

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

TOMAH AREA SCHOOL DISTRICT
TOMAH, WISCONSIN

June 30, 2019

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

	Page
INDEPENDENT AUDITOR'S REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	7
FINANCIAL SECTION	
STATEMENT OF NET POSITION	9
STATEMENT OF ACTIVITIES	10
BALANCE SHEET - GOVERNMENTAL FUNDS	11
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	12
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	14
STATEMENT OF NET POSITION - PROPRIETARY FUND - FOOD SERVICE FUND	15
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - PROPRIETARY FUND - FOOD SERVICE FUND	16
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - FOOD SERVICE FUND	17
STATEMENT OF NET POSITION - FIDUCIARY FUNDS	18
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	18
NOTES TO FINANCIAL STATEMENTS	19
REQUIRED SUPPLEMENTARY INFORMATION	49
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF EMPLOYER CONTRIBUTIONS - POST-EMPLOYMENT BENEFIT PLANS - HEALTH CARE	52
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CHANGE IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS - HEALTH CARE	53
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF DISTRICT'S NET OPEB LIABILITY (ASSET) - LOCAL RETIREE LIFE INSURANCE FUND	54

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

	Page
REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED	
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF DISTRICT CONTRIBUTIONS - LOCAL RETIREE LIFE INSURANCE FUND	54
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF DISTRICT'S NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM	55
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF DISTRICT CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM	55
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND - FUNDS 10 AND 27	56
RECONCILIATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REGULATORY BASIS TO GAAP BASIS - GENERAL FUND AND SPECIAL EDUCATION FUND	57
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	58
OTHER SUPPLEMENTARY INFORMATION	60
BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	61
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS	62
PUPIL ACTIVITY FUNDS - SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES	63
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS	64
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	65
SCHEDULE OF STATE FINANCIAL ASSISTANCE	67
OTHER REPORTS	68
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	69
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 THE UNIFORM GUIDANCE AND WISCONSIN STATE SINGLE AUDIT GUIDELINES	71
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	73



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

INDEPENDENT AUDITOR'S REPORT

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

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, 2019, 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, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, 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 other schedules identified in the Required Supplementary Information section 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 supplementary information identified in the table of contents is 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 20, 2019 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.

Tostlund & Kemp, S.C.

November 20, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2019

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 the prior fiscal year 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 \$38,321,643; including \$12,662,725 of property taxes, \$22,711,304 of state aids and grants, and \$1,985,206 of federal grants. Total governmental fund expenditures were \$38,145,019, including \$21,014,599 for direct instruction. Other financing sources and uses included proceeds from sales of fixed assets of \$5,700.

The District's total long-term liabilities increased by \$7,266,175. The District has no outstanding general obligation bonds or notes payable at June 30, 2019. Post-retirement health care and other benefits decreased by \$805,918 and the liability for sick and vacation payable increased by \$96,876. The District's share of the Wisconsin Retirement System net pension liability increased by \$7,975,217.

The District's financial status, as reflected by total net position, increased by \$582,000. Net position of governmental activities increased \$635,229, and business-type activities (Food Service Program) decreased \$53,229 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.

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.

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2019

Required and other supplementary information further explains and supports the financial statements by including a comparison of the District's budget data and information on the District's pension and other post-employment benefits information 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 others. 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, deferred outflows of resources and liability information	All assets, deferred outflows (inflows) of resources, 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, deferred outflows of resources, liabilities and deferred inflows of resources; both financial and capital; short-term and long-term.	All assets, deferred outflows of resources, liabilities and deferred inflows of resources; both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, but 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
Year ended June 30, 2019

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, deferred outflows of resources, liabilities and deferred inflows of resources, 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
Year ended June 30, 2019

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, 2019, compared to 2018. The District's total combined net position was \$23,138,368 at June 30, 2019, which is an increase of 2.58% over the prior year. The increase in net position is mostly due to conservative spending in the general fund, the capitalization of assets expensed in the general fund and the decrease in OPEB liabilities offset by the increase in net pension obligations.

	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	
Current assets	\$ 6,987.3	\$ 7,073.4	\$ 106.5	\$ 106.3	\$ 7,093.8	\$ 7,179.7	1.21%
Capital and other assets	26,379.1	24,671.0	363.3	241.8	26,742.4	24,912.8	-6.84%
Total assets	33,366.4	31,744.4	469.8	348.1	33,836.2	32,092.5	-5.15%
Deferred outflow s of resources	9,818.8	11,620.40	304.6	360.3	10,123.4	11,980.7	18.35%
Long-term debt outstanding	7,975.4	11,511.1	217.3	322.4	8,192.7	11,833.5	44.44%
Other liabilities	2,098.8	2,036.30	37.9	39.7	2,136.7	2,076.0	-2.84%
Total liabilities	10,074.2	13,547.4	255.2	362.1	10,329.4	13,909.5	34.66%
Deferred inflow s of resources	10,741.1	6,812.3	332.8	213.1	11,073.9	7,025.4	-36.56%
Net Position							
Net investment in							
capital assets	22,862.4	24,637.3	254.5	241.8	23,116.9	24,879.1	7.62%
Restricted	2,887.7	1,310.3	-	-	2,887.7	1,310.3	-54.62%
Unrestricted	(3,380.2)	(2,942.4)	(68.1)	(108.6)	(3,448.3)	(3,051.0)	11.52%
TOTAL NET POSITION	\$ 22,369.9	\$ 23,005.2	\$ 186.4	\$ 133.2	\$ 22,556.3	\$ 23,138.4	2.58%

Note: Totals may not add due to rounding

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2019

Financial Analysis of the District as a Whole – Continued

For the year ended June 30, 2019, the largest portion of the District's net position is its investment in capital assets of \$24,879,134 (e.g. land, buildings, and equipment, less depreciation and related outstanding debt used to acquire those assets). These assets are used to provide services to students and consequently are not available for future spending. Restricted net position accounts for \$1,310,254 of total net position. The restricted net position is comprised of amounts of \$88,822 restricted for debt service, \$109,548 restricted for the Special Revenue Trust Fund, \$212,683 for its Capital Improvement Trust Fund, and \$899,201 for its Wisconsin Retirement System pension plan. Unrestricted net position for the District accounts for the final (\$3,051,020) of total net position.

Table 2
Changes in Net Assets from Operating Results
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	
Revenues							
Program revenues							
Charges for services	\$ 128.5	\$ 163.6	\$ 683.9	\$ 634.9	\$ 812.4	\$ 798.5	-1.71%
Operating grants & contributions	3,712.2	4,032.0	838.0	837.2	4,550.2	4,869.2	7.01%
Capital grants & contributions	-	392.1	-	-	-	392.1	100.00%
General revenues							
Property and other taxes	13,206.4	12,662.7	-	-	13,206.4	12,662.7	-4.12%
State equalization aid	17,744.3	18,155.7	-	-	17,744.3	18,155.7	2.32%
Gain on sale of fixed assets	6.8	5.7	-	-	6.8	5.7	-16.18%
Transfers in (out)	-	-	-	-	-	-	0.00%
Other	2,008.4	2,915.5	0.2	0.2	2,008.6	2,915.7	45.16%
Total revenues	36,806.6	38,327.3	1,522.1	1,472.3	38,328.7	39,799.6	3.84%
Expenses							
Instruction	20,828.1	22,800.0	-	-	20,828.1	22,800.0	9.47%
Pupil & instructional services	2,665.4	3,062.8	-	-	2,665.4	3,062.8	14.91%
General & Building Administration	1,971.4	2,101.7	-	-	1,971.4	2,101.7	6.61%
Business Administration	8,198.0	6,921.0	-	-	8,198.0	6,921.0	-15.58%
Central	778.8	121.0	-	-	778.8	121.0	-84.46%
Debt service	19.6	14.4	-	-	19.6	14.4	-26.53%
Insurance	291.6	329.0	-	-	291.6	329.0	12.83%
Other	1,923.9	2,342.2	1,494.0	1,525.5	3,417.9	3,867.7	13.16%
Total expenses	36,676.8	37,692.1	1,494.0	1,525.5	38,170.8	39,217.6	2.74%
CHANGE IN NET POSITION	\$ 129.8	\$ 635.2	\$ 28.1	\$ (53.2)	\$ 157.9	\$ 582.0	

Note: Totals may not add due to rounding

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2019

Financial Analysis of the District as a Whole – Continued

Table 2 provides summarized operating results and their impact on net position. Governmental activities increased the financial position of the District by \$635,229 and business-type activities decreased the District's financial position by \$53,229.

The District relies primarily on property taxes (33.6%), unrestricted state and federal aids (55.6%) and operating grants and contributions (10.7%) 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).

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2017-2018	2018-2019		2017-2018	2018-2019	
Expenses						
Instruction	\$ 20,828.13	\$ 22,800.07	9%	\$ 18,674.16	\$ 20,503.89	9%
Pupil & instructional services	2,665.39	3,062.82	15%	1,921.39	2,210.39	13%
General & Building Administration	1,971.45	2,101.66	7%	1,971.45	2,078.44	5%
Business Administration	8,197.99	6,921.03	-16%	7,549.14	5,817.12	-30%
Central	778.79	121.04	-84%	765.06	107.43	-612%
Principal & interest	19.62	14.37	-27%	19.62	14.37	-37%
Insurance	291.59	328.96	13%	257.80	290.11	11%
Other	1,923.93	2,342.18	22%	1,677.63	2,082.65	19%
TOTAL EXPENSES	\$ 36,676.89	\$ 37,692.13		\$ 32,836.25	\$ 33,104.40	

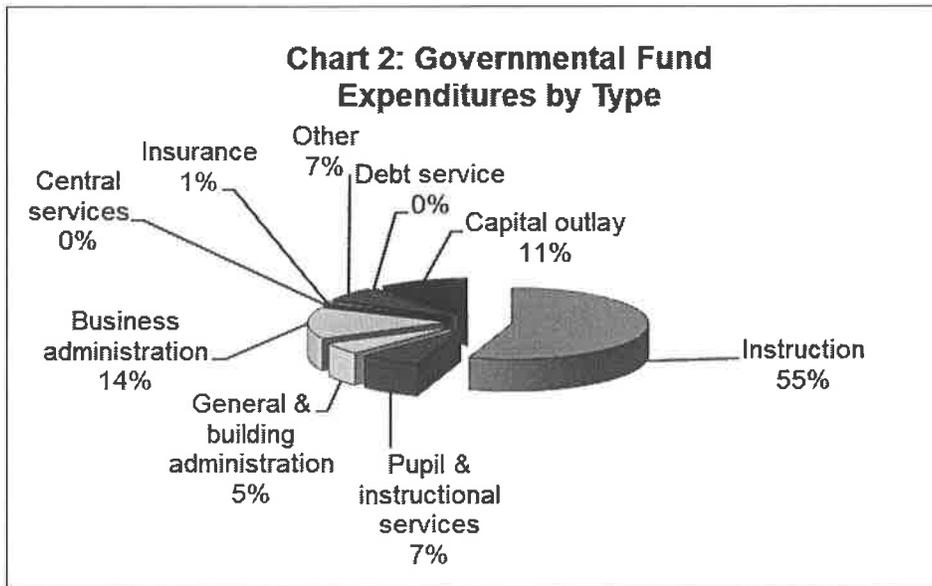
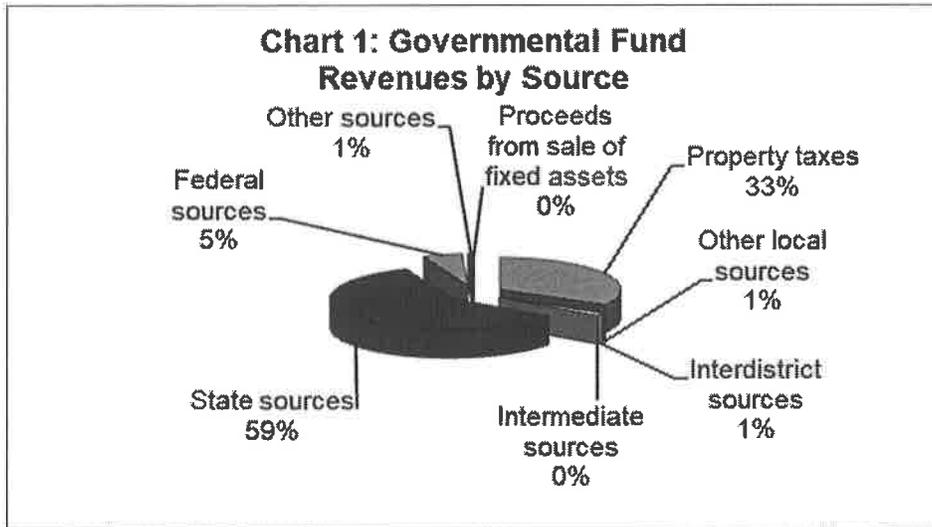
Note: Totals may not add due to rounding

The cost of all governmental activities this year was \$37,692,114. Individuals who directly participated or benefited from a program offering paid \$163,595 of costs. Federal and state governments and other revenues subsidized certain programs with grants and contributions of \$4,424,115. The net cost of governmental activities of \$33,104,404 was financed by general revenues of the District.

Tomah Area School District
Management's Discussion and Analysis
 Year ended June 30, 2019

Financial Analysis of the District's Governmental Fund Statements

The composition of governmental revenues by source 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 \$1,472,057 and interest income of \$245. Operating revenues were comprised of charges for services (43%), federal and state reimbursements (50%) and commodities (6%). Expenses of \$1,525,531 resulted in a decrease in net position of \$53,229 for the year. Major expenses include food purchases (47%) and labor/benefits (49%). The District did not increase lunch meal prices for the 2018-19 school year. There was a \$.05 price increase for breakfast meals for the 2018-19 school year.

Tomah Area School District
Management's Discussion and Analysis
 Year ended June 30, 2019

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 \$5,070,759. The fund balance increased \$182,324 from last year's ending funding balance of \$4,888,435 due to conservative spending in the general fund.

General Fund Budgetary Highlights

The District reviews an interim budget in May for the subsequent year (beginning July 1st). Consistent with current state statutes and regulations an *original* budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified. The District modified its original budget in 2019 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.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2019, the District had invested \$55,641,018 in capital assets, including buildings, sites, library books, and equipment (See Table 4). Total accumulated depreciation on these assets equaled \$30,761,884. Asset acquisitions for governmental activities totaled \$4,042,996 and \$20,282 for the food service program. The District recognized depreciation expense of \$2,268,120 for governmental activities and \$32,971 for the food service program for the year ended June 30, 2019. Detailed information about capital assets can be found in Note 6 to the financial statements.

	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2017-2018	2018-2019	2017-2018	2018-2019	2017-2018	2018-2019	
Land and site improvements	\$ 1,749.76	\$ 2,584.99	\$ -	\$ -	\$ 1,749.76	\$ 2,584.99	47.73%
Buildings & building improvements	31,885.23	33,329.35	65.75	65.75	31,950.98	33,395.10	4.52%
Equipment & furniture	17,326.16	19,112.38	528.28	548.56	17,854.44	19,660.94	10.12%
Construction in process	84.76	-	-	-	84.76	-	-100.00%
Accumulated depreciation	(28,183.50)	(30,389.43)	(339.49)	(372.46)	(28,522.99)	(30,761.89)	7.85%
TOTAL	\$ 22,862.41	\$ 24,637.29	\$ 254.54	\$ 241.85	\$ 23,116.95	\$ 24,879.14	

Note: Totals may not add due to rounding

Tomah Area School District
Management's Discussion and Analysis
 Year ended June 30, 2019

Long-Term Liabilities

At year-end, the District had no outstanding bonds or notes payable. The District had \$11,833,458 in long-term liabilities – a net increase of \$7,266,175 from July 1, 2018. This increase is largely attributable to the increase in the District's share of the Wisconsin Retirement System net pension liability offset by a decrease in the liability for other post-employment benefits. The District's share of the Wisconsin Retirement System net pension liability increased by \$7,975,217 in the current year.

Table 5			
Outstanding Long-Term Liabilities			
Total School District			
(in thousands of dollars)			
	<u>2017-2018</u>	<u>2018-2019</u>	<u>Total Percentage Change</u>
General obligation debt	\$ -	\$ -	-100.00%
Other	4,567.28	11,833.46	61.40%
TOTAL	<u>\$ 4,567.28</u>	<u>\$ 11,833.46</u>	61.40%

General obligation 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 actual impact of the future financial outlook at the local, state, and federal level.
- Funding of school related budgets and aids at the local, state and federal level.
- The continued need and reliance on referendums to supplement school budgets.
- The decrease/increase of allowable per student increases on the revenue limit on the 2019-20, 2020-21 and 2021-22 budgets.
- State aid allocations based on enrollments.
- Enrollment will continue to significantly impact District budgets going forward until enrollment levels off. Enrollment will either negatively or positively impact the District's Base Revenue and State Aid depending on whether enrollment increases or decreases in relation to District equalized values.
- Increases or decreases on federal grant dollars for Title I, Title IIA, IDEA, and Pre-School Grants.

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2019

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 the Business Manager, (608) 374-7003 at the Tomah Area School District, 129 W. Clifton Street, Tomah, WI 54660.

FINANCIAL SECTION

Tomah Area School District
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business- Type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 2,784,729	\$ 75,608	\$ 2,860,337
Prepaid expenses	63,155	-	63,155
Receivables			
Taxes	3,321,972	-	3,321,972
Accounts	1,400	-	1,400
Due from other governments	902,100	17,323	919,423
Inventory	-	13,364	13,364
Total current assets	7,073,356	106,295	7,179,651
Noncurrent assets			
Capital assets	55,026,714	614,304	55,641,018
Less: accumulated depreciation	(30,389,428)	(372,456)	(30,761,884)
Total capital assets, net	24,637,286	241,848	24,879,134
Total noncurrent assets	24,637,286	241,848	24,879,134
Other asset			
Cash value life insurance	33,702	-	33,702
Total assets	31,744,344	348,143	32,092,487
Deferred outflows of resources			
OPEB	689,403	22,215	711,618
Pension plan - WRS	10,931,014	338,073	11,269,087
	11,620,417	360,288	11,980,705
Total assets and deferred outflows of resources	\$ 43,364,761	\$ 708,431	\$ 44,073,192
Liabilities			
Current liabilities			
Current portion of long-term obligations	\$ -	\$ -	\$ -
Accounts payable	311,046	198	311,244
Accrued liabilities			
Payroll, payroll taxes, and insurances	1,725,253	8,398	1,733,651
Unearned revenue	-	31,128	31,128
Total current liabilities	2,036,299	39,724	2,076,023
Noncurrent liabilities			
Noncurrent portion of long-term obligations	11,511,065	322,393	11,833,458
Total liabilities	13,547,364	362,117	13,909,481
Deferred inflows of resources			
OPEB	999,706	33,307	1,033,013
Pension plan - WRS	5,812,560	179,770	5,992,330
	6,812,266	213,077	7,025,343
Net position			
Investment in capital assets	24,637,286	241,848	24,879,134
Restricted			
Debt service	88,822	-	88,822
Other activities	1,221,432	-	1,221,432
Unrestricted	(2,942,409)	(108,611)	(3,051,020)
Total net position	23,005,131	133,237	23,138,368
Total liabilities, deferred inflows of resources, and net position	\$ 43,364,761	\$ 708,431	\$ 44,073,192

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

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	\$ 16,043,532	\$ 8,279	\$ 777,323	\$ -	\$ (15,257,930)	\$ -	\$ (15,257,930)
Vocational instruction	943,508	19,634	59,237	-	(864,637)	-	(864,637)
Special education instruction	4,351,579	-	1,325,945	-	(3,025,634)	-	(3,025,634)
Other instruction	1,461,446	81,501	24,252	-	(1,355,693)	-	(1,355,693)
Total instruction	22,800,065	109,414	2,186,757	-	(20,503,894)	-	(20,503,894)
Support services							
Pupil services	1,427,214	-	397,865	-	(1,029,349)	-	(1,029,349)
Instructional staff services	1,635,602	9,141	445,421	-	(1,181,040)	-	(1,181,040)
General administration services	414,981	-	18,966	-	(396,015)	-	(396,015)
School administration services	1,686,674	-	4,250	-	(1,682,424)	-	(1,682,424)
Business administration services	6,921,027	45,040	666,793	392,070	(5,817,124)	-	(5,817,124)
Central services	121,042	-	13,614	-	(107,428)	-	(107,428)
Insurance	328,963	-	38,855	-	(290,108)	-	(290,108)
Other support services	1,045,815	-	33,628	-	(1,012,187)	-	(1,012,187)
Total support services	13,581,318	54,181	1,619,392	392,070	(11,515,675)	-	(11,515,675)
Non-program							
Other non-program	1,296,362	-	225,896	-	(1,070,466)	-	(1,070,466)
Total non-program	1,296,362	-	225,896	-	(1,070,466)	-	(1,070,466)
Debt service							
	14,369	-	-	-	(14,369)	-	(14,369)
Total governmental activities	37,692,114	163,595	4,032,045	392,070	(33,104,404)	-	(33,104,404)
Business-type activities							
School food service program	1,525,531	634,882	837,175	-	-	(53,474)	(53,474)
Total school district	\$ 39,217,645	\$ 798,477	\$ 4,869,220	\$ 392,070	(33,104,404)	(53,474)	(33,157,878)
General revenues							
Property taxes							
General purposes					12,543,578	-	12,543,578
Mobile home taxes					38,021	-	38,021
TIF taxes					81,126	-	81,126
State and federal aids not restricted to specific functions							
General					18,155,673	-	18,155,673
Other					2,818,728	-	2,818,728
Interest and investment earnings					11,402	245	11,647
Miscellaneous					85,405	-	85,405
Gain on sale of fixed assets					5,700	-	5,700
Total general revenues					33,739,633	245	33,739,878
Change in net position							
					635,229	(53,229)	582,000
Net position at July 1, 2019					22,369,902	186,466	22,556,368
Net position at June 30, 2020					\$ 23,005,131	\$ 133,237	\$ 23,138,368

The accompanying notes are an integral part of this statement.

Tomah Area School District

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Other Governmental Funds	Total
Assets			
Cash and investments	\$ 2,441,676	\$ 343,053	\$ 2,784,729
Prepaid expenses	63,155	-	63,155
Receivables			
Taxes	3,321,972	-	3,321,972
Accounts	1,400	-	1,400
Due from other funds	11,921	68,000	79,921
Due from other governments	890,179	11,921	902,100
Cash value life insurance	33,702	-	33,702
Total assets	<u>\$ 6,764,005</u>	<u>\$ 422,974</u>	<u>\$ 7,186,979</u>
 Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 311,046	\$ -	\$ 311,046
Accrued liabilities			
Payroll, payroll taxes, insurance	1,725,253	-	1,725,253
Due to other funds	68,000	11,921	79,921
Total liabilities	<u>2,104,299</u>	<u>11,921</u>	<u>2,116,220</u>
 Fund balances			
Restricted	-	411,053	411,053
Unrestricted			
Unassigned	4,659,706	-	4,659,706
Total fund balances	<u>4,659,706</u>	<u>411,053</u>	<u>5,070,759</u>
Total liabilities and fund balances	<u>\$ 6,764,005</u>	<u>\$ 422,974</u>	<u>\$ 7,186,979</u>

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, 2019

Fund balance - governmental funds \$ 5,070,759

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	\$ 55,026,714	
Governmental accumulated depreciation	<u>(30,389,428)</u>	24,637,286

Deferred outflows of resources represent consumption of net position that apply to future periods and therefore are not reported in the fund statements.

Deferred outflows of resources consist of:

OPEB	689,403	
Pension plan - WRS	<u>10,931,014</u>	11,620,417

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:

Net pension liability - WRS	(4,219,253)	
Vested employee benefits	(1,320,126)	
Other post-employment benefits	<u>(5,971,686)</u>	(11,511,065)

Deferred inflows of resources are acquisitions of net position that are applicable to future reporting periods and therefore are not reported in the fund statements.

Deferred inflows of resources consist of:

OPEB	(999,706)	
Pension plan - WRS	<u>(5,812,560)</u>	<u>(6,812,266)</u>

Total net position - governmental activities		\$ <u>23,005,131</u>
---	--	-----------------------------

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2019

	General Fund	Other Governmental Funds	Total
Revenues			
Property taxes	\$ 12,662,725	\$ -	\$ 12,662,725
Other local sources	188,413	53,270	241,683
Interdistrict sources	411,940	-	411,940
Intermediate sources	10,726	-	10,726
State sources	22,696,054	15,250	22,711,304
Federal sources	1,953,400	31,806	1,985,206
Other sources	298,059	-	298,059
	<u>38,221,317</u>	<u>100,326</u>	<u>38,321,643</u>
Total revenues			
Expenditures			
Current			
Instruction			
Regular instruction	14,591,500	24,934	14,616,434
Vocational instruction	892,821	-	892,821
Special instruction	4,142,939	-	4,142,939
Other instruction	1,354,848	7,557	1,362,405
Total instruction	<u>20,982,108</u>	<u>32,491</u>	<u>21,014,599</u>
Support services			
Pupil services	1,330,030	31,806	1,361,836
Instructional staff services	1,397,052	16,910	1,413,962
General administration services	390,963	-	390,963
Building administration services	1,596,952	-	1,596,952
Business administration services	5,443,942	-	5,443,942
Central services	121,042	-	121,042
Insurance	328,963	-	328,963
Other support services	1,119,033	-	1,119,033
Total support services	<u>11,727,977</u>	<u>48,716</u>	<u>11,776,693</u>
Non-program services	1,296,362	-	1,296,362
Debt service	14,369	-	14,369
Capital outlay	4,034,031	8,965	4,042,996
	<u>38,054,847</u>	<u>90,172</u>	<u>38,145,019</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	166,470	10,154	176,624
Other financing sources (uses)			
Proceeds from sale of fixed assets	5,700	-	5,700
Transfer from (to) other funds	(68,000)	68,000	-
	<u>(62,300)</u>	<u>68,000</u>	<u>5,700</u>
Net change in fund balances	104,170	78,154	182,324
Fund balances at July 1, 2018	4,555,536	332,899	4,888,435
Fund balances at June 30, 2019	<u>\$ 4,659,706</u>	<u>\$ 411,053</u>	<u>\$ 5,070,759</u>

The accompanying notes are an integral part of this statement.

Tomah Area School District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2019

Net change in fund balances - total governmental funds	\$	182,324
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	\$ 4,042,996	
Depreciation expense reported in the statement of activities	(2,268,120)	
Proceeds from sale of fixed assets	(5,700)	
Gain on sale of fixed assets	<u>5,700</u>	1,774,876
Sick and vacation 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:		
Sick and vacation benefits paid in current year	36,552	
Sick and vacation benefits earned in current year	<u>(133,428)</u>	(96,876)
Other post-employment benefits (OPEB) reported in the governmental funds represents current year contributions into the OPEB plan. OPEB expense in the Statement of Activities is actuarially determined by the OPEB plan as the difference between the the OPEB liability from the prior year to the current year, with some adjustments.		
Amount of contributions to the OPEB trust and required life insurance payments during the year	926,657	
Actuarially determined change in OPEB liability between years, with adjustments	<u>(496,181)</u>	430,476
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the pension liability (asset) from the prior year to the current year, with some adjustments.		
Amount of current year required contributions into the defined benefit pension plan	1,273,703	
Actuarially determined change in net pension liability (asset) between years, with adjustments	<u>(2,929,274)</u>	<u>(1,655,571)</u>
Change in net position - governmental activities	\$	<u><u>635,229</u></u>

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, 2019

Assets

Current assets

Cash and investments	\$	75,608
Due from other governments		17,323
Inventory		<u>13,364</u>
Total current assets		106,295

Non-current assets

Capital assets		614,304
Less accumulated depreciation		<u>(372,456)</u>
Net capital assets		<u>241,848</u>
Total non-current assets		241,848

Deferred outflows of resources

OPEB		22,215
Pension plan - WRS		<u>338,073</u>
		<u>360,288</u>

Total assets and deferred outflows of resources \$ 708,431

Liabilities

Current liabilities

Accounts payable	\$	198
Accrued payroll, payroll taxes and insurance		8,398
Unearned revenue - student lunch accounts		<u>31,128</u>
Total current liabilities		39,724

Non-current liabilities

Other post-employment benefits liability		191,900
Pension plan - WRS		<u>130,493</u>
Total non-current liabilities		<u>322,393</u>
Total liabilities		362,117

Deferred inflows of resources

OPEB		33,307
Pension plan - WRS		<u>179,770</u>
		213,077

Net position

Investment in capital assets		241,848
Unrestricted		<u>(108,611)</u>
Total net position		<u>133,237</u>

Total liabilities, deferred inflows of resources, and net position \$ 708,431

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, 2019

Revenues	
Food sales	\$ 634,882
State sources	19,163
Federal sources	731,053
Federal commodities	<u>86,959</u>
Total revenues	1,472,057
 Operating expenses	
Salaries and wages	553,630
Employer paid benefits	200,382
Purchased services	26,298
Supplies, food and materials	711,274
Other	976
Depreciation	<u>32,971</u>
Total operating expenses	<u>1,525,531</u>
Operating income (loss)	(53,474)
 Non-operating revenue	
Interest income	<u>245</u>
	<u>245</u>
Change in net position	(53,229)
Net position at beginning of year	<u>186,466</u>
Net position at end of year	<u><u>\$ 133,237</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, 2019

Increase in Cash and Cash Equivalents

Cash flows from operating activities:	
Cash received from user charges	\$ 636,038
Cash received from other government payments	759,142
Cash payments to employees for services	(714,662)
Cash payments for utilities and other purchased services	(26,298)
Cash payments to suppliers for goods and services	(625,396)
Cash payments for other operating expenses	(976)
Net cash provided by operating activities	27,848
Cash flows used in capital and related financing activities:	
Capital expenditures	(20,282)
Cash flows from investing activities:	
Interest on investments	245
	245
Net increase in cash and cash equivalents	7,811
Cash and cash equivalents at beginning of year	67,797
Cash and cash equivalents at end of year	\$ 75,608

**Reconciliation of Operating Income (Loss) to Net Cash
Provided by Operating Activities**

Operating income (loss)	\$ (53,474)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	32,971
Pension expense	51,203
OPEB adjustment	(12,740)
Changes in net position and liabilities	
Decrease in due from other governments	8,926
(Increase) in inventory	(856)
(Decrease) in accounts payable	(225)
Increase in accrued liabilities	887
Increase in unearned revenue	1,156
Net cash provided by operating activities	\$ 27,848

Non-cash Non-Capital Financing Activities

During the year, the District received commodities from the U.S. Department of Agriculture in the amount of \$86,959.

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	Student Activities	Scholarship Funds	Employee Benefit Trust	Total
Assets				
Cash and cash equivalents	\$ 189,786	\$ 404,390	\$ 660,714	\$ 1,254,890
Total assets	\$ 189,786	\$ 404,390	\$ 660,714	\$ 1,254,890
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Due to student organizations	189,786	-	-	189,786
	189,786	-	-	189,786
Net position				
Restricted for scholarships	-	404,390	-	404,390
Restricted for employee post-employment benefits	-	-	660,714	660,714
Total net position	-	404,390	660,714	1,065,104
 Total liabilities and net position	 \$ 189,786	 \$ 404,390	 \$ 660,714	 \$ 1,254,890

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year ended June 30, 2019

Additions				
Gifts and contributions	\$ -	\$ 31,379	\$ -	\$ 31,379
Interest income	-	1,151	9,351	10,502
Employee trust fund contribution	-	-	944,598	944,598
	-	32,530	953,949	986,479
Deductions				
Scholarships awarded	-	32,626	-	32,626
Employee benefits	-	-	899,598	899,598
	-	32,626	899,598	932,224
 Net change in position	 -	 (96)	 54,351	 54,255
 Net position at beginning of year	 -	 404,486	 606,363	 1,010,849
 Net position at end of year	 \$ -	 \$ 404,390	 \$ 660,714	 \$ 1,065,104

The accompanying notes are an integral part of these statements.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2019

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 government-wide and business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs; and (b) grants and contributions that are restricted to meeting the operational or capital

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Continued

District-wide Statements - Continued

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 fund:

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.

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, 2019

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.

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.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Cash and Investments - Continued

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. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

G. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has two items related to its pension and other post-employment benefit (OPEB) plans that qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents a consumption of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has two items that qualify for reporting in this category, one related to its pension plan and the other related to its OPEB plan.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Inventory

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

I. 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. The District also has a cash value of \$33,702 in variable universal life insurance policies on two former employees.

J. 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

K. 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.

L. 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 for teachers and 140 days of sick pay for administrators. 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.

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 8 for additional information about these and other benefits and the related liability.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

M. Unearned Revenue

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

N. Net Position Classification

The District classifies its net position as follows:

- a. Investment in capital assets represents the net depreciated value of capital assets. No debt is 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.

O. 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.

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 20, 2019, the date on which the financial statements were available to be issued.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

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.

- 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, 2019

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of net position	
Governmental activities	\$ 2,784,729
Business-type activities	75,608
	2,860,337
Fiduciary funds	1,254,890
	\$ 4,115,227

Cash and investments as of June 30, 2019 consist of the following:

	Carrying Amount	Bank Balance
Cash		
Demand deposits	\$ 334,538	\$ 366,779
Money market accounts	2,646,284	3,843,157
Passbook savings	201,078	201,078
Certificates of deposit	230,561	230,561
	3,412,461	\$ 4,641,575
Registered group variable contract - AUL fixed interest account	660,714	
Mutual funds	41,367	
Local government investment pool	685	
Total	\$ 4,115,227	

Investment Pool Information

Participation in the State of Wisconsin Local Government Investment Pool (LGIP) is voluntary. The LGIP is part of the State of Wisconsin Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board (SWIB). The LGIP is not registered with the Securities and Exchange Commission, but operated under the statutory authority of Wisconsin state statutes. The LGIP does not have a credit quality rating. Funds invested in the LGIP are due to the District on demand. The District has relied on data provided by the LGIP for the valuation of pooled investments. At June 30, 2019, the LGIP's fair value was 100 percent of book value.

SWIB may invest in obligations of the U.S. Treasury and its agencies, commercial paper, bank time deposits/certificates of deposit, bankers' acceptances, and asset backed securities and repurchase agreements secured by the U.S. Government or its agencies and other instruments authorized under the SIF investment guidelines.

Investments Authorized by the District's Investment Policy

The District is required to invest its funds in accordance with Wisconsin Statutes 66.0603 and 67.11(2). 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.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

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 funds with maturities of not more than three years. As of year-end, the weighted average maturity of the investments in certificates of deposit is 14.47 months.

Maturities for investments are as follows:

	Fair Value	Remaining Maturity (in Years)			
		0-1	1-5	6-10	More Than 10
Registered group variable contract - AUL fixed interest account	\$ 660,714	\$ 660,714	\$ -	\$ -	\$ -
Mutual funds	41,367	41,367	-	-	-
Certificates of deposit	230,561	110,561	120,000	-	-
Local government investment pool	685	685	-	-	-
Total	\$ 933,327	\$ 813,327	\$ 120,000	\$ -	\$ -

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 a registered group variable annuity contract from American United Life Insurance Company (AUL). This account is not FDIC insured. Principal and interest rate guarantees are subject to the claims paying ability of the insurance company. AUL's financial strength rating by A.M. Best is A+ (superior) based on ratings as of June 30, 2019. The District also holds an investment in mutual funds with 55.43% of the mutual funds invested in domestic equity funds and 44.57% in allocation solutions. These funds are not rated. The District transferred all funds out of the mutual funds and into their general checking after the fiscal year ended June 30, 2019.

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.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

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, 2019, the District had \$518,677 in deposits with financial institutions in excess of federal depository insurance limits that were covered under the state guarantee fund and \$646,832 that were uncollateralized and not covered by the state guarantee fund. Uncollateralized amounts 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 credit 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.

Investments held at market at June 30, 2019 are as follows:

	Cost at June 30, 2019	Fair value at June 30, 2019
	2019	2019
Registered group variable contract - AUL fixed interest account	\$ 642,093	\$ 660,714
Mutual funds	Unknown	41,367
Local government investment pool	685	685

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Assets measured at fair value as of June 30, 2019 are:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserv- able Inputs (Level 3)
Registered group variable contract - AUL fixed interest account	\$ 660,714	\$ -	\$ 660,714	\$ -
Mutual funds	41,367	41,367	-	-
Local government investment pool	685	-	685	-
Total	<u>\$ 702,766</u>	<u>\$ 41,367</u>	<u>\$ 661,399</u>	<u>\$ -</u>

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund amounts owed to and from funds as of June 30, 2019 resulting from routine District operations, all expected to be repaid within the next fiscal year, are as follows:

Due From	Due To	Amount
Package Coop Fund	General Fund	\$ 11,921
General Fund	Capital Improvement Trust Fund	68,000

During the fiscal year, the District transferred \$68,000 from the General Fund to the Capital Improvement Trust Fund through an operating transfer to set aside funds for future capital improvements. The District transferred \$11,921 to the Package Coop Fund for its share of the cooperative costs.

NOTE 5 - SHORT-TERM NOTES PAYABLE

The District has no balance owed on its short-term notes payable at June 30, 2019. During the year, the District took out a \$4,500,000 line of credit at 4.5% to meet cash flow needs. The line of credit was dated October 9, 2018 and matured October 9, 2019. The District borrowed a total of \$6,075,000 and repaid \$6,075,000 during the year. Interest expense for the fiscal year on short-term borrowing was \$14,369.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 are as follows:

	Balances at July 1, 2018	Additions and Adjustments	Deletions and Adjustments	Balances at June 30, 2019
Governmental Activities				
Not depreciated:				
Land				
and site improvements	\$ 1,749,762	\$ 835,224	\$ -	\$ 2,584,986
Construction in process	84,763	-	84,763	-
Total	<u>1,834,525</u>	<u>835,224</u>	<u>84,763</u>	<u>2,584,986</u>
Depreciated:				
Buildings and building improvements	31,885,227	1,444,118	-	33,329,345
Furniture and equipment	17,326,156	1,848,417	62,190	19,112,383
Total capital assets	<u>51,045,908</u>	<u>4,127,759</u>	<u>146,953</u>	<u>55,026,714</u>
Less accumulated depreciation				
Site improvements	830,733	89,381	-	920,114
Buildings and building improvements	16,866,146	723,387	-	17,589,533
Furniture and equipment	10,486,619	1,455,352	62,190	11,879,781
Total accumulated depreciation	<u>28,183,498</u>	<u>2,268,120</u>	<u>62,190</u>	<u>30,389,428</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 22,862,410</u>	<u>\$ 1,859,639</u>	<u>\$ 84,763</u>	<u>\$ 24,637,286</u>
Business-Type Activities				
Building	\$ 65,747	\$ -	\$ -	\$ 65,747
Furniture and equipment	528,275	20,282	-	548,557
Totals	<u>594,022</u>	<u>20,282</u>	<u>-</u>	<u>614,304</u>
Less accumulated depreciation				
Building	32,358	3,700	-	36,058
Furniture and equipment	307,127	29,271	-	336,398
Totals	<u>339,485</u>	<u>32,971</u>	<u>-</u>	<u>372,456</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 254,537</u>	<u>\$ (12,689)</u>	<u>\$ -</u>	<u>\$ 241,848</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	\$ 733,103
Vocational instruction	6,521
Special education instruction	678
Other instruction	35,900
Pupil services	210
Instructional staff services	161,970
School administration services	6,646
Business administration services	1,296,369
Other support services	26,723
	<u>\$ 2,268,120</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 7 - LONG-TERM OBLIGATIONS

Long-term obligations balances and activity for the year ended June 30, 2019 are as follows:

	Balances at July 1, 2018	Additions	Reductions and Adjustments	Balances at June 30, 2019
Governmental Activities				
Vacation and sick payable	\$ 1,223,250	\$ 133,428	\$ 36,552	\$ 1,320,126
Net pension liability (asset) - WRS	(3,516,707)	8,953,067	1,217,107	4,219,253
Post retirement health care & other benefits	6,752,175	1,094,049	1,874,538	5,971,686
Total governmental activity long-term obligations	4,458,718	10,180,544	3,128,197	11,511,065
Business-Type Activities				
Net pension liability (asset) - WRS	(108,764)	276,899	37,642	130,493
Post retirement health care & other benefits	217,329	33,836	59,265	191,900
	108,565	310,735	96,907	322,393
Total long-term obligations	\$ 4,567,283	\$ 10,491,279	\$ 3,225,104	\$ 11,833,458

Payments on bonds and notes are made by the Debt Service Fund, if applicable.

Total interest accrued and paid, including fiscal agent fees of \$0 for the year ended June 30, 2019 is as follows:

	Accrued	Paid
Short-term borrowing	\$ 14,369	\$ 14,369
Long-term obligations	-	-
Totals	\$ 14,369	\$ 14,369

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 8 - EMPLOYEE RETIREMENT PLAN

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6	0.0
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the 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.

During the reporting period, the WRS recognized \$1,254,749 in contributions from the employer.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

Contribution rates as of June 30, 2019 are:

Employee Category	Employee	Employer
General (including teachers)	6.55%	6.55%
Executives & Elected Officials	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability (asset) of \$4,349,746 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.12226334%, which was an increase of 0.00015735% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$2,981,504.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,387,793	\$ 5,988,400
Changes in assumptions	733,208	-
Net differences between projected and actual earnings on pension plan investments	6,352,507	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	62,464	3,930
Employer contributions subsequent to the measurement date	733,115	-
Total	\$11,269,087	\$ 5,992,330

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 Year ended June 30, 2019

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

\$733,115 reported as deferred outflows related to pensions resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Net Deferred Outflows (Inflows) of Resources
2020	\$ 1,662,226
2021	\$ 426,801
2022	\$ 714,879
2023	\$ 1,739,736

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Long-term expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns			
As of December 31, 2018			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term</u>	<u>Long-Term</u>
	<u>%</u>	<u>Expected Nominal</u>	<u>Expected Real</u>
		<u>Rate of Return %</u>	<u>Rate of Return %</u>
Global Equities	49	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

Single Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase To Discount Rate (8.00%)
District's proportionate share of the net pension liability (asset)	\$17,286,347	\$ 4,349,746	\$ (5,269,620)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Payables to the pension plan

The District's payable to WRS as of June 30, 2019 was \$392,478, consisting of its monthly required contribution for the employer match and employee withholdings for June 2019.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

A. Health Care Benefits Post-Employment Benefits

Plan Description. The District administers a single-employer defined benefit healthcare plan. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plan. The plan covers both active and retired participants. As of the actuarial valuation date, there were 271 active participants and 55 retirees in the plan. Because claim costs are generally higher for retiree groups than for active employees, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of the reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

A description of the single-employer benefit plan is detailed on the following pages.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

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

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 - 7/1/11	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 amount will be placed into a 403(b) account in July following the end of each school year in which the teacher is employed. (This is a non-OPEB benefit.)								
Teachers hired 7/1/12 - 7/1/15	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 amount will be placed into a 403(b) account in July following the end of each school year in which the teacher is employed. The employee must have 5 years of continuous service with the District to be vested in the contributions. (This is a non-OPEB benefit.)								
Teachers hired 7/1/16 - current	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 amount will be placed into a 403(b) account in July following the end of each school year in which the teacher is employed. The employee must have 15 years of continuous service with the District to be vested in the contributions. (This is a non-OPEB benefit.)								
Administrators			Administrators hired on or before the 2004-2005 school year are eligible for: Option 1, 2, 3, 4, or 5. Effective July 1, 2018, these Administrators will be eligible for Options 4 or 5 only if they have not retired prior to that date. Administrators hired after the 2004-2005 school year, but on or before July 1, 2010 are eligible for: Option 2, 3, 4 or 5. Effective July 1, 2018, these Administrators will be eligible for Options 4 or 5 only if they have not retired prior to that date. Administrators hired on or after July 2, 2010 are eligible for: Option 3, 4 or 5. Effective July 1, 2018, these Administrators will be eligible for Options 4 or 5 only if they have not retired prior to date. Administrators hired on or after June 30, 2017 are eligible for: Option 5								

Tomah Area School District
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 Year ended June 30, 2019

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

Group	Eligibility		Benefit Description								
	Age	Service									
			<u>Options</u>								
Administrators	57	8	<p>1) 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</p> <table style="margin-left: auto; margin-right: auto;"> <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%										
	55 (1)	15 (1)	<p>2) Administrators selecting Option 2 may choose <u>one</u> of the two following options for post retirement benefits:</p> <p>a) The District will deposit into a HRA an amount equal to the administrator's continuous years of service, not to exceed 40 years of service, multiplied by \$4,000, to be paid in equal installments over 84 months.</p> <p>b) The District will deposit into a HRA an amount equal to 100% of the premium rate on June 30 of the year the Administrator's retirement will commence. The deposits will be made on a monthly basis and will cease after 84 months.</p>								
	55 (1)	15 (1)	<p>3) Administrators selecting Option 3 may choose <u>one</u> of the two following options for post-retirement benefits:</p> <p>a) The District will deposit into a HRA an amount equal to the administrator's continuous years of service, not to exceed 40 years of service, multiplied by \$4,000, to be paid in equal installments over 84 months</p> <p>b) The District will deposit into a HRA an amount equal to 80% of the premium rate on June 30 of the year the Administrator's retirement will commence. The deposits will be made on a monthly basis and will cease after 84 months.</p>								
	55 (1)	12	<p>4) The District will deposit an amount not to exceed \$120,000 into a HRA, to be distributed equally for 5 years. Accordingly, Administrators who elect to receive Option 4 shall have deposits made on their behalf at a rate of \$2000 per month for a period of 5 years. Deposits will commence within two months of the date of retirement. Deposits will cease at the end of the 5th year with the final payment or when both the Administrator and spouse are deceased, whichever occurs first.</p>								
		15	<p>5) The District will make an annual deposit of \$5,000 or an approved prorated amount into an HRA account selected by the District. Proration calculations and percentages of the total \$5,000 (100%) figure that are payable for any given school year of service shall be a function of the Administrator's FTE for that year (e.g. an Administrator with a .8 FTE shall be paid 80% for that year.)</p> <p>(No age retirement for this option. If the Administrator attains the age of 62 while employed with the District, the Administrator will become 100 percent vested in amounts that have been paid upon reaching age 62, even if they have not yet attained 15 years of continuous service in the District.)</p>								

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

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

Group	Eligibility		Benefit Description
	Age	Service	
Non-Teaching Support Staff	55	15	Severance pay will be deposited into an HRA for half of the employee's accumulated sick leave, up to a maximum of 60 days. Severance pay for each day of eligibility will be based on the average per day pay 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 health insurance 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, 2019

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

A. Health Care Benefits Post-Employment Benefits - Continued

Funding Policy. The District has established a trust fund to finance the cost of its OPEB. 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 by the Governmental Accounting Standards Board (GASB) in the District-wide statements. There is no obligation on the part of the District to fund these benefits in advance.

Net Other Post-Employment Benefit Liability. The net other post-employment benefit liability (NOL) was measured as of June 30, 2019 and the total other post-employment benefit liability was determined by an actuarial valuation as of July 1, 2018, rolled forward to June 30, 2019.

Actuarial Methods and Assumptions. The District engaged an actuary to perform a valuation as of July 1, 2018, rolled forward to June 30, 2019, using the entry age normal, level percent of pay actuarial cost method. The asset valuation method used was the market value and the amortization period used was 20 years, level dollar.

The total other post-employment benefit liability in the July 1, 2018 actuarial valuation and rolled forward to June 30, 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Amortization growth rate		4.00%
Discount rate		4.00%
General inflation		2.00%
Annual premium increase rate	2019	-4.00%
	2020-2021	7.00%
	2022-2023	6.50%
	2024-2025	6.00%
	2026-2027	5.50%
	2028+	5.00%

All of the demographic assumptions used (i.e. other than trend, salary, payroll growth, expected discount rate, percent electing coverage and percent electing family coverage) are approximately the same as those used in the Wisconsin Retirement System 2015-2017 Experience Study.

Retirement rates were calculated based on age and years of service. The percent of future retirees assumed to elect medical coverage varies based on the level of District contributions. Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled and those with family coverage before retirement are assumed to maintain family coverage in the future. There was an assumption of no impact of dependent children on the implicit subsidy.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

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

A. Health Care Benefits Post-Employment Benefits - Continued

The discount rate used to measure the total other post-employment benefit liabilities was 4.00%, based on the expected long-term yield on Trust assets.

Change in the Net Other Post-Employment Benefit Liability

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at the beginning of the year	\$ 6,751,537	\$ 606,363	\$ 6,145,174
Changes for the year:			
Service cost	207,328	-	207,328
Interest	270,180	-	270,180
Changes in benefit terms	-	-	-
Differences between expected and actual experience	650,374	-	650,374
Changes of assumptions or other input	(854,733)	-	(854,733)
Contributions - employer	-	944,598	(944,598)
Expected return on assets	-	9,351	(9,351)
Benefit payments	(899,598)	(899,598)	-
Administrative expense	-	-	-
Net changes	<u>(626,449)</u>	<u>54,351</u>	<u>(680,800)</u>
Balance at the end of the year	<u>\$ 6,125,088</u>	<u>\$ 660,714</u>	<u>\$ 5,464,374</u>

Sensitivity to Net Other Post-Employment Benefit Liability to changes in the discount and healthcare cost trend rates. The following represents the net other post-employment benefit liability (NOL) of the District, calculated using the discount rate of 4.00 percent, as well as what the District's NOL would be if it was calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease to Discount Rate (3.00%)	Current Discount Rate (4.00%)	1% Increase To Discount Rate (5.00%)
Net OPEB liability	\$ 5,934,337	\$ 5,464,374	\$ 5,032,892

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

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

A. Health Care Benefits Post-Employment Benefits - Continued

The following presents the net other post-employment benefit liability (NOL) of the District, calculated using the healthcare cost trend rate of 7.0 percent decreasing to 5.0 percent, as well as what the District's NOL would be if it was calculated using a trend rate that is 1-percentage-point lower (6.0 percent graded down to 4.0 percent) or 1-percentage-point higher (8.0 percent graded down to 6.0 percent) than the current rate:

	1% Decrease (6.0% Decreasing to 4.0%)	Current (7.0% Decreasing to 5.0%)	1% Increase (8.0% Decreasing to 6.0%)
Net OPEB liability	\$ 4,966,873	\$ 5,464,374	\$ 6,165,090

Other Post-Employment Benefits Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits.

For the year ended June 30, 2019, the District recognized other post employments benefit expense of \$444,588.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to its other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 609,726	\$ -
Net differences between projected and actual earnings on OPEB plan investments	15,302	-
Changes in assumptions	-	801,314
Total	\$ 625,028	\$ 801,314

Amounts reported as net deferred inflows of resources related to pension will be recognized in OPEB expense as follows:

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

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

A. Health Care Benefits Post-Employment Benefits - Continued

Year ended June 30:	Deferred Outflow (Inflows) of Resources
2020	\$ (8,666)
2021	\$ (8,666)
2022	\$ (8,666)
2023	\$ (9,791)
2024	\$ (12,773)
2025	\$ (127,724)

B. Local Retiree Life Insurance Fund (LRLIF) Post-Employment Benefits

Summary of Significant Accounting Policies

Other Post-Employment Benefits (OPEB). The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes, for purposes of measuring the Net OPEB Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan description. The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position. ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

Benefits provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

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

B. Local Retiree Life Insurance Fund (LRLIF) Post-Employment Benefits

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2019 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

Life Insurance Employee Contribution Rates* For the year ended December 31, 2018		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$5,220 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2019, the District reported a liability of \$699,212 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

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

B. Local Retiree Life Insurance Fund (LRLIF) Post-Employment Benefits

based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.27097700%, which was a decrease of .003016% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019 the District recognized OPEB expense of \$61,515.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 35,471
Net differences between projected and actual earnings on OPEB plan investments	16,710	-
Changes in assumptions	66,716	151,561
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	44,667
Employer contributions subsequent to the measurement date	3,164	-
Total	\$ 86,590	\$ 231,699

\$3,164 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2020. Other amounts reported as net deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Net Deferred Outflow (Inflows) of Resources
2020	\$ (21,709)
2021	(21,709)
2022	(21,709)
2023	(25,056)
2024	(26,475)
Thereafter	(32,615)

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

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

B. Local Retiree Life Insurance Fund (LRLIF) Post-Employment Benefits

Actuarial assumptions. The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the January 1, 2018 actuarial valuation

Long-term expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

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

B. Local Retiree Life Insurance Fund (LRLIF) Post-Employment Benefits

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2018**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40%	2.69%
US Long Credit Bonds	Barclays Long Credit	4%	3.01%
US Mortgages	Barclays MBS	54%	2.25%
US Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

Single Discount rate. A single discount rate of 4.22% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the District's proportionate share of the net OPEB liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

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

B. Local Retiree Life Insurance Fund (LRLIF) Post-Employment Benefits

	1% Decrease to Discount Rate (2.22%)	Current Discount Rate (3.22%)	1% Increase To Discount Rate (4.22%)
District's proportionate share of the net OPEB liability	\$ 994,676	\$ 699,212	\$ 471,329

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Payables to the OPEB plan

District had no payables to the defined benefit OPEB plan as of June 30, 2019.

NOTE 10 - FUND BALANCES AND NET POSITION

Net position

At June 30, 2019, food service net position of \$254,537 was invested in capital assets, and (\$108,611) was unrestricted.

At June 30, 2019, the Governmental Activities has a net investment in capital assets of \$24,637,286. Restricted net position of \$1,310,254 consists of amounts restricted for debt service of \$88,822, amounts for the District's WRS pension plan of \$899,201, \$109,548 for its special revenue trust fund and \$212,683 for its capital improvement trust fund. Unrestricted net assets are (\$2,942,409).

NOTE 11 - OPERATING LEASE, AS LESSEE

The District, as lessee, leases copy machines and postage machines at varying monthly payments. The leases expire at various times through June 2023. Lease expenses for the year ended June 30, 2019 were \$118,814. Minimum annual lease payments are as follows:

Year ended June 30, 2020	\$ 29,871
2021	23,157
2022	3,017
2023	<u>3,017</u>
Total minimum lease payments required	<u>\$ 59,062</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2019

NOTE 12 - 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 13 - 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 EMPLOYER CONTRIBUTIONS
POST-EMPLOYMENT BENEFIT PLANS - HEALTH CARE
Year ended June 30, 2019

Fiscal Year Ended	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution deficiency (excess)	Employer's Covered Payroll	Contribution as a Percentage of Covered Employee Payroll
6/30/2017	\$ 831,710	\$ 1,431,036	\$ (599,326)	\$ 19,677,102	7.27%
6/30/2018	\$ 835,222	\$ 1,307,947	\$ (472,725)	\$ 19,595,756	6.67%
6/30/2019	\$ 667,794	\$ 944,598	\$ (276,804)	\$ 20,478,290	4.61%

Assumptions in Computation of ARC:

	Actuarial Cost Method	Asset Valuation Method	Amortization Years for Level Dollar Method	Discount Rate	Asset Earnings Rate
6/30/2017	Entry Age Normal	Market Value	22	2.85%	2.85%
6/30/2018	Entry Age Normal	Market Value	21	2.85%	2.85%
6/30/2019	Entry Age Normal	Market Value	20	4.00%	4.00%

* Amounts presented for the fiscal year were determined as of the measurement date.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the schedule will present those years for which information is available.

Tomah Area School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS - HEALTH CARE
Year ended June 30, 2019

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB liability			
Service cost	\$ 342,723	\$ 346,139	\$ 207,328
Interest	249,137	237,160	270,180
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	650,374
Changes of assumptions or other input	-	-	(854,733)
Benefit payments	(1,541,921)	(1,280,633)	(899,598)
Net change in total OPEB liability	<u>(950,061)</u>	<u>(697,334)</u>	<u>(626,449)</u>
Total OPEB liability - beginning of the year	<u>8,398,932</u>	<u>7,448,871</u>	<u>6,751,537</u>
Total OPEB liability - ending (a)	<u>\$ 7,448,871</u>	<u>\$ 6,751,537</u>	<u>\$ 6,125,088</u>
Fiduciary net position			
Contributions	\$ 1,456,449	\$ 1,307,947	\$ 944,598
Net investment income	10,848	8,052	9,351
Benefit payments	(1,541,921)	(1,280,633)	(899,598)
Administrative expense	-	-	-
Net change in fiduciary net position	<u>(74,624)</u>	<u>35,366</u>	<u>54,351</u>
Fiduciary net position - beginning of the year	<u>645,621</u>	<u>570,997</u>	<u>606,363</u>
Fiduciary net position - ending (b)	<u>\$ 570,997</u>	<u>\$ 606,363</u>	<u>\$ 660,714</u>
Net OPEB liability - end of the year (a) - (b)	<u>\$ 6,877,874</u>	<u>\$ 6,145,174</u>	<u>\$ 5,464,374</u>
Fiduciary net position as a percentage of the total OPEB liability	7.67%	8.98%	10.79%
Covered payroll	\$ 19,677,102	\$ 19,595,756	\$ 20,478,290
Net OPEB liability as a percentage of covered payroll	34.95%	31.36%	26.68%

* Amounts presented for the fiscal year were determined as of the measurement date.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the schedule will present those years for which information is available.

Tomah Area School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
Year ended June 30, 2019

	2018	2019
District's proportion of the net OPEB liability (asset)	0.27399300%	0.27097700%
District's share of the net pension liability (asset)	\$ 824,330	\$ 699,212
District's covered-employee payroll	\$ 11,522,189	\$ 15,260,000
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%	48.69%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the schedule will present those years for which information is available.

Tomah Area School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
Year ended June 30, 2019

	2018	2019
Contractually required contributions	\$ 5,203	\$ 5,220
Contributions in relation to the contractually required contributions	\$ 5,203	\$ 5,220
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 11,522,189	\$ 15,260,000
Contributions as a percentage of covered-employee payroll	0.045%	0.034%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the schedule will present those years for which information is available.

Notes to the Required Supplementary Information
Year ended June 30, 2019

Changes in benefit terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes of assumptions. Actuarial assumptions are based upon an experience study using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

Tomah Area School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
Year ended June 30, 2019

	2015	2016	2017	2018	2019
District's proportion of the net pension liability (asset)	0.12748006%	0.12491617%	0.12491617%	0.12210599%	0.12226334%
District's share of the net pension liability (asset)	\$ (3,131,259)	\$ 2,029,864	\$ 1,010,022	\$ (3,625,471)	\$ 4,349,746
District's covered-employee payroll	\$ 17,880,425	\$ 17,234,266	\$ 17,588,230	\$ 18,307,951	\$ 18,727,602
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the schedule will present those years for which information is available.

Tomah Area School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
Year ended June 30, 2019

	2015	2016	2017	2018	2019
Contractually required contributions	\$ 1,251,630	\$ 1,171,930	\$ 1,160,823	\$ 1,244,940	\$ 1,254,749
Contributions in relation to the contractually required contributions	\$ 1,251,630	\$ 1,171,930	\$ 1,160,823	\$ 1,244,940	\$ 1,254,749
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 17,880,425	\$ 17,234,266	\$ 17,588,230	\$ 18,307,951	\$ 18,727,602
Contributions as a percentage of covered-employee payroll	7.00%	6.80%	6.60%	6.80%	6.70%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the schedule will present those years for which information is available.

Notes to the Required Supplementary Information
Year ended June 30, 2019

Changes in benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. Actuarial assumptions are based upon an experience study using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 12,471,118	\$ 12,662,725	\$ 12,662,725	\$ -
Other local sources	134,545	184,756	188,413	3,657
Interdistrict sources	476,451	412,515	411,940	(575)
Intermediate sources	9,152	10,726	10,726	-
State sources	21,767,633	22,696,054	22,696,054	-
Federal sources	2,022,761	1,953,400	1,953,400	-
Other sources	154,695	264,674	298,059	33,385
Total revenues	<u>37,036,355</u>	<u>38,184,850</u>	<u>38,221,317</u>	<u>36,467</u>
Expenditures				
Instruction				
Regular instruction	15,197,644	14,835,460	14,835,464	(4)
Vocational instruction	893,033	911,306	911,306	-
Special instruction	4,088,983	4,142,939	4,142,939	-
Other instruction	1,345,964	1,376,648	1,376,648	-
Total instruction	<u>21,525,624</u>	<u>21,266,353</u>	<u>21,266,357</u>	<u>(4)</u>
Support services				
Pupil services	1,313,646	1,330,030	1,330,030	-
Instructional staff services	1,411,342	1,957,636	1,957,636	-
General administration services	367,468	390,963	390,963	-
Building administration services	1,600,446	1,607,692	1,607,692	-
Business administration services	7,175,552	8,468,694	8,472,033	(3,339)
Central services	723,564	121,042	121,042	-
Insurance	351,055	328,963	328,963	-
Principal and interest	10,000	14,369	14,369	-
Other support services	1,026,243	1,269,400	1,269,400	-
Total support services	<u>13,979,316</u>	<u>15,488,789</u>	<u>15,492,128</u>	<u>(3,339)</u>
Non-program services				
Total expenditures	<u>37,043,605</u>	<u>38,054,907</u>	<u>38,054,847</u>	<u>60</u>
Excess (deficiency) of revenues over expenditures	(7,250)	129,943	166,470	36,527
Other financing sources (uses)				
Proceeds from sale of fixed assets	7,250	5,700	5,700	-
Transfer from (to) other funds	-	(68,000)	(68,000)	-
	<u>7,250</u>	<u>(62,300)</u>	<u>(62,300)</u>	<u>-</u>
Net change in fund balance	-	67,643	104,170	36,527
Fund balance at July 1, 2018	<u>4,555,536</u>	<u>4,555,536</u>	<u>4,555,536</u>	<u>-</u>
Fund balance at June 30, 2019	<u>\$ 4,555,536</u>	<u>\$ 4,623,179</u>	<u>\$ 4,659,706</u>	<u>\$ 36,527</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, 2019

	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	\$ 12,471,118	\$ 12,662,725	\$ 12,662,725	\$ -	\$ -	\$ -	\$ 12,471,118	\$ 12,662,725	\$ 12,662,725
Other local sources	134,545	184,756	188,413	-	-	-	134,545	184,756	188,413
Interdistrict sources	476,451	412,515	411,940	-	-	-	476,451	412,515	411,940
Intermediate sources	6,152	10,726	10,726	3,000	-	-	9,152	10,726	10,726
State sources	20,578,215	21,522,198	21,522,198	1,189,418	1,173,856	1,173,856	21,767,633	22,696,054	22,696,054
Federal sources	1,051,020	1,113,231	1,113,231	971,741	840,169	840,169	2,022,761	1,953,400	1,953,400
Other sources	154,695	264,674	298,059	-	-	-	154,695	264,674	298,059
Total revenues	34,872,196	36,170,825	36,207,292	2,164,159	2,014,025	2,014,025	37,036,355	38,184,850	38,221,317
Expenditures									
Instruction									
Regular instruction	15,197,644	14,835,460	14,835,464	-	-	-	15,197,644	14,835,460	14,835,464
Vocational instruction	893,033	911,306	911,306	-	-	-	893,033	911,306	911,306
Special instruction	-	-	-	4,088,983	4,142,939	4,142,939	4,088,983	4,142,939	4,142,939
Other instruction	1,332,451	1,367,458	1,367,458	13,513	9,190	9,190	1,345,964	1,376,648	1,376,648
Total instruction	17,423,128	17,114,224	17,114,228	4,102,496	4,152,129	4,152,129	21,525,624	21,266,353	21,266,357
Support services									
Pupil services	827,464	852,842	852,842	486,182	477,188	477,188	1,313,646	1,330,030	1,330,030
Instructional staff services	1,062,462	1,642,695	1,642,695	348,880	314,941	314,941	1,411,342	1,957,636	1,957,636
General administration services	367,468	390,963	390,963	-	-	-	367,468	390,963	390,963
Building administration services	1,600,446	1,607,692	1,607,692	-	-	-	1,600,446	1,607,692	1,607,692
Business administration services	6,945,181	8,245,510	8,248,849	230,371	223,184	223,184	7,175,552	8,468,694	8,472,033
Central services	708,564	107,428	107,428	15,000	13,614	13,614	723,564	121,042	121,042
Insurance	351,055	327,663	327,663	-	1,300	1,300	351,055	328,963	328,963
Principal and interest	10,000	14,369	14,369	-	-	-	10,000	14,369	14,369
Other support services	1,026,243	1,269,400	1,269,400	-	-	-	1,026,243	1,269,400	1,269,400
Total support services	12,898,883	14,458,562	14,461,901	1,080,433	1,030,227	1,030,227	13,979,316	15,488,789	15,492,128
Non-program services	1,141,086	1,073,869	1,070,466	397,579	225,896	225,896	1,538,665	1,299,765	1,296,362
Total expenditures	31,463,097	32,646,655	32,646,595	5,580,508	5,408,252	5,408,252	37,043,605	38,054,907	38,054,847
Excess of revenues over (under) expenditures	3,409,099	3,524,170	3,560,697	(3,416,349)	(3,394,227)	(3,394,227)	(7,250)	129,943	166,470
Other financing sources (uses)									
Proceeds from sale of fixed assets	7,250	5,700	5,700	-	-	-	7,250	5,700	5,700
Transfer from (to) other funds	(3,416,349)	(3,462,227)	(3,462,227)	3,416,349	3,394,227	3,394,227	-	(68,000)	(68,000)
	<u>(3,409,099)</u>	<u>(3,456,527)</u>	<u>(3,456,527)</u>	<u>3,416,349</u>	<u>3,394,227</u>	<u>3,394,227</u>	<u>7,250</u>	<u>(62,300)</u>	<u>(62,300)</u>
Net change in fund balance	-	67,643	104,170	-	-	-	-	67,643	104,170
Fund balance at July 1, 2018	4,555,536	4,555,536	4,555,536	-	-	-	4,555,536	4,555,536	4,555,536
Fund balance at June 30, 2019	<u>\$ 4,555,536</u>	<u>\$ 4,623,179</u>	<u>\$ 4,659,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,555,536</u>	<u>\$ 4,623,179</u>	<u>\$ 4,659,706</u>

Tomah Area School District
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2019

NOTE 1 - BUDGETS AND 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.

- A. Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- B. 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.
- C. 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.
- D. Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- E. Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.
- F. Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance.

NOTE 2 - BASIS OF ACCOUNTING

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the financial statements. There is a perspective difference between the budget and reporting under generally accepted accounting principles (GAAP). For budgetary purposes, the special education fund was budgeted separate from the general fund, but for GAAP, the two are combined.

Tomah Area School District
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
Year ended June 30, 2019

NOTE 3 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The District had the following functions with excess of actual expenditures over budget for the year ended June 30, 2019:

General Fund	
Regular instruction	\$ 4
Business administration services	3,339

OTHER SUPPLEMENTARY INFORMATION

Tomah Area School District
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

Fund Number:	(39)	Special Revenue Funds				Total
		(21)	(29)	(46)	(99)	
	Debt Service Fund	Special Revenue Trust Fund	Indian Education Fund	Capital Improvement Trust Fund	Package Cooperative Fund	
Assets						
Cash and investments	\$ 88,822	\$ 109,548	\$ -	\$ 144,683	\$ -	\$ 343,053
Due from other funds	-	-	-	68,000	-	68,000
Due from other governments	-	-	-	-	11,921	11,921
Total assets	<u>\$ 88,822</u>	<u>\$ 109,548</u>	<u>\$ -</u>	<u>\$ 212,683</u>	<u>\$ 11,921</u>	<u>\$ 422,974</u>
Liabilities and fund balances						
Liabilities						
Due to other funds	-	-	-	-	11,921	11,921
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,921</u>	<u>11,921</u>
Fund balances						
Restricted	<u>88,822</u>	<u>109,548</u>	<u>-</u>	<u>212,683</u>	<u>-</u>	<u>411,053</u>
Total liabilities and fund balances	<u>\$ 88,822</u>	<u>\$ 109,548</u>	<u>\$ -</u>	<u>\$ 212,683</u>	<u>\$ 11,921</u>	<u>\$ 422,974</u>

Tomah Area School District
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2019

Fund Number:	Special Revenue Funds					Total
	(39)	(21)	(29)	(46)	(99)	
	Debt Service Fund	Special Revenue Trust Fund	Indian Education Fund	Capital Improvement Trust Fund	Package Cooperative Fund	
Revenues						
Other local sources	\$ 756	\$ 51,905	\$ -	\$ 609	\$ -	\$ 53,270
State sources	-	-	-	-	15,250	15,250
Federal sources	-	-	31,806	-	-	31,806
	<u>756</u>	<u>51,905</u>	<u>31,806</u>	<u>609</u>	<u>15,250</u>	<u>100,326</u>
Total revenues	756	51,905	31,806	609	15,250	100,326
Expenditures						
Instruction						
Regular instruction	-	24,934	-	-	-	24,934
Other instruction	-	11,252	-	-	-	11,252
Total instruction	<u>-</u>	<u>36,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,186</u>
Support services						
Pupil services	-	-	31,806	-	-	31,806
Instructional staff services	-	6,930	-	-	15,250	22,180
Total support services	<u>-</u>	<u>6,930</u>	<u>31,806</u>	<u>-</u>	<u>15,250</u>	<u>53,986</u>
Total expenditures	<u>-</u>	<u>43,116</u>	<u>31,806</u>	<u>-</u>	<u>15,250</u>	<u>90,172</u>
Excess (deficiency) of revenues over expenditures	756	8,789	-	609	-	10,154
Other financing sources						
Transfer from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,000</u>	<u>-</u>	<u>68,000</u>
Net change in fund balance	756	8,789	-	68,609	-	78,154
Fund balance at July 1, 2018	<u>88,066</u>	<u>100,759</u>	<u>-</u>	<u>144,074</u>	<u>-</u>	<u>332,899</u>
Fund balance at June 30, 2019	<u>\$ 88,822</u>	<u>\$ 109,548</u>	<u>\$ -</u>	<u>\$ 212,683</u>	<u>\$ -</u>	<u>\$ 411,053</u>

Tomah Area School District
PUPIL ACTIVITY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 2019

	Balance at July 1, 2018	Additions and Transfers In	Deductions and Transfers Out	Balance at June 30, 2019
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 163,703	\$ 690,735	\$ 664,652	\$ 189,786
Total assets	<u>\$ 163,703</u>	<u>\$ 690,735</u>	<u>\$ 664,652</u>	<u>\$ 189,786</u>
 LIABILITIES				
Due to student organizations				
Camp Douglas	\$ 1,121	\$ 2,793	\$ 1,755	\$ 2,159
District office	19,878	5,048	6,440	18,486
La Grange	5,718	19,600	19,346	5,972
Lemonweir	13,096	14,075	11,222	15,949
Miller	1,549	6,337	6,084	1,802
Middle School	16,322	127,401	122,007	21,716
Oakdale	1,853	980	742	2,091
Senior High School	94,983	500,684	485,323	110,344
Wyeville	5,633	5,551	4,865	6,319
Warrens	3,381	8,266	6,868	4,779
Learning Center	169	-	-	169
Total liabilities	<u>\$ 163,703</u>	<u>\$ 690,735</u>	<u>\$ 664,652</u>	<u>\$ 189,786</u>

Tomah Area School District
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
Year ended June 30, 2019

Employee salaries	\$	-
Employee benefits		-
Purchased services		-
Non-capital objects		-
Capital objects		-
Insurance		-
		<hr/>
	\$	<hr/> <hr/>

There are no current year charter school authorizer operating costs.

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2019

	Federal Catalog Number	Program or Award Number	Program or Award Amount	Receivable at July 1, 2018	Expenditures	Revenues Grantor	Receivable at June 30, 2019	Footnote
United States Department of Agriculture								
Passed through Wisconsin Department of Public Instruction								
Food Distribution	10.555							
July 1, 2018 to June 30, 2019		UNKNOWN	N/A	\$ -	\$ 86,959	\$ 86,959	\$ -	3
School Breakfast Program	10.553							
July 1, 2017 to June 30, 2018			N/A	1,679	-	1,679	-	
July 1, 2018 to June 30, 2019		2019-415747-SB-546	N/A	-	111,181	111,181	-	2
National School Lunch Program	10.555							
July 1, 2017 to June 30, 2018			N/A	8,104	-	8,104	-	
July 1, 2018 to June 30, 2019		2019-415747-NSL-547	N/A	-	540,448	540,448	-	2
Summer Food Service Program	10.559							
July 1, 2017 to June 30, 2018			N/A	16,466	-	16,466	-	
July 1, 2018 to June 30, 2019		2019-415747-SFSP-586	N/A	-	79,423	62,100	17,323	
Subtotal Child Nutrition Cluster				<u>26,249</u>	<u>818,011</u>	<u>826,937</u>	<u>17,323</u>	
Total United States Department of Agriculture				26,249	818,011	826,937	17,323	
United States Department of Education								
Passed through Wisconsin Department of Public Instruction								
Title 1 Basic Grant	84.010							
July 1, 2017 to June 30, 2018			N/A	148,876	-	148,876	-	
July 1, 2018 to June 30, 2019		2019-415747-TIA-141	\$ 674,612	-	647,014	453,078	193,936	
Carl Perkins Vocational Education	84.048							
July 1, 2017 to June 30, 2018			N/A	7,911	-	7,911	-	
July 1, 2018 to June 30, 2019		2019-415747-CTE-400	\$ 31,944	-	31,944	20,943	11,001	
Special Education (IDEA) Cluster								
PL 94-142 Idea Flow-Through	84.027							
July 1, 2017 to June 30, 2018			N/A	79,552	-	79,552	-	
July 1, 2018 to June 30, 2019		2019-415747-IDEA-FT-341	\$ 699,379	-	563,417	510,562	52,855	
PL 99-457 Pre-School Entitlement	84.173							
July 1, 2017 to June 30, 2018			N/A	2,593	-	2,593	-	
July 1, 2018 to June 30, 2019		2019-415747-IDEA-PS-347	\$ 12,700	-	8,630	8,451	179	
Subtotal Special Education (IDEA) Cluster				<u>82,145</u>	<u>572,047</u>	<u>601,158</u>	<u>53,034</u>	
Title IIA Teacher and Principal Training	84.367							
July 1, 2017 to June 30, 2018			N/A	42,977	-	42,977	-	
July 1, 2018 to June 30, 2019		2019-415747-TIIA-365	\$ 136,202	-	121,479	77,875	43,604	
Title IVA Student Support and Academic Enrichment	84.424A							
July 1, 2017 to June 30, 2018			N/A	1,186	-	1,186	-	
July 1, 2018 to June 30, 2019		2019-415747-TIVA-381	\$ 46,705	-	39,053	28,811	10,242	
Emergency Impact Aid	84.938							
July 1, 2017 to June 30, 2018			N/A	<u>8,415</u>	<u>-</u>	<u>8,415</u>	<u>-</u>	
Total passed through Wisconsin Department of Public Instruction				291,510	1,411,537	1,391,230	311,817	

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year ended June 30, 2019

	Federal Catalog Number	Program or Award Amount	Program or Award Amount	Receivable at July 1, 2018	Expenditures	Revenues Grantor	Receivable at June 30, 2019	Footnote
United States Department of Education - Continued								
Direct Programs								
PL 81-874 Impact Aid	84.041							
July 1, 2016 to June 30, 2017		S041B-2017-5657	\$ 118,920	\$ -	\$ 18,489	\$ 18,489	\$ -	
July 1, 2017 to June 30, 2018		S041B-2018-5657	\$ 135,756	-	27,374	27,374	-	
July 1, 2018 to June 30, 2019		S041B-2019-5657	\$ 137,520	-	137,520	137,520	-	
				-	183,383	183,383	-	
Indian Education Act	84.060A							
July 1, 2018 to June 30, 2019		S060A161058	\$ 31,806	-	31,806	31,806	-	
Total direct programs				-	215,189	215,189	-	
Total United States Department of Education				291,510	1,626,726	1,606,419	311,817	
United States Department of Health and Human Services								
Passed through State of Wisconsin Health Care								
Financing Programs								
Medicaid	93.778							
July 1, 2018 to June 30, 2019		UNKNOWN	N/A	-	321,876	272,271	49,605	
Total United States Department of Health and Human Services				-	321,876	272,271	49,605	
United States Department of Defense Education Activity (DoDEA)								
Direct								
Promoting K-12 Student Achievement at Military								
Connected Schools	12.556							
September 28, 2018 to May 31, 2023		HE 1254-18-1-0014	\$ 250,000	-	36,605	-	36,605	
Total United States Department of Defence Education Activity				-	36,605	-	36,605	
Total federal financial assistance				\$ 317,759	\$ 2,803,218	\$ 2,705,627	\$ 415,350	

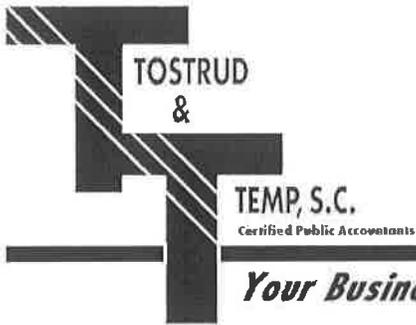
- Note 1: This statement is prepared using the same basis of accounting as the District's financial statements. The District uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended 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.
- Note 5: There are no subrecipients.

Tomah Area School District
SCHEDULE OF STATE FINANCIAL ASSISTANCE
 Year ended June 30, 2019

	I.D. Number	Program or Award Amount	Receivable at July 1, 2018	Expenditures	Revenue State Reimbursements	Receivable at June 30, 2019
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT						
Cost Reimbursement Programs - Non-major						
Passed through CESA #4						
Youth Apprenticeship	445.107					
July 1, 2018 to June 30, 2019		\$ 10,350	\$ -	\$ 10,350	\$ 10,350	\$ -
WISCONSIN DEPARTMENT OF JUSTICE						
School Safety Initiative (A)	455.206					
July 1, 2018 to August 31, 2019		\$ 206,906	-	226,906	148,856	78,050
July 1, 2018 to August 31, 2020		\$ 166,612	-	165,164	90,724	74,440
			-	392,070	239,580	152,490
WISCONSIN DEPARTMENT OF HEALTH SERVICES						
Passed through Monroe County, Wisconsin						
Block Grant for Prevention & Treatment	435.515					
July 1, 2018 to June 30, 2019		\$ 312	-	312	312	-
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
Cost Reimbursement Programs - Non-major						
Passed through Wisconsin Department of Public Instruction						
American Indian Language Revitalization	255.364					
July 1, 2017 to June 30, 2018		N/A	16,309	-	16,309	-
July 1, 2018 to June 30, 2019		\$ 19,000	-	15,250	15,250	-
Personal Computing Device	255.296					
July 1, 2018 to June 30, 2019		\$ 28,875	-	28,875	28,875	-
Educator Effectiveness Grant	255.940					
July 1, 2018 to June 30, 2019		\$ 16,320	-	16,320	16,320	-
Career and Technical Education Incentive	255.950					
July 1, 2018 to June 30, 2019		\$ 23,000	-	23,000	23,000	-
Assessment of Reading Readiness	255.956					
July 1, 2018 to June 30, 2019		\$ 5,909	-	5,909	5,909	-
Total direct			16,309	89,354	105,663	-
Passed through CESA #4						
Financial Literacy Grant	255.367					
July 1, 2018 to June 30, 2019		\$ 129	\$ -	129	129	-
Passed through Sparta Area School District						
Peer Review and Mentoring	255.301					
July 1, 2017 to June 30, 2018		N/A	1,271	-	1,271	-
July 1, 2018 to June 30, 2019		\$ 3,326	-	3,326	-	3,326
Total Department of Public Instruction			17,580	92,809	107,063	3,326
			\$ 17,580	\$ 495,541	\$ 357,305	\$ 155,816
Entitlement Programs						
Major State Programs (A)						
General Equalization	255.201			\$ 18,155,673		
High Cost Transportation Aid	255.947			363,946		
Total major programs				\$ 18,519,619		
Non-major State Programs (B)						
Handicapped Pupils and School Age Parents:						
Internal District Programs	255.101		\$ 4,795,069	\$ 1,157,775		
Pupil Transportation	255.107			135,913		
Per Pupil Adjustment Aid	255.945			2,038,518		
Special Education Transition	255.960			6,000		
State School Lunch Aid	255.102			13,973		
Common School Fund	255.103			132,248		
High Cost Special Education Aid	255.210			8,142		
School Breakfast Program	255.344			5,190		
Tuition Payments by State	255.401			10,361		
Total non-major programs				3,508,120		
Total Wisconsin DPI				\$ 22,523,280		
WISCONSIN DEPARTMENT OF REVENUE						
Exempt Computer Aid						
				\$ 162,988		
Total State Assistance				\$ 22,686,268		

NOTE: (A) Major
 (B) Non-major

OTHER REPORTS



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

**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, each major fund, and the aggregate remaining fund information of the Tomah Area School District, as of and for the year ended June 30, 2019, 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 20, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

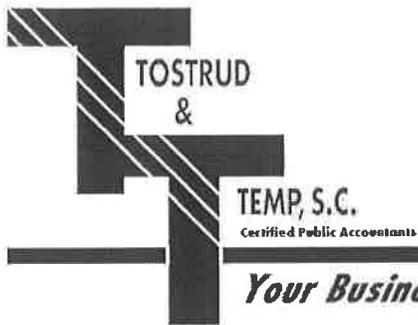
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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



November 20, 2019



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

Your Business Safety Net

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND
WISCONSIN STATE SINGLE AUDIT GUIDELINES

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 OMB 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, 2019. 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; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

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

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

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



November 20, 2019

Tomah Area School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weakness identified? yes no
 Significant deficiency (ies) identified? yes none reported

Noncompliance material to the financial statements? yes no

Federal Awards

Internal control over compliance:
 Material weakness identified? yes no
 Significant deficiency (ies) identified? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? yes no

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs. \$750,000

Auditee qualified as a low-risk auditee? yes no

State Awards

Internal control over financial reporting:
 Material weakness identified? yes no
 Significant deficiency (ies) identified? yes none reported

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

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

Tomah Area School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year ended June 30, 2019

Section I - Summary of Auditor's Results - Continued

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
255.201	General Equalization Aids
455.206	School Safety Initiative
255.947	High Cost Transportation Aid

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Prior Year Findings

None