

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

TOMAH AREA SCHOOL DISTRICT
TOMAH, WISCONSIN

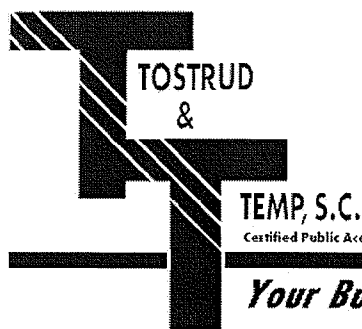
June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each fiduciary type fund, 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, 2018, 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 fiduciary type fund, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, 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 October 25, 2018 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.

Robert J. Kemp, S.C.

October 25, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2018

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 \$36,799,793; including \$13,206,445 of property taxes, \$20,951,331 of state aids and grants, and \$1,738,394 of federal grants. Total governmental fund expenditures were \$36,806,080, including \$20,032,996 for direct instruction. Other financing sources and uses included proceeds from sales of fixed assets of \$7,250.

The District's total long-term liabilities decreased by \$5,407,974. The liability for General obligation bonds decreased by \$200,000 due to regular bond payments. The District has no outstanding general obligation bonds at June 30, 2018. Post-retirement health care and other benefits decreased by \$624,783 and the liability for sick and vacation payable increased by \$185,871. The District's share of the Wisconsin Retirement System net pension liability decreased by \$4,769,062.

The District's financial status, as reflected by total net position, increased by \$157,884. Net position of governmental activities increased \$129,700, and business-type activities (Food Service Program) increased \$28,184 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, 2018

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

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

	District Wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, debt service, capital projects, and community services.	Activities the District operates similar to private business. The District's food service program is its only proprietary operation.	Assets held by the District on behalf of someone else. Students and other organizations that have funds on deposit with the District are reported here.
Required financial statements	*Statement of net position *Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balance	* Statement of net position * Statement of revenues, expenses and changes in net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting Economic resources focus.	*Modified accrual accounting *Current financial resources focus	* Accrual accounting * Economic resources focus	* Accrual accounting * Economic resources focus
Type of asset, 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, 2018

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, 2018

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, 2018, compared to 2017. The District's total combined net position was \$22,556,368 at June 30, 2018, which is a decrease of 2.97% over the prior year. The decrease in net position is due to the restatement of net position for the inclusion of the Local Retiree Life Insurance Fund (LRLIF) Post-Employment Benefits liability and the net pension liability for WRS as of July 1, 2017 net of current year changes in net position in the statement of activities.

Table 1 Condensed Statement of Net Position (in thousands of dollars)							
	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	
Current assets	\$ 6,907.7	\$ 6,987.3	\$ 77.1	\$ 106.5	\$ 6,984.8	\$ 7,093.8	1.56%
Capital and other assets	23,032.0	26,379.1	259.0	363.3	23,291.0	26,742.4	14.82%
Total assets	29,939.7	33,366.4	336.1	469.8	30,275.8	33,836.2	11.76%
Deferred outflow s of resources	8,073.2	9,818.80	249.7	304.6	8,322.9	10,123.4	21.63%
Long-term debt outstanding	8,688.6	7,975.4	236.6	217.3	8,925.2	8,192.7	-8.21%
Other liabilities	2,222.4	2,098.80	33.2	37.9	2,255.6	2,136.7	-5.27%
Total liabilities	10,911.0	10,074.2	269.8	255.2	11,180.8	10,329.4	-7.61%
Deferred inflow s of resources	4,047.1	10,741.1	125.2	332.8	4,172.3	11,073.9	165.41%
Net Position							
Net investment in							
capital assets	22,832.0	22,862.4	259.0	254.5	23,091.0	23,116.9	0.11%
Restricted	3,449.9	2,887.7	(68.2)	(68.1)	3,381.7	2,819.6	-16.62%
Unrestricted	(3,227.1)	(3,380.2)	-	-	(3,227.1)	(3,380.2)	-4.74%
TOTAL NET POSITION	\$ 23,054.8	\$ 22,369.9	\$ 190.8	\$ 186.4	\$ 23,245.6	\$ 22,556.3	-2.97%
Note: Totals may not add due to rounding							

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2018

Financial Analysis of the District as a Whole – Continued

For the year ended June 30, 2018, the largest portion of the District's net position is its net investment in capital assets of \$23,116,947 (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 \$2,819,600 of total net position. The District is required by state statute to have available in the debt service fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20). The restricted net position is comprised of amounts of \$88,066 restricted for debt service, \$244,833 restricted for the Special Revenue Trust Fund and Capital Improvement Trust Fund, \$2,554,772 for its Wisconsin Retirement System pension plan, and (\$68,071) restricted for food service type activities. Unrestricted net position for the District accounts for the final (\$3,380,179) 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
	<u>2016-2017</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>2017-2018</u>	
Revenues							
Program revenues							
Charges for services	\$ 149.7	\$ 128.5	\$ 674.1	\$ 683.9	\$ 823.8	\$ 812.4	-1.38%
Operating grants & contributions	3,595.7	3,712.2	805.7	838.0	4,401.4	4,550.2	3.38%
Capital grants & contributions	-	-	-	-	-	-	0.00%
General revenues							
Property and other taxes	13,449.0	13,206.4	-	-	13,449.0	13,206.4	-1.80%
State equalization aid	17,090.0	17,744.3	-	-	17,090.0	17,744.3	3.83%
Gain on sale of fixed assets	4.4	6.8	-	-	4.4	6.8	54.55%
Transfers in (out)	-	-	-	-	-	-	0.00%
Other	1,415.3	2,008.4	0.2	0.2	1,415.5	2,008.6	41.90%
Total revenues	<u>35,704.1</u>	<u>36,806.6</u>	<u>1,480.0</u>	<u>1,522.1</u>	<u>37,184.1</u>	<u>38,328.7</u>	3.08%
Expenses							
Instruction	21,039.2	20,828.1	-	-	21,039.2	20,828.1	-1.00%
Pupil & instructional services	2,684.3	2,665.4	-	-	2,684.3	2,665.4	-0.70%
General & Building Administration	1,938.9	1,971.4	-	-	1,938.9	1,971.4	1.68%
Business Administration	7,076.6	8,198.0	-	-	7,076.6	8,198.0	15.85%
Central	687.8	778.8	-	-	687.8	778.8	13.23%
Debt service	42.7	19.6	-	-	42.7	19.6	-54.10%
Insurance	284.6	291.6	-	-	284.6	291.6	2.46%
Other	1,453.5	1,923.9	1,510.6	1,494.0	2,964.1	3,417.9	15.31%
Total expenses	<u>35,207.6</u>	<u>36,676.8</u>	<u>1,510.6</u>	<u>1,494.0</u>	<u>36,718.2</u>	<u>38,170.8</u>	3.96%
CHANGE IN NET POSITION	<u>\$ 496.5</u>	<u>\$ 129.8</u>	<u>\$ (30.6)</u>	<u>\$ 28.1</u>	<u>\$ 465.9</u>	<u>\$ 157.9</u>	

Note: Totals may not add due to rounding

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2018

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 \$129,700 and business-type activities increased the District's financial position by \$28,184.

The District relies primarily on property taxes (36%), unrestricted state and federal aids (54%) and operating grants and contributions (2%) to fund governmental activities.

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

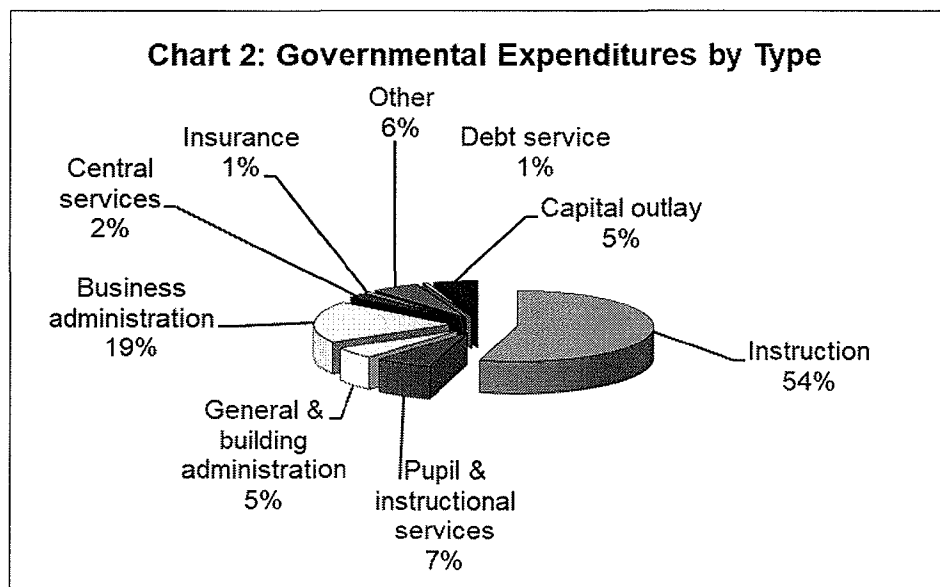
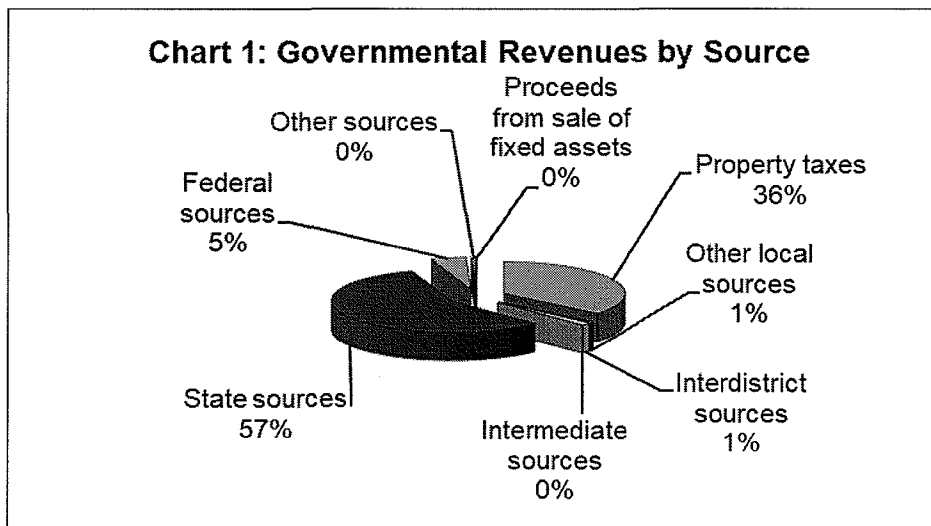
Table 3 Net Cost of Government Activities (in thousands of dollars)						
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2016-2017	2017-2018		2016-2017	2017-2018	
Expenses						
Instruction	\$ 21,039.15	\$ 20,828.13	-1%	\$ 18,779.93	\$ 18,674.16	-1%
Pupil & instructional services	2,684.30	2,665.39	-1%	1,908.84	1,921.39	1%
General & Building Administration	1,938.85	1,971.45	2%	1,938.85	1,971.45	2%
Business Administration	7,076.59	8,197.99	16%	6,585.21	7,549.14	13%
Central	687.89	778.79	13%	674.06	765.06	12%
Principal & interest	42.75	19.62	-54%	42.75	19.62	-118%
Insurance	284.59	291.59	2%	247.84	257.80	4%
Other	1,453.54	1,923.93	32%	1,284.77	1,677.63	23%
TOTAL EXPENSES	\$ 35,207.66	\$ 36,676.89		\$ 31,462.25	\$ 32,836.25	
Note: Totals may not add due to rounding						

The cost of all governmental activities this year was \$36,676,900. Individuals who directly participated or benefited from a program offering paid \$128,478 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$3,712,153. The net cost of governmental activities of \$32,836,269 was financed by general revenues of the District.

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2018

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 \$1,521,923 and interest income of \$226. Operating revenues were comprised of charges for services (45%), federal and state reimbursements (48%), commodities (7%) and other (0%). Expenses of \$1,493,965 resulted in an increase in net position of \$28,184 for the year. Major expenses include food purchases (47%) and labor/benefits (49%). The District increased meal prices an average of \$0.10 per meal for the 2017-18 school year.

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2018

Financial Aspect of the District's Fund Balance

The District completed the year with a total governmental fund balance, which excludes the food service program, of \$4,888,435. The fund balance increased \$963 from last year's ending funding balance of \$4,887,472 due to conservative spending.

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 2018 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 2018, the District had invested \$51,639,930 in capital assets, including buildings, sites, library books, and equipment (See Table 4). Total accumulated depreciation on these assets equaled \$28,522,983. Asset acquisitions for governmental activities totaled \$1,961,203 and \$27,903 for the food service program. The District recognized depreciation expense of \$2,130,317 for governmental activities and \$32,372 for the food service program for the year ended June 30, 2018. Detailed information about capital assets can be found in Note 6 to the financial statements.

Table 4 Capital Assets (net of depreciation, in thousands of dollars)							
	Governmental Activities		Business-Type Activities		Total School District		Total % Change
	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	
Land and site improvements	\$ 1,783.42	\$ 1,749.76	\$ -	\$ -	\$ 1,783.42	\$ 1,749.76	-1.89%
Buildings & building improvements	31,961.12	31,885.23	76.55	65.75	32,037.67	31,950.98	-0.27%
Equipment & furniture	21,369.10	17,326.16	531.58	528.28	21,900.68	17,854.44	-18.48%
Construction in process	-	84.76	-	-	-	84.76	100.00%
Accumulated depreciation	(32,081.68)	(28,183.50)	(349.13)	(339.49)	(32,430.81)	(28,522.99)	-12.05%
TOTAL	\$ 23,031.96	\$ 22,862.41	\$ 259.00	\$ 254.54	\$ 23,290.96	\$ 23,116.95	

Note: Totals may not add due to rounding

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2018

Long-Term Debt

At year-end, the District had \$4,567,283 in general obligation bonds and other long-term debt outstanding – a net decrease of \$5,407,974 from July 1, 2017. This decrease is largely attributable to the decrease in the District's share of the Wisconsin Retirement System net pension liability, paying off bonds as scheduled and a decrease in other post-employment benefits. The District's share of the Wisconsin Retirement System net pension liability decreased by \$4,769,062 in the current year. The table below reflects a restatement of the OPEB liability due to inclusion of the LRLIF OPEB liability and the net pension liability with the Wisconsin Retirement System as of July 1, 2017.

Table 5			
Outstanding Long-Term Obligations			
Total School District			
(in thousands of dollars)			
	As Restated 2016-2017	2017-2018	Total Percentage Change
General obligation debt	\$ 200.00	\$ -	-100.00%
Other	9,775.26	4,567.28	-114.03%
TOTAL	\$ 9,975.26	\$ 4,567.28	-118.41%

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 2018-19, 2019-20, and 2020-21 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, 2018

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, 2018

	Governmental Activities	Business- Type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 2,641,708	\$ 67,797	\$ 2,709,505
Prepaid expenses	126,154	-	126,154
Receivables			
Taxes	3,454,867	-	3,454,867
Accounts	2,100	-	2,100
Due from other funds	-	-	-
Due from other governments	762,420	26,249	788,669
Inventory	-	12,508	12,508
Total current assets	<u>6,987,249</u>	<u>106,554</u>	<u>7,093,803</u>
Noncurrent assets			
Capital assets	51,045,908	594,022	51,639,930
Less: accumulated depreciation	(28,183,498)	(339,485)	(28,522,983)
Total capital assets, net	<u>22,862,410</u>	<u>254,537</u>	<u>23,116,947</u>
Net pension asset - WRS	3,516,707	108,764	3,625,471
Total noncurrent assets	<u>26,379,117</u>	<u>363,301</u>	<u>26,742,418</u>
Total assets	33,366,366	469,855	33,836,221
Deferred outflows of resources			
OPEB	93,480	3,837	97,317
Pension plan - WRS	9,725,363	300,784	10,026,147
	<u>9,818,843</u>	<u>304,621</u>	<u>10,123,464</u>
Total assets and deferred outflows of resources	<u>\$ 43,185,209</u>	<u>\$ 774,476</u>	<u>\$ 43,959,685</u>
Liabilities			
Current liabilities			
Current portion of long-term obligations	\$ -	\$ -	\$ -
Accounts payable	338,125	423	338,548
Accrued liabilities			
Payroll, payroll taxes, and insurances	1,708,072	7,511	1,715,583
Due to other governments	52,617	-	52,617
Unearned revenue	-	29,972	29,972
Total current liabilities	<u>2,098,814</u>	<u>37,906</u>	<u>2,136,720</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations	7,975,425	217,329	8,192,754
Total liabilities	<u>10,074,239</u>	<u>255,235</u>	<u>10,329,474</u>
Deferred inflows of resources			
OPEB	53,770	2,240	56,010
Pension plan - WRS	10,687,298	330,535	11,017,833
	<u>10,741,068</u>	<u>332,775</u>	<u>11,073,843</u>
Net position			
Net investment in capital assets	22,862,410	254,537	23,116,947
Restricted			
Debt service	88,066	-	88,066
Other activities	2,799,605	(68,071)	2,731,534
Unrestricted	(3,380,179)	-	(3,380,179)
Total net position	<u>22,369,902</u>	<u>186,466</u>	<u>22,556,368</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 43,185,209</u>	<u>\$ 774,476</u>	<u>\$ 43,959,685</u>

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF ACTIVITIES
For the year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities							
Current							
Instruction							
Regular instruction	\$ 14,633,727	\$ 8,137	\$ 739,867	\$ -	\$ (13,885,723)	\$ -	\$ (13,885,723)
Vocational instruction	872,907	7,168	27,960	-	(837,779)	-	(837,779)
Special education instruction	3,981,461	-	1,290,722	-	(2,690,739)	-	(2,690,739)
Other instruction	1,340,037	69,921	10,198	-	(1,259,918)	-	(1,259,918)
Total instruction	20,828,132	85,226	2,068,747	-	(18,674,159)	-	(18,674,159)
Support services							
Pupil services	1,238,182	-	298,529	-	(939,653)	-	(939,653)
Instructional staff services	1,427,210	5,207	440,268	-	(981,735)	-	(981,735)
General administration services	393,999	-	-	-	(393,999)	-	(393,999)
School administration services	1,577,448	-	-	-	(1,577,448)	-	(1,577,448)
Business administration services	8,197,991	38,045	610,802	-	(7,549,144)	-	(7,549,144)
Central services	778,788	-	13,725	-	(765,063)	-	(765,063)
Insurance	291,593	-	33,792	-	(257,801)	-	(257,801)
Other support services	608,524	-	2,311	-	(606,213)	-	(606,213)
Total support services	14,513,735	43,252	1,399,427	-	(13,071,056)	-	(13,071,056)
Non-program							
Other non-program	1,315,409	-	243,979	-	(1,071,430)	-	(1,071,430)
Total non-program	1,315,409	-	243,979	-	(1,071,430)	-	(1,071,430)
Debt service	19,624	-	-	-	(19,624)	-	(19,624)
Total governmental activities	36,676,900	128,478	3,712,153	-	(32,836,269)	-	(32,836,269)
Business-type activities							
School food service program	1,493,965	683,933	837,990	-	-	27,958	27,958
Total school district	\$ 38,170,865	\$ 812,411	\$ 4,550,143	\$ -	(32,836,269)	27,958	(32,808,311)
General revenues							
Property taxes							
General purposes					13,167,477	-	13,167,477
Mobile home taxes					38,968	-	38,968
State and federal aids not restricted to specific functions							
General					17,744,297	-	17,744,297
Other					1,996,138	-	1,996,138
Interest and investment earnings					5,243	226	5,469
Miscellaneous					7,039	-	7,039
Gain on sale of fixed assets					6,807	-	6,807
Total general revenues					32,965,969	226	32,966,195
Change in net position					129,700	28,184	157,884
Net position at July 1, 2017 - as restated					22,240,202	158,282	22,398,484
Net position at June 30, 2018					\$ 22,369,902	\$ 186,466	\$ 22,556,368

The accompanying notes are an integral part of this statement.

Tomah Area School District
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Debt Service Funds	Other Governmental Funds	Total
Assets				
Cash and investments	\$ 2,427,749	\$ 88,066	\$ 125,893	\$ 2,641,708
Prepaid expenses	126,154	-	-	126,154
Receivables				
Taxes	3,454,867	-	-	3,454,867
Accounts	2,100	-	-	2,100
Due from other funds	35,124	-	118,940	154,064
Due from other governments	674,679	-	87,741	762,420
Total assets	<u>\$ 6,720,673</u>	<u>\$ 88,066</u>	<u>\$ 332,574</u>	<u>\$ 7,141,313</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 338,125	\$ -	\$ -	\$ 338,125
Accrued liabilities				
Payroll, payroll taxes, insurance	1,708,072	-	-	1,708,072
Due to other funds	118,940	-	35,124	154,064
Due to other governments	-	-	52,617	52,617
Total liabilities	<u>2,165,137</u>	<u>-</u>	<u>87,741</u>	<u>2,252,878</u>
Fund balances				
Restricted	-	88,066	244,833	332,899
Unrestricted				
Unassigned	4,555,536	-	-	4,555,536
Total fund balances	<u>4,555,536</u>	<u>88,066</u>	<u>244,833</u>	<u>4,888,435</u>
Total liabilities and fund balances	<u>\$ 6,720,673</u>	<u>\$ 88,066</u>	<u>\$ 332,574</u>	<u>\$ 7,141,313</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, 2018

Fund balance - governmental funds	\$	4,888,435
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Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balances because:

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

Governmental capital assets	\$ 51,045,908	
Governmental accumulated depreciation	<u>(28,183,498)</u>	22,862,410

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	93,480	
Pension plan - WRS	<u>9,725,363</u>	9,818,843

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

General obligation debt	-	
Accrued interest on general obligation debt	-	
Net pension liability - WRS	3,516,707	
Vested employee benefits	(1,223,250)	
Other post-employment benefits	<u>(6,752,175)</u>	(4,458,718)

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	(53,770)	
Pension plan - WRS	<u>(10,687,298)</u>	<u>(10,741,068)</u>

Total net position - governmental activities	\$	<u>22,369,902</u>
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The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2018

	General Fund	Debt Service Funds	Other Governmental Funds	Total
Revenues				
Property taxes	\$ 13,206,445	\$ -	\$ -	\$ 13,206,445
Other local sources	198,553	1,222	55,393	255,168
Interdistrict sources	396,332	-	-	396,332
Intermediate sources	11,903	-	-	11,903
State sources	20,884,010	-	67,321	20,951,331
Federal sources	1,709,315	-	29,079	1,738,394
Other sources	240,220	-	-	240,220
Total revenues	36,646,778	1,222	151,793	36,799,793
Expenditures				
Current				
Instruction				
Regular instruction	13,829,136	-	26,588	13,855,724
Vocational instruction	861,769	-	-	861,769
Special instruction	4,022,299	-	-	4,022,299
Other instruction	1,285,862	-	7,342	1,293,204
Total instruction	19,999,066	-	33,930	20,032,996
Support services				
Pupil services	1,206,680	-	29,153	1,235,833
Instructional staff services	1,267,074	-	14,704	1,281,778
General administration services	382,243	-	-	382,243
Building administration services	1,564,657	-	-	1,564,657
Business administration services	6,960,874	-	-	6,960,874
Central services	750,425	-	136	750,561
Insurance	291,593	-	-	291,593
Other support services	807,184	-	-	807,184
Total support services	13,230,730	-	43,993	13,274,723
Non-program services	1,262,792	-	52,617	1,315,409
Debt service	13,249	208,500	-	221,749
Capital outlay	1,955,537	-	5,666	1,961,203
Total expenditures	36,461,374	208,500	136,206	36,806,080
Excess (deficiency) of revenues over expenditures	185,404	(207,278)	15,587	(6,287)
Other financing sources (uses)				
Proceeds from sale of fixed assets	7,250	-	-	7,250
Transfer from (to) other funds	(118,940)	-	118,940	-
	(111,690)	-	118,940	7,250
Net change in fund balances	73,714	(207,278)	134,527	963
Fund balances at July 1, 2017	4,481,822	295,344	110,306	4,887,472
Fund balances at June 30, 2018	\$ 4,555,536	\$ 88,066	\$ 244,833	\$ 4,888,435

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, 2018

Net change in fund balances - total governmental funds \$ 963

Amounts reported for governmental fund statements and the statement of activities are different because:

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

Capital outlay reported as expenditures in governmental fund statements	\$ 1,961,203	
Depreciation expense reported in the statement of activities	(2,130,317)	
Proceeds from sale of fixed assets	(7,250)	
Gain on sale of fixed assets	<u>6,807</u>	(169,557)

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	-	
Sick and vacation benefits earned in current year	<u>(185,871)</u>	(185,871)

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	1,312,623	
Actuarially determined change in OPEB liability between years, with adjustments	<u>(668,502)</u>	644,121

Repayments of principal on long-term debt are reported in the governmental fund statements as expenditures but are reported as a reduction in long-term debt in the statement of net position. There is no affect on the statement of activities.

The amount of long-term debt principal payments in the current year is:		200,000
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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	715,723	
Actuarially determined change in net pension liability (asset) between years, with adjustments	<u>(1,077,804)</u>	(362,081)

Tomah Area School District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - CONTINUED
Year ended June 30, 2018

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

The amount of interest paid during the current year	\$ 8,500	
The amount of interest accrued during the current year	<u>(6,375)</u>	\$ <u>2,125</u>
Change in net position - governmental activities		\$ <u><u>129,700</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, 2018

Assets

Current assets

Cash and investments	\$ 67,797
Due from other governments	26,249
Inventory	<u>12,508</u>

Total current assets 106,554

Non-current assets

Capital assets	594,022
Less accumulated depreciation	<u>(339,485)</u>
Net capital assets	254,537
Net pension asset	<u>108,764</u>
Total non-current assets	363,301

Deferred outflows of resources

OPEB	3,837
Pension plan - WRS	<u>300,784</u>
	<u>304,621</u>

Total assets and deferred outflows of resources \$ 774,476

Liabilities

Current liabilities

Accounts payable	\$ 423
Accrued payroll, payroll taxes and insurance	7,511
Unearned revenue - student lunch accounts	<u>29,972</u>

Total current liabilities 37,906

Non-current liabilities

Other post-employment benefits liability	<u>217,329</u>
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Total non-current liabilities 217,329

Total liabilities 255,235

Deferred inflows of resources

OPEB	2,240
Pension plan - WRS	<u>330,535</u>
	<u>332,775</u>

Net position

Net investment in capital assets	254,537
Restricted for food service	<u>(68,071)</u>

Total net position 186,466

Total liabilities, deferred inflows of resources, and net position \$ 774,476

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, 2018

Revenues

Food sales	\$ 683,933
State sources	19,032
Federal sources	711,436
Federal commodities	<u>107,522</u>

Total revenues 1,521,923

Operating expenses

Salaries and wages	560,447
Employer paid benefits	167,977
Purchased services	26,997
Supplies, food and materials	706,026
Other	146
Depreciation	<u>32,372</u>

Total operating expenses 1,493,965

Operating income 27,958

Non-operating revenue

Interest income	<u>226</u>
	<u>226</u>

Change in net position 28,184

Net position at beginning of year - as restated 158,282

Net position at end of year \$ 186,466

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, 2018

Increase in Cash and Cash Equivalents

Cash flows from operating activities:

Cash received from user charges	\$ 687,410
Cash received from other government payments	725,461
Cash payments to employees for services	(735,332)
Cash payments for utilities and other purchased services	(26,997)
Cash payments to suppliers for goods and services	(597,856)
Cash payments for other operating expenses	<u>(146)</u>
Net cash provided by operating activities	52,540

Cash flows used in capital and related financing activities:

Capital expenditures	(27,903)
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Cash flows from investing activities:

Interest on investments	<u>226</u>
	<u>226</u>

Net increase in cash and cash equivalents	24,863
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Cash and cash equivalents at beginning of year	<u>42,934</u>
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Cash and cash equivalents at end of year	<u><u>\$ 67,797</u></u>
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**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities**

Operating income	\$ 27,958
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	32,372
Pension expense	11,198
OPEB adjustment	(19,148)
Changes in net position and liabilities	
Decrease in due from other governments	(5,007)
(Increase) in inventory	466
Increase in accounts payable	182
Increase in accrued liabilities	1,042
Increase in unearned revenue	<u>3,477</u>
	<u>24,582</u>
Net cash provided by operating activities	<u><u>\$ 52,540</u></u>

Non-cash Non-Capital Financing Activities

During the year, the District received commodities from the U.S. Department of Agriculture in the amount of \$107,522.

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	Student Activities	Scholarship Funds	Employee Benefit Trust	Total
Assets				
Cash and cash equivalents	\$ 163,703	\$ 404,486	\$ 606,363	\$ 1,174,552
Total assets	<u>\$ 163,703</u>	<u>\$ 404,486</u>	<u>\$ 606,363</u>	<u>\$ 1,174,552</u>
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Due to student organizations	163,703	-	-	163,703
	<u>163,703</u>	<u>-</u>	<u>-</u>	<u>163,703</u>
Net position				
Nonspendable	-	120,000	-	120,000
Reserved for scholarships	-	284,486	-	284,486
Restricted for employee post-employment benefits	-	-	606,363	606,363
Total net position	<u>-</u>	<u>404,486</u>	<u>606,363</u>	<u>1,010,849</u>
Total liabilities and net position	<u>\$ 163,703</u>	<u>\$ 404,486</u>	<u>\$ 606,363</u>	<u>\$ 1,174,552</u>

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year ended June 30, 2018

Additions				
Gifts and contributions	\$ -	\$ 18,415	\$ -	\$ 18,415
Interest income	-	1,133	8,052	9,185
Employee trust fund contribution	-	-	1,307,947	1,307,947
	<u>-</u>	<u>19,548</u>	<u>1,315,999</u>	<u>1,335,547</u>
Deductions				
Scholarships awarded	-	32,734	-	32,734
Employee benefits	-	-	1,280,633	1,280,633
	<u>-</u>	<u>32,734</u>	<u>1,280,633</u>	<u>1,313,367</u>
Net change in position	-	(13,186)	35,366	22,180
Net position at beginning of year	<u>-</u>	<u>417,672</u>	<u>570,997</u>	<u>988,669</u>
Net position at end of year	<u>\$ -</u>	<u>\$ 404,486</u>	<u>\$ 606,363</u>	<u>\$ 1,010,849</u>

The accompanying notes are an integral part of these statements.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

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

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

B. Component Units

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

C. Basis of Presentation

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

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

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Continued

District-wide Statements - Continued

restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category -- governmental, proprietary, and fiduciary -- are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

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

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

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

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting

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

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

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

Reports for the District's food service fund are prepared following the Governmental Accounting Standards Board (GASB) issued Statement No. 62, Codification of Accounting and Financial Reporting Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of the financial statements. Cash and investment balances for individual funds are pooled unless regulations require separate investment accounts. State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the Debt Service Fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund.

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

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

F. Receivables and Payables

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

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

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Inventory

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

H. Other Assets

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

I. Capital Assets

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

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

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

J. Retirement Plans

District employees participate in the Wisconsin Retirement System. All contributions made by the District on behalf of its employees are reported as expenditures when corresponding salaries or wages are accrued.

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

The District's policy allows employees to accumulate a maximum of 120 days of sick pay. If the employee is at least fifty-five years old and has at least fifteen years of service upon retirement or termination, the employee is paid for one-half of his/her accumulated sick pay based upon an average of his/her last five years' pay.

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

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

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

For teachers hired during the 2007-2008 school year through 2011-2012, the District will deposit \$1,500 per year into an investment account for the school years worked from the 2007-2008 through the 2011-2012 school years and \$1,250 per year thereafter for a total of 25 years. For teachers hired during the 2012-2013 school year and thereafter, the District will deposit \$1,250 into an investment account during the term of the teacher's employment with the District for a period not to exceed 25 years. The District will retain title and control of the investment account until the teacher has completed five years of continuous service in the District. If the teacher's employment relationship is severed prior to completing five years of continuous service, any deposits and accrued interest in the investment account is forfeited and will remain the sole property of the District.

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

L. Unearned Revenue

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

M. Net Position Classification

The District classifies its net position as follows:

- a. Net investment in capital assets represents the net depreciated value of capital assets less any remaining debt owed that was incurred to finance the acquisition of such assets.
- b. Restricted net position indicates that portion of net position that has been legally segregated for specific purposes.
- c. Unrestricted net position indicates that portion of net position for which the District has no legal financial obligation.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

N. Fund Balance Classification

The District classifies its fund balance as follows:

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

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

O. Budgetary Accounting

Budgets are adopted each fiscal year for all funds in accordance with Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub-function level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

- ◆ Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- ◆ The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- ◆ A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- ◆ Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- ◆ Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

O. Budgetary Accounting - Continued

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

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

P. Estimates

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

Q. Subsequent Events

The District has evaluated subsequent events through October 25, 2018, the date on which the financial statements were available to be issued.

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

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

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

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

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

	Total Governmental Funds	Long-term Revenue/ Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Total
Revenues and other sources					
Property taxes	\$ 13,206,445	\$ -	\$ -	\$ -	\$ 13,206,445
Other local sources	255,168	-	-	-	255,168
Interdistrict sources	396,332	-	-	-	396,332
Intermediate sources	11,903	-	-	-	11,903
State sources	20,951,331	-	-	-	20,951,331
Federal sources	1,738,394	-	-	-	1,738,394
Other sources	240,220	-	-	-	240,220
Proceeds from sale of fixed assets	7,250	-	(7,250)	-	-
Gain on sale of fixed assets	-	-	6,807	-	6,807
Total revenues	36,807,043	-	(443)	-	36,806,600
Expenditures					
Current					
Instruction					
Regular instruction	13,855,724	69,563	708,440	-	14,633,727
Vocational instruction	861,769	4,088	7,050	-	872,907
Special instruction	4,022,299	(41,897)	1,059	-	3,981,461
Other instruction	1,293,204	8,633	38,200	-	1,340,037
Support services					
Pupil	1,235,833	2,005	344	-	1,238,182
Instructional staff	1,281,778	8,701	136,731	-	1,427,210
General administration	382,243	4,714	7,042	-	393,999
Building administration	1,564,657	12,791	-	-	1,577,448
Business administration	6,960,874	30,631	1,206,486	-	8,197,991
Central	750,561	3,262	24,965	-	778,788
Insurance	291,593	-	-	-	291,593
Other support services	807,184	(198,660)	-	-	608,524
Non-program	1,315,409	-	-	-	1,315,409
Debt service	221,749	-	-	(202,125)	19,624
Capital outlay	1,961,203	-	(1,961,203)	-	-
Total expenditures	36,806,080	(96,169)	169,114	(202,125)	36,676,900
Net change for the year	\$ 963	\$ 96,169	\$ (169,557)	\$ 202,125	\$ 129,700

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of net position	
Governmental activities	\$ 2,641,708
Business-type activities	<u>67,797</u>
	2,709,505
Fiduciary funds	<u>1,174,552</u>
	<u>\$ 3,884,057</u>

Cash and investments as of June 30, 2018 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 188,883	\$ 192,833
NOW accounts	2,638,221	3,239,801
Passbook savings	209,927	209,927
Certificates of deposit	239,994	239,994
Registered group variable contract - AUL fixed interest account	606,363	606,363
Local government investment pool	<u>669</u>	<u>669</u>
Total	<u>\$ 3,884,057</u>	<u>\$ 4,489,587</u>

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, 2018, 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, 2018

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 14.04 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	\$ 606,363	\$ 606,363	\$ -	\$ -	\$ -
Certificates of deposit	239,994	119,994	120,000	-	-
Local government investment pool	669	669	-	-	-
Total	\$ <u>847,026</u>	\$ <u>727,026</u>	\$ <u>120,000</u>	\$ <u>-</u>	\$ <u>-</u>

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, 2018.

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, 2018

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, 2018, the District had \$3,319,312 in deposits with financial institutions in excess of federal depository insurance limits that were collateralized. Amounts that may have exceeded these coverage limits varied during the fiscal year.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have an investment policy that would limit the exposure to custodial 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, 2018 are as follows:

	Cost at June 30, 2018	Market value at June 30, 2018
Registered group		
variable contract -		
AUL fixed interest		
account	\$ 592,151	\$ 606,363
Local government		
investment pool	669	669
Total	\$ <u>592,820</u>	\$ <u>607,032</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

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, 2018 are:

		Quoted Prices		
		in Active	Significant	Significant
		Markets for	Other	Unobserv-
		Identical	Observable	able
		Assets	Inputs	Inputs
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Registered group				
variable contract -				
AUL fixed interest				
account	\$ 606,363	\$ -	\$ 606,363	\$ -
Local government				
investment pool	669	-	669	-
Total	\$ 607,032	\$ -	\$ 607,032	\$ -

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund amounts owed to and from funds as of June 30, 2018 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	\$ 35,124
General Fund	Capital Improvement	
	Trust Fund	118,940

During the fiscal year, the District transferred \$118,940 from the General Fund to the Capital Improvement Trust Fund through an operating transfer.

NOTE 5 - SHORT-TERM NOTES PAYABLE

The District has no short-term notes payable at June 30, 2018. During the year, the District took out 3 short-term notes. The District borrowed a total of \$6,300,000 and repaid \$6,300,000 during the year. Interest expense for the fiscal year on short-term borrowing was \$13,249.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 are as follows:

	Balances at July 1, 2017	Additions and Adjustments	Deletions and Adjustments	Balances at June 30, 2018
Governmental Activities				
Land (non-depreciable) and site improvements	\$ 1,783,421	\$ 2,856	\$ 36,515	\$ 1,749,762
Buildings and building improvements	31,961,124	49,300	125,197	31,885,227
Furniture and equipment	21,369,097	1,824,284	5,867,225	17,326,156
Construction in process (non-depreciable)	-	84,763	-	84,763
Totals	<u>55,113,642</u>	<u>1,961,203</u>	<u>6,028,937</u>	<u>51,045,908</u>
Less accumulated depreciation				
Site improvements	789,281	77,967	36,515	830,733
Buildings and building improvements	16,284,182	707,161	125,197	16,866,146
Furniture and equipment	15,008,212	1,345,189	5,866,782	10,486,619
Totals	<u>32,081,675</u>	<u>2,130,317</u>	<u>6,028,494</u>	<u>28,183,498</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 23,031,967</u>	<u>\$ (169,114)</u>	<u>\$ 443</u>	<u>\$ 22,862,410</u>
Business-Type Activities				
Building	\$ 76,552	\$ -	\$ 10,805	\$ 65,747
Furniture and equipment	531,582	27,903	31,210	528,275
Totals	<u>608,134</u>	<u>27,903</u>	<u>42,015</u>	<u>594,022</u>
Less accumulated depreciation				
Building	39,445	3,718	10,805	32,358
Furniture and equipment	309,683	28,654	31,210	307,127
Totals	<u>349,128</u>	<u>32,372</u>	<u>42,015</u>	<u>339,485</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$ 259,006</u>	<u>\$ (4,469)</u>	<u>\$ -</u>	<u>\$ 254,537</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	\$ 708,440
Vocational instruction	7,050
Special education instruction	1,059
Other instruction	38,200
Pupil services	344
Instructional staff services	136,731
School administration services	7,042
Business administration services	1,206,486
Central services	24,965
	<u>\$ 2,130,317</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 7 - LONG-TERM OBLIGATIONS

Long-term obligations balances and activity for the year ended June 30, 2018 are as follows:

	As Restated Balances at July 1, 2017	Additions	Reductions and Adjustments	Balances at June 30, 2018
Governmental Activities				
General obligation bonds	\$ 200,000	\$ -	\$ 200,000	\$ -
Vacation and sick payable	1,037,379	185,871	-	1,223,250
Net pension liability (asset) - WRS	1,109,283	-	4,625,990	(3,516,707)
Post retirement health care & other benefits	<u>7,359,294</u>	<u>679,860</u>	<u>1,286,979</u>	<u>6,752,175</u>
Total governmental activity long-term obligations	9,705,956	865,731	6,112,969	4,458,718
Business-Type Activities				
Net pension liability (asset) - WRS	34,308	-	143,072	(108,764)
Post retirement health care & other benefits	<u>234,993</u>	<u>22,193</u>	<u>39,857</u>	<u>217,329</u>
	<u>269,301</u>	<u>22,193</u>	<u>182,929</u>	<u>108,565</u>
Total long-term obligations	<u>\$ 9,975,257</u>	<u>\$ 887,924</u>	<u>\$ 6,295,898</u>	<u>\$ 4,567,283</u>

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

Total interest accrued and paid, including fiscal agent fees of \$0 for the year ended June 30, 2018 is as follows:

	Accrued	Paid
Short-term borrowing	\$ 13,249	\$ 13,249
Long-term obligations	<u>6,375</u>	<u>8,500</u>
Totals	<u>\$ 19,624</u>	<u>\$ 21,749</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

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 1200 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.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

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.

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
2007	3.0%	10.0%
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

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. 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 \$1,244,940 in contributions from the employer.

Contribution rates as of June 30, 2018 are:

Employee Category	Employee	Employer
General (including teachers)	6.7%	6.7%
Executives & Elected Officials	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At June 30, 2018, the District reported a liability (asset) of \$(3,625,471) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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, 2017, the District's proportion was 0.12210599%, which was a decrease of 0.00043399% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1,617,660.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,606,253	\$ 2,154,652
Changes in assumptions	716,322	-
Net differences between projected and actual earnings on pension plan investments	3,880,307	8,863,181
Changes in proportion and differences between employer contributions and proportionate share of contributions	107,542	-
Employer contributions subsequent to the measurement date	715,723	-
Total	\$ 10,026,147	\$ 11,017,833

\$715,723 reported as deferred outflows related to pension 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, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 3,725,636	\$ 3,288,345
2020	\$ 3,297,219	\$ 3,288,345
2021	\$ 1,186,417	\$ 2,411,408
2022	\$ 1,092,431	\$ 2,029,735
2023	\$ 8,721	\$ -

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

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, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% 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 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 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 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:

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

Asset Allocation Targets and Expected Returns

As of December 31, 2017

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50	8.2	5.3
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$9,380,333	\$ (3,625,471)	\$ (13,510,285)

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, 2018 was \$377,268 for its monthly employee and employer required contribution.

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 267 active participants and 84 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, 2018

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><tr><td><u>Retiring in School Year</u></td><td><u>Amount</u></td></tr><tr><td>2012-2013</td><td>\$4,000</td></tr><tr><td>2013-2016</td><td>\$3,000</td></tr><tr><td>2017-2018 and later</td><td>\$2,000</td></tr></table>	<u>Retiring in School Year</u>	<u>Amount</u>	2012-2013	\$4,000	2013-2016	\$3,000	2017-2018 and later	\$2,000
<u>Retiring in School Year</u>	<u>Amount</u>										
2012-2013	\$4,000										
2013-2016	\$3,000										
2017-2018 and later	\$2,000										
Teachers hired 7/1/07 or later	55 (1)	15 (1)	The District will deposit \$1,250 per year into an investment account during the term of the teacher's employment with the District for a period not to exceed 25 years. The account balance, including interest, will be placed into a 403(b) account upon completion of 5 years of continuous service with the District, and each year thereafter. (This is a non-OPEB benefit.)								
Administrators	57	8	Administrators that retired before July 1, 2009 were paid under option c) below.								
	55 (1)	15 (1)	<u>Administrators that retire after July 1, 2009:</u> Administrators hired before the 2005-2006 school year have the option to choose a), b), or c) below.								
	55 (1)	15 (1)	Administrators hired during or after the 2005-2006 school year have the option to choose a) or b) below. a) The District will deposit into a Health Reimbursement Account (HRA) an amount equal to the Administrator's continuous years of service, not to exceed 40 years, times \$4,000, paid in equal installments over 84 months. b) The District will deposit into a HRA an amount equal to 100% of the premium rate on June 30th of the year the retirement is to commence. For administrators hired after July 1, 2010, the District will deposit into a HRA an amount equal to 80% of the premium rate on June 30th of the year the retirement is to commence. The deposits will be made on a monthly basis and will cease after 84 months. Administrators need to work 5 additional days a year to be eligible. c) The retiree must be at least 57 years old at retirement. The District will pay the percent of premium as shown below for 8 years, based on the years of service at retirement <table><tr><td><u>Years of Service</u></td><td><u>Percent of Premium</u></td></tr><tr><td>10 to 14</td><td>50%</td></tr><tr><td>15 to 20</td><td>75%</td></tr><tr><td>20 or more</td><td>100%</td></tr></table>	<u>Years of Service</u>	<u>Percent of Premium</u>	10 to 14	50%	15 to 20	75%	20 or more	100%
<u>Years of Service</u>	<u>Percent of Premium</u>										
10 to 14	50%										
15 to 20	75%										
20 or more	100%										

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

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

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

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

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

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

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

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

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

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, 2018 and the total other post-employment benefit liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018.

Actuarial Methods and Assumptions. The District engaged an actuary to perform a valuation as of June 30, 2017, rolled forward to June 30, 2018, 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 22 years, level dollar.

The total other post-employment benefit liability in the June 30, 2017 actuarial valuation and rolled forward to June 30, 2018 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Amortization growth rate		2.85%
Discount rate		2.85%
General inflation		2.00%
Annual premium increase rate	2016	0.00%
	2017-2018	6.50%
	2019-2020	6.00%
	2021+	5.50%
Out of pocket rate increases, depending on age		4.2%-5.0%

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 2012-2014 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, 2018

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 2.85%, 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	\$ 7,448,871	\$ 570,997	\$ 6,877,874
Changes for the year:			
Service cost	346,139	-	346,139
Interest	237,160	-	237,160
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	(5,634)	5,634
Changes of assumptions or other input	-	-	-
Contributions - employer	-	1,307,947	(1,307,947)
Expected return on assets	-	13,686	(13,686)
Benefit payments	(1,280,633)	(1,280,633)	-
Administrative expense	-	-	-
Net changes	<u>(697,334)</u>	<u>35,366</u>	<u>(732,700)</u>
Balance at the end of the year	\$ <u>6,751,537</u>	\$ <u>606,363</u>	\$ <u>6,145,174</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 2.85 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 (1.85 percent) or 1-percentage-point higher (3.85 percent) than the current rate:

	1% Decrease to Discount Rate (1.85%)	Current Discount Rate (2.85%)	1% Increase To Discount Rate (3.85%)
Total OPEB liability	\$ 7,255,291	\$ 6,751,537	\$ 6,286,026
Fiduciary net position	606,363	606,363	606,363
Net OPEB liability	\$ 6,648,928	\$ 6,145,174	\$ 5,679,663

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

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 7.5 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 (6.5 percent graded down to 4.0 percent) or 1-percentage-point higher (8.5 percent graded down to 6.0 percent) than the current rate:

	1% Decrease (6.5% Decreasing to 4.0%)	Current (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Total OPEB liability	\$ 6,041,269	\$ 6,751,537	\$ 7,387,180
Fiduciary net position	606,363	606,363	606,363
Net OPEB liability	\$ 5,434,906	\$ 6,145,174	\$ 6,780,817

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, 2018, the District recognized other post employments benefit expense of \$570,740.

At June 30, 2018, 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
Net differences between projected and actual earnings on OPEB investments	\$ 5,634	\$ -
Total	\$ 5,634	\$ -

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

Year ended June 30:	Deferred Outflow of Resources	Deferred Inflows of Resources
2019	\$ 1,127	\$ -
2020	\$ 1,127	\$ -
2021	\$ 1,127	\$ -
2022	\$ 1,127	\$ -
2023	\$ 1,126	\$ -

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

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

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

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.

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, 2018 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, 2017 are as listed below:

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

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

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

Life Insurance Employee Contribution Rates For the year ended December 31, 2017	
Attained Age	Basic
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$5,203 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, 2018, the District reported a liability of \$824,330 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.27399300%, which was a decrease of .021086% from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018 the District recognized OPEB expense of \$80,429.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,615
Net differences between projected and actual earnings on OPEB plan investments	9,492	-
Changes in assumptions	79,657	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	44,395
Employer contributions subsequent to the measurement date	2,534	-
Total	\$ 91,683	\$ 56,010

\$2,534 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Deferred Outflow of Resources	Deferred Inflows of Resources
2019	\$ 14,571	\$ 8,577
2020	14,571	8,577
2021	14,571	8,577
2022	14,571	8,577
2023	12,198	8,577
Thereafter	18,667	13,125

Actuarial assumptions. The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

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

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

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.44%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	3.63%
Salary Increases	
Inflation:	3.20%
Seniority/Merit:	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

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 Securitan, 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.

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2017

<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%	1.13%
US Credit Bonds	Barclays Credit	65%	2.61%
US Long Credit Bonds	Barclays Long Credit	3%	3.08%
US Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 Year ended June 30, 2018

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

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

Single Discount rate. A single discount rate of 3.63% was used to measure the total OPEB liability. 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 payment to the extent that the plan's fiduciary net position is projected to be insufficient.

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 3.63 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 (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase To Discount Rate (4.63%)
District's proportionate share of the net OPEB liability	\$ 1,165,091	\$ 824,330	\$ 562,831

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 payables to the defined benefit OPEB plan of \$420 for its June 2018 employer contribution.

NOTE 10 - FUND BALANCES AND NET POSITION

Net position

At June 30, 2018, food service net position of \$254,537 was invested in fixed assets, and (\$68,071) was restricted for food service programs.

At June 30, 2018, the Governmental Activities net position balance after subtracting net investment in capital assets, and the amounts restricted for debt service and other activities is (\$3,380,179).

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

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

The District had no functions with excess of actual expenditures over budget for the year ended June 30, 2018.

NOTE 12 - 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 March 2021. Lease expenses for the year ended June 30, 2018 were \$114,254. Minimum annual lease payments are as follows:

Year ended June 30, 2019	\$	32,318
2020		26,854
2021		<u>20,141</u>
Total minimum lease payments	\$	<u>79,313</u>

NOTE 13 - RESTATEMENT OF NET POSITION

The District is restating its net position as of July 1, 2017 to include its share of the Other Post-Employment Benefits liability and deferred outflows of resources related to its participation in the LRLIF, a multiple-employer defined benefit OPEB plan. The District is also restating its net position as of July 1, 2017 due to the inclusion of the LTDI (long-term disability insurance) program through the Wisconsin Retirement System. This was previously reported by WRS in a fund separate from the pension fund. As of calendar year 2017, the LTDI program is combined and reported with the WRS pension fund. This change resulted in a restatement of the beginning net pension liability and net position. The effects of the restatements on net position as of July 1, 2017 are as follows:

	Governmental Activities	Business-Type Activities	Total District
Balance at beginning of year	\$ 23,054,812	\$ 190,833	\$ 23,245,645
Deferred outflows of resources - OPEB	2,708	113	2,821
Net OPEB liability	(687,756)	(28,657)	(716,413)
Net pension liability-WRS	(129,562)	(4,007)	(133,569)
	<u>(814,610)</u>	<u>(32,551)</u>	<u>(847,161)</u>
Balance at beginning of year - as restated	\$ <u>22,240,202</u>	\$ <u>158,282</u>	\$ <u>22,398,484</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2018

NOTE 14 - RISK MANAGEMENT

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

NOTE 15 - LIMITATION ON SCHOOL DISTRICT REVENUES

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Tomah Area School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POST-EMPLOYMENT BENEFIT PLANS - HEALTH CARE
Year ended June 30, 2018

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%

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

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, 2018

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

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

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, 2018

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

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

Tomah Area School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
Year ended June 30, 2018

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

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

Notes to the Required Supplementary Information
Year ended June 30, 2018

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

Changes of assumptions. There were no changes in assumptions.

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, 2018

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

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

Tomah Area School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
Year ended June 30, 2018

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

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

Notes to the Required Supplementary Information
Year ended June 30, 2018

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

Changes of assumptions. There were no changes in assumptions.

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 13,502,458	\$ 13,206,445	\$ 13,206,445	\$ -
Other local sources	157,345	198,553	198,553	-
Interdistrict sources	471,921	396,332	396,332	-
Intermediate sources	9,152	11,903	11,903	-
State sources	20,449,008	20,884,010	20,884,010	-
Federal sources	1,796,360	1,700,901	1,709,315	8,414
Other sources	121,375	240,220	240,220	-
Total revenues	36,507,619	36,638,364	36,646,778	8,414
Expenditures				
Instruction				
Regular instruction	14,574,423	14,596,868	14,596,868	-
Vocational instruction	834,908	861,769	861,769	-
Special instruction	4,011,202	4,022,299	4,022,299	-
Other instruction	1,317,717	1,323,513	1,323,513	-
Total instruction	20,738,250	20,804,449	20,804,449	-
Support services				
Pupil services	1,211,809	1,206,680	1,206,680	-
Instructional staff services	1,392,263	1,501,246	1,501,246	-
General administration services	356,574	382,243	382,243	-
Building administration services	1,537,093	1,564,657	1,564,657	-
Business administration services	7,320,416	7,842,318	7,827,018	15,300
Central services	698,806	800,263	800,263	-
Insurance	292,734	291,593	291,593	-
Principal and interest	10,000	13,249	13,249	-
Other support services	1,527,156	807,184	807,184	-
Total support services	14,346,851	14,409,433	14,394,133	15,300
Non-program services	1,422,518	1,262,792	1,262,792	-
Total expenditures	36,507,619	36,476,674	36,461,374	15,300
Excess (deficiency) of revenues over expenditures	-	161,690	185,404	23,714
Other financing sources (uses)				
Proceeds from sale of fixed assets	-	7,250	7,250	-
Transfer from (to) other funds	-	(118,940)	(118,940)	-
	-	(111,690)	(111,690)	-
Net change in fund balance	-	50,000	73,714	23,714
Fund balance at July 1, 2017	4,481,822	4,481,822	4,481,822	-
Fund balance at June 30, 2018	\$ 4,481,822	\$ 4,531,822	\$ 4,555,536	\$ 23,714

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, 2018

	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	\$ 13,502,458	\$ 13,206,445	\$ 13,206,445	\$ -	-	-	\$ 13,502,458	\$ 13,206,445	\$ 13,206,445
Other local sources	157,345	198,553	198,553	-	-	-	157,345	198,553	198,553
Interdistrict sources	471,921	396,332	396,332	-	-	-	471,921	396,332	396,332
Intermediate sources	6,152	11,903	11,903	3,000	-	-	9,152	11,903	11,903
State sources	19,333,008	19,745,999	19,745,999	1,116,000	1,138,011	1,138,011	20,449,008	20,884,010	20,884,010
Federal sources	1,025,766	955,592	964,006	770,594	745,309	745,309	1,796,360	1,700,901	1,709,315
Other sources	121,375	240,220	240,220	-	-	-	121,375	240,220	240,220
Total revenues	34,618,025	34,755,044	34,763,458	1,889,594	1,883,320	1,883,320	36,507,619	36,638,364	36,646,778
Expenditures									
Instruction									
Regular instruction	14,574,423	14,596,868	14,596,868	-	-	-	14,574,423	14,596,868	14,596,868
Vocational instruction	834,908	861,769	861,769	-	-	-	834,908	861,769	861,769
Special instruction	-	-	-	4,011,202	4,022,299	4,022,299	4,011,202	4,022,299	4,022,299
Other instruction	1,304,600	1,313,275	1,313,275	13,117	10,238	10,238	1,317,717	1,323,513	1,323,513
Total instruction	16,713,931	16,771,912	16,771,912	4,024,319	4,032,537	4,032,537	20,738,250	20,804,449	20,804,449
Support services									
Pupil services	798,134	776,521	776,521	413,675	430,159	430,159	1,211,809	1,206,680	1,206,680
Instructional staff services	1,067,179	1,200,628	1,200,628	325,084	300,618	300,618	1,392,263	1,501,246	1,501,246
General administration services	356,574	382,243	382,243	-	-	-	356,574	382,243	382,243
Building administration services	1,537,093	1,564,657	1,564,657	-	-	-	1,537,093	1,564,657	1,564,657
Business administration services	7,101,874	7,584,220	7,568,920	218,542	258,098	258,098	7,320,416	7,842,318	7,827,018
Central services	683,806	786,674	786,674	15,000	13,589	13,589	698,806	800,263	800,263
Insurance	292,734	291,593	291,593	-	-	-	292,734	291,593	291,593
Principal and interest	10,000	13,249	13,249	-	-	-	10,000	13,249	13,249
Other support services	1,527,156	807,184	807,184	-	-	-	1,527,156	807,184	807,184
Total support services	13,374,550	13,406,969	13,391,669	972,301	1,002,464	1,002,464	14,346,851	14,409,433	14,394,133
Non-program services	1,169,812	1,071,390	1,071,390	252,706	191,402	191,402	1,422,518	1,262,792	1,262,792
Total expenditures	31,258,293	31,250,271	31,234,971	5,249,326	5,226,403	5,226,403	36,507,619	36,476,674	36,461,374
Excess of revenues over (under) expenditures	3,359,732	3,504,773	3,528,487	(3,359,732)	(3,343,083)	(3,343,083)	-	161,690	185,404
Other financing sources (uses)									
Proceeds from sale of fixed assets	-	7,250	7,250	-	-	-	-	7,250	7,250
Transfer from (to) other funds	(3,359,732)	(3,462,023)	(3,462,023)	3,359,732	3,343,083	3,343,083	-	(118,940)	(118,940)
	(3,359,732)	(3,454,773)	(3,454,773)	3,359,732	3,343,083	3,343,083	-	(111,690)	(111,690)
Net change in fund balance	-	50,000	73,714	-	-	-	-	50,000	73,714
Fund balance at July 1, 2017	4,481,822	4,481,822	4,481,822	-	-	-	4,481,822	4,481,822	4,481,822
Fund balance at June 30, 2018	\$ 4,481,822	\$ 4,531,822	\$ 4,555,536	\$ -	\$ -	\$ -	\$ 4,481,822	\$ 4,531,822	\$ 4,555,536

Tomah Area School District
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
REFERENDUM DEBT - FUND 39
Year ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Property taxes	\$ -	-	\$ -	\$ -
Other local sources	-	-	1,222	1,222
Total revenues	-	-	1,222	1,222
Expenditures				
Support services				
Principal and interest	208,500	208,500	208,500	-
Total expenditures	208,500	208,500	208,500	-
Net change in fund balance	(208,500)	(208,500)	(207,278)	1,222
Fund balance at July 1, 2017	295,344	295,344	295,344	-
Fund balance at June 30, 2018	\$ 86,844	\$ 86,844	\$ 88,066	\$ 1,222

OTHER SUPPLEMENTARY INFORMATION

Tomah Area School District
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

Fund Number:	Special Revenue Funds				Total
	(21)	(29)	(46)	(99)	
	Special Revenue Trust Fund	Indian Education Fund	Capital Improvement Trust Fund	Package Cooperative Fund	
Assets					
Cash and investments	\$ 100,759	\$ -	\$ 25,134	\$ -	\$ 125,893
Due from other funds	-	-	118,940	-	118,940
Due from other governments	-	-	-	87,741	87,741
Total assets	<u>\$ 100,759</u>	<u>\$ -</u>	<u>\$ 144,074</u>	<u>\$ 87,741</u>	<u>\$ 332,574</u>
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ -	\$ -	\$ 35,124	\$ 35,124
Due to other governments	-	-	-	52,617	52,617
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,741</u>	<u>87,741</u>
Fund balances					
Restricted	<u>100,759</u>	<u>-</u>	<u>144,074</u>	<u>-</u>	<u>244,833</u>
Total liabilities and fund balances	<u>\$ 100,759</u>	<u>\$ -</u>	<u>\$ 144,074</u>	<u>\$ 87,741</u>	<u>\$ 332,574</u>

Tomah Area School District
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2018

Fund Number:	Special Revenue Funds				Total
	(21)	(29)	(46)	(99)	
	Special Revenue Trust Fund	Indian Education Fund	Capital Improvement Trust Fund	Package Cooperative Fund	
Revenues					
Other local sources	\$ 55,280	\$ -	\$ 113	\$ -	\$ 55,393
State sources	-	-	-	67,321	67,321
Federal sources	-	29,079	-	-	29,079
Total revenues	55,280	29,079	113	67,321	151,793
Expenditures					
Instruction					
Regular instruction	29,398	-	-	-	29,398
Other instruction	10,198	-	-	-	10,198
Total instruction	39,596	-	-	-	39,596
Support services					
Pupil services	74	29,079	-	-	29,153
Instructional staff services	-	-	-	14,704	14,704
Business administration	-	-	-	-	-
Central services	136	-	-	-	136
Total support services	210	29,079	-	14,704	43,993
Non-program services	-	-	-	52,617	52,617
Total expenditures	39,806	29,079	-	67,321	136,206
Excess (deficiency) of revenues over expenditures	15,474	-	113	-	15,587
Other financing sources					
Transfer from other funds	-	-	118,940	-	118,940
Net change in fund balance	15,474	-	119,053	-	134,527
Fund balance at July 1, 2017	85,285	-	25,021	-	110,306
Fund balance at June 30, 2018	\$ 100,759	\$ -	\$ 144,074	\$ -	\$ 244,833

Tomah Area School District
PUPIL ACTIVITY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 2018

	Balance at July 1, 2017	Additions and Transfers In	Deductions and Transfers Out	Balance at June 30, 2018
ASSETS				
Cash and investments	\$ 142,832	\$ 557,507	\$ 536,636	\$ 163,703
Total assets	<u>\$ 142,832</u>	<u>\$ 557,507</u>	<u>\$ 536,636</u>	<u>\$ 163,703</u>
LIABILITIES				
Due to student organizations				
Camp Douglas	\$ 620	\$ 2,193	\$ 1,692	\$ 1,121
District office	20,093	7,030	7,245	19,878
La Grange	5,034	16,933	16,249	5,718
Lemonweir	9,990	17,014	13,908	13,096
Miller	1,601	8,298	8,350	1,549
Middle School	20,146	127,098	130,922	16,322
Oakdale	372	2,854	1,373	1,853
Senior High School	78,967	357,283	341,267	94,983
Wyeville	2,762	11,640	8,769	5,633
Warrens	2,970	7,106	6,695	3,381
Learning Center	277	58	166	169
Total liabilities	<u>\$ 142,832</u>	<u>\$ 557,507</u>	<u>\$ 536,636</u>	<u>\$ 163,703</u>

Tomah Area School District
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
Year ended June 30, 2018

Employee salaries	\$	-
Employee benefits		-
Purchased services		-
Non-capital objects		-
Capital objects		-
Insurance		-
	\$	

There are no current year charter school authorizer operating costs.

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

	Federal Catalog Number	Program or Award Number	Program or Award Amount	Receivable at July 1, 2017	Expenditures	Revenues Grantor	Receivable at June 30, 2018	Footnote
United States Department of Agriculture								
Passed through Wisconsin Department of Public Instruction								
Food Distribution	10.555							
July 1, 2017 to June 30, 2018		UNKNOWN	N/A	\$ -	\$ 107,522	\$ 107,522	\$ -	3
School Breakfast Program	10.553							
July 1, 2017 to June 30, 2018		2018-415747-SB-546	N/A	-	105,614	103,935	1,679	2
National School Lunch Program	10.555							
July 1, 2017 to June 30, 2018		2018-415747-NSL-547	N/A	-	524,893	516,789	8,104	2
Summer Food Service Program	10.559							
July 1, 2016 to June 30, 2017			N/A	18,213	-	18,213	-	
July 1, 2017 to June 30, 2018		2018-415747-SFSP-586	N/A	-	80,929	64,463	16,466	
Subtotal Child Nutrition Cluster				18,213	818,958	810,922	26,249	
USDA Fresh Fruits and Vegetables Program								
July 1, 2016 to June 30, 2017	10.582		N/A	3,029	-	3,029	-	
Total United States Department of Agriculture				21,242	818,958	813,951	26,249	
United States Department of Education								
Passed through Wisconsin Department of Public Instruction								
Title I Basic Grant	84.010							
July 1, 2016 to June 30, 2017			N/A	126,767	-	126,767	-	
July 1, 2017 to June 30, 2018		2018-415747-Title I-141	\$ 672,492	-	640,370	491,494	148,876	
Carl Perkins Vocational Education	84.048							
July 1, 2016 to June 30, 2017			N/A	28,117	-	28,117	-	
July 1, 2017 to June 30, 2018		2018-415747-CP-CTE-400	\$ 32,052	-	32,052	24,141	7,911	
Special Education (IDEA) Cluster								
PL 94-142 Idea Flow-Through	84.027							
July 1, 2016 to June 30, 2017			N/A	72,453	-	72,453	-	
July 1, 2017 to June 30, 2018		2018-415747-IDEA-341	\$ 639,212	-	533,808	454,256	79,552	
PL 99-457 Pre-School Entitlement	84.173							
July 1, 2016 to June 30, 2017			N/A	4,216	-	4,216	-	
July 1, 2017 to June 30, 2018		2018-415747-Pre-S-347	\$ 14,642	-	13,981	11,388	2,593	
Subtotal Special Education (IDEA) Cluster				76,669	547,789	542,313	82,145	
Title IIA Teacher and Principal Training	84.367							
July 1, 2016 to June 30, 2017			N/A	47,810	-	47,810	-	
July 1, 2017 to June 30, 2018		2018-415747-Title II-365	\$ 134,753	-	115,604	72,627	42,977	
Title IVA Student Support and Academic Enrichment	84.424A							
July 1, 2017 to June 30, 2018		2018-415747-Title-IV A-381	\$ 10,000	-	6,654	5,468	1,186	
Emergency Impact Aid	84.938							
July 1, 2017 to June 30, 2018		2018-415747-Impact-374	\$ 8,415	-	8,415	-	8,415	
Total passed through Wisconsin Department of Public Instruction				279,363	1,350,884	1,338,737	291,510	
Passed through Cooperative Educational Services Agency #4								
Title III	84.365							
July 1, 2016 to June 30, 2017			N/A	391	-	391	-	
July 1, 2017 to June 30, 2018		2018-415747-Title III A-391	\$ 1,258	-	300	300	-	
Total passed through Cooperative Educational Services Agency #4				391	300	691	-	

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year ended June 30, 2018

	Federal Catalog Number	Program or Award Amount	Program or Award Amount	Receivable at July 1, 2017	Expenditures	Revenues Grantor	Receivable at June 30, 2018	Footnote
United States Department of Education - Continued								
Direct Programs								
PL 81-874 Impact Aid	84.041							
July 1, 2017 to June 30, 2018		S041B-2017-5657	\$ 131,566	\$ -	\$ 131,566	\$ 131,566	\$ -	
Indian Education Act	84.060A							
July 1, 2017 to June 30, 2018		S060A161058	\$ 28,930	-	29,079	29,079	-	
Total direct programs				-	160,645	160,645	-	
Total United States Department of Education				279,754	1,511,829	1,500,073	291,510	
United States Department of Health and Human Services								
Passed through State of Wisconsin Health Care								
Financing Programs								
Medicaid	93.778							
July 1, 2017 to June 30, 2018		UNKNOWN	N/A	-	226,866	226,866	-	
Total United States Department of Health and Human Services				-	226,866	226,866	-	
United States Department of Defense Education Activity (DoDEA)								
Direct								
Promoting K-12 Student Achievement at Military								
Connected Schools	12.556							
September 1, 2016 to August 31, 2017		HE 1254-13-1-0025	N/A	35,795	-	35,795	-	
Total United States Environmental Protection Agency				35,795	-	35,795	-	
Total federal financial assistance				\$ 336,791	\$ 2,557,653	\$ 2,576,685	\$ 317,759	

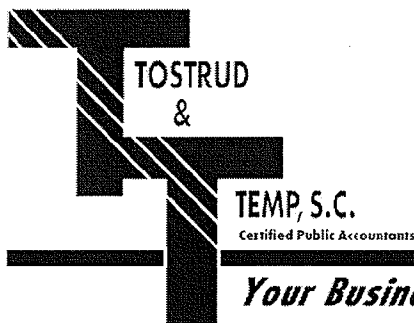
- Note 1: This statement is prepared using the same basis of accounting as the District's financial statements. The District uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.
- Note 2: The amount shown as current year expenses represent the federal grant portion of the grant program costs that are aided by the grant. Entire program costs including other local revenues may be more than shown.
- Note 3: The amount of commodities reported on the schedule is the value of commodities received by the District in the current year and are priced as prescribed by the Wisconsin Department of Public Instruction.
- Note 4: All costs reported are direct costs. No indirect costs were used.

Tomah Area School District
SCHEDULE OF STATE FINANCIAL ASSISTANCE
Year ended June 30, 2018

	I.D. Number	Program or Award Amount	Receivable at July 1, 2017	Expenditures	Revenue State Reimbursements	Receivable at June 30, 2018
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT						
Cost Reimbursement Programs - Non-major						
Passed through CESA #4						
Youth Apprenticeship	445.107					
July 1, 2017 to June 30, 2018		\$ 8,891	\$ -	\$ 11,603	\$ 11,603	\$ -
Block Grant for Prevention & Treatment	435.515					
July 1, 2017 to June 30, 2018		\$ 574	-	574	574	-
Total Direct			-	12,177	12,177	-
Total Wisconsin Department of Workforce Development			-	12,177	12,177	-
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, 2016 to June 30, 2017		N/A	1,378	-	1,378	-
July 1, 2017 to June 30, 2018		\$ 16,500	-	16,309	-	16,309
Educator Effectiveness Grant	255.940					
July 1, 2016 to June 30, 2017		N/A	-	-	-	-
July 1, 2017 to June 30, 2018		\$ 19,920	-	19,920	19,920	-
Career and Technical Education Incentive	255.950					
July 1, 2017 to June 30, 2018		\$ 13,937	-	13,937	13,937	-
Assessment of Reading Readiness	255.956					
July 1, 2017 to June 30, 2018		\$ 5,909	-	5,909	5,909	-
Total direct			1,378	56,075	41,144	16,309
Passed through Sparta Area School District						
Peer Review and Mentoring	255.301					
July 1, 2016 to June 30, 2017		N/A	6,061	-	6,061	-
July 1, 2017 to June 30, 2018		\$ 1,271	-	1,271	-	1,271
Total Department of Public Instruction			7,439	57,346	47,205	17,580
			\$ 7,439	\$ 69,523	\$ 59,382	\$ 17,580
Entitlement Programs						
Major State Programs (A)						
General Equalization	255.201			\$ 17,744,297		
Pupil Transportation	255.107			138,111		
Per Pupil Adjustment Aid	255.945			1,380,150		
Handicapped Pupils and School Age Parents:						
Internal District Programs	255.101		\$ 4,660,324	1,103,654		
Total major programs				\$ 20,366,212		
Non-major State Programs (B)						
Special Education Transition	255.960			\$ 11,000		
State School Lunch Aid	255.102			13,678		
Common School Fund	255.103			130,805		
High Cost Special Education Aid	255.210			17,946		
School Breakfast Program	255.344			5,354		
Tuition Payments by State	255.401			23,929		
High Cost Transportation Aid	255.947			203,602		
Total non-major programs				406,314		
Total Wisconsin DPI				\$ 20,829,872		
WISCONSIN DEPARTMENT OF REVENUE						
Exempt Computer Aid				\$ 29,176		
Total State Assistance				\$ 20,871,225		

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

OTHER REPORTS



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Your Business Safety Net

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

Board of Education
Tomah Area School District
Tomah, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Tomah Area School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 25, 2018.

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

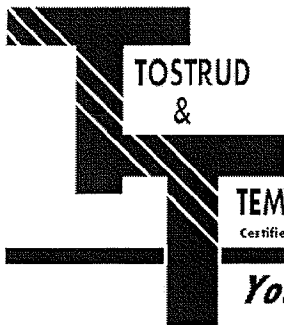
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

Testrud + Kemp, S.C.

October 25, 2018



TEMP, S.C.

Certified Public Accountants

Your Business Safety Net

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH 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, 2018. 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, 2018.

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.

Kostred + Karp, S.C.

October 25, 2018

Tomah Area School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2018

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
93.778	Medicaid

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, 2018

Section I - Summary of Auditor's Results - Continued

Identification of major state programs:

State ID Number	Name of State Program
255.201	General Equalization Aids
255.101	Handicapped Pupils and School Age Parents
255.102	Pupil Transportation
255.945	Per Pupil Adjustment Aid

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Prior Year Findings

None