

Financial Management Assessment
January 2014

Standard & Poor's has established an analytical methodology that evaluates established and ongoing management practices and policies in the seven areas most likely to affect credit quality. These areas are:

1. Revenue and expenditure assumptions-
The district's financial assumptions and projections are realistic and well-grounded from both long-term and recent trend perspectives. Formal historic trend analysis is performed and updated annually for both revenue and spending; regular effort is made to determine whether revenues or expenditures will deviate from their long-term trends over the next couple of years; independent revenue forecasting exists.
- 2 Budget amendments and updates-
There are established procedures for reviewing and amending the budget based on updated information and actual performance. These budget surveillance systems identify problem areas and promote timely budget adjustments enabling management to address necessary revenue and expenditure changes to meet fiscal targets.
- 3 Long term financial planning-
Long-term financial planning oversight by the Finance Committee allows the district to identify future revenues and expenditures as well as address upcoming issues that might affect these areas. A multi-year financial plan exists where future issues and possible solutions are identified and consequences of various actions are acknowledged and communicated.
- 4 Long term capital planning-
The school district's Long-Range Facility Planning Committee, with the assistance of StruXture Architects, developed a plan for the district to address increasing student enrollment needs as identified by an enrollment studies performed by the Applied Population Laboratory with the University of Wisconsin-Madison in December 2010 and January 2014. La Crosse County has also accepted the district's offer to purchase 25 acres of land for future expansion of the district's campus. The district's long-term capital improvement program (CIP) is linked to the operating budget and long-term revenue and financing strategies. The CIP focuses on projects to be funded from both the current operating budget, in addition to an April 1, 2014 referendum to authorize funding to build a new 4-8 middle school and upgrade security at the current elementary school.
- 5 Investment management policies-
The district operates with fundamental policies pertaining to investments, such as the selection of financial institutions for services and transactions; risk assessment; investment objectives; investment maturities and volatility; portfolio diversification; safekeeping and custody; and investment performance reporting, benchmarking, and disclosure. Robert W. Baird & Co. Incorporated serves as the district's financial advisor in connection with issuance of municipal securities.

6 Debt management policies-

Fundamental policies exist that are consistently communicated and followed pertaining to the issuance of debt, such as projects that may or may not be funded with debt(including economic development projects); maturity and debt service structure; use of security and pledges, credit enhancement, and debt refunding guidelines through recommendations from Robert W. Baird & Co. Incorporated.

7 Reserve and liquidity policies-

The district has established and adhered to a formalized operating reserve policy, which takes into account the district's cash flow/operating requirements and the historic volatility of revenues and expenditures throughout a public school district's fiscal year cycles.

Financial Management Goals

-Continue to maximize Focus on Energy revenues and implement energy saving systems throughout district facilities.

--Further the development of the district's Capital Improvement Program (CIP) to meet the short and long-term needs.

-Review internal control systems to provide assurance that the district operates effectively and efficiently, has a reliable financial reporting system and continues to comply with applicable laws and regulations.