

School District of La Crosse
La Crosse, Wisconsin

ANNUAL FINANCIAL REPORT

June 30, 2019

School District of La Crosse

La Crosse, Wisconsin

JUNE 30, 2019

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Independent auditors' report

To the Board of Education
School District of La Crosse
La Crosse, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the School District of La Crosse, La Crosse, Wisconsin (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the entity'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.

AUDITORS' 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 auditors' 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 District'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 major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position 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 on pages 4 through 10 and the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 48 through 57 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 financial information listed in the table of contents as supplementary information 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 and schedule of expenditures of state awards are presented for purposes of additional analysis, 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*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the basic financial statements.

The supplementary information and the schedules of expenditures of federal and state awards are the responsibility of management and was derived from and relates 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, the supplementary information and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Summarized Financial Information

The 2018 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated November 30, 2018, expressed unmodified opinions on those respective financial statements of the governmental activities, the major fund and the aggregate remaining fund information from which the prior year summarized financial information was derived.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the 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.



CliftonLarsonAllen LLP

Wausau, Wisconsin
December 16, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis June 30, 2019

As management of the School District of La Crosse we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019.

Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows as of June 30, 2019 by \$68.7 million (*net position*). Of this amount, approximately \$20.3 million (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position decreased by \$3,496,958 during the year.
- As of June 30, 2019, the District's governmental funds reported combined ending fund balances of \$36.1 million, a decrease of approximately \$711 thousand in comparison with the prior year.
- Approximately 73% of the District's fund balance, \$26.4 million is *available for spending* at the District's discretion (*unassigned fund balance*).
- As of June 30, 2019, unassigned fund balance for the general fund was \$26.4 million, or approximately 27% of total general fund expenditures.
- The property tax rate decreased \$.30 for the year ended June 30, 2019 to \$11.23 per thousand of property value versus \$11.53, representing a decrease of 2.6% compared to the prior year.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.)

Both of the district-wide financial statements distinguish functions of the District that are principally supported by property taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The District has no business-type activities.

The district-wide financial statements can be found on pages 11 - 12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for all its governmental funds. For financial statement reporting purposes, the general fund and special education fund are combined and reported as the general fund. As part of the required supplementary information, a budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13 - 16 of this report.

Fiduciary funds. The District maintains three fiduciary funds (scholarship trust, employee benefit trust, and student organization's agency fund). The District serves as a trustee, or fiduciary, for student organizations, scholarships programs, and the OPEB and pension benefit trusts. The assets of these organizations and programs do not directly benefit nor are they under the direct control of the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 17 - 18 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 - 47 of this report.

Required supplementary information. The District adopts an annual appropriated budget for all its governmental funds. As part of the required supplementary information, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget. The budgetary comparison statements and the other post-employee benefit and pension schedules can be found on pages 48 - 57.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 60 - 65.

District-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$68.7 million at the close of 2019 or a decrease of \$3.5 million over prior year.

School District of La Crosse's Net Position As of June 30, 2019 and 2018		
	Governmental Activities	
	2018-19	2017-18
Current and other assets	\$ 46,314,964	\$ 58,962,522
Capital assets (net)	67,902,066	70,628,253
Total Assets	114,217,030	129,590,775
Deferred Outflows of Resources	35,328,969	20,036,275
Long-term liabilities outstanding	48,462,184	40,483,121
Other liabilities	10,427,238	11,380,557
Total Liabilities	58,889,422	51,863,678
Deferred Inflows of Resources	21,935,492	25,545,329
Net Position		
Net investment in capital assets	43,141,793	43,068,995
Restricted	5,284,190	15,242,287
Unrestricted	20,295,102	13,906,761
Total Net Position	\$ 68,721,085	\$ 72,218,043

By far the largest portion of the District's net position (62%) reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, etc.), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$20.3 million) may be used to meet the District's ongoing obligations to citizens and creditors.

Change in net position. The District's net position decreased by \$3.5 million. The decrease from operations was \$3.5 million. Key elements of this decrease are as follows:

School District of La Crosse's Change Net Position As of June 30, 2019 and 2018		
	Governmental Activities	
	2018-19	2017-18
Revenues		
Program Revenues		
Charges for services	\$ 6,949,084	\$ 4,735,203
Operating grants and contributions	12,570,788	13,014,961
Capital grants and contributions	42,475	-
General Revenues		
Property taxes	50,030,942	50,031,663
Other taxes	105,524	142,511
State and federal aid-formula grants	34,591,428	34,628,018
Interest and investment earnings	417,826	311,858
Miscellaneous	2,504,591	2,060,413
Total Revenues	107,212,658	104,924,627
Expenses		
Instruction	58,940,890	56,592,470
Support services	39,599,728	37,252,922
Interest and fiscal charges	852,034	908,252
Depreciation	5,563,494	5,229,622
Community services	1,230,982	886,930
Non-program	4,522,488	3,345,269
Total Expenses	110,709,616	104,215,465
Change in Net Position	(3,496,958)	709,162
Change in accounting principle	-	(2,683,621)
Change in Net Position after Change in Accounting Principle	(3,496,958)	(1,974,459)
Net Position - July 1	72,218,043	74,192,502
Net Position - June 30	\$ 68,721,085	\$ 72,218,043

The District's total revenues were \$107.2 million for year ended June 30, 2019. Property taxes combined with state and federal aid accounted for 79% of total revenue for the year. Another 18% came from charges for services, operating & capital grants and contributions, and the remainder from other general revenues.

The total cost of all programs and services was \$110.7 million. The District's expenses are predominantly related to educating (53%) and supporting students (35%). Other expenses include such items such as interest and fiscal charges, depreciation, community services, and non-program. Total expenses exceeded revenues, decreasing net position by \$3,496,958.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of June 30, 2019, the District's governmental funds reported combined ending fund balances of \$36.1 million, a decrease of \$711 thousand in comparison with the prior year. Approximately 73% of this amount (\$26.4 million) constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is not available for new spending because it has already been restricted (\$5.6 million), committed (\$3.5 million), assigned (\$300,000) or already spent in the form of inventory or prepaid expenditures (nonspendable fund balance of \$361,551).

The general fund is the main operating fund of the District. At the end of the current year, \$26.4 million of the general fund balance was unassigned. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unassigned fund balance represents approximately 28% of total general fund expenditures.

The fund balance of the District's general fund decreased by \$1.4 million during the current year.

In April 2014, the District passed a five-year \$4.175 million per year operating referendum (\$412,500 for building safety and maintenance, \$412,500 for technology, and \$3,350,000 for educational programs), which commenced in the 2014-15 school year.

General Fund Budgetary Highlights

Generally, the original budget is modified as deemed necessary by the District. The District modified its original budget for 2018-2019 to reflect relatively minor changes in funding levels for local, state, and federal grant programs, reallocating budget amounts between functional programs, and reappropriating funds levied in a prior year but spent in the current year.

Actual revenue was approximately \$718,000 less than budget, and total expenditures was approximately \$1,567,000 less than budget, resulting in a net difference of approximately \$848,000.

Budget variances were primarily due to less state and federal grant revenue than expected and unanticipated decreases in instructional costs.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets as of June 30, 2019 amounts to \$67.9 million (net of accumulated depreciation of \$73.5 million). This investment in capital assets includes land, land improvements, buildings and building improvements, furniture and equipment, and vehicles. The total decrease in the District's investment in capital assets for the current year was approximately \$2.7 million as current year depreciation expense exceeded current year additions.

School District of La Crosse's Capital Assets		
As of June 30, 2019 and 2018		
	Governmental Activities	
	2018-19	2017-18
Land	\$ 3,826,368	\$ 3,826,368
Construction in progress	22,400	166,732
Land improvements	3,169,881	3,164,134
Buildings and building improvements	43,804,867	37,874,241
Furniture and equipment	16,985,599	25,534,731
Vehicles	92,951	62,047
Total	\$ 67,902,066	\$ 70,628,253

Major capital assets acquired or constructed during the year include:

- Building Purchase (7Rivers & LDI) \$477,512
- Various interior & exterior site improvement projects valued at \$1,368,880
- Building safety & security improvements for \$395,895
- Oven and Dishwasher Machine replacement \$187,550

Long-term obligations. At the end of the current fiscal year, the District had total long-term obligations outstanding of approximately \$48.4 million.

School District of La Crosse's Outstanding Long-term Obligations		
As of June 30, 2019 and 2018		
	Governmental Activities	
	2018-19	2017-18
General Obligation Debt		
Bonds	\$ 19,885,000	\$ 20,705,000
Notes	2,598,075	4,555,984
Bond premium	161,530	177,139
Bond discount	-	(6,863)
Capital lease	2,115,668	3,560,377
Compensated absences	122,134	71,434
Net pension liability - WRS	12,661,204	-
Net pension liability - District pension plan	8,130,167	7,890,748
Other post-employment benefits-LRLIF	2,788,406	3,309,489
Other post-employment benefits-District OPEB plan	-	219,804
Total long-term obligations	\$ 48,462,184	\$ 40,483,112

The District's total debt increased by \$7.9 million (20%) during the current fiscal year. This change is due to the fluctuation of the WRS net pension liability. Total general obligation debt decreased by \$2.8 million during the year.

State statutes limit the amount of general obligation debt the District may issue to 10% of its total equalized valuation. The current debt limitation for the District is \$477 million, which is significantly in excess of the District's \$22 million in outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

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

A five-year (2019-20 through 2023-24) operating referendum was approved by voters in April 2019 for building safety and maintenance, technology, and educational programs. This replaced the five-year operating referendum, which expired in June 2019.

The state of Wisconsin has enacted a state-wide private school voucher program beginning in 2015-16. This program reduced the district's state aid payments in 2018-19 and increased the 2018-19 membership used for state aid purposes in 2019-20. The District expects to have an expenditure of \$1,075,146 for the state aid reduction for 2019-20.

The 2019-21 bi-annual state budget increased the revenue limit per member adjustment to \$175 for 2019-20 and \$179 for 2020-21. This is the first increase to the per pupil adjustment within the revenue limit calculation since 2014-15. These adjustments are base building increases to the district's revenue limit authority.

The state of Wisconsin approved per-pupil aid of \$742 per pupil in both 2019-20 and 2020-21. The aid is allocated based upon a per pupil 3-year average membership.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and 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 questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Randy Nelson, Superintendent of Schools, or Patty Sprang, Executive Director of Business Services, at the School District of La Crosse, 807 East Avenue South, La Crosse, Wisconsin 54601.

BASIC FINANCIAL STATEMENTS

School District of La Crosse

La Crosse, Wisconsin

STATEMENT OF NET POSITION

JUNE 30, 2019

WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2018

	Governmental Activities	
	2019	2018
ASSETS		
Cash and investments	\$ 31,415,078	\$ 33,526,419
Receivables		
Taxes	12,237,118	11,871,242
Accounts	311,186	563,364
Due from other governments	1,938,375	2,298,722
Inventories and prepaid items	361,551	73,494
Net pension asset	-	10,629,281
Net other postemployment benefits asset	51,656	-
Capital assets		
Nondepreciable	3,848,768	3,993,100
Depreciable, net	64,053,298	66,635,153
Total assets	114,217,030	129,590,775
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	33,634,708	18,551,097
Other postemployment related amounts	1,694,261	1,485,178
Total deferred outflows of resources	35,328,969	20,036,275
LIABILITIES		
Accounts payable	471,624	442,619
Accrued and other current liabilities	9,017,612	9,386,374
Accrued interest payable	283,389	309,995
Unearned revenues	248,354	843,978
Deposits payable	406,259	397,591
Long-term obligations		
Due in one year	4,292,773	4,231,364
Due in more than one year	20,589,634	24,831,707
Other postemployment benefits liability	2,788,406	3,529,302
Net pension liability	20,791,371	7,890,748
Total liabilities	58,889,422	51,863,678
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	19,817,012	23,549,086
Other postemployment related amounts	2,118,480	1,563,746
Donations	-	432,497
Total deferred inflows of resources	21,935,492	25,545,329
NET POSITION		
Net investment in capital assets	43,141,793	43,068,995
Restricted	5,284,190	15,242,287
Unrestricted	20,295,102	13,906,761
Total net position	\$ 68,721,085	\$ 72,218,043

The notes to the basic financial statements are an integral part of this statement.

School District of La Crosse

La Crosse, Wisconsin

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2019	2018
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 58,940,890	\$ 2,787,231	\$ 7,237,125	\$ -	\$ (48,916,534)	\$ (47,614,147)
Support services	39,599,728	1,805,087	4,523,563	42,475	(33,228,603)	(31,462,015)
Community services	1,230,982	30,708	106,797	-	(1,093,477)	(651,629)
Non-program	4,522,488	2,326,058	703,303	-	(1,493,127)	(599,636)
Interest and fiscal charges	852,034	-	-	-	(852,034)	(908,252)
Depreciation - unallocated	5,563,494	-	-	-	(5,563,494)	(5,229,622)
Total governmental activities	\$ 110,709,616	\$ 6,949,084	\$ 12,570,788	\$ 42,475	(91,147,269)	(86,465,301)
General revenues						
Property taxes					50,030,942	50,031,663
Other taxes					105,524	142,511
State and federal aids not restricted to specific functions					34,591,428	34,628,018
Interest and investment earnings					417,826	311,858
Miscellaneous					2,504,591	2,060,413
Total general revenues					87,650,311	87,174,463
Change in net position					(3,496,958)	709,162
Net position - July 1					72,218,043	71,508,881
Net position - June 30					\$ 68,721,085	\$ 72,218,043

The notes to the basic financial statements are an integral part of this statement.

School District of La Crosse

La Crosse, Wisconsin

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

	General	Other Governmental Funds	Totals	
			2019	2018
ASSETS				
Cash and investments	\$ 26,224,330	\$ 5,190,748	\$ 31,415,078	\$ 33,526,419
Receivables				
Taxes	12,237,118	-	12,237,118	11,871,242
Accounts	32,200	278,986	311,186	563,364
Due from other funds	3,094	-	3,094	-
Due from other governments	1,521,960	416,415	1,938,375	2,298,722
Inventories and prepaid items	270,987	90,564	361,551	73,494
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 40,289,689</u>	<u>\$ 5,976,713</u>	<u>\$ 46,266,402</u>	<u>\$ 48,333,241</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 406,732	\$ 64,892	\$ 471,624	\$ 442,619
Accrued and other current liabilities	8,960,163	57,449	9,017,612	9,386,374
Due to other funds	-	3,094	3,094	-
Unearned revenues	27,921	220,433	248,354	843,978
Deposits payable	406,259	-	406,259	397,591
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>9,801,075</u>	<u>345,868</u>	<u>10,146,943</u>	<u>11,070,562</u>
Deferred inflows of resources				
Donations	-	-	-	432,497
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances				
Nonspendable	270,987	90,564	361,551	73,494
Restricted	27,298	5,540,281	5,567,579	4,923,001
Committed	3,500,000	-	3,500,000	4,200,000
Assigned	300,000	-	300,000	300,000
Unassigned	26,390,329	-	26,390,329	27,333,687
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>30,488,614</u>	<u>5,630,845</u>	<u>36,119,459</u>	<u>36,830,182</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,289,689</u>	<u>\$ 5,976,713</u>	<u>\$ 46,266,402</u>	<u>\$ 48,333,241</u>

The notes to the basic financial statements are an integral part of this statement.

School District of La Crosse

La Crosse, Wisconsin

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 36,119,459	\$ 36,830,182
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	67,902,066	70,628,253
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	33,634,708	18,551,097
Deferred inflows related to pensions	(19,817,012)	(23,549,086)
Deferred outflows related to other postemployment benefits	1,694,261	1,485,178
Deferred inflows related to other postemployment benefits	(2,118,480)	(1,563,746)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable	(22,483,075)	(25,260,984)
Discount on debt	-	6,863
Premium on debt	(161,530)	(177,139)
Capital leases	(2,115,668)	(3,560,377)
Compensated absences	(122,134)	(71,434)
Other postemployment benefits liability	(2,736,750)	(3,529,302)
Net pension asset (liability)	(20,791,371)	2,738,533
Accrued interest on long-term obligations	(283,389)	(309,995)
Net position of governmental activities as reported on the statement of net position (see page 11)	<u>\$ 68,721,085</u>	<u>\$ 72,218,043</u>

The notes to the basic financial statements are an integral part of this statement.

School District of La Crosse

La Crosse, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

	General	Other Governmental Funds	Totals	
			2019	2018
REVENUES				
Property taxes	\$ 44,246,151	\$ 5,784,791	\$ 50,030,942	\$ 50,031,663
Other local sources	641,583	4,056,206	4,697,789	4,201,262
Interdistrict sources	2,396,686	-	2,396,686	2,325,656
Intermediate sources	5,679	-	5,679	8,591
State sources	42,635,625	57,859	42,693,484	41,108,465
Federal sources	4,435,485	2,524,034	6,959,519	6,820,607
Other sources	72,269	313,815	386,084	428,383
Total revenues	94,433,478	12,736,705	107,170,183	104,924,627
EXPENDITURES				
Instruction				
Regular instruction	37,949,529	428,399	38,377,928	40,477,669
Vocational instruction	2,216,885	5,928	2,222,813	2,050,556
Special education instruction	11,365,789	3,971	11,369,760	11,268,443
Other instruction	4,308,489	764,933	5,073,422	5,002,506
Total instruction	55,840,692	1,203,231	57,043,923	58,799,174
Support services				
Pupil services	5,450,755	5,414	5,456,169	5,475,700
Instructional staff services	6,540,388	68,387	6,608,775	6,840,959
General administration services	661,567	1,238	662,805	590,522
School administration services	4,864,156	-	4,864,156	4,597,206
Business services	1,111,912	-	1,111,912	1,039,137
Operations and maintenance of plant	8,923,515	1,979,694	10,903,209	10,040,720
Pupil transportation services	3,472,828	24,411	3,497,239	3,371,114
Food services	-	3,893,487	3,893,487	3,703,530
Central services	711,956	36,204	748,160	2,457,832
Insurance	585,979	-	585,979	623,673
Other support services	1,676,801	-	1,676,801	113,379
Total support services	33,999,857	6,008,835	40,008,692	38,853,772
Debt service				
Principal	1,444,709	2,777,909	4,222,618	4,211,378
Interest and fiscal charges	33,154	854,232	887,386	896,954
Total debt service	1,477,863	3,632,141	5,110,004	5,108,332
Community service				
	-	1,195,799	1,195,799	880,368
Non-program				
General tuition payments	2,953,589	-	2,953,589	2,317,364
Special education tuition payments	710,703	-	710,703	516,395
Adjustments and refunds	77,877	-	77,877	55,289
Voucher payments	780,319	-	780,319	456,221
Total non-program	4,522,488	-	4,522,488	3,345,269
Total expenditures	95,840,900	12,040,006	107,880,906	106,986,915
Excess of revenues over (under) expenditures	(1,407,422)	696,699	(710,723)	(2,062,288)
OTHER FINANCING SOURCES (USES)				
Capital lease issued	-	-	-	2,617,070
Transfers in	260	-	260	171,033
Transfers out	-	(260)	(260)	(171,033)
Total other financing sources (uses)	260	(260)	-	2,617,070
Net change in fund balances	(1,407,162)	696,439	(710,723)	554,782
Fund balances - July 1	31,895,776	4,934,406	36,830,182	36,275,400
Fund balances - June 30	<u>\$ 30,488,614</u>	<u>\$ 5,630,845</u>	<u>\$ 36,119,459</u>	<u>\$ 36,830,182</u>

The notes to the basic financial statements are an integral part of this statement.

School District of La Crosse

La Crosse, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ (710,723)	\$ 554,782
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay reported in governmental fund statements	2,837,307	4,894,495
Depreciation expense reported in the statement of activities	(5,563,494)	(5,229,622)
Net book value of disposals	-	(315,837)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Capital leases issued	-	(2,617,070)
Principal repaid	2,777,909	2,736,619
Capital leases paid	1,444,709	1,474,758
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	26,606	(20,042)
Amortization of premiums, discounts and loss on advance refunding	8,746	8,745
Compensated absences	(50,700)	83,721
Net pension liability	(23,529,904)	12,439,084
Deferred outflows of resources related to pensions	15,083,611	(2,757,589)
Deferred inflows of resources related to pensions	3,732,074	(11,674,824)
Other postemployment benefits	792,552	1,210,510
Deferred outflows of resources related to other postemployment benefits	209,083	1,485,178
Deferred inflows of resources related to other postemployment benefits	<u>(554,734)</u>	<u>(1,563,746)</u>
Change in net position of governmental activities as reported in the statement of activities (see page 12)	<u>\$ (3,496,958)</u>	<u>\$ 709,162</u>

The notes to the basic financial statements are an integral part of this statement.

School District of La Crosse

La Crosse, Wisconsin

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

	Private Purpose Trust	Employee Benefit Trust	Agency Pupil Activity	Totals	
				2019	2018
ASSETS					
Cash and investments	\$ 231,866	\$ 20,972,066	\$ 60,989	\$ 21,264,921	\$ 21,300,819
Accounts receivable	-	165,711	-	165,711	937
Total assets	231,866	21,137,777	60,989	21,430,632	21,301,756
LIABILITIES					
Accounts payable	-	-	968	968	389
Due to student organizations	-	-	60,021	60,021	60,245
Total liabilities	-	-	60,989	60,989	60,634
NET POSITION					
Restricted	\$ 231,866	\$ 21,137,777	\$ -	\$ 21,369,643	\$ 21,241,122

The notes to the basic financial statements are an integral part of this statement.

School District of La Crosse

La Crosse, Wisconsin

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018

	Private Purpose Trust	Employee Benefit Trust	Totals	
			2019	2018
ADDITIONS				
Other local sources	\$ 120,014	\$ -	\$ 120,014	\$ 95,457
Contributions				
Employer	-	2,963,439	2,963,439	2,934,215
Investment earnings	3,749	307,042	310,791	297,338
Total additions	<u>123,763</u>	<u>3,270,481</u>	<u>3,394,244</u>	<u>3,327,010</u>
DEDUCTIONS				
Trust fund disbursements	55,669	3,204,544	3,260,213	3,568,334
Administrative expenditures	-	5,510	5,510	2,114
Total deductions	<u>55,669</u>	<u>3,210,054</u>	<u>3,265,723</u>	<u>3,570,448</u>
Change in net position	68,094	60,427	128,521	(243,438)
Net position - July 1	<u>163,772</u>	<u>21,077,350</u>	<u>21,241,122</u>	<u>21,484,560</u>
Net position - June 30	<u>\$ 231,866</u>	<u>\$ 21,137,777</u>	<u>\$ 21,369,643</u>	<u>\$ 21,241,122</u>

The notes to the basic financial statements are an integral part of this statement.

School District of La Crosse

La Crosse, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School District of La Crosse, La Crosse, Wisconsin (the "District"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental 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:

A. REPORTING ENTITY

The District is organized as a unified school district. The District, governed by an elected nine member board, operates grades pre-K through 12 and is comprised of all or parts of nine taxing districts. In accordance with GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

General Fund

This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Additionally, the District reports the following fund types:

- ▶ The *private purpose trust fund* is used to account for resources legally held in trust for scholarship awards. Only earnings on the invested resources may be used to support the scholarships.
- ▶ The *employee benefit trust fund* is used to account for resources legally held in trust for other postemployment benefits.
- ▶ The District accounts for assets held as an agent for various student and parent organizations in an *agency fund*.

School District of La Crosse

La Crosse, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

2. Property Taxes

The aggregate District tax levy is apportioned and certified in November 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 must 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 each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

School District of La Crosse

La Crosse, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

3. Accounts Receivable

Accounts receivable are recorded 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 the amount of such allowance would not be material to the basic financial statements.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

5. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

6. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the periods benefitted.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

7. Capital Assets

Capital assets, which include property, plant, and equipment assets, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10-50
Buildings and improvements	10-50
Machinery and equipment	5-15

School District of La Crosse

La Crosse, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

8. **Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the district-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

9. **Deferred Outflows/Inflows of Resources**

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The District reports unavailable revenues for pledged donations. These inflows are recognized as revenues in the district-wide financial statements.

10. **Long-term Obligations**

In the district-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. **Pensions**

Wisconsin Retirement System

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.

Supplemental Pension Plan

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 supplemental pension plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the supplemental pension plan. 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.

School District of La Crosse

La Crosse, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

12. Other Postemployment Benefits Other Than Pensions (OPEB)

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Single-employer Defined Postemployment Benefit Plan

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

13. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized the Executive Director to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

School District of La Crosse

La Crosse, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

District-wide Financial Statements

Equity is classified as net position and displayed in three components:

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. USE OF 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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

F. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the District's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

G. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE 2: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The debt service, private purpose trust, and employee benefit trust funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the agency fund uses separate and distinct accounts. The capital projects fund shares in the common bank account, but utilizes a separate investment account. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

School District of La Crosse

La Crosse, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

The carrying amount of the District's cash and investments totaled \$52,679,999 on June 30, 2019 as summarized below:

Petty cash and cash on hand	\$ 856
Deposits with financial institutions	2,801,101
Investments	
Wisconsin local government investment pool	18,171,858
Wisconsin investment series cooperative	10,734,118
AUL Annuity Contract	20,972,066
	<u>\$ 52,679,999</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 31,415,078
Fiduciary fund statement of net position	
Private purpose trust	231,866
Employee benefit trust	20,972,066
Agency fund	60,989
	<u>\$ 52,679,999</u>

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of June 30, 2019:

	<u>Fair Value Measurements Using:</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments			
Negotiable certificates of deposit	<u>\$ 7,201,800</u>	<u>\$ -</u>	<u>\$ -</u>

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the District's deposits and investments and the related risks.

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 its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit 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. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

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Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of June 30, 2019, \$2,149,952 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits, all of which was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the District's name.

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. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Wisconsin Investment Series Cooperative	\$ 10,734,118	\$ -	\$ -	\$ -	\$ 10,734,118
Wisconsin Local Government Investment Pool	18,171,858	-	-	-	18,171,858
Totals	<u>\$ 28,905,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,905,976</u>

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin Investment Series Cooperative	\$ 10,734,118	\$ 10,734,118	\$ -	\$ -	\$ -
Wisconsin Local Government Investment Pool	18,171,858	18,171,858	-	-	-
Totals	<u>\$ 28,905,976</u>	<u>\$ 28,905,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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AUL Annuity Contract

The District has established an employee benefit trust fund to pay retiree's post-retirement benefits. The trust has \$20,972,066 invested in the fixed interest annuities with American United Life Insurance Company[®] (AUL), a OneAmerica[®] company. These fixed interest annuities are backed by AUL's general account assets. AUL bears the investment risk for the AUL Fixed Interest Account values and for paying interest.

Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$10,734,118 at year-end consisting of \$3,531,750 invested in the Cash Management Series and \$568 invested in the Investment Series, and \$7,201,800 invested in negotiable certificates of deposit. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin International Cooperative Statute, Wisconsin Statute, Section 66.031. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin Local Government Investment Pool ("LGIP") of \$18,171,858 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2019, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

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B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 3,826,368	\$ -	\$ -	\$ 3,826,368
Construction in progress	166,732	22,400	166,732	22,400
Total capital assets, nondepreciable	<u>3,993,100</u>	<u>22,400</u>	<u>166,732</u>	<u>3,848,768</u>
Capital assets, depreciable:				
Land improvements	6,209,374	243,017	-	6,452,391
Buildings and improvements	87,483,515	1,603,375	-	89,086,890
Machinery and equipment	40,826,106	1,090,610	265,346	41,651,370
Vehicles	332,087	44,637	-	376,724
Subtotals	<u>134,851,082</u>	<u>2,981,639</u>	<u>265,346</u>	<u>137,567,375</u>
Less accumulated depreciation for:				
Land improvements	3,045,240	237,270	-	3,282,510
Buildings and improvements	43,919,368	1,362,655	-	45,282,023
Machinery and equipment	20,981,281	3,949,836	265,346	24,665,771
Vehicles	270,040	13,733	-	283,773
Subtotals	<u>68,215,929</u>	<u>5,563,494</u>	<u>265,346</u>	<u>73,514,077</u>
Total capital assets, depreciable, net	<u>66,635,153</u>	<u>(2,581,855)</u>	<u>-</u>	<u>64,053,298</u>
Governmental activities capital assets, net	<u>\$ 70,628,253</u>	<u>\$ (2,559,455)</u>	<u>\$ 166,732</u>	67,902,066
Less: Related long-term debt outstanding				<u>24,760,273</u>
Net investment in capital assets				<u>\$ 43,141,793</u>

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense.

C. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019 were as follows:

Fund	Transfer In	Transfer Out
General	\$ 260	\$ -
Special Projects	-	260
	<u>\$ 260</u>	<u>\$ 260</u>

Interfund transfers were made for the following purposes:

Indirect cost of Indian Education Grant	<u>\$ 260</u>
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D. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt					
Bonds	\$ 20,705,000	\$ -	\$ 820,000	\$ 19,885,000	\$ 2,090,000
Notes	1,240,000	-	1,240,000	-	-
Notes from direct borrowings and direct placements					
State Trust Fund loans	3,315,984	-	717,909	2,598,075	744,564
Total general obligation debt	25,260,984	-	2,777,909	22,483,075	2,834,564
Debt discount	(6,863)	-	(6,863)	-	-
Debt premium	177,139	-	15,609	161,530	-
Capital leases	3,560,377	-	1,444,709	2,115,668	1,458,209
Compensated absences	71,434	122,134	71,434	122,134	-
Governmental activities Long-term obligations	<u>\$ 29,063,071</u>	<u>\$ 122,134</u>	<u>\$ 4,302,798</u>	<u>\$ 24,882,407</u>	<u>\$ 4,292,773</u>

Total interest paid during the year on long-term debt totaled \$886,186.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/19</u>
General obligation bonds	9/9/09	3/1/24	4.60-5.35%	\$ 3,365,000	\$ 3,155,000
General obligation bonds	3/1/11	3/1/25	1.0-5.5%	5,340,000	5,030,000
General obligation bonds	3/1/13	3/1/33	2.0-2.625%	9,950,000	7,470,000
General obligation bonds	5/28/13	3/1/33	1.5-3.0%	6,910,000	4,230,000
State trust fund loan	1/24/14	3/15/23	3.75%	4,335,772	2,598,075
Total outstanding general obligation debt					<u>\$ 22,483,075</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$22,483,075 on June 30, 2019 are detailed below:

Year Ended June 30,	<u>Governmental Activities</u>				
	<u>Bonded Debt</u>		<u>Notes from Direct Borrowings and Direct Placements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 2,090,000	\$ 709,311	\$ 744,564	\$ 97,695	\$ 3,641,570
2021	2,125,000	666,923	772,752	69,507	3,634,182
2022	2,180,000	622,524	801,730	40,528	3,644,782
2023	2,220,000	575,708	279,029	10,464	3,085,201
2024	2,280,000	526,676	-	-	2,806,676
2025-2029	5,235,000	864,331	-	-	6,099,331
2030-2033	3,755,000	257,800	-	-	4,012,800
	<u>\$ 19,885,000</u>	<u>\$ 4,223,273</u>	<u>\$ 2,598,075</u>	<u>\$ 218,194</u>	<u>\$ 26,924,542</u>

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

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Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2019 was \$470,458,525 as follows:

Equalized valuation of the District		\$ 4,908,510,957
Statutory limitation percentage		(x) 10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>490,851,096</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 22,483,075	
Less: Amounts available for financing general obligation debt		
Debt service fund (1)	<u>2,090,504</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>20,392,571</u>
Legal margin for new debt		<u><u>\$ 470,458,525</u></u>

(1) Debt service funds, less accrued interest.

Capital Lease

The District is obligated under various leases accounted for as capital leases that were used to finance the acquisition of capital assets. The cost of the capital assets under the capital leases are \$6,081,731 and the related accumulated depreciation is \$2,517,452 as of June 30, 2019.

The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at June 30, 2019:

Year Ending	Governmental Activities
2020	\$ 1,478,346
2021	663,967
Subtotal	<u>2,142,313</u>
Less: Amount representing interest	26,645
Present value of future minimum lease payments	<u><u>\$ 2,115,668</u></u>

E. PENSION PLANS

The District reports pension related balances at June 30, 2019, as summarized below:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Wisconsin Retirement System (WRS)	\$ 12,661,204	\$ 32,727,980	\$ 17,487,310	\$ 8,558,096
Supplemental or stipend pension plan	8,130,167	906,728	2,329,702	1,224,368
Total pension liability	<u><u>\$ 20,791,371</u></u>	<u><u>\$ 33,634,708</u></u>	<u><u>\$ 19,817,012</u></u>	<u><u>\$ 9,782,464</u></u>

1. WRS Pension 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.

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

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.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service. The factors influencing the benefit are 1) final average earnings, 2) years of creditable service, and 3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

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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. Starting on January 1, 2016, the executives and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period ending June 30, 2019, the WRS recognized \$3,653,948 in contributions from the District.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At June 30, 2019, the District reported a liability of \$12,661,204 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 0.35588309%, which was a decrease of 0.00211141% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$8,558,096.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,861,161	\$ 17,430,986
Net differences between projected and actual earnings on pension plan investments	18,490,821	-
Changes in assumptions	2,134,216	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,982	56,324
Employer contributions subsequent to the measurement date	2,202,800	-
Total	\$ 32,727,980	\$ 17,487,310

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The \$2,202,800 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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,	Expense
2020	\$ 4,714,723
2021	1,182,736
2022	2,066,984
2023	5,073,427
Total	<u>\$ 13,037,870</u>

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2017
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 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 2018 that covered a three year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll forward of the liability calculated from the December 31, 2017 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:

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	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
Core Fund Asset Class			
Global equities	49%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.3%
Real estate	9%	6.5%	3.9%
Private equity/debt	8%	9.4%	6.7%
Multi-asset	4%	6.7%	4.1%
Total Core Fund	110%	7.3%	4.7%
Variable Fund Asset Class			
U.S. equities	70%	7.6%	5.0%
International equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

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

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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's proportionate share of the net pension liability (asset)	\$ 50,316,954	\$ 12,661,204	\$ (15,338,765)

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>.

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Payable to the Pension Plan

At June 30, 2019, the District reported a payable of \$1,286,152 for the outstanding amount of contributions to the pension plan as of June 30, 2019.

2. Supplemental Pension Plan

Pension Description

The plan, a single-employer pension plan, is a defined benefit pension plan established to provide pension benefits to eligible retirees. The plan is administered by the MidAmerica Administrative Retirement Solutions. The plan does not issue separate financial statements. The OPEB Trust was created in accordance with the laws of the State of Wisconsin. The sole trustee for the trust is the District. Amendments to the trust may be made by an instrument in writing executed by duly authorized officers of the District of trustee.

Benefits Provided

For employees eligible to retire by June 30, 2012, whether or not they do retire:

Pension	Eligibility Requirements		Benefit Duration	Plan Benefit
	Age	Service		
Teachers	55	10	Lump Sum	\$5,000 for less than 15 years, \$10,000 for 15 - 19 years, \$18,000 for 20 - 24 years and \$25,000 for more than 25 years
Administrative Assistants	57	Hired prior to 12/31/1998 with 10 years served	4 years	Those not participating in the District's group medical plan at time of retirement will receive 90% of the retiree's premium
Custodians	55	10	3 years	Those not participating in the District's group medical plan at time of retirement will receive 80% of the retiree's premium
School Nutrition	55	10	3 years	Those not participating in the District's group medical plan at time of retirement will receive 90% of the retiree's premium

For employees not meeting eligibility requirements by June 30, 2012:

Pension	Eligibility Requirements		Benefit Duration	Plan Benefit
	Age	Service		
Administrators, Teachers & Other Exempt Professional Staff	55	10	5 years	80% of their highest contract salary in the last three years of employment

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Employees Covered by Benefit Terms

As of the June 30, 2017 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	62
Active employees	663
	<u>725</u>

Funding Policy

The entire cost of these benefits is paid by the District. The school board has the authority to set contribution amounts and does so through the annual budget process.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2018	\$ 13,720,121	\$ 5,829,373	\$ 7,890,748
Changes for the year:			
Service cost	990,184	-	990,184
Interest	519,975	-	519,975
Changes of assumptions or other input	224,381	-	224,381
Contributions - employer	-	1,407,147	(1,407,147)
Net investment income	-	87,721	(87,721)
Benefit payments	(698,415)	(698,415)	-
Adjustment*	-	253	(253)
Net changes	<u>1,036,125</u>	<u>796,706</u>	<u>239,419</u>
Balance at June 30, 2019	<u>\$ 14,756,246</u>	<u>\$ 6,626,079</u>	<u>\$ 8,130,167</u>

*An adjustment has been made to correct the Fiduciary Net Position as of June 30, 2019

For the year ended June 30, 2019, the District recognized pension expense of \$1,224,368.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 301,342	\$ 1,909,634
Net differences between projected and actual earnings on pension plan investments	257,509	-
Changes in assumptions	347,877	420,068
Total	<u>\$ 906,728</u>	<u>\$ 2,329,702</u>

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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,	Expense
2020	\$ (63,470)
2021	(76,595)
2022	(100,189)
2023	(127,477)
2024	(156,310)
Thereafter	(898,933)
Total	<u>\$ (1,422,974)</u>

Actuarial Assumptions

The District's total pension liability was measured as of June 30, 2019 and the total pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2019.

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percentage of salary
Actuarial assumptions:	
Discount rate	3.50%
Inflation	2.50%

Single Discount Rate. A single discount rate of 3.50% was used to measure the total pension liability. This single discount rate was based on the 20 year tax exempt AA muni bond rates.

Sensitivity of the District's total pension liability to changes in the discount rate. The following presents the District's net pension liability at July 1, 2018 calculated using the discount rate of 3.50%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate.

	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
Net pension liability	\$ 9,056,475	\$ 8,130,167	\$ 7,250,413

Payable to the Supplemental Pension Plan

At June 30, 2019, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan as of June 30, 2019.

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NOTES TO BASIC FINANCIAL STATEMENTS

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F. OTHER POSTEMPLOYMENT BENEFITS

The District reports OPEB related balances at June 30, 2019 as summarized below:

	OPEB Asset	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Local Retiree Life Insurance Fund (LRLIF)	\$ -	\$ 2,788,406	\$ 332,694	\$ 800,805	\$ 267,911
Single-employer defined OPEB plan	51,656	-	1,361,567	1,317,675	862,292
Total OPEB	<u>\$ 51,656</u>	<u>\$ 2,788,406</u>	<u>\$ 1,694,261</u>	<u>\$ 2,118,480</u>	<u>\$ 1,130,203</u>

1. Single-employer Defined Postemployment Benefit Plan

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below. The OPEB Trust was created in accordance with the laws of the State of Wisconsin. The sole trustee for the trust is the District. Amendments to the trust may be made by an instrument in writing executed by duly authorized officers of the District or trustee.

Benefits Provided

The District shall make contributions to individual HRA accounts based upon retirement age and years of service. The balance is to be used for eligible expenses such as continued coverage in the District's group medical plan.

Employees Covered by Benefit Terms

As of the June 30, 2017 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	217
Active employees	983
	<u>1,200</u>

Contributions

For employees eligible to retire by June 30, 2012, whether or not they do retire:

Pension	Eligibility Requirements		Benefit Duration	Plan Benefit
	Age	Service		
Teacher Assistants	57	15	3 years	90% of retiree's medical premiums to an HRA
Teachers	55	10	Until Medicare Eligible	100% single or 80% family of retiree's medical premiums frozen at time of retirement to an HRA
Administrative Assistants	57	Hired prior to 12/31/98 with 10 years served	4 years	90% of retiree's medical premiums to an HRA
Custodians	55	10	3 years	80% of retiree's medical premiums to an HRA
School Nutrition	55	10	3 years	100% single or 90% family of retiree's medical premiums to an HRA

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For employees not meeting eligibility requirements by June 30, 2012:

Pension	Eligibility Requirements		Benefit Duration	Plan Benefit
	Age	Service		
Administrators, Teachers & Other Exempt Staff	55	10	5 years or until Medicare eligibility, whichever occurs first	\$700/month for those retiring between 7/1/12 - 6/30/13; the monthly contribution will decrease by \$25 every year for those who retire in each subsequent year until it reaches \$350 for those retiring on or after 7/1/26
All Other Employees	55	10	5 years or until Medicare eligibility, whichever occurs first	\$700/month for those retiring between 7/1/12 - 6/30/13; the monthly contribution will decrease by \$25 every year for those who retire in each subsequent year until it reaches \$350 for those retiring on or after 7/1/26. Contribution will be prorated for the past 3 years employment

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.50%
Salary increases:	Ranges from 0.1 percent to 5.6 percent
Investment rate of return:	3.50%
Healthcare cost trend rates:	7.5% decreasing by .50% per year down to 6.50%,

Mortality rates are the same as those used in the December 2014 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the June 30, 2017 valuation were based on the "Wisconsin Retirement System 2012 - 2014 Experience Study".

The long-term expected rate of return on OPEB plan investments was valued at 3.50%. Since the Plan's assets are held as fixed interest account, the long-term expected rate of return on OPEB Plan investments was based upon the 20-year AA municipal bond rate as of the measurement date and was applied to all periods of projected benefit payments.

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Discount Rate. The discount rate used to measure the total OPEB liability was 3.50%, as opposed to a discount rate of 3.75% for the prior year. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance at July 1, 2018	\$ 15,467,781	\$ 15,247,977	\$ 219,804
Changes for the year:			
Service cost	789,262	-	789,262
Interest	547,851	-	547,851
Changes of assumptions or other input	161,277	-	161,277
Contributions - employer	-	1,556,292	(1,556,292)
Net investment income	-	219,321	(219,321)
Benefit payments	(2,506,129)	(2,506,129)	-
Administrative expense	-	(5,510)	5,510
Adjustment*	-	(253)	253
Net changes	(1,007,739)	(736,279)	(271,460)
Balance at June 30, 2019	<u>\$ 14,460,042</u>	<u>\$ 14,511,698</u>	<u>\$ (51,656)</u>

*An adjustment has been made to correct the Fiduciary Net Position as of June 30, 2019

Sensitivity of the net OPEB liability (asset) to changes in the discount rate. The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
Net OPEB liability (asset)	\$ 609,078	\$ (51,656)	\$ (686,772)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rates. The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (7.5% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Net OPEB liability (asset)	\$ (861,847)	\$ (51,656)	\$ 891,437

OPEB plan fiduciary net position. Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements.

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JUNE 30, 2019

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$862,292. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 735,756	\$ -
Changes in assumptions	143,357	1,317,675
Net difference between projected and actual earnings on OPEB plan investments	482,454	-
Total	<u>\$ 1,361,567</u>	<u>\$ 1,317,675</u>

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

<u>Year Ended June 30,</u>	<u>Expense</u>
2020	\$ 73,302
2021	73,302
2022	73,304
2023	1,702
2024	(65,211)
Thereafter	(112,507)
Total	<u>\$ 43,892</u>

Payable to the OPEB Plan

At June 30, 2019, the District reported a payable of \$0 for the outstanding amount of contribution to the Plan required as of June 30, 2019.

2. Local Retiree Life Insurance Fund

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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JUNE 30, 2019

Contributions

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

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

Contribution rates for the reporting period are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post-retirement coverage	40% of employee contribution
25% Post-retirement coverage	20% of employee contribution

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

Life Insurance Employee Contribution Rates For the Year Ended December 31, 2018	
<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30 - 34	0.06
35 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the reporting period, the LRLIF recognized \$20,820 in contributions from the employer.

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

At June 30, 2019, the District reported a liability of \$2,778,406 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the District's proportion was 1.08063600%, which was a decrease of 0.019381% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$267,911.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 141,453
Net differences between projected and actual earnings on OPEB plan investments	66,638	-
Changes in assumptions	266,056	604,416
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	54,936
Total	<u>\$ 332,694</u>	<u>\$ 800,805</u>

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

<u>Year Ended June 30,</u>	<u>Expense</u>
2020	\$ (63,982)
2021	(63,982)
2022	(63,982)
2023	(73,341)
2024	(82,981)
Thereafter	(119,843)
	<u>\$ (468,111)</u>

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

Actuarial valuation date:	January 1, 2018
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	4.10%
Long-term expected rate of return:	5.00%
Discount rate:	4.22%
Salary increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

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

Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Mur	1%	1.68%
Inflation			2.30%
Long-term expected rate of return			5.00%

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

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

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
District's proportionate share of the net OPEB liability	\$ 3,966,692	\$ 2,788,406	\$ 1,879,626

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

Payable to the OPEB Plan

At June 30, 2019, the District reported a payable of \$0 for the outstanding amount of contribution to the Plan as of June 30, 2019.

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NOTES TO BASIC FINANCIAL STATEMENTS

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G. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2019, nonspendable fund balance was as follows:

	<u>General</u>	<u>Nonmajor</u>
Nonspendable		
Inventories and prepaid items	\$ 270,987	\$ 90,564

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2019, restricted fund balance was as follows:

General Fund		
Restricted for		
Unspent Common School Fund	\$ 27,298	
Special Revenue Funds		
Restricted for		
Donations		672,011
Food Service		775,103
Community Service		548,267
Debt Service Funds		
Restricted for		
Non-Referendum Debt Service		300
Referendum Debt Service		2,373,593
Capital Projects Fund		
Restricted for		
Capital improvements		<u>1,171,007</u>
Total restricted fund balance		<u>\$ 5,567,579</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by District Board action. At June 30, 2019, fund balance was committed as follows:

General Fund		
Committed for		
Capital expenditures	\$ 2,200,000	
Building Renovation		<u>1,300,000</u>
Total committed fund balance		<u>\$ 3,500,000</u>

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NOTES TO BASIC FINANCIAL STATEMENTS

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Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At June 30, 2019, fund balance was assigned as follows:

General Fund	
Assigned for	
Class size needs	<u>\$ 300,000</u>

Minimum General Fund Balance Policy

The District has also adopted a minimum unassigned fund balance policy of 15-20% of general fund expenditures for the General Fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual 2018-19 General Fund expenditures	\$ 95,840,900
Minimum fund balance %	(x) 15-20%
Minimum fund balance amount	<u>\$ 14,376,135</u> <u>\$ 19,168,180</u>

The District's unassigned General Fund balance of \$26,390,329 is above the minimum fund balance amount.

Restricted Fiduciary Fund Net Position

In the fund financial statements, portions of fiduciary fund net position are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2019, restricted fiduciary fund net position was as follows:

Fiduciary Funds	
Restricted for	
Scholarships	\$ 231,866
Postemployment benefits	<u>21,137,777</u>
Total restricted fiduciary fund net position	<u>\$ 21,369,643</u>

Net Position

The District reports restricted net position at June 30, 2019 as follows:

Governmental activities	
Restricted for	
Unspent Common School Fund	\$ 27,298
Donations	672,011
Food service	775,103
Debt service	2,090,504
Community service	548,267
Capital improvements	<u>1,171,007</u>
Total restricted net position	<u>\$ 5,284,190</u>

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NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 3: OTHER INFORMATION

A. 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; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage.

B. CONTINGENCIES

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

From time to time, the District is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

C. LIMITATION ON SCHOOL DISTRICT REVENUES

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

This limitation does not apply to revenue needed for 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.

D. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after December 15, 2018. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

School District of La Crosse

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 44,246,151	\$ 44,246,151	\$ 44,246,151	\$ -
Other local sources	658,335	658,335	641,583	(16,752)
Interdistrict sources	2,505,240	2,505,240	2,396,686	(108,554)
Intermediate sources	3,000	3,000	3,600	600
State sources	39,205,405	39,229,090	38,954,996	(274,094)
Federal sources	2,373,648	2,379,600	2,102,766	(276,834)
Other sources	115,000	115,000	72,269	(42,731)
Total revenues	89,106,779	89,136,416	88,418,051	(718,365)
EXPENDITURES				
Instruction				
Regular instruction	38,002,035	38,002,035	37,949,529	52,506
Vocational instruction	2,150,533	2,158,896	2,181,211	(22,315)
Other instruction	4,214,547	4,214,547	4,239,659	(25,112)
Total instruction	44,367,115	44,375,478	44,370,399	5,079
Support services				
Pupil services	3,352,107	3,377,807	3,154,771	223,036
Instructional staff services	7,766,590	7,741,504	6,057,893	1,683,611
General administration services	642,761	642,761	661,567	(18,806)
School administration services	4,745,184	4,745,184	4,864,156	(118,972)
Business services	1,154,507	1,154,507	1,111,912	42,595
Operations and maintenance of plant	8,570,197	8,570,197	8,921,823	(351,626)
Pupil transportation services	2,136,371	2,133,636	2,246,168	(112,532)
Central services	711,907	714,907	711,956	2,951
Insurance	606,255	606,255	585,979	20,276
Other support services	1,653,200	1,673,595	1,676,801	(3,206)
Total support services	31,339,079	31,360,353	29,993,026	1,367,327
Debt service				
Principal	1,715,533	1,715,533	1,444,709	270,824
Interest and fiscal charges	23,106	23,106	33,154	(10,048)
Total debt service	1,738,639	1,738,639	1,477,863	260,776
Non-program				
General tuition payments	2,914,858	2,914,858	2,953,589	(38,731)
Adjustments and refunds	50,000	50,000	77,877	(27,877)
Voucher payments	780,319	780,319	780,319	-
Total non-program	3,745,177	3,745,177	3,811,785	(66,608)
Total expenditures	81,190,010	81,219,647	79,653,073	1,566,574
Excess of revenues over expenditures	7,916,769	7,916,769	8,764,978	848,209
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	260	260
Transfers out	(10,437,313)	(10,437,313)	(10,172,400)	264,913
Total other financing sources (uses)	(10,437,313)	(10,437,313)	(10,172,140)	265,173
Net change in fund balance	(2,520,544)	(2,520,544)	(1,407,162)	1,113,382
Fund balance - July 1	31,895,776	31,895,776	31,895,776	-
Fund balance - June 30	\$ 29,375,232	\$ 29,375,232	\$ 30,488,614	\$ 1,113,382

See notes to required supplementary information.

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - SPECIAL EDUCATION SPECIAL REVENUE FUND - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intermediate sources	\$ 5,600	\$ 5,600	\$ 2,079	\$ (3,521)
State sources	3,788,758	3,788,758	3,680,629	(108,129)
Federal sources	1,997,325	2,460,225	2,332,719	(127,506)
Total revenues	5,791,683	6,254,583	6,015,427	(239,156)
EXPENDITURES				
Instruction				
Vocational instruction	-	-	35,674	(35,674)
Special education instruction	11,618,556	11,870,656	11,365,789	504,867
Other instruction	24,358	24,358	68,830	(44,472)
Total instruction	11,642,914	11,895,014	11,470,293	424,721
Support services				
Pupil services	2,301,421	2,318,171	2,295,984	22,187
Instructional staff services	513,861	590,411	482,495	107,916
Operations and maintenance of plant	2,050	2,050	1,692	358
Pupil transportation services	1,190,366	1,200,134	1,226,660	(26,526)
Total support services	4,007,698	4,110,766	4,006,831	103,935
Non-program				
Special education tuition payments	578,384	686,116	710,703	(24,587)
Total expenditures	16,228,996	16,691,896	16,187,827	504,069
Excess of revenues under expenditures	(10,437,313)	(10,437,313)	(10,172,400)	264,913
OTHER FINANCING SOURCES				
Transfers in	10,437,313	10,437,313	10,172,400	(264,913)
Net change in fund balance	-	-	-	-
Fund balance - July 1	-	-	-	-
Fund balance - June 30	\$ -	\$ -	\$ -	\$ -

See notes to required supplementary information.

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS SINGLE-EMPLOYER DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN LAST 10 FISCAL YEARS *

	2019	2018	2017
Total OPEB liability			
Service cost	\$ 789,262	\$ 983,870	\$ 983,870
Interest	547,851	580,200	626,233
Differences between expected and actual experience	-	945,972	-
Changes of assumptions	161,277	(1,694,153)	(2,984,038)
Benefit payments	<u>(2,506,129)</u>	<u>(2,866,638)</u>	<u>-</u>
Net change in total OPEB liability	(1,007,739)	(2,050,749)	(1,373,935)
Total OPEB liability - beginning	<u>15,467,781</u>	<u>17,518,530</u>	<u>18,892,465</u>
Total OPEB liability - ending (a)	<u>\$ 14,460,042</u>	<u>\$ 15,467,781</u>	<u>\$ 17,518,530</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,556,292	\$ 2,439,999	\$ 2,386,321
Net investment income	219,321	213,808	266,567
Benefit payments	(2,506,129)	(2,866,638)	(2,984,038)
Administrative expenses	(5,510)	(1,531)	(3,484)
Adjustment**	<u>(253)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(736,279)	(214,362)	(334,634)
Plan fiduciary net position - beginning	<u>15,247,977</u>	<u>15,462,339</u>	<u>15,796,973</u>
Plan fiduciary net position - ending (b)	<u>\$ 14,511,698</u>	<u>\$ 15,247,977</u>	<u>\$ 15,462,339</u>
District's net OPEB liability (asset)- ending (a) - (b)	<u>\$ (51,656)</u>	<u>\$ 219,804</u>	<u>\$ 2,056,191</u>
Plan fiduciary net position as a percentage of the total OPEB liability	100.36%	98.58%	88.26%
Covered-employee payroll	\$ 49,480,322	\$ 49,480,322	\$ 47,823,318
District's net OPEB liability as a percentage of covered-employee payroll	-0.10%	0.44%	4.30%
Annual weighted money-weighted rate of return net of investment expenses	1.47%	1.39%	1.71%

* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

**An adjustment has been made to correct the Fiduciary Net Position as of June 30, 2019

See notes to required supplementary information.

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF EMPLOYER CONTRIBUTIONS SINGLE-EMPLOYER DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN LAST 10 FISCAL YEARS *

	2019	2018	2017
Actuarially determined contribution (ADC)	\$ 1,556,292	\$ 1,905,140	\$ 2,439,999
Contributions in relation to the ADC	1,556,292	2,439,999	2,386,321
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (534,859)</u>	<u>\$ 53,678</u>
Covered-employee payroll	\$ 49,480,322	\$ 49,480,322	\$ 47,823,318
Contributions as a percentage of covered-employee payroll	3.15%	4.93%	4.99%

Key Methods and Assumption Used to Calculate ADC

Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset valuation method	Market Value	Market Value	Market Value
Amortization method	3 year Level Dollar	2 year Level Dollar	4 year Level Dollar
Discount rate	3.75%	3.75%	3.75%
Inflation	2.50%	2.50%	2.50%

* The amounts presented for each fiscal year were determined as of the current fiscal year end.
Amounts for prior years were not available.

See notes to required supplementary information.

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 MEASUREMENT PERIODS

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.35278530%	\$ (8,665,373)	\$ 48,932,237	17.71%	102.74%
12/31/15	0.35552865%	5,777,272	51,448,499	11.23%	98.20%
12/31/16	0.35529303%	2,928,463	51,187,460	5.72%	99.12%
12/31/17	0.35799450%	(10,629,281)	53,111,196	20.01%	102.93%
12/31/18	0.35588309%	12,661,204	54,701,620	23.15%	96.45%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	\$ 3,394,850	\$ 3,394,850	\$ -	\$ 49,218,982	6.90%
6/30/16	3,360,156	3,360,156	-	50,117,202	6.70%
6/30/17	3,613,924	3,613,924	-	53,948,434	6.70%
6/30/18	4,012,293	4,012,293	-	59,490,228	6.74%
6/30/19	3,653,948	3,653,948	-	55,289,462	6.61%

See notes to required supplementary information.

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS SUPPLEMENTAL PENSION PLAN LAST 10 FISCAL YEARS *

	<u>2019</u>	<u>2018</u>
Total pension liability		
Service cost	\$ 990,184	\$ 1,011,842
Interest	519,975	449,827
Differences between expected and actual experience	-	356,132
Changes of assumptions	224,381	(123,664)
Benefit payments	(698,415)	(640,603)
Net change in total pension liability	<u>1,036,125</u>	<u>1,053,534</u>
Total pension liability - beginning	<u>13,720,121</u>	<u>12,666,587</u>
Total pension liability - ending (a)	<u>\$ 14,756,246</u>	<u>\$ 13,720,121</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,407,147	\$ 494,216
Net investment income	87,721	81,845
Benefit payments	(698,415)	(640,603)
Administrative expenses	-	(584)
Adjustment**	253	-
Net change in plan fiduciary net position	<u>796,706</u>	<u>(65,126)</u>
Plan fiduciary net position - beginning	<u>5,829,373</u>	<u>5,894,499</u>
Plan fiduciary net position - ending (b)	<u>\$ 6,626,079</u>	<u>\$ 5,829,373</u>
District's net pension liability - ending (a) - (b)	<u>\$ 8,130,167</u>	<u>\$ 7,890,748</u>
Plan fiduciary net position as a percentage of the total pension liability	44.90%	42.49%
Covered-employee payroll	\$ 39,812,559	\$ 39,812,559
District's net pension liability as a percentage of covered-employee payroll	20.42%	19.82%
Annual weighted money-weighted rate of return net of investment expenses	1.41%	1.40%

* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

** An adjustment has been made to correct the Fiduciary Net Position as of June 30, 2019

See notes to required supplementary information.

2017	2016	2015	2014
\$ 967,432	\$ 967,432	\$ 837,632	\$ 837,632
443,135	516,142	504,614	504,614
-	(2,604,046)	-	-
173,237	(430,134)	-	-
(500,881)	(291,590)	(225,816)	(210,667)
1,082,923	(1,842,196)	1,116,430	1,131,579
11,583,664	13,425,860	12,309,430	11,177,851
<u>\$ 12,666,587</u>	<u>\$ 11,583,664</u>	<u>\$ 13,425,860</u>	<u>\$ 12,309,430</u>
\$ 1,547,893	\$ 2,394,941	\$ 2,002,328	\$ 800,000
80,459	71,086	18,426	-
(500,881)	(291,590)	(225,816)	-
(1,051)	(1,296)	-	-
-	-	-	-
1,126,420	2,173,141	1,794,938	800,000
4,768,079	2,594,938	800,000	-
<u>\$ 5,894,499</u>	<u>\$ 4,768,079</u>	<u>\$ 2,594,938</u>	<u>\$ 800,000</u>
<u>\$ 6,772,088</u>	<u>\$ 6,815,585</u>	<u>\$ 10,830,922</u>	<u>\$ 11,509,430</u>
46.54%	41.16%	19.33%	6.50%
\$ 39,010,703	\$ 39,010,703	\$ 38,150,135	\$ 38,155,999
17.36%	17.47%	28.39%	30.16%
1.51%	1.93%	1.09%	0.00%

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF EMPLOYER CONTRIBUTIONS SUPPLEMENTAL PENSION PLAN LAST 10 FISCAL YEARS *

	<u>2019</u>	<u>2018</u>
Actuarially determined contribution (ADC)	\$ 1,407,146	\$ 1,407,146
Contributions in relation to the ADC	1,407,147	494,216
Contribution deficiency (excess)	<u>\$ (1)</u>	<u>\$ 912,930</u>
Covered-employee payroll	\$ 39,812,559	\$ 39,812,559
Contributions as a percentage of covered-employee payroll	3.53%	1.24%

Key Methods and Assumption Used to Calculate ADC

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Amortization method	30 year Level Dollar
Discount rate	3.75%
Inflation	2.50%

* The amounts presented for each fiscal year were determined as of the current fiscal year end.
Amounts for prior years were not available.

See notes to required supplementary information.

2017	2016	2015	2014
\$ 1,494,216	\$ 1,494,216	\$ 1,497,932	\$ 1,497,932
1,547,893	2,394,941	2,002,328	800,000
<u>\$ (53,677)</u>	<u>(900,725)</u>	<u>(504,396)</u>	<u>697,932</u>
\$ 39,010,703	\$ 39,010,703	\$ 39,010,703	\$ 38,155,999
3.97%	6.14%	5.13%	2.10%

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) LOCAL RETIREE LIFE INSURANCE FUND LAST 10 MEASUREMENT PERIODS

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered-Employee Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/17	1.10001700%	\$ 3,309,489	\$ 46,258,862	7.15%	44.81%
12/31/18	1.08063600%	2,788,406	51,741,000	5.39%	48.69%

SCHEDULE OF CONTRIBUTIONS LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

<u>District Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
6/30/18	\$ 20,889	\$ 20,889	\$ -	\$ 46,258,862	0.05%
6/30/19	20,820	20,820	-	51,741,000	0.04%

See notes to required supplementary information.

School District of La Crosse

La Crosse, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

A. OTHER POSTEMPLOYMENT BENEFITS

There were no changes of benefit terms.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end. The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

B. WISCONSIN RETIREMENT SYSTEM

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

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

C. BUDGETS AND BUDGETARY ACCOUNTING

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. Budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

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

- ▶ Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- ▶ The Board of Education 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 Board of Education may make alterations to the proposed budget.
- ▶ Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
- ▶ Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- ▶ Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- ▶ The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2019.

School District of La Crosse

La Crosse, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a budget for the special education special revenue fund. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP General Fund basis is summarized below:

	<u>General</u>	<u>Special Education</u>
Revenues		
Actual amounts (budgetary basis)	\$ 88,418,051	\$ 6,015,427
Reclassification of special education	6,015,427	(6,015,427)
Total revenues	<u>94,433,478</u>	<u>-</u>
Expenditures		
Actual amounts (budgetary basis)	79,653,073	16,187,827
Reclassification of special education	16,187,827	(16,187,827)
Total expenditures	<u>95,840,900</u>	<u>-</u>
Excess of revenues over (under) expenditures		
Actual amounts (budgetary basis)	8,764,978	(10,172,400)
Reclassification of special education	(10,172,400)	10,172,400
Excess of revenues over (under) expenditures	<u>(1,407,422)</u>	<u>-</u>
Other financing sources (uses)		
Actual amounts (budgetary basis)	(10,172,140)	10,172,400
Reclassification of special education	10,172,400	(10,172,400)
Total other financing sources (uses)	<u>260</u>	<u>-</u>
Net change in fund balance		
Actual amounts (budgetary basis)	<u>(1,407,162)</u>	<u>-</u>
Fund balance - July 1		
Actual amounts (budgetary basis)	<u>31,895,776</u>	<u>-</u>
Fund balance - June 30		
Actual amounts (budgetary basis)	<u>\$ 30,488,614</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

School District of La Crosse

La Crosse, Wisconsin

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2019

	Special Revenue			
	Donations	Special Projects	Food Service	Community Service
ASSETS				
Cash and investments	\$ 712,310	\$ -	\$ 621,317	\$ 562,718
Receivables				
Accounts	538	-	21,868	6,083
Due from other governments	-	3,094	324,802	88,519
Inventories and prepaid items	3,686	-	86,878	-
	<u>716,534</u>	<u>3,094</u>	<u>1,054,865</u>	<u>657,320</u>
Total assets	<u>\$ 716,534</u>	<u>\$ 3,094</u>	<u>\$ 1,054,865</u>	<u>\$ 657,320</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 29,854	\$ -	\$ 34,138	\$ 900
Accrued and other current liabilities	10,983	-	36,931	9,535
Due to other funds	-	3,094	-	-
Unearned revenues	-	-	121,815	98,618
	<u>40,837</u>	<u>3,094</u>	<u>192,884</u>	<u>109,053</u>
Total liabilities	<u>40,837</u>	<u>3,094</u>	<u>192,884</u>	<u>109,053</u>
Fund balances				
Nonspendable	3,686	-	86,878	-
Restricted	672,011	-	775,103	548,267
	<u>675,697</u>	<u>-</u>	<u>861,981</u>	<u>548,267</u>
Total fund balances	<u>675,697</u>	<u>-</u>	<u>861,981</u>	<u>548,267</u>
Total liabilities and fund balances	<u>\$ 716,534</u>	<u>\$ 3,094</u>	<u>\$ 1,054,865</u>	<u>\$ 657,320</u>

<u>Debt Service</u>			
<u>Non-Referendum Debt Service</u>	<u>Referendum Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 300	\$ 2,373,593	\$ 920,510	\$ 5,190,748
-	-	250,497	278,986
-	-	-	416,415
-	-	-	90,564
<u>\$ 300</u>	<u>\$ 2,373,593</u>	<u>\$ 1,171,007</u>	<u>\$ 5,976,713</u>
\$ -	\$ -	\$ -	\$ 64,892
-	-	-	57,449
-	-	-	3,094
-	-	-	220,433
-	-	-	345,868
-	-	-	90,564
<u>300</u>	<u>2,373,593</u>	<u>1,171,007</u>	<u>5,540,281</u>
<u>300</u>	<u>2,373,593</u>	<u>1,171,007</u>	<u>5,630,845</u>
<u>\$ 300</u>	<u>\$ 2,373,593</u>	<u>\$ 1,171,007</u>	<u>\$ 5,976,713</u>

School District of La Crosse

La Crosse, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue			
	Donations	Special Projects	Food Service	Community Service
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 951,035
Other local sources	2,044,733	-	1,408,986	69,576
State sources	-	-	57,859	-
Federal sources	-	8,677	2,408,560	106,797
Other sources	-	-	657	-
	<u>2,044,733</u>	<u>8,677</u>	<u>3,876,062</u>	<u>1,127,408</u>
Total revenues	2,044,733	8,677	3,876,062	1,127,408
EXPENDITURES				
Instruction				
Regular instruction	419,982	8,417	-	-
Vocational instruction	5,928	-	-	-
Special education instruction	3,971	-	-	-
Other instruction	764,933	-	-	-
Total instruction	<u>1,194,814</u>	<u>8,417</u>	<u>-</u>	<u>-</u>
Support services				
Pupil services	4,244	-	-	1,170
Instructional staff services	68,387	-	-	-
General administration services	1,238	-	-	-
Operations and maintenance of plant	39,738	-	-	-
Pupil transportation services	24,411	-	-	-
Food services	-	-	3,893,487	-
Central services	36,204	-	-	-
Total support services	<u>174,222</u>	<u>-</u>	<u>3,893,487</u>	<u>1,170</u>
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community service	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,195,799</u>
Total expenditures	<u>1,369,036</u>	<u>8,417</u>	<u>3,893,487</u>	<u>1,196,969</u>
Excess of revenues over (under) expenditures	<u>675,697</u>	<u>260</u>	<u>(17,425)</u>	<u>(69,561)</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(260)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	675,697	-	(17,425)	(69,561)
Fund balances - July 1	<u>-</u>	<u>-</u>	<u>879,406</u>	<u>617,828</u>
Fund balances - June 30	<u>\$ 675,697</u>	<u>\$ -</u>	<u>\$ 861,981</u>	<u>\$ 548,267</u>

<u>Debt Service</u>		<u>Total Nonmajor Governmental Funds</u>	
<u>Non-Referendum Debt Service</u>	<u>Referendum Debt Service</u>	<u>Capital Projects</u>	
\$ 842,259	\$ 2,778,997	\$ 1,212,500	\$ 5,784,791
-	65,627	467,284	4,056,206
-	-	-	57,859
-	-	-	2,524,034
-	313,158	-	313,815
<u>842,259</u>	<u>3,157,782</u>	<u>1,679,784</u>	<u>12,736,705</u>
-	-	-	428,399
-	-	-	5,928
-	-	-	3,971
-	-	-	764,933
-	-	-	<u>1,203,231</u>
-	-	-	5,414
-	-	-	68,387
-	-	-	1,238
-	-	1,939,956	1,979,694
-	-	-	24,411
-	-	-	3,893,487
-	-	-	36,204
-	-	<u>1,939,956</u>	<u>6,008,835</u>
717,909	2,060,000	-	2,777,909
124,350	728,682	1,200	854,232
<u>842,259</u>	<u>2,788,682</u>	<u>1,200</u>	<u>3,632,141</u>
-	-	-	1,195,799
<u>842,259</u>	<u>2,788,682</u>	<u>1,941,156</u>	<u>12,040,006</u>
-	369,100	(261,372)	696,699
-	-	-	(260)
-	369,100	(261,372)	696,439
<u>300</u>	<u>2,004,493</u>	<u>1,432,379</u>	<u>4,934,406</u>
<u>\$ 300</u>	<u>\$ 2,373,593</u>	<u>\$ 1,171,007</u>	<u>\$ 5,630,845</u>

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES PUPIL ACTIVITY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance 7/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2019</u>
ASSETS				
Cash	\$ 59,697	\$ 81,330	\$ 80,038	\$ 60,989
Accounts receivable	937	-	937	-
Total assets	<u>\$ 60,634</u>	<u>\$ 81,330</u>	<u>\$ 80,975</u>	<u>\$ 60,989</u>
LIABILITIES				
Accounts payable	\$ 389	\$ 579	\$ -	\$ 968
Due to student organizations				
Elementary School	4,706	1,404	2,122	3,988
Middle School	4,665	5,184	6,432	3,417
High School	40,002	62,407	61,032	41,377
Parent Organizations	10,872	11,756	11,389	11,239
Total liabilities	<u>\$ 60,634</u>	<u>\$ 81,330</u>	<u>\$ 80,975</u>	<u>\$ 60,989</u>

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF CHARTER SCHOOL AUTHORIZER SERVICES AND COSTS FOR THE YEAR ENDED JUNE 30, 2019

		School of Technology and Arts I	School of Technology and Arts II	La Crosse Design Institute	Coulee Montessori	La Crosse Roads	7 Rivers Community High School
SERVICES PROVIDED							
	Function						
Undifferentiated curriculum	110000	\$ 689,219	\$ -	\$ -	\$ 559,319	\$ -	\$ -
Regular curriculum	120000	103,968	172,257	234,084	227,841	311,815	332,230
Physical curriculum	140000	45,217	-	-	-	-	180
Co-curriculum activities	160000	(123)	-	(1,587)	-	-	(900)
Gifted and Talented	172000	5,885	6,448	5,814	10,936	-	-
Guidance	213000	-	53,039	-	48,491	-	-
Health services	214000	38	-	-	12,539	-	16,208
Direction of improvement of instruction	221100	-	-	-	2,300	-	-
Curriculum development	221200	-	-	-	-	-	(1,618)
Instructional staff training	221300	(174)	-	186	845	-	1,583
IT Services	221500	-	-	-	-	-	595
Other improvement of instruction	221900	-	-	-	53,374	-	-
Non-common school funds	222000	60,299	-	29,795	57,526	-	-
General administration	230000	-	-	-	-	-	76
Building administration	240000	110,069	29,086	43,868	107,216	31,818	58,702
General operations	253000	97,441	30,633	30,190	113,981	-	-
Pupil transportation	256000	202	463	-	1,023	2,477	2,051
Meal Services	257200	-	-	-	-	-	(5,021)
Community services	300000	214	-	-	-	-	-
Purchase instructional services	430000	-	-	-	-	-	5,693
		<u>\$ 1,112,255</u>	<u>\$ 291,926</u>	<u>\$ 342,350</u>	<u>\$ 1,195,391</u>	<u>\$ 346,110</u>	<u>\$ 409,779</u>
OPERATING ACTIVITY							
	Object						
Employee salaries	100	\$ 844,166	\$ 178,705	\$ 238,311	\$ 860,369	\$ 311,815	\$ 331,510
Employee benefits	200	267,875	113,221	104,039	323,098	34,295	72,576
Purchased services	300	214	-	-	5,866	-	-
Non-capital objects	400	-	-	-	5,210	-	5,693
Other	900	-	-	-	848	-	-
		<u>\$ 1,112,255</u>	<u>\$ 291,926</u>	<u>\$ 342,350</u>	<u>\$ 1,195,391</u>	<u>\$ 346,110</u>	<u>\$ 409,779</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS



Independent auditors' 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*

To the Board of Education
School District of La Crosse
La Crosse, 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 major fund, and the aggregate remaining fund information of the School District of La Crosse, La Crosse, Wisconsin (the "District") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report dated December 16, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the School District of La Crosse'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*.

SCHOOL DISTRICT OF LA CROSSE'S RESPONSE TO FINDING

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Wausau, Wisconsin
December 16, 2019

FEDERAL AND STATE AWARDS



Independent auditors' report on compliance for each major federal and state program and on internal control over compliance required by the Uniform Guidance and the *State Single Audit Guidelines*

To the Board of Education
School District of La Crosse
La Crosse, Wisconsin

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM

We have audited School District of La Crosse, La Crosse, Wisconsin's (the "District's") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

AUDITORS' 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; the audit requirements 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 the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance and the *State Single Audit Guidelines* 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 or 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 AND STATE PROGRAM

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

OTHER MATTERS

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion on each major state program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of prior year findings and corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-002 that we consider to be a significant deficiency.

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

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 that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Wausau, Wisconsin
December 16, 2019

School District of La Crosse La Crosse, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

<u>Grantor Agency/Federal Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Agency</u>	<u>Pass-Through Entity Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/18</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/19</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
U.S. DEPARTMENT OF AGRICULTURE								
<i>Child Nutrition Cluster</i>								
School Breakfast Program	10.553	WI DPI	2018-322849-SB-546	\$ (6,583)	\$ 6,583	\$ -	\$ -	\$ -
School Breakfast Program	10.553	WI DPI	2019-322849-SB-546	-	11,056	1,791	12,847	-
School Breakfast Program	10.553	WI DPI	2019-322849-SB-Severe-546	-	467,132	79,141	546,273	-
Total School Breakfast Program				(6,583)	484,771	80,932	559,120	-
National School Lunch Program	10.555	WI DPI	2018-322849-NSL-547	(15,613)	15,613	-	-	-
National School Lunch Program	10.555	WI DPI	2019-322849-NSL-547	-	1,178,833	190,536	1,369,369	-
National School Lunch Program	10.555	WI DPI	2018-322849-NSL-Snacks-566	(697)	697	-	-	-
National School Snack Program	10.555	WI DPI	2019-322849-NSLAE-566	-	54,752	7,210	61,962	-
Donated Commodities 18-19	10.555	WI DPI	N/A	-	217,371	-	217,371	-
Total National School Lunch Program				(16,310)	1,467,266	197,746	1,648,702	-
Summer Food Service Program for Children	10.559	WI DPI	2018-322849-SFSP-586	(34,355)	34,355	-	-	-
Summer Food Service Program for Children	10.559	WI DPI	2019-322849-SFSP-586	-	125,584	46,124	171,708	-
Total Child Nutrition Cluster				(57,248)	2,111,976	324,802	2,379,530	-
Child Nutrition Discretionary Grants Limited Availability	10.579	WI DPI	2019-322849-Equip-531	-	29,030	-	29,030	-
Total U.S. Department of Agriculture				(57,248)	2,141,006	324,802	2,408,560	-
U.S. DEPARTMENT OF THE INTERIOR								
Refugee Revenue Sharing	15.659	Town of Campbell	N/A	-	6,579	-	6,579	-
U.S. DEPARTMENT OF TRANSPORTATION								
Highway Planning and Construction-SRTS	20.205	La Crosse County	N/A	(202)	457	99	354	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2018-322849-Title I-141	(563,394)	563,394	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2019-322849-TIA-141	-	1,193,426	182,400	1,375,826	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2018-322849-TI-Delinquent-140	(8,301)	8,301	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2019-322849-Title I-Delinquent-140	-	12,327	14,733	27,060	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2018-631848-TI-Neglect-149	(27,893)	27,893	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2019-631848-TI-Neglected-149	-	14,263	15,345	29,608	-
Total Title I Grants to Local Educational Agencies				(599,588)	1,819,604	212,478	1,432,494	-

School District of La Crosse La Crosse, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/18	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/19	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF EDUCATION (Continued)								
<i>Special Education Cluster (IDEA)</i>								
Special Education Grants to States	84.027	WI DPI	2018-322849-IDEA-341	(730,216)	730,216	-	-	-
Special Education Grants to States	84.027	WI DPI	2019-322849-IDEA-FT-341	-	1,460,167	306,718	1,766,885	-
Special Education Grants to States-ES3	84.027	WI DPI	2019-322849-ES3-342	-	-	9,951	9,951	-
High Cost Special Education Aid	84.027	WI DPI	2019-322849-342	-	8,675	-	8,675	-
Special Education Preschool Grants	84.173	WI DPI	2018-322849-Pre-S-347	(6,839)	6,839	-	-	-
Special Education Preschool Grants	84.173	WI DPI	2019-322849-IDEA-PS-347	-	19,269	14,660	33,929	-
<i>Total Special Education Cluster (IDEA)</i>				<u>(737,055)</u>	<u>2,225,166</u>	<u>331,329</u>	<u>1,819,440</u>	<u>-</u>
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2018-322849-CP-CTE-400	(41,346)	41,346	-	-	-
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2019-322849-CTE-400	-	22,683	44,004	66,687	-
Indian Education-Grants to Local Educational Agencies	84.060A	Direct Program	N/A	-	5,583	3,094	8,677	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2018-322849-CLC-367	(26,611)	26,611	-	-	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2019-322849-21st Century CLC-367	-	18,278	88,519	106,797	-
English Language Acquisition State Grants	84.365	WI DPI	2018-322849-Title III A-391	(30,735)	30,735	-	-	-
English Language Acquisition State Grants	84.365	WI DPI	2019-322849-TIIIA-391	-	35,657	23,089	58,746	-
Improving Teacher Quality State Grants	84.367	WI DPI	2018-322849-Title II-365	(47,273)	47,273	-	-	-
Improving Teacher Quality State Grants	84.367	WI DPI	2019-322849-TIIA-365	-	212,622	4,632	217,254	-
Student Support and Academic Enrichment Grants	84.424	WI DPI	2018-322849-Title-IV A-381	(12,650)	12,650	-	-	-
Student Support and Academic Enrichment Grants	84.424	WI DPI	2019-322849-TIVA-381	-	12,189	29,336	41,525	-
Total U.S. Department of Education				<u>(1,495,258)</u>	<u>4,510,397</u>	<u>736,481</u>	<u>3,751,620</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
<i>Substance Abuse and Mental Health Services -</i>								
Projects of Regional and National Significance	93.243	WI DPI	19-322849-MH Proj 578	-	1,049	-	1,049	-
Projects of Regional and National Significance	93.243	WI DPI	2019-322849-AWARE-393	-	-	2,208	2,208	-
Total Projects of Regional and National Significance				<u>-</u>	<u>1,049</u>	<u>2,208</u>	<u>3,257</u>	<u>-</u>
Medical Assistance Program	93.778	WI DHS	44201800	(1,138)	790,286	-	789,149	-
Total U.S. Department of Health and Human Services				<u>(1,138)</u>	<u>791,335</u>	<u>2,208</u>	<u>792,406</u>	<u>-</u>
TOTAL FEDERAL AWARDS				<u>\$ (1,553,846)</u>	<u>\$ 7,449,774</u>	<u>\$ 1,063,590</u>	<u>\$ 6,959,519</u>	<u>\$ -</u>
Reconciliation to the basic financial statements								
Federal sources							<u>\$ 6,959,519</u>	

The notes to the schedules of expenditures of federal and state awards are an integral part of this schedule.

School District of La Crosse La Crosse, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/18	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/19	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	322849-100	\$ -	\$ 3,525,077	\$ -	\$ 3,525,077	\$ -
State School Lunch Aid	255.102	Direct Program	322849-107	-	32,771	-	32,771	-
Common School Fund Library Aid	255.103	Direct Program	322849-104	-	292,836	-	292,836	-
Bilingual Bicultural Aid Lea	255.106	Direct Program	322849-111	-	134,975	-	134,975	-
General Transportation Aid	255.107	Direct Program	322849-102	-	72,055	-	72,055	-
Equalization Aids	255.201	Direct Program	322849-116	(522,376)	29,911,316	511,854	29,900,794	-
High Cost Special Education Aid	255.210	Direct Program	322849-119	-	32,451	-	32,451	-
Aid for School Mental Health Programs	255.227	Direct Program	322849-176	-	29,252	-	29,252	-
Special Education Transition Readiness Grant	255.257	Direct Program	322849-174	-	33,810	20,190	54,000	-
Personal Electronic Computing Device	255.296	Direct Program	322849-175	-	61,500	-	61,500	-
School Based Mental Health Services	255.297	Direct Program	322849-177	-	-	9,635	9,635	-
State School Breakfast Aid	255.344	Direct Program	322849-108	-	25,088	-	25,088	-
Tuition Payments by State	255.401	Direct Program	322849-157	-	274,193	-	274,193	-
Tuition Payments by State (Spec Ed)	255.401	Direct Program	322849-158	-	48,101	-	48,101	-
Student Achievement Guarantee in Education (SAGE)	255.504	Direct Program	322849-160	-	2,202,487	-	2,202,487	-
Educator Effective Evaluation System	255.940	Direct Program	322849-154	-	49,440	-	49,440	-
Per Pupil Aid	255.945	Direct Program	322849-113	-	4,260,810	-	4,260,810	-
Career and Technical Education Incentive Grants	255.950	Direct Program	322849-152	-	18,000	-	18,000	-
Assessments of Reading Readiness	255.956	Direct Program	322849-166	-	21,805	-	21,805	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	322849-168	-	21,000	-	21,000	-
Total Wisconsin Department of Public Instruction				(522,376)	41,046,967	541,679	41,066,270	-
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT								
Grow Your Own-Teacher Diversity Program	445.109	Direct Program	322849-3635	-	6,401	-	6,401	-
WISCONSIN DEPARTMENT OF JUSTICE								
DOJ School Safety Initiative Grants - WI ACT 143	455.206	Direct Program	2018-SSI-01-12971	-	234,544	22,973	257,517	-
DOJ School Safety Initiative Grants - WI ACT 143	455.206	Direct Program	2018-SSI-01-14159	-	9,227	74,364	83,591	-
Total Wisconsin Department of Justice				-	243,771	97,337	341,108	-
TOTAL STATE PROGRAMS				<u>\$ (522,376)</u>	<u>\$ 41,297,139</u>	<u>\$ 639,016</u>	<u>\$ 41,413,779</u>	<u>\$ -</u>
Reconciliation to the basic financial statements								
State sources							\$ 42,693,484	
Less: State sources not considered state financial assistance								
State tax computer aid							(222,217)	
Payment in lieu of taxes and other revenues							(795,742)	
WTC Credit Course							(259,917)	
Trauma Sensitive Schools							(1,829)	
Total state awards							<u>\$ 41,413,779</u>	

The notes to the schedules of expenditures of federal and state awards are an integral part of this schedule.

School District of La Crosse

La Crosse, Wisconsin

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards for the School District of La Crosse are presented in accordance with the requirements 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 the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal and state awards include all federal and state awards of the District. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2019 fund financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The District has not elected to charge a de minimis rate of 10% of modified total costs.

NOTE 3: SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2018 - 2019 eligible costs under the State Special Education Program as reported by the District are \$14,107,374. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4: FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed.

NOTE 5: OVERSIGHT AGENCIES

The federal and state oversight agencies for the District are as follows:

Federal - U.S. Department of Education
State - Wisconsin Department of Public Instruction

NOTE 6: PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DHS - Wisconsin Department of Health Services
WI DPI - Wisconsin Department of Public Instruction

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION I: SUMMARY OF AUDITORS' RESULTS

BASIC FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	Yes
Noncompliance material to basic financial statements noted?	No

FEDERAL AND STATE AWARDS

Internal control over major programs:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Un2 CFR 200.516(a)?	Yes
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	Yes

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	<i>Child Nutrition Cluster</i>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
255.107	General Transportation Aids
255.201	Equalization Aids
255.401	Tuition Payments by State LEA Fund 10
455.206	School Safety Initiative

Audit threshold used to determine between Type A and Type B programs:

Federal Awards	\$750,000
State Awards	\$250,000

Auditee qualified as low-risk auditee Yes

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

FINDING NO.	CONTROL DEFICIENCIES
2019-001	<p>Preparation of Annual Financial Report Repeat of Finding 2018-001</p>
Type of Finding:	Significant deficiency in internal control over financial reporting.
Condition:	Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.
Context:	The audit firm has developed reporting templates as a convenience to our client.
Cause:	District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the District continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.
Views of Responsible Officials:	Refer to management's corrective action plan.

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION III: FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING NO.	CONTROL DEFICIENCIES
2019-002	<p>State Tuition Reporting State ID #255.401 Repeat of Finding 2018-001</p>
Type of Finding:	Significant deficiency in internal control over state tuition reporting and other matter
Condition:	The District is required to prepare and submit state tuition claim form PI-1524-ST in order to receive state tuition funding. The District is required to indicate dates of service, days of instruction, and indicate whether the individual students were counted in the membership count.
Criteria:	The District is required to prepare and submit state tuition claim for PI-1524-ST in order to receive state tuition funding. The Wisconsin Department of Public Instruction outlines the requirements for completing the form.
Context:	The District included one student in the improper category resulting in the student being counted in the membership count and the state tuition claim.
Cause:	The District has changed procedures and implemented internal controls to correct the finding which will be implemented for the subsequent reporting period.
Effect:	The District has over claimed students on the state tuition claim.
Questioned Costs:	\$3,884
Recommendation:	We recommend the District develop a process to compare the students claimed on the state tuition claim form to the membership count. The District should also verify student addresses to document that students reside within District boundaries.
Views of Responsible Officials:	Refer to management's corrective action plan.

School District of La Crosse

La Crosse, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION IV: OTHER ISSUES

- | | |
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| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| Department of Health Services | No |
| Department of Public Instruction | Yes |
| Department of Workforce Development | No |
| Department of Justice | No |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |



4. Name and signature of partner

Jon Trautman, CPA

5. Date of report

December 16, 2019