interest expense for the fiscal year on short-term borrowing was \$6,393.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2013

NOTE 6 - CAPITAL ASSETS

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

	Balances at July 1, 2012	Additions and Adjustments	Deletions and Adjustments	Balances at June 30, 2013
Governmental Activities				
Land (non-depreciable) and site improvements	\$ 1,264,326	\$ 2,903	\$ -	\$ 1,267,229
Buildings and building improvements	31,385,744	328,086	-	31,713,830
Furniture and equipment	15,296,403	1,247,123	49,854	16,493,672
Totals	47,946,473	1,578,112	49,854	49,474,731
Less accumulated depreciation				
Site improvements	489,993	54,508	-	544,501
Buildings and building improvements	12,557,109	752,030	-	13,309,139
Furniture and equipment	10,478,785	948,750	49,854	11,377,681
Totals	23,525,887	1,755,288	49,854	25,231,321
Governmental activities capital assets, net of accumulated depreciation	\$ 24,420,586	\$ (177,176)	\$ -	\$ 24,243,410
Business-Type Activities				
Building	\$ 73,409	\$ 3,143	\$ -	\$ 76,552
Furniture and equipment	377,088	72,893	-	449,981
Totals	450,497	76,036	-	526,533
Less accumulated depreciation				
Building	20,877	3,697	-	24,574
Furniture and equipment	176,303	28,184	-	204,487
Totals	197,180	31,881	-	229,061
Business-type activities capital assets, net of accumulated depreciation	\$ 253,317	\$ 44,155	\$ -	\$ 297,472

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	\$ 322,256
Vocational instruction	262
Special education instruction	1,223
Other instruction	78,861
Pupil services	847
Instructional staff services	96,182
School administration services	9,625
Business administration services	1,181,365
Central services	64,667
	\$ 1,755,288

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2013

NOTE 7 - LONG-TERM OBLIGATIONS

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

	Balances at July 1, 2012	Additions	Reductions and Adjustments	Balances at June 30, 2013
Governmental Activities				
General obligation bonds	\$ 6,180,000	\$ -	\$ 1,230,000	\$ 4,950,000
Vacation and sick payable	1,328,672	26,680	159,788	1,195,564
Post retirement health care & other benefits	<u>4,865,357</u>	<u>1,111,435</u>	<u>1,325,199</u>	<u>4,651,593</u>
Total governmental activity long-term obligations	<u>\$ 12,374,029</u>	<u>\$ 1,138,115</u>	<u>\$ 2,714,987</u>	<u>\$ 10,797,157</u>

The current portion (due within one year) of long-term obligations at June 30, 2013 consists of:

General obligation bonds	\$ 1,280,000
Vested employee benefits	
Vacation and sick payable	30,000
Post retirement health care and other benefits	<u>100,000</u>
Total current portion of long-term obligations	<u>\$ 1,410,000</u>

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

Total interest accrued and paid, including fiscal agent fees of \$0 for the year ended June 30, 2013 is as follows:

	Accrued	Paid
Short-term borrowing	\$ 6,393	\$ 6,393
Long-term obligations	<u>237,798</u>	<u>249,583</u>
Totals	<u>\$ 244,191</u>	<u>\$ 255,976</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2013

NOTE 7 - LONG-TERM OBLIGATIONS - CONTINUED

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance at June 30, 2013	Current Maturities
Refunding					
Bonds	1/12/2007	4.00%	4/1/2014	\$ 735,000	\$ 735,000
	2/15/2007	4.00-4.25%	4/1/2021	3,495,000	375,000
	6/22/2009	1.75-4.20%	4/1/2017	<u>720,000</u>	<u>170,000</u>
Total general obligation debt				<u>\$ 4,950,000</u>	<u>\$ 1,280,000</u>

The 2012 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,315,873,061. The legal debt limit and margin of indebtedness as of June 30, 2013 in accordance with Wisconsin Statutes follows:

Debt limit (10% of \$1,315,873,061)	\$ 131,587,306
Deduct long-term debt applicable to debt margin	<u>4,950,000</u>
Margin of indebtedness	<u>\$ 126,637,306</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on bonds and loans at June 30, 2013 follows:

Year ended June 30	Principal	Interest	Total
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	445,000	80,750	525,750
2019-2021	<u>1,455,000</u>	<u>125,375</u>	<u>1,580,375</u>
Totals	<u>\$ 4,950,000</u>	<u>\$ 799,528</u>	<u>\$ 5,749,528</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 Year ended June 30, 2013

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.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective employees 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 2012 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2013

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

The payroll for Tomah Area School District employees covered by the System for the year ended December 31, 2012 was \$17,878,431; the employer's total payroll was \$18,865,489. The total required contribution for the year ended December 31, 2012 was \$2,109,654, which consisted of \$1,054,827, or 5.9% of payroll from the employer and \$1,054,827, or 5.9% of payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$2,082,261 and \$1,981,132, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. 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 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of credible service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of the 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, 2013

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

Group	Eligibility		Benefit Description								
	Age	Service									
Teachers hired prior to 7/1/07	55	15	Teachers who retired before July 1, 2009 received 100% of medical premium; frozen at rate at retirement for 10 years. The Medicare supplement rate is paid after age 65.								
	55 (1)	15 (1)	Teachers who retired after July 1, 2009 until June 30, 2012 had the option to choose a) or b) below paid over 84 months: a) The District will deposit into a Health Retirement Account (HRA) \$4,000 per year of service, not to exceed 40 years b) The District will deposit into an HRA an amount equal to 100% of the monthly health insurance premium, frozen at the rate at retirement.								
	55 (1)	15 (1)	Teachers who retired after June 30, 2012, the District will deposit into a Health Reimbursement Account (HRA) an amount equal to the teacher's continuous years of service, not to exceed 40 years, times the amount in the table below, paid in equal installments over 84 months.								
			<table border="1"> <thead> <tr> <th style="text-align: center;"><u>Retiring in School Year</u></th> <th style="text-align: center;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2012-2013</td> <td style="text-align: center;">\$4,000</td> </tr> <tr> <td style="text-align: center;">2013-2016</td> <td style="text-align: center;">\$3,000</td> </tr> <tr> <td style="text-align: center;">2017 -2018 and later</td> <td style="text-align: center;">\$2,000</td> </tr> </tbody> </table>	<u>Retiring in School Year</u>	<u>Amount</u>	2012-2013	\$4,000	2013-2016	\$3,000	2017 -2018 and later	\$2,000
<u>Retiring in School Year</u>	<u>Amount</u>										
2012-2013	\$4,000										
2013-2016	\$3,000										
2017 -2018 and later	\$2,000										
Teachers hired 7/1/07 or later	55 (1)	15 (1)	The District will deposit \$1,250 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 account balance, including interest, will be placed into a 403(b) account upon completion of 5 years of continuous service with the District, and each year thereafter. (This is a non-OPEB benefit.)								
Administrators	57	8	Administrators that retired before July 1, 2009 were paid under option c) below.								
			<u>Administrators that retire after July 1, 2009:</u>								
	55 (1)	15 (1)	Administrators hired before the 2005-2006 school year have the option to choose a), b), or c) below.								
	55 (1)	15 (1)	Administrators hired during or after the 2005-2006 school year have the option to choose a) or b) below. a) The District will deposit into a Health Reimbursement Account (HRA) an amount equal to the Administrator's continuous years of service, not to exceed 40 years, times \$4,000, paid in equal installments over 84 months. b) The District will deposit into a HRA an amount equal to 100% of the premium rate on June 30th of the year the retirement is to commence. For administrators hired after July 1, 2010, the District will deposit into a HRA an amount equal to 80% of the premium rate on June 30th of the year the retirement is to commence. The deposits will be made on a monthly basis and will cease after 84 months. Administrators need to work 5 additional days a year to be eligible. c) The retiree must be at least 57 years old at retirement. The District will pay the percent of premium as shown below for 8 years, based on the years of service at retirement								
			<table border="1"> <thead> <tr> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>Percent of Premium</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">10 to 14</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="text-align: center;">15 to 20</td> <td style="text-align: center;">75%</td> </tr> <tr> <td style="text-align: center;">20 or more</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Percent of Premium</u>	10 to 14	50%	15 to 20	75%	20 or more	100%
<u>Years of Service</u>	<u>Percent of Premium</u>										
10 to 14	50%										
15 to 20	75%										
20 or more	100%										

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2013

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

Group	Eligibility		Benefit Description
	Age	Service	
Non-Teaching Support Staff	55	15	Severance pay will be deposited into an HRA for half of the employee's accumulated sick leave, up to a maximum of 60 days. Severance pay for each day of eligibility will be based on the average per day for the last 5 years. (This is a non-OPEB benefit)
Office Staff hired before 1/1/09	55	15	Office staff who retired before July 1, 2009 received 100% of monthly medical premium; frozen at rate at retirement; payable for 10 years. The Medicare supplement rate is paid after age 65.
	55 (1)	15 (1)	Office staff who retire after July 1, 2009 until June 30, 2012 had the option to choose a) or b) below paid over 84 months: a) The District will deposit into a Health Retirement Account (HRA) \$4,000 per year of service, not to exceed 40 years b) The District will deposit into an HRA an amount equal to 100% of the monthly health insurance premium, frozen at rate at retirement.
	55 (1)	15 (1)	For office staff who retire after June 30, 2012, the District will deposit into a Health Reimbursement Account (HRA) an amount equal to the employee's continuous years of service, not to exceed 40 years, times \$4,000, paid in equal installments over 84 months. The District will also deposit into the HRA account 50% of the accumulated value of unused sick leave (up to 60 days) at retirement.
Office Staff hired 1/1/09 or later	55 (1)	15 (1)	The District will deposit \$1,500 per year into an investment account during the term of the office staff's employment with the District for a period not to exceed 25 years. See District agreements for further clarification regarding vesting period and account information. (This is a non-OPEB benefit.)

(1) Age plus service must be at least 75 or greater.

Account values are prorated for part-time Teachers and Administrators.

Surviving spouses are eligible to continue receiving benefits until the account values are exhausted.

Retirees are eligible to continue coverage once the account values are exhausted by paying 100% of the premiums.

Severance pay will be deposited into an HRA for half of the employee's accumulated sick leave, up to a maximum of 60 days for retiring administrators and office staff.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2013

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 71 retirees receiving benefits and 17 employees were eligible to receive benefits in the fiscal year ended June 30, 2013.

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes, 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 5.3% in 2013 and 9.0% in 2014 and 2015, with a one-half percent every two years decrease until leveling off in 2028 and later at 5.5%. 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, 2013, the District has \$1,577,020 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 (ARC)	\$ 1,221,234
Adjustment to ARC	(304,413)
Interest on net pension obligation	194,614
Annual pension cost (expense)	1,111,435
Pension payments made	1,325,199
Increase in net pension obligation	(213,764)
Net pension obligation - beginning of year	4,865,357
Net pension obligation - end of year	\$ 4,651,593

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2013

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 42 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>
6/30/2013	\$1,111,435	119.23%	\$4,651,593
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 or shrink every year that the District does not make contributions equal to the annual OPEB cost.

NOTE 10 - FUND BALANCES AND NET POSITION

Fund Balance

At June 30, 2013, the District has a restricted general fund balance of \$232,068 for payments potentially due to qualifying individual employee 403(b) retirement plans and the remaining \$4,095,557 of the general fund balance is unassigned.

Net position

At June 30, 2013, food service net position of \$297,472 was invested in fixed assets, and \$10,508 was restricted for food service programs.

At June 30, 2013, the Governmental Activities net position balance after subtracting net investment in capital assets, and the amounts restricted for debt service and other activities is (\$1,751,600).

NOTE 11 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The District had no functions had an excess of actual expenditures over budget for the year ended June 30, 2013.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2013

NOTE 12 - OPERATING LEASE, AS LESSEE

The District, as lessee, leases copy machines at varying monthly payments. The leases expire at various times through February 2016. Lease expenses for the year ended June 30, 2013 were \$75,144. Minimum annual lease payments are as follows:

	Year ended June 30, 2014	\$	65,625
	2015		64,002
	2016		<u>35,808</u>
Total minimum lease payments required		\$	<u>165,435</u>

NOTE 13 - CONTRACTUAL OBLIGATIONS

The District has entered into long-term service agreements for preventative maintenance on the heating and air conditioning equipment in all schools and administrative offices. Another agreement was entered into regarding environmental/occupational health and safety compliance. Contractual obligation expenses for the year ended June 30, 2013 were \$18,436. The annual payments due on these contracts are as follows:

	Heating and Air Conditioning Maintenance	Health and Safety Compliance	Totals
Year ended June 30, 2014	\$ 20,000	\$ 3,654	\$ 23,654
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

REQUIRED SUPPLEMENTARY INFORMATION

Tomah Area School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
POST-EMPLOYMENT BENEFIT PLANS
Year ended June 30, 2013

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>						
6/30/2013	\$ 314,926	\$ 10,989,087	\$ 10,674,161	2.87%	\$ 13,437,765	79.43%
6/30/2012	244,495	16,122,413	15,877,918	1.52%	13,037,975	121.78%
6/30/2011	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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 10,160,409	\$ 10,146,925	\$ 10,146,925	\$ -
Other local sources	152,805	154,852	154,852	-
Interdistrict sources	314,516	260,025	260,025	-
Intermediate sources	5,500	5,109	5,109	-
State sources	19,587,931	19,726,362	19,726,362	-
Federal sources	1,905,226	2,033,719	2,033,719	-
Other sources	295,728	225,671	225,671	-
Total revenues	32,422,115	32,552,663	32,552,663	-
Expenditures				
Instruction				
Regular instruction	13,539,945	14,369,802	14,369,802	-
Vocational instruction	952,719	1,015,666	1,015,666	-
Special instruction	3,170,141	3,179,605	3,179,605	-
Other instruction	1,467,245	1,453,311	1,453,311	-
Total instruction	19,130,050	20,018,384	20,018,384	-
Support services				
Pupil services	1,263,164	1,276,687	1,276,687	-
Instructional staff services	1,379,820	1,364,353	1,364,353	-
General administration services	326,062	323,998	323,998	-
Building administration services	1,253,939	1,381,866	1,381,866	-
Business administration services	5,743,756	6,245,597	6,245,597	-
Central services	521,082	513,520	513,520	-
Insurance	303,880	285,039	285,039	-
Principal and interest	10,000	6,393	6,393	-
Other support services	1,410,588	246,041	246,041	-
Total support services	12,212,291	11,643,494	11,643,494	-
Non-program services	1,082,774	818,610	818,610	-
Total expenditures	32,425,115	32,480,488	32,480,488	-
Excess (deficiency) of revenues over expenditures	(3,000)	72,175	72,175	-
Other financing sources (uses)				
Proceeds from sale of fixed assets	3,000	20,906	20,906	-
Transfer from (to) other funds	-	(60,694)	(60,694)	-
	3,000	(39,788)	(39,788)	-
Net change in fund balance	-	32,387	32,387	-
Fund balance at July 1, 2012	4,295,238	4,295,238	4,295,238	-
Fund balance at June 30, 2013	\$ 4,295,238	\$ 4,327,625	\$ 4,327,625	\$ -

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, 2013

	General Fund - Fund 10			Special Education Fund - Fund 27			Combined Fund 10 and 27		
	Budgeted Amounts		Actual	Budgeted Amounts		Actual	Budgeted Amounts		Actual
	Original	Final		Original	Final		Original	Final	
Revenues									
Property taxes	\$ 10,160,409	\$ 10,146,925	\$ 10,146,925	\$ -	\$ -	\$ -	\$ 10,160,409	\$ 10,146,925	\$ 10,146,925
Other local sources	152,805	154,852	154,852	-	-	-	152,805	154,852	154,852
Interdistrict sources	314,516	260,025	260,025	-	-	-	314,516	260,025	260,025
Intermediate sources	2,000	-	-	3,500	5,109	5,109	5,500	5,109	5,109
State sources	18,612,507	18,701,067	18,701,067	975,424	1,025,295	1,025,295	19,587,931	19,726,362	19,726,362
Federal sources	1,225,126	1,171,116	1,171,116	680,100	862,603	862,603	1,905,226	2,033,719	2,033,719
Other sources	180,728	225,671	225,671	115,000	-	-	295,728	225,671	225,671
Total revenues	30,648,091	30,659,656	30,659,656	1,774,024	1,893,007	1,893,007	32,422,115	32,552,663	32,552,663
Expenditures									
Instruction									
Regular instruction	13,539,945	14,369,802	14,369,802	-	-	-	13,539,945	14,369,802	14,369,802
Vocational instruction	952,719	1,015,666	1,015,666	-	-	-	952,719	1,015,666	1,015,666
Special instruction	-	-	-	3,170,141	3,179,605	3,179,605	3,170,141	3,179,605	3,179,605
Other instruction	1,454,905	1,443,775	1,443,775	12,340	9,536	9,536	1,467,245	1,453,311	1,453,311
Total instruction	15,947,569	16,829,243	16,829,243	3,182,481	3,189,141	3,189,141	19,130,050	20,018,384	20,018,384
Support services									
Pupil services	742,618	756,547	756,547	520,546	520,140	520,140	1,263,164	1,276,687	1,276,687
Instructional staff services	1,087,152	1,068,970	1,068,970	292,668	295,383	295,383	1,379,820	1,364,353	1,364,353
General administration services	326,062	323,998	323,998	-	-	-	326,062	323,998	323,998
Building administration services	1,253,939	1,381,866	1,381,866	-	-	-	1,253,939	1,381,866	1,381,866
Business administration services	5,534,420	5,974,150	5,974,150	209,336	271,447	271,447	5,743,756	6,245,597	6,245,597
Central services	508,382	499,738	499,738	12,700	13,782	13,782	521,082	513,520	513,520
Insurance	303,880	285,039	285,039	-	-	-	303,880	285,039	285,039
Principal and interest	10,000	6,393	6,393	-	-	-	10,000	6,393	6,393
Other support services	1,410,588	246,041	246,041	-	-	-	1,410,588	246,041	246,041
Total support services	11,177,041	10,542,742	10,542,742	1,035,250	1,100,752	1,100,752	12,212,291	11,643,494	11,643,494
Non-program services	856,378	596,583	596,583	226,396	222,027	222,027	1,082,774	818,610	818,610
Total expenditures	27,980,988	27,968,568	27,968,568	4,444,127	4,511,920	4,511,920	32,425,115	32,480,488	32,480,488
Excess of revenues over (under) expenditures	2,667,103	2,691,088	2,691,088	(2,670,103)	(2,618,913)	(2,618,913)	(3,000)	72,175	72,175
Other financing sources (uses)									
Proceeds from sale of fixed assets	3,000	20,906	20,906	-	-	-	3,000	20,906	20,906
Transfer from (to) other funds	(2,670,103)	(2,679,607)	(2,679,607)	2,670,103	2,618,913	2,618,913	-	(60,694)	(60,694)
	<u>(2,667,103)</u>	<u>(2,658,701)</u>	<u>(2,658,701)</u>	<u>2,670,103</u>	<u>2,618,913</u>	<u>2,618,913</u>	<u>3,000</u>	<u>(39,788)</u>	<u>(39,788)</u>
Net change in fund balance	-	32,387	32,387	-	-	-	-	32,387	32,387
Fund balance at July 1, 2012	4,295,238	4,295,238	4,295,238	-	-	-	4,295,238	4,295,238	4,295,238
Fund balance at June 30, 2013	<u>\$ 4,295,238</u>	<u>\$ 4,327,625</u>	<u>\$ 4,327,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,295,238</u>	<u>\$ 4,327,625</u>	<u>\$ 4,327,625</u>

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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property taxes	\$ 1,262,325	\$ 1,262,325	\$ 1,262,325	\$ -
Other local sources	4,000	3,452	3,452	-
Total revenues	1,266,325	1,265,777	1,265,777	-
Expenditures				
Support services				
Principal and interest	1,283,625	1,283,625	1,283,625	-
Total expenditures	1,283,625	1,283,625	1,283,625	-
Net change in fund balance	(17,300)	(17,848)	(17,848)	-
Fund balance at July 1, 2012	383,114	383,114	383,114	-
Fund balance at June 30, 2013	<u>\$ 365,814</u>	<u>\$ 365,266</u>	<u>\$ 365,266</u>	<u>\$ -</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 193,689	\$ 193,689	\$ 193,689	\$ -
Total revenues	193,689	193,689	193,689	-
Expenditures				
Support services Principal and interest	195,958	195,958	195,958	-
Total expenditures	195,958	195,958	195,958	-
Net change in fund balance	(2,269)	(2,269)	(2,269)	-
Fund balance at July 1, 2012	18,499	18,499	18,499	-
Fund balance at June 30, 2013	<u>\$ 16,230</u>	<u>\$ 16,230</u>	<u>\$ 16,230</u>	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

Tomah Area School District
BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2013

Fund Number:	(39)	(38)	
	Referendum	Non-Referendum	Total
Assets			
Cash and investments	\$ <u>365,266</u>	\$ <u>16,230</u>	\$ <u>381,496</u>
Total assets	\$ <u><u>365,266</u></u>	\$ <u><u>16,230</u></u>	\$ <u><u>381,496</u></u>
Liabilities and fund balances			
Fund balances			
Restricted	\$ <u>365,266</u>	\$ <u>16,230</u>	\$ <u>381,496</u>
Total liabilities and fund balances	\$ <u><u>365,266</u></u>	\$ <u><u>16,230</u></u>	\$ <u><u>381,496</u></u>

Tomah Area School District
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS**
Year ended June 30, 2013

Fund Number:	(39)	(38)	
	Referendum	Non-Referendum	Total
Revenues			
Property taxes	\$ 1,262,325	\$ 193,689	\$ 1,456,014
Other local sources	3,452	-	3,452
Total revenues	1,265,777	193,689	1,459,466
Expenditures			
Support services			
Principal and interest	1,283,625	195,958	1,479,583
Total expenditures	1,283,625	195,958	1,479,583
Net change in fund balance	(17,848)	(2,269)	(20,117)
Fund balance at July 1, 2012	383,114	18,499	401,613
Fund balance at June 30, 2013	\$ 365,266	\$ 16,230	\$ 381,496

Tomah Area School District
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue Funds		
Fund Number:	(21)	(29)	
	Special Revenue Trust Fund	Indian Education Fund	Total
Assets			
Cash and investments	\$ 76,817	\$ -	\$ 76,817
Total assets	\$ 76,817	\$ -	\$ 76,817
Liabilities and fund balances			
Fund balances			
Restricted	\$ 76,817	\$ -	\$ 76,817
Total liabilities and fund balances	\$ 76,817	\$ -	\$ 76,817

Tomah Area School District
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**
Year ended June 30, 2013

Fund Number:	Special Revenue Funds		
	(21)	(29)	
	Special Revenue Trust Fund	Indian Education Fund	Total
Revenues			
Other local sources	\$ 72,356	\$ -	\$ 72,356
Federal sources	-	24,416	24,416
Total revenues	72,356	24,416	96,772
Expenditures			
Instruction			
Regular instruction	32,866	-	32,866
Other instruction	17,187	-	17,187
Total instruction	50,053	-	50,053
Support services			
Pupil services	-	24,416	24,416
Instructional staff services	6,331	-	6,331
Business administration	14,102	-	14,102
Central services	3,030	-	3,030
Total support services	23,463	24,416	47,879
Total expenditures	73,516	24,416	97,932
Net change in fund balance	(1,160)	-	(1,160)
Fund balance at July 1, 2012	77,977	-	77,977
Fund balance at June 30, 2013	\$ 76,817	\$ -	\$ 76,817

Tomah Area School District
PUPIL ACTIVITY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 2013

	Balance at July 1, 2012	Additions and Transfers In	Deductions and Transfers Out	Balance at June 30, 2013
ASSETS				
Cash and investments	\$ 124,065	\$ 664,252	\$ 665,775	\$ 122,542
Total assets	\$ 124,065	\$ 664,252	\$ 665,775	\$ 122,542
 LIABILITIES				
Due to student organizations				
Camp Douglas	\$ 804	\$ 224	\$ 625	\$ 403
District office	16,577	2,577	1,238	17,916
La Grange	2,966	16,532	15,308	4,190
Lemonweir	747	11,657	10,733	1,671
Miller	613	4,454	4,456	611
Middle School	20,385	153,365	148,359	25,391
Oakdale	445	971	1,408	8
Senior High School	79,202	464,189	474,459	68,932
Warrens	990	1,942	1,655	1,277
Wyeville	374	5,337	4,097	1,614
Learning Center	962	3,004	3,437	529
Total liabilities	\$ 124,065	\$ 664,252	\$ 665,775	\$ 122,542

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2013

	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2012	Expenditures	Revenues		Receivable at June 30, 2013	Footnote
					Grantor	Local		
United States Department of Agriculture								
Passed through Wisconsin Department of Public Instruction								
Food Distribution								
July 1, 2012 to June 30, 2013	10.550	N/A	\$ -	\$ 87,951	\$ 87,951	\$ -	\$ -	3
School Breakfast Program								
July 1, 2011 to June 30, 2012	10.553	N/A	565	-	565	-	-	
July 1, 2012 to June 30, 2013		N/A	-	119,509	82,134	21,475	15,900	2
National School Lunch Program								
July 1, 2011 to June 30, 2012	10.555	N/A	2,442	-	2,442	-	-	
July 1, 2012 to June 30, 2013		N/A	-	935,412	468,573	383,144	83,695	2
Summer Food Service Program								
July 1, 2011 to June 30, 2012	10.559	N/A	20,132	-	20,132	-	-	
July 1, 2012 to June 30, 2013		N/A	-	65,714	47,757	-	17,957	
Subtotal Child Nutrition Cluster			<u>23,139</u>	<u>1,120,635</u>	<u>621,603</u>	<u>404,619</u>	<u>117,552</u>	
Total United States Department of Agriculture			23,139	1,208,586	709,554	404,619	117,552	
United States Department of Education								
Direct from federal government								
Education Jobs								
September 1, 2010 to September 20, 2012	84.410	\$ 580,610	226,704	-	226,704	-	-	
Passed through Wisconsin Department of Public Instruction								
Title 1 Basic Grant								
July 1, 2011 to June 30, 2012	84.010 *	N/A	188,211	-	188,211	-	-	
July 1, 2012 to June 30, 2013		\$ 823,458	-	744,334	608,563	-	135,771	
Carl Perkins Vocational Education								
July 1, 2011 to June 30, 2012	84.048	N/A	13,895	-	13,895	-	-	
July 1, 2012 to June 30, 2013		\$ 30,184	-	30,184	6,517	-	23,667	
Special Education (IDEA) Cluster								
PL 94-142 Idea Flow-Through								
July 1, 2011 to June 30, 2012	84.027	N/A	224,781	-	224,781	-	-	
July 1, 2012 to June 30, 2013		\$ 676,750	-	676,750	528,324	-	148,426	
PL 99-457 Pre-School Entitlement								
July 1, 2011 to June 30, 2012	84.173	N/A	1,596	-	1,596	-	-	
July 1, 2012 to June 30, 2013		\$ 18,380	-	13,791	8,082	-	5,709	
Subtotal Special Education (IDEA) Cluster			<u>226,377</u>	<u>690,541</u>	<u>762,783</u>	<u>-</u>	<u>154,135</u>	
Title IIA Teacher and Principal Training								
July 1, 2011 to June 30, 2012	84.367	N/A	42,087	-	42,087	-	-	
July 1, 2012 to June 30, 2013		\$ 151,207	-	139,769	98,570	-	41,199	
Title X-C Homeless Children								
July 1, 2011 to June 30, 2012	84.196	N/A	553	-	553	-	-	
Total passed through Wisconsin Department of Public Instruction			471,123	1,604,828	1,721,179	-	354,772	

* Denotes major program

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year ended June 30, 2013

	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2012	Expenditures	Revenues		Receivable at June 30, 2013	Footnote
					Grantor	Local		
United States Department of Education - Continued								
Passed through Cooperative Educational Services Agency #3								
PL 99-457 Preschool Entitlement	84.041							
July 1, 2011 to June 30, 2012		N/A	2,800	-	2,800	-	-	
Direct Programs								
PL 81-874 Impact Aid	84.041							
July 1, 2012 to June 30, 2013		\$ 172,630	-	172,630	172,630	-	-	
Indian Education Act	84.060A							
July 1, 2012 to June 30, 2013		\$ 24,416	-	24,416	24,416	-	-	
Total United States Department of Education			700,627	1,801,874	2,147,729	-	354,772	
United States Department of Health and Human Services								
Passed through the University of Wisconsin System								
Community Transformation Grant	93.531							
September 30, 2012 to September 29, 2013		\$ 110,000	-	85,335	75,703	-	9,632	
Passed through State of Wisconsin Health Care								
Financing Programs								
Medicaid	93.778							
July 1, 2012 to June 30, 2013		N/A	-	172,063	172,063	-	-	
Total United States Department of Health and Human Services			-	257,398	247,766	-	9,632	
United States Department of Defense Education Activity (DoDEA)								
Direct								
Promoting K-12 Student Achievement at Military								
Connected Schools	12.556							
September 1, 2011 to August 31, 2012		N/A	28,572	-	28,572	-	-	
September 1, 2012 to August 31, 2013		\$ 84,200	-	84,200	48,499	-	35,701	
Total United States Environmental Protection Agency			28,572	84,200	77,071	-	35,701	
Total federal financial assistance			\$ 752,338	\$ 3,352,058	\$ 3,182,120	\$ 404,619	\$ 517,657	

* 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.

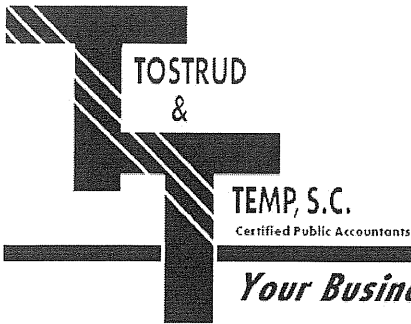
Note 4: All costs reported are direct costs. No indirect costs were used.

Tomah Area School District
SCHEDULE OF STATE FINANCIAL ASSISTANCE
 Year ended June 30, 2013

	I.D. Number	Program or Award Amount	Receivable at July 1, 2012	Expenditures	Revenue		Receivable at June 30, 2013
					State Reimbursements	Local	
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Cost Reimbursement Programs - Non-major							
Passed through Wisconsin Department of Public Instruction							
Mentoring Grants for Initial Educators	255.355						
July 1, 2012 to June 30, 2013		N/A	\$ -	\$ 5,569	\$ 5,569	\$ -	\$ -
American Indian Language Revitalization	255.364						
July 1, 2011 to June 30, 2012		N/A	7,984	-	7,984	-	-
July 1, 2012 to June 30, 2013		\$ 5,000	-	3,950	2,288	-	1,662
			<u>7,984</u>	<u>9,519</u>	<u>15,841</u>	<u>-</u>	<u>1,662</u>
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT							
Cost Reimbursement Programs - Non-major							
Youth Apprenticeship	445.107						
July 1, 2011 to June 30, 2012		N/A	11,700	-	11,700	-	-
July 1, 2012 to June 30, 2013		\$ 8,925	-	8,925	-	-	8,925
			<u>11,700</u>	<u>8,925</u>	<u>11,700</u>	<u>-</u>	<u>8,925</u>
			<u>\$ 19,684</u>	<u>\$ 18,444</u>	<u>\$ 27,541</u>	<u>\$ -</u>	<u>\$ 10,587</u>
Entitlement Programs							
Major State Programs (A)							
Handicapped Pupils and School Age Parents:							
Internal District Programs	255.101			\$ <u>3,809,449</u>	\$ 1,025,295		
Participant in Package Program at CESA #4					196		
Participant in Package Program at CESA #5					4,913		
Total Handicapped Program					<u>1,030,404</u>		
Pupil Transportation	255.107				127,906		
Common School Fund	255.103				112,720		
General Equalization	255.201				18,183,312		
Per Pupil Adjustment Aid	255.925				156,450		
Total major programs					<u>\$ 19,610,792</u>		
Non-major State Programs (B)							
State School Lunch Aid	255.102				\$ 15,009		
School Breakfast Program	255.344				7,334		
Tuition Payments by State	255.401				24,199		
Total non-major programs					<u>\$ 46,542</u>		
Total Wisconsin DPI					<u>\$ 19,684,875</u>		
WISCONSIN DEPARTMENT OF REVENUE							
Exempt Computer Aid					\$ 37,342		
Total State Assistance					<u>\$ 19,722,217</u>		

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

OTHER REPORTS



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**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

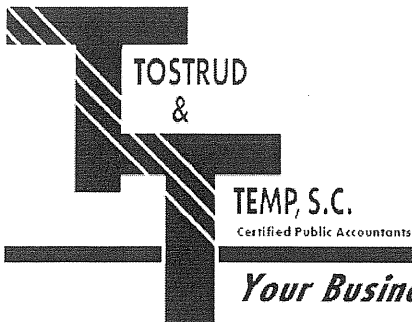
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forstner + Kemp, S. C.

November 9, 2013



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**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

Report on Compliance for Each Major Federal Program

We have audited the Tomah Area School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2013. The 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations (OMB Circular A-133) 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 compliance requirements referred to above, that could have a material effect on the major federal and state programs, 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 on compliance with each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs identified above for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the OMB Circular A-133 and the Wisconsin Single Audit Guidelines, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance 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, 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of OMB Circular A-133 and Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration. Accordingly, this report is not suitable for any other purpose.



Tomah Area School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2013

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? ___ yes X 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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Basic

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 PRIOR-YEAR FINDINGS
Year ended June 30, 2013

Prior-Year Financial Statement Findings

12-1 Financial statement preparation - In accordance with professional standards, 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.

Status: In accordance with the new Governmental Auditing Standards regarding auditor independence, the District has closely reviewed and taken responsibility for the current year financial statements and the related footnotes. This is no longer a finding in the current year.