

SCHOOL DISTRICT OF LA CROSSE
La Crosse, Wisconsin

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of La Crosse (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules relating to pensions and other postemployment benefits as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 combining nonmajor governmental fund financial statements, the schedule of charter school authorizer services and costs, and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The 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 GAAS. In our opinion, the combining nonmajor governmental fund financial statements, the schedule of charter school authorizer services and costs, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023, 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 effectiveness of the District's 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
November 29, 2023

**SCHOOL DISTRICT OF LA CROSSE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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, 2023.

Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows as of June 30, 2023 by \$99.7 million (*net position*). Of this amount, approximately \$30.1 million (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$502 thousand during the year.
- As of June 30, 2023, the District's governmental funds reported combined ending fund balances of \$48.0 million, an increase of approximately \$3.0 million in comparison with the prior year.
- Approximately 52% of the District's fund balance, \$25.0 million is available for spending at the District's discretion (unassigned fund balance).
- As of June 30, 2023, unassigned fund balance for the general fund was \$25.0 million, or approximately 25% of total general fund expenditures.
- The property tax rate decreased \$2.29 for the year ended June 30, 2023, to \$7.69 per thousand of property value. This represents a decrease of 22.9% 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).

**SCHOOL DISTRICT OF LA CROSSE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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 page 14 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 16 – 19 of this report.

Fiduciary funds. The District maintains two fiduciary funds (employee benefit trust, and student organization's custodial fund). The District serves as a trustee, or fiduciary, for student organizations 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.

**SCHOOL DISTRICT OF LA CROSSE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

The basic fiduciary fund financial statements can be found on pages 20 – 21 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 22 – 64 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-employment benefit and pension schedules can be found on pages 66 – 79.

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 81 – 83.

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 \$99.7 million at the close of 2023 or an increase of \$502 thousand over the prior year.

School District of La Crosse's Net Position As of June 30, 2023 and 2022		
	Governmental Activities	
	2022-23	2021-22
Assets:		
Current and Other Assets	\$ 57,741,947	\$ 82,476,437
Capital Assets (Net)	67,661,968	68,491,631
Total Assets	125,403,915	150,968,068
Deferred Outflows of Resources	67,291,957	56,237,635
Liabilities:		
Long-Term Liabilities Outstanding	40,243,008	29,064,720
Other Liabilities	9,904,092	9,745,457
Total Liabilities	50,147,100	38,810,177
Deferred Inflows of Resources	42,890,720	69,239,538
Net Position:		
Net Investment in Capital Assets	56,605,380	54,223,280
Restricted	12,938,225	41,147,645
Unrestricted	30,114,447	3,785,063
Total Net Position	<u>\$ 99,658,052</u>	<u>\$ 99,155,988</u>

**SCHOOL DISTRICT OF LA CROSSE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

By far the largest portion of the District's net position (57%) 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 (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$30.1 million) may be used to meet the District's ongoing obligations to citizens and creditors.

Change in net position. The District's net position increased by \$502 thousand. Key elements of this increase are as follows:

School District of La Crosse's Change Net Position As of June 30, 2023 and 2022		
	Governmental Activities	
	2022-23	2021-22
Revenues:		
Program Revenues:		
Charges for Services	\$ 8,023,766	\$ 6,777,006
Operating Grants and Contributions	19,179,531	18,856,828
Capital Grants and Contributions	216,991	858,574
General Revenues:		
Property Taxes	46,159,258	52,559,748
Other Taxes	157,389	390,911
State and Federal Aid-Formula Grants	39,568,502	40,537,317
Interest and Investment Earnings	1,108,283	53,472
Miscellaneous	1,291,207	1,575,031
Total Revenues	115,704,927	121,608,887
Expenses:		
Instruction	57,419,426	51,429,308
Support Services	48,869,924	46,508,694
Interest and Fiscal Charges	416,951	487,242
Community Services	1,476,111	1,154,524
Nonprogram	7,020,451	6,072,406
Total Expenses	115,202,863	105,652,174
Change in Net Position	502,064	15,956,713
Net Position - Beginning of Year	99,155,988	83,199,275
Net Position - End of Year	\$ 99,658,052	\$ 99,155,988

The District's total revenues were \$115.7 million for year ended June 30, 2023. Property taxes combined with state and federal aid accounted for 74% of total revenue for the year. Another 25% came from charges for services, operating and capital grants and contributions, and the remainder from other general revenues.

**SCHOOL DISTRICT OF LA CROSSE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

The total cost of all programs and services was \$115 million. The District's expenses are predominantly related to educating (50%) and supporting students (42%). Other expenses include items such as interest and fiscal charges, depreciation and amortization, community services, and nonprogram. Total revenues exceeded expenditures, increasing net position by \$502 thousand.

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, 2023, the District's governmental funds reported combined ending fund balances of \$48.0 million, an increase of \$3.0 million in comparison with the prior year. Approximately 52% of this amount (\$25.0 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 (\$13.0 million), committed (\$8.4 million), assigned (\$1.5 million) or already spent in the form of inventory or prepaid expenditures (nonspendable fund balance of \$82 thousand).

The general fund is the main operating fund of the District. At the end of the current year, \$25.0 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 25% of total general fund expenditures.

The fund balance of the District's general fund increased by \$2.8 million during the current year.

In April 2019, the District passed a five-year \$4.175 million per year operating referendum for building safety and maintenance, technology, and educational programs, which commenced in the 2019-20 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 2022-23 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 \$4.8 million less than budget, and total expenditures were approximately \$9.1 million under budget, resulting in a net difference of approximately \$4.3 million.

The increase in fund balance can be attributed to a combination of Federal and State one-time funds received in 2022-23 but unspent and are expected to be used in 2023-24 and many unfilled support staff positions that were budgeted for but no applicants to hire.

**SCHOOL DISTRICT OF LA CROSSE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets as of June 30, 2023 amounts to \$67.7 million (net of accumulated depreciation and amortization of \$87.1 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 \$830 thousand as current year depreciation and amortization expense exceeded current year additions.

School District of La Crosse's Capital Assets		
As of June 30, 2023 and 2022		
	Governmental Activities	
	2022-23	2021-22
Land	\$ 3,826,368	\$ 3,826,368
Construction in Progress	-	10,290
Land Improvements	2,313,003	2,512,947
Buildings and Building Improvements	44,976,087	46,948,222
Machinery and Equipment	15,990,194	14,939,285
Vehicles	147,828	185,370
Leased/SBITA Assets - Right-to-Use	408,488	69,149
Total	<u>\$ 67,661,968</u>	<u>\$ 68,491,631</u>

Major capital assets acquired or constructed during the year include:

- Central HS HVAC Upgrades (ESSER) \$1,172,000
- Central HS Office Relocation Project \$1,120,000
- Logan HS HVAC/Chiller Upgrade (ESSER) \$111,000
- District Data Center Closet/Server Project \$170,000
- Central Commons/Kitchen Project \$415,965
- Convection Oven Replacement – Various Schools \$81,500

Long-term obligations. At the end of the June 30, 2023 fiscal year, the District had total long-term obligations outstanding of approximately \$40.2 million.

School District of La Crosse's Outstanding Long-term Obligations		
As of June 30, 2023 and 2022		
	Governmental Activities	
	2022-23	2021-22
General Obligation Debt:		
Bonds	\$ 8,900,000	\$ 10,565,000
Notes	-	279,029
Bond Premium	364,820	407,917
Lease Liability	16,295	65,799
Financed Purchase	1,583,876	2,950,606
Subscription Liability	191,597	-
Compensated Absences	172,403	120,990
Net Pension Liability - WRS	17,309,843	-
Net Pension Liability - District Pension Plan	7,512,503	8,431,172
Other Postemployment Benefits-LRLIF	3,940,824	6,247,207
Other Postemployment Benefits-District OPEB Plan	250,847	-
Total Long-Term Obligations	<u>\$ 40,243,008</u>	<u>\$ 29,067,720</u>

**SCHOOL DISTRICT OF LA CROSSE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

The District's total debt increased by \$11.2 million (38%) during the current fiscal year. This change is due to the change in the WRS pension system from an asset position to a liability position, offset by the maturity of general obligation debt and scheduled payments on lease liabilities. Total general obligation debt decreased by \$1.9 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 \$654.9 million, which is significantly in excess of the District's \$8.9 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:

In April 2023, a six-year operating referendum passed for an additional \$6,250,000 (2023-24 additional to 2018 referendum) and \$10,750,000 (2024-25 through 2028-29) per year for operational and maintenance expenses including student support and mental health services, technology improvements, attracting and retaining staff, maintaining instructional programs, and safety and security improvements.

The State of Wisconsin enacted a state-wide private school voucher program beginning in 2015-16. This program reduced the district's state aid revenue in 2022-23 and increased the 2022-23 membership used for state aid purposes in 2023-24. The District expects to have an expenditure of \$2,037,574 for the state aid reduction for 2023-24.

The 2023-2025 State budget increased the revenue limit authority per member adjustment to \$325 per pupil in both the 2023-24 fiscal year and the 2024-25 fiscal year. The revenue authority produced by this increase will become part of the school district's base revenue in subsequent years.

The 2023-2025 State budget also eliminated the funding for High Poverty Aid. This represents a loss of aid for the School District of La Crosse in the amount of \$337,295.

The State of Wisconsin bi-annual budget provides no increase for per-pupil categorical aid and the amount will remain at \$742 per pupil in both 2023-24 and 2024-25. The aid is allocated based upon a per pupil three-year average membership.

Declining enrollment will continue to impact the District's revenue limit authority with a decrease of \$1.3 million in revenue limit authority for the 2024-25 school year. Declining enrollment since 2019 has reduced the District's revenue limit authority by close to \$6 million dollars since 2019. To address these fiscal deficits, the school board closed Lincoln Middle School starting with the 2023-24 school year. A Facility Advisory Committee was established in April 2023 to consider the closure of elementary schools and provide a recommendation to the School Board. A strategic abandonment approach of reducing operational costs while maintaining high quality instructional programs for students is the long-range plan.

The 2023-24 school year will use the last of the remaining ESSER III American Rescue Plan Act (ARP) dollars in the amount of \$4.6 million. These funds have been used to support schools, staff, and students in an effort to address the interruption to learning due to the COVID-19 pandemic. For the 2024-25 school year, the District plans on using operating referendum funds to continue the academic support positions originally created and funded with ESSER grants.

**SCHOOL DISTRICT OF LA CROSSE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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 Dr. Aaron Engel, 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
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 42,065,517
Receivables:	
Taxes	9,148,660
Accounts	482,564
Due from Other Governments	5,963,538
Inventories and Prepaid Items	81,668
Capital Assets:	
Nondepreciable	3,826,368
Depreciable, Net	<u>63,835,600</u>
Total Assets	<u>125,403,915</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Amounts	64,542,191
Other Postemployment Related Amounts	<u>2,749,766</u>
Total Deferred Outflows of Resources	<u>67,291,957</u>
LIABILITIES	
Accounts Payable	475,907
Accrued and Other Current Liabilities	8,617,375
Accrued Interest Payable	128,768
Due to Other Governments	4,074
Unearned Revenues	126,709
Deposits Payable	479,048
Health and Dental Claims Payable	72,211
Long-Term Obligations:	
Due in One Year	3,187,060
Due in More Than One Year	8,041,931
Net Other Postemployment Benefits Liability	4,191,671
Net Pension Liability	<u>24,822,346</u>
Total Liabilities	<u>50,147,100</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	38,141,405
Other Postemployment Related Amounts	<u>4,749,315</u>
Total Deferred Inflows of Resources	<u>42,890,720</u>
NET POSITION	
Net Investment in Capital Assets	56,605,380
Restricted:	
Capital Projects	1,330,305
Debt Service	7,961,207
Food Service	2,127,111
Grant Funds	476,135
Community Service	319,731
Other	723,736
Unrestricted	<u>30,114,447</u>
Total Net Position	<u><u>\$ 99,658,052</u></u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF LA CROSSE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 57,419,426	\$ 2,717,514	\$ 7,708,387	\$ -	\$ (46,993,525)
Support Services	48,869,924	1,913,156	10,500,892	216,991	(36,238,885)
Community Services	1,476,111	136,532	46,415	-	(1,293,164)
Nonprogram	7,020,451	3,256,564	923,837	-	(2,840,050)
Interest and Fiscal Charges	416,951	-	-	-	(416,951)
Total Governmental Activities	<u>\$ 115,202,863</u>	<u>\$ 8,023,766</u>	<u>\$ 19,179,531</u>	<u>\$ 216,991</u>	(87,782,575)
GENERAL REVENUES					
Property Taxes					46,159,258
Other Taxes					157,389
State and Federal Aids Not Restricted to Specific Functions					39,568,502
Interest and Investment Earnings					1,108,283
Miscellaneous					1,291,207
Total General Revenues					<u>88,284,639</u>
CHANGE IN NET POSITION					
					502,064
Net Position - Beginning of Year					<u>99,155,988</u>
NET POSITION - END OF YEAR					
					<u>\$ 99,658,052</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF LA CROSSE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

ASSETS	General	Referendum Debt Service	Other Governmental Funds	Total
Cash and Investments	\$ 29,018,030	\$ 8,089,673	\$ 4,957,814	\$ 42,065,517
Receivables:				
Taxes	9,148,660	-	-	9,148,660
Accounts	342,183	-	140,381	482,564
Due from Other Funds	4,741	-	-	4,741
Due from Other Governments	5,884,183	-	79,355	5,963,538
Inventories and Prepaid Items	4,260	-	77,408	81,668
Total Assets	<u>\$ 44,402,057</u>	<u>\$ 8,089,673</u>	<u>\$ 5,254,958</u>	<u>\$ 57,746,688</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 368,533	\$ -	\$ 107,374	\$ 475,907
Accrued and Other Current Liabilities	8,565,776	-	51,599	8,617,375
Due to Other Funds	-	-	4,741	4,741
Due to Other Governments	4,074	-	-	4,074
Unearned Revenues	37,867	-	88,842	126,709
Deposits Payable	479,048	-	-	479,048
Health and Dental Claims Payable	72,211	-	-	72,211
Total Liabilities	<u>9,527,509</u>	<u>-</u>	<u>252,556</u>	<u>9,780,065</u>
FUND BALANCES				
Nonspendable	4,260	-	77,408	81,668
Restricted	991,578	8,089,673	3,908,334	12,989,585
Committed	7,350,000	-	1,016,660	8,366,660
Assigned	1,484,562	-	-	1,484,562
Unassigned	25,044,148	-	-	25,044,148
Total Fund Balances	<u>34,874,548</u>	<u>8,089,673</u>	<u>5,002,402</u>	<u>47,966,623</u>
Total Liabilities and Fund Balances	<u>\$ 44,402,057</u>	<u>\$ 8,089,673</u>	<u>\$ 5,254,958</u>	<u>\$ 57,746,688</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF LA CROSSE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	\$ 47,966,623
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.	67,661,968
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	64,542,191
Deferred Inflows Related to Pensions	(38,141,405)
Deferred Outflows Related to Other Postemployment Benefits	2,749,766
Deferred Inflows Related to Other Postemployment Benefits	(4,749,315)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and Notes Payable	(8,900,000)
Premium on Debt	(364,820)
Financed Purchase Liability	(1,583,876)
Lease Liability	(16,295)
Subscription Liability	(191,597)
Compensated Absences	(172,403)
Other Postemployment Benefits Liability	(4,191,671)
Net Pension Liability	(24,822,346)
Accrued Interest on Long-Term Obligations	<u>(128,768)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ 99,658,052</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF LA CROSSE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	General	Referendum Debt Service	Other Governmental Funds	Total
REVENUES				
Property Taxes	\$ 41,267,265	\$ 2,100,000	\$ 2,791,993	\$ 46,159,258
Other Local Sources	1,385,903	301,505	2,819,559	4,506,967
Interdistrict Sources	2,620,029	-	-	2,620,029
Intermediate Sources	39,391	-	-	39,391
State Sources	47,785,056	-	62,217	47,847,273
Federal Sources	10,119,675	-	3,259,389	13,379,064
Other Sources	899,755	262,087	21,703	1,183,545
Total Revenues	<u>104,117,074</u>	<u>2,663,592</u>	<u>8,954,861</u>	<u>115,735,527</u>
EXPENDITURES				
Instruction:				
Regular Instruction	35,490,222	-	210,140	35,700,362
Vocational Instruction	2,339,698	-	2,780	2,342,478
Special Education Instruction	10,836,337	-	-	10,836,337
Other Instruction	4,321,480	-	602,659	4,924,139
Total Instruction	<u>52,987,737</u>	<u>-</u>	<u>815,579</u>	<u>53,803,316</u>
Support Services:				
Pupil Services	6,687,513	-	8,700	6,696,213
Instructional Staff Services	8,712,792	-	37,519	8,750,311
General Administration Services	677,551	-	2,761	680,312
School Administration Services	5,575,863	-	15,760	5,591,623
Business Services	1,116,349	-	-	1,116,349
Operations and Maintenance of Plant	10,335,685	-	1,715,290	12,050,975
Pupil Transportation Services	3,597,242	-	148,535	3,745,777
Food Services	-	-	4,660,343	4,660,343
Central Services	721,925	-	35,000	756,925
Insurance	670,542	-	-	670,542
Other Support Services	2,030,205	-	5,071	2,035,276
Total Support Services	<u>40,125,667</u>	<u>-</u>	<u>6,628,979</u>	<u>46,754,646</u>
Debt Service:				
Principal	1,403,669	1,665,000	291,592	3,360,261
Interest and Fiscal Charges	52,894	403,605	12,370	468,869
Total Debt Service	<u>1,456,563</u>	<u>2,068,605</u>	<u>303,962</u>	<u>3,829,130</u>
Community Service	-	-	1,449,122	1,449,122
Nonprogram:				
General Tuition Payments	3,683,348	-	-	3,683,348
Special Education Tuition Payments	1,343,926	-	-	1,343,926
Adjustments and Refunds	113,329	-	50,000	163,329
Voucher Payments	1,798,438	-	-	1,798,438
Post-Secondary Scholarship Expenditures	-	-	55,500	55,500
Total Nonprogram	<u>6,939,041</u>	<u>-</u>	<u>105,500</u>	<u>7,044,541</u>
Total Expenditures	<u>101,509,008</u>	<u>2,068,605</u>	<u>9,303,142</u>	<u>112,880,755</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,608,066	594,987	(348,281)	2,854,772
OTHER FINANCING SOURCES (USES)				
Subscription-Based IT Arrangements	191,597	-	-	191,597
Transfers In	258	-	-	258
Transfers Out	-	-	(258)	(258)
Total Other Financing Sources	<u>191,855</u>	<u>-</u>	<u>(258)</u>	<u>191,597</u>
NET CHANGE IN FUND BALANCES	2,799,921	594,987	(348,539)	3,046,369
Fund Balances - Beginning of Year	<u>32,074,627</u>	<u>7,494,686</u>	<u>5,350,941</u>	<u>44,920,254</u>
FUND BALANCES - END OF YEAR	<u>\$ 34,874,548</u>	<u>\$ 8,089,673</u>	<u>\$ 5,002,402</u>	<u>\$ 47,966,623</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF LA CROSSE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ 3,046,369

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 and amortization expense.

Capital Assets Reported as Expenditures Reported in Governmental Fund Statements	4,524,375
Depreciation and Amortization Expense Reported in the Statement of Activities	(5,292,175)
Net Book Value of Disposals	(61,863)

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.

Subscription Based IT arrangements Issued	(191,597)
Principal Repaid	3,360,262

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	8,820
Amortization of Premiums	43,097
Compensated Absences	(51,413)
Net Pension Asset (Liability)	(43,608,032)
Deferred Outflows of Resources Related to Pensions	11,766,152
Deferred Inflows of Resources Related to Pensions	28,135,530
Other Postemployment Benefits Asset (Liability)	1,321,081
Deferred Outflows of Resources Related to Other Postemployment Benefits	(711,830)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(1,786,712)
	<u>(1,786,712)</u>

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	<u><u>\$ 502,064</u></u>
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**SCHOOL DISTRICT OF LA CROSSE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	Employee Benefit Trust	Custodial Pupil Activity	Total
ASSETS			
Cash and Investments	\$ 21,543,983	\$ 11,505	\$ 21,555,488
LIABILITIES			
Accounts Payable	310,340	-	310,340
NET POSITION			
Restricted:			
Pension	9,826,427	-	9,826,427
Other Postemployment Benefits	11,407,216	-	11,407,216
Pupil Activity	-	11,505	11,505
Total Net Position	\$ 21,233,643	\$ 11,505	\$ 21,245,148

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF LA CROSSE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023**

	Employee Benefit Trust	Custodial Pupil Activity	Total
ADDITIONS			
Employer	\$ 2,545,693	\$ -	\$ 2,545,693
Investment Earnings	278,778	-	278,778
Total Additions	<u>2,824,471</u>	<u>-</u>	<u>2,824,471</u>
DEDUCTIONS			
Trust Fund Disbursements	2,535,100	-	2,535,100
Adjustments and Refunds	-	1,376	1,376
Total Deductions	<u>2,535,100</u>	<u>1,376</u>	<u>2,536,476</u>
CHANGE IN NET POSITION	289,371	(1,376)	287,995
Net Position - Beginning of Year	<u>20,944,272</u>	<u>12,881</u>	<u>20,957,153</u>
NET POSITION - END OF YEAR	<u>\$ 21,233,643</u>	<u>\$ 11,505</u>	<u>\$ 21,245,148</u>

See accompanying Notes to Basic Financial Statements.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. District-Wide and Fund Financial Statements (Continued)

Referendum Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt authorized by a voter referendum.

Additionally, the District reports the following fund types:

Employee Benefit Trust Fund

The Employee Benefit Trust Fund is used to account for resources legally held in trust for other postemployment benefits.

Custodial Fund

The District accounts for assets held as a custodian for various student and parent organizations in a Custodial Fund.

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 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, except for donations pertaining to specific capital projects which are recognized when the project occurs. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to lease liabilities, subscription liabilities, 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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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.

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 nonpayment of a scheduled installment, and full receipt of the entire levy is assured within 60 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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

7. Capital Assets (Continued)

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:

Land Improvements	10 to 50 Years
Buildings and Improvements	10 to 50 Years
Machinery and Equipment	5 to 15 Years
Vehicles	8 Years

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

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. 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 assets by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net assets 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. These inflows are recognized as revenues in the district-wide financial statements.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

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. Leases

The District determines if an arrangement is a lease at inception. Leases are included in right-to-use (lease assets) and lease liabilities in the statement of net position.

Lease assets represent the District 's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District 's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District recognizes payments for short-term leases with a lease term of 12 months or less, including options to extend, as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the District has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The District accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

12. Pensions

Wisconsin Retirement System

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset)
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
- Pension Expense (Revenue)

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

13. Other Postemployment Benefits Other Than Pensions (OPEB)

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.

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, and OPEB expense (revenue). 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 member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. 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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

14. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- **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.
- **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.

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 amortization, 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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Entity adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the earliest comparative period presented.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The debt service 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 custodial 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
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the District's cash and investments totaled \$63,621,005 on June 30, 2023 as summarized below:

Deposits with Financial Institutions	\$ 3,114,266
Investments:	
Wisconsin Local Government Investment Pool	28,473,279
Wisconsin Investment Series Cooperative:	
Investment Series	9,353,612
Cash Management Series	139,865
Negotiable CDs	996,000
AUL Annuity Contract	<u>21,543,983</u>
Total	<u><u>\$ 63,621,005</u></u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 42,065,517
Fiduciary Fund Statement of Net Position:	
Employee Benefit Trust	21,543,983
Custodial Fund	11,505
Total	<u><u>\$ 63,621,005</u></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, 2023:

	Fair Value Measurements Using:		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:			
Negotiable CDs	<u><u>\$ -</u></u>	<u><u>\$ 996,000</u></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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover 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.

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, 2023, \$2,555,715 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits, \$2,483,280 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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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:					
Investment Series	\$ 9,353,612	\$ -	\$ 9,353,612	\$ -	\$ -
Cash Management Series	139,865	-	139,865	-	-
Negotiable CDs	996,000	-	-	-	996,000
Wisconsin Local Government					
Investment Pool	28,473,279	-	-	-	28,473,279
AUL Annuity Contract	21,543,983	-	-	-	21,543,983
Total	<u>\$ 60,506,739</u>	<u>\$ -</u>	<u>\$ 9,493,477</u>	<u>\$ -</u>	<u>\$ 51,013,262</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:					
Investment Series	\$ 9,353,612	\$ 9,353,612	\$ -	\$ -	\$ -
Cash Management Series	139,865	139,865	-	-	-
Negotiable CDs	996,000	996,000	-	-	-
Wisconsin Local Government					
Investment Pool	28,473,279	28,473,279	-	-	-
Total	<u>\$ 38,962,756</u>	<u>\$ 38,962,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

AUL Annuity Contract

The District has established an employee benefit trust fund to pay retiree's postretirement benefits. The trust has \$21,543,983 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 \$10,489,477 at year-end consisting of \$9,353,612 invested in the Investment Series, \$139,865 invested in the Cash Management Series and \$996,000 invested in Negotiable CDs. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is 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 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 Cooperate 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 \$28,473,279 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, 2023, the LGIP had a weighted average maturity of 28 days.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 3,826,368	\$ -	\$ -	\$ 3,826,368
Construction in Progress	10,290	-	10,290	-
Total Capital Assets, Nondepreciable	3,836,658	-	10,290	3,826,368
Capital Assets, Being Depreciated and Amortized:				
Land Improvements	6,471,975	37,343	-	6,509,318
Buildings and Improvements	97,825,214	5,464	55,090	97,775,588
Machinery and Equipment	42,355,994	4,050,262	756,296	45,649,960
Vehicles	514,975	-	60,481	454,494
Intangible Assets:				
Leased Assets - Right-to-Use	108,800	-	-	108,800
Subscription Asset	-	441,596	-	441,596
Total Capital Assets, Being Depreciated and Amortized	147,276,958	4,534,665	871,867	150,939,756
Less: Accumulated Depreciation and Amortization for:				
Land Improvements	3,959,028	237,287	-	4,196,315
Buildings and Improvements	50,876,992	1,944,862	22,353	52,799,501
Machinery and Equipment	27,416,709	2,974,174	731,117	29,659,766
Vehicles	329,605	33,595	56,534	306,666
Intangible Assets:				
Leased Assets - Right-to-Use	39,651	53,191	-	92,842
Subscription Asset	-	49,066	-	49,066
Total Accumulated Depreciation and Amortization	82,621,985	5,292,175	810,004	87,104,156
Total Capital Assets Depreciable, and Amortizable, Net	64,654,973	(757,510)	61,863	63,835,600
Governmental Activities Capital Assets, Net	\$ 68,491,631	\$ (757,510)	\$ 72,153	67,661,968
Less: Capital Related Debt				(10,691,768)
Less: Debt Premium				(364,820)
Net Investment in Capital Assets				\$ 56,605,380

Depreciation and amortization expense was charged to functions of the District as follows:

Governmental Activities:	
Instruction	\$ 1,377,527
Support Services	3,914,648
Total Depreciation and Amortization Expense - Governmental Activities	\$ 5,292,175

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivable, Payable, and Transfers

Interfund receivables and payables between individual funds of the District, as reported in the fund financial statements, as of June 30, 2023, are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating		
Cash Deficits:		
Governmental Funds:		
General	\$ 4,741	\$ -
Special Projects	-	4,741
Total	\$ 4,741	\$ 4,741

Interfund transfers for the year ended June 30, 2023 were as follows:

Fund	Transfer In	Transfer Out
General	\$ 258	\$ -
Special Projects	-	258
Total	\$ 258	\$ 258

Interfund transfers were made for the following purposes:

Indirect Cost of Indian Education Grant	\$ 258
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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, 2023:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 10,565,000	\$ -	\$ 1,665,000	\$ 8,900,000	\$ 1,685,000
Notes from Direct Borrowings:					
State Trust Fund Loans	279,029	-	279,029	-	-
Total General Obligation Debt	10,844,029	-	1,944,029	8,900,000	1,685,000
Debt Premium	407,917	-	43,097	364,820	-
Lease Liability	65,799	-	49,504	16,295	16,295
Financed Purchase	2,950,605	-	1,366,729	1,583,876	1,389,016
Subscription Payable	-	191,597	-	191,597	96,749
Compensated Absences	120,990	51,413	-	172,403	-
Governmental Activities Long-Term Obligations	\$ 14,389,340	\$ 243,010	\$ 3,403,359	\$ 11,228,991	\$ 3,187,060

Total interest paid during the year on long-term debt totaled \$468,144.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/23
General Obligation Bonds	3/1/11	3/1/25	1.00 - 5.50%	\$ 5,340,000	\$ 1,850,000
General Obligation Bonds	12/29/20	9/1/33	1.05 - 2.00%	9,445,000	7,050,000
Total Outstanding General Obligation Debt					<u>\$ 8,900,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$8,900,000 on June 30, 2023 are detailed below:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Bonded Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,685,000	\$ 414,069	\$ 2,099,069
2025	1,050,000	386,305	1,436,305
2026	725,000	149,705	874,705
2027	740,000	91,955	831,955
2028	750,000	77,455	827,455
2029-2033	3,950,000	191,830	4,141,830
Total	<u>\$ 8,900,000</u>	<u>\$ 1,311,319</u>	<u>\$ 10,211,319</u>

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

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2023 was \$645,983,186 as follows:

Equalized Valuation of the District	\$ 6,548,831,861
Statutory Limitation Percentage	(x) 10%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	654,883,186
Total Outstanding General Obligation Debt Applicable to Debt Limitation	8,900,000
Legal Margin for New Debt	<u>\$ 645,983,186</u>

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Lease Liability: Right-to-Use Asset Agreements

The District leases various pieces of machinery and equipment for various terms under long-term, non-cancelable lease agreements. These leases expire at various dates through 2024.

Total principal and interest costs for such leases for governmental funds were \$51,733 for the year ended June 30, 2023. The future minimum lease payments for these agreements are as follows:

<u>Year Ending June 30,</u> 2024	Governmental Activities		
	Principal	Interest	Total
	\$ 16,295	\$ 615	\$ 16,910

Assets acquired through right to use asset are shown in Note 2.B.

Financed Purchases

The District has financed purchase leases for machinery and equipment. No down payments were required for these lease agreements. The financed purchase lease expires at various dates through 2026. These leases have an interest rate of 1.41% to 4.50%.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

<u>Year Ending June 30,</u>	Governmental Activities		
	Principal	Interest	Total
2024	\$ 1,389,016	\$ 29,559	\$ 1,418,575
2025	95,243	6,820	102,063
2026	99,617	2,445	102,062
Total	\$ 1,583,876	\$ 38,824	\$ 1,622,700

Subscription-Based Information Technology Arrangement

The District has entered into subscription based-information technology arrangements (SBITAs) for curriculum software. The SBITA arrangement expires in 2025.

<u>Year Ending June 30,</u>	Governmental Activities		
	Principal	Interest	Total
2024	\$ 96,749	\$ 3,220	\$ 99,969
2025	94,848	5,121	99,969
Total	\$ 191,597	\$ 8,341	\$ 199,938

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans

The District reports pension related balances at June 30, 2023, as summarized below:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Revenue)
Wisconsin Retirement System (WRS)	\$ 17,309,843	\$ 63,002,545	\$ 36,279,537	\$ 8,850,017
Supplemental or Stipend Pension Plan	7,512,503	1,539,646	1,861,868	1,385,261
Total Pension Activity	<u>\$ 24,822,346</u>	<u>\$ 64,542,191</u>	<u>\$ 38,141,405</u>	<u>\$ 10,235,278</u>

1. WRS Pension Plan Description

The WRS is a cost-sharing, multiemployer 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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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 occupations and 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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

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

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

The WRS also provides death and disability benefits for employees.

Postretirement 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 Ending June 30,</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2013	(9.6)%	9 %
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	-	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, executives and elected officials. Starting on January 1, 2016, the executives and elected officials' category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period ending June 30, 2023, the WRS recognized \$3,838,052 in contributions from the District.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.80 %	6.80 %

Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$17,309,843 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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, 2022, the District's proportion was 0.32674238%, which was a decrease of 0.01092806% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$8,850,017.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2023, 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	\$ 27,569,216	\$ 36,219,761
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	29,405,428	-
Changes in Assumptions	3,403,831	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	266,894	59,776
Employer Contributions Subsequent to the Measurement Date	2,357,176	-
Total	\$ 63,002,545	\$ 36,279,537

The \$2,357,176 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Expense</u>
2024	\$ 1,042,170
2025	5,057,587
2026	5,204,406
2027	13,061,669
Total	\$ 24,365,832

Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

Actuarial Assumptions (Continued)

Actuarial Valuation Date	December 31, 2021
Measurement Date of Net Pension Liability	December 31, 2022
Experience Study	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Long-Term Expected Rate of Return	6.8%
Discount Rate	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*	1.7%

* *No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2022 is based upon a roll forward of the liability calculated from the December 31, 2021 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 geometric real rates of return for each major asset class are summarized in the following table:

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

Actuarial Assumptions (Continued)

	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Core Fund Asset Class:			
Public Equity	48.0 %	7.6 %	5.0 %
Public Fixed Income	25.0	5.3	2.7
Inflation Sensitive Assets	19.0	3.6	1.1
Real Estate	8.0	5.2	2.6
Private Equity/Debt	15.0	9.6	6.9
Cash	(15.0)	N/A	N/A
Total Core Fund	<u><u>100.0 %</u></u>	7.4 %	4.8 %
Variable Fund Asset Class:			
U.S. Equities	70.0 %	7.2 %	4.6 %
International Equities	30.0	8.1	5.5
Total Variable Fund	<u><u>100.0 %</u></u>	7.7 %	5.1 %

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.50%

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy

Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% 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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

Actuarial Assumptions (Continued)

Single Discount Rate (Continued)

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 6.8%, 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 one-percentage-point lower (5.8%) or one-percentage-point higher (7.8%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 57,450,805</u>	<u>\$ 17,309,843</u>	<u>\$ (10,303,696)</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Payable to the Pension Plan

The District reported a payable of \$986,275 for the outstanding amount of contributions to the pension plan as of June 30, 2023.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

2. Supplemental Pension Plan

Pension Description

The plan, a single-employer 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 Pension/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 to 19 years, \$18,000 for 20 to 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, and Other Exempt Professional Staff	55	10	5 Years	80% of their highest contract salary in the last three years of employment

Employees Covered by Benefit Terms

As of the June 30, 2021 valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	91
Active Employees	<u>672</u>
Total	<u><u>763</u></u>

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

2. Supplemental Pension Plan (Continued)

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 - July 1, 2022	\$ 16,892,856	\$ 8,461,684	\$ 8,431,172
Changes for the Year:			
Service Cost	1,214,204	-	1,214,204
Interest	379,101	-	379,101
Differences Between Expected and Actual Experience	154,811	-	154,811
Changes of Assumptions or Other Input	-	-	-
Contributions - Employer	-	2,545,693	(2,545,693)
Net Investment Income	-	121,092	(121,092)
Benefit Payments	<u>(1,302,042)</u>	<u>(1,302,042)</u>	<u>-</u>
Net Changes	<u>446,074</u>	<u>1,364,743</u>	<u>(918,669)</u>
Balance - June 30, 2023	<u>\$ 17,338,930</u>	<u>\$ 9,826,427</u>	<u>\$ 7,512,503</u>

For the year ended June 30, 2023, the District recognized pension expense of \$1,385,261.

At June 30, 2023, 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	\$ 675,568	\$ 1,594,556
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	147,505	-
Changes in Assumptions	716,573	267,312
Total	<u>\$ 1,539,646</u>	<u>\$ 1,861,868</u>

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

2. Supplemental Pension Plan (Continued)

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

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

<u>Year Ending June 30,</u>	<u>Expense</u>
2024	\$ (32,498)
2025	(58,617)
2026	(67,557)
2027	(79,847)
2028	(96,506)
Thereafter	12,803
Total	<u>\$ (322,222)</u>

Actuarial Assumptions

The District's total pension liability was measured as of June 30, 2023 and the total pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2023.

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Salary
Actuarial Assumptions:	
Discount Rate	2.25%
Inflation	2.50%

Single Discount Rate

A single discount rate of 2.25% was used to measure the total pension liability. This single discount rate was based on the Bond Buyer GO 20-year AA bond Index published by the Federal Reserve.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

2. Supplemental Pension Plan (Continued)

Actuarial Assumptions (Continued)

Sensitivity of the District's Total Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability at June 30, 2021 calculated using the discount rate of 1.25%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.25%) or one-percentage-point higher (3.25%) than the current rate.

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Net Pension Liability	\$ 8,548,090	\$ 7,512,503	\$ 6,521,718

Payable to the Supplemental Pension Plan

At June 30, 2023, the District reported a payable of \$-0- for the outstanding amount of contributions to the Plan as of June 30, 2023.

F. Other Postemployment Benefits

The District reports OPEB related balances at June 30, 2023 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Local Retiree Life Insurance Fund (LRLIF)	\$ 3,940,824	\$ 1,499,217	\$ 2,900,590	\$ 351,282
Single-Employer Defined OPEB Plan	250,847	1,250,549	1,848,725	846,934
Total OPEB	\$ 4,191,671	\$ 2,749,766	\$ 4,749,315	\$ 1,198,216

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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

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, 2021 valuation, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently		
Receiving Benefit Payments		188
Active Employees		982
Total		1,170

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 12/31/1998 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

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Contributions (Continued)

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

Pension	Eligibility Requirements		Benefit Duration	Plan Benefit
	Age	Service		
Administrators, Teachers, and 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 ever 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, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 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% to 5.6%
Investment Rate of Return	2.25%
Health Care Cost Trend Rates	6.5% decreasing by .10% per year down to 5.0%, and level thereafter

Mortality rates are the same as those used in the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

The actuarial assumptions used in the June 30, 2021 valuation were based on the "Wisconsin Retirement System 2015 – 2017 Experience Study".

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was valued at 2.25%. 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.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.25. 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 - July 1, 2022	\$ 11,748,133	\$ 12,482,588	\$ (734,455)
Changes for the Year:			
Service Cost	827,046	-	827,046
Interest	259,765	-	259,765
Differences Between Expected and Actual Experience	56,178	-	56,178
Changes of Assumptions or Other Input	-	-	-
Contributions - Employer	-	-	-
Net Investment Income	-	157,687	(157,687)
Benefit Payments	(1,233,059)	(1,233,059)	-
Net Changes	(90,070)	(1,075,372)	985,302
Balance - June 30, 2023	<u>\$ 11,658,063</u>	<u>\$ 11,407,216</u>	<u>\$ 250,847</u>

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Changes in the Net OPEB Liability (Asset) (Continued)

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 one-percentage-point lower (1.25%) or one-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Net OPEB Liability (Asset)	\$ 838,349	\$ 250,847	\$ (317,638)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care 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 health care cost trend rates that are one-percentage-point lower (6.5% decreasing to 4.0%) or one-percentage-point higher (7.5% decreasing to 5.0%) than the current health care cost trend rates:

	1% Decrease (5.5% Decreasing to 4.0%)	Health Care Cost Trend Rates (6.5% Decreasing to 5.0%)	1% Increase (7.5% Decreasing to 6.0%)
Net OPEB Liability (Asset)	\$ (485,557)	\$ 250,847	\$ 1,127,122

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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$846,934. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 365,884	\$ 550,729
Changes in Assumptions	672,099	1,297,996
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	212,566	-
Total	\$ 1,250,549	\$ 1,848,725

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:

Year Ending June 30,	Expense
2024	\$ (39,804)
2025	(88,729)
2026	(101,131)
2027	(35,136)
2028	(74,912)
Thereafter	(258,464)
Total	\$ (598,176)

Payable to the OPEB Plan

At June 30, 2023, the District reported a payable of \$-0- for the outstanding amount of contribution to the Plan required as of June 30, 2023.

2. Local Retiree Life Insurance Fund

Plan Description

The LRLIF is a multiemployer 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 members.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

OPEB Plan Fiduciary Net Position

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

Benefits Provided

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

Contributions

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

Employers are required to pay the following contributions based on member 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2023 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2022 are listed below:

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Life Insurance Member Contribution Rates For the Year Ended December 31, 2022		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

* Disabled Members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$20,753 in contributions from the employer.

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

At June 30, 2023, the District reported a liability of \$3,940,824 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. 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, 2022, the District's proportion was 1.03438400%, which was a decrease of 0.02260700% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$351,282.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 385,674
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	73,948	-
Changes in Assumptions	1,415,852	2,326,167
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	9,417	188,749
Total	\$ 1,499,217	\$ 2,900,590

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

Year Ending June 30,	Expense
2024	\$ (123,435)
2025	(150,487)
2026	(77,432)
2027	(266,781)
2028	(413,283)
Thereafter	(369,955)
Total	\$ (1,401,373)

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Actuarial assumptions

The total OPEB liability in the January 1, 2022 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, 2022
Measurement Date of Net OPEB Liability (Asset)	December 31, 2022
Experience Study	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method	Entry Age Normal
20-Year Tax-Exempt Municipal Bond Yield*	3.72%
Long-Term Expected Rate of Return	4.25%
Discount Rate	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Morality Table

* Based on the Bond Buyers GO Index

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total OPEB liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Return on Plan Assets (Continued)

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation %</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
U.S. Intermediate Credit Bonds	Bloomberg US Interim Credit	50.0 %	2.45 %
U.S. Mortgages	Bloomberg US MBS	50.0	2.83
Inflation			2.30 %
Long-Term Expected Rate of Return			4.25 %

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation rate remained unchanged from the prior year at 2.30%.

Single Discount Rate

A single discount rate of 3.76% was used to measure the total OPEB liability for the current year as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Actuarial Assumptions (Continued)

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 3.76%, 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 one-percentage-point lower (2.76%) or one-percentage-point higher (4.76%) than the current rate:

	<u>1% Decrease to Discount Rate (2.76%)</u>	<u>Current Discount Rate (3.76%)</u>	<u>1% Increase to Discount Rate (4.76%)</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 5,372,897</u>	<u>\$ 3,940,824</u>	<u>\$ 2,843,307</u>

Payable to the OPEB Plan

The District reported a payable of \$-0- for the outstanding amount of contribution to the Plan as of June 30, 2023.

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, 2023, nonspendable fund balance was as follows:

	<u>General</u>	<u>Nonmajor</u>
Nonspendable: Inventories and Prepaid Items	<u>\$ 4,260</u>	<u>\$ 77,408</u>

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity (Continued)

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, 2023, restricted fund balance was as follows:

General Fund:

Restricted for:

Unspent Common School Fund	\$ 68,963
Gov. CRF, CTE, & GKA Grants	407,172
Custodial HRA	287,217
Self-Funded Dental Insurance	<u>228,226</u>
Total General Fund	991,578

Special Revenue Funds:

Restricted for:

Scholarships	208,293
Food Service	2,049,703
Community Service	<u>319,731</u>
Total Special Revenue Funds	2,577,727

Debt Service Funds:

Restricted for:

Nonreferendum Debt Service	302
Referendum Debt Service	<u>8,089,673</u>
Total Debt Service Funds	8,089,975

Capital Projects Fund:

Restricted for:

Capital Improvements	<u>1,330,305</u>
Total Restricted Fund Balance	<u><u>\$ 12,989,585</u></u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by District Board action. At June 30, 2023, fund balance was committed as follows:

General Fund:

Committed for:

Capital Expansion Building Renovation	\$ 1,600,000
Technology Lease	1,350,000
Capital Expenditures	1,600,000
Salary Increase Reserve 2023-2024	<u>2,800,000</u>
Total General Fund	7,350,000

Special Revenue Funds:

Committed for:

Donations	<u>1,016,660</u>
Total Committed Fund Balance	<u><u>\$ 8,366,660</u></u>

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity (Continued)

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At June 30, 2023, fund balance was assigned as follows:

General Fund:

Assigned for:

Class Size Needs	\$ 300,000
Mandated Curriculum Changes	300,000
Technology Switch Project	200,000
Future Student Technology 1:1	428,635
Data Closet Move	200,000
Dental Insurance Rebate	55,927
Total Assigned Fund Balance	<u><u>\$ 1,484,562</u></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 2022-23 General Fund Expenditures	\$101,509,008
Minimum Fund Balance %	(x) 15-20%
Minimum Fund Balance Amount	<u><u>\$ 15,226,351 \$ 20,301,802</u></u>

The District's unassigned General Fund balance of \$25,044,148 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, 2023, restricted fiduciary fund net position was as follows:

Fiduciary Funds:

Restricted for:

Pension Benefit	\$ 9,826,427
Other Postemployment Benefits	11,407,216
Pupil Activity	11,505
Total Restricted Net Position	<u><u>\$ 21,245,148</u></u>

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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. The District has not had a reduction in coverage. Settled claims have not exceeded coverage in any of the past three years.

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.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL — GENERAL FUND — BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 41,267,265	\$ 41,267,265	\$ 41,267,265	\$ -
Other Local Sources	708,197	934,007	1,385,903	451,896
Interdistrict Sources	2,713,863	2,713,863	2,620,029	(93,834)
Intermediate Sources	66,500	52,774	9,807	(42,967)
State Sources	42,706,990	42,936,278	43,109,877	173,599
Federal Sources	12,375,002	13,824,756	7,881,494	(5,943,262)
Other Sources	128,000	128,000	899,755	771,755
Total Revenues	<u>99,965,817</u>	<u>101,856,943</u>	<u>97,174,130</u>	<u>(4,682,813)</u>
EXPENDITURES				
Instruction:				
Regular Instruction	37,066,348	36,792,666	35,490,222	1,302,444
Vocational Instruction	2,269,772	2,234,021	2,338,198	(104,177)
Other Instruction	4,070,993	5,267,597	4,259,670	1,007,927
Total Instruction	<u>43,407,113</u>	<u>44,294,284</u>	<u>42,088,090</u>	<u>2,206,194</u>
Support Services:				
Pupil Services	4,586,943	5,008,184	4,111,328	896,856
Instructional Staff Services	10,195,620	12,367,899	7,974,787	4,393,112
General Administration Services	662,921	722,407	677,551	44,856
School Administration Services	5,402,689	5,406,884	5,575,863	(168,979)
Business Services	1,189,598	1,189,598	1,116,349	73,249
Operations and Maintenance of Plant	13,048,062	11,320,892	10,335,106	985,786
Pupil Transportation Services	2,696,457	2,691,986	2,275,897	416,089
Central Services	768,390	766,340	701,435	64,905
Insurance	673,326	673,326	670,542	2,784
Other Support Services	2,404,624	2,423,692	2,030,205	393,487
Total Support Services	<u>41,628,630</u>	<u>42,571,208</u>	<u>35,469,063</u>	<u>7,102,145</u>
Debt Service:				
Principal	1,315,902	1,315,902	1,403,669	(87,767)
Interest and Fiscal Charges	-	-	52,894	(52,894)
Total Debt Service	<u>1,315,902</u>	<u>1,315,902</u>	<u>1,456,563</u>	<u>(140,661)</u>
Nonprogram:				
General Tuition Payments	3,642,658	3,642,623	3,683,348	(40,725)
Adjustments and Refunds	51,326	51,326	112,744	(61,418)
Voucher Payments	1,763,027	1,763,027	1,798,438	(35,411)
Total Nonprogram	<u>5,457,011</u>	<u>5,456,976</u>	<u>5,594,530</u>	<u>(137,554)</u>
Total Expenditures	<u>91,808,656</u>	<u>93,638,370</u>	<u>84,608,246</u>	<u>9,030,124</u>
EXCESS OF REVENUES OVER EXPENDITURES	8,157,161	8,218,573	12,565,884	4,347,311
OTHER FINANCING SOURCES (USES)				
Subscription-Based IT Arrangements	-	-	191,597	191,597
Transfers In	-	-	258	258
Transfers Out	(10,310,950)	(10,310,950)	(9,957,818)	353,132
Total Other Financing Sources (Uses)	<u>(10,310,950)</u>	<u>(10,310,950)</u>	<u>(9,765,963)</u>	<u>544,987</u>
NET CHANGE IN FUND BALANCE	(2,153,789)	(2,092,377)	2,799,921	4,892,298
Fund Balance - Beginning of Year	<u>32,074,627</u>	<u>32,074,627</u>	<u>32,074,627</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 29,920,838</u>	<u>\$ 29,982,250</u>	<u>\$ 34,874,548</u>	<u>\$ 4,892,298</u>

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET
AND ACTUAL — SPECIAL EDUCATION SPECIAL REVENUE FUND — BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intermediate Sources	\$ 6,000	\$ 6,000	\$ 29,584	\$ 23,584
State Sources	4,427,149	4,443,008	4,675,179	232,171
Federal Sources	2,099,974	2,313,121	2,238,181	(74,940)
Total Revenues	<u>6,533,123</u>	<u>6,762,129</u>	<u>6,942,944</u>	<u>180,815</u>
EXPENDITURES				
Instruction:				
Vocational Instruction	-	2,000	1,500	500
Special Education Instruction	11,343,743	11,421,115	10,836,337	584,778
Other Instruction	40,190	40,190	61,810	(21,620)
Total Instruction	<u>11,383,933</u>	<u>11,463,305</u>	<u>10,899,647</u>	<u>563,658</u>
Support Services:				
Pupil Services	2,424,581	2,571,295	2,576,185	(4,890)
Instructional Staff Services	810,583	798,031	738,005	60,026
Operations and Maintenance of Plant	1,000	1,750	579	1,171
Pupil Transportation Services	1,287,893	1,277,805	1,321,345	(43,540)
Central Services	2,400	20,210	20,490	(280)
Total Support Services	<u>4,526,457</u>	<u>4,669,091</u>	<u>4,656,604</u>	<u>12,487</u>
Nonprogram:				
Special Education Tuition Payments	933,683	940,683	1,343,926	(403,243)
Adjustments and Refunds	-	-	585	(585)
Total Nonprogram	<u>933,683</u>	<u>940,683</u>	<u>1,344,511</u>	<u>(403,828)</u>
Total Expenditures	<u>16,844,073</u>	<u>17,073,079</u>	<u>16,900,762</u>	<u>172,317</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(10,310,950)	(10,310,950)	(9,957,818)	353,132
OTHER FINANCING SOURCES				
Transfers In	<u>10,310,950</u>	<u>10,310,950</u>	<u>9,957,818</u>	<u>(353,132)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS —
SINGLE-EMPLOYER DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN
LAST TEN FISCAL YEARS***

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service Cost	\$ 827,046	\$ 988,369	\$ 966,620	\$ 817,895	\$ 789,262	\$ 983,870	\$ 983,870
Interest	259,765	287,115	298,295	481,890	547,851	580,200	626,233
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual							
Experience	56,178	(85,393)	-	(804,022)	-	945,972	-
Changes of Assumptions	-	(916,597)	-	1,000,706	161,277	(1,694,153)	(2,984,038)
Benefit Payments	(1,233,059)	(1,583,712)	(1,961,653)	(2,201,422)	(2,506,129)	(2,866,638)	-
Net Change in Total OPEB Liability	(90,070)	(1,310,218)	(696,738)	(704,953)	(1,007,739)	(2,050,749)	(1,373,935)
Total OPEB Liability - Beginning	11,748,133	13,058,351	13,755,089	14,460,042	15,467,781	17,518,530	18,892,465
Total OPEB Liability - Ending (a)	11,658,063	11,748,133	13,058,351	13,755,089	14,460,042	15,467,781	17,518,530
Plan Fiduciary Net Position:							
Contributions - Employer	-	969,278	983,274	1,092,261	1,556,292	2,439,999	2,386,321
Net Investment Income	157,687	197,653	233,981	243,844	219,321	213,808	266,567
Benefit Payments	(1,233,059)	(1,583,712)	(1,961,653)	(2,201,422)	(2,506,129)	(2,866,638)	(2,984,038)
Administrative Expenses	-	-	(612)	(2,002)	(5,510)	(1,531)	(3,484)
Adjustment**	-	-	-	-	(253)	-	-
Net Change in Plan Fiduciary Net Position	(1,075,372)	(416,781)	(745,010)	(867,319)	(736,279)	(214,362)	(334,634)
Plan Fiduciary Net Position - Beginning	12,482,588	12,899,369	13,644,379	14,511,698	15,247,977	15,462,339	15,796,973
Plan Fiduciary Net Position - Ending (b)	11,407,216	12,482,588	12,899,369	13,644,379	14,511,698	15,247,977	15,462,339
District's Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ 250,847</u>	<u>\$ (734,455)</u>	<u>\$ 158,982</u>	<u>\$ 110,710</u>	<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	97.85%	106.25%	98.78%	99.20%	100.36%	98.58%	88.26%
Covered-Employee Payroll	\$ 53,218,255	\$ 53,218,255	\$ 51,354,379	\$ 51,354,379	\$ 49,480,322	\$ 49,480,322	\$ 47,823,318
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	0.47%	-1.38%	0.31%	0.22%	-0.10%	0.44%	4.30%
Annual Weighted Money-Weighted Rate of Return Net of Investment Expenses	1.32%	1.56%	1.76%	1.73%	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 accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF EMPLOYER CONTRIBUTIONS — SINGLE-EMPLOYER
DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN
LAST TEN FISCAL YEARS***

	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ 790,113	\$ 969,278	\$ 986,665	\$ 1,025,440	\$ 1,556,292	\$ 1,905,140	\$ 2,439,999
Contributions in Relation to the ADC	-	969,278	983,274	1,092,261	1,556,292	2,439,999	2,386,321
Contribution Deficiency (Excess)	<u>\$ 790,113</u>	<u>\$ -</u>	<u>\$ 3,391</u>	<u>\$ (66,821)</u>	<u>\$ -</u>	<u>\$ (534,859)</u>	<u>\$ 53,678</u>
Covered-Employee Payroll	\$ 53,218,255	\$ 53,218,255	\$ 51,354,379	\$ 51,354,379	\$ 49,480,322	\$ 49,480,322	\$ 47,823,318
Contributions as a Percentage of Covered-Employee Payroll	0.00%	1.82%	1.91%	2.13%	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	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Amortization Method	30 Year	30 Year	3 Year	1 Year	3 Year	2 Year	4 Year
	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Discount Rate	2.25%	2.25%	2.25%	2.25%	3.75%	3.75%	3.75%
Inflation	2.50%	2.50%	2.00%	2.00%	2.50%	2.50%	2.50%
Valuation Date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017	June 30, 2015

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

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET) — WISCONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS**

Measurement Period 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
12/31/19	0.35487032	(11,442,639)	56,240,559	20.35	102.96
12/31/20	0.34685898	(21,654,887)	55,861,852	38.77	105.26
12/31/21	0.33767044	(27,216,858)	56,667,554	48.03	106.02
12/31/22	0.32674238	17,309,843	57,570,130	30.07	95.72

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF CONTRIBUTIONS — WISCONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS**

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
6/30/20	3,799,567	3,799,567	-	56,959,809	6.67
6/30/21	3,760,981	3,760,981	-	55,711,913	6.75
6/30/22	3,777,885	3,777,885	-	57,264,309	6.60
6/30/23	3,838,052	3,838,052	-	57,443,697	6.68

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND
RELATED RATIOS — SUPPLEMENTAL PENSION PLAN
LAST TEN MEASUREMENT PERIODS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 1,214,204	\$ 1,203,698	\$ 1,177,211	\$ 1,026,666	\$ 990,184	\$ 1,011,842	\$ 967,432	\$ 967,432	\$ 837,632	\$ 837,632
Interest	379,101	362,250	352,736	519,944	519,975	449,827	443,135	516,142	504,614	504,614
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	154,811	410,276	-	(569,002)	-	356,132	-	(2,604,046)	-	-
Changes of Assumptions	-	-	-	721,564	224,381	(123,664)	173,237	(430,134)	-	-
Benefit Payments	(1,302,042)	(1,163,016)	(1,077,664)	(828,053)	(698,415)	(640,603)	(500,881)	(291,590)	(225,816)	(210,667)
Net Change in Total Pension Liability	446,074	813,208	452,283	871,119	1,036,125	1,053,534	1,082,923	(1,842,196)	1,116,430	1,131,579
Total Pension Liability - Beginning	16,892,856	16,079,648	15,627,365	14,756,246	13,720,121	12,666,587	11,583,664	13,425,860	12,309,430	11,177,851
Total Pension Liability - Ending (a)	17,338,930	16,892,856	16,079,648	15,627,365	14,756,246	13,720,121	12,666,587	11,583,664	13,425,860	12,309,430
Plan Fiduciary Net Position:										
Contributions - Employer	2,545,693	1,561,556	1,561,556	1,422,098	1,407,147	494,216	1,547,893	2,394,941	2,002,328	800,000
Net Investment Income	121,092	121,706	125,718	111,704	87,721	81,845	80,459	71,086	18,426	-
Benefit Payments	(1,302,042)	(1,163,016)	(1,077,664)	(828,053)	(698,415)	(640,603)	(500,881)	(291,590)	(225,816)	-
Administrative Expenses	-	-	-	-	-	(584)	(1,051)	(1,296)	-	-
Adjustment**	-	-	-	-	253	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,364,743	520,246	609,610	705,749	796,706	(65,126)	1,126,420	2,173,141	1,794,938	800,000
Plan Fiduciary Net Position - Beginning	8,461,684	7,941,438	7,331,828	6,626,079	5,829,373	5,894,499	4,768,079	2,594,938	800,000	-
Plan Fiduciary Net Position - Ending (b)	9,826,427	8,461,684	7,941,438	7,331,828	6,626,079	5,829,373	5,894,499	4,768,079	2,594,938	800,000
District's Net Pension Liability - Ending (a) - (b)	<u>\$ 7,512,503</u>	<u>\$ 8,431,172</u>	<u>\$ 8,138,210</u>	<u>\$ 8,295,537</u>	<u>\$ 8,130,167</u>	<u>\$ 7,890,748</u>	<u>\$ 6,772,088</u>	<u>\$ 6,815,585</u>	<u>\$ 10,830,922</u>	<u>\$ 11,509,430</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.67%	50.09%	49.39%	46.92%	44.90%	42.49%	46.54%	41.16%	19.33%	6.50%
Covered-Employee Payroll	\$ 42,862,700	\$ 42,862,700	\$ 41,629,735	\$ 41,629,735	\$ 39,812,559	\$ 39,812,559	\$ 39,010,703	\$ 39,010,703	\$ 38,150,135	\$ 38,155,999
District's Net Pension Liability as a Percentage of Covered-Employee Payroll	17.53%	19.67%	19.55%	19.93%	20.42%	19.82%	17.36%	17.47%	28.39%	30.16%
Annual Weighted Money-Weighted Rate of Return Net of Investment Expenses	1.32%	1.48%	1.65%	1.60%	1.41%	1.40%	1.51%	1.93%	1.09%	0.00%

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

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF EMPLOYER CONTRIBUTIONS — SUPPLEMENTAL PENSION PLAN
LAST TEN MEASUREMENT PERIODS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (ADC)	\$ 2,545,693	\$ 1,561,556	\$ 1,561,556	\$ 1,561,556	\$ 1,407,146	\$ 1,407,146	\$ 1,494,216	\$ 1,494,216	\$ 1,497,932	\$ 1,497,932
Contributions in Relation to the ADC	<u>2,545,693</u>	<u>1,561,556</u>	<u>1,561,556</u>	<u>1,422,098</u>	<u>1,407,147</u>	<u>494,216</u>	<u>1,547,893</u>	<u>2,394,941</u>	<u>2,002,328</u>	<u>800,000</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,458</u>	<u>\$ (1)</u>	<u>\$ 912,930</u>	<u>\$ (53,677)</u>	<u>(900,725)</u>	<u>(504,396)</u>	<u>697,932</u>
Covered-Employee Payroll	\$ 42,862,700	\$ 42,862,700	\$ 41,629,735	\$ 41,629,735	\$ 39,812,559	\$ 39,812,559	\$ 39,010,703	\$ 39,010,703	\$ 39,010,703	\$ 38,155,999
Contributions as a Percentage of Covered-Employee Payroll	5.94%	3.64%	3.75%	3.42%	3.53%	1.24%	3.97%	6.14%	5.13%	2.10%
Key Methods and Assumption Used to Calculate ADC:										
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Amortization Method	30 Year	30 Year	30 Year	30 Year	30 Year	30 Year	25 Year	25 Year	30 Year	30 Year
	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Discount Rate	2.25%	2.25%	2.25%	2.25%	3.75%	3.75%	3.75%	3.75%	4.00%	3.75%
Inflation	2.00%	2.00%	2.00%	2.00%	2.50%	2.50%	2.50%	2.50%	3.00%	2.50%

* The amounts presented for each fiscal year were determined as of the current fiscal year-end.

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB
LIABILITY (ASSET) — LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
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
12/31/19	1.08119600	4,603,943	53,236,000	8.65	37.58
12/31/20	1.08582900	5,972,844	53,526,000	11.16	31.36
12/31/21	1.05699100	6,247,207	54,284,000	11.51	29.57
12/31/22	1.03438400	3,940,824	52,398,000	7.52	38.81

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF CONTRIBUTIONS — LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN MEASUREMENT PERIODS**

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
6/30/18	\$ 20,889	\$ 20,889	\$ -	\$ 59,490,228	0.04 %
6/30/19	20,820	20,820	-	55,289,462	0.04
6/30/20	21,643	21,643	-	56,959,809	0.04
6/30/21	21,379	21,379	-	55,711,913	0.04
6/30/22	21,634	21,634	-	57,264,309	0.04
6/30/23	20,753	20,753	-	57,443,697	0.04

See accompanying Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

Single Employer Plan

There were no changes of benefit terms.

No significant change in assumptions were noted from the prior year.

Local Retiree Life Insurance Fund

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

The ETF Board adopted economic and demographic assumption changes based on a three-year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities include the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities include the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

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 10 fiscal years are presented.

NOTE 2 WISCONSIN RETIREMENT SYSTEM

Single Employer Plan

There were no changes of benefit terms.

No significant change in assumptions were noted from the prior year.

Wisconsin Retirement System

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

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 2 WISCONSIN RETIREMENT SYSTEM (CONTINUED)

Wisconsin Retirement System (Continued)

Based on a three-year experience study conducted in 2021 covering January 1, 2018, through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015, through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

NOTE 3 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.

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

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, 2023.

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 in accordance with requirements from the Wisconsin Department of Public Instruction. In accordance with generally accepted accounting principles, these funds are included as part of the general fund in these financial statements. 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:

**SCHOOL DISTRICT OF LA CROSSE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budgetary Information (Continued)

	<u>General</u>	<u>Special Education</u>
Revenues:		
Actual Amounts (Budgetary Basis)	\$ 97,174,130	\$ 6,942,944
Reclassification of Special Education	6,942,944	(6,942,944)
Total Revenues	<u>104,117,074</u>	<u>-</u>
Expenditures:		
Actual Amounts (Budgetary Basis)	84,608,246	16,900,762
Reclassification of Special Education	16,900,762	(16,900,762)
Total Expenditures	<u>101,509,008</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures:		
Actual Amounts (Budgetary Basis)	12,565,884	(9,957,818)
Reclassification of Special Education	(9,957,818)	9,957,818
Excess of Revenues Over (Under) Expenditures	<u>2,608,066</u>	<u>-</u>
Other Financing Sources (Uses):		
Actual Amounts (Budgetary Basis)	(9,765,963)	9,957,818
Reclassification of Special Education	9,957,818	(9,957,818)
Total Other Financing Sources (Uses)	<u>191,855</u>	<u>-</u>
Net Change in Fund Balance:		
Actual Amounts (Budgetary Basis)	2,799,921	-
Fund Balance - Beginning of Year:		
Actual Amounts (Budgetary Basis)	<u>32,074,627</u>	<u>-</u>
Fund Balance - End of Year:		
Actual Amounts (Budgetary Basis)	<u>\$ 34,874,548</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF LA CROSSE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue			Community Service	Non Referendum Debt Service	Capital Projects	Total Nonmajor Governmental Funds
	Donations	Special Projects	Food Service				
ASSETS							
Cash and Investments	\$ 1,203,598	\$ -	\$ 2,087,158	\$ 317,429	\$ 302	\$ 1,349,327	\$ 4,957,814
Receivables:							
Accounts	41,856	-	88,796	9,729	-	-	140,381
Due from Other Governments	-	4,741	74,614	-	-	-	79,355
Inventories and Prepaid Items	-	-	77,408	-	-	-	77,408
Total Assets	\$ 1,245,454	\$ 4,741	\$ 2,327,976	\$ 327,158	\$ 302	\$ 1,349,327	\$ 5,254,958
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 20,501	\$ -	\$ 67,487	\$ 364	\$ -	\$ 19,022	\$ 107,374
Accrued and Other Current Liabilities	-	-	44,536	7,063	-	-	51,599
Due to Other Funds	-	4,741	-	-	-	-	4,741
Unearned Revenues	-	-	88,842	-	-	-	88,842
Total Liabilities	20,501	4,741	200,865	7,427	-	19,022	252,556
FUND BALANCES							
Nonspendable	-	-	77,408	-	-	-	77,408
Restricted	208,293	-	2,049,703	319,731	302	1,330,305	3,908,334
Committed	1,016,660	-	-	-	-	-	1,016,660
Total Fund Balances	1,224,953	-	2,127,111	319,731	302	1,330,305	5,002,402
Total Liabilities and Fund Balances	\$ 1,245,454	\$ 4,741	\$ 2,327,976	\$ 327,158	\$ 302	\$ 1,349,327	\$ 5,254,958

**SCHOOL DISTRICT OF LA CROSSE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	Special Revenue			Community Service	Non Referendum Debt Service	Capital Projects	Total Nonmajor Governmental Funds
	Donations	Special Projects	Food Service				
REVENUES							
Property Taxes	\$ -	\$ -	\$ -	\$ 1,290,000	\$ 289,493	\$ 1,212,500	\$ 2,791,993
Other Local Sources	1,291,700	-	1,201,736	69,035	-	257,088	2,819,559
State Sources	-	-	62,217	-	-	-	62,217
Federal Sources	-	8,654	3,250,735	-	-	-	3,259,389
Other Sources	-	-	21,703	-	-	-	21,703
Total Revenues	1,291,700	8,654	4,536,391	1,359,035	289,493	1,469,588	8,954,861
EXPENDITURES							
Instruction:							
Regular Instruction	201,744	8,396	-	-	-	-	210,140
Vocational Instruction	2,780	-	-	-	-	-	2,780
Other Instruction	602,659	-	-	-	-	-	602,659
Total Instruction	807,183	8,396	-	-	-	-	815,579
Support Services:							
Pupil Services	8,700	-	-	-	-	-	8,700
Instructional Staff Services	37,519	-	-	-	-	-	37,519
General Administration Services	2,761	-	-	-	-	-	2,761
School Administration Services	15,760	-	-	-	-	-	15,760
Operations and Maintenance of Plant	72,036	-	-	-	-	1,643,254	1,715,290
Pupil Transportation Services	148,535	-	-	-	-	-	148,535
Food Services	-	-	4,660,343	-	-	-	4,660,343
Central Services	35,000	-	-	-	-	-	35,000
Other Support Services	5,071	-	-	-	-	-	5,071
Total Support Services	325,382	-	4,660,343	-	-	1,643,254	6,628,979
Debt Service:							
Principal	12,563	-	-	-	279,029	-	291,592
Interest and Fiscal Charges	1,181	-	-	-	10,464	725	12,370
Total Debt Service	13,744	-	-	-	289,493	725	303,962
Community Service	-	-	-	1,449,122	-	-	1,449,122
Nonprogram:							
Adjustments and Refunds	-	-	-	-	-	50,000	50,000
Post-Secondary Scholarship Expenditures	55,500	-	-	-	-	-	55,500
Total Nonprogram	55,500	-	-	-	-	50,000	105,500
Total Expenditures	1,201,809	8,396	4,660,343	1,449,122	289,493	1,693,979	9,303,142
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	89,891	258	(123,952)	(90,087)	-	(224,391)	(348,281)
OTHER FINANCING USES							
Transfers Out	-	(258)	-	-	-	-	(258)
NET CHANGE IN FUND BALANCES	89,891	-	(123,952)	(90,087)	-	(224,391)	(348,539)
Net Position - Beginning of Year	1,135,062	-	2,251,063	409,818	302	1,554,696	5,350,941
FUND BALANCE - END OF YEAR	\$ 1,224,953	\$ -	\$ 2,127,111	\$ 319,731	\$ 302	\$ 1,330,305	\$ 5,002,402

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF CHARTER SCHOOL AUTHORIZER SERVICES AND COSTS
YEAR ENDED JUNE 30, 2023**

	Function	School of Technology and Arts I	School of Technology and Arts II	La Crosse Polytechnics Schools	Coulee Montessori	Coulee Region Virtual Academy CRVA
SERVICES PROVIDED						
Undifferentiated Curriculum	110000	\$ 1,197	\$ -	\$ -	\$ 1,736	\$ 861
Regular Curriculum	120000	1,071	125	16,788	1,481	55,754
Vocational Curriculum	132000	-	-	12,523	-	-
Guidance	213000	-	16,179	-	3,968	-
Health Services	214000	11,137	-	17,724	13,779	-
Psychological Services	215000	-	-	-	13,499	-
Other Pupil Services	219000	-	-	-	-	32,385
Curriculum Development	221200	452	-	23,155	-	7,400
Instructional Staff Training	221300	140	208	4,818	1,343	-
IT Services	221500	-	-	500	-	905
Other Improvement of Instruction	221900	-	-	34,145	-	65,533
General Administration	231000	-	-	9,925	-	-
Building Administration	240000	118,276	26,498	182,597	109,592	86,549
General Operations	253000	102,799	15,650	112,309	98,444	14
Pupil Transportation	256000	776	1,107	4,677	179	-
Purchase Instructional Services	430000	-	-	6,209	-	1,025
Total		<u>\$ 235,848</u>	<u>\$ 59,767</u>	<u>\$ 425,370</u>	<u>\$ 244,021</u>	<u>\$ 250,426</u>
OPERATING ACTIVITY						
	Object					
Employee Salaries	100	\$ 168,120	\$ 32,891	\$ 221,027	\$ 167,377	\$ 65,971
Employee Benefits	200	64,684	25,645	118,499	73,249	57,959
Purchased Services	300	776	1,106	57,313	1,103	124,415
Noncapital Objects	400	2,068	-	20,166	2,037	2,081
Capital Objects	500	-	-	7,833	-	-
Other	900	200	125	532	255	-
Total		<u>\$ 235,848</u>	<u>\$ 59,767</u>	<u>\$ 425,370</u>	<u>\$ 244,021</u>	<u>\$ 250,426</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***

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 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2023.

Report on 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) as a basis for designing 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 were not 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 2023-001 that we consider to be a significant deficiency.

Report on 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 financial statements. 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

Government Auditing Standards requires the auditor to perform limited procedures on the School District of La Crosse's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. School District of La Crosse's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
November 29, 2023

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**

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the School District of La Crosse's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *Wisconsin State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the School District of La Crosse's major federal and state programs for the year ended June 30, 2023. The School District of La Crosse's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District of La Crosse complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 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*. Our responsibilities under those standards, the Uniform Guidance, and the *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District of La Crosse and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the School District of La Crosse's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District of La Crosse’s federal and state programs.

Auditors’ Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District of La Crosse’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District of La Crosse’s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District of La Crosse’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District of La Crosse’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School District of La Crosse’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal and state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the School District of La Crosse's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School District of La Crosse's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School District of La Crosse's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The School District of La Crosse's response was not subjected to the other 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
November 29, 2023

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/22	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total Federal Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>Child Nutrition Cluster</i>								
School Breakfast Program	10.553	WI DPI	2023-322849-SB-546	\$ -	\$ 721,727	\$ 6,275	728,002	\$ -
National School Lunch Program	10.555	WI DPI	2023-322849-DPI-NSL-547	98,570	1,829,659	14,596	1,942,825	-
National School Snack Program	10.555	WI DPI	2023-322849-DPI-SK_NSLAE-566	-	34,501	249	34,750	-
Donated Commodities	10.555	WI DPI	N/A	-	368,059	-	368,059	-
Total National School Lunch Program				<u>98,570</u>	<u>2,232,219</u>	<u>14,845</u>	<u>2,345,634</u>	<u>-</u>
Summer Food Service Program for Children	10.559	WI DPI	2022-322849-SFSP-586	(44,244)	167,850	53,493	177,099	-
Total Child Nutrition Cluster				<u>54,326</u>	<u>3,121,796</u>	<u>74,613</u>	<u>3,250,735</u>	<u>-</u>
Total U.S. Department of Agriculture				54,326	3,121,796	74,613	3,250,735	-
U.S. DEPARTMENT OF THE INTERIOR								
Refugee Revenue Sharing	15.659	Town of Campbell	N/A	-	6,182	-	6,182	-
U.S. DEPARTMENT OF TRANSPORTATION								
Aviation Maintenance Technical Workforce Grant Program	20.112	WI DOT	2023 FAA Workforce Dev Grant	-	-	348	348	-
U.S. DEPARTMENT OF THE TREASURY								
COVID-19 Coronavirus State & Local Fiscal Recovery Funds	21.027	Gunderson Medical Foundation	435500-G23-TELEBEHHLTH-23	-	-	61,003	61,003	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2023-322849-TI-A-141	(414,488)	1,259,023	328,902	1,173,437	-
Title I Delinquent and Neglected (LEA)	84.010	WI DPI	2023-322849-DPI-TID-144	(8,567)	8,567	3,293	3,293	-
Title I State Prog Improv IMPL	84.010	WI DPI	2023-322849-DPI-1003IMPL-155	-	-	24,689	24,689	-
Total Title I Grants to Local Educational Agencies				<u>(423,055)</u>	<u>1,267,590</u>	<u>356,884</u>	<u>1,201,419</u>	<u>-</u>
Special Education Cluster (IDEA):								
Special Education Grants to States	84.027	WI DPI	2023-322849-DPI-FLOW-341	(1,016,576)	2,086,387	789,455	1,859,266	-
COVID-19 Special Education Grants to States	84.027	WI DPI	2022-322849-DPI-FLOW-341	(169,725)	169,725	-	-	-
Total Special Education Grants to States				<u>(1,186,301)</u>	<u>2,256,112</u>	<u>789,455</u>	<u>1,859,266</u>	<u>-</u>
Special Education Preschool Grants:	84.173	WI DPI	2023-322489-DPI-PRESCH-347	(18,569)	32,554	31,576	45,561	-
COVID-19 Special Education Preschool Grants	84.173	WI DPI	2022-322489-DPI-PRESCH-347	(9,727)	9,727	-	-	-
Total Special Education Preschool Grants				<u>(28,296)</u>	<u>42,281</u>	<u>31,576</u>	<u>45,561</u>	<u>-</u>
Total Special Education Cluster (IDEA)				<u>(1,214,597)</u>	<u>2,298,393</u>	<u>821,031</u>	<u>1,904,827</u>	<u>-</u>

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/22	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total Federal Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF EDUCATION (Continued)								
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2023-322849-CTE-400	\$ (48,468)	\$ 87,166	\$ 25,904	\$ 64,602	\$ -
Indian Education-Grants to Local Educational Agencies	84.060A	Direct Program	N/A	(1,184)	5,096	4,741	8,653	-
Education for Homeless Children and Youth	84.196A	WI DPI	2023-322849-DPI-EHCY-335	(27,707)	78,116	13,936	64,345	-
English Language Acquisition State Grants	84.365A	WI DPI	2023-322849-DPI-TIIIA -391	(11,769)	36,800	16,738	41,769	-
Supporting Effective Instruction State Grants	84.367A	WI DPI	2023-322849-DPI-TIIA-365	(114,979)	260,601	38,577	184,199	-
Student Support and Academic Enrichment Grants	84.424A	WI DPI	2023-322849-DPI-TIVA-381	(89,933)	153,431	25,541	89,039	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	WI DPI	2022-322849-DPI-ESSER-160	(1,893)	1,893	-	-	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	WI DPI	2022-322849-DPI-ESSER-163	(3,095,268)	3,354,897	-	259,629	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	WI DPI	2023-322849-DPI-ESSER-165	(328,896)	328,896	3,768,483	3,768,483	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	WI DPI	2023-322849-DPI-ESF Summer-165	-	-	96,404	96,404	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425U	WI DPI	2023-322849-DPI-ESF Af-Sch-165	-	-	213,152	213,152	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425U	WI DPI	2023-322849-DPI-LETRS-165	-	61,845	-	61,845	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425W	WI DPI	2022-322849-ARPHCI-168	(1,657)	1,657	189	189	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425W	WI DPI	2022-322849-ARPHCYII-173	-	-	913	913	-
Total Elementary and Secondary School Emergency Relief				<u>(3,427,714)</u>	<u>3,749,188</u>	<u>4,079,141</u>	<u>4,400,615</u>	<u>-</u>
Total U.S. Department of Education				(5,359,406)	7,936,381	5,382,493	7,959,468	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	WI DPI	2023-322849-DPI-AWARE-393	(89,258)	537,256	-	447,998	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	WI DPI	2024-322849-DPI-AWARE-393	-	-	57,993	57,993	-
Total Substance Abuse and Mental Health Services Projects of regional and National Significance				(89,258)	537,256	57,993	505,991	-
Medicaid Cluster:								
Medical Assistance Program	93.778	WI DHS	44201800	(25,230)	878,997	20,027	873,794	-
Total U.S. Department of Health and Human Services				(114,488)	1,416,253	78,020	1,379,785	-
Total Federal Awards				<u>\$ (5,419,568)</u>	<u>\$ 12,480,612</u>	<u>\$ 5,596,477</u>	<u>\$ 12,657,521</u>	<u>\$ -</u>
Reconciliation to the Basic Financial Statements:								
Federal Sources							\$ 13,379,064	
CCS From La Crosse County							(69,191)	
Beneficiary Payments							(652,352)	
Total Expenditures of Federal Awards							<u>\$ 12,657,521</u>	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2023**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/22	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total State Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	322849-100	\$ -	\$ 4,579,226	\$ -	\$ 4,579,226	\$ -
Special Education and School Age Parents	255.101	Direct Program	322849-100	-	12,863	16,721	29,584	-
State School Lunch Aid	255.102	Direct Program	322849-107	-	30,432	-	30,432	-
Common School Fund Library Aid	255.103	Direct Program	322849-104	-	408,787	-	408,787	-
Bilingual Bicultural Aid Lea	255.106	Direct Program	322849-111	-	114,805	-	114,805	-
General Transportation Aid	255.107	Direct Program	322849-102	-	73,482	-	73,482	-
Equalization Aids	255.201	Direct Program	322849-116	-	33,296,782	-	33,296,782	-
High Cost Special Education Aid	255.210	Direct Program	322849-119	-	50,093	-	50,093	-
Aid for School Mental Health Programs	255.227	Direct Program	322849-176	(82,190)	340,310	-	258,120	-
Special Education Transition Readiness Grant	255.257	Direct Program	322849-174	(26,947)	26,947	-	-	-
State School Breakfast Aid	255.344	Direct Program	322849-108	-	31,785	-	31,785	-
Tuition Payments by State (Spec Ed)	255.401	Direct Program	322849-158	-	170,364	-	170,364	-
Early College Credit Program	255.445	Direct Program	322849-178	-	3,996	-	3,996	-
Achievement Gap Reduction	255.504	Direct Program	322849-160	-	2,387,598	-	2,387,598	-
Aid for High Poverty	255.926	Direct Program	322849-121	-	337,295	-	337,295	-
Educator Effective Evaluation System	255.940	Direct Program	322849-154	(49,360)	99,200	-	49,840	-
Per Pupil Aid	255.945	Direct Program	322849-113	-	4,457,194	-	4,457,194	-
Career and Technical Education Incentive Grants	255.950	Direct Program	322849-152	-	54,267	(37,867)	16,400	-
Assessments of Reading Readiness	255.956	Direct Program	322849-166	-	10,448	-	10,448	-
Robotics League Participation Grants	255.959	Direct Program	322849-167	-	3,679	-	3,679	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	322849-168	-	45,860	-	45,860	-
Total Wisconsin Department of Public Instruction				(158,497)	46,535,413	(21,146)	46,355,770	-
HIGHER EDUCATIONAL AIDS BOARD								
Dual Enrollment Credential Grant Award	235.150	Direct Program	N/A	-	-	11,898	11,898	-
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT								
Division of Employment & Training	445.194	Direct Program	YA-2023	-	46,200	-	46,200	-
Total State Programs				\$ (158,497)	\$ 46,581,613	\$ (9,248)	\$ 46,413,868	\$ -

Reconciliation to the Basic Financial Statements:

State Sources	\$ 47,847,273
Intermediate Sources	29,584
Less: State Sources not Considered State Financial Assistance:	
State Tax Computer Aid	(245,179)
Personal Property Aid	(731,604)
Payment in Lieu of Taxes and Other Revenues	(486,206)
Total State Awards	<u>\$ 46,413,868</u>

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

SCHOOL DISTRICT OF LA CROSSE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the Schedules) 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 include 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 2023 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 FOOD DISTRIBUTION

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

NOTE 4 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 5 PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DHS - Wisconsin Department of Health Services
WI DOT – Wisconsin Department of Transportation
WI DPI – Wisconsin Department of Public Instruction

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditor’s report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ Yes X No
 - Were significant deficiency(ies) identified not considered to be a material weakness(es)? X Yes _____ No
3. Noncompliance material to financial statements noted? _____ Yes X No

Federal and State Awards

1. Internal control over compliance:
- Material weakness(es) identified? _____ Yes X No
 - Were significant deficiency(ies) identified not considered to be a material weakness(es)? X Yes _____ No
2. Type of auditor’s report issued on compliance for major programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ Yes X No
4. Any audit findings disclosed that are required to be reported in accordance *State Single Audit Guidelines* X Yes _____ No

Identification of Major Federal Programs:

CFDA Number(s)	Name of Federal Program
84.010	Title I
84.425	Elementary and Secondary School Emergency Relief

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

2023-001 Preparation of Annual Financial Report

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. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the District had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

Criteria or Specific Requirement: 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.

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.

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.

Repeat finding: Repeat of Finding 2022-001

Recommendation: We recommend the District continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the District's activities and operations. 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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Federal and State Award Findings and Questioned Costs

2023-002 Special Education - Transportation

State Agency: Wisconsin Department of Public Instruction

State Program Title: Special Education and School Age Parents

State Program Number: 255.101

Award Period: July 1, 2022 - June 30, 2023

Type of Finding: Significant deficiency in internal control over compliance, Other Matters

Compliance Requirement: Reporting

Criteria or Specific Requirement: The District is required to report the number of students transported to school at least once during the year and the distance the student lives from the District building they were transported to, but exclude students who received specialized transportation services as detailed within the student's Individualized Education Program.

Condition: The District included all students who received special education transportation services on the initial version of the general pupil transportation claim.

Questioned Costs: None

Context: The District provided specialized transportation services to 174 students during the year, all of which were included in the report filed with DPI.

Cause: The District experienced turnover in the positions responsible for completion and review of the annual pupil transportation report.

Effect: The District incorrectly reported the number of students eligible for transportation aid which could affect the amount of aid the District receives in the subsequent year.

Repeat Finding: No

Recommendation: We recommend the District develop internal policies and procedures to assist District personnel in completing the annual transportation report to ensure that the State requirements are followed, and the report is completed correctly.

Views of responsible officials: There is no disagreement with the audit finding.

**SCHOOL DISTRICT OF LA CROSSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section IV – Other Issues

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 noncompliance, nonmaterial, noncompliance, 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 *State Single Audit Guidelines*:
- | | |
|---|-----|
| Department of Public Instruction | Yes |
| Higher Educational Aids Board | No |
| Wisconsin Department of Workforce Development | No |
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of partner



Jon Trautman, CPA

5. Date of report

November 29, 2023



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