

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

TOMAH AREA SCHOOL DISTRICT
TOMAH, WISCONSIN

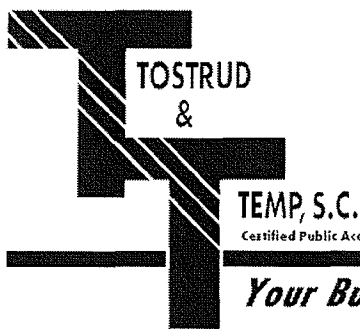
June 30, 2017

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tomah Area School District ("District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, 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.

Change in Accounting Principle

As described in Note 13 to the financial statements, for the year ended June 30, 2017, the District adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information identified in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as well as the schedule of expenditures of state awards and other supplemental information listed in the table of contents, are presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2017 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.

Ismael + Lopez, S.C.

November 15, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2017

This discussion and analysis of the Tomah Area School District's financial information provides an overall review of financial activities for the fiscal year. The analysis focuses on School District financial performance as a whole. Revenue and expense comparisons to fiscal year 2016 are used throughout this discussion and analysis letter. It should be read in conjunction with the Letter of Transmittal at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

Total governmental funds revenues were \$35,699,784; including \$13,449,026 of property taxes, \$19,475,287 of state aids and grants, and \$1,879,820 of federal grants. Total governmental fund expenditures were \$35,693,135, including \$19,912,069 for direct instruction. Other financing sources and uses included proceeds from sales of fixed assets of \$4,350.

The District's total long-term liabilities decreased by \$2,728,037. The liability for General obligation bonds decreased by \$615,000 due to regular bond payments. Post-retirement health care and other benefits decreased by \$875,437, and the liability for sick and vacation payable decreased by \$217,758. The District's share of the Wisconsin Retirement System net pension liability decreased by \$1,019,842.

The District's financial status, as reflected by total net position, increased by \$465,940. Net position of governmental activities increased \$496,461 and business-type activities (Food Service Program) decreased \$30,521 in net position for the current fiscal year.

The District's net position at the beginning of the year as been restated to include the District's net pension asset and deferred outflows of resources resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement Number 75. The governmental activities net position was decreased by \$4,939,039 and the business-type activities were decreased by \$232,599 by the restatement. The GASB 75 adjustment records a net other post-employment benefits (OPEB) liability. See Notes 9 and 13 for more information.

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.

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2017

- 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.

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, 2017

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, 2017

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, 2017, compared to 2016. The District's total combined net position was \$23,245,645 at June 30, 2017, which is a decrease of 16.84% over the prior year. The decrease in net position is due to the restatement of net position for the adoption of GASB Statement Number 75 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
	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	
Current and other assets	\$ 6,766.2	\$ 6,907.7	\$ 80.5	\$ 77.1	\$ 6,846.7	\$ 6,984.8	2.02%
Capital assets	22,908.2	23,032.0	273.5	259.0	23,181.7	23,291.0	0.47%
Total assets	29,674.4	29,939.7	354.0	336.1	30,028.4	30,275.8	0.82%
Deferred outflow s of resources	10,487.4	8,073.20	324.4	249.7	10,811.8	8,322.9	-23.02%
Long-term debt outstanding	5,105.8	8,688.6	60.9	236.6	5,166.7	8,925.2	72.74%
Other liabilities	3,413.4	2,222.40	35.3	33.2	3,448.7	2,255.6	-34.60%
Total liabilities	8,519.2	10,911.0	96.2	269.8	8,615.4	11,180.8	29.78%
Deferred inflow s of resources	4,145.2	4,047.1	128.2	125.2	4,273.4	4,172.3	100.00%
Net Position							
Net investment in							
capital assets	22,093.2	22,832.0	273.5	259.0	22,366.7	23,091.0	3.24%
Restricted	5,060.6	3,449.9	180.5	(68.2)	5,241.1	3,381.7	-35.48%
Unrestricted	343.6	(3,227.1)	-	-	343.6	(3,227.1)	1039.20%
TOTAL NET POSITION	\$ 27,497.4	\$ 23,054.8	\$ 454.0	\$ 190.8	\$ 27,951.4	\$ 23,245.6	-16.84%

Note: Totals may not add due to rounding

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2017

Financial Analysis of the District as a Whole – Continued

For the year ended June 30, 2017, the largest portion of the District's net position is its net investment in capital assets of \$23,090,973 (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 \$3,381,767 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 \$293,219 restricted for debt service, \$110,306 restricted for the Special Revenue Trust Fund and Capital Improvement Trust Fund, \$3,046,415 for its Wisconsin Retirement System pension plan, and (\$68,173) restricted for food service type activities. Unrestricted net position for the District accounts for the final (\$3,227,095) 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>2015-2016</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2016-2017</u>	
Revenues							
Program revenues							
Charges for services	\$ 154.5	\$ 149.7	\$ 680.9	\$ 674.1	\$ 835.4	\$ 823.8	-1.39%
Operating grants & contributions	3,437.9	3,595.7	845.0	805.7	4,282.9	4,401.4	2.77%
Capital grants & contributions	-	-	-	-	-	-	0.00%
General revenues							
Property and other taxes	13,197.3	13,449.0	-	-	13,197.3	13,449.0	1.91%
State equalization aid	16,706.0	17,090.0	-	-	16,706.0	17,090.0	2.30%
Gain on sale of fixed assets	3.4	4.4	-	-	3.4	4.4	29.41%
Transfers in (out)	-	-	-	-	-	-	0.00%
Other	976.6	1,415.3	0.2	0.2	976.8	1,415.5	44.91%
Total revenues	<u>34,475.7</u>	<u>35,704.1</u>	<u>1,526.1</u>	<u>1,480.0</u>	<u>36,001.8</u>	<u>37,184.1</u>	3.28%
Expenses							
Instruction	20,382.3	21,039.2	-	-	20,382.3	21,039.2	3.22%
Pupil & instructional services	2,609.0	2,684.3	-	-	2,609.0	2,684.3	2.89%
General & Building Administration	1,835.3	1,938.9	-	-	1,835.3	1,938.9	5.64%
Business Administration	7,667.6	7,076.6	-	-	7,667.6	7,076.6	-7.71%
Central	570.2	687.8	-	-	570.2	687.8	20.62%
Debt service	81.7	42.7	-	-	81.7	42.7	-47.74%
Insurance	278.0	284.6	-	-	278.0	284.6	2.37%
Other	1,692.9	1,453.5	1,558.4	1,510.6	3,251.3	2,964.1	-8.83%
Total expenses	<u>35,117.0</u>	<u>35,207.6</u>	<u>1,558.4</u>	<u>1,510.6</u>	<u>36,675.4</u>	<u>36,718.2</u>	0.12%
CHANGE IN NET POSITION	<u>\$ (641.3)</u>	<u>\$ 496.5</u>	<u>\$ (32.3)</u>	<u>\$ (30.6)</u>	<u>\$ (673.6)</u>	<u>\$ 465.9</u>	

Note: Totals may not add due to rounding

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2017

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 \$496,461 and business-type activities decreased the District's financial position by \$30,521.

The District relies primarily on property taxes (38%), unrestricted state and federal aids (49%) and operating grants and contributions (10%) to fund governmental activities.

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

Table 3 Net Cost of Government Activities (in thousands of dollars)						
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2015-2016	2016-2017		2015-2016	2016-2017	
Expenses						
Instruction	\$ 20,382.31	\$ 21,039.15	3%	\$ 18,247.58	\$ 18,779.93	3%
Pupil & instructional services	2,609.04	2,684.30	3%	1,790.00	1,908.84	6%
General & Building Administration	1,835.35	1,938.85	6%	1,835.35	1,938.85	5%
Business Administration	7,667.56	7,076.59	-8%	7,281.35	6,585.21	-11%
Central	570.29	687.89	21%	567.31	674.06	16%
Principal & interest	81.75	42.75	-48%	81.75	42.75	-91%
Insurance	278.02	284.59	2%	234.31	247.84	5%
Other	1,692.87	1,453.54	-14%	1,487.15	1,284.77	-16%
TOTAL EXPENSES	\$ 35,117.19	\$ 35,207.66		\$ 31,524.80	\$ 31,462.25	
Note: Totals may not add due to rounding						

The cost of all governmental activities this year was \$35,207,673. Individuals who directly participated or benefited from a program offering paid \$149,704 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$3,595,703. The net cost of governmental activities of \$31,462,266 was financed by general revenues of the District.

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2017

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.

Chart 1: Governmental Revenues by Source

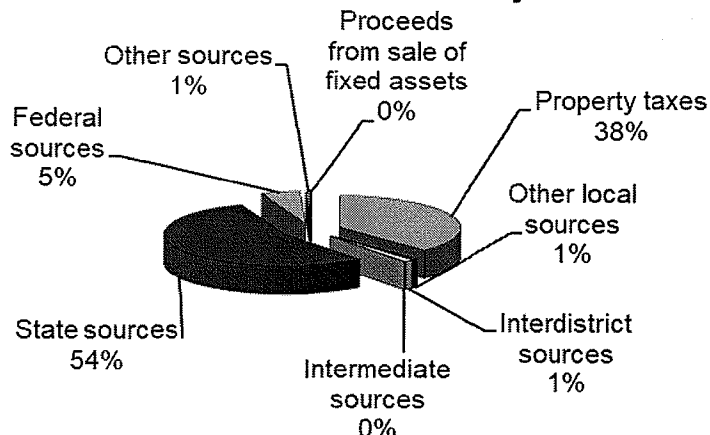
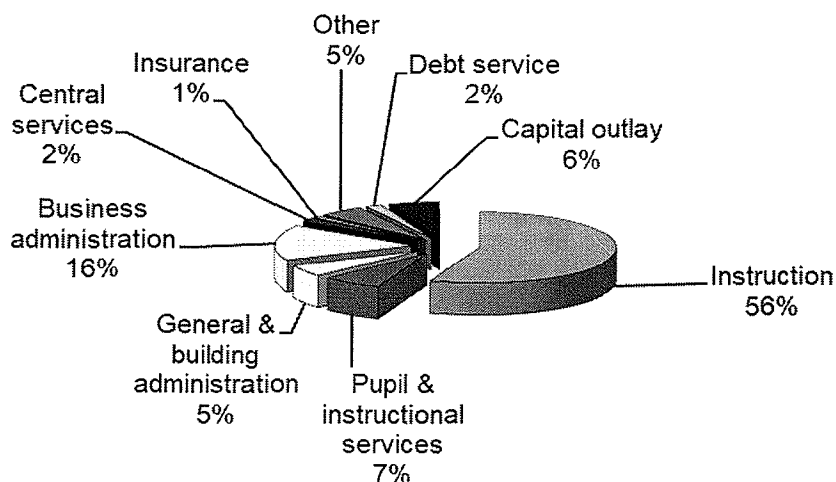


Chart 2: Governmental Expenditures by Type



Business-Type Activities

Revenues for the District's business-type activities (food service program) were operating revenues of \$1,479,858 and interest income of \$225. Operating revenues were comprised of charges for services (46%), federal and state reimbursements (48%), commodities (6%) and other (0%). Expenses of \$1,510,604 resulted in a decrease in net position of \$30,521 for the year. Major expenses include food purchases (47%) and labor/benefits (49%). The District increased meal prices an average of \$.10 per meal for the 2016-17 school year.

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2017

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 \$4,887,472. The fund balance increased \$10,999 from last year's ending funding balance of \$4,876,473 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 2016-17 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 2017, the District had invested \$55,721,776 in capital assets, including buildings, sites, library books, and equipment (See Table 4). Total accumulated depreciation on these assets equaled \$32,430,803. Asset acquisitions for governmental activities totaled \$2,136,690 and \$23,047 for the food service program. The District recognized depreciation expense of \$2,012,902 for governmental activities and \$37,530 for the food service program for the year ended June 30, 2017. 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
	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	
Land and site improvements	\$ 1,525.05	\$ 1,783.42	\$ -	\$ -	\$ 1,525.05	\$ 1,783.42	16.94%
Buildings & building improvements	31,961.12	31,961.12	76.55	76.55	32,037.67	32,037.67	0.00%
Equipment & furniture	19,782.43	21,369.10	508.54	531.58	20,290.97	21,900.68	7.93%
Accumulated depreciation	(30,360.43)	(32,081.68)	(311.60)	(349.13)	(30,672.03)	(32,430.81)	5.73%
TOTAL	\$ 22,908.17	\$ 23,031.96	\$ 273.49	\$ 259.00	\$ 23,181.66	\$ 23,290.96	
Note: Totals may not add due to rounding							

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2017

Long-Term Debt

At year-end, the District had \$9,125,275 in general obligation bonds and other long-term debt outstanding – a net decrease of \$2,728,037 from July 1, 2016. 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 net pension liability decreased by \$1,019,842 in the current year. The table below reflects a restatement of the OPEB liability due to implementation of GASB Statement No. 75.

Table 5 Outstanding Long-Term Obligations Total School District			
	As Restated 2015-2016	2016-2017	Total Percentage Change
General obligation debt	\$ 815.00	\$ 200.00	-307.50%
Other	11,038.31	8,925.28	-23.67%
TOTAL	\$ 11,853.31	\$ 9,125.28	-29.90%

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 2017-18, 2018-19, 2019-20, and 2020-21 budgets.
- State aid allocations based on declining 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, 2017

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, 2017

	Governmental Activities	Business- Type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 2,393,228	\$ 42,934	\$ 2,436,162
Prepaid expenses	151,244	-	151,244
Receivables			
Taxes	3,616,712	-	3,616,712
Accounts	4,221	-	4,221
Due from other funds	85,472	-	85,472
Due from other governments	656,804	21,242	678,046
Inventory	-	12,974	12,974
Total current assets	<u>6,907,681</u>	<u>77,150</u>	<u>6,984,831</u>
Noncurrent assets			
Capital assets	55,113,642	608,134	55,721,776
Less: accumulated depreciation	<u>(32,081,675)</u>	<u>(349,128)</u>	<u>(32,430,803)</u>
Total capital assets, net	<u>23,031,967</u>	<u>259,006</u>	<u>23,290,973</u>
Total noncurrent assets	<u>23,031,967</u>	<u>259,006</u>	<u>23,290,973</u>
Total assets	29,939,648	336,156	30,275,804
Deferred outflows of resources			
Pension plan - WRS	<u>8,073,255</u>	<u>249,688</u>	<u>8,322,943</u>
Total assets and deferred outflows of resources	<u><u>\$ 38,012,903</u></u>	<u><u>\$ 585,844</u></u>	<u><u>\$ 38,598,747</u></u>
Liabilities			
Current liabilities			
Current portion of long-term obligations	\$ 200,000	\$ -	\$ 200,000
Accounts payable	118,230	241	118,471
Accrued liabilities			
Payroll, payroll taxes, and insurances	1,901,979	6,469	1,908,448
Interest	2,125	-	2,125
Unearned revenue	-	26,495	26,495
Total current liabilities	<u>2,222,334</u>	<u>33,205</u>	<u>2,255,539</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations	<u>8,688,638</u>	<u>236,637</u>	<u>8,925,275</u>
Total liabilities	<u>10,910,972</u>	<u>269,842</u>	<u>11,180,814</u>
Deferred inflows of resources			
Pension plan - WRS	4,047,119	125,169	4,172,288
Net position			
Net investment in capital assets	22,831,967	259,006	23,090,973
Restricted			
Debt service	293,219	-	293,219
Other activities	3,156,721	(68,173)	3,088,548
Unrestricted	<u>(3,227,095)</u>	<u>-</u>	<u>(3,227,095)</u>
Total net position	<u>23,054,812</u>	<u>190,833</u>	<u>23,245,645</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 38,012,903</u></u>	<u><u>\$ 585,844</u></u>	<u><u>\$ 38,598,747</u></u>

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF ACTIVITIES
For the year ended June 30, 2017

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	\$ 15,068,828	\$ 6,126	\$ 902,268	\$ -	\$ (14,160,434)	\$ -	\$ (14,160,434)
Vocational instruction	829,360	18,311	24,763	-	(786,286)	-	(786,286)
Special education instruction	3,684,833	-	1,212,253	-	(2,472,580)	-	(2,472,580)
Other instruction	1,456,131	73,734	21,764	-	(1,360,633)	-	(1,360,633)
Total instruction	21,039,152	98,171	2,161,048	-	(18,779,933)	-	(18,779,933)
Support services							
Pupil services	1,260,976	-	325,911	-	(935,065)	-	(935,065)
Instructional staff services	1,423,328	5,903	443,646	-	(973,779)	-	(973,779)
General administration services	358,185	-	-	-	(358,185)	-	(358,185)
School administration services	1,580,668	-	-	-	(1,580,668)	-	(1,580,668)
Business administration services	7,076,590	45,630	445,755	-	(6,585,205)	-	(6,585,205)
Central services	687,888	-	13,827	-	(674,061)	-	(674,061)
Insurance	284,593	-	36,754	-	(247,839)	-	(247,839)
Other support services	286,719	-	-	-	(286,719)	-	(286,719)
Total support services	12,958,947	51,533	1,265,893	-	(11,641,521)	-	(11,641,521)
Non-program							
Other non-program	1,166,825	-	168,762	-	(998,063)	-	(998,063)
Total non-program	1,166,825	-	168,762	-	(998,063)	-	(998,063)
Debt service	42,749	-	-	-	(42,749)	-	(42,749)
Total governmental activities	35,207,673	149,704	3,595,703	-	(31,462,266)	-	(31,462,266)
Business-type activities							
School food service program	1,510,604	674,111	805,747	-	-	(30,746)	(30,746)
Total school district	\$ 36,718,277	\$ 823,815	\$ 4,401,450	\$ -	(31,462,266)	(30,746)	(31,493,012)
General revenues							
Property taxes							
General purposes					12,774,328	-	12,774,328
Mobile home taxes					38,177	-	38,177
Debt services					636,521	-	636,521
State and federal aids not restricted to specific functions							
General					17,090,043	-	17,090,043
Other					1,340,020	-	1,340,020
Interest and investment earnings					5,357	225	5,582
Miscellaneous					69,931	-	69,931
Gain on sale of fixed assets					4,350	-	4,350
Total general revenues					31,958,727	225	31,958,952
Change in net position					496,461	(30,521)	465,940
Net position at July 1, 2016 - as restated					22,558,351	221,354	22,779,705
Net position at June 30, 2017					\$ 23,054,812	\$ 190,833	\$ 23,245,645

The accompanying notes are an integral part of this statement.

Tomah Area School District

BALANCE SHEET**GOVERNMENTAL FUNDS**

June 30, 2017

	General Fund	Debt Service Funds	Other Governmental Funds	Total
Assets				
Cash and investments	\$ 1,984,557	\$ 298,365	\$ 110,306	\$ 2,393,228
Prepaid expenses	151,244	-	-	151,244
Receivables				
Taxes	3,616,712	-	-	3,616,712
Accounts	4,221	-	-	4,221
Due from other funds	88,493	-	-	88,493
Due from other governments	656,804	-	-	656,804
Total assets	<u>\$ 6,502,031</u>	<u>\$ 298,365</u>	<u>\$ 110,306</u>	<u>\$ 6,910,702</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 118,230	\$ -	\$ -	\$ 118,230
Accrued liabilities				
Payroll, payroll taxes, insurance	1,901,979	-	-	1,901,979
Due to other funds	-	3,021	-	3,021
Total liabilities	<u>2,020,209</u>	<u>3,021</u>	<u>-</u>	<u>2,023,230</u>
Fund balances				
Restricted	-	295,344	110,306	405,650
Unrestricted				
Unassigned	4,481,822	-	-	4,481,822
Total fund balances	<u>4,481,822</u>	<u>295,344</u>	<u>110,306</u>	<u>4,887,472</u>
Total liabilities and fund balances	<u>\$ 6,502,031</u>	<u>\$ 298,365</u>	<u>\$ 110,306</u>	<u>\$ 6,910,702</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, 2017

Fund balance - governmental funds \$ 4,887,472

Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balances because:

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

Governmental capital assets	\$ 55,113,642	
Governmental accumulated depreciation	<u>(32,081,675)</u>	23,031,967

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:

Pension plan - WRS	8,073,255
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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	(200,000)	
Accrued interest on general obligation debt	(2,125)	
Net pension liability - WRS	(979,721)	
Vested employee benefits	(1,037,379)	
Other post-employment benefits	<u>(6,671,538)</u>	(8,890,763)

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:

Pension plan - WRS	<u>(4,047,119)</u>
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Total net position - governmental activities	\$ <u>23,054,812</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, 2017

	General Fund	Debt Service Funds	Other Governmental Funds	Total
Revenues				
Property taxes	\$ 12,812,505	\$ 636,521	\$ -	\$ 13,449,026
Other local sources	153,380	1,528	74,887	229,795
Interdistrict sources	398,035	-	-	398,035
Intermediate sources	28,843	-	-	28,843
State sources	19,475,287	-	-	19,475,287
Federal sources	1,854,586	-	25,234	1,879,820
Other sources	238,978	-	-	238,978
Total revenues	34,961,614	638,049	100,121	35,699,784
Expenditures				
Current				
Instruction				
Regular instruction	14,044,349	-	29,065	14,073,414
Vocational instruction	791,249	-	-	791,249
Special instruction	3,695,343	-	-	3,695,343
Other instruction	1,340,511	-	11,552	1,352,063
Total instruction	19,871,452	-	40,617	19,912,069
Support services				
Pupil services	1,201,701	-	25,437	1,227,138
Instructional staff services	1,263,573	-	1,999	1,265,572
General administration services	337,210	-	-	337,210
Building administration services	1,522,363	-	-	1,522,363
Business administration services	5,755,745	-	-	5,755,745
Central services	659,533	-	262	659,795
Insurance	284,593	-	-	284,593
Other support services	760,875	-	-	760,875
Total support services	11,785,593	-	27,698	11,813,291
Non-program services	1,166,825	-	-	1,166,825
Debt service	14,717	649,543	-	664,260
Capital outlay	2,103,981	-	32,709	2,136,690
Total expenditures	34,942,568	649,543	101,024	35,693,135
Excess (deficiency) of revenues over expenditures	19,046	(11,494)	(903)	6,649
Other financing sources (uses)				
Proceeds from sale of fixed assets	4,350	-	-	4,350
Transfer from (to) other funds	(20,000)	-	20,000	-
	(15,650)	-	20,000	4,350
Net change in fund balances	3,396	(11,494)	19,097	10,999
Fund balances at July 1, 2016	4,475,405	309,859	91,209	4,876,473
Residual equity transfer in (out)	3,021	(3,021)	-	-
Fund balances at June 30, 2017	\$ 4,481,822	\$ 295,344	\$ 110,306	\$ 4,887,472

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, 2017

Net change in fund balances - total governmental funds \$ 10,999

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	\$ 2,136,690	
Depreciation expense reported in the statement of activities	(2,012,902)	
Proceeds from sale of fixed assets	(4,350)	
Gain on sale of fixed assets	<u>4,350</u>	123,788

Vested employee benefits are reported in the governmental fund statements when amounts are paid. The statement of activities reports the value of benefits earned during the year:

Special termination benefits paid in current year	1,796,477	
Special termination benefits earned in current year	<u>(729,545)</u>	1,066,932

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:		615,000
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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	1,211,692	
Actuarially determined change in net pension liability (asset) between years, with adjustments	<u>(2,538,461)</u>	(1,326,769)

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	34,543	
The amount of interest accrued during the current year	<u>(28,032)</u>	6,511

Change in net position - governmental activities		\$ <u><u>496,461</u></u>
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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, 2017

Assets

Current assets

Cash and investments	\$ 42,934
Accounts receivable	-
Due from other governments	21,242
Inventory	<u>12,974</u>

Total current assets 77,150

Non-current assets

Capital assets	608,134
Less accumulated depreciation	<u>(349,128)</u>
Net capital assets	<u>259,006</u>

Total non-current assets 259,006

Deferred outflows of resources

Pension plan - WRS	<u>249,688</u>
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Total assets and deferred outflows of resources \$ 585,844

Liabilities

Current liabilities

Accounts payable	\$ 241
Accrued payroll, payroll taxes and insurance	6,469
Unearned revenue - student lunch accounts	<u>26,495</u>

Total current liabilities 33,205

Non-current liabilities

Other post-employment benefits liability	206,336
Net pension plan - WRS	<u>30,301</u>

Total non-current liabilities 236,637

Total liabilities 269,842

Deferred inflows of resources

Pension plan - WRS	125,169
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Net position

Net investment in capital assets	259,006
Restricted for food service	<u>(68,173)</u>

Total net position 190,833

Total liabilities, deferred inflows of resources, and net position \$ 585,844

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, 2017

Revenues

Food sales	\$ 674,111
State sources	19,386
Federal sources	694,846
Federal commodities	91,129
Other income	386

Total revenues	1,479,858
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Operating expenses

Salaries and wages	547,408
Employer paid benefits	196,104
Purchased services	26,296
Supplies, food and materials	703,120
Other	146
Depreciation	37,530

Total operating expenses	1,510,604
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Operating loss	(30,746)
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Non-operating revenue

Interest income	225
	225

Change in net position	(30,521)
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Net position at beginning of year - as restated	221,354
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Net position at end of year	\$ 190,833
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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, 2017

Increase in Cash and Cash Equivalents

Cash flows from operating activities:

Cash received from user charges	\$ 681,600
Cash received from other government payments	722,830
Cash received from other sources	386
Cash payments to employees for services	(731,700)
Cash payments for utilities and other purchased services	(26,296)
Cash payments to suppliers for goods and services	(613,207)
Cash payments for other operating expenses	(146)
Net cash provided by operating activities	<u>33,467</u>

Cash flows used in capital and related financing activities:

Capital expenditures	(23,047)
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Cash flows from investing activities:

Interest on investments	225
	<u>225</u>

Net increase in cash and cash equivalents	10,645
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Cash and cash equivalents at beginning of year	<u>32,289</u>
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Cash and cash equivalents at end of year	<u><u>\$ 42,934</u></u>
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**Reconciliation of Operating loss to Net Cash
Provided by Operating Activities**

Operating loss	\$ (30,746)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	37,530
Pension expense	41,034
Changes in net position and liabilities	
Decrease in accounts receivable	6,458
Decrease in due from other governments	8,598
(Increase) in inventory	(1,092)
(Decrease) in accounts payable	(124)
(Decrease) in accrued liabilities	(2,959)
Increase in deferred revenue	1,031
(Decrease) in other post-employment benefit liability	(26,263)
	<u>64,213</u>
Net cash provided by operating activities	<u><u>\$ 33,467</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 \$91,129.

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	Student Activities	Scholarship Funds	Employee Benefit Trust	Total
Assets				
Cash and cash equivalents	\$ 142,832	\$ 417,672	\$ 656,469	\$ 1,216,973
Total assets	<u>\$ 142,832</u>	<u>\$ 417,672</u>	<u>\$ 656,469</u>	<u>\$ 1,216,973</u>
Liabilities				
Due to other funds	\$ -	\$ -	\$ 85,472	\$ 85,472
Due to student organizations	142,832	-	-	142,832
	<u>142,832</u>	<u>-</u>	<u>85,472</u>	<u>228,304</u>
Net position				
Nonspendable	-	120,000	-	120,000
Reserved for scholarships	-	297,672	-	297,672
Restricted for employee post-employment benefits	-	-	570,997	570,997
Total net position	<u>-</u>	<u>417,672</u>	<u>570,997</u>	<u>988,669</u>
Total liabilities and net position	<u>\$ 142,832</u>	<u>\$ 417,672</u>	<u>\$ 656,469</u>	<u>\$ 1,216,973</u>

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year ended June 30, 2017

Additions				
Gifts and contributions	\$ -	\$ 36,386	\$ -	\$ 36,386
Interest income	-	1,138	10,848	11,986
Employee trust fund contribution	-	-	1,456,449	1,456,449
	<u>-</u>	<u>37,524</u>	<u>1,467,297</u>	<u>1,504,821</u>
Deductions				
Scholarships awarded	-	31,170	-	31,170
Employee benefits	-	-	1,541,921	1,541,921
	<u>-</u>	<u>31,170</u>	<u>1,541,921</u>	<u>1,573,091</u>
Net change in position	-	6,354	(74,624)	(68,270)
Net position at beginning of year	<u>-</u>	<u>411,318</u>	<u>645,621</u>	<u>1,056,939</u>
Net position at end of year	<u>\$ -</u>	<u>\$ 417,672</u>	<u>\$ 570,997</u>	<u>\$ 988,669</u>

The accompanying notes are an integral part of these statements.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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 November 15, 2017, 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, 2017

**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	\$ 13,449,026	\$ -	\$ -	\$ -	\$ 13,449,026
Other local sources	229,795	-	-	-	229,795
Interdistrict sources	398,035	-	-	-	398,035
Intermediate sources	28,843	-	-	-	28,843
State sources	19,475,287	-	-	-	19,475,287
Federal sources	1,879,820	-	-	-	1,879,820
Other sources	238,978	-	-	-	238,978
Proceeds from sale of fixed assets	4,350	-	(4,350)	-	-
Gain on sale of fixed assets	-	-	4,350	-	4,350
Total revenues	35,704,134	-	-	-	35,704,134
Expenditures					
Current					
Instruction					
Regular instruction	14,073,414	411,522	583,892	-	15,068,828
Vocational instruction	791,249	22,967	15,144	-	829,360
Special instruction	3,695,343	(11,660)	1,150	-	3,684,833
Other instruction	1,352,063	48,587	55,481	-	1,456,131
Support services					
Pupil	1,227,138	33,274	564	-	1,260,976
Instructional staff	1,265,572	33,082	124,674	-	1,423,328
General administration	337,210	10,981	9,994	-	358,185
Building administration	1,522,363	58,305	-	-	1,580,668
Business administration	5,755,745	114,624	1,206,221	-	7,076,590
Central	659,795	12,311	15,782	-	687,888
Insurance	284,593	-	-	-	284,593
Other support services	760,875	(474,156)	-	-	286,719
Non-program	1,166,825	-	-	-	1,166,825
Debt service	664,260	-	-	(621,511)	42,749
Capital outlay	2,136,690	-	(2,136,690)	-	-
Total expenditures	35,693,135	259,837	(123,788)	(621,511)	35,207,673
Net change for the year	\$ 10,999	\$ (259,837)	\$ 123,788	\$ 621,511	\$ 496,461

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Statement of net position	
Governmental activities	\$ 2,393,228
Business-type activities	42,934
	<u>2,436,162</u>
Fiduciary funds	1,216,973
	<u>\$ 3,653,135</u>

Cash and investments as of June 30, 2017 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 378,662	\$ 388,724
NOW accounts	1,857,549	2,761,017
Passbook savings	214,083	214,083
Certificates of deposit	249,264	249,264
Registered group variable contract -		
AUL fixed interest account	656,469	570,997
Local government investment pool	<u>297,108</u>	<u>297,108</u>
Total	<u>\$ 3,653,135</u>	<u>\$ 4,481,193</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, 2017, 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, 2017

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 13.8 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	\$ 570,997	\$ 570,997	\$ -	\$ -	\$ -
Certificates of deposit	249,264	129,264	120,000	-	-
Local government investment pool	297,108	297,108	-	-	-
Total	\$ 1,117,369	\$ 997,369	\$ -	\$ -	\$ -

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. UAL's financial strength rating by A.M. Best is A+ (superior) based on ratings as of June 30, 2017.

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, 2017

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, 2017, the District had \$2,844,423 in deposits with financial institutions in excess of federal depository insurance limits that were collateralized and another \$47,982 that was not collateralized, but was covered by the Wisconsin State Deposit Guarantee Fund. Amounts that may have exceeded these coverage limits varied during the fiscal year.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have an investment policy that would limit the exposure to custodial 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, 2017 are as follows:

	Cost at June 30, 2017	Market value at June 30, 2017
Registered group		
variable contract -		
AUL fixed interest		
account	\$ 542,257	\$ 570,997
Local government		
investment pool	297,108	297,108
Total	\$ <u>839,365</u>	\$ <u>868,105</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

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, 2017 are:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserv- able Inputs (Level 3)
	<u>Fair Value</u>			
Registered group variable contract - AUL fixed interest account	\$ 570,997	\$ -	\$ 570,997	\$ -
Local government investment pool	297,108	-	297,108	-
Total	<u>\$ 868,105</u>	<u>\$ -</u>	<u>\$ 868,105</u>	<u>\$ -</u>

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund amounts owed to and from funds as of June 30, 2017 resulting from routine District operations, all expected to be repaid within the next fiscal year, are as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Debt Service Fund	General Fund	\$ 3,021
Employee Benefit Trust Fund	General Fund	85,472

The District transferred \$20,000 from the General Fund to the Capital Improvement Trust Fund.

The District also transferred \$3,021 in a residual equity transfer out from the Non-Referendum Debt Service fund to the General Fund.

NOTE 5 - SHORT-TERM NOTES PAYABLE

The District has no short-term notes payable at June 30, 2017. During the year, the District took out 3 short-term notes. The District borrowed a total of \$6,950,000 and repaid \$6,950,000 during the year. Interest expense for the fiscal year on short-term borrowing was \$14,717.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 are as follows:

	Balances at July 1, 2016	Additions and Adjustments	Deletions and Adjustments	Balances at June 30, 2017
Governmental Activities				
Land (non-depreciable) and site improvements	\$ 1,525,051	\$ 258,370	\$ -	\$ 1,783,421
Buildings and building improvements	31,961,124	-	-	31,961,124
Furniture and equipment	19,782,431	1,878,320	291,654	21,369,097
Totals	53,268,606	2,136,690	291,654	55,113,642
Less accumulated depreciation				
Site improvements	722,581	66,700	-	789,281
Buildings and building improvements	15,572,927	711,255	-	16,284,182
Furniture and equipment	14,064,919	1,234,947	291,654	15,008,212
Totals	30,360,427	2,012,902	291,654	32,081,675
Governmental activities capital assets, net of accumulated depreciation	\$ 22,908,179	\$ 123,788	\$ -	\$ 23,031,967
Business-Type Activities				
Building	\$ 76,552	\$ -	\$ -	\$ 76,552
Furniture and equipment	508,535	23,047	-	531,582
Totals	585,087	23,047	-	608,134
Less accumulated depreciation				
Building	35,727	3,718	-	39,445
Furniture and equipment	275,871	33,812	-	309,683
Totals	311,598	37,530	-	349,128
Business-type activities capital assets, net of accumulated depreciation	\$ 273,489	\$ (14,483)	\$ -	\$ 259,006

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	\$ 583,892
Vocational instruction	15,144
Special education instruction	1,150
Other instruction	55,481
Pupil services	564
Instructional staff services	124,674
School administration services	9,994
Business administration services	1,206,221
Central services	15,782
	<u>\$ 2,012,902</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

NOTE 7 - LONG-TERM OBLIGATIONS

Long-term obligations balances and activity for the year ended June 30, 2017 are as follows:

	Balances at July 1, 2016 As Restated	Additions	Reductions and Adjustments	Balances at June 30, 2017
Governmental Activities				
General obligation bonds	\$ 815,000	\$ -	\$ 615,000	\$ 200,000
Vacation and sick payable	1,255,137	155,441	373,199	1,037,379
Net pension liability (asset) - WRS	1,968,968	136,751	1,125,998	979,721
Post retirement health care & other benefits	<u>7,520,712</u>	<u>574,104</u>	<u>1,423,278</u>	<u>6,671,538</u>
Total governmental activity long-term obligations	11,559,817	866,296	3,537,475	8,888,638
Business-Type Activities				
Net pension liability (asset) - WRS	60,896	4,230	34,825	30,301
Post retirement health care & other benefits	<u>232,599</u>	<u>17,756</u>	<u>44,019</u>	<u>206,336</u>
	<u>293,495</u>	<u>21,986</u>	<u>78,844</u>	<u>236,637</u>
Total long-term obligations	<u>\$ 11,853,312</u>	<u>\$ 888,282</u>	<u>\$ 3,616,319</u>	<u>\$ 9,125,275</u>

The current portion (due within one year) of long-term obligations at June 30, 2017 consists of:

General obligation bonds	\$ <u>200,000</u>
Total current portion of long-term obligations	\$ <u><u>200,000</u></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, 2017 is as follows:

	Accrued	Paid
Short-term borrowing	\$ 14,717	\$ 14,717
Long-term obligations	<u>28,032</u>	<u>34,543</u>
Totals	<u>\$ 42,749</u>	<u>\$ 49,260</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

NOTE 7 - LONG-TERM OBLIGATIONS - CONTINUED

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance at June 30, 2017</u>	<u>Current Maturities</u>
General					
Obligation					
Refunding					
Bonds	2/15/2007	4.00-4.25%	4/1/2018	\$ <u>200,000</u>	\$ <u>200,000</u>
Total general obligation debt				\$ <u>200,000</u>	\$ <u>200,000</u>

The 2016 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,636,365,548. The legal debt limit and margin of indebtedness as of June 30, 2017 in accordance with Wisconsin Statutes is as follows:

Debt limit	
(10% of \$1,636,365,548)	\$ 163,636,555
Deduct long-term debt	
applicable to debt margin	<u>200,000</u>
Margin of indebtedness	\$ <u>163,436,555</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on the bonds at June 30, 2017 is as follows:

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ <u>200,000</u>	\$ <u>8,500</u>	\$ <u>208,500</u>
Totals	\$ <u>200,000</u>	\$ <u>8,500</u>	\$ <u>208,500</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

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 occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

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)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

During the reporting period, the WRS recognized \$1,220,786 in contributions from the employer.

Contribution rates as of June 30, 2017 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At June 30, 2017, the District reported a liability (asset) of \$1,010,022 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the District's proportion was 0.12253998%, which was a decrease of 0.00237619% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017 the District recognized pension expense of \$2,641,253.

At June 30, 2017, 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, 2017

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 385,122	\$ 3,176,432
Changes in assumptions	1,056,017	-
Net differences between projected and actual earnings on pension plan investments	6,023,425	995,856
Changes in proportion and differences between employer contributions and proportionate share of contributions	138,820	-
Employer contributions subsequent to the measurement date	719,559	-
Total	\$ 8,322,943	\$ 4,172,288

\$719,559 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, 2018.

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 Outflow of Resources	Deferred Inflows of Resources
2018	\$ 2,644,774	\$ 1,263,086
2019	\$ 2,644,774	\$ 1,263,086
2020	\$ 2,214,850	\$ 1,263,085
2021	\$ 96,626	\$ 383,031
2022	\$ 2,360	\$ -

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
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, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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, 2017

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

Asset Allocation Targets and Expected Returns						
As of December 31, 2016						
<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>		<u>Destination Target Asset Allocation %</u>		<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50	%	45	%	8.3	5.4
Fixed Income	24.5		37		4.2	1.4
Inflation Sensitive Assets	15.5		20		4.3	1.5
Real Estate	8		7		6.5	3.6
Private Equity/Debt	8		7		9.4	6.5
Multi-Asset	4		4		6.6	3.7
Total Core Fund	110		120		7.4	4.5
<u>Variable Fund Asset Class</u>						
U.S. Equities	70		70		7.6	4.7
International Equities	30		30		8.5	5.6
Total Variable Fund	100		100		7.9	5
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 3.78%. 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, 2017

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)	\$13,287,487	\$1,010,022	\$(8,444,182)

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, 2017 was \$395,035 for its monthly employee and employer required contribution.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION 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, 2017

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.								
			<u>Administrators that retire after July 1, 2009:</u>								
	55 (1)	15 (1)	Administrators hired before the 2005-2006 school year have the option to choose a), b), or c) below.								
	55 (1)	15 (1)	Administrators hired during or after the 2005-2006 school year have the option to choose a) or b) below. a) The District will deposit into a Health Reimbursement Account (HRA) an amount equal to the Administrator's continuous years of service, not to exceed 40 years, times \$4,000, paid in equal installments over 84 months. b) The District will deposit into a HRA an amount equal to 100% of the premium rate on June 30th of the year the retirement is to commence. For administrators hired after July 1, 2010, the District will deposit into a HRA an amount equal to 80% of the premium rate on June 30th of the year the retirement is to commence. The deposits will be made on a monthly basis and will cease after 84 months. Administrators need to work 5 additional days a year to be eligible. c) The retiree must be at least 57 years old at retirement. The District will pay the percent of premium as shown below for 8 years, based on the years of service at retirement <table><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, 2017

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, 2017

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION 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, 2017 and the total other post-employment benefit liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Methods and Assumptions. The District engaged an actuary to perform a valuation as of June 30, 2017 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 year, level dollar.

The total other post-employment benefit liability in the June 30, 2017 actuarial valuation 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.

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.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

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

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	\$ 8,398,932	\$ 645,621	\$ 7,753,311
Changes for the year:			
Service cost	342,723	-	342,723
Interest	249,137	-	249,137
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other input	-	-	-
Contributions - employer	-	1,456,449	(1,456,449)
Net investment income	-	10,848	(10,848)
Benefit payments	(1,541,921)	(1,541,921)	-
Administrative expense	-	-	-
Net changes	<u>(950,061)</u>	<u>(74,624)</u>	<u>(875,437)</u>
Balance at the end of the year	\$ <u>7,448,871</u>	\$ <u>570,997</u>	\$ <u>6,877,874</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 3.0 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 (2.0 percent) or 1-percentage-point higher (4.0 percent) than the current rate:

	1% Decrease to Discount Rate (2.0%)	Current Discount Rate (3.0%)	1% Increase To Discount Rate (4.0%)
Total OPEB liability	\$ 6,665,242	\$ 7,448,871	\$ 8,150,166
Fiduciary net position	570,997	570,997	570,997
Net OPEB liability	\$ 6,094,245	\$ 6,877,874	\$ 7,579,169

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION 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	\$ 8,004,655	\$ 7,448,871	\$ 6,935,279
Fiduciary net position	570,997	570,997	570,997
Net OPEB liability	\$ 7,433,658	\$ 6,877,874	\$ 6,364,282

Other Post-Employment Benefits Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits. Since this is the first year of implementation of GASB 75 with regard to the Other Post-Employment Benefit portion of the District's post-employment health subsidy, there are no deferred outflows or deferred inflows of resources for differences between expected and actual experience, changes of assumptions or other input, or net difference between projected and actual earnings on OPEB plan investments. In subsequent years, the District will report information on deferred outflows and deferred inflows of resources at year end as well as a schedule of amounts of those deferred outflows and deferred inflows of resources that will be recognized in the other post-employment benefit expense for the following 5 years.

NOTE 10 - FUND BALANCES AND NET POSITION

Net position

At June 30, 2017, food service net position of \$259,006 was invested in fixed assets, and (\$68,173) was restricted for food service programs.

At June 30, 2017, the Governmental Activities net position balance after subtracting net investment in capital assets, and the amounts restricted for debt service and other activities is (\$3,227,095).

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

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

The following functions had an excess of actual expenditures over budget for the year ended June 30, 2017:

<u>Individual Fund and Function</u>	<u>Expenditures</u>
General Fund	
Non-program services	\$ 211

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, 2017 were \$94,129. Minimum annual lease payments are as follows:

Year ended June 30, 2018	\$ 35,308
2019	32,318
2020	26,854
2021	<u>20,141</u>
Total minimum lease payments	\$ <u>114,621</u>

NOTE 13 - RESTATEMENT OF NET POSITION

During the year, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. By implementing Statement No. 75, the District restated its net position as of July 1, 2016 as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total District</u>
Balance at beginning of year	\$ 27,497,390	\$ 453,953	\$ 27,951,343
Net OPEB liability	<u>(4,939,039)</u>	<u>(232,599)</u>	<u>(5,171,638)</u>
	<u>(4,939,039)</u>	<u>(232,599)</u>	<u>(5,171,638)</u>
Balance at beginning of year - as restated	\$ <u>22,558,351</u>	\$ <u>221,354</u>	\$ <u>22,779,705</u>

NOTE 14 - RISK MANAGEMENT

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

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2017

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
Year ended June 30, 2017

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%

* 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
Year ended June 30, 2017

	2017
Total OPEB liability	
Service cost	\$ 342,723
Interest	249,137
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	-
Benefit payments	(1,541,921)
Net change in total OPEB liability	(950,061)
Total OPEB liability - beginning of the year	8,398,932
Total OPEB liability - ending (a)	\$ 7,448,871
Fiduciary net position	
Contributions	\$ 1,456,449
Net investment income	10,848
Benefit payments	(1,541,921)
Administrative expense	-
Net change in fiduciary net position	(74,624)
Fiduciary net position - beginning of the year	645,621
Fiduciary net position - ending (b)	\$ 570,997
Net OPEB liability - end of the year (a) - (b)	\$ 6,877,874
Fiduciary net position as a percentage of the total OPEB liability	7.67%
Covered payroll	\$ 19,677,102
Net OPEB liability as a percentage of covered payroll	34.95%

* 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 PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
Year ended June 30, 2017

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

* 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, 2017

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

* 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
for the Year ended June 30, 2017

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, 2017

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 12,839,103	\$ 12,812,505	\$ 12,812,505	\$ -
Other local sources	157,645	153,380	153,380	-
Interdistrict sources	399,817	398,035	398,035	-
Intermediate sources	9,152	28,843	28,843	-
State sources	19,212,547	19,475,287	19,475,287	-
Federal sources	1,978,194	1,854,587	1,854,586	(1)
Other sources	99,000	238,979	238,978	(1)
Total revenues	34,695,458	34,961,616	34,961,614	(2)
Expenditures				
Instruction				
Regular instruction	14,886,430	15,091,519	15,091,306	213
Vocational instruction	754,009	799,082	799,081	1
Special instruction	3,512,920	3,695,343	3,695,343	-
Other instruction	1,359,413	1,374,382	1,374,382	-
Total instruction	20,512,772	20,960,326	20,960,112	214
Support services				
Pupil services	1,169,732	1,201,701	1,201,701	-
Instructional staff services	1,350,321	1,457,739	1,457,738	1
General administration services	343,329	337,210	337,210	-
Building administration services	1,449,000	1,522,363	1,522,363	-
Business administration services	6,090,766	6,517,276	6,517,274	2
Central services	654,405	719,160	719,160	-
Insurance	285,985	284,593	284,593	-
Principal and interest	10,000	14,717	14,717	-
Other support services	1,471,363	760,875	760,875	-
Total support services	12,824,901	12,815,634	12,815,631	3
Non-program services	1,354,435	1,166,614	1,166,825	(211)
Total expenditures	34,692,108	34,942,574	34,942,568	6
Excess (deficiency) of revenues over expenditures	3,350	19,042	19,046	4
Other financing sources (uses)				
Proceeds from sale of fixed assets	-	4,350	4,350	-
Transfer from (to) other funds	(3,350)	(20,000)	(20,000)	-
	(3,350)	(15,650)	(15,650)	-
Net change in fund balance	-	3,392	3,396	4
Fund balance at July 1, 2016	4,475,405	4,475,405	4,475,405	-
Residual equity transfer in	3,021	3,021	3,021	-
Fund balance at June 30, 2017	\$ 4,478,426	\$ 4,481,818	\$ 4,481,822	\$ 4

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, 2017

	General Fund - Fund 10			Special Education Fund - Fund 27			Combined Fund 10 and 27		
	Budgeted Amounts		Actual	Budgeted Amounts		Actual	Budgeted Amounts		Actual
	Original	Final		Original	Final		Original	Final	
Revenues									
Property taxes	\$ 12,839,103	\$ 12,812,505	\$ 12,812,505	\$ -	-	-	\$ 12,839,103	\$ 12,812,505	\$ 12,812,505
Other local sources	157,645	153,380	153,380	-	-	-	157,645	153,380	153,380
Interdistrict sources	399,817	398,035	398,035	-	-	-	399,817	398,035	398,035
Intermediate sources	6,152	9,282	9,282	3,000	19,561	19,561	9,152	28,843	28,843
State sources	18,127,065	18,412,769	18,412,769	1,085,482	1,062,518	1,062,518	19,212,547	19,475,287	19,475,287
Federal sources	1,196,830	1,127,136	1,127,136	781,364	727,451	727,450	1,978,194	1,854,587	1,854,586
Other sources	99,000	238,979	238,978	-	-	-	99,000	238,979	238,978
Total revenues	32,825,612	33,152,086	33,152,085	1,869,846	1,809,530	1,809,529	34,695,458	34,961,616	34,961,614
Expenditures									
Instruction									
Regular instruction	14,886,430	15,091,519	15,091,306	-	-	-	14,886,430	15,091,519	15,091,306
Vocational instruction	754,009	799,082	799,081	-	-	-	754,009	799,082	799,081
Special instruction	-	-	-	3,512,920	3,695,343	3,695,343	3,512,920	3,695,343	3,695,343
Other instruction	1,346,600	1,364,398	1,364,398	12,813	9,984	9,984	1,359,413	1,374,382	1,374,382
Total instruction	16,987,039	17,254,999	17,254,785	3,525,733	3,705,327	3,705,327	20,512,772	20,960,326	20,960,112
Support services									
Pupil services	722,401	727,537	727,537	447,331	474,164	474,164	1,169,732	1,201,701	1,201,701
Instructional staff services	1,049,900	1,169,587	1,169,586	300,421	288,152	288,152	1,350,321	1,457,739	1,457,738
General administration services	343,329	337,210	337,210	-	-	-	343,329	337,210	337,210
Building administration services	1,449,000	1,522,363	1,522,363	-	-	-	1,449,000	1,522,363	1,522,363
Business administration services	5,883,533	6,289,626	6,289,624	207,233	227,650	227,650	6,090,766	6,517,276	6,517,274
Central services	639,405	705,595	705,595	15,000	13,565	13,565	654,405	719,160	719,160
Insurance	285,985	284,593	284,593	-	-	-	285,985	284,593	284,593
Principal and interest	10,000	14,717	14,717	-	-	-	10,000	14,717	14,717
Other support services	1,471,363	760,875	760,875	-	-	-	1,471,363	760,875	760,875
Total support services	11,854,916	11,812,103	11,812,100	969,985	1,003,531	1,003,531	12,824,901	12,815,634	12,815,631
Non-program services	1,108,466	997,851	998,063	245,969	168,763	168,762	1,354,435	1,166,614	1,166,825
Total expenditures	29,950,421	30,064,953	30,064,948	4,741,687	4,877,621	4,877,620	34,692,108	34,942,574	34,942,568
Excess of revenues over (under) expenditures	2,875,191	3,087,133	3,087,137	(2,871,841)	(3,068,091)	(3,068,091)	3,350	19,042	19,046
Other financing sources (uses)									
Proceeds from sale of fixed assets	-	4,350	4,350	-	-	-	-	4,350	4,350
Transfer from (to) other funds	(2,875,191)	(3,088,091)	(3,088,091)	2,871,841	3,068,091	3,068,091	(3,350)	(20,000)	(20,000)
	(2,875,191)	(3,083,741)	(3,083,741)	2,871,841	3,068,091	3,068,091	(3,350)	(15,650)	(15,650)
Net change in fund balance	-	3,392	3,396	-	-	-	-	3,392	3,396
Fund balance at July 1, 2016	4,475,405	4,475,405	4,475,405	-	-	-	4,475,405	4,475,405	4,475,405
Residual equity transfer in	-	3,021	3,021	-	-	-	-	3,021	3,021
Fund balance at June 30, 2017	\$ 4,475,405	\$ 4,481,818	\$ 4,481,822	\$ -	\$ -	\$ -	\$ 4,475,405	\$ 4,481,818	\$ 4,481,822

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, 2017

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 442,531	442,531	\$ 442,531	\$ -
Other local sources	-	1,528	1,528	-
Total revenues	442,531	444,059	444,059	-
Expenditures				
Support services				
Principal and interest	451,563	451,563	451,563	-
Total expenditures	451,563	451,563	451,563	-
Net change in fund balance	(9,032)	(7,504)	(7,504)	-
Fund balance at July 1, 2016	302,848	302,848	302,848	-
Fund balance at June 30, 2017	\$ 293,816	\$ 295,344	\$ 295,344	\$ -

Tomah Area School District
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
NON-REFERENDUM DEBT - FUND 38
Year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 193,990	\$ 193,990	\$ 193,990	\$ -
Total revenues	193,990	193,990	193,990	-
Expenditures				
Support services				
Principal and interest	197,980	197,980	197,980	-
Total expenditures	197,980	197,980	197,980	-
Net change in fund balance	(3,990)	(3,990)	(3,990)	-
Fund balance at July 1, 2016	7,011	7,011	7,011	-
Residual equity transfer out	-	(3,021)	(3,021)	-
Fund balance at June 30, 2017	\$ 3,021	\$ -	\$ -	\$ -

OTHER SUPPLEMENTARY INFORMATION

Tomah Area School District
BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2017

	Fund Number:	(39)	(38)	
		Referendum	Non-Referendum	Total
Assets				
Cash and investments	\$	295,344	\$ 3,021	\$ 298,365
Total assets	\$	<u>295,344</u>	<u>\$ 3,021</u>	<u>\$ 298,365</u>
Liabilities and fund balances				
Liabilities				
Due to other funds	\$	-	\$ 3,021	\$ 3,021
Fund balances				
Restricted		<u>295,344</u>	<u>-</u>	<u>295,344</u>
Total liabilities and fund balances	\$	<u>295,344</u>	<u>\$ 3,021</u>	<u>\$ 298,365</u>

Tomah Area School District
**STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE**
DEBT SERVICE FUNDS
 Year ended June 30, 2017

Fund Number:	(39)	(38)	
	Referendum	Non-Referendum	Total
Revenues			
Property taxes	\$ 442,531	\$ 193,990	\$ 636,521
Other local sources	<u>1,528</u>	<u>-</u>	<u>1,528</u>
Total revenues	444,059	193,990	638,049
Expenditures			
Support services			
Principal and interest	<u>451,563</u>	<u>197,980</u>	<u>649,543</u>
Total expenditures	<u>451,563</u>	<u>197,980</u>	<u>649,543</u>
Net change in fund balance	(7,504)	(3,990)	(11,494)
Fund balance at			
July 1, 2016	302,848	7,011	309,859
Residual equity			
transfer out	<u>-</u>	<u>(3,021)</u>	<u>(3,021)</u>
Fund balance at			
June 30, 2017	\$ <u>295,344</u>	\$ <u>-</u>	\$ <u>295,344</u>

Tomah Area School District
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

Fund Number	Special Revenue Funds			Total
	(21)	(29)	(46)	
	Special Revenue Trust Fund	Indian Education Fund	Capital Improvement Trust Fund	
Assets				
Cash and investments	\$ 85,285	\$ -	\$ 25,021	\$ 110,306
Total assets	<u>\$ 85,285</u>	<u>\$ -</u>	<u>\$ 25,021</u>	<u>\$ 110,306</u>
Liabilities and fund balances				
Fund balances				
Restricted	\$ 85,285	\$ -	\$ 25,021	\$ 110,306
Total liabilities and fund balances	<u>\$ 85,285</u>	<u>\$ -</u>	<u>\$ 25,021</u>	<u>\$ 110,306</u>

Tomah Area School District
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2017

Fund Number:	Special Revenue Funds			Total
	(21)	(29)	(46)	
	Special Revenue Trust Fund	Indian Education Fund	Capital Improvement Trust Fund	
Revenues				
Other local sources	\$ 74,866	\$ -	\$ 21	\$ 74,887
Federal sources	-	25,234	-	25,234
Total revenues	74,866	25,234	21	100,121
Expenditures				
Instruction				
Regular instruction	29,065	-	-	29,065
Other instruction	21,764	-	-	21,764
Total instruction	50,829	-	-	50,829
Support services				
Pupil services	203	25,234	-	25,437
Instructional staff services	3,214	-	-	3,214
Business administration	21,282	-	-	21,282
Central services	262	-	-	262
Total support services	24,961	25,234	-	50,195
Total expenditures	75,790	25,234	-	101,024
Excess (deficiency) of revenues over expenditures	(924)	-	21	(903)
Other financing sources				
Transfer from other funds	-	-	20,000	20,000
Net change in fund balance	(924)	-	20,021	19,097
Fund balance at July 1, 2016	86,209	-	5,000	91,209
Fund balance at June 30, 2017	\$ 85,285	\$ -	\$ 25,021	\$ 110,306

Tomah Area School District
PUPIL ACTIVITY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 2017

	Balance at July 1, 2016	Additions and Transfers In	Deductions and Transfers Out	Balance at June 30, 2017
ASSETS				
Cash and investments	\$ 130,359	\$ 681,165	\$ 668,692	\$ 142,832
Total assets	<u>\$ 130,359</u>	<u>\$ 681,165</u>	<u>\$ 668,692</u>	<u>\$ 142,832</u>
LIABILITIES				
Due to student organizations				
Camp Douglas	\$ 703	\$ 664	\$ 747	\$ 620
District office	20,306	9,226	9,439	20,093
La Grange	5,348	21,747	22,061	5,034
Lemonweir	11,539	20,258	21,807	9,990
Miller	1,802	6,640	6,841	1,601
Middle School	18,473	148,624	146,951	20,146
Oakdale	456	639	723	372
Senior High School	66,145	459,775	446,953	78,967
Wyeville	2,724	6,097	6,059	2,762
Warrens	2,459	7,441	6,930	2,970
Learning Center	404	54	181	277
Total liabilities	<u>\$ 130,359</u>	<u>\$ 681,165</u>	<u>\$ 668,692</u>	<u>\$ 142,832</u>

Tomah Area School District
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
Year ended June 30, 2017

Employee salaries	\$	195,652
Employee benefits		76,849
Purchased services		24,922
Non-capital objects		5,591
Capital objects		3,940
Insurance		<u>2,630</u>
	\$	<u><u>309,584</u></u>

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2017

	Federal Catalog Number	Program or Award Number	Program or Award Amount	Receivable at July 1, 2016	Expenditures	Revenues Grantor	Receivable at June 30, 2017	Footnote
United States Department of Agriculture								
Passed through Wisconsin Department of Public Instruction								
Food Distribution	10.555							
July 1, 2016 to June 30, 2017		UNKNOWN	N/A	\$ -	\$ 91,129	\$ 91,129	\$ -	3
School Breakfast Program	10.553							
July 1, 2016 to June 30, 2017		A546-00000-415747	N/A	-	105,407	105,407	-	2
National School Lunch Program	10.555							
July 1, 2016 to June 30, 2017		A547-00000-415747	N/A	-	498,855	498,855	-	2
Summer Food Service Program	10.559							
July 1, 2015 to June 30, 2016			N/A	29,840	-	29,840	-	
July 1, 2016 to June 30, 2017		A586-00000-415747	N/A	-	56,496	38,283	18,213	
Subtotal Child Nutrition Cluster				29,840	751,887	763,514	18,213	
USDA Fresh Fruits and Vegetables Program								
July 1, 2016 to June 30, 2017	10.582	A376-00000-415747	N/A	-	15,960	12,931	3,029	
Total United States Department of Agriculture				29,840	767,847	776,445	21,242	
United States Department of Education								
Passed through Wisconsin Department of Public Instruction								
Title 1 Basic Grant	84.010							
July 1, 2015 to June 30, 2016			N/A	114,677	-	114,677	-	
July 1, 2016 to June 30, 2017		A141-00000-415747	\$ 787,428	-	767,972	641,205	126,767	
Carl Perkins Vocational Education	84.048							
July 1, 2015 to June 30, 2016			N/A	17,199	-	17,199	-	
July 1, 2016 to June 30, 2017		A400-00000-415747	\$ 32,724	-	32,724	4,607	28,117	
Special Education (IDEA) Cluster								
PL 94-142 Idea Flow-Through	84.027							
July 1, 2015 to June 30, 2016			N/A	122,306	-	122,306	-	
July 1, 2016 to June 30, 2017		A341-00000-415747	\$ 638,732	-	523,099	450,646	72,453	
PL 99-457 Pre-School Entitlement	84.173							
July 1, 2015 to June 30, 2016			N/A	3,084	-	3,084	-	
July 1, 2016 to June 30, 2017		A347-00000-415747	\$ 14,815	-	10,824	6,608	4,216	
Subtotal Special Education (IDEA) Cluster				125,390	533,923	582,644	76,669	
Title IIA Teacher and Principal Training	84.367							
July 1, 2015 to June 30, 2016			N/A	40,607	-	40,607	-	
July 1, 2016 to June 30, 2017		A365-00000-415747	\$ 152,976	-	146,090	98,280	47,810	
Total passed through Wisconsin Department of Public Instruction				297,873	1,480,709	1,499,219	279,363	
Passed through Cooperative Educational Services Agency #4								
PL 99-457 Preschool Entitlement (IDEA Cluster)	84.173							
July 1, 2016 to June 30, 2017		A342-00000-749904	\$ 15,000	-	15,000	15,000	-	
Title III	84.365							
July 1, 2016 to June 30, 2017		A371-00000-749904	\$ 391	-	391	-	391	
Total passed through Cooperative Educational Services Agency #4				-	15,391	15,000	391	
Passed through Cooperative Educational Services Agency #12								
PL 99-457 Preschool Entitlement (IDEA Cluster)	84.173							
July 1, 2016 to June 30, 2017		Unknown	\$ 187	-	187	187	-	
Total passed through Cooperative Educational Services Agency #4				-	187	187	-	

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year ended June 30, 2017

	Federal Catalog Number	Program or Award Amount	Program or Award Amount	Receivable at July 1, 2016	Expenditures	Revenues Grantor	Receivable at June 30, 2017	Footnote
United States Department of Education - Continued								
Direct Programs								
PL 81-874 Impact Aid	84.041							
July 1, 2016 to June 30, 2017		S041B-2017-5657	\$ 111,111	-	111,111	111,111	-	
Indian Education Act	84.060A							
July 1, 2015 to June 30, 2016			N/A	4,968	-	4,968	-	
July 1, 2016 to June 30, 2017		S060A161058	\$ 25,234	-	25,234	25,234	-	
Total direct programs				4,968	136,345	141,313	-	
Total United States Department of Education				302,841	1,632,632	1,655,719	279,754	
United States Department of Health and Human Services								
Passed through State of Wisconsin Health Care								
Financing Programs								
Medicaid	93.778							
July 1, 2016 to June 30, 2017		UNKNOWN	N/A	-	214,848	214,848	-	
Total United States Department of Health and Human Services				-	214,848	214,848	-	
United States Department of Defense Education Activity (DoDEA)								
Direct								
Promoting K-12 Student Achievement at Military								
Connected Schools	12.556							
September 1, 2015 to August 31, 2016			N/A	28,994	-	28,994	-	
September 1, 2016 to August 31, 2017		HE 1254-13-1-0026	\$ 162,000	-	42,997	7,202	35,795	
Total United States Environmental Protection Agency				28,994	42,997	36,196	35,795	
Total federal financial assistance				\$ 361,675	\$ 2,658,324	\$ 2,683,208	\$ 336,791	

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.

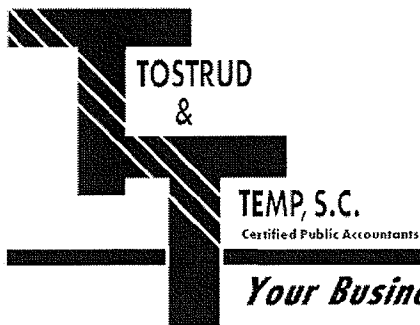
Note 4: All costs reported are direct costs. No indirect costs were used.

Tomah Area School District
SCHEDULE OF STATE FINANCIAL ASSISTANCE
 Year ended June 30, 2017

	I.D. Number	Program or Award Amount	Receivable at July 1, 2016	Expenditures	Revenue State Reimbursements	Receivable at June 30, 2017
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT						
Cost Reimbursement Programs - Non-major						
Youth Apprenticeship	445.107					
July 1, 2015 to June 30, 2016		N/A	4,314	-	4,314	-
July 1, 2016 to June 30, 2017		\$ 8,891	-	8,891	8,891	-
Wisconsin Fast Forward	445.109					
July 1, 2015 to June 30, 2016		N/A	15,079	-	15,079	-
Total Direct			19,393	8,891	28,284	-
Total Wisconsin Department of Workforce Development			19,393	8,891	28,284	-
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, 2015 to June 30, 2016		N/A	3,279	-	3,279	-
July 1, 2016 to June 30, 2017		\$ 8,000	-	8,000	6,622	1,378
Educator Effectiveness Grant	255.940					
July 1, 2015 to June 30, 2016		N/A	20,080	-	20,080	-
July 1, 2016 to June 30, 2017		\$ 19,360	-	19,360	19,360	-
Career and Technical Education Incentive	255.950					
July 1, 2016 to June 30, 2017		\$ 14,737	-	14,737	14,737	-
Assessment of Reading Readiness	255.956					
July 1, 2016 to June 30, 2017		\$ 5,909	-	5,909	5,909	-
Total direct			23,359	48,006	69,987	1,378
Passed through Sparta Area School District						
Peer Review and Mentoring	255.301					
July 1, 2015 to June 30, 2016		N/A	5,321	-	5,321	-
July 1, 2016 to June 30, 2017		\$ 25,000	-	6,061	-	6,061
Total Department of Public Instruction			28,680	54,067	75,308	7,439
			<u>\$ 48,073</u>	<u>\$ 62,958</u>	<u>\$ 103,592</u>	<u>\$ 7,439</u>
Entitlement Programs						
Major State Programs (A)						
General Equalization	255.201			17,090,043		
Per Pupil Adjustment Aid	255.945			763,000		
Total major programs				<u>\$ 17,853,043</u>		
Non-major State Programs (B)						
Handicapped Pupils and School Age Parents:						
Internal District Programs	255.101		<u>\$ 4,308,489</u>	\$ 1,030,715		
Participant in Package Program at CESA #4				134		
Participant in Package Program at CESA #5				4,240		
Total Handicapped Program				1,035,089		
State School Lunch Aid	255.102			13,641		
Pupil Transportation	255.107			142,477		
Common School Fund	255.103			123,206		
High Cost Special Education Aid	255.210			22,049		
School Breakfast Program	255.344			5,745		
Tuition Payments by State	255.401			33,304		
High Cost Transportation Aid	255.947			148,178		
Total non-major programs				1,523,689		
Total Wisconsin DPI				<u>\$ 19,430,799</u>		
WISCONSIN DEPARTMENT OF REVENUE						
Exempt Computer Aid						
				\$ 28,753		
Total State Assistance				<u>\$ 19,468,443</u>		

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

OTHER REPORTS



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

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2017.

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

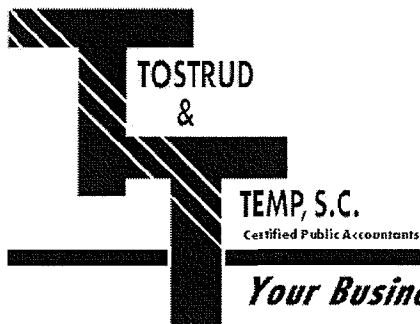
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Testard & Temp, S.C.

November 15, 2017



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

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, 2017. 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, 2017.

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.

Kostreuk & Tapp, S.C.

November 15, 2017

Tomah Area School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Significant deficiency (ies) identified? ☐ yes ☒ no

Significant deficiency (ies) identified
considered to be material weaknesses? ☐ yes ☒ no

Noncompliance material to the financial statements? ☐ yes ☒ no

Federal Awards

Internal control over compliance:

Significant deficiency (ies) identified? ☐ yes ☒ no

Significant deficiency (ies) identified
considered to be material weaknesses? ☐ yes ☒ no

Type of auditor's report issued on compliance
for major programs: 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
84.010	Title I

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:

Significant deficiency (ies) identified? ☐ yes ☒ no

Significant deficiency (ies) identified
considered to be material weaknesses? ☐ yes ☒ no

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

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

Identification of major state programs:

State ID Number	Name of State Program
255.201	General Equalization Aids
255.945	Per Pupil Adjustment Aid

Tomah Area School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year ended June 30, 2017

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Prior Year Findings

None