

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

TOMAH AREA SCHOOL DISTRICT
TOMAH, WISCONSIN

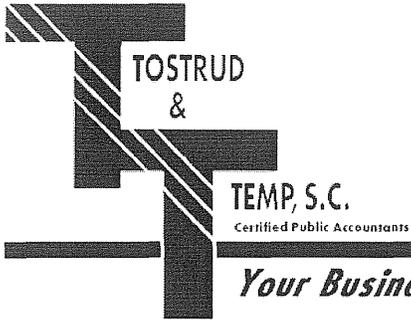
June 30, 2014

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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, 2014, 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, 2014, 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 - 7.10 and 42 - 46 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 14, 2014 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.



November 14, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2014

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 2013 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 \$35,283,946; including \$12,397,750 of property taxes, \$19,954,125 of state aids and grants, and \$2,226,001 of federal grants. Total governmental fund expenditures were \$35,223,887, including \$19,408,660 for direct instruction. Other financing sources and uses included proceeds from sales of fixed assets of \$6,605 and a transfer to the food service fund of \$34,089.

The District's total long-term liabilities decreased by \$2,311,082. The liability for General obligation bonds decreased by \$1,815,000, post-retirement health care and other benefits decreased by \$455,146, and the liability for sick and vacation payable decreased by \$40,936.

The District's financial status, as reflected by total net position, increased by \$1,997,179. Net position of governmental activities increased \$2,025,853 and business-type activities (Food Service Program) decreased \$28,674 in net position for the current fiscal year.

Overview of the Financial Statements

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, 2014

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, 2014

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 instruction, 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 funds, 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, 2014

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, 2014, compared to 2013. The District's total combined net position was \$20,486,739 at June 30, 2014, which is an increase of 10.80% over the prior year.

Table 1							
Condensed Statement of Net Position							
(in thousands of dollars)							
	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	
Current and other assets	\$ 6,490.2	\$ 6,362.5	\$ 142.2	\$ 61.8	\$ 6,632.4	\$ 6,424.3	-3.14%
Capital assets	24,243.4	23,913.2	297.5	268.9	24,540.9	24,182.1	-1.46%
Total assets	<u>30,733.6</u>	<u>30,275.7</u>	<u>439.7</u>	<u>330.7</u>	<u>31,173.3</u>	<u>30,606.4</u>	-1.82%
Long-term debt outstanding	9,387.1	7,461.0	-	-	9,387.1	7,461.0	-20.52%
Other liabilities	3,164.9	2,607.2	131.7	51.3	3,296.6	2,658.5	-19.36%
Total liabilities	<u>12,552.0</u>	<u>10,068.2</u>	<u>131.7</u>	<u>51.3</u>	<u>12,683.7</u>	<u>10,119.5</u>	-20.22%
Net Position							
Net investment in							
capital assets	19,293.4	20,778.2	297.5	268.9	19,590.9	21,047.1	7.43%
Restricted	639.8	654.9	10.5	10.4	650.3	665.3	2.31%
Unrestricted	(1,751.6)	(1,225.7)	-	-	(1,751.6)	(1,225.7)	-30.02%
TOTAL NET POSITION	<u>\$ 18,181.6</u>	<u>\$ 20,207.4</u>	<u>\$ 308.0</u>	<u>\$ 279.3</u>	<u>\$ 18,489.6</u>	<u>\$ 20,486.7</u>	10.80%

Note: Totals may not add due to rounding

For the year ended June 30, 2014, the largest portion of the District's net position is its net investment in capital assets of \$21,047,103 (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, 2014

Financial Analysis of the District as a Whole – Continued

to students and consequently are not available for future spending. Restricted net position accounts for \$665,361 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 \$324,638 restricted for debt service, \$86,637 restricted for the Special Revenue Trust Fund, \$243,651 for future payments to employee retirement plans, and \$10,435 restricted for food service type activities. Unrestricted net position for the District accounts for the final (\$1,225,725) of total net position.

	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	
Revenues							
Program revenues							
Charges for services	\$ 138.4	\$ 133.6	\$ 705.6	\$ 709.4	\$ 844.0	\$ 843.0	-0.12%
Operating grants & contributions	3,287.8	3,724.1	911.6	869.9	4,199.4	4,594.0	9.40%
Capital grants & contributions	-	-	-	-	-	-	0.00%
General revenues							
Property and other taxes	11,602.9	12,397.8	-	-	11,602.9	12,397.8	6.85%
State equalization aid	18,213.3	18,252.4	-	-	18,213.3	18,252.4	0.21%
Gain on sale of fixed assets	20.9	6.3	-	-	20.9	6.3	100.00%
Transfers in (out)	(60.7)	(34.1)	60.7	34.1	-	-	0.00%
Other	866.5	776.1	0.4	0.2	866.9	776.3	-10.45%
Total revenues	<u>34,069.1</u>	<u>35,256.2</u>	<u>1,678.3</u>	<u>1,613.6</u>	<u>35,747.4</u>	<u>36,869.8</u>	3.14%
Expenses							
Instruction	19,468.7	19,567.2	-	-	19,468.7	19,567.2	0.51%
Pupil & instructional services	2,635.0	2,542.7	-	-	2,635.0	2,542.7	-3.50%
General & Building Administration	1,693.7	1,858.1	-	-	1,693.7	1,858.1	9.71%
Business Administration	6,733.5	6,786.6	-	-	6,733.5	6,786.6	0.79%
Central	550.2	612.4	-	-	550.2	612.4	11.30%
Debt service	244.2	241.2	-	-	244.2	241.2	-1.23%
Insurance	256.5	217.4	-	-	256.5	217.4	-15.24%
Other	1,064.7	1,404.7	1,783.3	1,642.2	2,848.0	3,046.9	6.98%
Total expenses	<u>32,646.5</u>	<u>33,230.3</u>	<u>1,783.3</u>	<u>1,642.2</u>	<u>34,429.8</u>	<u>34,872.5</u>	1.29%
CHANGE IN NET POSITION	<u>\$ 1,422.6</u>	<u>\$ 2,025.9</u>	<u>\$ (105.0)</u>	<u>\$ (28.6)</u>	<u>\$ 1,317.6</u>	<u>\$ 1,997.3</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 \$2,025,853 and business-type activities decreased the District's financial position by \$28,674.

Tomah Area School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2014

Financial Analysis of the District as a Whole – Continued

The District relies primarily on property taxes (37%), unrestricted state and federal aids (55%) and operating grants and contributions (11%) 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
	2012-2013	2013-2014		2012-2013	2013-2014	
Expenses						
Instruction	\$ 19,468.73	\$ 19,567.19	1%	\$ 17,115.02	\$ 16,926.03	-1%
Pupil & instructional services	2,635.01	2,542.70	-4%	1,981.12	1,828.72	-8%
General & Building Administration	1,693.68	1,858.11	10%	1,693.68	1,833.05	8%
Business Administration	6,733.52	6,786.57	1%	6,547.43	6,581.72	1%
Central	550.26	612.48	11%	533.45	598.14	11%
Principal & interest	244.19	241.22	-1%	244.19	241.22	-1%
Insurance	256.48	217.37	-15%	224.76	150.59	-49%
Other	1,064.65	1,404.65	32%	880.71	1,213.13	27%
TOTAL EXPENSES	\$ 32,646.52	\$ 33,230.29		\$ 29,220.36	\$ 29,372.60	

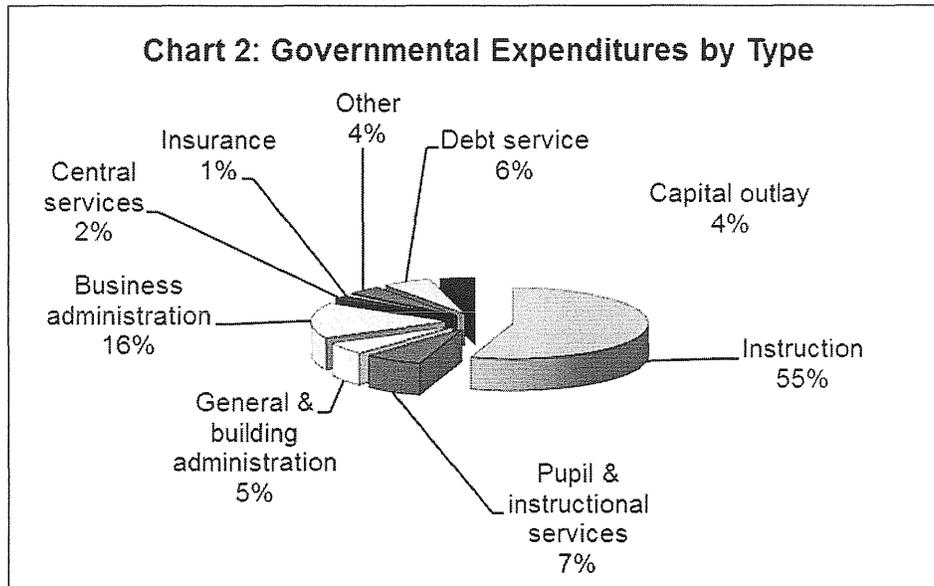
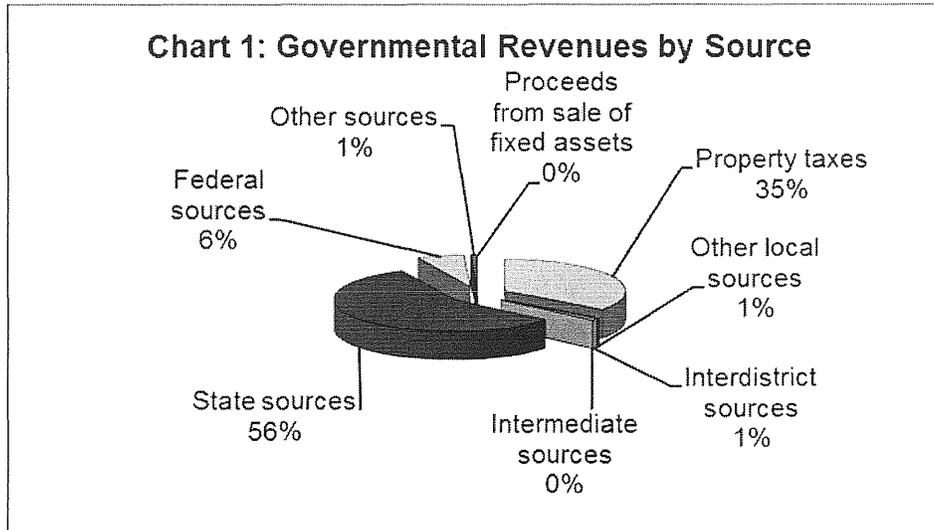
Note: Totals may not add due to rounding

The cost of all governmental activities this year was \$33,230,288. Individuals who directly participated or benefited from a program offering paid \$133,608 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$3,724,080. The net cost of governmental activities of \$29,372,600 was financed by general revenues of the District.

Tomah Area School District
Management's Discussion and Analysis - Continued
 Year ended June 30, 2014

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 \$1,579,285, a transfer from the general fund of \$34,089, and interest income of \$177. Operating revenues were comprised of charges for services (44%), federal and state reimbursements (49%), and commodities (6%). Expenses of \$1,642,225 resulted in a decrease in net position of \$28,674 for the year. Major expenses include food purchases (46%) and labor/benefits (48%). The District increased meal prices an average of \$.15 per meal for the 2013-14 school year.

Tomah Area School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2014

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 \$4,818,513. The fund balance increased \$32,575 from last year's ending funding balance of \$4,785,938. Important factors affecting fund balance include:

- Projects in the general fund carried forward to 2014-15 that were not completed in 2013-14.
- Saving in utilities based on weather and economic conditions.

General Fund Budgetary Highlights

The District reviews an interim budget in May for the subsequent year (beginning July 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 2013-14 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, 2014

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had invested \$51,401,868 in capital assets, including buildings, sites, library books, and equipment (See Table 4). Total accumulated depreciation on these assets equaled \$27,219,765. Asset acquisitions for governmental activities totaled \$1,470,278 and \$2,225 for the food service program. The District recognized depreciation expense of \$1,800,135 for governmental activities and \$30,826 for the food service program for the year ended June 30, 2014. Detailed information about capital assets can be found in Note 6 to the financial statements.

Table 4							
Capital Assets							
(net of depreciation, in thousands of dollars)							
	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	
Land and site improvements	\$ 1,267.23	\$ 1,283.29	\$ -	\$ -	\$ 1,267.23	\$ 1,283.29	1.27%
Buildings & building improvements	31,713.83	31,957.95	76.55	76.55	31,790.38	32,034.50	0.77%
Equipment & furniture	16,493.67	17,631.87	449.98	452.21	16,943.65	18,084.08	6.73%
Accumulated depreciation	(25,231.32)	(26,959.88)	(229.06)	(259.89)	(25,460.38)	(27,219.77)	6.91%
TOTAL	\$ 24,243.41	\$ 23,913.23	\$ 297.47	\$ 268.87	\$ 24,540.88	\$ 24,182.10	

Note: Totals may not add due to rounding

Long-Term Debt

At year-end, the District had \$8,486,075 in general obligation bonds and other long-term debt outstanding – a net decrease of \$2,311,082 from July 1, 2013.

Table 5			
Outstanding Long-Term Obligations			
Total School District			
	2012-2013	2013-2014	Total Percentage Change
General obligation debt	\$ 4,950.00	\$ 3,135.00	-57.89%
Other	5,847.16	5,351.08	-9.27%
TOTAL	\$ 10,797.16	\$ 8,486.08	-27.23%

Tomah Area School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2014

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 2015-16, 2016-17, 2017-18 and 2018-19 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 potential future 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, 2014

	Governmental Activities	Business- Type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 1,961,400	\$ -	\$ 1,961,400
Prepaid expenses	189,969	-	189,969
Receivables			
Taxes	3,396,555	-	3,396,555
Accounts	3,444	1,346	4,790
Due from other governments	811,103	49,976	861,079
Inventory	-	10,435	10,435
Total current assets	6,362,471	61,757	6,424,228
Noncurrent assets			
Land and improvements	1,283,287	-	1,283,287
Buildings and improvements	31,957,954	76,552	32,034,506
Furniture and equipment	17,631,869	452,206	18,084,075
Accumulated depreciation	(26,959,878)	(259,887)	(27,219,765)
Total noncurrent assets	23,913,232	268,871	24,182,103
Total assets	\$ 30,275,703	\$ 330,628	\$ 30,606,331
Liabilities			
Current liabilities			
Current portion of long-term obligations	\$ 1,025,000	\$ -	\$ 1,025,000
Accounts payable	89,523	601	90,124
Accrued liabilities			
Payroll, payroll taxes, and insurances	1,480,694	2,413	1,483,107
Interest	38,237	-	38,237
Due to (from) other funds	(26,259)	26,259	-
Unearned revenue	-	22,049	22,049
Total current liabilities	2,607,195	51,322	2,658,517
Noncurrent liabilities			
Noncurrent portion of long-term obligations	7,461,075	-	7,461,075
Total liabilities	10,068,270	51,322	10,119,592
Net position			
Net investment in capital assets	20,778,232	268,871	21,047,103
Restricted			
Debt service	324,638	-	324,638
Other activities	330,288	10,435	340,723
Unrestricted	(1,225,725)	-	(1,225,725)
Total net position	20,207,433	279,306	20,486,739
Total liabilities and net position	\$ 30,275,703	\$ 330,628	\$ 30,606,331

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF ACTIVITIES
For the year ended June 30, 2014

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	\$ 14,011,766	\$ 9,848	\$ 1,311,445	\$ -	\$ (12,690,473)	\$ -	\$ (12,690,473)
Vocational instruction	894,198	22,163	13,773	-	(858,262)	-	(858,262)
Special education instruction	3,132,932	-	1,218,027	-	(1,914,905)	-	(1,914,905)
Other instruction	1,528,295	58,148	7,762	-	(1,462,385)	-	(1,462,385)
Total instruction	19,567,191	90,159	2,551,007	-	(16,926,025)	-	(16,926,025)
Support services							
Pupil services	1,237,076	-	339,711	-	(897,365)	-	(897,365)
Instructional staff services	1,305,626	2,069	372,198	-	(931,359)	-	(931,359)
General administration services	413,295	-	20,400	-	(392,895)	-	(392,895)
School administration services	1,444,816	-	4,660	-	(1,440,156)	-	(1,440,156)
Business administration services	6,786,568	41,380	163,469	-	(6,581,719)	-	(6,581,719)
Central services	612,479	-	14,342	-	(598,137)	-	(598,137)
Insurance	217,367	-	66,776	-	(150,591)	-	(150,591)
Other support services	474,315	-	-	-	(474,315)	-	(474,315)
Total support services	12,491,542	43,449	981,556	-	(11,466,537)	-	(11,466,537)
Non-program							
Other non-program	930,338	-	191,517	-	(738,821)	-	(738,821)
Total non-program	930,338	-	191,517	-	(738,821)	-	(738,821)
Debt service							
	241,217	-	-	-	(241,217)	-	(241,217)
Total governmental activities	33,230,288	133,608	3,724,080	-	(29,372,600)	-	(29,372,600)
Business-type activities							
School food service program	1,642,225	709,384	869,901	-	-	(62,940)	(62,940)
Total school district	\$ 34,872,513	\$ 842,992	\$ 4,593,981	\$ -	(29,372,600)	(62,940)	(29,435,540)
General revenues							
Property taxes							
General purposes					10,312,559	-	10,312,559
Mobile home taxes					44,485	-	44,485
Debt services					2,037,696	-	2,037,696
Other taxes					3,010	-	3,010
State and federal aids not restricted to specific functions							
General					18,252,419	-	18,252,419
Other					733,923	-	733,923
Interest and investment earnings					5,400	177	5,577
Miscellaneous					36,766	-	36,766
Transfer from (to) other funds					(34,089)	34,089	-
Gain on sale of fixed assets					6,284	-	6,284
Total general revenues					31,398,453	34,266	31,432,719
Change in net position							
					2,025,853	(28,674)	1,997,179
Net position at July 1, 2013					18,181,580	307,980	18,489,560
Net position at June 30, 2014					\$ 20,207,433	\$ 279,306	\$ 20,486,739

The accompanying notes are an integral part of this statement.

Tomah Area School District
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Debt Service Funds	Other Governmental Funds	Total
Assets				
Cash and investments	\$ 1,513,560	\$ 361,203	\$ 86,637	\$ 1,961,400
Prepaid expenses	189,969	-	-	189,969
Receivables				
Taxes	3,396,555	-	-	3,396,555
Accounts	3,444	-	-	3,444
Due from other funds	26,259	1,672	-	27,931
Due from other governments	811,103	-	-	811,103
Total assets	\$ 5,940,890	\$ 362,875	\$ 86,637	\$ 6,390,402
 Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 89,523	\$ -	\$ -	\$ 89,523
Accrued liabilities				
Payroll, payroll taxes, insurance	1,480,694	-	-	1,480,694
Due to other funds	1,672	-	-	1,672
Total liabilities	1,571,889	-	-	1,571,889
 Fund balances				
Restricted	243,651	362,875	86,637	693,163
Unrestricted				
Unassigned	4,125,350	-	-	4,125,350
Total fund balances	4,369,001	362,875	86,637	4,818,513
Total liabilities and fund balances	\$ 5,940,890	\$ 362,875	\$ 86,637	\$ 6,390,402

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, 2014

Fund balance - governmental funds \$ 4,818,513

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	\$ 50,873,110	
Governmental accumulated depreciation	<u>(26,959,878)</u>	23,913,232

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	(3,135,000)	
Accrued interest on general obligation debt	(38,237)	
Vested employee benefits	<u>(5,351,075)</u>	<u>(8,524,312)</u>

Total net position - governmental activities		\$ <u>20,207,433</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, 2014

	General Fund	Debt Service Funds	Other Governmental Funds	Total
Revenues				
Property taxes	\$ 10,360,054	\$ 2,037,696	\$ -	\$ 12,397,750
Other local sources	136,862	2,645	57,643	197,150
Interdistrict sources	204,992	-	-	204,992
Intermediate sources	19,756	-	-	19,756
State sources	19,954,125	-	-	19,954,125
Federal sources	2,200,705	-	25,296	2,226,001
Other sources	284,172	-	-	284,172
Total revenues	33,160,666	2,040,341	82,939	35,283,946
Expenditures				
Current				
Instruction				
Regular instruction	13,814,824	-	14,310	13,829,134
Vocational instruction	884,705	-	-	884,705
Special instruction	3,210,869	-	-	3,210,869
Other instruction	1,479,779	-	4,173	1,483,952
Total instruction	19,390,177	-	18,483	19,408,660
Support services				
Pupil services	1,230,532	-	25,296	1,255,828
Instructional staff services	1,231,503	-	693	1,232,196
General administration services	405,049	-	-	405,049
Building administration services	1,462,648	-	-	1,462,648
Business administration services	5,640,372	-	5,160	5,645,532
Central services	543,248	-	-	543,248
Insurance	327,204	-	-	327,204
Other support services	474,315	-	-	474,315
Total support services	11,314,871	-	31,149	11,346,020
Non-program services	930,338	-	-	930,338
Debt service	9,629	2,058,962	-	2,068,591
Capital outlay	1,446,791	-	23,487	1,470,278
Total expenditures	33,091,806	2,058,962	73,119	35,223,887
Excess (deficiency) of revenues over expenditures	68,860	(18,621)	9,820	60,059
Other financing sources (uses)				
Proceeds from sale of fixed assets	6,605	-	-	6,605
Transfer to food service fund	(34,089)	-	-	(34,089)
	(27,484)	-	-	(27,484)
Net change in fund balances	41,376	(18,621)	9,820	32,575
Fund balances at July 1, 2013	4,327,625	381,496	76,817	4,785,938
Fund balances at June 30, 2014	\$ 4,369,001	\$ 362,875	\$ 86,637	\$ 4,818,513

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, 2014

Net change in fund balances - total governmental fund: \$ 32,575

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 expenses in the statement of activities:

Capital outlay reported as expenditures in governmental fund statements	\$ 1,470,278	
Depreciation expense reported in the statement of activities	(1,800,135)	
Proceeds from sale of fixed assets	(6,605)	
Gain on sale of fixed assets	<u>6,284</u>	(330,178)

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	1,664,347	
Special termination benefits earned in current year	<u>(1,168,265)</u>	496,082

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: 1,815,000

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	243,962	
The amount of interest accrued during the current year	<u>(231,588)</u>	<u>12,374</u>

Change in net position - governmental activities **\$ 2,025,853**

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, 2014

Assets

Current assets

Cash and investments	\$	-
Accounts receivable		1,346
Due from other governments		49,976
Inventory		10,435
		10,435

Total current assets 61,757

Non-current assets

Building		76,552
Furniture and equipment		452,206
		528,758
Less accumulated depreciation		259,887
		259,887

Total non-current assets 268,871

Total assets **\$ 330,628**

Liabilities

Current liabilities

Accounts payable	\$	601
Accrued payroll, payroll taxes and insurance		2,413
Due to other funds		26,259
Unearned revenue - student lunch accounts		22,049
		22,049

Total current liabilities 51,322

Net position

Net investment in capital assets		268,871
Restricted for food service		10,435
		10,435

Total net position 279,306

Total liabilities and net position **\$ 330,628**

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, 2014

Revenues	
Food sales	\$ 709,384
State sources	21,495
Federal sources	749,059
Federal commodities	<u>99,347</u>
Total revenues	1,579,285
 Operating expenses	
Salaries and wages	565,295
Employer paid benefits	215,653
Purchased services	78,768
Supplies, food and materials	750,748
Other	935
Depreciation	<u>30,826</u>
Total operating expenses	<u>1,642,225</u>
Operating income (loss)	(62,940)
 Non-operating revenue	
Transfer from general fund	34,089
Interest income	<u>177</u>
	<u>34,266</u>
Change in net position	(28,674)
Net position at beginning of year	<u>307,980</u>
Net position at end of year	<u><u>\$ 279,306</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, 2014

Increase in Cash and Cash Equivalents

Cash flows from operating activities:	
Cash received from user charges	\$ 714,570
Cash received from other government payments	847,762
Cash payments to employees for services	(781,743)
Cash payments for utilities and other purchased services	(78,768)
Cash payments to suppliers for goods and services	(651,227)
Cash payments for other operating expenses	(935)
Net cash provided by operating activities	49,659
Cash flows used in capital and related financing activities:	
Capital expenditures	(2,225)
Cash flows from investing activities:	
Cash from (paid to) other funds	(47,611)
Interest on investments	177
	(47,434)
Net increase in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	\$ -

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

Operating loss	\$ (62,940)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	30,826
Changes in net position and liabilities	
Decrease in accounts receivable	3,124
Decrease in due from other governments	77,208
Decrease in inventory	73
Increase in accounts payable	101
(Decrease) in accrued liabilities	(795)
Increase in deferred revenue	2,062
	112,599
Net cash provided by operating activities	\$ 49,659

Non-cash Non-Capital Financing Activities

During the year, the District received commodities from the U.S. Department of Agriculture in the amount of \$99,347.

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Student Activities	Scholarship Funds	Employee Benefit Trust	Total
Assets				
Cash and cash equivalents	\$ 119,328	\$ 127,656	\$ 399,486	\$ 646,470
Total assets	\$ 119,328	\$ 127,656	\$ 399,486	\$ 646,470
Liabilities				
Due to student organizations	\$ 119,328	-	-	\$ 119,328
	119,328	-	-	119,328
Net position				
Nonspendable	-	20,000	-	20,000
Reserved for scholarships	-	107,656	-	107,656
Restricted for employee post-employment benefits	-	-	399,486	399,486
Total net assets	-	127,656	399,486	527,142
Total liabilities and net position	\$ 119,328	\$ 127,656	\$ 399,486	\$ 646,470

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year ended June 30, 2014

Additions				
Gifts and contributions	\$ -	\$ 28,203	\$ -	\$ 28,203
Interest income	-	212	8,560	8,772
Employee trust fund contribution	-	-	1,582,980	1,582,980
	-	28,415	1,591,540	1,619,955
Deductions				
Scholarships awarded	-	15,025	-	15,025
Employee benefits	-	-	1,506,980	1,506,980
	-	15,025	1,506,980	1,522,005
Net change in position	-	13,390	84,560	97,950
Net position at beginning of year	-	114,266	314,926	429,192
Net position at end of year	\$ -	\$ 127,656	\$ 399,486	\$ 527,142

The accompanying notes are an integral part of these statements.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2014

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, 2014

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, 2014

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 Governmental Accounting Standards Board (GASB) issued Statement No.62, Codification of Accounting and Financial Reporting Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2014

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 the date of the financial statements. 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, 2014

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 to accumulate a maximum of 120 days of sick pay. If the employee is at least fifty-five years old and has at least fifteen years of service 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 that retired 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 was 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, 2014

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 monthly 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 was not 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 into an investment account for the school years worked from the 2007-2008 through the 2011-2012 school years and \$1,250 per year for a total of 25 years. For teachers hired during the 2012-2013 school year and thereafter, the District will deposit \$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 10 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, 2014

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, 2014

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 14, 2014, the date on 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 used 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, 2014

**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	\$ 12,397,750	\$ -	\$ -	\$ -	\$ 12,397,750
Other local sources	197,150	-	-	-	197,150
Interdistrict sources	204,992	-	-	-	204,992
Intermediate sources	19,756	-	-	-	19,756
State sources	19,954,125	-	-	-	19,954,125
Federal sources	2,226,001	-	-	-	2,226,001
Other sources	284,172	-	-	-	284,172
Proceeds from sale of fixed assets	6,605	-	(6,605)	-	-
Gain on sale of fixed assets	-	-	6,284	-	6,284
Total revenues	35,290,551	-	(321)	-	35,290,230
Expenditures					
Current					
Instruction					
Regular instruction	13,829,134	(173,048)	355,680	-	14,011,766
Vocational instruction	884,705	(12,506)	21,999	-	894,198
Special instruction	3,210,869	(79,349)	1,412	-	3,132,932
Other instruction	1,483,952	(13,739)	58,082	-	1,528,295
Support services					
Pupil	1,255,828	(19,599)	847	-	1,237,076
Instructional staff	1,232,196	(12,359)	85,789	-	1,305,626
General					
administration	405,049	(1,902)	10,148	-	413,295
Building					
administration	1,462,648	(17,832)	-	-	1,444,816
Business					
administration	5,645,532	(54,009)	1,195,045	-	6,786,568
Central	543,248	(1,902)	71,133	-	612,479
Insurance	327,204	(109,837)	-	-	217,367
Other support services					
	474,315	-	-	-	474,315
Non-program	930,338	-	-	-	930,338
Debt service	2,068,591	-	-	(1,827,374)	241,217
Transfer to food service					
	34,089	-	-	-	34,089
Capital outlay	1,470,278	-	(1,470,278)	-	-
Total expenditures	35,257,976	(496,082)	329,857	(1,827,374)	33,264,377
Net change for the year	\$ 32,575	\$ 496,082	\$ (330,178)	\$ 1,827,374	\$ 2,025,853

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2014, are classified in the accompanying financial statements as follows:

Statement of net position	
Governmental activities	\$ 1,961,400
Business-type activities	-
	1,961,400
Fiduciary funds	646,470
	\$ 2,607,870

Cash and investments as of June 30, 2014 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 394,083	\$ 401,999
NOW accounts	1,374,632	2,535,540
Passbook savings	30,780	30,780
Certificates of deposit	164,691	164,691
Trust fund	399,486	399,486
Local government investment pool	244,198	244,198
Total	\$ 2,607,870	\$ 3,776,694

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, 2014, 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, 2014

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

Concentration of credit risk is defined 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 at one of its financial institutions 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, 2014, the District had \$2,335,250 in deposits with financial institutions in excess of federal depository insurance limits that were collateralized and another \$110,822 that was not collateralized, but was covered by the Wisconsin State Deposit Guarantee Fund. Amounts that may have exceeded these coverage limits varied 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, 2014

NOTE 4 - TRANSFERS

Interfund transfers for the year ended June 30, 2014 are as follows:

TRANSFERS FROM	TRANSFERS TO Food Service Fund
General Fund	\$ 34,089

NOTE 5 - SHORT-TERM NOTES PAYABLE

The District has no short-term notes payable at June 30, 2014. During the year, the District took out three short-term notes. The District borrowed \$2,450,000 in November of 2013 and repaid the note in December 2013. The District also borrowed \$750,000 in January 2014 and repaid the note in February 2014. The District also borrowed \$2,250,000 in May and June of 2014 and repaid the note in June 2014. Interest expense for the fiscal year on short-term borrowing was \$9,629.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2014

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2014 are as follows:

	<u>Balances at July 1, 2013</u>	<u>Additions and Adjustments</u>	<u>Deletions and Adjustments</u>	<u>Balances at June 30, 2014</u>
Governmental Activities				
Land (non-depreciable) and site improvements	\$ 1,267,229	\$ 16,058	\$ -	\$ 1,283,287
Buildings and building improvements	31,713,830	244,124	-	31,957,954
Furniture and equipment	<u>16,493,672</u>	<u>1,210,096</u>	<u>71,899</u>	<u>17,631,869</u>
Totals	49,474,731	1,470,278	71,899	50,873,110
Less accumulated depreciation				
Site improvements	544,501	54,607	-	599,108
Buildings and building improvements	13,309,139	757,491	-	14,066,630
Furniture and equipment	<u>11,377,681</u>	<u>988,037</u>	<u>71,578</u>	<u>12,294,140</u>
Totals	<u>25,231,321</u>	<u>1,800,135</u>	<u>71,578</u>	<u>26,959,878</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 24,243,410</u>	<u>\$ (329,857)</u>	<u>\$ 321</u>	<u>\$ 23,913,232</u>
Business-Type Activities				
Building	\$ 76,552	\$ -	\$ -	\$ 76,552
Furniture and equipment	<u>449,981</u>	<u>2,225</u>	<u>-</u>	<u>452,206</u>
Totals	526,533	2,225	-	528,758
Less accumulated depreciation				
Building	24,574	3,717	-	28,291
Furniture and equipment	<u>204,487</u>	<u>27,109</u>	<u>-</u>	<u>231,596</u>
Totals	<u>229,061</u>	<u>30,826</u>	<u>-</u>	<u>259,887</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 297,472</u>	<u>\$ (28,601)</u>	<u>\$ -</u>	<u>\$ 268,871</u>

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

Regular instruction	\$ 355,680
Vocational instruction	21,999
Special education instruction	1,412
Other instruction	58,082
Pupil services	847
Instructional staff services	85,789
School administration services	10,148
Business administration services	1,195,045
Central services	<u>71,133</u>
	<u>\$ 1,800,135</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2014

NOTE 7 - LONG-TERM OBLIGATIONS

Long-term obligations balances and activity for the year ended June 30, 2014 are as follows:

	Balances at July 1, 2013	Additions	Reductions and Adjustments	Balances at June 30, 2014
Governmental Activities				
General obligation bonds	\$ 4,950,000	\$ -	\$ 1,815,000	\$ 3,135,000
Vacation and sick payable	1,195,564	40,431	81,367	1,154,628
Post retirement health care & other benefits	<u>4,651,593</u>	<u>1,127,834</u>	<u>1,582,980</u>	<u>4,196,447</u>
Total governmental activity long-term obligations	<u>\$ 10,797,157</u>	<u>\$ 1,168,265</u>	<u>\$ 3,479,347</u>	<u>\$ 8,486,075</u>

The current portion (due within one year) of long-term obligations at June 30, 2014 consists of:

General obligation bonds	\$ 565,000
Vested employee benefits	
Vacation and sick payable	60,000
Post retirement health care and other benefits	<u>400,000</u>
Total current portion of long-term obligations	<u>\$ 1,025,000</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, 2014 is as follows:

	Accrued	Paid
Short-term borrowing	\$ 9,629	\$ 9,629
Long-term obligations	<u>231,588</u>	<u>243,962</u>
Totals	<u>\$ 241,217</u>	<u>\$ 253,591</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2014

NOTE 7 - LONG-TERM OBLIGATIONS - CONTINUED

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance at June 30, 2014	Current Maturities
General					
Obligation					
Refunding					
Bonds	2/15/2007	4.00-4.25%	4/1/2020	2,585,000	390,000
	6/22/2009	1.75-4.20%	4/1/2017	<u>550,000</u>	<u>175,000</u>
Total general obligation debt				\$ <u>3,135,000</u>	\$ <u>565,000</u>

The 2013 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,421,277,028. The legal debt limit and margin of indebtedness as of June 30, 2014 in accordance with Wisconsin Statutes is as follows:

Debt limit		
(10% of \$1,421,277,028)		\$ 142,127,703
Deduct long-term debt		
applicable to debt margin		<u>3,135,000</u>
Margin of indebtedness		\$ <u>138,992,703</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on bonds and loans at June 30, 2014 is as follows:

Year ended June 30	Principal	Interest	Total
2015	\$ 565,000	\$ 141,577	\$ 706,577
2016	590,000	108,482	698,482
2017	615,000	84,055	699,055
2018	445,000	58,012	503,012
2019	465,000	39,100	504,100
2020	<u>455,000</u>	<u>19,338</u>	<u>474,338</u>
Totals	\$ <u>3,135,000</u>	\$ <u>450,564</u>	\$ <u>3,585,564</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2014

NOTE 8 - CURRENT YEAR DEBT DEFEASANCE

In May 2014, the District defeased \$535,000 of the 2007C G.O. Refunding Bonds by placing \$565,367 into an irrevocable trust from its available cash on hand to provide for all future debt service payments on the series 2007C bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2014, bonds outstanding of \$535,000 are considered defeased.

NOTE 9 - 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. teacher 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 2013 were:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%
Executives & Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2014

NOTE 9 - EMPLOYEE RETIREMENT PLAN - CONTINUED

The payroll for Tomah Area School District employees covered by the System for the year ended December 31, 2013 was \$17,558,376; the employer's total payroll was \$18,568,353. The total required contribution for the year ended December 31, 2013 was \$2,335,264, which consisted of \$1,167,632, or 6.7% of payroll from the employer and \$1,167,632, or 6.7% of payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$2,109,655 and \$2,082,261, 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, 2014

NOTE 10 - 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, 2014

NOTE 10 - 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, 2014

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

In addition to the pension benefits described in Note 9, the District provides various early retirement benefits to eligible staff. The benefit is determined based on position, longevity and union membership (if applicable). Details of these benefit programs are summarized on the previous page. Expenditures for these benefits are recognized on a pay-as-you-go basis in the fund statements and on the full accrual basis using the valuation methods required in Governmental Accounting Standards Board (GASB) Statement No. 45 in the Statement of Activities. There were 59 retirees receiving benefits and 14 employees were eligible to receive benefits in the fiscal year ended June 30, 2014.

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 26 years, with 24 years remaining as of June 30, 2014, 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, 2014, the District has \$399,486 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)	\$ 1,232,495
Adjustment to ARC	(290,725)
Interest on net pension obligation	186,725
Annual pension cost (expense)	1,127,834
Pension payments made	1,582,980
Decrease in net pension obligation	(455,146)
Net pension obligation - beginning of year	4,651,593
Net pension obligation - end of year	<u>\$ 4,196,447</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2014

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

Funded Status and Funding Progress. The District implemented GASB Statement No. 45 for the first time for the fiscal year ending June 30, 2009. See page 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>
6/30/2014	\$1,127,834	140.36%	\$4,196,447
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 makes contributions less than or greater than the annual OPEB cost.

NOTE 11 - FUND BALANCES AND NET POSITION

Fund Balance

At June 30, 2014, the District has a restricted general fund balance of \$243,651 for payments potentially due to qualifying individual employee 403(b) retirement plans and the remaining \$4,125,350 of the general fund balance is unassigned.

Net position

At June 30, 2014, food service net position of \$268,871 was invested in fixed assets, and \$10,435 was restricted for food service programs.

At June 30, 2014, the Governmental Activities net position balance after subtracting net investment in capital assets, and the amounts restricted for debt service and other activities is (\$1,225,725).

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

The District had no functions that had an excess of actual expenditures over budget for the year ended June 30, 2014.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 Year ended June 30, 2014

NOTE 13 - OPERATING LEASE, AS LESSEE

The District, as lessee, leases copy machines at varying monthly payments. The leases expire at various times through March 2019. Lease expenses for the year ended June 30, 2014 were \$75,772. Minimum annual lease payments are as follows:

Year ended June 30, 2015	\$	66,102
2016		38,720
2017		2,912
2018		2,912
2019		<u>2,183</u>
Total minimum lease payments required	\$	<u><u>112,829</u></u>

NOTE 14 - 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, 2014 were \$35,996. The annual payments due on these contracts are as follows:

	Heating and Air Conditioning Maintenance	Health and Safety Compliance	Totals
Year ended June 30, 2015	\$ 20,000	\$ 4,269	\$ 24,269
Total required minimum contractual payments	\$ 20,000	\$ 4,269	\$ 24,269

NOTE 15 - RISK MANAGEMENT

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

NOTE 16 - LIMITATION ON SCHOOL DISTRICT REVENUES

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Tomah Area School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
POST-EMPLOYMENT BENEFIT PLANS
Year ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Other Post-employment Benefits</u>						
6/30/2014	\$ 399,486	\$ 10,989,087	\$ 10,589,601	3.64%	\$ 13,282,069	79.73%
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	15,697,039	15,528,058	1.08%	14,015,788	110.79%
6/30/2010	114,641	15,697,039	15,582,398	0.73%	13,595,369	114.62%
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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 10,340,858	\$ 10,360,054	\$ 10,360,054	\$ -
Other local sources	142,805	136,862	136,862	-
Interdistrict sources	296,470	204,992	204,992	-
Intermediate sources	5,535	19,756	19,756	-
State sources	19,612,979	19,939,724	19,954,125	14,401
Federal sources	1,932,692	2,214,789	2,200,705	(14,084)
Other sources	172,207	284,172	284,172	-
Total revenues	32,503,546	33,160,349	33,160,666	317
Expenditures				
Instruction				
Regular instruction	13,863,960	14,417,738	14,417,738	-
Vocational instruction	905,231	888,507	888,507	-
Special instruction	3,037,220	3,210,869	3,210,869	-
Other instruction	1,476,384	1,498,585	1,498,585	-
Total instruction	19,282,795	20,015,699	20,015,699	-
Support services				
Pupil services	1,233,511	1,230,532	1,230,532	-
Instructional staff services	1,307,265	1,344,633	1,344,633	-
General administration services	328,500	405,049	405,049	-
Building administration services	1,335,642	1,462,648	1,462,648	-
Business administration services	5,769,299	6,338,739	6,338,739	-
Central services	506,054	553,020	553,020	-
Insurance	336,649	327,204	327,204	-
Principal and interest	10,000	9,629	9,629	-
Other support services	1,507,940	474,315	474,315	-
Total support services	12,334,860	12,145,769	12,145,769	-
Non-program services	892,891	930,338	930,338	-
Total expenditures	32,510,546	33,091,806	33,091,806	-
Excess (deficiency) of revenues over expenditures	(7,000)	68,543	68,860	317
Other financing sources (uses)				
Proceeds from sale of fixed assets	7,000	6,605	6,605	-
Transfer from (to) other funds	-	(34,089)	(34,089)	-
	7,000	(27,484)	(27,484)	-
Net change in fund balance	-	41,059	41,376	317
Fund balance at July 1, 2013	4,327,625	4,327,625	4,327,625	-
Fund balance at June 30, 2014	<u>\$ 4,327,625</u>	<u>\$ 4,368,684</u>	<u>\$ 4,369,001</u>	<u>\$ 317</u>

Tomah Area School District
**RECONCILIATION SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**
BUDGET AND ACTUAL - REGULATORY BASIS TO GAAP BASIS
GENERAL FUND AND SPECIAL EDUCATION FUND
Year ended June 30, 2014

	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	\$ 10,340,858	\$ 10,360,054	\$ 10,360,054	\$ -	\$ -	\$ -	\$ 10,340,858	\$ 10,360,054	\$ 10,360,054
Other local sources	142,805	136,862	136,862	-	-	-	142,805	136,862	136,862
Interdistrict sources	296,470	204,992	204,992	-	-	-	296,470	204,992	204,992
Intermediate sources	2,000	1,159	1,159	3,535	18,597	18,597	5,535	19,756	19,756
State sources	18,616,339	18,895,775	18,896,092	996,640	1,043,949	1,058,033	19,612,979	19,939,724	19,954,125
Federal sources	1,212,258	1,509,037	1,509,037	720,434	705,752	691,668	1,932,692	2,214,789	2,200,705
Other sources	172,207	284,172	284,172	-	-	-	172,207	284,172	284,172
Total revenues	30,782,937	31,392,051	31,392,368	1,720,609	1,768,298	1,768,298	32,503,546	33,160,349	33,160,666
Expenditures									
Instruction									
Regular instruction	13,863,960	14,417,738	14,417,738	-	-	-	13,863,960	14,417,738	14,417,738
Vocational instruction	905,231	888,507	888,507	-	-	-	905,231	888,507	888,507
Special instruction	-	-	-	3,037,220	3,210,869	3,210,869	3,037,220	3,210,869	3,210,869
Other instruction	1,463,729	1,489,709	1,489,709	12,655	8,876	8,876	1,476,384	1,498,585	1,498,585
Total instruction	16,232,920	16,795,954	16,795,954	3,049,875	3,219,745	3,219,745	19,282,795	20,015,699	20,015,699
Support services									
Pupil services	724,795	761,718	761,718	508,716	468,814	468,814	1,233,511	1,230,532	1,230,532
Instructional staff services	1,035,732	1,062,168	1,062,168	271,533	282,465	282,465	1,307,265	1,344,633	1,344,633
General administration services	328,500	405,049	405,049	-	-	-	328,500	405,049	405,049
Building administration services	1,335,642	1,462,648	1,462,648	-	-	-	1,335,642	1,462,648	1,462,648
Business administration services	5,528,914	6,109,125	6,109,125	240,385	229,614	229,614	5,769,299	6,338,739	6,338,739
Central services	493,354	538,677	538,677	12,700	14,343	14,343	506,054	553,020	553,020
Insurance	336,649	327,204	327,204	-	-	-	336,649	327,204	327,204
Principal and interest	10,000	9,629	9,629	-	-	-	10,000	9,629	9,629
Other support services	1,507,940	474,315	474,315	-	-	-	1,507,940	474,315	474,315
Total support services	11,301,526	11,150,533	11,150,533	1,033,334	995,236	995,236	12,334,860	12,145,769	12,145,769
Non-program services	692,365	669,536	669,536	200,526	260,802	260,802	892,891	930,338	930,338
Total expenditures	28,226,811	28,616,023	28,616,023	4,283,735	4,475,783	4,475,783	32,510,546	33,091,806	33,091,806
Excess of revenues over (under) expenditures	2,556,126	2,776,028	2,776,345	(2,563,126)	(2,707,485)	(2,707,485)	(7,000)	68,543	68,860
Other financing sources (uses)									
Proceeds from sale of fixed assets	7,000	6,605	6,605	-	-	-	7,000	6,605	6,605
Transfer from (to) other funds	(2,563,126)	(2,741,574)	(2,741,574)	2,563,126	2,707,485	2,707,485	-	(34,089)	(34,089)
	<u>(2,556,126)</u>	<u>(2,734,969)</u>	<u>(2,734,969)</u>	<u>2,563,126</u>	<u>2,707,485</u>	<u>2,707,485</u>	<u>7,000</u>	<u>(27,484)</u>	<u>(27,484)</u>
Net change in fund balance	-	41,059	41,376	-	-	-	-	41,059	41,376
Fund balance at July 1, 2013	4,327,625	4,327,625	4,327,625	-	-	-	4,327,625	4,327,625	4,327,625
Fund balance at June 30, 2014	<u>\$ 4,327,625</u>	<u>\$ 4,368,684</u>	<u>\$ 4,369,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,327,625</u>	<u>\$ 4,368,684</u>	<u>\$ 4,369,001</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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property taxes	\$ 1,263,825	\$ 1,843,826	\$ 1,843,826	\$ -
Other local sources	-	2,645	2,645	-
Total revenues	1,263,825	1,846,471	1,846,471	-
Expenditures				
Support services				
Principal and interest	1,286,025	1,862,542	1,862,542	-
Total expenditures	1,286,025	1,862,542	1,862,542	-
Net change in fund balance	(22,200)	(16,071)	(16,071)	-
Fund balance at July 1, 2013	365,266	365,266	365,266	-
Fund balance at June 30, 2014	<u>\$ 343,066</u>	<u>\$ 349,195</u>	<u>\$ 349,195</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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property taxes	\$ 193,870	\$ 193,870	\$ 193,870	\$ -
Total revenues	193,870	193,870	193,870	-
Expenditures				
Support services Principal and interest	196,420	196,420	196,420	-
Total expenditures	196,420	196,420	196,420	-
Net change in fund balance	(2,550)	(2,550)	(2,550)	-
Fund balance at July 1, 2013	16,230	16,230	16,230	-
Fund balance at June 30, 2014	<u>\$ 13,680</u>	<u>\$ 13,680</u>	<u>\$ 13,680</u>	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

Tomah Area School District
BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2014

Fund Number:	(39)	(38)	
	Referendum	Non-Referendum	Total
Assets			
Cash and investments	\$ 347,523	\$ 13,680	\$ 361,203
Due from other funds	1,672	-	1,672
Total assets	\$ 349,195	\$ 13,680	\$ 362,875
Liabilities and fund balances			
Fund balances			
Restricted	\$ 349,195	\$ 13,680	\$ 362,875
Total liabilities and fund balances	\$ 349,195	\$ 13,680	\$ 362,875

Tomah Area School District
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS**
Year ended June 30, 2014

Fund Number:	(39)	(38)	
	Referendum	Non-Referendum	Total
Revenues			
Property taxes	\$ 1,843,826	\$ 193,870	\$ 2,037,696
Other local sources	2,645	-	2,645
Total revenues	1,846,471	193,870	2,040,341
Expenditures			
Support services			
Principal and interest	1,862,542	196,420	2,058,962
Total expenditures	1,862,542	196,420	2,058,962
Net change in fund balance	(16,071)	(2,550)	(18,621)
Fund balance at July 1, 2013	365,266	16,230	381,496
Fund balance at June 30, 2014	\$ 349,195	\$ 13,680	\$ 362,875

Tomah Area School District
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2014

Fund Number:	Special Revenue Funds		
	(21)	(29)	
	Special Revenue Trust Fund	Indian Education Fund	Total
Assets			
Cash and investments	\$ 86,637	\$ -	\$ 86,637
Total assets	\$ 86,637	\$ -	\$ 86,637
Liabilities and fund balances			
Fund balances			
Restricted	\$ 86,637	\$ -	\$ 86,637
Total liabilities and fund balances	\$ 86,637	\$ -	\$ 86,637

Tomah Area School District
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**
Year ended June 30, 2014

Fund Number:	Special Revenue Funds		Total
	(21)	(29)	
	Special Revenue Trust Fund	Indian Education Fund	
Revenues			
Other local sources	\$ 57,643	\$ -	\$ 57,643
Federal sources	-	25,296	25,296
	57,643	25,296	82,939
Total revenues			
Expenditures			
Instruction			
Regular instruction	26,653	-	26,653
Other instruction	7,762	-	7,762
Total instruction	34,415	-	34,415
Support services			
Pupil services	-	25,296	25,296
Instructional staff services	8,248	-	8,248
Business administration	5,160	-	5,160
Central services	-	-	-
Total support services	13,408	25,296	38,704
	47,823	25,296	73,119
Total expenditures			
Net change in fund balance	9,820	-	9,820
Fund balance at July 1, 2013	76,817	-	76,817
Fund balance at June 30, 2014	\$ 86,637	\$ -	\$ 86,637

Tomah Area School District
PUPIL ACTIVITY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 2014

	Balance at July 1, 2013	Additions and Transfers In	Deductions and Transfers Out	Balance at June 30, 2014
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 122,542	\$ 492,605	\$ 495,819	\$ 119,328
 Total assets	 <u>\$ 122,542</u>	 <u>\$ 492,605</u>	 <u>\$ 495,819</u>	 <u>\$ 119,328</u>
 LIABILITIES				
Due to student organizations				
Camp Douglas	\$ 403	\$ 1,131	\$ 576	\$ 958
District office	17,916	1,776	4,565	15,127
La Grange	4,190	12,113	12,499	3,804
Lemonweir	1,671	21,312	19,564	3,419
Miller	611	6,435	5,982	1,064
Middle School	25,391	137,786	138,494	24,683
Oakdale	8	639	448	199
Senior High School	68,932	301,369	304,941	65,360
Warrens	1,277	2,916	2,038	2,155
Wyeville	1,614	4,240	3,787	2,067
Learning Center	529	2,888	2,925	492
 Total liabilities	 <u>\$ 122,542</u>	 <u>\$ 492,605</u>	 <u>\$ 495,819</u>	 <u>\$ 119,328</u>

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2014

	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2013	Expenditures	Revenues Grantor	Receivable at June 30, 2014	Footnote
United States Department of Agriculture							
Passed through Wisconsin Department of Public Instruction							
Food Distribution							
July 1, 2013 to June 30, 2014	10.550	N/A	\$ -	\$ 99,347	\$ 99,347	\$ -	3
School Breakfast Program							
July 1, 2012 to June 30, 2013	10.553	N/A	15,900	-	15,900	-	
July 1, 2013 to June 30, 2014		N/A	-	96,953	92,551	4,402	2
National School Lunch Program							
July 1, 2012 to June 30, 2013	10.555	N/A	83,695	-	83,695	-	
July 1, 2013 to June 30, 2014		N/A	-	548,134	522,640	25,494	2
Summer Food Service Program							
July 1, 2012 to June 30, 2013	10.559	N/A	17,957	-	17,957	-	
July 1, 2013 to June 30, 2014		N/A	-	52,890	45,538	7,352	
Team Nutrition Grant							
July 1, 2013 to June 30, 2014	10.574	\$ 950	-	950	-	950	
Subtotal Child Nutrition Cluster			117,552	798,274	877,628	38,198	
Total United States Department of Agriculture			117,552	798,274	877,628	38,198	
United States Department of Education							
Passed through Wisconsin Department of Public Instruction							
Title 1 Basic Grant							
July 1, 2012 to June 30, 2013	84.010	N/A	135,771	-	135,771	-	
July 1, 2013 to June 30, 2014		\$ 786,154	-	704,253	545,146	159,107	
Carl Perkins Vocational Education							
July 1, 2012 to June 30, 2013	84.048	N/A	23,667	-	23,667	-	
July 1, 2013 to June 30, 2014		\$ 33,302	-	33,302	15,808	17,494	
Special Education (IDEA) Cluster							
PL 94-142 Idea Flow-Through							
July 1, 2012 to June 30, 2013	84.027 *	N/A	148,426	-	148,426	-	
July 1, 2013 to June 30, 2014		\$ 574,940	-	565,060	455,434	109,626	
PL 99-457 Pre-School Entitlement							
July 1, 2012 to June 30, 2013	84.173 *	N/A	5,709	-	5,709	-	
July 1, 2013 to June 30, 2014		\$ 18,416	-	14,160	9,878	4,282	
Subtotal Special Education (IDEA) Cluster			154,135	579,220	619,447	113,908	
Title IIA Teacher and Principal Training							
July 1, 2012 to June 30, 2013	84.367	N/A	41,199	-	41,199	-	
July 1, 2013 to June 30, 2014		\$ 151,728	-	147,142	91,418	55,724	
Total passed through Wisconsin Department of Public Instruction			354,772	1,463,917	1,472,456	346,233	
Passed through Cooperative Educational Services Agency #4							
PL 99-457 Preschool Entitlement (IDEA Cluster)							
July 1, 2013 to June 30, 2014	84.173 *	\$ 15,000	-	15,000	15,000	-	
Title IIIA - English Language Acquisition							
July 1, 2013 to June 30, 2014	84.365	\$ 1,159	-	1,159	1,159	-	
Total passed through Cooperative Educational Services Agency #4			-	16,159	16,159	-	

* Denotes major program

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year ended June 30, 2014

	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2013	Expenditures	Revenues Grantor	Receivable at June 30, 2014	Footnote
United States Department of Education - Continued							
Direct Programs							
PL 81-874 Impact Aid	84.041						
July 1, 2013 to June 30, 2014		\$ 144,984	-	144,985	144,985	-	
Indian Education Act	84.060A						
July 1, 2013 to June 30, 2014		\$ 25,296	-	25,296	25,296	-	
Total direct programs			-	170,281	170,281	-	
Total United States Department of Education			354,772	1,650,357	1,658,896	346,233	
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		N/A	9,632	28,165	37,797	-	
September 30, 2013 to September 29, 2014		\$ 110,000	-	21,967	10,189	11,778	
			9,632	50,132	47,986	11,778	
Passed through State of Wisconsin Health Care							
Financing Programs							
Medicaid	93.778						
July 1, 2013 to June 30, 2014		N/A	-	226,103	213,130	12,973	
Total United States Department of Health and Human Services			9,632	276,235	261,116	24,751	
United States Department of Defense Education Activity (DoDEA)							
Direct							
Promoting K-12 Student Achievement at Military							
Connected Schools	12.556 *						
September 1, 2012 to August 31, 2013		N/A	35,701	-	35,701	-	
September 1, 2013 to August 31, 2014		\$ 365,700	-	365,700	289,139	76,561	
Total United States Environmental Protection Agency			35,701	365,700	324,840	76,561	
Total federal financial assistance			\$ 517,657	\$ 3,090,566	\$ 3,122,480	\$ 485,743	

* 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 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.

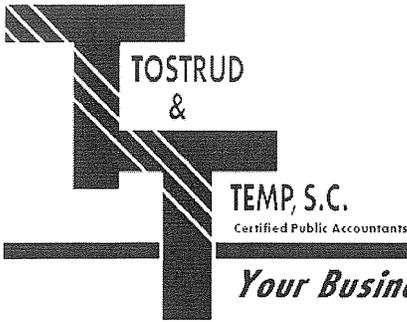
Note 4: All costs reported are direct costs. No indirect costs were used.

Tomah Area School District
SCHEDULE OF STATE FINANCIAL ASSISTANCE
Year ended June 30, 2014

	I.D. Number	Program or Award Amount	Receivable at July 1, 2013	Expenditures	Revenue State Reimbursements	Receivable at June 30, 2014
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
Cost Reimbursement Programs - Non-major						
Passed through Wisconsin Department of Public Instruction						
Peer Review and Mentoring	255.355					
July 1, 2013 to June 30, 2014		\$ 10,590	\$ -	\$ 10,438	\$ -	\$ 10,438
American Indian Language Revitalization	255.364					
July 1, 2012 to June 30, 2013		N/A	1,662	-	1,662	-
July 1, 2013 to June 30, 2014		\$ 5,000	-	4,995	-	4,995
Educator Effectiveness Grant	255.940					
July 1, 2013 to June 30, 2014		\$ 20,400	-	20,400	20,400	-
			<u>1,662</u>	<u>35,833</u>	<u>22,062</u>	<u>15,433</u>
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT						
Cost Reimbursement Programs - Non-major						
Youth Apprenticeship	445.107					
July 1, 2012 to June 30, 2013		N/A	8,925	-	8,925	-
July 1, 2013 to June 30, 2014		\$ 9,660	-	9,660	-	9,660
			<u>8,925</u>	<u>9,660</u>	<u>8,925</u>	<u>9,660</u>
			<u>\$ 10,587</u>	<u>\$ 45,493</u>	<u>\$ 30,987</u>	<u>\$ 25,093</u>
Entitlement Programs						
Major State Programs (A)						
Handicapped Pupils and School Age Parents:						
Internal District Programs	255.101			<u>\$ 3,852,825</u>	\$ 1,027,485	
Participant in Package Program at CESA #4					76	
Participant in Package Program at CESA #5					3,521	
Total Handicapped Program					<u>1,031,082</u>	
Pupil Transportation	255.107				129,451	
Common School Fund	255.103				112,723	
General Equalization	255.201				18,252,419	
Per Pupil Adjustment Aid	255.925				231,450	
Total major programs					<u>\$ 19,757,125</u>	
Non-major State Programs (B)						
State School Lunch Aid	255.102				\$ 15,369	
High Cost Special Education Aid	255.210				14,084	
School Breakfast Program	255.344				6,125	
Tuition Payments by State	255.401				35,595	
High Cost Transportation Aid	255.947				63,020	
Total non-major programs					<u>134,193</u>	
Total Wisconsin DPI					<u>\$ 19,922,305</u>	
WISCONSIN DEPARTMENT OF REVENUE						
Exempt Computer Aid					\$ 35,712	
Total State Assistance					<u>\$ 19,958,017</u>	

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

OTHER REPORTS



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Your Business Safety Net

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

Board of Education
Tomah Area School District
Tomah, Wisconsin

We have audited, 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, 2014, 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 14, 2014.

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 an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2014-1.

The District's Response to Finding

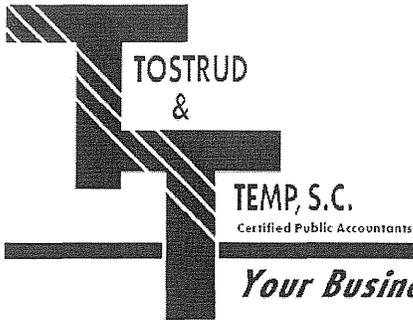
The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



November 14, 2014



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Your Business Safety Net

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Tomah Area School District
Tomah, Wisconsin

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, 2014. 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.

Basis for Qualified Opinion on Pupil Transportation Aids

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding its Pupil Transportation Aids listed as item 2014-1. Compliance with the requirements listed in item 2014-1 is necessary, in our opinion, for the District to be in full compliance with the requirements applicable to that program.

Qualified Opinion on Pupil Transportation Aids

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Pupil Transportation Aids for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal and State Programs

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 other major federal and state programs identified above for the year ended June 30, 2014.

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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We do not consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-1 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency

in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-1 to be a significant deficiency.

The District's Response to Finding

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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 the Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration. Accordingly, this report is not suitable for any other purpose.



November 13, 2014

Tomah Area School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2014

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:

CFDA Number	Name of Federal Program or Cluster
84.027	PL 94-142 IDEA Flow-Through
84.173	PL 99-457 Pre-School Entitlement
12.556	Promoting K-12 Student Achievement at Military Connected Schools

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

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

State Awards

Internal control over financial reporting:

Significant deficiency (ies) identified? ___ yes X no

Significant deficiency (ies) identified considered to be material weaknesses? ___ yes X no

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

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Guidelines? X yes ___ no

Identification of major state programs:

State ID Number	Name of State Program
255.101	Handicapped Pupils and School Age Parents
255.107	Pupil Transportation
255.103	Common School Fund
255.201	General Equalization Aid
255.925	Per Pupil Adjustment Aid

Tomah Area School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year ended June 30, 2014

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

2014-1 Transportation Aids

Criteria: Controls should be in place to ensure that students being claimed for special education transportation expenses for state categorical aid are not claimed for regular education transportation aid on the Department of Public Instruction Pupil (DPI) Transportation Aid annual report (Form PI-1547).

Condition: One student in the District rode regular transportation buses for the beginning of the school year until the student's Individualized Education Plan (IEP) was amended to include special transportation needs. The student discontinued riding the regular buses and used special transportation for the remainder of the year. The student was not removed from the transportation logs used to prepare the PI-1547 and was included in the regular transportation counts for the PI-1547.

Effect: The District reported one student on both special education transportation expenses for state categorical aid and also on the PI-1547.

Cause: The District did not realize that the student was included on the PI-1547 as well as the special education transportation expenses.

Recommendation: The District should include an additional procedure to compare the list of special education transportation students with the list of regular education students to ensure special education transportation students are not included in regular education transportation lists when preparing the PI-1547.

Response: The District will implement this new procedure when preparing the PI-1547 for the 2014-15 school year.

Section IV - Prior Year Findings

None