

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

TOMAH AREA SCHOOL DISTRICT
TOMAH, WISCONSIN

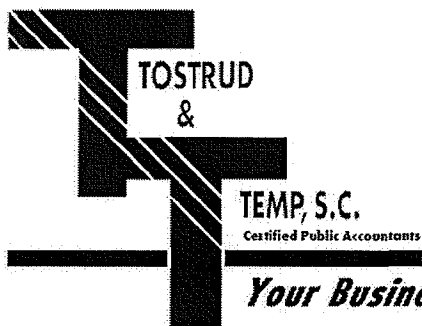
June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tomah Area School District ("District") as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2016 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.

Kostrick & Kemp, S.C.

December 15, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2016

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 2015 are used throughout this discussion and analysis letter. It should be read in conjunction with the Letter of Transmittal at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

Total governmental funds revenues were \$34,472,416; including \$13,197,334 of property taxes, \$18,728,066 of state aids and grants, and \$1,857,624 of federal grants. Total governmental fund expenditures were \$34,563,593, including \$19,167,308 for direct instruction. Other financing sources and uses included proceeds from sales of fixed assets of \$3,415 and a transfer to the capital improvement trust fund of \$5,000.

The District's total long-term liabilities increased by \$3,804,371. The liability for General obligation bonds decreased by \$590,000 due to regular bond payments. Post-retirement health care and other benefits decreased by \$782,686, and the liability for sick and vacation payable decreased by \$15,420. The District's share of the Wisconsin Retirement System net pension liability increased by \$5,192,477.

The District's financial status, as reflected by total net position, decreased by \$673,568. Net position of governmental activities decreased \$641,357 and business-type activities (Food Service Program) decreased \$32,211 in net position for the current fiscal year.

Overview of the Financial Statements

The comprehensive annual financial report consists of three parts: management's discussion and analysis, basic financial statements including notes to the financial statements, and required and other supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The *Statement of Net Position* and *Statement of Activities* provide information on a District-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the District-wide statements.

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

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2016

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 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, and liabilities, both financial and capital; short-term and long-term.	All assets, deferred inflows of resources, and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues or deductions during the year, regardless of when cash is received or paid.

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2016

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, 2016

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, 2016, compared to 2015. The District's total combined net position was \$27,951,343 at June 30, 2016, which is a decrease of 2.35% over the prior year. The decrease in net position is due to the 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
	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	
Current and other assets	\$ 9,750.3	\$ 6,766.2	\$ 135.0	\$ 80.5	\$ 9,885.3	\$ 6,846.7	-30.74%
Capital assets	23,555.9	22,908.2	298.4	273.5	23,854.3	23,181.7	-2.82%
Total assets	33,306.2	29,674.4	433.4	354.0	33,739.6	30,028.4	-11.00%
Deferred outflow s of resources	2,618.0	10,487.4	81.0	324.4	2,699.0	10,811.8	300.59%
Long-term debt outstanding	4,624.8	5,105.8	-	60.9	4,624.8	5,166.7	11.72%
Other liabilities	3,160.6	3,413.4	28.2	35.3	3,188.8	3,448.7	8.15%
Total liabilities	7,785.4	8,519.2	28.2	96.2	7,813.6	8,615.4	10.26%
Deferred inflow s of resources	-	4,145.2	-	128.2	-	4,273.4	100.00%
Net Position							
Net investment in							
capital assets	22,150.9	22,093.2	298.4	273.5	22,449.3	22,366.7	-0.37%
Restricted	6,403.7	5,060.6	187.8	180.5	6,591.5	5,241.1	-20.49%
Unrestricted	(415.8)	343.6	-	-	(415.8)	343.6	182.64%
TOTAL NET POSITION	\$ 28,138.8	\$ 27,497.4	\$ 486.2	\$ 454.0	\$ 28,625.0	\$ 27,951.4	-2.35%
Note: Totals may not add due to rounding							

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2016

Financial Analysis of the District as a Whole – Continued

For the year ended June 30, 2016, the largest portion of the District's net position is its net investment in capital assets of \$22,366,668 (e.g. land, buildings, and equipment, less 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 \$5,241,056 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 \$301,223 restricted for debt service, \$91,209 restricted for the Special Revenue Trust Fund and Capital Improvement Trust Fund, \$294,976 for future payments to employee retirement plans, \$4,373,184 for its Wisconsin Retirement System pension plan, and \$180,464 restricted for food service type activities. Unrestricted net position for the District accounts for the final \$343,780 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>2014-2015</u>	<u>2015-2016</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2014-2015</u>	<u>2015-2016</u>	
Revenues							
Program revenues							
Charges for services	\$ 161.8	\$ 154.5	\$ 696.4	\$ 680.9	\$ 858.2	\$ 835.4	-2.66%
Operating grants & contributions	3,560.1	3,437.9	863.8	845.0	4,423.9	4,282.9	-3.19%
Capital grants & contributions	-	-	-	-	-	-	0.00%
General revenues							
Property and other taxes	12,812.7	13,197.3	-	-	12,812.7	13,197.3	3.00%
State equalization aid	17,401.2	16,706.0	-	-	17,401.2	16,706.0	-4.00%
Gain on sale of fixed assets	8.1	3.4	-	-	8.1	3.4	-58.02%
Transfers in (out)	(17.7)	-	17.7	-	-	-	0.00%
Other	1,085.3	976.6	0.2	0.2	1,085.5	976.8	-10.01%
Total revenues	<u>35,011.5</u>	<u>34,475.7</u>	<u>1,578.1</u>	<u>1,526.1</u>	<u>36,589.6</u>	<u>36,001.8</u>	-1.61%
Expenses							
Instruction	19,145.4	20,382.3	-	-	19,145.4	20,382.3	6.46%
Pupil & instructional services	2,587.2	2,609.0	-	-	2,587.2	2,609.0	0.84%
General & Building Administration	1,744.4	1,835.3	-	-	1,744.4	1,835.3	5.21%
Business Administration	6,633.3	7,667.6	-	-	6,633.3	7,667.6	15.59%
Central	591.7	570.2	-	-	591.7	570.2	-3.63%
Debt service	172.7	81.7	-	-	172.7	81.7	-52.69%
Insurance	323.6	278.0	-	-	323.6	278.0	-14.09%
Other	1,570.5	1,692.9	1,547.2	1,558.4	3,117.7	3,251.3	4.29%
Total expenses	<u>32,768.8</u>	<u>35,117.0</u>	<u>1,547.2</u>	<u>1,558.4</u>	<u>34,316.0</u>	<u>36,675.4</u>	6.88%
CHANGE IN NET POSITION	<u>\$ 2,242.7</u>	<u>\$ (641.3)</u>	<u>\$ 30.9</u>	<u>\$ (32.3)</u>	<u>\$ 2,273.6</u>	<u>\$ (673.6)</u>	

Note: Totals may not add due to rounding

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2016

Financial Analysis of the District as a Whole – Continued

Table 2 provides summarized operating results and their impact on net position. Governmental activities decreased the financial position of the District by \$641,357 and business-type activities decreased the District's financial position by \$32,211.

The District relies primarily on property taxes (38%), unrestricted state and federal aids (48%) 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).

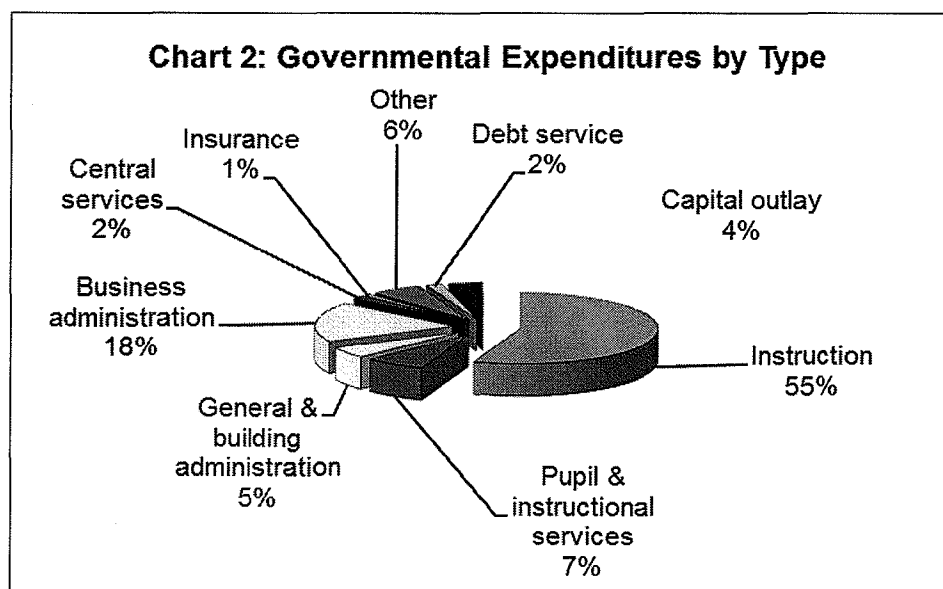
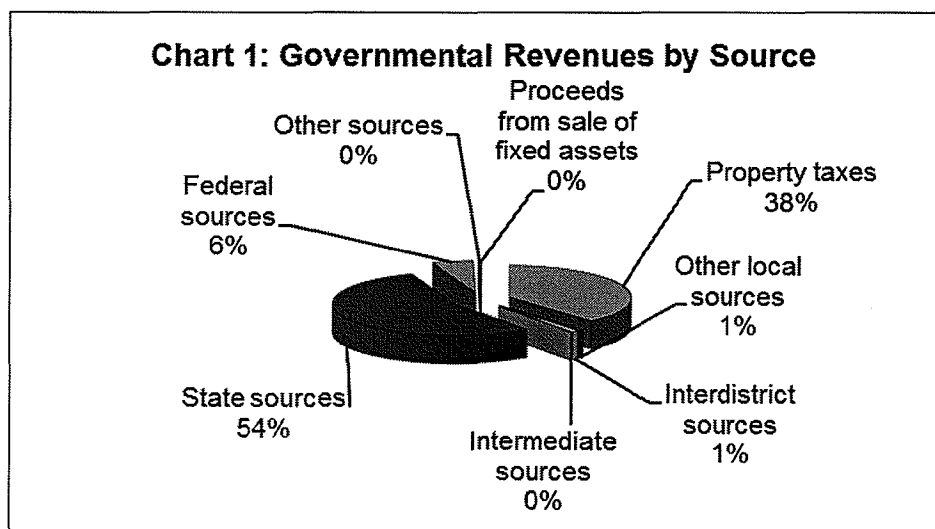
Table 3 Net Cost of Government Activities (in thousands of dollars)						
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2014-2015	2015-2016		2014-2015	2015-2016	
Expenses						
Instruction	\$ 19,145.36	\$ 20,382.31	6%	\$ 16,926.03	\$ 18,247.58	7%
Pupil & instructional services	2,587.19	2,609.04	1%	1,828.72	1,790.00	-2%
General & Building Administration	1,744.37	1,835.35	5%	1,833.05	1,835.35	0%
Business Administration	6,633.26	7,667.56	16%	6,581.72	7,281.35	10%
Central	591.80	570.29	-4%	598.14	567.31	-5%
Principal & interest	172.73	81.75	-53%	241.22	81.75	-195%
Insurance	323.64	278.02	-14%	150.59	234.31	36%
Other	1,570.52	1,692.87	8%	1,213.13	1,487.15	18%
TOTAL EXPENSES	\$ 32,768.87	\$ 35,117.19		\$ 29,372.60	\$ 31,524.80	
Note: Totals may not add due to rounding						

The cost of all governmental activities this year was \$35,117,188. Individuals who directly participated or benefited from a program offering paid \$154,477 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$3,437,909. The net cost of governmental activities of \$31,524,802 was financed by general revenues of the District.

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2016

Financial Analysis of the District's Governmental Fund Statements

The composition of governmental revenues by source are illustrated in Chart 1 below. Chart 2 details governmental expenditures by type.



Business-Type Activities

Revenues for the District's business-type activities (food service program) were operating revenues of \$1,525,897 and interest income of \$248. Operating revenues were comprised of charges for services (45%), federal and state reimbursements (48%), commodities (6%) and other (1%). Expenses of \$1,558,356 resulted in a decrease in net position of \$32,211 for the year. Major expenses include food purchases (45%) and labor/benefits (51%). The District increased meal prices an average of \$.10 per meal for the 2015-16 school year.

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2016

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 \$4,876,473. The fund balance decreased \$87,762 from last year's ending funding balance of \$4,964,235. Important factors affecting fund balance include:

- Projects in the general fund carried forward to 2015-16 that were not completed in 2014-15.
- Saving in utilities based on weather and economic conditions.
- Possible additional expenditures in the areas of salary and fringes benefits due to the addition or reduction of staffing.

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 2015-16 to reflect:

- Reallocation of unspent salaries and benefits and other budget appropriations to several facility, technology and curriculum projects.
- Modifications in several state and federal grants.

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2016

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2016, the District had invested \$53,853,693 in capital assets, including buildings, sites, library books, and equipment (See Table 4). Total accumulated depreciation on these assets equaled \$30,672,025. Asset acquisitions for governmental activities totaled \$1,346,725 and \$11,043 for the food service program. The District recognized depreciation expense of \$1,994,405 for governmental activities and \$35,943 for the food service program for the year ended June 30, 2016. 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
	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	
Land and site improvements	\$ 1,464.90	\$ 1,525.05	\$ -	\$ -	\$ 1,464.90	\$ 1,525.05	4.11%
Buildings & building improvements	31,961.12	31,961.12	76.55	76.55	32,037.67	32,037.67	0.00%
Equipment & furniture	18,713.87	19,782.43	497.49	508.54	19,211.36	20,290.97	5.62%
Accumulated depreciation	(28,584.03)	(30,360.43)	(275.66)	(311.60)	(28,859.69)	(30,672.03)	6.28%
TOTAL	\$ 23,555.86	\$ 22,908.17	\$ 298.38	\$ 273.49	\$ 23,854.24	\$ 23,181.66	

Note: Totals may not add due to rounding

Long-Term Debt

At year-end, the District had \$6,681,674 in general obligation bonds and other long-term debt outstanding – a net increase of \$3,804,371 from July 1, 2015. This increase is largely attributable to the increase in the District's share of the Wisconsin Retirement System net pension liability. The District's share of the net pension liability increased by \$5,192,477 in the current year. The District reported a net pension asset of \$3,162,613 at June 30, 2015 and a net pension liability of \$2,029,864 as of June 30, 2016.

Table 5 Outstanding Long-Term Obligations Total School District			
	2014-2015	2015-2016	Total Percentage Change
General obligation debt	\$ 1,405.00	\$ 815.00	-72.39%
Other	1,472.30	5,866.67	74.90%
TOTAL	\$ 2,877.30	\$ 6,681.67	56.94%

Tomah Area School District
Management's Discussion and Analysis
Year ended June 30, 2016

Long-Term Debt - Continued

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated to the debt service fund for annual debt service payments.

Factors Bearing on the District's Future

Current known circumstances that will impact the District's financial status in the future are:

- The 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.

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, 2016

	Governmental Activities	Business- Type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 1,809,605	\$ 32,289	\$ 1,841,894
Prepaid expenses	157,424	-	157,424
Receivables			
Taxes	3,626,330	-	3,626,330
Accounts	4,082	6,458	10,540
Due from other governments	1,168,784	29,840	1,198,624
Inventory	-	11,882	11,882
Total current assets	<u>6,766,225</u>	<u>80,469</u>	<u>6,846,694</u>
Noncurrent assets			
Capital assets	53,268,606	585,087	53,853,693
Less: accumulated depreciation	<u>(30,360,427)</u>	<u>(311,598)</u>	<u>(30,672,025)</u>
Total capital assets, net	<u>22,908,179</u>	<u>273,489</u>	<u>23,181,668</u>
Total noncurrent assets	<u>22,908,179</u>	<u>273,489</u>	<u>23,181,668</u>
Total assets	29,674,404	353,958	30,028,362
Deferred outflows of resources			
Pension plan	<u>10,487,370</u>	<u>324,351</u>	<u>10,811,721</u>
Total assets and deferred outflows of resources	<u>\$ 40,161,774</u>	<u>\$ 678,309</u>	<u>\$ 40,840,083</u>
Liabilities			
Current liabilities			
Current portion of			
long-term obligations	\$ 1,515,000	\$ -	\$ 1,515,000
Accounts payable	120,221	365	120,586
Accrued liabilities			
Payroll, payroll taxes, and insurances	1,769,531	9,428	1,778,959
Interest	8,636	-	8,636
Due to (from) other funds	-	-	-
Unearned revenue	<u>-</u>	<u>25,464</u>	<u>25,464</u>
Total current liabilities	<u>3,413,388</u>	<u>35,257</u>	<u>3,448,645</u>
Noncurrent liabilities			
Noncurrent portion of			
long-term obligations	<u>5,105,778</u>	<u>60,896</u>	<u>5,166,674</u>
Total liabilities	<u>8,519,166</u>	<u>96,153</u>	<u>8,615,319</u>
Deferred inflows of resources			
Pension plan	4,145,218	128,203	4,273,421
Net position			
Net investment in			
capital assets	22,093,179	273,489	22,366,668
Restricted			
Debt service	301,223	-	301,223
Other activities	4,759,369	180,464	4,939,833
Unrestricted	<u>343,619</u>	<u>-</u>	<u>343,619</u>
Total net position	<u>27,497,390</u>	<u>453,953</u>	<u>27,951,343</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 40,161,774</u>	<u>\$ 678,309</u>	<u>\$ 40,840,083</u>

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities							
Current							
Instruction							
Regular instruction	\$ 14,799,974	\$ 11,505	\$ 757,183	\$ -	\$ (14,031,286)	\$ -	\$ (14,031,286)
Vocational instruction	780,807	17,490	30,447	-	(732,870)	-	(732,870)
Special education instruction	3,360,937	-	1,234,386	-	(2,126,551)	-	(2,126,551)
Other instruction	1,440,590	71,525	12,190	-	(1,356,875)	-	(1,356,875)
Total instruction	20,382,308	100,520	2,034,206	-	(18,247,582)	-	(18,247,582)
Support services							
Pupil services	1,248,423	-	368,260	-	(880,163)	-	(880,163)
Instructional staff services	1,360,614	1,689	449,093	-	(909,832)	-	(909,832)
General administration services	373,211	-	-	-	(373,211)	-	(373,211)
School administration services	1,462,137	-	-	-	(1,462,137)	-	(1,462,137)
Business administration services	7,667,564	52,268	333,950	-	(7,281,346)	-	(7,281,346)
Central services	570,294	-	2,988	-	(567,306)	-	(567,306)
Insurance	278,019	-	43,706	-	(234,313)	-	(234,313)
Other support services	616,931	-	-	-	(616,931)	-	(616,931)
Total support services	13,577,193	53,957	1,197,997	-	(12,325,239)	-	(12,325,239)
Non-program							
Other non-program	1,075,938	-	205,706	-	(870,232)	-	(870,232)
Total non-program	1,075,938	-	205,706	-	(870,232)	-	(870,232)
Debt service	81,749	-	-	-	(81,749)	-	(81,749)
Total governmental activities	35,117,188	154,477	3,437,909	-	(31,524,802)	-	(31,524,802)
Business-type activities							
School food service program	1,558,356	680,888	845,009	-	-	(32,459)	(32,459)
Total school district	<u>\$ 36,675,544</u>	<u>\$ 835,365</u>	<u>\$ 4,282,918</u>	<u>\$ -</u>	(31,524,802)	(32,459)	(31,557,261)
General revenues							
Property taxes							
General purposes					12,523,459	-	12,523,459
Mobile home taxes					37,119	-	37,119
Debt services					636,757	-	636,757
State and federal aids not restricted to specific functions							
General					16,706,046	-	16,706,046
Other					968,966	-	968,966
Interest and investment earnings					4,845	248	5,093
Miscellaneous					2,838	-	2,838
Gain on sale of fixed assets					3,415	-	3,415
Total general revenues					<u>30,883,445</u>	<u>248</u>	<u>30,883,693</u>
Change in net position					(641,357)	(32,211)	(673,568)
Net position at July 1, 2015					<u>28,138,747</u>	<u>486,164</u>	<u>28,624,911</u>
Net position at June 30, 2016					<u>\$ 27,497,390</u>	<u>\$ 453,953</u>	<u>\$ 27,951,343</u>

The accompanying notes are an integral part of this statement.

Tomah Area School District

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2016

	General Fund	Debt Service Funds	Other Governmental Funds	Total
Assets				
Cash and investments	\$ 1,413,537	\$ 309,859	\$ 86,209	\$ 1,809,605
Prepaid expenses	157,424	-	-	157,424
Receivables				
Taxes	3,626,330	-	-	3,626,330
Accounts	4,082	-	-	4,082
Due from other funds	4,968	-	5,000	9,968
Due from other governments	1,163,816	-	4,968	1,168,784
Total assets	<u>\$ 6,370,157</u>	<u>\$ 309,859</u>	<u>\$ 96,177</u>	<u>\$ 6,776,193</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 120,221	\$ -	\$ -	\$ 120,221
Accrued liabilities				
Payroll, payroll taxes, insurance	1,769,531	-	-	1,769,531
Due to other funds	5,000	-	4,968	9,968
Total liabilities	<u>1,894,752</u>	<u>-</u>	<u>4,968</u>	<u>1,899,720</u>
Fund balances				
Restricted	294,976	309,859	91,209	696,044
Unrestricted				
Unassigned	4,180,429	-	-	4,180,429
Total fund balances	<u>4,475,405</u>	<u>309,859</u>	<u>91,209</u>	<u>4,876,473</u>
Total liabilities and fund balances	<u>\$ 6,370,157</u>	<u>\$ 309,859</u>	<u>\$ 96,177</u>	<u>\$ 6,776,193</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, 2016

Fund balance - governmental funds	\$	4,876,473
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Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balances because:

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

Governmental capital assets	\$ 53,268,606	
Governmental accumulated depreciation	(30,360,427)	22,908,179

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	10,487,370
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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	(815,000)	
Accrued interest on general obligation debt	(8,636)	
Net pension liability - WRS	(1,968,968)	
Vested employee benefits	(3,836,810)	(6,629,414)

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	(4,145,218)
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Total net position - governmental activities	\$	27,497,390
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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, 2016

	General Fund	Debt Service Funds	Other Governmental Funds	Total
Revenues				
Property taxes	\$ 12,560,577	\$ 636,757	\$ -	\$ 13,197,334
Other local sources	161,693	1,672	79,450	242,815
Interdistrict sources	301,969	-	-	301,969
Intermediate sources	23,643	-	-	23,643
State sources	18,728,066	-	-	18,728,066
Federal sources	1,833,461	-	24,163	1,857,624
Other sources	120,965	-	-	120,965
Total revenues	33,730,374	638,429	103,613	34,472,416
Expenditures				
Current				
Instruction				
Regular instruction	13,749,777	-	18,535	13,768,312
Vocational instruction	737,346	-	-	737,346
Special instruction	3,329,113	-	-	3,329,113
Other instruction	1,325,455	-	7,082	1,332,537
Total instruction	19,141,691	-	25,617	19,167,308
Support services				
Pupil services	1,186,036	-	24,458	1,210,494
Instructional staff services	1,214,751	-	3,889	1,218,640
General administration services	351,591	-	-	351,591
Building administration services	1,404,619	-	-	1,404,619
Business administration services	6,305,761	-	11,582	6,317,343
Central services	536,448	-	2,988	539,436
Insurance	278,019	-	-	278,019
Other support services	963,246	-	-	963,246
Total support services	12,240,471	-	42,917	12,283,388
Non-program services	1,075,938	-	-	1,075,938
Debt service	16,508	673,726	-	690,234
Capital outlay	1,292,087	-	54,638	1,346,725
Total expenditures	33,766,695	673,726	123,172	34,563,593
Excess (deficiency) of revenues over expenditures	(36,321)	(35,297)	(19,559)	(91,177)
Other financing sources (uses)				
Proceeds from sale of fixed assets	3,415	-	-	3,415
Transfer from (to) other funds	(5,000)	-	5,000	-
	(1,585)	-	5,000	3,415
Net change in fund balances	(37,906)	(35,297)	(14,559)	(87,762)
Fund balances at July 1, 2015	4,513,311	345,156	105,768	4,964,235
Fund balances at June 30, 2016	\$ 4,475,405	\$ 309,859	\$ 91,209	\$ 4,876,473

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, 2016

Net change in fund balances - total governmental funds \$ (87,762)

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

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

Capital outlay reported as expenditures in governmental fund statements	\$ 1,346,725	
Depreciation expense reported in the statement of activities	(1,994,405)	
Proceeds from sale of fixed assets	(3,415)	
Gain on sale of fixed assets	<u>3,415</u>	(647,680)

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	1,753,110	
Special termination benefits earned in current year	<u>(955,004)</u>	798,106

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:	590,000
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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	1,127,596	
Actuarially determined change in net pension liability (asset) between years, with adjustments	<u>(2,440,102)</u>	(1,312,506)

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	83,726	
The amount of interest accrued during the current year	<u>(65,241)</u>	<u>18,485</u>

Change in net position - governmental activities \$ (641,357)

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, 2016

Assets

Current assets

Cash and investments	\$ 32,289
Accounts receivable	6,458
Due from other governments	29,840
Inventory	<u>11,882</u>
Total current assets	80,469

Non-current assets

Capital assets	585,087
Less accumulated depreciation	<u>(311,598)</u>
Net capital assets	<u>273,489</u>
Total non-current assets	273,489

Deferred outflows of resources

Pension plan	<u>324,351</u>
Total assets and deferred outflows of resources	<u><u>\$ 678,309</u></u>

Liabilities

Current liabilities

Accounts payable	\$ 365
Accrued payroll, payroll taxes and insurance	9,428
Unearned revenue - student lunch accounts	<u>25,464</u>
Total current liabilities	35,257

Non-current liabilities

Net pension plan	<u>60,896</u>
Total liabilities	96,153

Deferred inflows of resources

Pension plan	128,203
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Net position

Net investment in capital assets	273,489
Restricted for food service	<u>180,464</u>
Total net position	<u>453,953</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 678,309</u></u>

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, 2016

Revenues

Food sales	\$ 680,888
Interdistrict sources	11,351
State sources	20,058
Federal sources	714,399
Federal commodities	92,743
Other income	6,458

Total revenues	1,525,897
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Operating expenses

Salaries and wages	556,352
Employer paid benefits	236,176
Purchased services	28,279
Supplies, food and materials	701,163
Other	443
Depreciation	35,943

Total operating expenses	1,558,356
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Operating income	(32,459)
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Non-operating revenue

Interest income	248
	248

Change in net position	(32,211)
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Net position at beginning of year	486,164

Net position at end of year	\$ 453,953

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, 2016

Increase in Cash and Cash Equivalents

Cash flows from operating activities:

Cash received from user charges	\$ 676,746
Cash received from other government payments	728,272
Cash received from other sources	6,458
Cash payments to employees for services	(747,250)
Cash payments for utilities and other purchased services	(28,279)
Cash payments to suppliers for goods and services	(608,208)
Cash payments for other operating expenses	(443)
Net cash provided by operating activities	<u>27,296</u>

Cash flows used in capital and related financing activities:

Capital expenditures	(11,043)
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Cash flows from investing activities:

Interest on investments	248
	<u>248</u>

Net increase in cash and cash equivalents	<u>16,501</u>
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Cash and cash equivalents at beginning of year	<u>15,788</u>
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Cash and cash equivalents at end of year	<u><u>\$ 32,289</u></u>
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**Reconciliation of Operating loss to Net Cash
Provided by Operating Activities**

Operating loss	\$ (32,459)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	35,943
Pension expense	40,593
Changes in net position and liabilities	
(Increase) in accounts receivable	(6,400)
(Increase) in due from other governments	(17,536)
Decrease in inventory	48
Increase in accounts payable	164
Increase in accrued liabilities	4,685
Increase in deferred revenue	2,258
	<u>59,755</u>
Net cash provided by operating activities	<u><u>\$ 27,296</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 \$92,743.

The accompanying notes are an integral part of this statement.

Tomah Area School District
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	Student Activities	Scholarship Funds	Employee Benefit Trust	Total
Assets				
Cash and cash equivalents	\$ 130,359	\$ 411,318	\$ 645,621	\$ 1,187,298
Total assets	<u>\$ 130,359</u>	<u>\$ 411,318</u>	<u>\$ 645,621</u>	<u>\$ 1,187,298</u>
Liabilities				
Due to student organizations	\$ 130,359	\$ -	\$ -	\$ 130,359
	<u>130,359</u>	<u>-</u>	<u>-</u>	<u>130,359</u>
Net position				
Nonspendable	-	120,000	-	120,000
Reserved for scholarships	-	291,318	-	291,318
Restricted for employee post-employment benefits	-	-	645,621	645,621
Total net position	<u>-</u>	<u>411,318</u>	<u>645,621</u>	<u>1,056,939</u>
Total liabilities and net position	<u>\$ 130,359</u>	<u>\$ 411,318</u>	<u>\$ 645,621</u>	<u>\$ 1,187,298</u>

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year ended June 30, 2016

Additions				
Gifts and contributions	\$ -	\$ 158,885	\$ -	\$ 158,885
Interest income	-	1,090	10,376	11,466
Employee trust fund contribution	-	-	1,597,126	1,597,126
	<u>-</u>	<u>159,975</u>	<u>1,607,502</u>	<u>1,767,477</u>
Deductions				
Scholarships awarded	-	23,250	-	23,250
Employee benefits	-	-	1,520,626	1,520,626
	<u>-</u>	<u>23,250</u>	<u>1,520,626</u>	<u>1,543,876</u>
Net change in position	-	136,725	86,876	223,601
Net position at beginning of year	<u>-</u>	<u>274,593</u>	<u>558,745</u>	<u>833,338</u>
Net position at end of year	<u>\$ -</u>	<u>\$ 411,318</u>	<u>\$ 645,621</u>	<u>\$ 1,056,939</u>

The accompanying notes are an integral part of these statements.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

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

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

B. Component Units

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

C. Basis of Presentation

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

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

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Continued

District-wide Statements - Continued

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

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

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

The District reports the following major governmental funds:

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

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

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

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

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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 December 15, 2016, 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, 2016

**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	\$ 13,197,334	\$ -	\$ -	\$ -	\$ 13,197,334
Other local sources	242,815	-	-	-	242,815
Interdistrict sources	301,969	-	-	-	301,969
Intermediate sources	23,643	-	-	-	23,643
State sources	18,728,066	-	-	-	18,728,066
Federal sources	1,857,624	-	-	-	1,857,624
Other sources	120,965	-	-	-	120,965
Proceeds from sale of fixed assets	3,415	-	(3,415)	-	-
Gain on sale of fixed assets	-	-	3,415	-	3,415
Total revenues	34,475,831	-	-	-	34,475,831
Expenditures					
Current					
Instruction					
Regular instruction	13,768,312	466,982	564,680	-	14,799,974
Vocational instruction	737,346	26,919	16,542	-	780,807
Special instruction,	3,329,113	30,584	1,240	-	3,360,937
Other instruction	1,332,537	49,635	58,418	-	1,440,590
Support services					
Pupil	1,210,494	37,351	578	-	1,248,423
Instructional staff	1,218,640	40,141	101,833	-	1,360,614
General administration	351,591	11,345	10,275	-	373,211
Building administration	1,404,619	57,518	-	-	1,462,137
Business administration	6,317,343	129,898	1,220,323	-	7,667,564
Central	539,436	10,342	20,516	-	570,294
Insurance	278,019	-	-	-	278,019
Other support services	963,246	(346,315)	-	-	616,931
Non-program	1,075,938	-	-	-	1,075,938
Debt service	690,234	-	-	(608,485)	81,749
Transfer to food service	-	-	-	-	-
Capital outlay	1,346,725	-	(1,346,725)	-	-
Total expenditures	34,563,593	514,400	647,680	(608,485)	35,117,188
Net change for the year	\$ (87,762)	\$ (514,400)	\$ (647,680)	\$ 608,485	\$ (641,357)

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 Year ended June 30, 2016

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of net position	
Governmental activities	\$ 1,809,605
Business-type activities	32,289
	<u>1,841,894</u>
Fiduciary funds	1,187,298
	<u>\$ 3,029,192</u>

Cash and investments as of June 30, 2016 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 353,011	\$ 364,274
NOW accounts	1,258,071	1,873,008
Passbook savings	221,295	221,295
Certificates of deposit	255,669	255,669
Trust fund	645,621	645,621
Local government investment pool	<u>295,525</u>	<u>295,525</u>
Total	<u>\$ 3,029,192</u>	<u>\$ 3,655,392</u>

Investment Pool Information

Participation in the State of Wisconsin Local Government Investment Pool (LGIP) is voluntary. The LGIP does not have a credit quality rating. The Pool is not registered with the Securities and Exchange Commission, but operated under the statutory authority of the State of Wisconsin. It is a part of the State of Wisconsin Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board (SWIB). Funds invested in the LGIP are due to the District on demand. The fair value of the District's position in the pool is the same as the value of the pool shares. At June 30, 2016, the pool'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, 2016

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 7.99 months.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District holds no securities that are rated by a nationally recognized statistical rating organization.

Concentration of Credit Risk

Concentration of credit risk is defined as an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The District's investment policy does not specifically address guidelines regarding concentration of credit risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The District does not have an investment policy that would limit the exposure to custodial credit risk for deposits. The District has securities pledged at one of its financial institutions in its name to cover deposits exceeding federal depository insurance limits in the amount of \$250,000. The Wisconsin State Deposit Guarantee Fund provides coverage for uninsured and uncollateralized cash and investments for up to an additional \$400,000, but collection is not certain due to the limited size of the fund.

At June 30, 2016, the District had \$1,963,626 in deposits with financial institutions in excess of federal depository insurance limits that were collateralized and another \$59,477 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.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2016

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund amounts owed to and from funds as of June 30, 2016 are as follows:

Due From	Due To	Amount
General Fund	Indian Education	\$ 4,968
Capital Improvement Trust Fund	General Fund	5,000

Interfund transfers for the year ended June 30, 2016 are as follows:

Transfer From	Transfer To	Amount
General Fund	Capital Improvement Trust Fund	\$ 5,000

NOTE 5 - SHORT-TERM NOTES PAYABLE

The District has no short-term notes payable at June 30, 2016. During the year, the District took out three short-term notes. The District borrowed \$6,275,000 and repaid \$6,275,000 during the year. Interest expense for the fiscal year on short-term borrowing was \$16,508.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2016

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 are as follows:

	Balances at July 1, 2015	Additions and Adjustments	Deletions and Adjustments	Balances at June 30, 2016
Governmental Activities				
Land (non-depreciable) and site improvements	\$ 1,464,897	\$ 60,154	\$ -	\$ 1,525,051
Buildings and building improvements	31,961,124	-	-	31,961,124
Furniture and equipment	18,713,872	1,286,571	218,012	19,782,431
Totals	52,139,893	1,346,725	218,012	53,268,606
Less accumulated depreciation				
Site improvements	655,528	67,053	-	722,581
Buildings and building improvements	14,833,201	739,726	-	15,572,927
Furniture and equipment	13,095,305	1,187,626	218,012	14,064,919
Totals	28,584,034	1,994,405	218,012	30,360,427
Governmental activities capital assets, net of accumulated depreciation	\$ 23,555,859	\$ (647,680)	\$ -	\$ 22,908,179
Business-Type Activities				
Building	\$ 76,552	\$ -	\$ -	\$ 76,552
Furniture and equipment	497,492	11,043	-	508,535
Totals	574,044	11,043	-	585,087
Less accumulated depreciation				
Building	32,009	3,718	-	35,727
Furniture and equipment	243,646	32,225	-	275,871
Totals	275,655	35,943	-	311,598
Business-type activities capital assets, net of accumulated depreciation	\$ 298,389	\$ (24,900)	\$ -	\$ 273,489

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	\$ 564,680
Vocational instruction	16,542
Special education instruction	1,240
Other instruction	58,418
Pupil services	578
Instructional staff services	101,833
School administration services	10,275
Business administration services	1,220,323
Central services	20,516
	<u>\$ 1,994,405</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2016

NOTE 7 - LONG-TERM OBLIGATIONS

Long-term obligations balances and activity for the year ended June 30, 2016 are as follows:

	Balances at July 1, 2015	Additions	Reductions and Adjustments	Balances at June 30, 2016
Governmental Activities				
General obligation bonds	\$ 1,405,000	\$ -	\$ 590,000	\$ 815,000
Vacation and sick payable	1,270,557	140,564	155,984	1,255,137
Net pension liability (asset) - WRS	(3,067,735)	6,173,475	1,136,772	1,968,968
Post retirement health care & other benefits	<u>3,364,359</u>	<u>814,440</u>	<u>1,597,126</u>	<u>2,581,673</u>
Total governmental activity long-term obligations	2,972,181	7,128,479	3,479,882	6,620,778
Business-Type Activities				
Net pension liability (asset) - WRS	<u>(94,878)</u>	<u>190,932</u>	<u>35,158</u>	<u>60,896</u>
Total long-term obligations	<u>\$ 2,877,303</u>	<u>\$ 7,319,411</u>	<u>\$ 3,515,040</u>	<u>\$ 6,681,674</u>

The current portion (due within one year) of long-term obligations at June 30, 2016 consists of:

General obligation bonds	\$ 615,000
Vested employee benefits	
Vacation and sick payable	100,000
Post retirement health care and other benefits	<u>800,000</u>
Total current portion of long-term obligations	<u>\$ 1,515,000</u>

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

Total interest accrued and paid, including fiscal agent fees of \$0 for the year ended June 30, 2016 is as follows:

	Accrued	Paid
Short-term borrowing	\$ 16,508	\$ 16,508
Long-term obligations	<u>65,241</u>	<u>83,726</u>
Totals	<u>\$ 81,749</u>	<u>\$ 100,234</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2016

NOTE 7 - LONG-TERM OBLIGATIONS - CONTINUED

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance at June 30, 2016	Current Maturities
General					
Obligation					
Refunding					
Bonds	2/15/2007	4.00-4.25%	4/1/2018	625,000	425,000
	6/22/2009	1.75-4.20%	4/1/2017	<u>190,000</u>	<u>190,000</u>
Total general obligation debt				<u>\$ 815,000</u>	<u>\$ 615,000</u>

The 2015 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,547,321,263. The legal debt limit and margin of indebtedness as of June 30, 2016 in accordance with Wisconsin Statutes is as follows:

Debt limit	
(10% of \$1,547,321,263)	\$ 154,732,126
Deduct long-term debt	
applicable to debt margin	<u>815,000</u>
Margin of indebtedness	<u>\$ 153,917,126</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on the bonds at June 30, 2016 is as follows:

Year ended June 30	Principal	Interest	Total
2017	\$ 615,000	\$ 34,543	\$ 649,543
2018	<u>200,000</u>	<u>8,500</u>	<u>208,500</u>
Totals	<u>\$ 815,000</u>	<u>\$ 43,043</u>	<u>\$ 858,043</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2016

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.

Accounting Changes. The WRS adopted GASB Statement No. 82, Pension Issues, an amendment of GASB No. 67, No. 68, and No. 73 during the year ended December 31, 2015. Statement no. 82 addresses the presentation of payroll-related measures in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions.

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, 2016

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
2006	0.8%	3.0%
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

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, 2016

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, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At June 30, 2016, the District reported a liability (asset) of \$2,029,864 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. 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, 2015, the District's proportion was 0.12491617%, which was a decrease of 0.00384037% from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016 the District recognized pension expense of \$2,453,970.

At June 30, 2016, 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, 2016

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 353,953	\$ 4,271,813
Changes in assumptions	1,420,181	-
Net differences between projected and actual earnings on pension plan investments	8,345,117	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,780	1,608
Employer contributions subsequent to the measurement date	668,690	-
Total	\$ 10,811,721	\$ 4,273,421

\$668,690 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, 2016.

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
2017	\$ 2,637,278	\$ 1,034,176
2018	\$ 2,637,278	\$ 1,034,176
2019	\$ 2,637,278	\$ 1,034,176
2020	\$ 2,185,762	\$ 1,034,176
2021	\$ 45,435	\$ 136,717

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2016

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
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 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 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, 2016

NOTE 8 - EMPLOYEE RETIREMENT PLAN - CONTINUED

Retirement Funds Asset Allocation Targets and Expected Returns As of December 31, 2015							
<u>Core Fund Asset Class</u>	Current Asset Allocation %		Destination Target Asset Allocation %		Long-Term Expected Nominal Rate of Return %		Long-Term Expected Real Rate of Return %
U.S. Equities	27	%	23	%	7.6	%	4.7
International Equities	24.5		22		8.5		5.6
Fixed Income	27.5		37		4.4		1.6
Inflation Sensitive Assets	10		20		4.2		1.4
Real Estate	7		7		6.5		3.6
Private Equity/Debt	7		7		9.4		6.5
Multi-Asset	4		4		6.7		3.8
Total Core Fund	107	%	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	%	5.0
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75% Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations							

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. 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, 2016

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)	\$3,560,348	\$2,029,864	\$(7,504,519)

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, 2016 was \$356,319.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2016

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

Group	Eligibility		Benefit Description								
	Age	Service									
Teachers hired prior to 7/1/07	55	15	Teachers who retired before July 1, 2009 received 100% of medical premium; frozen at rate at retirement for 10 years. The Medicare supplement rate is paid after age 65.								
	55 (1)	15 (1)	Teachers who retired after July 1, 2009 until June 30, 2012 had the option to choose a) or b) below paid over 84 months: a) The District will deposit into a Health Retirement Account (HRA) \$4,000 per year of service, not to exceed 40 years b) The District will deposit into an HRA an amount equal to 100% of the monthly health insurance premium, frozen at the rate at retirement.								
	55 (1)	15 (1)	Teachers who retired after June 30, 2012, the District will deposit into a Health Reimbursement Account (HRA) an amount equal to the teacher's continuous years of service, not to exceed 40 years, times the amount in the table below, paid in equal installments over 84 months. <table><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, 2016

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, 2016

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

In addition to the pension benefits described in Note 8, the District provides various early retirement benefits to eligible staff. The benefit is determined based on position, longevity and union membership (if applicable). Details of these benefit programs are summarized on the previous page. Expenditures for these benefits are recognized on a pay-as-you-go basis in the fund statements and on the full accrual basis using the valuation methods required in Governmental Accounting Standards Board (GASB) Statement No. 45 in the Statement of Activities. There were 66 retirees receiving benefits and 19 employees were eligible to receive benefits in the fiscal year ended June 30, 2016.

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes, based on the plan as understood by the employer and plan members and used to determine the Other Post-Employment Benefits (OPEB) liability of the District, include using projected unit credit for pay-related benefits method, a 4% discount rate based on the plan being funded into an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio, no expenses, and an initial healthcare trend rate of 7.5% in 2015 and 2016 with a one-half percent every two years decrease until leveling off in 2023 and later at 5.5%. The UAAL is being amortized over 24 years, with 22 years remaining as of June 30, 2016, using the level dollar method. Demographic assumptions are based on those used to value the pension plan of the Wisconsin Retirement System with some consideration given to differences exhibited by the employees of the Tomah Area School District.

The discount rate was chosen assuming that the plan will be funded into an irrevocable trust at the minimum level required by the Wisconsin Department of Public Instruction to receive categorical aid. If the District chooses to fund the plan at a different level, the discount rate must be adjusted accordingly to reflect the rate of return on the assets which will be used to pay the benefits.

Funding Policy. The plan is being funded by making contributions into an irrevocable employee benefit trust in an amount at least equal to the minimum required by the Department of Public Instruction (DPI) to receive categorical aid. At June 30, 2016, the District has \$645,621 in its OPEB trust. The general fund, special education, and food service funds are used for funding of all pension/retirement benefits. The employer makes all contributions.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost and net OPEB obligation for the current year is:

Component	Amount
Annual required contribution (ARC)	\$ 930,581
Adjustment to ARC	(270,989)
Interest on net pension obligation	154,848
Annual OPEB cost (expense)	814,440
OPEB payments made	1,597,126
Decrease in net OPEB obligation	(782,686)
Net OPEB obligation - beginning of year	3,364,359
Net OPEB obligation - end of year	<u>\$ 2,581,673</u>

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2016

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

Funded Status and Funding Progress. The District implemented GASB Statement No. 45 for the first time for the fiscal year ending June 30, 2009. See page 47 for information on funding status and progress.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$ 814,440	196.10%	\$2,581,673
6/30/2015	\$ 822,019	201.25%	\$3,364,359
6/30/2014	\$1,127,834	140.36%	\$4,196,447
6/30/2013	\$1,111,435	119.23%	\$4,651,593
6/30/2012	\$1,600,600	87.09%	\$4,865,357
6/30/2011	\$1,600,322	58.79%	\$4,658,730
6/30/2010	\$2,768,543	33.70%	\$3,999,247
6/30/2009	\$2,786,626	22.35%	\$2,163,756

GASB Statement No. 45 required that the Tomah Area School District implement this new standard for the fiscal year 2009, which began July 1, 2008. The District established the "Tomah Area School District Post Employment Trust" and chose to implement this standard prospectively, meaning that the liability started at zero on July 1, 2008, but the liability will grow or shrink every year that the District makes contributions less than or greater than the annual OPEB cost.

NOTE 10 - FUND BALANCES AND NET POSITION

Fund Balance

At June 30, 2016, the District has a restricted general fund balance of \$294,976 for payments potentially due to qualifying individual employee 403(b) retirement plans and the remaining \$4,180,429 of the general fund balance is unassigned.

Net position

At June 30, 2016, food service net position of \$273,489 was invested in fixed assets, and \$180,464 was restricted for food service programs.

At June 30, 2016, the Governmental Activities net position balance after subtracting net investment in capital assets, and the amounts restricted for debt service and other activities is \$343,619.

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

The District had no functions that had an excess of actual expenditures over budget for the year ended June 30, 2016.

Tomah Area School District
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2016

NOTE 12 - OPERATING LEASE, AS LESSEE

The District, as lessee, leases copy machines at varying monthly payments. The leases expire at various times through March 2021. Lease expenses for the year ended June 30, 2016 were \$77,865. Minimum annual lease payments are as follows:

Year ended June 30, 2017	\$	35,308
2018		35,308
2019		32,318
2020		26,854
2021		<u>20,141</u>
Total minimum lease payments	\$	<u>149,929</u>

NOTE 13 - CONTRACTUAL OBLIGATIONS

The District has entered into long-term service agreements for preventative maintenance on the heating and air conditioning equipment in all schools and administrative offices. Contractual obligation expenses for the year ended June 30, 2016 were \$23,847. The annual payments due on these contracts are as follows:

	Heating and Air Conditioning Maintenance
Year ended June 30, 2017	<u>\$ 20,000</u>
Total required minimum contractual payments	<u>\$ 20,000</u>

NOTE 14 - RISK MANAGEMENT

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

NOTE 15 - LIMITATION ON SCHOOL DISTRICT REVENUES

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Tomah Area School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
POST-EMPLOYMENT BENEFIT PLANS
Year ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) /c)
<u>Other Post-employment Benefits</u>						
7/1/2014	399,486	9,528,613	9,129,127	4.19%	13,440,828	67.92%
7/1/2012	244,495	10,989,087	10,744,592	2.22%	13,437,765	79.96%
7/1/2010	114,641	15,697,039	15,582,398	0.73%	14,015,788	111.18%
7/1/2008	33,906	23,213,747	23,179,841	0.15%	13,685,404	169.38%
7/1/2006	-	11,156,748	11,156,748	0.00%	11,570,298	96.43%

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, 2016

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

* 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, 2016

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

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

Notes to the Required Supplementary Information
for the Year ended June 30, 2016

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, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 12,318,007	\$ 12,560,577	\$ 12,560,577	\$ -
Other local sources	139,645	161,693	161,693	-
Interdistrict sources	302,556	301,969	301,969	-
Intermediate sources	1,250	23,643	23,643	-
State sources	18,588,880	18,728,066	18,728,066	-
Federal sources	1,974,869	1,833,461	1,833,461	-
Other sources	188,991	120,965	120,965	-
Total revenues	33,514,198	33,730,374	33,730,374	-
Expenditures				
Instruction				
Regular instruction	13,945,964	14,152,846	14,152,846	-
Vocational instruction	731,533	741,843	741,843	-
Special instruction	3,278,212	3,329,113	3,329,113	-
Other instruction	1,330,928	1,342,715	1,342,715	-
Total instruction	19,286,637	19,566,517	19,566,517	-
Support services				
Pupil services	1,121,798	1,186,036	1,186,036	-
Instructional staff services	1,376,477	1,461,588	1,461,588	-
General administration services	343,767	351,591	351,591	-
Building administration services	1,404,630	1,406,174	1,406,174	-
Business administration services	6,371,832	6,903,307	6,903,307	-
Central services	536,001	557,771	557,771	-
Insurance	289,341	278,019	278,019	-
Principal and interest	10,000	16,508	16,508	-
Other support services	1,511,126	963,246	963,246	-
Total support services	12,964,972	13,124,240	13,124,240	-
Non-program services	1,262,589	1,075,938	1,075,938	-
Total expenditures	33,514,198	33,766,695	33,766,695	-
Excess (deficiency) of revenues over expenditures	-	(36,321)	(36,321)	-
Other financing sources (uses)				
Proceeds from sale of fixed assets	-	3,415	3,415	-
Transfer from (to) other funds	-	(5,000)	(5,000)	-
	-	(1,585)	(1,585)	-
Net change in fund balance	-	(37,906)	(37,906)	-
Fund balance at July 1, 2015	4,513,311	4,513,311	4,513,311	-
Fund balance at June 30, 2016	\$ 4,513,311	\$ 4,475,405	\$ 4,475,405	\$ -

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, 2016

	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	\$ 12,318,007	\$ 12,560,577	\$ 12,560,577	\$ -	\$ -	\$ -	\$ 12,318,007	\$ 12,560,577	\$ 12,560,577
Other local sources	139,645	161,693	161,693	-	-	-	139,645	161,693	161,693
Interdistrict sources	302,556	301,969	301,969	-	-	-	302,556	301,969	301,969
Intermediate sources	1,000	4,314	4,314	250	19,329	19,329	1,250	23,643	23,643
State sources	17,503,411	17,656,658	17,656,658	1,085,469	1,071,408	1,071,408	18,588,880	18,728,066	18,728,066
Federal sources	1,242,546	1,140,917	1,140,917	732,323	692,544	692,544	1,974,869	1,833,461	1,833,461
Other sources	188,991	120,965	120,965	-	-	-	188,991	120,965	120,965
Total revenues	31,696,156	31,947,093	31,947,093	1,818,042	1,783,281	1,783,281	33,514,198	33,730,374	33,730,374
Expenditures									
Instruction									
Regular instruction	13,945,964	14,152,846	14,152,846	-	-	-	13,945,964	14,152,846	14,152,846
Vocational instruction	731,533	741,843	741,843	-	-	-	731,533	741,843	741,843
Special instruction	-	-	-	3,278,212	3,329,113	3,329,113	3,278,212	3,329,113	3,329,113
Other instruction	1,318,501	1,333,180	1,333,180	12,427	9,535	9,535	1,330,928	1,342,715	1,342,715
Total instruction	15,995,998	16,227,869	16,227,869	3,290,639	3,338,648	3,338,648	19,286,637	19,566,517	19,566,517
Support services									
Pupil services	733,801	727,051	727,051	387,997	458,985	458,985	1,121,798	1,186,036	1,186,036
Instructional staff services	1,085,014	1,189,551	1,189,551	291,463	272,037	272,037	1,376,477	1,461,588	1,461,588
General administration services	343,767	351,591	351,591	-	-	-	343,767	351,591	351,591
Building administration services	1,404,630	1,406,174	1,406,174	-	-	-	1,404,630	1,406,174	1,406,174
Business administration services	6,140,437	6,672,643	6,672,643	231,395	230,664	230,664	6,371,832	6,903,307	6,903,307
Central services	521,001	543,923	543,923	15,000	13,848	13,848	536,001	557,771	557,771
Insurance	289,341	278,019	278,019	-	-	-	289,341	278,019	278,019
Principal and interest	10,000	16,508	16,508	-	-	-	10,000	16,508	16,508
Other support services	1,511,126	963,246	963,246	-	-	-	1,511,126	963,246	963,246
Total support services	12,039,117	12,148,706	12,148,706	925,855	975,534	975,534	12,964,972	13,124,240	13,124,240
Non-program services	1,019,073	807,274	807,274	243,516	268,664	268,664	1,262,589	1,075,938	1,075,938
Total expenditures	29,054,188	29,183,849	29,183,849	4,460,010	4,582,846	4,582,846	33,514,198	33,766,695	33,766,695
Excess of revenues over (under) expenditures	2,641,968	2,763,244	2,763,244	(2,641,968)	(2,799,565)	(2,799,565)	-	(36,321)	(36,321)
Other financing sources (uses)									
Proceeds from sale of fixed assets	-	3,415	3,415	-	-	-	-	3,415	3,415
Transfer from (to) other funds	(2,641,968)	(2,804,565)	(2,804,565)	2,641,968	2,799,565	2,799,565	-	(5,000)	(5,000)
	(2,641,968)	(2,801,150)	(2,801,150)	2,641,968	2,799,565	2,799,565	-	(1,585)	(1,585)
Net change in fund balance	-	(37,906)	(37,906)	-	-	-	-	(37,906)	(37,906)
Fund balance at July 1, 2015	4,513,311	4,513,311	4,513,311	-	-	-	4,513,311	4,513,311	4,513,311
Fund balance at June 30, 2016	\$ 4,513,311	\$ 4,475,405	\$ 4,475,405	\$ -	\$ -	\$ -	\$ 4,513,311	\$ 4,475,405	\$ 4,475,405

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, 2016

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 440,169	\$ 440,169	\$ 440,169	\$ -
Other local sources	-	1,673	1,672	(1)
Total revenues	440,169	441,842	441,841	(1)
Expenditures				
Support services				
Principal and interest	426,888	473,531	473,531	-
Total expenditures	426,888	473,531	473,531	-
Net change in fund balance	13,281	(31,689)	(31,690)	(1)
Fund balance at July 1, 2015	334,538	334,538	334,538	-
Fund balance at June 30, 2016	\$ <u>347,819</u>	\$ <u>302,849</u>	\$ <u>302,848</u>	\$ <u>(1)</u>

Tomah Area School District
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
NON-REFERENDUM DEBT - FUND 38
Year ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property taxes	\$ 196,588	\$ 196,588	\$ 196,588	\$ -
Total revenues	196,588	196,588	196,588	-
Expenditures				
Support services				
Principal and interest	200,195	200,195	200,195	-
Total expenditures	200,195	200,195	200,195	-
Net change in fund balance	(3,607)	(3,607)	(3,607)	-
Fund balance at July 1, 2015	10,618	10,618	10,618	-
Fund balance at June 30, 2016	<u>\$ 7,011</u>	<u>\$ 7,011</u>	<u>\$ 7,011</u>	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

Tomah Area School District

BALANCE SHEET**DEBT SERVICE FUNDS**

June 30, 2016

Fund Number:	(39)	(38)	
	Referendum	Non-Referendum	Total
Assets			
Cash and investments	\$ 302,848	\$ 7,011	\$ 309,859
Due from other funds	-	-	-
Total assets	\$ <u>302,848</u>	\$ <u>7,011</u>	\$ <u>309,859</u>
Liabilities and fund balances			
Fund balances			
Restricted	\$ <u>302,848</u>	\$ <u>7,011</u>	\$ <u>309,859</u>
Total liabilities and fund balances	\$ <u>302,848</u>	\$ <u>7,011</u>	\$ <u>309,859</u>

Tomah Area School District
**STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE**
DEBT SERVICE FUNDS
 Year ended June 30, 2016

Fund Number:	(39)	(38)	
	Referendum	Non-Referendum	Total
Revenues			
Property taxes	\$ 440,169	\$ 196,588	\$ 636,757
Other local sources	<u>1,672</u>	<u>-</u>	<u>1,672</u>
Total revenues	441,841	196,588	638,429
Expenditures			
Support services			
Principal and interest	<u>473,531</u>	<u>200,195</u>	<u>673,726</u>
Total expenditures	<u>473,531</u>	<u>200,195</u>	<u>673,726</u>
Net change in fund balance	(31,690)	(3,607)	(35,297)
Fund balance at July 1, 2015	<u>334,538</u>	<u>10,618</u>	<u>345,156</u>
Fund balance at June 30, 2016	<u>\$ 302,848</u>	<u>\$ 7,011</u>	<u>\$ 309,859</u>

Tomah Area School District
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

Fund Number	Special Revenue Funds			Total
	(21)	(29)	(46)	
	Special Revenue Trust Fund	Indian Education Fund	Capital Improvement Trust Fund	
Assets				
Cash and investments	\$ 86,209	\$ -	\$ -	\$ 86,209
Due from other funds	-	-	5,000	5,000
Due from other governments	-	4,968	-	4,968
Total assets	<u>\$ 86,209</u>	<u>\$ 4,968</u>	<u>\$ 5,000</u>	<u>\$ 96,177</u>
Liabilities and fund balances				
Due to other funds	\$ -	\$ 4,968	\$ -	\$ 4,968
Fund balances				
Restricted	<u>86,209</u>	<u>-</u>	<u>5,000</u>	<u>91,209</u>
Total liabilities and fund balances	<u>\$ 86,209</u>	<u>\$ 4,968</u>	<u>\$ 5,000</u>	<u>\$ 96,177</u>

Tomah Area School District
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2016

Fund Number:	Special Revenue Funds			Total
	(21)	(29)	(46)	
	Special Revenue Trust Fund	Indian Education Fund	Capital Improvement Trust Fund	
Revenues				
Other local sources	\$ 79,450	\$ -	\$ -	\$ 79,450
Federal sources	-	24,163	-	24,163
Total revenues	79,450	24,163	-	103,613
Expenditures				
Instruction				
Regular instruction	18,975	-	-	18,975
Other instruction	12,190	-	-	12,190
Total instruction	31,165	-	-	31,165
Support services				
Pupil services	295	24,163	-	24,458
Instructional staff services	3,889	-	-	3,889
Business administration	60,672	-	-	60,672
Central services	2,988	-	-	2,988
Total support services	67,844	24,163	-	92,007
Total expenditures	99,009	24,163	-	123,172
Excess (deficiency) of revenues over expenditures	(19,559)	-	-	(19,559)
Other financing sources				
Transfer from other funds	-	-	5,000	5,000
Net change in fund balance	(19,559)	-	5,000	(14,559)
Fund balance at July 1, 2015	105,768	-	-	105,768
Fund balance at June 30, 2016	\$ 86,209	\$ -	\$ 5,000	\$ 91,209

Tomah Area School District
PUPIL ACTIVITY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year ended June 30, 2016

	Balance at July 1, 2015	Additions and Transfers In	Deductions and Transfers Out	Balance at June 30, 2016
ASSETS				
Cash and investments	\$ 147,917	\$ 497,860	\$ 515,418	\$ 130,359
Total assets	<u>\$ 147,917</u>	<u>\$ 497,860</u>	<u>\$ 515,418</u>	<u>\$ 130,359</u>
LIABILITIES				
Due to student organizations				
Camp Douglas	\$ 975	\$ 612	\$ 884	\$ 703
District office	19,303	18,583	17,580	20,306
La Grange	8,255	15,863	18,770	5,348
Lemonweir	8,120	21,290	17,871	11,539
Miller	1,954	5,858	6,010	1,802
Middle School	19,428	142,918	143,873	18,473
Oakdale	543	2,011	2,098	456
Senior High School	81,755	279,041	294,651	66,145
Warrens	3,182	7,520	7,978	2,724
Wyeville	4,041	4,121	5,703	2,459
Learning Center	<u>361</u>	<u>43</u>	<u>-</u>	<u>404</u>
Total liabilities	<u>\$ 147,917</u>	<u>\$ 497,860</u>	<u>\$ 515,418</u>	<u>\$ 130,359</u>

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2016

	Federal Catalog Number	Program or Award Number	Program or Award Amount	Receivable at July 1, 2015	Expenditures	Revenues Grantor	Receivable at June 30, 2016	Footnote
United States Department of Agriculture								
Passed through Wisconsin Department of Public Instruction								
Food Distribution	10.555							
July 1, 2015 to June 30, 2016		UNKNOWN	N/A	\$ -	\$ 92,743	\$ 92,743	\$ -	3
School Breakfast Program	10.553							
July 1, 2015 to June 30, 2016		A546-00000-415747	N/A	-	113,619	113,619	-	2
National School Lunch Program	10.555							
July 1, 2015 to June 30, 2016		A547-00000-415747	N/A	-	514,370	514,370	-	2
Summer Food Service Program	10.559							
July 1, 2014 to June 30, 2015			N/A	12,304	-	12,304	-	
July 1, 2015 to June 30, 2016		A586-00000-415747	N/A	-	86,411	56,571	29,840	
Subtotal Child Nutrition Cluster				12,304	807,143	789,607	29,840	
Passed through the Sparta Area School District								
USDA Implementation Grant								
July 1, 2015 to June 30, 2016	10.575	CN-F2S-PLAN-13-WI	N/A	-	11,351	11,351	-	
Total United States Department of Agriculture				12,304	818,494	800,958	29,840	
United States Department of Education								
Passed through Wisconsin Department of Public Instruction								
Title I Basic Grant	84.010							
July 1, 2014 to June 30, 2015			N/A	127,178	-	127,178	-	
July 1, 2015 to June 30, 2016		A141-00000-415747	\$ 689,272	-	661,153	546,476	114,677	
Carl Perkins Vocational Education	84.048							
July 1, 2014 to June 30, 2015			N/A	9,967	-	9,967	-	
July 1, 2015 to June 30, 2016		A400-00000-415747	\$ 28,916	-	28,589	11,390	17,199	
Special Education (IDEA) Cluster								
PL 94-142 Idea Flow-Through	84.027							
July 1, 2014 to June 30, 2015			N/A	54,117	-	54,117	-	
July 1, 2015 to June 30, 2016		A341-00000-415747	\$ 577,389	-	564,355	442,049	122,306	
PL 99-457 Pre-School Entitlement	84.173							
July 1, 2014 to June 30, 2015			N/A	1,588	-	1,588	-	
July 1, 2015 to June 30, 2016		A347-00000-415747	\$ 15,001	-	14,619	11,535	3,084	
Subtotal Special Education (IDEA) Cluster				55,705	578,974	509,289	125,390	
Title IIA Teacher and Principal Training	84.367							
July 1, 2014 to June 30, 2015			N/A	36,798	-	36,798	-	
July 1, 2015 to June 30, 2016		A365-00000-415747	\$ 158,705	-	144,152	103,545	40,607	
Title V Charter Schools	84.282							
July 1, 2014 to June 30, 2015			N/A	78,222	-	78,222	-	
July 1, 2015 to June 30, 2016		A367-00000-415747	\$ 111,000	-	32,778	32,778	-	
Total passed through Wisconsin Department of Public Instruction				307,870	1,445,646	1,455,643	297,873	
Passed through Cooperative Educational Services Agency #4								
PL 99-457 Preschool Entitlement (IDEA Cluster)	84.173							
July 1, 2015 to June 30, 2016		A342-00000-749904	\$ 15,000	-	15,000	15,000	-	
Total passed through Cooperative Educational Services Agency #4				-	15,000	15,000	-	

Tomah Area School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year ended June 30, 2016

	Federal Catalog Number	Program or Award Amount	Program or Award Amount	Receivable at July 1, 2015	Expenditures	Revenues Grantor	Receivable at June 30, 2016	Footnote
United States Department of Education - Continued								
Direct Programs								
PL 81-874 Impact Aid	84.041							
July 1, 2015 to June 30, 2016		59-WI-2016-0004	\$ 125,379	-	125,379	125,379	-	
Indian Education Act	84.060A							
July 1, 2015 to June 30, 2016		S060A151058	\$ 24,002	-	24,163	19,195	4,968	
Total direct programs				-	149,542	144,574	4,968	
Total United States Department of Education				307,870	1,610,188	1,615,217	302,841	
United States Department of Health and Human Services								
Passed through State of Wisconsin Health Care								
Financing Programs								
Medicaid	93.778							
July 1, 2014 to June 30, 2015			N/A	4,477	-	4,477	-	
July 1, 2015 to June 30, 2016		UNKNOWN	N/A	-	143,432	143,432	-	
Total United States Department of Health and Human Services				4,477	143,432	147,909	-	
United States Department of Defense Education Activity (DoDEA)								
Direct								
Promoting K-12 Student Achievement at Military								
Connected Schools	12.556							
September 1, 2014 to August 31, 2015			N/A	54,068	-	54,068	-	
September 1, 2015 to August 31, 2016		HE 1254-13-1-0026	\$ 162,000	-	119,003	90,009	28,994	
Total United States Environmental Protection Agency				54,068	119,003	144,077	28,994	
Total federal financial assistance				\$ 378,719	\$ 2,691,117	\$ 2,708,161	\$ 361,675	

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.

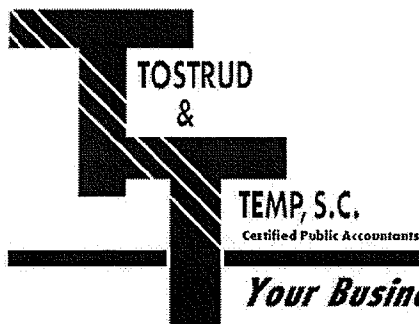
Note 4: All costs reported are direct costs. No indirect costs were used.

Tomah Area School District
SCHEDULE OF STATE FINANCIAL ASSISTANCE
Year ended June 30, 2016

	I.D. Number	Program or Award Amount	Receivable at July 1, 2015	Expenditures	Revenue State Reimbursements	Receivable at June 30, 2016
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT						
Cost Reimbursement Programs - Non-major						
Youth Apprenticeship	445.107					
July 1, 2015 to June 30, 2016		\$ 4,314	-	4,314	-	4,314
Wisconsin Fast Forward	445.109					
July 1, 2014 to June 30, 2015		N/A	50,801	-	50,801	-
July 1, 2015 to June 30, 2016		\$ 52,570	-	16,867	1,788	15,079
Total Direct			<u>50,801</u>	<u>21,181</u>	<u>52,589</u>	<u>19,393</u>
Total Wisconsin Department of Workforce Development			<u>50,801</u>	<u>21,181</u>	<u>52,589</u>	<u>19,393</u>
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, 2014 to June 30, 2015		N/A	2,090	-	2,090	-
July 1, 2015 to June 30, 2016		\$ 9,500	-	9,500	6,221	3,279
Educator Effectiveness Grant	255.940					
July 1, 2015 to June 30, 2016		\$ 20,080	-	20,080	-	20,080
Career and Technical Education Incentive	255.950					
July 1, 2015 to June 30, 2016		\$ 14,489	-	14,489	14,489	-
Total direct			<u>2,090</u>	<u>44,069</u>	<u>22,800</u>	<u>23,359</u>
Passed through CESA #4						
TEACH	255.355					
July 1, 2015 to June 30, 2016		\$ 15,000	-	6,699	-	6,699
Passed through Sparta Area School District						
Peer Review and Mentoring	255.301					
July 1, 2015 to June 30, 2016		\$ 5,321	-	5,321	-	5,321
Total Department of Public Instruction			<u>2,090</u>	<u>56,089</u>	<u>22,800</u>	<u>35,379</u>
			<u>\$ 52,891</u>	<u>\$ 77,270</u>	<u>\$ 75,389</u>	<u>\$ 54,772</u>
Entitlement Programs						
Major State Programs (A)						
General Equalization	255.201			17,706,046		
Total major programs				<u>\$ 17,706,046</u>		
Non-major State Programs (B)						
Handicapped Pupils and School Age Parents:						
Internal District Programs	255.101		<u>\$ 3,943,194</u>	\$ 1,040,726		
Participant in Package Program at CESA #4				158		
Participant in Package Program at CESA #5				4,171		
Total Handicapped Program				<u>1,045,055</u>		
State School Lunch Aid	255.102			14,228		
Pupil Transportation	255.107			141,675		
Common School Fund	255.103			141,803		
High Cost Special Education Aid	255.210			10,544		
School Breakfast Program	255.344			5,829		
Tuition Payments by State	255.401			42,670		
Per Pupil Adjustment Aid	255.945			455,400		
High Cost Transportation Aid	255.947			76,745		
Total non-major programs				<u>1,933,949</u>		
Total Wisconsin DPI				<u>\$ 19,696,084</u>		
WISCONSIN DEPARTMENT OF REVENUE						
Exempt Computer Aid						
				<u>\$ 33,567</u>		
Total State Assistance				<u>\$ 19,750,832</u>		

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

OTHER REPORTS



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

Board of Education
Tomah Area School District
Tomah, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Tomah Area School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

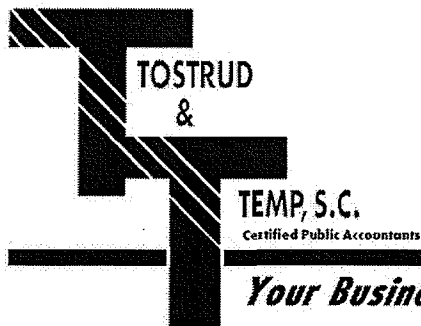
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

Testrud & Temp, S. C.

December 15, 2016



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

Board of Education
Tomah Area School District
Tomah, Wisconsin

Report on Compliance for Each Major Federal Program

We have audited the Tomah Area School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Wisconsin Single Audit Guidelines, issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2016. 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; of 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, 2016.

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.

Testard & Tempel, S. C.

December 15, 2016

Tomah Area School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2016

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
10.555, 10.553, 10.559	Child Nutrition Cluster

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

Auditee qualified as a low-risk auditee? ☒ yes ☐ no

State Awards

Internal control over financial reporting:

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

Tomah Area School District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year ended June 30, 2016

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Prior Year Findings

None