

CITY OF LA CROSSE, WISCONSIN

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2013

CITY OF LA CROSSE, WISCONSIN

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INDEPENDENT AUDITORS' REPORT

To the Common Council
City of La Crosse, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse, Wisconsin ("City"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, schedule of funding progress - post-employment healthcare benefits on page 66, and budgetary comparison information on pages 67 and 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 a report dated June 27, 2014, on our consideration of the City of La Crosse's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of La Crosse's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 27, 2014

CITY OF LA CROSSE, WISCONSIN
MANAGEMENT'S DISCUSSION & ANALYSIS



The City of La Crosse, Wisconsin - Management's Discussion and Analysis for the year ended December 31, 2013

As management of the City of La Crosse, Wisconsin we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of La Crosse for the fiscal year ended December 31, 2013. We encourage the reader to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this narrative.

The Financial Highlights

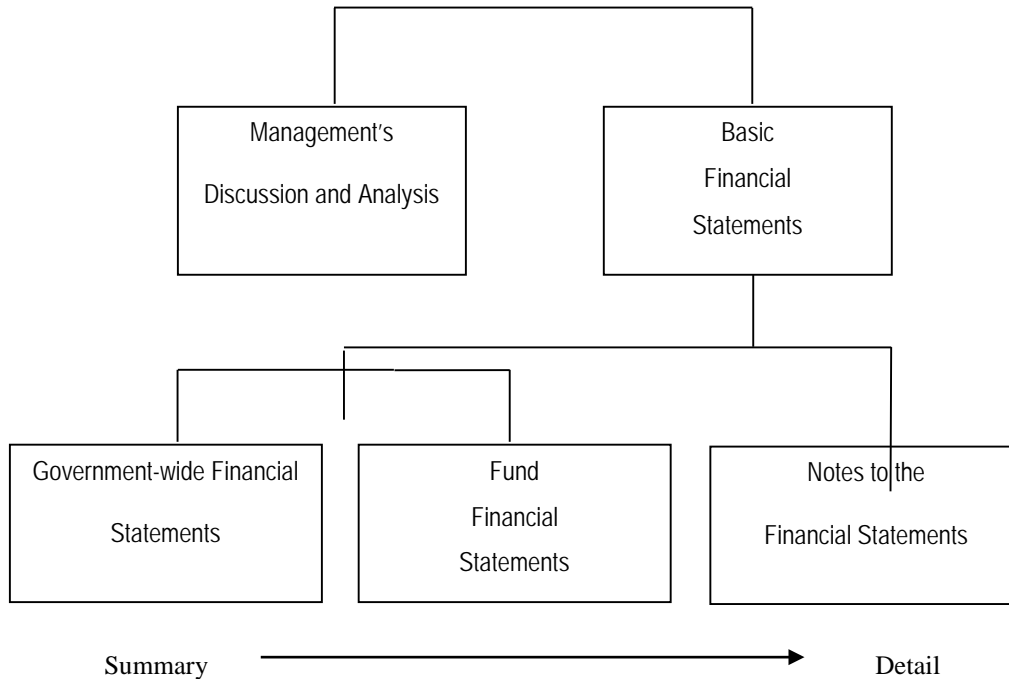
When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. This relationship between revenues and expenses can be considered the City's operating results. The City's net position as measured in the Statement of Net Position, is one measure of the City's financial position, or financial health. Over time, increases or decreases in the City's net position, as measured in the Statement of Activities are one indicator of whether the City's financial health is improving or deteriorating. However, the City's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads, the traffic and business generated by having a City owned and maintained airport, the hustle and bustle and beauty of our revitalized historic downtown area, and the overall quality of life in assessing the overall health of our City.

- The assets of the City of La Crosse exceeded its liabilities as of December 31, 2013 by \$366,843,370 (net position).
- The City of La Crosse's total net position of Governmental Funds and Proprietary Funds increased by \$17,713,838.
- As of December 31, 2013, the City of La Crosse's governmental funds reported combined ending fund balances of \$82,424,354, an increase of \$941,120 in comparison with the prior year. As of December 31, 2013, the unassigned fund balance for the general fund was \$17,948,658 or approximately 35.57% of total general fund expenditures.
- The City of La Crosse's total general obligation debt decreased by \$7,917,075 (-8.90%) during 2013. This decrease is attributable to the City's rapid debt retirement practice and the continued implementation of the City's debt model, which assists the City with planning and financing of future capital improvement projects. The City was able to fund \$7,185,000 in capital improvement projects as listed in the City's five year Capital Improvement Budget with new borrowed funds. Those projects included various street, streetscaping, alley, bridge, civic center, fire, library, park, storm sewer, transit, and water projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of La Crosse, Wisconsin's basic financial statements. These basic financial statements are comprised of three components: 1.) government-wide financial statements, 2.) fund financial statements, and 3.) notes to the financial statements (see Figure 1). This report also contains other supplementary information in addition to the basic financial statements themselves that will enhance the reader's understanding of the financial condition of the City of La Crosse, Wisconsin.

Required Components of the Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds in the form of combining statements. Budgetary information can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of La Crosse's finances, in a manner similar to a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and total liabilities. Measuring net position is one way to gauge the City's financial condition.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal 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 (i.e. uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City of La Crosse that are principally supported by 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 government activities of the City of La Crosse include general government, public safety, public works, health and human services, culture, recreation and leisure, and conservation and development. The business-type activities of the City of La Crosse include: Airport, Parking Utility, Sanitary Sewer Utility, Sanitary Sewer District, Storm Water Utility, and a Water Utility.

The government-wide financial statements include only the activities of the City of La Crosse, Wisconsin.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. 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 City of La Crosse, Wisconsin, like all other governmental entities in Wisconsin, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the State of Wisconsin Statutes or the City's budget resolution. All of the funds of the City of La Crosse, Wisconsin can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of La Crosse maintains approximately 300 individual government funds. Information is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, HUD Programs, and the Debt Service Fund, each of which is considered to be a major fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of La Crosse adopts an annual appropriated budget for its general fund as required by State Statute. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Mayor and Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary comparison schedule provided for the General Fund demonstrates how well the City complied with the budget resolution and whether or not the City succeeded in providing the services as planned when the budget was adopted. The statement shows four columns: 1) the original budget as adopted by the Common Council; 2) the final budget as amended by the Common Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the variance between the final budget and the actual revenues and expenditures.

Proprietary Funds

The City of La Crosse maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of La Crosse uses enterprise funds to account for its Airport, Parking Utility, Sanitary Sewer Utility, Sanitary Sewer District, Storm Water Utility, and Water Utility. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of La Crosse's various functions. The City of La Crosse uses internal service funds to account for its Liability Self-Insurance program, its Worker's Comp Self-Insurance program, its Stockroom, its Employee's Health Insurance Self-Insurance program, and its Health Care Cost Containment program. Because these services predominately benefit government rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport, Parking Utility, Sanitary Sewer Utility, Sanitary Sewer District, Storm Water Utility, and Water Utility, which are considered to be major funds of the City of La Crosse. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds

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 City of La Crosse's programs. The agency funds maintained by the City are primarily the tax collection fund which records the tax roll and tax collections for other taxing jurisdictions and various other trust funds. The accounting used for fiduciary funds is much like that used for governmental funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of La Crosse, Wisconsin. Required supplementary information can be found following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of La Crosse exceeded liabilities by \$366,843,370 as of December 31, 2013. The City's net position increased by \$17,713,838 for the fiscal year ended December 31, 2013. However, the largest portion (69.15%) reflects the City's investment in capital assets (e.g. land, land improvements, buildings, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of La Crosse uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of La Crosse's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

The City of La Crosse, Wisconsin's Net Position

Figure 2

(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
ASSETS						
Assets net of Capital Assets	\$156,606	\$154,556	\$24,410	\$20,753	\$181,016	\$175,309
Capital Assets not Depreciated	27,212	26,321	25,883	27,097	53,095	53,418
Capital Assets, net of Depreciation	<u>169,014</u>	<u>165,301</u>	<u>114,320</u>	<u>112,629</u>	<u>283,334</u>	<u>277,930</u>
TOTAL ASSETS	<u>\$352,832</u>	<u>\$346,178</u>	<u>\$164,613</u>	<u>\$160,479</u>	<u>\$517,445</u>	<u>\$506,657</u>
LIABILITIES, DEFERED INFLOWS OF RESOURCES, AND NET POSITION						
LIABILITIES						
TOTAL LIABILITIES	<u>\$101,925</u>	<u>\$108,742</u>	<u>\$5,817</u>	<u>\$5,870</u>	<u>\$107,742</u>	<u>\$114,612</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue – tax roll	<u>\$42,726</u>	<u>\$42,773</u>	<u>\$134</u>	<u>\$142</u>	<u>\$42,860</u>	<u>\$42,915</u>
NET POSITION						
Net Investment in Capital Assets	\$138,382	\$125,041	\$137,880	\$136,595	\$276,262	\$261,636
Restricted For:						
Debt Service	9,009	12,802	-	-	9,009	12,802
Capital Projects	29,534	27,431	-	-	29,534	27,431
Other Activities	-	-	2,207	1,851	2,207	1,851
Unrestricted	<u>31,256</u>	<u>29,389</u>	<u>18,575</u>	<u>16,021</u>	<u>49,831</u>	<u>45,410</u>
TOTAL NET POSITION	<u>\$208,181</u>	<u>\$194,663</u>	<u>\$158,662</u>	<u>\$154,467</u>	<u>\$366,843</u>	<u>\$349,130</u>
TOTAL LIABILITIES, DEFERED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$353,832</u>	<u>\$346,178</u>	<u>\$164,613</u>	<u>\$160,479</u>	<u>\$517,445</u>	<u>\$506,657</u>

An additional portion of the City's net position of \$40,751,620 (11.10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position or \$49,829,449 (13.58%) may be used to meet the government's ongoing obligations to citizens or creditors.

The City's total net position increased \$17,713,838 during the year. This increase was comprised of an increase in business type activities of \$4,195,711 and an increase in the governmental type activities of \$13,518,127 during the year.

At the end of the current fiscal year, the City of La Crosse is able to report positive balances in all three categories of net position, for the government as a whole as well as for its separate governmental and business-type activities.

Governmental Activities

Governmental activities increased the City of La Crosse's net position by \$13,518,127. Key elements of this increase are:

- Revenues were on a comparable level in 2013 versus 2012. The City compensated for reduced State aids by implementing new user fees and reviewing and updating existing fees and charges.
- The City's share of property taxes increased by \$234,390 (1.01%) from 2012 to 2013. Departments were required to keep 2013 budgets at 2012 levels unless increases were justified and approved by the Council. Minimal increases were granted for 2013 in various departments, mostly due to increases on "uncontrollable" items such as utilities and supplies. \$90,000 was appropriated from fund balance and applied to the 2013 budget to maintain a steady levy and remain in compliance with State laws governing levy limits and expenditure restraint.
- Expenditures were at slightly lower level for 2013 compared to 2012, generally due in part to conscientious budget oversight by Department Heads, the Mayor, and the Common Council. The practice of not immediately filling funded positions within the budget that started in 2009 continued in 2013. The City was able to somewhat offset increases in department expenses, utilizing "tools" provided by the State. General employees are now required to pay 50% of the required Wisconsin Requirement System contribution that was previously paid 100% by the City.
- The practice of annually contracting for approximately 2/3 of the City's annual fuel needs in advance that started in 2009 was increased to approximately 90% in 2013 and contributed significantly towards favorable department fuel expense variances for those departments with fuel expenses.
- Employees' share of health insurance premiums increased slightly in 2013 versus 2012 due to a change in the State law. Union contract negotiated increases in premiums, deductibles, office co-pays, and drug co-pays are having an impact on the City's self-insurance health fund and should help maintain steady or manageable increases in the immediate future even though the national trend continues to rise. The City offers annual health risk assessment (HRA) opportunities to its employees and families as a proactive measure to curb potential future health insurance costs. Employees and their spouses are encouraged to participate in the health risk assessment program and are able to receive reduced monthly premium costs as an incentive to participate.

Figure 3 which follows provides summarized operating results and their impact on net assets.

City of La Crosse, Wisconsin's Changes in Net Position

Figure 3

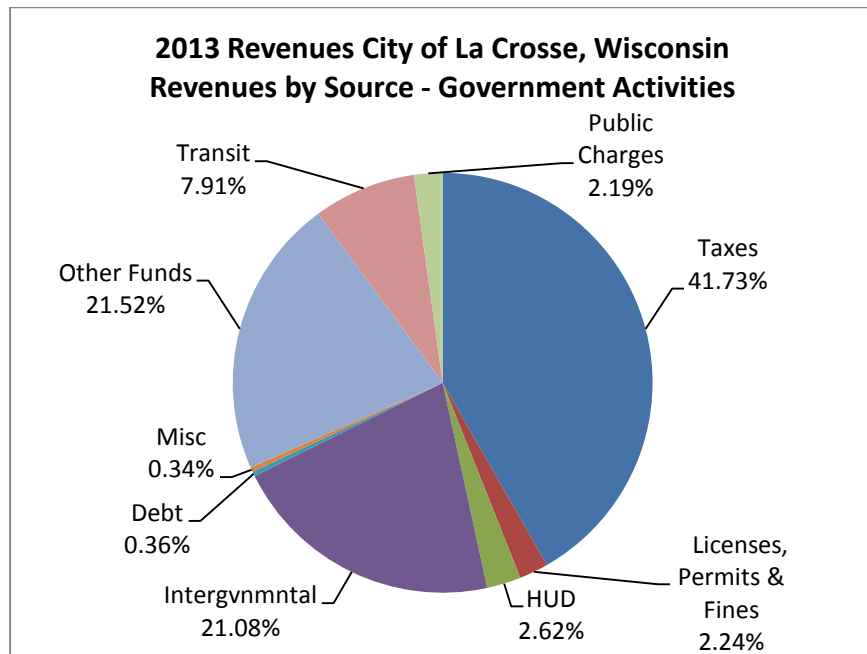
(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 14,225	\$15,567	\$ 18,413	\$ 17,520	\$ 32,638	\$ 33,087
Grants & contributions	11,710	13,304	1,154	1,963	12,864	15,267
General revenues:						
Taxes	44,487	44,031	--	--	44,487	44,031
State shared revenue	13,389	13,200	--	--	13,389	13,200
Interest and investment income	498	542	51	43	549	585
Miscellaneous	833	534	2	144	835	678
Total revenues	<u>\$ 85,142</u>	<u>\$87,178</u>	<u>\$ 19,620</u>	<u>\$ 19,670</u>	<u>\$104,762</u>	<u>\$106,848</u>
Expenses:						
General government	\$ 4,924	\$4,696	\$ --	\$ --	\$4,924	4,696
Public safety	24,267	23,043	--	--	24,267	23,043
Public works	17,668	18,603	--	--	17,668	18,603
Health and human services	228	223	--	--	228	223
Culture, recreation & education	15,415	14,350	--	--	15,415	14,350
Conservation & development	5,906	8,024	--	--	5,906	8,024
Principal, Interest & Fiscal Charges	2,741	3,204	--	--	2,741	3,204
Airport	--	--	3,676	7,696	3,676	7,696
Parking	--	--	1,929	1,858	1,929	1,858
Water	--	--	3,961	3,322	3,961	3,322
Sanitary Sewer	--	--	71	5,536	71	5,536
Storm Water	--	--	551	406	551	406
Other business-type activities	--	--	5,417	72	5,417	72
Total expenses	<u>\$ 71,148</u>	<u>\$72,143</u>	<u>\$ 15,605</u>	<u>\$18,890</u>	<u>\$ 86,753</u>	<u>\$91,033</u>
Change in Net Position before transfers and Special items	\$ 13,993	\$ 15,035	\$ 4,014	\$780	\$18,007	\$15,815
Special Items	--	--	--	--	--	--
Transfers	<u>(182)</u>	<u>(8,737)</u>	<u>182</u>	<u>8,737</u>	<u>(0)</u>	<u>(0)</u>
Change in net position	\$ 13,811	\$6,298	\$ 4,196	\$9,517	\$18,007	\$15,815
Net position, beginning of year as restated	194,663	188,365	154,467	144,951	349,130	333,316
Net position, end of year	<u>\$208,181</u>	<u>\$194,663</u>	<u>\$158,662</u>	<u>\$154,467</u>	<u>\$366,843</u>	<u>\$349,130</u>

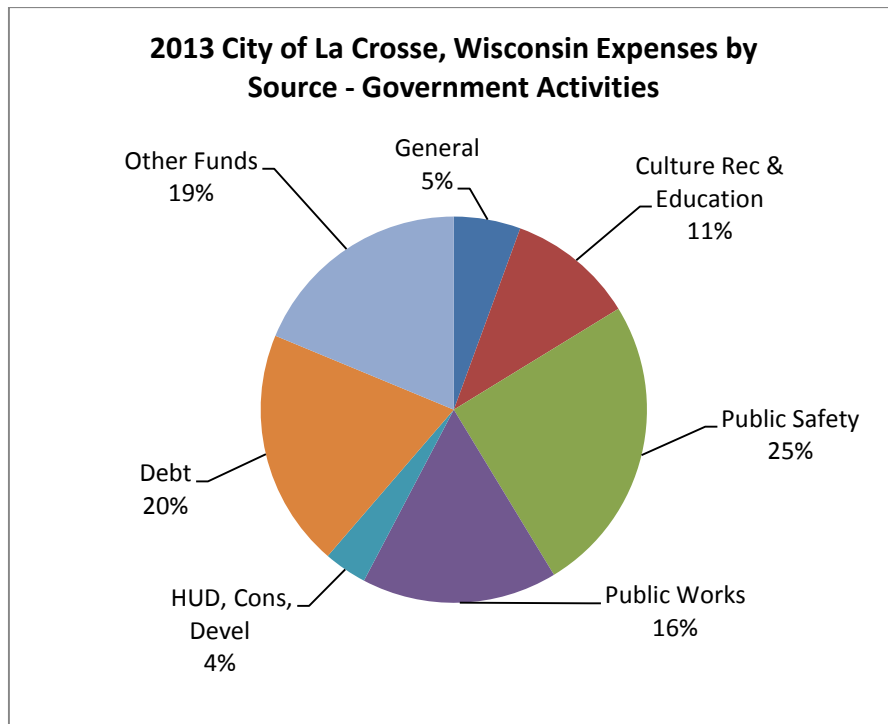
No major variances were noted in the governmental activities expenditures in 2013. City departments in general were well within their approved budgets.

Figure 4 and Figure 5 which follow depict revenues by source and expenses by function respectively for the year 2013.

**City of La Crosse, Wisconsin – Revenue by Source
Figure 4**



**City of La Crosse, Wisconsin – Expenses by Function
Figure 5**

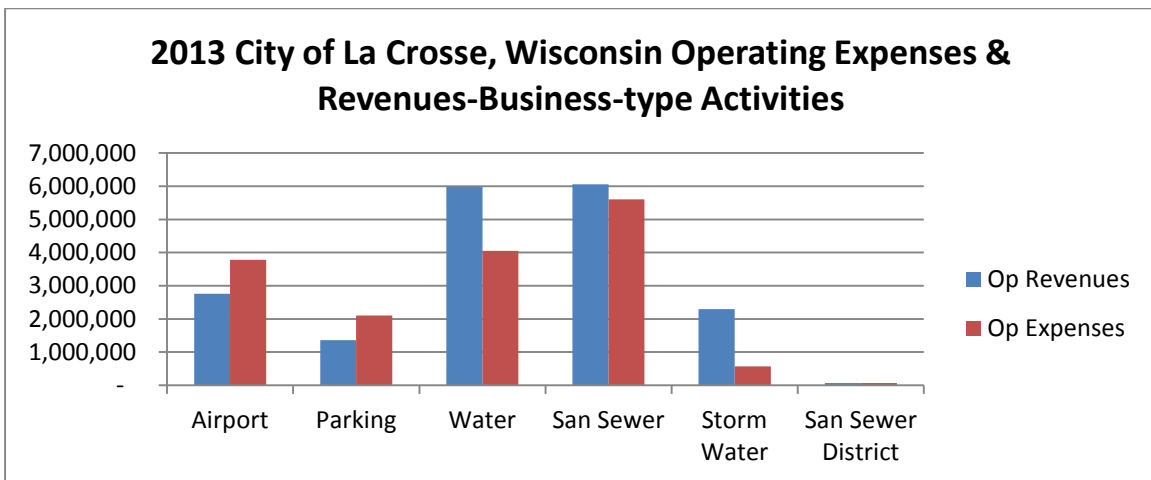


Business-type Activities

Business-type activities increased the City's net position by \$4,195,711. The major contributing factors to this increase for the business-type activities are as follows: 1) the implementation of a Storm Water Utility in 2012, 2) the Water Utility received a 30% increase in August of 2011 which became fully effective in 2012, the first such increase in water rates since 2002. The current water rate is designed to provide a 4.0% return on rate base. The City Council now requires that future water rates be reviewed every two years. 3) the Sanitary Sewer Utility rates remained unchanged for 2013. A full review of Sanitary Sewer rates will be completed and reported to the City Council in 2014. 4) the current Sanitary Sewer Utility and Storm Water Utility rates are designed to meet cash requirements, be consistent with existing rate design structure to maintain equitability between different sizes and classes of customers, fund capital projects, and meet debt coverage requirements, and 5) the Parking Utility's net assets decreased by approximately \$860,000 due to depreciation of current assets.

Figure 6 (below) shows the operating revenues and expenses for 2013 for the Business-type activities.

City of La Crosse, Wisconsin – Business Type Activities Expense & Revenue
Figure 6



Financial Analysis of the Governmental Funds

As noted earlier, the City of La Crosse, Wisconsin uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The remaining fund balance is designated as either nonspendable, restricted, or committed to indicate that it is not available for new spending because it has already been committed for other items.

As of December 31, 2013, the City of La Crosse's governmental funds reported combined ending fund balances of \$82,424,234. \$25,108,140 of this amount is attributable to the General Fund balance and is designated as follows: \$3,124,482 or approximately 12.4% was designated as "Nonspendable", \$4,035,000 or approximately 16.1% was designated as "Committed" and \$17,948,658 or approximately 71.5% was designated as "Unassigned".

The General Fund is the chief operating fund of the City of La Crosse, Wisconsin. As of December 31, 2013, the total fund balance of the general fund was \$25,108,140 of which \$17,948,658 was designated as "Unassigned." This "Unassigned" fund balance represents approximately 35.57% of total general fund expenditures for 2013. The general fund balance increased by \$982,490 in fiscal year 2013. The 2013 annual program budget for the City's general fund identified a use of fund balance for items brought forward from the 2012 budget (carryovers) of \$1,032,601. Additionally, the 2013 annual program budget for the City's general fund identified a use of fund balance for items to be carried forward from the 2013 budget to the 2014 budget of \$1,354,968. Actual expenditures were less than original amended budgeted expenditures by approximately 7.55% or \$4,119,089. Actual revenue sources were more than the original amended budgeted revenues in the general fund by \$1,713,737 or approximately 3.00%.

The budget revenues were higher primarily due to:

- Intergovernmental charges to departments and utilities for services and products due mainly to the higher costs of fuel oil, natural gas, electricity, and the redistribution of internal service charges.
- Public charges for services, licenses, and permits being slightly higher overall because of the continuing review and appropriate readjustment of those fees.

The budget expenditures were less primarily due to:

- Across the board departmental favorable variances.
- A conscientious delay in "filling" various departmental position vacancies fully funded in the budget based on individual review of need.
- Negotiated Union contract settlements that provided for a larger share of employee participation in the City's self-funded health insurance program as required by the State.
- The State requiring "general" City employees to contribute 50% of the required pension contribution to the Wisconsin Retirement System previously paid 100% by the City.
- Increased employee/elected official education and awareness regarding internal and external factors that affect the City's budget operations.

Proprietary Funds

The City of La Crosse, Wisconsin's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

City of La Crosse, Wisconsin's Net Position Business-type Funds

Figure 7

(In Thousands of dollars)

	Net Position		Change in Net Position	
	2013	2012	2013	2012
Airport	\$54,791	\$54,502	\$289	\$(3,695)
Parking Utility	33,511	33,753	(242)	9,346
Sanitary Sewer Utility	37,077	36,656	421	752
Sanitary Sewer District	600	598	2	5
Storm Water Utility	2,886	881	2,005	881
Water Utility	28,504	27,351	1,153	1,878
TOTAL	\$187,369	\$153,741	\$3,628	\$9,167

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- Amendments made to adjust the estimates that are used to prepare the original budget
- Amendments made to recognize new funding amounts from external sources
- Increases in appropriations that become necessary to maintain services

Actual revenues and other sources were more than budgeted revenues by \$1,713,737. Actual expenditures were less than budgeted expenditures by \$4,119,089.

Even though revenues exceeded budgetary estimates and expenditures came in under budget, the City's General Fund "Unassigned" balance decreased by \$2,013,551. The reason for this decrease was the reassignment of \$4,035,000 of the City's "Unassigned" fund balance to "Committed" fund balance for the following: 1) \$3,000,000 for Airport Terminal Renovation Project, 2) \$900,000 for Fire Department Quint, 3) \$135,000 Pay & Class Implementation. The City's General Fund combined balance is 49.75% of 2013 General Fund actual expenditures.

Capital Asset and Debt Administration

Capital Assets

The City of La Crosse's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$336,429,512 (net of accumulated depreciation), an increase of \$5,081,547 (1.51%). This investment in capital assets includes land, buildings, building improvements, improvements other than buildings, machinery & equipment, infrastructure, and construction work in progress. The total increase in the City's investment in capital assets for the current fiscal year consisted of a \$4,605,059 (2.33%) increase for governmental activities and a \$476,488 (.003%) increase for business-type activities.

Major capital asset projects/transactions that occurred previously or were scheduled to occur during 2013 included the following:

- 1.) Continuation of the Three Rivers Plaza economic development retail/housing/office complex on the north end of the downtown area in Tax Increment Financing District #12 and related expenses - approximately \$5,550,000 total City investment. The boundaries for this TID were expanded in 2010 to accommodate additional future development to the west known as the Mobil Oil / Patros property. The City is undergoing a Charrette process to determine the best use of this property.
- 2.) Continuation of the Logistics Health (LHI), Cargill, and Piggy's Riverside redevelopment project in Tax Incremental Financing District #11 (downtown area) - approximately \$15,500,000 total City investment. Construction on a third LHI building and City parking ramp in the area started in 2010 was completed in the fall of 2011. In January of 2012 the City completed the purchase of this parking ramp from the Riverside Center group. The City completed construction

of a \$32 million public/private multi-use Transit Center/Housing (92 units)/Commercial/Retail facility in September of 2010. The City is now in negotiations with the Riverside Center group to construct a fourth building in the area on an existing City owned surface parking lot.

- 3.) In 2013 the City created Tax Incremental Financing District #15 on the southeast end of the City to assist Chart Industries and the Trane Company with expansion projects through the use of developer's agreements.

The following capital improvement projects for 2013 are contained and financed in the City's 2013-2017 five year Capital Improvement Program budget:

- 4.) Airport north hangar area construction - approximately \$6,100,000.
- 5.) Airport terminal building upgrades - approximately \$1,000,000 of an estimated \$7,100,000.00 project.
- 6.) Airport Road repair project – approximately \$1,500,000.00.
- 7.) Niedbalski Bridge replacement project – approximately \$700,000.00.
- 8.) Initial Radio Communication system replacement project – approximately \$500,000.00 of an estimated \$8,000,000.00 project.
- 9.) Capital Equipment purchases for various departments - approximately \$1,200,000.
- 10.) Library heating, ventilating, air conditioning upgrade project – approximately \$500,000.00.
- 11.) Parks Riverside Park Band Shell replacement project – approximately \$2,000,000.00.
- 12.) Various Park projects - approximately \$1,237,000.00.
- 13.) Baron Island Sanitary Sewer upgrades - approximately \$220,000.00
- 14.) Continuing upgrades to the Sanitary Sewer infrastructure - approximately \$750,000.00.00.
- 15.) Storm water improvement projects - approximately \$234,000.00.
- 16.) Various street and streetscaping improvement projects - approximately \$3,600,000.00.
- 17.) Various Tax Incremental Financing District projects - approximately \$1,200,000.00.
- 18.) Miscellaneous Water projects - approximately \$67,000.00.00.

City of La Crosse, Wisconsin's Capital Assets

Figure 8

(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and land improvements	\$9,229	\$9,229	\$8,647	\$8,647	\$17,876	\$17,876
Buildings and improvements	81,567	80,581	26,714	26,732	108,281	107,313
Machinery and equipment	31,227	28,335	21,325	20,827	52,552	49,162
Infrastructure/systems	130,410	126,681	112,505	107,643	242,915	234,324
Construction in progress	17,983	17,091	21,186	22,400	39,169	39,491
Less: Accumulated depreciation	(74,189)	(70,296)	(50,174)	(46,523)	(124,363)	(116,819)
TOTAL	<u>\$196,227</u>	<u>\$191,621</u>	<u>\$140,203</u>	<u>\$139,726</u>	<u>\$336,430</u>	<u>\$331,347</u>

Long-term Debt

Of significant note: during 2014, the City's bond rating was upgraded from AA to AA+ by Standard & Poors. This change will allow the City to borrow at a lesser interest rate for capital projects included in its annual capital improvement budget and for other special projects.

At the end of the 2013 fiscal year, the City of La Crosse had total general obligation debt outstanding of \$80,997,925 entirely backed by the full faith and credit of the government. This represents a decrease of \$7,917,075 compared to the total general obligation debt outstanding as of the end of fiscal year 2012. This decrease is due primarily to scheduled borrowing and structured repayment of principle and interest in accordance with the City's debt model.

In 2013, the City sold three separate bond issues. All three issues were dated March 15, 2013. The first issue was a 15 year corporate purpose bond for \$4,760,000 at a net interest rate of 1.7540342% to fund a portion of the City's 2013-2017 capital improvement program budget. The second issue was a nine year, \$1,865,000 promissory note sold at a net interest rate of 1.2565897% to fund a portion of the City's 2013-2017 capital improvement program budget. The third issue was a nine year taxable promissory note sold at a net interest rate of 1.6412020% for \$560,000 to fund the balance of the City's 2013-2017 capital improvement program budget. All new issues funded the City's \$7,185,000 annual capital improvement program budget and the various projects: Street and Streetscaping projects, Bridge projects, Storm Sewer projects, Fire projects, Water Projects, Library projects, Park projects, and Miscellaneous Tax Incremental Financing projects. All three issues were rated AA by Standard & Poors.

Wisconsin State Statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The City of La Crosse has adopted a more stringent debt borrowing policy that states that its outstanding debt will not exceed 75% of the 5% State Statute allowable legal debt margin unless authorized by a 2/3 vote of the City Council. In addition, the City will not borrow a larger amount than is retired in the current year unless overridden by a 2/3 vote of the City Council. The City has adopted a rapid debt retirement policy in that debt will not be borrowed for a period of more than 10 years unless approved by the City Council. The current legal debt limitation for the City of La Crosse is \$155,158,000 and its outstanding debt subject to State statutory limit at December 31, 2012 is \$80,997,925, or approximately 52.20%.

City of La Crosse, Wisconsin's Outstanding Long-Term Obligations

Figure 9

(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds/notes	\$86,397	\$85,783	\$2,518	\$3,132	\$80,998	\$88,915
Mortgage revenue bonds	--	--	--	--	--	--
Other long-term obligations	6,772	13,028	2,597	1,654	17,286	14,682
TOTAL	<u>\$ 93,169</u>	<u>\$98,811</u>	<u>\$5,115</u>	<u>\$4,786</u>	<u>\$98,284</u>	<u>\$103,597</u>

Economic Factors Influencing the City of La Crosse, Wisconsin's Future

- The 2013 unadjusted unemployment rate for the La Crosse MSA was 5.3% compared to the State average of 6.7%, which compares to the National average of 7.4%.
- Inflationary trends in the region are comparable to national indices.
- The total value of building permits in 2013 was \$114,427,755 compared to 2012 with \$59,472,205 and 2011 with \$231,547,903.

Requests for Information

This financial report is designed to provide a general overview of the City of La Crosse, Wisconsin's finances for all those with an interest in the government's finances. Question concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, 400 La Crosse Street, La Crosse, Wisconsin 54601.

CITY OF LA CROSSE, WISCONSIN

BASIC FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2013

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Cash and investments	\$ 101,853,839	\$ 13,549,122	\$ 115,402,961
Restricted cash and investments	-	2,208,686	2,208,686
Receivables			
Taxes	42,457,949	806,800	43,264,749
Accounts and other	1,777,373	3,663,618	5,440,991
Special assessments	269,697	-	269,697
Loans receivable	970,168	-	970,168
Internal balances	(3,923,995)	3,923,995	-
Due from other governments	792,279	-	792,279
Inventories	249,311	247,444	496,755
Prepaid items	121,749	708	122,457
Special assessments	599,981	6,278	606,259
Loans receivable	11,437,405	-	11,437,405
Other property	-	3,375	3,375
Capital assets not being depreciated	27,212,207	25,883,118	53,095,325
Capital assets, net of accumulated depreciation	<u>169,014,389</u>	<u>114,319,798</u>	<u>283,334,187</u>
TOTAL ASSETS	<u>\$ 352,832,352</u>	<u>\$ 164,612,942</u>	<u>\$ 517,445,294</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2013

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
LIABILITIES			
Accounts payable	\$ 8,134,147	\$ 692,173	\$ 8,826,320
Accrued liabilities			
Payroll, payroll taxes	31,222	9,917	41,139
Interest	269,012	-	269,012
Other	73,978	-	73,978
Due to other governments	25,129	-	25,129
Due to others	222,770	-	222,770
Current portion of long-term obligations	20,146,297	1,304,118	21,450,415
Noncurrent portion of long-term obligations	73,022,334	3,810,598	76,832,932
TOTAL LIABILITIES	<u>101,924,889</u>	<u>5,816,806</u>	<u>107,741,695</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - tax roll	<u>42,726,420</u>	<u>133,809</u>	<u>42,860,229</u>
NET POSITION			
Net investment in capital assets	138,382,389	137,879,912	276,262,301
Restricted for:			
Debt service	9,009,227	-	9,009,227
Capital projects	29,533,707	-	29,533,707
Other activities	-	2,208,686	2,208,686
Unrestricted	<u>31,255,720</u>	<u>18,573,729</u>	<u>49,829,449</u>
TOTAL NET POSITION	<u>208,181,043</u>	<u>158,662,327</u>	<u>366,843,370</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	 <u>\$ 352,832,352</u>	 <u>\$ 164,612,942</u>	 <u>\$ 517,445,294</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES				
General government	\$ 4,924,336	\$ 3,477,854	\$ 803,255	\$ 199,701
Public safety				
Law enforcement	12,390,021	721,418	872,603	53,291
Fire protection	11,193,579	109,317	40,846	51,835
Other public safety	683,276	-	-	-
Public works				
Transportation	15,405,670	3,268,437	5,793,528	1,838,391
Storm sewer	27,983	21,035	2,817	-
Docks and harbors	20,310	55,182	-	-
Sanitation	2,213,553	29,492	181,630	-
Health and human services	227,561	2,478	-	-
Culture, recreation, and education				
Library	5,345,943	224,029	366,709	-
Auditorium	4,037,691	3,594,588	-	-
Parks and recreation	6,031,056	2,003,558	287,868	54,663
Conservation and development	5,905,878	717,522	1,152,891	10,363
Interest and fiscal charges	2,741,137	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	71,147,994	14,224,910	9,502,147	2,208,244
BUSINESS-TYPE ACTIVITIES				
Municipal Airport	3,675,714	2,762,879	31,127	869,392
Parking Utility	1,928,845	1,245,300	-	-
Water Utility	3,960,545	5,976,166	-	253,906
Sewer Utility	5,417,332	6,056,571	-	-
Storm Water Utility	551,474	2,299,259	-	-
Sanitary Sewer District	71,502	72,463	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	15,605,412	18,412,638	31,127	1,123,298
TOTAL PRIMARY GOVERNMENT	\$ 86,753,406	\$ 32,637,548	\$ 9,533,274	\$ 3,331,542
GENERAL REVENUE				
Taxes				
Property taxes, levied for general purposes				
Tax increments				
Other taxes				
Intergovernmental revenue not restricted to specific programs				
Interest and investment income				
Miscellaneous				
TRANSFERS				
TOTAL GENERAL REVENUE AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - BEGINNING				
PRIOR PERIOD ADJUSTMENT				
NET POSITION - ENDING				

The accompanying notes are an integral part of these financial statements.

NET (EXPENSES) REVENUE AND
CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (443,526)		\$ (443,526)
(10,742,709)		(10,742,709)
(10,991,581)		(10,991,581)
(683,276)		(683,276)
(4,505,314)		(4,505,314)
(4,131)		(4,131)
34,872		34,872
(2,002,431)		(2,002,431)
(225,083)		(225,083)
(4,755,205)		(4,755,205)
(443,103)		(443,103)
(3,684,967)		(3,684,967)
(4,025,102)		(4,025,102)
(2,741,137)		(2,741,137)
<u>(45,212,693)</u>		<u>(45,212,693)</u>
	\$ (12,316)	(12,316)
	(683,545)	(683,545)
	2,269,527	2,269,527
	639,239	639,239
	1,747,785	1,747,785
	961	961
	<u>3,961,651</u>	<u>3,961,651</u>
<u>(45,212,693)</u>	<u>3,961,651</u>	<u>(41,251,042)</u>
34,597,709	-	34,597,709
7,662,557	-	7,662,557
2,225,652	-	2,225,652
13,389,185	-	13,389,185
497,299	50,644	547,943
832,673	1,911	834,584
(181,505)	181,505	-
<u>59,023,570</u>	<u>234,060</u>	<u>59,257,630</u>
13,810,877	4,195,711	18,006,588
194,662,916	154,466,616	349,129,532
(292,750)	-	(292,750)
<u>\$ 208,181,043</u>	<u>\$ 158,662,327</u>	<u>\$ 366,843,370</u>

CITY OF LA CROSSE, WISCONSIN
FUND FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>HUD PROGRAMS</u>	<u>TRANSIT</u>
Cash and investments	\$ 22,622,440	\$ 1,306,169	\$ 110,174
Receivables			
Taxes	34,818,600	-	-
Accounts and other	463,570	32,599	224,958
Special assessments	-	-	-
Loans	35,220	9,309,626	-
Due from other funds	1,017,894	-	-
Due from other governments	79,422	112,846	192,852
Inventories	-	-	108,233
Prepaid items	34,408	-	15,858
Advances to other funds	3,090,074	15,000	-
	<u>62,161,628</u>	<u>10,776,240</u>	<u>652,075</u>
TOTAL ASSETS	\$ 62,161,628	\$ 10,776,240	\$ 652,075
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 2,140,010	\$ 181,734	\$ 354,720
Accrued liabilities	105,200	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Due to others	-	-	-
Unearned revenue	76,433	-	-
Advances from other funds	-	-	221,751
TOTAL LIABILITIES	<u>2,321,643</u>	<u>181,734</u>	<u>576,471</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Tax roll	34,690,045	-	-
Other	41,800	9,315,147	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>34,731,845</u>	<u>9,315,147</u>	<u>-</u>
 FUND BALANCES			
Nonspendable	3,124,482	-	-
Restricted	-	1,279,359	75,604
Committed	4,035,000	-	-
Unassigned	17,948,658	-	-
TOTAL FUND BALANCES	<u>25,108,140</u>	<u>1,279,359</u>	<u>75,604</u>
	<u>62,161,628</u>	<u>10,776,240</u>	<u>652,075</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 62,161,628	\$ 10,776,240	\$ 652,075

The accompanying notes are an integral part of these financial statements.

DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 7,567,548	\$ 55,370,713	\$ 86,977,044
-	7,639,349	42,457,949
42,509	658,980	1,422,616
-	869,678	869,678
1,743,012	1,319,715	12,407,573
-	-	1,017,894
-	407,159	792,279
-	18,139	126,372
-	-	50,266
<u>1,400,000</u>	<u>948,233</u>	<u>5,453,307</u>
<u>\$ 10,753,069</u>	<u>\$ 67,231,966</u>	<u>\$ 151,574,978</u>

\$ 830	\$ 916,831	\$ 3,594,125
-	-	105,200
-	1,107,454	1,107,454
-	25,129	25,129
-	222,770	222,770
-	294,047	370,480
-	7,772,333	7,994,084
<u>830</u>	<u>10,338,564</u>	<u>13,419,242</u>

-	7,639,349	42,329,394
<u>1,743,012</u>	<u>2,302,029</u>	<u>13,401,988</u>
<u>1,743,012</u>	<u>9,941,378</u>	<u>55,731,382</u>

-	-	3,124,482
9,009,227	31,528,521	41,892,711
-	16,750,084	20,785,084
-	(1,326,581)	16,622,077
<u>9,009,227</u>	<u>46,952,024</u>	<u>82,424,354</u>

<u>\$ 10,753,069</u>	<u>\$ 67,231,966</u>	<u>\$ 151,574,978</u>
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CITY OF LA CROSSE, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013

Fund balances - total governmental funds	\$ 82,424,354	
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund.		196,226,596
Some revenue is unavailable in the funds because they are not available to pay current period expenditures.		13,446,536
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets.		
Accrued interest payable	\$ (269,012)	
Bonds and notes payable	(79,192,029)	
Compensated absences	(2,120,325)	
OPEB liability	<u>(11,856,277)</u>	
		(93,437,643)
Internal service funds assets and liabilities	\$ 10,814,858	
Receivable from business-type funds for internal service activity	<u>(1,293,658)</u>	<u>9,521,200</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 208,181,043</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	GENERAL FUND	HUD PROGRAMS	TRANSIT
REVENUE			
Taxes	\$ 36,361,998	\$ -	\$ -
Special assessments	-	-	-
Intergovernmental	15,606,255	777,264	3,280,588
Licenses and permits	1,942,792	-	-
Fines, forfeits, and penalties	10,738	-	-
Public charges for services	1,909,898	616,288	1,729,105
Intergovernmental charges for services	2,766,315	-	-
Miscellaneous	297,492	893,715	1,882,749
TOTAL REVENUE	<u>58,895,488</u>	<u>2,287,267</u>	<u>6,892,442</u>
EXPENDITURES			
Current			
General government	5,117,040	-	-
Public safety	22,939,391	-	-
Public works	9,674,537	-	5,311,929
Health and human services	145,701	-	-
Culture, recreation, and education	9,749,566	-	-
Conservation and development	1,590,056	1,719,810	-
Capital outlay	1,248,004	-	1,843,550
Debt service			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
TOTAL EXPENDITURES	<u>50,464,295</u>	<u>1,719,810</u>	<u>7,155,479</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>8,431,193</u>	<u>567,457</u>	<u>(263,037)</u>
OTHER FINANCING (USES) SOURCES			
Proceeds from long-term debt	-	-	-
Operating transfers in	14,678,627	44,828	256,889
Operating transfers out	(22,127,742)	(44,828)	(2,750)
TOTAL OTHER FINANCING (USES) SOURCES	<u>(7,449,115)</u>	<u>-</u>	<u>254,139</u>
NET CHANGE IN FUND BALANCES	982,078	567,457	(8,898)
FUND BALANCES - BEGINNING	24,128,650	711,902	84,502
EQUITY TRANSFER	<u>(2,588)</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 25,108,140</u>	<u>\$ 1,279,359</u>	<u>\$ 75,604</u>

The accompanying notes are an integral part of these financial statements.

DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 8,123,920	\$ 44,485,918
-	308,118	308,118
-	2,901,290	22,565,397
-	188,963	2,131,755
-	628,747	639,485
-	3,508,261	7,763,552
-	174,574	2,940,889
<u>317,952</u>	<u>2,917,155</u>	<u>6,309,063</u>
<u>317,952</u>	<u>18,751,028</u>	<u>87,144,177</u>
-	464,376	5,581,416
-	1,207,547	24,146,938
-	211,746	15,198,212
-	191,392	337,093
-	4,093,040	13,842,606
-	150,920	3,460,786
-	10,821,303	13,912,857
15,305,000	-	15,305,000
<u>2,931,379</u>	<u>13,054</u>	<u>2,944,433</u>
<u>18,236,379</u>	<u>17,153,378</u>	<u>94,729,341</u>
<u>(17,918,427)</u>	<u>1,597,650</u>	<u>(7,585,164)</u>
-	7,203,525	7,203,525
18,250,000	4,928,269	38,158,613
<u>(4,124,072)</u>	<u>(10,536,462)</u>	<u>(36,835,854)</u>
<u>14,125,928</u>	<u>1,595,332</u>	<u>8,526,284</u>
(3,792,499)	3,192,982	941,120
12,801,726	43,756,454	81,483,234
-	2,588	-
<u>\$ 9,009,227</u>	<u>\$ 46,952,024</u>	<u>\$ 82,424,354</u>

CITY OF LA CROSSE, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - total governmental funds		\$ 941,120
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay reported in governmental fund statements	\$ 13,912,857	
Less noncapitalized outlay	(4,411,330)	
Depreciation expense reported in the statement of activities	<u>(4,676,261)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		4,825,266
The net effect of various miscellaneous transactions involving capital assets (i.e., loss on disposal of assets) is to decrease net position:		(220,207)
Some capital assets acquired during the year were financed with long-term debt. The amount of the long-term debt is reported in the governmental funds as a source of financing. In the statement of net position however, long-term debt is not reported as a financing source, but rather constitutes a long-term liability. The amount of long-term debt issued in the governmental funds statement is:		(7,203,525)
Net change due to internal services funds incorporated into the statement activities.	\$ 3,498,077	
Transfers from business-type funds for internal service fund activity.	<u>(568,548)</u>	2,929,529
Certain employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
This year the accrual of these benefits increased by:		(60,161)
OPEB expense is not reported in the governmental funds.		(1,290,650)
Certain revenue is unavailable in the governmental funds because they are not available to pay current period expenditures. In the statement of activities, these are recorded as revenue in the current year, primarily special assessments.		(660,721)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.		
The amount of long-term debt principal payments in the current year:	\$ 15,305,000	
Less amount for business-type activities:	<u>(700,536)</u>	14,604,464
Governmental funds report the effect of debt discounts and premiums when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.		
The net effect of these differences in the current year:		(115,231)
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.		
The amount of interest paid during the current period	\$ 2,932,609	
The amount of interest accrued during the current period	<u>(2,871,616)</u>	
Interest paid is greater than interest accrued by:		<u>60,993</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 13,810,877</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

<u>ASSETS</u>	BUSINESS-TYPE ACTIVITIES		
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY
CURRENT ASSETS			
Cash and investments	\$ 3,106,724	\$ 1,703,243	\$ 3,392,590
Restricted cash - DNR replacement fund	-	-	-
Taxes receivable	-	100,417	360,575
Accounts receivable	137,111	437,211	1,283,323
Due from other funds	-	-	972,495
Inventories	-	-	247,444
Prepaid items	78	44	251
TOTAL CURRENT ASSETS	3,243,913	2,240,915	6,256,678
NONCURRENT ASSETS			
CAPITAL ASSETS			
Property, plant, and equipment	44,817,138	37,677,502	39,999,473
Construction in progress	18,487,959	423,837	332,261
TOTAL CAPITAL ASSETS	63,305,097	38,101,339	40,331,734
Less accumulated depreciation	10,978,210	8,569,581	14,176,257
NET CAPITAL ASSETS	52,326,887	29,531,758	26,155,477
OTHER ASSETS			
Advances to other funds	-	2,124,158	319,890
Special assessments	-	-	6,278
Other property	-	-	3,375
TOTAL OTHER ASSETS	-	2,124,158	329,543
TOTAL NONCURRENT ASSETS	52,326,887	31,655,916	26,485,020
TOTAL ASSETS	\$ 55,570,800	\$ 33,896,831	\$ 32,741,698

The accompanying notes are an integral part of these financial statements.

BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
\$ 3,073,128	\$ 2,047,335	\$ 226,102	\$ 13,549,122	\$ 14,876,795
2,208,686	-	-	2,208,686	-
237,626	108,182	-	806,800	-
1,304,297	441,125	60,551	3,663,618	354,757
12,627	122,332	-	1,107,454	-
-	-	-	247,444	122,939
335	-	-	708	71,483
<u>6,836,699</u>	<u>2,718,974</u>	<u>286,653</u>	<u>21,583,832</u>	<u>15,425,974</u>
45,868,686	203,318	624,934	169,191,051	-
<u>1,572,698</u>	<u>369,396</u>	<u>-</u>	<u>21,186,151</u>	<u>-</u>
47,441,384	572,714	624,934	190,377,202	-
<u>16,136,800</u>	<u>1,525</u>	<u>311,913</u>	<u>50,174,286</u>	<u>-</u>
<u>31,304,584</u>	<u>571,189</u>	<u>313,021</u>	<u>140,202,916</u>	<u>-</u>
96,729	-	-	2,540,777	-
-	-	-	6,278	-
-	-	-	3,375	-
<u>96,729</u>	<u>-</u>	<u>-</u>	<u>2,550,430</u>	<u>-</u>
31,401,313	571,189	313,021	142,753,346	-
<u>\$ 38,238,012</u>	<u>\$ 3,290,163</u>	<u>\$ 599,674</u>	<u>\$164,337,178</u>	<u>\$ 15,425,974</u>

(Continued on page 31)

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - Continued
DECEMBER 31, 2013

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	BUSINESS-TYPE ACTIVITIES		
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 158,315	\$ 68,035	\$ 268,171
Accrued payroll	9,917	-	-
Due to other funds	-	-	1,017,894
Compensated absences	20,198	14,982	82,516
Unearned revenue	-	-	-
Current portion of general obligation bonds	-	-	520,734
Current portion of post-employment benefits	109,304	16,855	123,872
TOTAL CURRENT LIABILITIES	297,734	99,872	2,013,187
NONCURRENT LIABILITIES			
General obligation bonds	-	-	1,260,354
Post-employment benefits	482,005	151,735	964,584
TOTAL NONCURRENT LIABILITIES	482,005	151,735	2,224,938
TOTAL LIABILITIES	779,739	251,607	4,238,125
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - tax roll	-	133,809	-
NET POSITION			
Net investment in capital assets	52,326,887	29,531,758	24,374,389
Restricted	-	-	-
Unrestricted	2,464,174	3,979,657	4,129,184
TOTAL NET POSITION	54,791,061	33,511,415	28,503,573
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 55,570,800	\$ 33,896,831	\$ 32,741,698

The accompanying notes are an integral part of these financial statements.

BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
\$ 183,186	\$ 14,332	\$ 134	\$ 692,173	\$ 4,540,022
-	-	-	9,917	-
-	-	-	1,017,894	-
76,594	-	-	194,290	-
-	-	-	-	71,094
152,492	21,015	-	694,241	-
165,556	-	-	415,587	-
<u>577,828</u>	<u>35,347</u>	<u>134</u>	<u>3,024,102</u>	<u>4,611,116</u>
-	368,409	-	1,628,763	-
<u>583,511</u>	-	-	<u>2,181,835</u>	-
<u>583,511</u>	<u>368,409</u>	-	<u>3,810,598</u>	-
<u>1,161,339</u>	<u>403,756</u>	<u>134</u>	<u>6,834,700</u>	<u>4,611,116</u>
-	-	-	133,809	-
31,152,092	181,765	313,021	137,879,912	-
2,208,686	-	-	2,208,686	-
<u>3,715,895</u>	<u>2,704,642</u>	<u>286,519</u>	<u>17,280,071</u>	<u>10,814,858</u>
<u>37,076,673</u>	<u>2,886,407</u>	<u>599,540</u>	<u>157,368,669</u>	<u>10,814,858</u>
<u>\$ 38,238,012</u>	<u>\$ 3,290,163</u>	<u>\$ 599,674</u>	<u>\$164,337,178</u>	<u>\$ 15,425,974</u>

Net position - total enterprise funds \$157,368,669
Adjustment to reflect the consolidation
of internal service activities related
to enterprise funds 1,293,658
Net position of business-type activities **\$158,662,327**

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	BUSINESS-TYPE ACTIVITIES		
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY
OPERATING REVENUE			
Charges for services	\$ 2,654,811	\$ 463,606	\$ 4,824,000
Fines, forfeits, and penalties	-	893,915	-
Interfund charges for services	-	-	741,156
Intergovernmental charges for services	-	-	377,765
Miscellaneous	108,068	2,839	33,245
TOTAL OPERATING REVENUE	2,762,879	1,360,360	5,976,166
OPERATING EXPENSES			
Operations	1,723,322	986,678	955,808
Maintenance	276,641	100,163	1,083,016
General and administrative	376,348	175,585	1,051,855
Depreciation	1,357,059	806,450	888,260
Taxes	48,018	29,837	74,028
TOTAL OPERATING EXPENSES	3,781,388	2,098,713	4,052,967
OPERATING (LOSS) INCOME	(1,018,509)	(738,353)	1,923,199
NONOPERATING REVENUE (EXPENSES)			
Insurance recoveries	903	-	-
Intergovernmental grants	31,127	-	-
Interest income	4,227	7,787	15,469
Loss on disposal of capital assets	(23,021)	-	-
Interest expense	-	-	(65,759)
TOTAL NONOPERATING REVENUE (EXPENSES)	13,236	7,787	(50,290)
(LOSS) INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(1,005,273)	(730,566)	1,872,909
TRANSFER IN	176,886	-	-
TRANSFER (OUT)	(230,951)	(280,000)	(974,026)
CAPITAL CONTRIBUTIONS	1,348,382	769,178	253,906
CHANGE IN NET POSITION	289,044	(241,388)	1,152,789
NET POSITON - BEGINNING	54,502,017	33,752,803	27,350,784
NET POSITION - ENDING	\$ 54,791,061	\$ 33,511,415	\$ 28,503,573

The accompanying notes are an integral part of these financial statements.

BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
\$ 5,632,399	\$ 2,277,215	\$ 72,463	\$ 15,924,494	\$ -
-	22,044	-	915,959	-
-	-	-	741,156	14,130,934
415,291	-	-	793,056	-
9,889	-	-	154,041	1,625,945
<u>6,057,579</u>	<u>2,299,259</u>	<u>72,463</u>	<u>18,528,706</u>	<u>15,756,879</u>
3,975,931	436,392	57,904	8,136,035	12,300,051
465,134	100,281	9,937	2,035,172	-
272,350	34,910	1,736	1,912,784	-
806,890	1,352	1,925	3,861,936	-
85,200	-	-	237,083	-
<u>5,605,505</u>	<u>572,935</u>	<u>71,502</u>	<u>16,183,010</u>	<u>12,300,051</u>
452,074	1,726,324	961	2,345,696	3,456,828
-	-	-	903	-
-	-	-	31,127	-
20,731	2,123	307	50,644	12,049
-	-	-	(23,021)	-
<u>(8,512)</u>	<u>(8,718)</u>	<u>-</u>	<u>(82,989)</u>	<u>-</u>
<u>12,219</u>	<u>(6,595)</u>	<u>307</u>	<u>(23,336)</u>	<u>12,049</u>
464,293	1,719,729	1,268	2,322,360	3,468,877
429,287	-	-	606,173	29,200
(473,155)	-	-	(1,958,132)	-
-	285,296	-	2,656,762	-
420,425	2,005,025	1,268	3,627,163	3,498,077
<u>36,656,248</u>	<u>881,382</u>	<u>598,272</u>	<u>153,741,506</u>	<u>7,316,781</u>
<u>\$ 37,076,673</u>	<u>\$ 2,886,407</u>	<u>\$ 599,540</u>	<u>\$ 157,368,669</u>	<u>\$ 10,814,858</u>

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	BUSINESS-TYPE ACTIVITIES		
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,837,539	\$ 1,442,474	\$ 5,219,355
Receipts from municipality	-	-	892,253
Receipts from quasi-external transactions	-	-	-
Payments to suppliers for goods and services	(1,234,886)	(661,809)	(936,431)
Payments for employees for services	(625,672)	(378,984)	(802,068)
Payments for employee benefits	(342,756)	(162,553)	(646,653)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>634,225</u>	<u>239,128</u>	<u>3,726,456</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants received	34,617	-	-
Special assessments	-	-	363
Advance to other funds	-	-	8,777
Operating transfers from other funds	-	-	-
Operating transfers to other funds	(54,065)	(280,000)	(974,026)
NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(19,448)</u>	<u>(280,000)</u>	<u>(964,886)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of property, plant, and equipment	(366,125)	(15,422)	(738,789)
Sale of capital assets	-	67,548	-
Proceeds from insurance	903	-	-
Proceeds from the issuance of bonds	-	-	67,400
Retirement (adjustment) of capital related advance	-	200,132	-
Retirement of bonds and loans	-	-	(525,110)
Interest paid	-	-	(65,759)
NET CASH FLOWS (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(365,222)</u>	<u>252,258</u>	<u>(1,262,258)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,227	7,787	15,469
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	253,782	219,173	1,514,781
CASH AND INVESTMENTS - BEGINNING	<u>2,852,942</u>	<u>1,484,070</u>	<u>1,877,809</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 3,106,724</u>	<u>\$ 1,703,243</u>	<u>\$ 3,392,590</u>

The accompanying notes are an integral part of these financial statements.

BUSINESS-TYPE ACTIVITIES

BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
SEWER	NONMAJOR	NONMAJOR		ACTIVITIES
UTILITY	STORM WATER	SANITARY	TOTALS	INTERNAL
	UTILITY	SEWER		SERVICE
		DISTRICT		
\$ 5,919,633	\$ 2,217,737	\$ 72,609	\$ 17,709,347	\$ 1,267,362
12,293	179,233	-	1,083,779	-
-	-	-	-	15,157,053
(3,116,966)	(240,614)	(69,577)	(6,260,283)	(276,023)
(1,179,033)	(182,499)	-	(3,168,256)	(67,052)
<u>(675,682)</u>	<u>(135,471)</u>	<u>-</u>	<u>(1,963,115)</u>	<u>(13,048,670)</u>
<u>960,245</u>	<u>1,838,386</u>	<u>3,032</u>	<u>7,401,472</u>	<u>3,032,670</u>
-	-	-	34,617	-
-	-	-	363	-
-	-	-	8,777	-
429,287	-	-	429,287	29,200
<u>(473,155)</u>	<u>-</u>	<u>-</u>	<u>(1,781,246)</u>	<u>-</u>
<u>(43,868)</u>	<u>-</u>	<u>-</u>	<u>(1,308,202)</u>	<u>29,200</u>
(821,592)	(3,482)	-	(1,945,410)	-
-	-	-	67,548	-
-	-	-	903	-
-	117,000	-	184,400	-
-	(292,750)	-	(92,618)	-
(155,100)	(20,326)	-	(700,536)	-
<u>(8,512)</u>	<u>(8,718)</u>	<u>-</u>	<u>(82,989)</u>	<u>-</u>
<u>(985,204)</u>	<u>(208,276)</u>	<u>-</u>	<u>(2,568,702)</u>	<u>-</u>
<u>20,731</u>	<u>2,123</u>	<u>307</u>	<u>50,644</u>	<u>12,049</u>
(48,096)	1,632,233	3,339	3,575,212	3,073,919
<u>5,329,910</u>	<u>415,102</u>	<u>222,763</u>	<u>12,182,596</u>	<u>11,802,876</u>
<u>\$ 5,281,814</u>	<u>\$ 2,047,335</u>	<u>\$ 226,102</u>	<u>\$ 15,757,808</u>	<u>\$ 14,876,795</u>

(Continued on page 37)

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	<u>MUNICIPAL AIRPORT</u>	<u>PARKING UTILITY</u>	<u>WATER UTILITY</u>
Reconciliation of operating (loss) income to net cash provided by operating activities			
Operating (loss) income	\$ (1,018,509)	\$ (738,353)	\$ 1,923,199
Adjustments to reconcile operating (loss) income to net cash flows from operating activities			
Depreciation	1,357,059	806,450	888,260
Depreciation charged to clearing	-	-	173,179
Changes in assets and liabilities			
(Increase) decrease in assets			
Receivables	102,335	63,060	(15,655)
Due from other funds	-	-	89,316
Inventories	-	-	(399)
Prepaid items	102	326	397
Increase (decrease) in liabilities			
Accounts payable	(31,337)	(375)	137,387
Accrued payroll	7,207	-	-
Due to other funds	-	-	61,781
Unavailable revenue	(27,675)	19,054	-
Compensated absences	(8,964)	1,448	8,925
OPEB obligations	254,007	87,518	460,066
Total adjustments	<u>1,652,734</u>	<u>977,481</u>	<u>1,803,257</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 634,225</u>	<u>\$ 239,128</u>	<u>\$ 3,726,456</u>
<u>RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>			
Cash and investments	\$ 3,106,724	\$ 1,703,243	\$ 3,392,590
Restricted cash	-	-	-
TOTAL	<u>\$ 3,106,724</u>	<u>\$ 1,703,243</u>	<u>\$ 3,392,590</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>			
Capital contributions	<u>\$ 661,963</u>	<u>\$ 769,178</u>	<u>\$ 267,708</u>

The accompanying notes are an integral part of these financial statements.

BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
SEWER	NONMAJOR	NONMAJOR		ACTIVITIES
UTILITY	STORM WATER	SANITARY	TOTALS	INTERNAL
	UTILITY	SEWER		SERVICE
		DISTRICT		
\$ 452,074	\$ 1,726,324	\$ 961	\$ 2,345,696	\$ 3,456,828
806,890	1,352	1,925	3,861,936	-
-	-	-	173,179	-
(137,946)	(81,522)	146	(69,582)	671,498
12,293	179,233	-	280,842	-
-	-	-	(399)	5,698
382	-	-	1,207	(55,871)
(312,956)	12,999	-	(194,282)	(1,044,056)
-	-	-	7,207	-
-	-	-	61,781	-
-	-	-	(8,621)	(1,427)
(1,852)	-	-	(443)	-
141,360	-	-	942,951	-
508,171	112,062	2,071	5,055,776	(424,158)
\$ 960,245	\$ 1,838,386	\$ 3,032	\$ 7,401,472	\$ 3,032,670
\$ 3,073,128	\$ 2,047,335	\$ 226,102	\$ 13,549,122	\$ 14,876,795
2,208,686	-	-	2,208,686	-
\$ 5,281,814	\$ 2,047,335	\$ 226,102	\$ 15,757,808	\$ 14,876,795
\$ -	\$ 285,296	\$ -	\$ 1,984,145	\$ -

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

<u>ASSETS</u>	<u>EMPLOYEE BENEFIT TRUST</u>	<u>PRIVATE- PURPOSE TRUSTS</u>	<u>AGENCY FUNDS</u>
Cash and investments	\$ 284,579	\$ 281,595	\$ 22,363,431
Taxes receivable	-	-	32,970,092
Accounts receivable	-	-	25,208
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 284,579</u>	<u>\$ 281,595</u>	<u>\$ 55,358,731</u>
<u>LIABILITIES AND NET POSITION</u>			
LIABILITIES			
Accounts payable	\$ 26,141	\$ 28	\$ 21,397
Due to other governments	-	-	55,256,905
Due to others	-	-	80,429
TOTAL LIABILITIES	<hr/> 26,141	<hr/> 28	<hr/> 55,358,731
NET POSITION			
Held in trust	<hr/> 258,438	<hr/> 281,567	<hr/> -
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 284,579</u>	<u>\$ 281,595</u>	<u>\$ 55,358,731</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	<u>EMPLOYEE BENEFIT TRUST</u>	<u>PRIVATE- PURPOSE TRUSTS</u>	<u>WORKERS' COMPENSATION CVMIC</u>
ADDITIONS			
Contributions			
Plan members	\$ 394,117	\$ -	\$ -
Private donations	-	6,098	340,006
Interest	-	367	-
TOTAL ADDITIONS	<u>394,117</u>	<u>6,465</u>	<u>340,006</u>
DEDUCTIONS			
Administrative expenses	372,117	1,790	-
Forfeiture transfer	-	-	340,006
Culture, recreation, and education	-	6,849	-
TOTAL DEDUCTIONS	<u>372,117</u>	<u>8,639</u>	<u>340,006</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	22,000	(2,174)	-
TRANSFERS IN	-	800	-
TRANSFERS (OUT)	<u>-</u>	<u>(800)</u>	<u>-</u>
CHANGE IN NET POSITION	22,000	(2,174)	-
NET POSITION - BEGINNING	<u>236,438</u>	<u>283,741</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 258,438</u>	<u>\$ 281,567</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the City of La Crosse (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to government units.

The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

Reporting Entity

The City of La Crosse, Wisconsin was incorporated under the provisions of Chapter 280, Laws of Wisconsin, 1883. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The City's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion.

The basis criterion for including a legally separate organization as a component unit is the degree of financial accountability the City has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. The following circumstances set forth the City's financial accountability for a legally separate organization:

- a. The City is financially accountable if it appoints a voting majority of the Organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.
- b. The City may be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed governing board.

In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

This report includes all of the funds of the City of La Crosse, Wisconsin. The reporting entity for the City is based upon criteria established by Governmental Accounting Standards Board. All functions of the City for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and special financing relationships. The report contains the La Crosse Public Library, La Crosse Center, La Crosse Municipal Airport, La Crosse Water Utility, Tax Incremental Districts No. 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 and other funds and departments which are part of the City.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 1 - Summary of Significant Accounting Policies - Continued

The financial statements exclude the accounts of the City of La Crosse Housing Authority. The Housing Authority is a separate legal entity that administers federal and state funds to improve housing conditions in the City. Although, the Governing Board is appointed by the Mayor and approved by the City Council, the City does not have the ability to impose its will on the Housing Authority nor does a financial benefit or burden exist with the Housing Authority. The grantor agencies and Housing Authority Board control the management, budget, and policies of the Housing Authority.

The financial statements also exclude the accounts of the La Crosse Public Schools and Winding Rivers Library System because these entities operate with separate governing boards that are not under the control or oversight of the City.

Basis of Presentation

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's proprietary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenue includes 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 or segment. Taxes and other items not included among program revenue are reported as general revenue.

Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 1 - Summary of Significant Accounting Policies - Continued

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenue, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund.

HUD Programs Fund - The HUD programs fund is used to account for revenue and expenditures of Community Development Block Grant Funds and HOME Partnership program funds.

Transit Fund - The Transit Fund is used to account for the operation and maintenance of the City's public transportation vehicles and facilities.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The City reports the following major proprietary funds:

Municipal Airport - This fund accounts for the operation, maintenance, and construction projects related to the airport.

Parking Utility - This fund is used to account for the operation, maintenance, and construction of the City's parking facilities as well as on-street parking.

Water Utility - All activities necessary to provide water services to residents of the City and outlying areas. Fund activities include administration, billing and collection, operations, maintenance, and financing.

Sewer Utility - This fund is used to account for sewage fees, collected from customers connected to the City's sewer system and for all expenses of operating this system.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 1 - Summary of Significant Accounting Policies - Continued

Additionally, the City reports the following fund types:

Internal Service Funds - Internal Service Funds are used to account for funds that provide goods and services to other funds and departments within the City. The City has established five internal service funds that are used to provide liability self-insurance, workers' compensation self-insurance, stockroom services, health self-insurance, and health cost containment.

Fiduciary Fund Types - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity, or as an agent for individual, private organizations, other governments, and/or other funds. These include Expendable Trust Funds & Agency Funds.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 1 - Summary of Significant Accounting Policies - Continued

Property taxes are recorded in the year levied as receivables and unavailable revenue. They are recognized as revenue in the succeeding year when services financed by the levy are being provided. Special assessments are recorded as revenue when they become measurable and available as current assets. Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The internal service funds are reported using the economic resources measurement focus and accrual basis of accounting.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Investments - Cash and investments, as classified in the statement of cash flows, consists of highly liquid investments with an initial maturity of three months or less.

Accounts Receivable - Accounts receivable are recorded at gross amounts. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material. No provision for uncollectible accounts receivable has been made in the accompanying proprietary fund financial statements because the water and sewer utility has the right to place delinquent bills on the tax roll.

Due To/From Advance To/From Other Funds - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. Long-term interfund loans (noncurrent portion) are reported as advances from and to other funds. In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. Eliminations have been made for amounts due to/from and advance to/from within the same fund type on the government-wide statements.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers.

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2013

NOTE 1 - Summary of Significant Accounting Policies - Continued

Inventory - Inventory is priced at the lower of cost (first-in, first-out) or market. The cost of governmental fund-type inventories are recorded as expenditures when purchased.

Prepaid Items - Cash payments benefiting future periods have been recorded as prepaid items. They will be reflected as expenditures or expenses when incurred in the subsequent year. A nonspendable fund balance has been recognized for prepaid items to signify that a portion of fund balance is not available for other subsequent expenditures.

Restricted Cash and Investments - Restricted cash and investments are restricted assets set aside for longer term goals. The City's restricted cash includes the following:

DNR Replacement Fund - Resources set aside for repairs and maintenance of the sewer plant as required by the Wisconsin Department of Natural Resources.

Impairment of Long-Lived Assets - In accordance with U.S. GAAP, the City reviews its non-current assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended December 31, 2013.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure, are reported at cost or estimated historical cost. Contributed assets are reported at estimated fair value at the time received. General infrastructure assets, such as roads, bridges, curbs, gutters, streets, sidewalks and drainage and lighting systems, acquired prior to January 1, 2003, are reported at estimated historical cost using deflated replacement cost. Capital assets are depreciated using the straight-line method. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Water, sewer, and storm water utility assets are being depreciated using rates prescribed by the Wisconsin Public Service Commission.

Major capital outlays for capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Interest expenses incurred during construction were not capitalized as part of the additions to capital assets.

Capitalization thresholds and the estimated useful lives for the City are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life
Infrastructure	\$ 5,000	75
Land	-	N/A
Land improvements	5,000	10-100
Buildings/structures/building improvements	5,000	40-100
Machinery and equipment	5,000	10-100
Vehicles	5,000	10-30

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 1 - Summary of Significant Accounting Policies - Continued

Debt Premiums and Discounts - In the government-wide and proprietary fund financial statements, debt premiums and discounts are deferred and amortized over the life of the debt. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Compensated Absences - It is the City's policy to permit employees to accumulate earned but unused vacation, sick, and comp pay benefits. Vacation, sick, and comp pay is accrued when incurred in the government-wide and proprietary funds financial statements. Vacation, sick, and comp pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund that will pay it.

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/ expenditure) until then. The City does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has one item that qualifies for reporting in this category. It is a deferred inflow from unavailable revenue. A deferred inflow from unavailable revenue arises under a modified accrual basis of accounting. The unavailable revenue is from two sources: property taxes and loans receivable. These amounts are deferred and recognized as an inflow in the period the amount becomes available.

Claims and Judgments - They are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Balance Classifications - The City classifies its fund equity as follows:

1. Nonspendable fund balance consists of equity not in a spendable form or is legally or contractually required to be maintained intact.
2. Restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation.
3. Committed fund balance consists of equity constrained to specific purposes by the City itself, using its highest level of decision making authority – City Council policies.
4. Assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The City Council has authorized the Finance Director to assign fund balances through its financial management policy.
5. Unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the City's policy to record the net loss against committed fund balance, then assigned fund balance, and lastly to unassigned fund balance. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds. No encumbrances are outstanding at year end.

State and Federal Aids - State general and categorical aids are recognized as revenue in the entitlement year. Federal aids and certain state aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenue.

Employee Retirement Plan - The City has a retirement plan covering substantially all of its employees which is funded through contributions to the Wisconsin Retirement System.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The City has evaluated subsequent events through June 27, 2014, the date which the financial statements were available to be issued.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 2 - Cash and Investments

State statutes permit the City to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the Debt Service Fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund. No significant violations of these restrictions occurred during the year.

As of December 31, 2013, the City had the following investments:

<u>INVESTMENT</u>	<u>WEIGHTED AVERAGE MATURITIES</u>	<u>FAIR VALUE</u>
State of Wisconsin Investment Pool	Less than one year	\$ 110,976,399
State Bank Repurchase Agreement	One year	1,000,619
Coulee Bank Repurchase Agreement	One year	10,002,336
River Bank Repurchase Agreement	One year	5,000,000
Trust Point (Library Funds)	Less than one year	2,068,801

Fair (Market) Value of Deposits and Investments - Deposits and investments are reported at fair value. At December 31, 2013, the fair value of the City's deposits and investments approximated original cost; therefore, no fair value adjustments were necessary.

Determining Fair Value - Fair value of the City's deposits and investments are determined as follows:

- 1) Deposits and investments with stated interest rates (savings account, CD, REPO) are stated at cost,
- 2) State of Wisconsin Local Government Investment Pool fair value is determined by the Pool's investment board based on published market quotations, and
- 3) State and Local Government Securities (SLGS) fair value is based on published daily rates.

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the City's position in the Pool is the same as the value of the Pool shares. At December 31, 2013, the Pool's fair value was 100 percent of book value.

Income Allocation - Investment income is generally allocated to the fund that owns the investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to mature or may be tendered for purchase at the option of the holder within not more than seven years of the date acquired. The City has a formal investment policy that would further limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not further limit its investment choices. The State of Wisconsin Investment Pool and the Federal Reserve SLGS are not rated, however, the investments at all times consist solely of securities and instruments in which municipalities are permitted to invest.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 2 - Cash and Investments - Continued

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of December 31, 2013, \$8,831,639 of the City's bank balance of \$9,228,654, was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name **\$ 8,831,639**

Custodial Credit Risk - Investments - Custodial credit is the risk that, in the event of a bank failure, the City's investments may not be returned to it. As of December 31, 2013, \$16,897,749 of the City's investments of \$129,048,155 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name \$14,852,955
 Uninsured and uncollateralized 2,044,794
\$16,897,749

NOTE 3 - Property Taxes

Property taxes attach as an enforceable lien on property in December when the tax roll is certified. Taxes are levied on December 1 and are payable in four installments in January, March, May, and July, or are payable in full on January 31. Special assessments, charges, and personal property taxes are payable in full on January 31. The City bills and collects its own property taxes and also taxes for the State, County, Area Technical College, and Area Public Schools until August 12, at which time all uncollected real estate taxes are turned over to the county for collection. Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Property Tax Agency Fund. City property tax revenue is recognized in the year it is levied for and available for use. The 2013 tax roll (levied for 2014) has been set up as a receivable and offset by the amounts due to other governmental units and deferred tax roll revenue for the City's portion. Advance tax collections are offset against the receivable.

NOTE 4 - Rehabilitation Loans

The City has outstanding Urban Development Action Grant (UDAG) and Community Development Block Grant (CDBG) loans receivable with various businesses and homeowners. These loans are originally made from grant proceeds. The loan agreements provide for various repayment options, including installment payments and payment in full upon transfer of the property secured by the loans. When the loans are repaid, the funds become the property of the City and are restricted for future rehabilitation loan projects.

The loans activity for the year was as follows:

	BALANCES 1/1/13	ADDITIONS	PAYMENTS, FOREGIVENESS & FORECLOSURES	ADJUSTMENTS	BALANCES 12/31/13
Residential Rehabilitation	\$ 6,739,309	\$ 189,729	\$ 509,158	\$ 141,912	\$ 6,561,792
Residential Replacement Housing	79,384	12,593	-	-	91,977
Housing Rehabilitation	199,260	90,722	144,629	-	145,353
Coulee Region Business Center	48,193	-	-	-	48,193
Coulee Region Business Center	67,004	-	-	-	67,004
La Crosse Industrial Park	150,000	12,644	7,875	-	154,769
East Point LLC	244,153	-	4,240	-	239,913
People's Food Co-op	165,491	36,046	18,849	-	182,688
Family Dog Center	173,742	-	-	-	173,742
Airborne Data Link	91,815	-	-	-	91,815

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 4 - Rehabilitation Loans - Continued

	BALANCES 1/1/13	ADDITIONS	PAYMENTS, FOREGIVENESS & FORECLOSURES	ADJUSTMENTS	BALANCES 12/31/13
Main Street Renaissance	\$ 106,964	\$ 24,490	\$ 12,559	\$ -	\$ 118,895
Authenticom	86,229	11,682	15,259	-	82,652
Pointe West Investments	173,644	48,492	13,003	-	209,133
Pointe West Investments	3,302	151	1,184	-	2,269
Mons Anderson House	86,358	17,288	8,116	-	95,530
Deanna Wachter	139,529	463	2,386	-	137,606
Terri Sisson	109,812	382	5,052	-	105,142
Timothy & Amanda Acklin	59,310	685	-	-	59,995
Va You & Amber Yang	24,799	-	-	-	24,799
Theresa Acevedo	26,070	-	-	-	26,070
Four Sister's Wine & Tapas	27,989	2,227	5,247	-	24,969
La Crosse's Finest, LLC (Dublin Square)	21,932	443	15,295	-	7,080
Casino Bar Loan	29,863	703	16,407	-	14,159
Lee Vue & Cha Lor	40,282	400	-	-	40,682
Nou Vue & Alice Yang	75,812	1,451	-	-	77,263
Zachary Helgeson	78,790	632	-	-	79,422
Joshua Hendricks	41,235	1,207	-	-	42,442
Nicole King	48,435	-	-	-	48,435
Susan Mickschl & John Berlanga	13,226	300	-	-	13,526
Hristo & Sonya Anderson	13,226	300	-	-	13,526
Jade Café	39,700	2,246	6,491	-	35,455
La Crosse Graphics	199,700	2,406	202,106	-	-
Kellogg's	100,000	-	10,000	-	90,000
Aroma Holdings, LLC	-	213,558	10,678	-	202,880
Keeley and Patricia McConaughy	-	450	-	-	450
TOTAL	\$ 9,504,558	\$ 671,690	\$ 1,008,534	\$ 141,912	\$ 9,309,626

NOTE 5 - Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

GOVERNMENTAL ACTIVITIES

	BALANCES 1/1/13	ADDITIONS	RETIREMENTS	ADJUSTMENTS/ TRANSFERS	BALANCES 12/31/13
<i>Capital assets not being depreciated:</i>					
Land	\$ 9,229,371	\$ -	\$ -	\$ -	\$ 9,229,371
Construction in progress	17,091,297	4,013,092	-	(3,121,553)	17,982,836
Total capital assets not being depreciated	<u>26,320,668</u>	<u>4,013,092</u>	<u>-</u>	<u>(3,121,553)</u>	<u>27,212,207</u>
<i>Capital assets being depreciated</i>					
Buildings	80,580,816	1,001,182	15,195	-	81,566,803
Infrastructure	112,746,426	1,373,065	-	2,066,015	116,185,506
Improvements other than buildings	13,934,846	145,435	-	143,425	14,223,706
Machinery and equipment	28,335,145	2,968,753	989,069	912,113	31,226,942
Total capital assets being depreciated	<u>235,597,233</u>	<u>5,488,435</u>	<u>1,004,264</u>	<u>3,121,553</u>	<u>243,202,957</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 5 - Capital Assets - Continued

GOVERNMENTAL ACTIVITIES

	<u>BALANCES</u> 1/1/13	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> 12/31/13
Less accumulated depreciation for:					
Buildings	\$ 12,914,905	\$ 1,025,670	\$ 18,885	\$ -	\$ 13,921,690
Infrastructure	39,149,122	1,741,495	-	-	40,890,617
Improvements other than buildings	4,088,468	295,424	-	-	4,383,892
Machinery and equipment	<u>14,143,869</u>	<u>1,613,672</u>	<u>765,172</u>	-	<u>14,992,369</u>
Total accumulated depreciation	<u>70,296,364</u>	<u>4,676,261</u>	<u>784,057</u>	-	<u>74,188,568</u>
 Total capital assets being depreciated, net	 <u>165,300,869</u>	 <u>812,174</u>	 <u>220,207</u>	 <u>3,121,553</u>	 <u>169,014,389</u>
 GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	<u>\$ 191,621,537</u>	<u>\$ 4,825,266</u>	<u>\$ 220,207</u>	<u>\$ -</u>	<u>\$ 196,226,596</u>

Depreciation expense for governmental activities was charged to functions as follows:

General Government	\$ 421,638
Law Enforcement	150,810
Fire Protection	284,476
Transportation/Highway	1,722,097
Transit	709,206
Storm Sewer	278,737
Docks and Harbors	20,086
Sanitation	5,265
Health and Human Services	15,262
Library	159,078
La Crosse Center	387,448
Parks and Recreation	467,352
Conservation & Development	54,806
Total	<u>\$ 4,676,261</u>

BUSINESS-TYPE ACTIVITIES

	<u>BALANCES</u> 1/1/13	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> 12/31/13
<i>Capital assets not being depreciated:</i>					
Land	\$ 4,696,967	\$ -	\$ -	\$ -	\$ 4,696,967
Construction in progress	<u>22,400,136</u>	<u>2,626,484</u>	-	<u>(3,840,469)</u>	<u>21,186,151</u>
Total capital assets not being depreciated	<u>27,097,103</u>	<u>2,626,484</u>	-	<u>(3,840,469)</u>	<u>25,883,118</u>
 <i>Capital assets being depreciated</i>					
Land improvements	3,950,513	-	-	-	3,950,513
Buildings	26,732,305	46,234	64,996	-	26,713,543
Equipment	20,827,190	446,246	335,214	386,563	21,324,785
Infrastructure	<u>107,642,592</u>	<u>810,591</u>	<u>20,717</u>	<u>4,072,777</u>	<u>112,505,243</u>
Total capital assets being depreciated	<u>159,152,600</u>	<u>1,303,071</u>	<u>420,927</u>	<u>4,459,340</u>	<u>164,494,084</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 5 - Capital Assets - Continued

BUSINESS-TYPE ACTIVITIES - Continued

	<u>BALANCES</u> <u>1/1/13</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> <u>12/31/13</u>
Less accumulated depreciation for:					
Land improvements	\$ 1,513,779	\$ 124,577	\$ -	\$ -	\$ 1,638,356
Buildings	7,930,775	629,417	41,975	-	8,518,217
Equipment	9,262,247	571,175	340,904	(41,786)	9,450,732
Infrastructure	<u>27,816,474</u>	<u>2,708,721</u>	<u>-</u>	<u>41,786</u>	<u>30,566,981</u>
Total accumulated depreciation	<u>46,523,275</u>	<u>4,033,890</u>	<u>382,879</u>	<u>-</u>	<u>50,174,286</u>
 Total capital assets being depreciated, net accumulated depreciation	 <u>112,629,325</u>	 <u>(2,730,819)</u>	 <u>38,048</u>	 <u>4,459,340</u>	 <u>114,319,798</u>

BUSINESS-TYPE ACTIVITIES

CAPITAL ASSETS, NET OF

ACCUMULATED DEPRECIATION

\$ 139,726,428	\$ (104,335)	\$ 38,048	\$ 618,871	\$ 140,202,916
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Depreciation expense was charged to functions as follows:

Business-type activities

Municipal Airport	\$ 1,357,059
Parking Utility	806,450
Water Utility	1,060,214
Sewer Utility	806,890
Storm Utility	1,352
Sanitary Sewer Utility	<u>1,925</u>
	4,033,890
Less: Water Utility joint metering and clearing	<u>(171,954)</u>
TOTAL	\$ 3,861,936

NOTE 6 - Long-Term Obligations

Details of the City's long-term obligations are set forth below:

Summary of Long-Term Obligations

	<u>BALANCES</u> <u>1/1/13</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>ADJUSTMENTS</u>	<u>BALANCES</u> <u>12/31/13</u>	<u>AMOUNTS</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
<u>GOVERNMENTAL ACTIVITIES</u>						
Bonds payable	\$ 52,905,000	\$ 4,760,000	\$ 6,530,000	\$ -	\$ 51,135,000	\$ 5,435,000
Notes payable	36,010,000	2,627,925	8,775,000	-	29,862,925	9,245,800
Premium	401,877	177,913	62,682	-	517,108	-
Net OPEB obligation	12,220,098	6,688,601	4,455,000	-	14,453,699	4,455,000
Employee benefits:						
Vacation pay	1,188,438	14,243	-	-	1,202,681	1,202,681
Sick pay	982,331	31,542	-	-	1,013,873	1,013,873
Comp pay	84,128	13,933	-	-	98,061	98,061
TOTAL	<u>103,791,872</u>	<u>14,314,157</u>	<u>19,822,682</u>	<u>-</u>	<u>98,283,347</u>	<u>21,450,415</u>
Less business-type debt	<u>(4,981,094)</u>	<u>(1,058,774)</u>	<u>(1,116,566)</u>	<u>(191,414)</u>	<u>(5,114,716)</u>	<u>(1,304,118)</u>
TOTAL GOVERNMENTAL ACTIVITIES	\$ 98,810,778	\$ 13,255,383	\$ 18,706,116	\$ (191,414)	\$ 93,168,631	\$ 20,146,297

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 6 - Long-Term Obligations - Continued

	BALANCES 1/1/13	ADDITIONS	PAYMENTS	ADJUSTMENTS	BALANCES 12/31/13	AMOUNTS DUE WITHIN ONE YEAR
<u>BUSINESS-TYPE ACTIVITIES</u>						
Bonds/Notes Payable						
Sewer Utility	\$ 307,592	\$ -	\$ 155,100	\$ -	\$ 152,492	\$ 152,492
Water Utility	2,238,798	67,400	525,110	-	1,781,088	520,734
Storm Utility	585,500	117,000	20,326	(292,750)	389,424	21,015
Net OPEB Obligation	1,654,471	874,374	415,587	484,164	2,597,422	415,587
Employee benefits:						
Vacation pay	126,130	-	38	-	126,092	126,092
Sick pay	57,635	-	280	-	57,355	57,355
Comp pay	10,968	-	125	-	10,843	10,843
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 4,981,094</u>	<u>\$ 1,058,774</u>	<u>\$ 1,116,566</u>	<u>\$ 191,414</u>	<u>\$ 5,114,716</u>	<u>\$ 1,304,118</u>

In prior years, the General Fund, Municipal Airport, Parking Utility, Water Utility, Sewer Utility, and Sanitary Sewer District Funds liquidated Vacation, Sick, and Comp Pay.

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt is expected to be repaid with general property taxes, special assessments, proprietary fund revenue, and tax increments (TIF). General obligation debt at December 31, 2013, is comprised of the following individual issues:

<u>DESCRIPTION</u>	<u>ISSUE DATES</u>	<u>INTEREST RATES (%)</u>	<u>FINAL MATURITY</u>	<u>BALANCE 12/31/13</u>
Bonds Payable				
Refunding, Series 2001B	2001	4.000 - 5.600	2014	\$ 1,130,000
Refunding, Series 2007C	2007	4.125 - 5.000	2017	2,590,000
GO Bonds Payable, Series 2010A	2010	0.750 - 5.050	2024	4,480,000
Refunding, Series 2010C	2010	0.750 - 2.500	2018	1,345,000
Refunding, Series 2010D	2010	0.450 - 3.600	2018	18,175,000
GO Bonds Payable, Series 2011A	2011	3.000 - 4.375	2025	4,430,000
GO Bonds Payable, Series 2011C	2011	2.000 - 4.000	2031	10,020,000
GO Bonds Payable, Series 2012A	2012	2.000 - 3.000	2026	4,290,000
GO Bonds Payable, Series 2013A	2013	2.000 - 2.200	2027	4,675,000
TOTAL BONDS PAYABLE				<u>51,135,000</u>
Notes Payable				
GO Notes Payable A	2006	4.000	2017	2,645,000
GO Notes Payable B	2006	4.000	2015	885,000
GO Notes Payable C	2006	5.000 - 5.500	2015	340,000
GO Notes Payable A	2007	4.000 - 4.125	2020	3,535,000
GO Notes Payable B	2007	4.000 - 4.125	2016	930,000
GO Notes Payable	2008	3.250 - 4.250	2017	3,050,000
GO Notes Payable	2009	2.750 - 3.500	2018	4,330,000
GO Notes Payable B	2010	0.700 - 4.600	2019	1,930,000
GO Notes Payable B	2011	2.000 - 4.000	2020	2,560,000

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 6 - Long-Term Obligations - Continued

<u>DESCRIPTION</u>	<u>ISSUE DATES</u>	<u>INTEREST RATES (%)</u>	<u>FINAL MATURITY</u>	<u>BALANCE 12/31/13</u>
Notes Payable - Continued				
GO Notes Payable B	2012	2.000 - 2.750	2021	\$ 7,140,000
GO Notes Payable B	2013	2.000	2021	1,815,000
GO Notes Payable C	2013	0.400 - 2.250	2021	500,000
DNR Loan Payable	2013	0.000	2028	<u>202,925</u>
TOTAL NOTES PAYABLE				<u>29,862,925</u>
TOTAL GENERAL OBLIGATION DEBT				<u>\$ 80,997,925</u>

General Obligation Debt Limit Calculation

The 2013 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$3,103,160,000. The legal debt limit and margin of indebtedness as of December 31, 2013, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5 percent of \$3,103,160,000)	\$ 155,158,000
Applicable long-term debt	(80,997,925)
Amount available in debt service fund	9,009,227
MARGIN OF INDEBTEDNESS	<u>\$ 83,169,302</u>

Maturities of Long-Term Obligations

Maturities of the long-term obligations at December 31, 2013, are:

<u>YEARS</u>	<u>GENERAL OBLIGATION DEBT</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	\$ 14,680,800	\$ 2,569,121
2015	10,890,800	2,166,094
2016	10,450,800	1,786,891
2017	10,695,800	1,495,236
2018	9,750,800	1,133,388
2019-2023	14,663,925	2,987,594
2024-2028	7,485,000	1,098,920
2029-2031	<u>2,380,000</u>	<u>193,200</u>
TOTAL	<u>\$ 80,997,925</u>	<u>\$ 13,430,444</u>

NOTE 7 - Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The outstanding balance at December 31, 2013, is \$5,935,000.

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2013

NOTE 8 - Wisconsin Retirement System

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 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. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and 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. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions 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. Contribution rates for 2013 were:

	Employee	Employer
General	6.65%	6.65%
Executive & Elected Officials	7.00	7.00
Protective with Social Security	6.65	9.75
Protective without Social Security	6.65	12.35

The payroll for City of La Crosse employees covered by the WRS for the year ended December 31, 2013, was \$27,692,118; the City's total payroll was \$29,603,989. The total required contribution for the year ended December 31, 2013, was \$3,665,567, which consisted of \$3,147,101 or 6.65 - 12.35 percent of payroll from the City and \$518,466 or 6.65 - 7.00 percent of payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$3,419,059 and \$4,191,237, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 the five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, 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.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 8 - Wisconsin Retirement System - Continued

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

NOTE 9 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at December 31, 2013, are as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Due To/From Other Funds:		
General	Water Utility	\$ 1,017,894
Water Utility	Bonded Capital Projects	948,976
Water Utility	Capital Improvement Program	23,519
Sewer Utility	Bonded Capital Projects	12,627
Storm Water Utility	Bonded Capital Projects	122,332
		<u>\$ 2,125,348</u>
Advances To/From Other Funds:		
General Fund	TIF District #4	\$ 191,455
General Fund	TIF District #5	450
General Fund	TIF District #6	118,445
General Fund	TIF District #7	27,367
General Fund	TIF District #8	1,197
General Fund	TIF District #10	45,445
General Fund	TIF District #11	124,986
General Fund	TIF District #12	171,660
General Fund	TIF District #13	456,866
General Fund	TIF District #14	269,238
General Fund	TIF District #15	1,214
General Fund	Golf Course	360,000
General Fund	Other Special Revenue	1,100,000
General Fund	Transit	221,751
Parking Utility	TIF District #6	231,212
Parking Utility	TIF District #11	1,892,946
Water Utility	TIF District #4	7,786
Water Utility	TIF District #6	73,098
Water Utility	TIF District #10	236,369
Water Utility	TIF District #13	2,637
Sewer Utility	TIF District #6	20,896
Sewer Utility	TIF District #10	55,105
Sewer Utility	TIF District #12	20,728
Bonded Capital Projects	TIF District #12	32,081
Debt Service Fund	TIF District #11	1,400,000
HUD Programs	TIF District #11	15,000
Auditorium	TIF District #11	20,223
Capital Equipment	TIF District #14	150,000
Green Island	TIF District #14	267,029

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 9 - Interfund Receivables, Payables, and Transfers - Continued

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Advances To/From Other Funds - Continued:		
Special Assessment	TIF District #6	\$ 10,822
Special Assessments	TIF District #11	30,956
Other Special Revenue Funds	TIF District #10	28,525
Other Special Revenue Funds	TIF District #10	2,950
Other Special Revenue Funds	TIF District #11	192,309
Other Special Revenue Funds	TIF District #12	54,819
Other Special Revenue Funds	TIF District #13	133,630
Other Special Revenue Funds	TIF District #14	24,889
		<u>\$ 7,994,084</u>

The above balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) loans made between funds.

Individual fund transfers during 2013 are as follows:

	<u>TRANSFER IN:</u>				
	<u>GENERAL FUND</u>	<u>HUD PROGRAMS</u>	<u>DEBT SERVICE</u>	<u>TRANSIT</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>
<u>TRANSFER OUT:</u>					
General Fund	\$ -	\$ -	\$18,250,000	\$ 201,889	\$ 3,650,603
HUD Programs	-	44,828	-	-	-
Transit	-	-	-	-	-
Debt Service	4,124,072	-	-	-	-
Nonmajor Governmental Funds	9,258,796	-	-	-	1,277,666
Municipal Airport	52,865	-	-	-	-
Parking Utility	225,000	-	-	55,000	-
Water Utility	974,026	-	-	-	-
Sewer Utility	43,868	-	-	-	-
TOTAL	<u>\$14,678,627</u>	<u>\$ 44,828</u>	<u>\$18,250,000</u>	<u>\$ 256,889</u>	<u>\$ 4,928,269</u>

	<u>TRANSFER IN:</u>			
	<u>SEWER UTILITY</u>	<u>MUNICIPAL AIRPORT</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL</u>
<u>TRANSFER OUT:</u>				
General Fund	\$ -	\$ -	\$ 25,250	\$22,127,742
HUD Programs	-	-	-	44,828
Transit	-	-	2,750	2,750
Debt Service	-	-	-	4,124,072
Nonmajor Governmental Funds	-	-	-	10,536,462
Municipal Airport	-	176,886	1,200	230,951
Parking Utility	-	-	-	280,000
Water Utility	-	-	-	974,026
Sewer Utility	429,287	-	-	473,155
TOTAL	<u>\$ 429,287</u>	<u>\$ 176,886</u>	<u>\$ 29,200</u>	<u>\$38,793,986</u>

Generally, transfers are used to move revenue from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 10 - Net Position and Fund Balances

Portions of fund balances and net position are not available for current appropriations or expenditures as follows:

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Deficits</u>		
TIF District #6	Awaiting future TIF levies	\$ 396,286
TIF District #10	Awaiting future TIF levies	221,184
TIF District #11	Awaiting future TIF levies	220,470
TIF District #12	Awaiting future TIF levies	2,151
TIF District #13	Awaiting future TIF levies	474,326
TIF District #15	Awaiting future TIF levies	1,214
Municipal Court	Awaiting future court fines/fees	10,950
	Total Deficits	<u>\$ 1,326,581</u>
<u>Nonspendable</u>		
General Fund	Prepaid expenses	\$ 34,408
General Fund	Advances to other funds	3,090,074
	Total Nonspendable	<u>\$ 3,124,482</u>
<u>Restricted</u>		
Special Revenue	Passenger facility charge	\$ 382,853
Special Revenue	Police grants	51,617
Special Revenue	Grant programs, inventory, and restricted revenue	244,713
Debt Service	Future debt repayment	9,009,227
Capital Projects	TIF District #4	157,573
Capital Projects	TIF District #5	10,603
Capital Projects	TIF District #7	549,570
Capital Projects	TIF District #8	15,447
Capital Projects	TIF District #9	3,260,050
Capital Projects	TIF District #14	7,253,281
Capital Projects	Special assessments	1,292,982
Capital Projects	Unspent bond monies	15,121,896
Capital Projects	Capital equipment	1,789,308
Capital Projects	Golf Course expenditures	288
Capital Projects	State highway land	983,949
Capital Projects	Bluffland preservation	346,093
Capital Projects	Future capital expenditures	68,298
HUD Programs	Future loan payments	1,279,359
Transit	Future capital expenditures	75,604
	Total Restricted	<u>\$41,892,711</u>
<u>Committed</u>		
General Fund	Airport terminal project	\$ 3,000,000
General Fund	Fire department quint	900,000
General Fund	Pay and class study	135,000
Special Revenue	Grant programs, inventory, and restricted revenue	16,750,084
	Total Committed	<u>\$20,785,084</u>
<u>Restricted</u>		
Sewer Utility	Restricted asset - DNR replacement fund	<u>\$ 2,208,686</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 11 - Contingent Liabilities and Commitments

The City is a defendant in several lawsuits. In the opinion of the City Attorney and the City's management, resolution of these cases will not result in any material adverse effect on the City's operations or financial position.

All of the Bonded Capital Projects fund balance of \$15,121,896 has been restricted for future projects.

NOTE 12 - Tax Incremental Finance Districts

Tax increment financing, as authorized by Section 66.1105 of the Wisconsin Statutes, is a method by which the City can recover its development and public improvement costs in Tax Incremental Finance District (TIF) designated areas. These costs are recovered from the increased valuation in the designated area. The City has financed development and public improvement costs in its TIF through general fund advances and through the issuance of general obligation long-term debt. Project costs have been reported primarily as Capital Projects Funds expenditures. Tax increments will be used to repay general fund advances and to meet maturing debt obligations incurred to provide financing for development and public improvement costs within the tax incremental district. The District is allowed to collect tax increments until its termination date. Any over-collections are returned to the various taxing entities of the District. The City becomes liable for any cost not recovered by the termination date.

The City has twelve Tax Incremental Financing Districts. The following are project summaries of the activity and status of the districts through December 31, 2013:

	TIF DISTRICT					
	#4	#5	#6	#7	#8	#9
SOURCES OF FUNDS						
TIF tax collections	\$ 17,352,476	\$ 3,309,851	\$ 16,182,742	\$ 2,010,876	\$ 953,418	\$ 1,429,145
Increment adjustment	(433,742)	(97,383)	(508,783)	(70,119)	(31,715)	1,821,882
Exempt computer aids	364,294	54,257	867,036	41,752	84,018	37,487
Payment from other government	-	-	-	-	-	12,233
Sale of assets	1,572,827	21,713	237,347	329,114	-	1,542,959
Grants	29,262	-	441,015	985,445	-	225,000
Loan repayments	-	-	-	-	-	618,159
Interest income	-	-	-	-	-	67,943
Proceeds from long-term debt	8,658,703	1,292,611	33,534,010	2,724,981	351,093	2,232,032
Transfers from other TIF's	5,291,012	-	15,617,694	-	-	-
TOTAL SOURCES	32,834,832	4,581,049	66,371,061	6,022,049	1,356,814	7,986,840
USES OF FUNDS						
Capital expenditures	9,051,034	1,293,062	34,445,704	2,771,952	352,254	3,014,192
Principal and interest on long-term debt	15,184,257	1,575,290	31,495,087	2,694,279	479,591	1,670,808
Interest on advances	151,481	1	122,969	6,248	99	41,790
Transfers to other TIF's	8,290,487	1,702,093	703,587	-	509,423	-
TOTAL USES	32,677,259	4,570,446	66,767,347	5,472,479	1,341,367	4,726,790
FUND BALANCES (DEFICIT) AS OF						
DECEMBER 31, 2013	\$ 157,573	\$ 10,603	\$ (396,286)	\$ 549,570	\$ 15,447	\$ 3,260,050
FUTURE REQUIREMENTS						
Debt service	\$ 162,168	\$ 83,976	\$ 11,919,212	\$ 514,504	\$ -	\$ 1,159,203
Advances from other funds	199,241	450	454,473	27,367	1,197	-
Interest on advances	-	4	5,329	458	12	636
Less receivables/payables	-	-	-	-	-	(2,963)
TOTAL FUTURE REQUIREMENTS	361,409	84,430	12,379,014	542,329	1,209	1,156,876
Less cash on hand (deficit)	(356,814)	(11,053)	(58,187)	(576,937)	(16,644)	(3,257,087)
BALANCE TO BE COLLECTED ON TIF DISTRICT	\$ 4,595	\$ 73,377	\$ 12,320,827	\$ (34,608)	\$ (15,435)	\$ (2,100,211)
DISTRICT TERMINATION DATE						
	2014	2019	2021	2024	2020	2022
2013 Tax Increment	\$ 1,149,435	\$ 239,388	\$ 1,499,398	\$ 282,021	\$ 74,676	\$ 485,549

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 12 - Tax Incremental Finance Districts - Continued

	TIF DISTRICT					
	#10	#11	#12	#13	#14	#15
SOURCES OF FUNDS						
TIF tax collections	\$ 93,522	\$ 9,100,106	\$ 3,463,268	\$ 1,929,551	\$ 5,057,905	\$ -
Increment adjustment	(3,480)	(324,730)	(128,311)	(58,815)	(164,804)	-
Exempt computer aids	55,779	1,386,074	47,928	47,769	4,651,207	-
Payment from other government	688,807	-	-	-	349,139	-
Sale of assets	-	56,203	19,900	162,477	-	-
Grants	-	5,380,599	42,640	375,000	-	-
DNR loan	-	-	-	202,925	-	-
Loan repayments	-	112,523	-	-	-	-
Interest income	-	-	-	-	670	-
Proceeds from long-term debt	240,750	35,964,638	6,956,283	3,195,820	582,474	-
Transfers from other TIF's	-	-	-	-	-	-
TOTAL SOURCES	<u>1,075,378</u>	<u>51,675,413</u>	<u>10,401,708</u>	<u>5,854,727</u>	<u>10,476,591</u>	<u>-</u>
USES OF FUNDS						
Capital expenditures	1,286,420	43,724,690	7,793,687	4,423,256	2,126,703	1,212
Principal and interest on long-term debt	-	7,276,682	2,600,798	1,904,093	-	2
Interest on advances	10,142	623,361	9,374	1,404	6,793	-
Incentives for reverse TIF	-	271,150	-	-	1,089,814	-
Transfers to other TIF's	-	-	-	-	-	-
TOTAL USES	<u>1,296,562</u>	<u>51,895,883</u>	<u>10,403,859</u>	<u>6,328,753</u>	<u>3,223,310</u>	<u>1,214</u>
FUND BALANCES (DEFICIT) AS OF						
DECEMBER 31, 2013						
	<u>\$ (221,184)</u>	<u>\$ (220,470)</u>	<u>\$ (2,151)</u>	<u>\$ (474,026)</u>	<u>\$ 7,253,281</u>	<u>\$ (1,214)</u>
FUTURE REQUIREMENTS						
Debt service	\$ 286,530	\$ 36,118,614	\$ 8,742,904	\$ 2,265,067	\$ 424,276	\$ -
Advances from other funds	368,394	3,676,420	279,288	593,133	711,156	1,214
Interest on advances	10,490	154,059	8,421	11,922	14,294	26
DNR loan	-	-	-	312,000	-	-
Proceeds from other governments	688,807	-	-	-	-	-
Estimated payable (developer's agreement)	844,595	6,428,850	-	884,000	20,310,186	7,000,000
Less receivables/payables	-	-	-	(29,999)	-	-
TOTAL FUTURE REQUIREMENTS	<u>2,198,816</u>	<u>46,377,943</u>	<u>9,030,613</u>	<u>4,036,123</u>	<u>21,459,912</u>	<u>7,001,240</u>
Less cash on hand (deficit)	<u>(147,210)</u>	<u>(3,584,624)</u>	<u>(280,176)</u>	<u>(88,808)</u>	<u>(7,964,437)</u>	<u>-</u>
BALANCE TO BE COLLECTED OF TIF DISTRICT	<u>\$ 2,051,606</u>	<u>\$ 42,793,319</u>	<u>\$ 8,750,437</u>	<u>\$ 3,947,315</u>	<u>\$ 13,495,475</u>	<u>\$ 7,001,240</u>
DISTRICT TERMINATION DATE	2030	2031	2032	2026	2026	2027
2013 Tax Increment	<u>\$ 13,933</u>	<u>\$ 2,079,469</u>	<u>\$ 588,345</u>	<u>\$ 769,882</u>	<u>\$ 263,547</u>	<u>\$ -</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 13 - Risk Management

Self-Insured Programs

Effective 1986, the City began to self-insure its liability and workers' compensation exposures. The Liability Claims Fund is to be used solely for settling liability claims. The Workers' Compensation Fund is to be used only to meet any compensation claims under the Wisconsin Workers' Compensation Act. Funding comes from the City's annual operating budgets of the general and enterprise funds. The City must provide for 100 percent of any claims awarded by the funds.

The City also established a self-funded health plan for its employees. The plan administrators, Customer Benefit Administrators and Gundersen Lutheran Health Plan, are responsible for the approval, processing, and payment of claims, after which they bill the City for reimbursement. The City is also responsible for a monthly administrative fee. The plan reports on a fiscal year ending December 31.

As part of the health care coverage of the Plan, the City purchases specific stop loss insurance. Specific coverage pays claims in excess of \$100,000 per individual after the City has met a \$125,000 special combined aggregating deductible.

Claims Liabilities - The City records an estimated liability for health care, workers' compensation, and liability claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities - The following represent the changes in approximate aggregate liabilities for the City from January 1, 2012 to December 31, 2013:

	<u>Health Care</u>	<u>Workers' Compensation</u>	<u>Liability</u>
Liability Balance, January 1, 2012	\$ 4,663,005	\$ 576,489	\$ 578,246
Claims and changes in estimates	12,285,691	697,531	(117,300)
Claim payments	<u>(12,377,579)</u>	<u>(515,292)</u>	<u>(216,766)</u>
Liability Balance, January 1, 2013	4,571,117	758,728	244,180
Claims and changes in estimates	11,339,751	(74,215)	(11,347)
Claim payments	<u>(11,833,871)</u>	<u>(332,342)</u>	<u>(126,849)</u>
LIABILITY BALANCE, DECEMBER 31, 2013	<u>\$ 4,076,997</u>	<u>\$ 352,171</u>	<u>\$ 105,984</u>

Claim payments are primarily funded through charges to the other funds.

Participation in Risk Pool

In 1991, the City issued \$2,200,000 general obligation bonds to provide financing of the City's participation in the Wisconsin Municipal Insurance Commission (WMIC). The WMIC is an intergovernmental cooperative commission formed to facilitate the formation of the Cities and Villages Municipal Insurance Company (CVMIC). The CVMIC is a separate and distinct entity independent of the WMIC and is owned by the participating cities and villages of the WMIC. The CVMIC was formed to provide liability insurance to Wisconsin municipalities as of January 1, 1987.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 13 - Risk Management - Continued

The CVMIC provides the City with \$5,000,000 of liability coverage for losses over their self-insured retention level of \$150,000 per occurrence with a \$600,000 aggregate stop loss.

The City's annual cost is the sum of the principal and interest on its general obligation bonds, its annual premium, claims, and other operating expenses. The CVMIC pays dividends to the City based on a schedule designed to enable the City to partially or totally finance the City's debt service requirements on its related general obligation issue. An annual premium is charged to cover expected claims and administrative costs. The claims component of the premium is determined by independent actuaries and allocated among participating municipalities based on payroll and loss history. The City and other participating cities and villages are subject to cover loss experiences which exceed predictions through retrospective assessments.

Management of each organization consists of a Board of Directors or officers comprised of representatives elected by each of three classes of participants based on population. The Municipality does not exercise any control over the activities of the agencies beyond the election of the officers and Board.

Summary of financial information for CVMIC for the year ended December 31, 2013 (WMIC's financial information was not available) is as follows:

Total assets	\$ 48,223,345
Total liabilities and reserves	19,248,512
Total equity	28,984,833
Total revenue	16,264,279
Total expenditures/expenses	12,021,084
Policyholders' dividends paid	2,898,419
Net increase in equity	1,344,776
Percentage participation by City of La Crosse	5.2%

Other Insured Risk

The City is exposed to various risks of loss to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the previous year. There have been no settlements in excess of coverage in any of the prior three fiscal years.

NOTE 14 - Post-Retirement Healthcare Benefits

Description

The City, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain post-retirement healthcare benefits to all former employees who meet retirement eligibility requirements and continue retiree medical coverage until he/she is eligible for Medicare. The City is under contractual obligation to provide these post-retirement healthcare benefits. Because the Plan consists solely of the City's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2013

NOTE 14 - Post-Retirement Healthcare Benefits - Continued

Funding Policy

Premiums under the Plan for post-employment healthcare benefits are funded by retirees desiring such coverage via co-pays paid to the City in accordance with rates established by the City and from the City itself from appropriate governmental and business-type funds on a pay-as-you-go basis. The City may make additional contributions as determined by management. For the year ended December 31, 2013, the net outlay from the City, which equaled \$4,455,000, represents the City's net cost paid for current year premiums due.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 6,912,993
Interest on net OPEB obligation	397,153
Adjustment to annual required contribution	<u>(621,545)</u>
Annual OPEB cost	6,688,601
Contributions made	<u>(4,455,000)</u>
Increase in net OPEB obligation	2,233,601
Net OPEB obligation - beginning of year	12,220,098
NET OPEB OBLIGATION - END OF YEAR	<u>\$ 14,453,699</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation -</u> <u>End of Year</u>
12/31/11	\$ 6,384,745	65.41%	\$ 9,623,458
12/31/12	6,583,640	60.56	12,220,098
12/31/13	6,688,601	66.61	14,453,699

Funding Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$76,663,426, resulting in an unfunded actuarial accrued liability (UAAL) of \$76,663,426. The covered payroll (annual payroll of active employees covered the Plan) equaled \$28,180,738, and the ratio of the UAAL to the covered payroll equaled 272.0 percent.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2013

NOTE 14 - Post-Retirement Healthcare Benefits - Continued

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The actuarial determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits are based on the types of benefits provided under the Plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members. Projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of unknown legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and assets.

The schedule of funding progress, presented as RSI following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

In the actuarial valuation dated January 1, 2012, the projected unit credit cost actuarial method was used. Because the City funds its OPEB on a pay-as-you-go basis, the Plan has no assets (investments) used specifically for paying the post-retirement medical benefits; therefore, the actuarial assumptions included a 3.25 percent discount rate, which approximates the expected rate of return on non-pension investments held by the City. The UAAL is being amortized as a level dollar amount over 30 years on an open basis.

NOTE 15 - Equity Transfer

The equity transfer on the statement of revenue, expenditures, and changes in fund balances is due to the reallocation of prior year expenditures.

NOTE 16 - Prior Period Adjustment

The prior period adjustment on the statement of activities is to correct the allocation of prior year utility debt to the general government.

CITY OF LA CROSSE, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA CROSSE, WISCONSIN
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT HEALTHCARE BENEFITS
YEAR ENDED DECEMBER 31, 2013

SCHEDULE OF FUNDING PROGRESS

Year Ended December 31	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
2011	1/1/10	\$ -	\$69,714,909	\$69,714,909	0.0%	\$28,237,479	246.9%
2012	1/1/12	\$ -	\$75,476,566	\$75,476,566	0.0%	\$27,674,986	272.7%
2013	1/1/12	\$ -	\$76,663,426	\$76,663,426	0.0%	\$28,180,738	272.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2011	\$6,384,745	\$4,176,000	65.4%
2012	\$6,583,640	\$3,987,000	60.6%
2013	\$6,688,601	\$4,455,000	66.6%

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET
REVENUE				
Taxes	\$ 36,530,347	\$ 36,530,347	\$ 36,361,998	\$ (168,349)
Intergovernmental	15,280,188	15,280,188	15,606,255	326,067
Licenses and permits	1,538,289	1,538,289	1,942,792	404,503
Fines, forfeits, and penalties	1,000	1,000	10,738	9,738
Public charges for services	1,711,244	1,711,244	1,909,898	198,654
Intergovernmental charges for services	1,808,768	1,808,768	2,766,315	957,547
Miscellaneous	<u>311,915</u>	<u>311,915</u>	<u>297,492</u>	<u>(14,423)</u>
TOTAL REVENUE	<u>57,181,751</u>	<u>57,181,751</u>	<u>58,895,488</u>	<u>1,713,737</u>
EXPENDITURES				
Current				
General government	6,835,013	7,958,410	5,117,040	2,841,370
Public safety	22,424,066	22,705,160	22,939,391	(234,231)
Public works	10,185,697	10,246,202	9,674,537	571,665
Health and human services	135,000	135,000	145,701	(10,701)
Culture, recreation, and education	9,768,646	9,779,857	9,749,566	30,291
Conservation and development	1,211,177	1,364,756	1,590,056	(225,300)
Capital outlay	<u>482,000</u>	<u>2,393,999</u>	<u>1,248,004</u>	<u>1,145,995</u>
TOTAL EXPENDITURES	<u>51,041,599</u>	<u>54,583,384</u>	<u>50,464,295</u>	<u>4,119,089</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>6,140,152</u>	<u>2,598,367</u>	<u>8,431,193</u>	<u>5,832,826</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	14,597,565	14,597,565	14,678,627	81,062
Operating transfers (out)	<u>(20,737,717)</u>	<u>(21,587,717)</u>	<u>(22,127,742)</u>	<u>(540,025)</u>
TOTAL OTHER FINANCING (USES)	<u>(6,140,152)</u>	<u>(6,990,152)</u>	<u>(7,449,115)</u>	<u>(458,963)</u>
NET CHANGE IN FUND BALANCE	-	(4,391,785)	982,078	5,373,863
FUND BALANCE - BEGINNING	24,128,650	24,128,650	24,128,650	-
EQUITY TRANSER	<u>(2,588)</u>	<u>(2,588)</u>	<u>(2,588)</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 24,126,062</u>	<u>\$ 19,734,277</u>	<u>\$ 25,108,140</u>	<u>\$ 5,373,863</u>

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
YEAR ENDED DECEMBER 31, 2013

Budgets and Budgetary Accounting - The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Finance Committee recommends to the Common Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted in the Council Chambers to obtain taxpayer comments.
3. Prior to December 1, the budget is legally enacted through passage of a resolution.
4. The Director of Finance is authorized to transfer budget amounts within departments; however, any revisions that alter the total expenditures of any department must be approved by the Common Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. Capital Projects Funds are budgeted on a project basis, rather than an annual basis. Formal budgets are not adopted for the Special Revenue Funds since they are not supported by property taxes, and effective control is achieved through alternative methods. Since all general obligation debt is secured by the full faith and credit of the City, budgetary control of the Debt Service Fund is achieved in the General Fund (which budgets an operating transfer to Debt Service for payment of principal and interest).
6. Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgetary expenditure control is exercised at the department level within the Fund.
8. Budgeted amounts are as authorized in the original budget resolution and subsequent revisions are authorized by the Common Council.
9. The supplementary appropriations to increase the total General Fund budget during the year were \$4,391,785.
10. Appropriations lapse at year end, except those identified as designated for carry over budget items.

Excess of Actual Expenditures Over Budget

General Fund expenditures exceeded budget in conservation and development by \$225,300, in health and human services by \$10,701, in public safety by \$234,231, and in operating transfers out by \$540,025 for the year ended December 31, 2013. The over expenditures were financed by under expenditures in other functions and greater than anticipated revenue.

CITY OF LA CROSSE, WISCONSIN
OTHER SUPPLEMENTARY INFORMATION

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013

<u>ASSETS</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
Cash and investments	\$ 18,578,316	\$ 36,792,397	\$ 55,370,713
Receivable			
Taxes	-	7,639,349	7,639,349
Accounts and other	415,464	243,516	658,980
Special assessments	-	869,678	869,678
Loans	438,550	881,165	1,319,715
Due from other governments	181,201	225,958	407,159
Inventories	18,139	-	18,139
Advance to other funds	<u>724,374</u>	<u>223,859</u>	<u>948,233</u>
TOTAL ASSETS	<u>\$ 20,356,044</u>	<u>\$ 46,875,922</u>	<u>\$ 67,231,966</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 497,231	\$ 419,600	\$ 916,831
Due to other funds	-	1,107,454	1,107,454
Due to other governments	25,129	-	25,129
Due to others	222,770	-	222,770
Unearned revenue	294,047	-	294,047
Advances from other funds	<u>1,460,000</u>	<u>6,312,333</u>	<u>7,772,333</u>
TOTAL LIABILITIES	<u>2,499,177</u>	<u>7,839,387</u>	<u>10,338,564</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Tax roll	-	7,639,349	7,639,349
Other	<u>438,550</u>	<u>1,863,479</u>	<u>2,302,029</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>438,550</u>	<u>9,502,828</u>	<u>9,941,378</u>
 FUND BALANCES			
Restricted	679,183	30,849,338	31,528,521
Committed	16,750,084	-	16,750,084
Unassigned	<u>(10,950)</u>	<u>(1,315,631)</u>	<u>(1,326,581)</u>
TOTAL FUND BALANCES	<u>17,418,317</u>	<u>29,533,707</u>	<u>46,952,024</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	 <u>\$ 20,356,044</u>	 <u>\$ 46,875,922</u>	 <u>\$ 67,231,966</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUE			
Taxes	\$ 457,164	\$ 7,666,756	\$ 8,123,920
Special assessments	-	308,118	308,118
Intergovernmental	1,344,922	1,556,368	2,901,290
Licenses and permits	188,963	-	188,963
Fines, forfeits, and penalties	628,747	-	628,747
Public charges for services	3,491,604	16,657	3,508,261
Intergovernmental charges for services	174,574	-	174,574
Miscellaneous	2,670,335	246,820	2,917,155
TOTAL REVENUE	<u>8,956,309</u>	<u>9,794,719</u>	<u>18,751,028</u>
EXPENDITURES			
Current			
General government	464,376	-	464,376
Public safety	1,207,547	-	1,207,547
Public works	139,924	71,822	211,746
Health and human services	191,392	-	191,392
Culture, recreation, and education	4,093,040	-	4,093,040
Conservation and development	150,726	194	150,920
Capital outlay	1,545,275	9,276,028	10,821,303
Debt service			
Interest and other fiscal charges	-	13,054	13,054
TOTAL EXPENDITURES	<u>7,792,280</u>	<u>9,361,098</u>	<u>17,153,378</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>1,164,029</u>	<u>433,621</u>	<u>1,597,650</u>
OTHER FINANCING (USES) SOURCES			
Proceeds from long-term debt	-	7,203,525	7,203,525
Operating transfers in	2,187,493	2,740,776	4,928,269
Operating transfers (out)	(2,258,094)	(8,278,368)	(10,536,462)
TOTAL OTHER FINANCING (USES) SOURCES	<u>(70,601)</u>	<u>1,665,933</u>	<u>1,595,332</u>
NET CHANGE IN FUND BALANCE	1,093,428	2,099,554	3,192,982
FUND BALANCES - BEGINNING	16,324,889	27,431,565	43,756,454
EQUITY TRANSFER	-	2,588	2,588
FUND BALANCES - ENDING	<u>\$ 17,418,317</u>	<u>\$ 29,533,707</u>	<u>\$ 46,952,024</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2013

<u>ASSETS</u>	GREEN ISLAND	AUDITORIUM	INDUSTRIAL PARK	PASSENGER FACILITY CHARGE	COUNTY CONTRIBUTION FOR AIRPORT
Cash and investments	\$ 303,886	\$ 1,241,676	\$ 336,732	\$ 794,202	\$ 93,479
Receivable					
Accounts and other	-	84,498	-	13,952	-
Loans	-	-	400,000	-	-
Due from other governments	-	-	-	-	-
Inventories	-	18,139	-	-	-
Advance to other funds	<u>267,029</u>	<u>20,223</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 570,915</u>	<u>\$ 1,364,536</u>	<u>\$ 736,732</u>	<u>\$ 808,154</u>	<u>\$ 93,479</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 40,888	\$ 82,215	\$ -	\$ 9,880	\$ -
Due to other governments	-	-	-	-	-
Due to others	-	-	-	-	-
Unearned revenue	-	140,958	-	-	-
Advances from other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>40,888</u>	<u>223,173</u>	<u>-</u>	<u>9,880</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - other	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	-	-	-	382,853	-
Committed	530,027	1,141,363	336,732	415,421	93,479
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>530,027</u>	<u>1,141,363</u>	<u>336,732</u>	<u>798,274</u>	<u>93,479</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 570,915</u>	<u>\$ 1,364,536</u>	<u>\$ 736,732</u>	<u>\$ 808,154</u>	<u>\$ 93,479</u>

POLICE GRANTS	LIBRARY SPECIAL GRANTS	MUNICIPAL COURT	OTHER	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ 273,285	\$ 2,286,166	\$ 14,519	\$13,234,371	\$18,578,316
49,339	-	-	267,675	415,464
-	-	-	38,550	438,550
169,342	-	-	11,859	181,201
-	-	-	-	18,139
-	-	-	437,122	724,374
\$ 491,966	\$ 2,286,166	\$ 14,519	\$13,989,577	\$20,356,044
\$ 20,966	\$ -	\$ 340	\$ 342,942	\$ 497,231
-	-	25,129	-	25,129
-	-	-	222,770	222,770
9,691	-	-	143,398	294,047
-	-	-	1,460,000	1,460,000
30,657	-	25,469	2,169,110	2,499,177
-	-	-	38,550	438,550
51,617	-	-	244,713	679,183
409,692	2,286,166	-	11,537,204	16,750,084
-	-	(10,950)	-	(10,950)
461,309	2,286,166	(10,950)	11,781,917	17,418,317
\$ 491,966	\$ 2,286,166	\$ 14,519	\$13,989,577	\$20,356,044

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2013

	GREEN ISLAND	AUDITORIUM	INDUSTRIAL PARK	PASSENGER FACILITY CHARGE	COUNTY CONTRIBUTION FOR AIRPORT
REVENUE					
Taxes	\$ -	\$ 74,813	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines, forfeits, and penalties	-	-	-	-	-
Public charges for services	-	2,566,275	-	331,229	-
Intergovernmental charges for services	-	-	-	-	3,724
Miscellaneous	221,886	17,622	21,621	1,226	-
TOTAL REVENUE	<u>221,886</u>	<u>2,658,710</u>	<u>21,621</u>	<u>332,455</u>	<u>3,724</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	26,485	-
Health and human services	-	-	-	-	-
Culture, recreation, and education	-	1,826,196	-	-	-
Conservation and development	-	-	-	-	-
Capital outlay	89,295	374,117	-	485,349	-
TOTAL EXPENDITURES	<u>89,295</u>	<u>2,200,313</u>	<u>-</u>	<u>511,834</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>132,591</u>	<u>458,397</u>	<u>21,621</u>	<u>(179,379)</u>	<u>3,724</u>
OTHER FINANCING (USES) SOURCES					
Operating transfers in	-	216,440	-	-	-
Operating transfers (out)	-	(740,080)	(22,153)	-	-
TOTAL OTHER FINANCING (USES) SOURCES	<u>-</u>	<u>(523,640)</u>	<u>(22,153)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	132,591	(65,243)	(532)	(179,379)	3,724
FUND BALANCES (DEFICIT) - BEGINNING	<u>397,436</u>	<u>1,206,606</u>	<u>337,264</u>	<u>977,653</u>	<u>89,755</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 530,027</u>	<u>\$ 1,141,363</u>	<u>\$ 336,732</u>	<u>\$ 798,274</u>	<u>\$ 93,479</u>

POLICE GRANTS	LIBRARY SPECIAL GRANTS	MUNICIPAL COURT	OTHER	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ 382,351	\$ 457,164
730,398	-	-	614,524	1,344,922
-	-	-	188,963	188,963
17,161	-	595,118	16,468	628,747
9,150	-	-	584,950	3,491,604
170,850	-	-	-	174,574
203,430	377,775	-	1,826,775	2,670,335
<u>1,130,989</u>	<u>377,775</u>	<u>595,118</u>	<u>3,614,031</u>	<u>8,956,309</u>
-	-	-	464,376	464,376
913,124	-	-	294,423	1,207,547
-	-	-	113,439	139,924
-	-	-	191,392	191,392
-	219,588	-	2,047,256	4,093,040
-	-	-	150,726	150,726
53,569	-	-	542,945	1,545,275
<u>966,693</u>	<u>219,588</u>	<u>-</u>	<u>3,804,557</u>	<u>7,792,280</u>
<u>164,296</u>	<u>158,187</u>	<u>595,118</u>	<u>(190,526)</u>	<u>1,164,029</u>
-	-	-	1,971,053	2,187,493
-	-	(594,758)	(901,103)	(2,258,094)
-	-	(594,758)	1,069,950	(70,601)
164,296	158,187	360	879,424	1,093,428
297,013	2,127,979	(11,310)	10,902,493	16,324,889
<u>\$ 461,309</u>	<u>\$2,286,166</u>	<u>\$ (10,950)</u>	<u>\$11,781,917</u>	<u>\$17,418,317</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2013

<u>ASSETS</u>	<u>TIF</u> <u>DISTRICT #4</u>	<u>TIF</u> <u>DISTRICT #5</u>	<u>TIF</u> <u>DISTRICT #6</u>	<u>TIF</u> <u>DISTRICT #7</u>	<u>TIF</u> <u>DISTRICT #8</u>
Cash and investments	\$ 356,814	\$ 11,053	\$ 58,187	\$ 576,937	\$ 16,644
Receivable					
Taxes	1,149,435	239,388	1,499,398	282,021	74,676
Accounts and other	-	-	-	-	-
Special assessments	-	-	-	-	-
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Advance to other funds	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$1,506,249</u>	<u>\$ 250,441</u>	<u>\$1,557,585</u>	<u>\$ 858,958</u>	<u>\$ 91,320</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Advances from other funds	199,241	450	454,473	27,367	1,197
TOTAL LIABILITIES	<u>199,241</u>	<u>450</u>	<u>454,473</u>	<u>27,367</u>	<u>1,197</u>
 DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
Tax roll	1,149,435	239,388	1,499,398	282,021	74,676
Other	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,149,435</u>	<u>239,388</u>	<u>1,499,398</u>	<u>282,021</u>	<u>74,676</u>
 FUND BALANCES (DEFICITS)					
Restricted	157,573	10,603	-	549,570	15,447
Unassigned	-	-	(396,286)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>157,573</u>	<u>10,603</u>	<u>(396,286)</u>	<u>549,570</u>	<u>15,447</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$1,506,249</u>	<u>\$ 250,441</u>	<u>\$1,557,585</u>	<u>\$ 858,958</u>	<u>\$ 91,320</u>

TIF DISTRICT #9	TIF DISTRICT #10	TIF DISTRICT #11	TIF DISTRICT #12	TIF DISTRICT #13	TIF DISTRICT #14	TIF DISTRICT #15	CAPITAL EQUIPMENT
\$3,257,087	\$ 147,210	\$3,455,950	\$ 277,137	\$ 88,808	\$7,964,437	\$ -	\$1,675,110
485,549	13,933	2,079,469	588,345	769,882	263,547	-	-
12,233	-	-	-	35,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	150,000
<u>\$3,754,869</u>	<u>\$ 161,143</u>	<u>\$5,535,419</u>	<u>\$ 865,482</u>	<u>\$ 893,690</u>	<u>\$8,227,984</u>	<u>\$ -</u>	<u>\$1,825,110</u>

\$ 9,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,802
-	-	-	-	-	-	-	-
-	368,394	3,676,420	279,288	593,133	711,156	1,214	-
<u>9,270</u>	<u>368,394</u>	<u>3,676,420</u>	<u>279,288</u>	<u>593,133</u>	<u>711,156</u>	<u>1,214</u>	<u>35,802</u>

485,549	13,933	2,079,469	588,345	769,882	263,547	-	-
-	-	-	-	5,001	-	-	-
<u>485,549</u>	<u>13,933</u>	<u>2,079,469</u>	<u>588,345</u>	<u>774,883</u>	<u>263,547</u>	<u>-</u>	<u>-</u>

3,260,050	-	-	-	-	7,253,281	-	1,789,308
-	(221,184)	(220,470)	(2,151)	(474,326)	-	(1,214)	-
<u>3,260,050</u>	<u>(221,184)</u>	<u>(220,470)</u>	<u>(2,151)</u>	<u>(474,326)</u>	<u>7,253,281</u>	<u>(1,214)</u>	<u>1,789,308</u>

<u>\$3,754,869</u>	<u>\$ 161,143</u>	<u>\$5,535,419</u>	<u>\$ 865,482</u>	<u>\$ 893,690</u>	<u>\$8,227,984</u>	<u>\$ -</u>	<u>\$1,825,110</u>
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(Continued on page 77)

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS - Continued
DECEMBER 31, 2013

<u>ASSETS</u>	<u>GOLF COURSE SURCHARGE</u>	<u>SPECIAL ASSESSMENTS</u>	<u>BONDED CAPITAL PROJECTS</u>	<u>STATE HIGHWAY LAND</u>	<u>BLUFFLAND PRESERVATION</u>
Cash and investments	\$ 288	\$ 1,172,003	\$16,307,827	\$ 983,949	\$ 352,288
Receivable					
Taxes	-	193,706	-	-	-
Accounts and other	-	85,891	110,392	-	-
Special assessments	-	869,678	-	-	-
Loans	-	-	881,165	-	-
Due from other governments	-	-	224,809	-	-
Advance to other funds	-	41,778	32,081	-	-
	<u>288</u>	<u>2,363,056</u>	<u>\$17,556,274</u>	<u>\$ 983,949</u>	<u>\$ 352,288</u>
TOTAL ASSETS	<u>\$ 288</u>	<u>\$ 2,363,056</u>	<u>\$17,556,274</u>	<u>\$ 983,949</u>	<u>\$ 352,288</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>					
LIABILITIES					
Accounts payable	\$ -	\$ 6,470	\$ 361,863	\$ -	\$ 6,195
Due to other funds	-	-	1,083,935	-	-
Advances from other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>6,470</u>	<u>1,445,798</u>	<u>-</u>	<u>6,195</u>
 DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
Tax roll	-	193,706	-	-	-
Other	-	869,898	988,580	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>1,063,604</u>	<u>988,580</u>	<u>-</u>	<u>-</u>
 FUND BALANCES (DEFICITS)					
Restricted	288	1,292,982	15,121,896	983,949	346,093
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>288</u>	<u>1,292,982</u>	<u>15,121,896</u>	<u>983,949</u>	<u>346,093</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 288</u>	<u>\$ 2,363,056</u>	<u>\$17,556,274</u>	<u>\$ 983,949</u>	<u>\$ 352,288</u>

CAPITAL IMPROVEMENT PROGRAM	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
\$ 90,668	\$ 36,792,397
-	7,639,349
-	243,516
-	869,678
-	881,165
1,149	225,958
-	<u>223,859</u>
<u>\$ 91,817</u>	<u>\$ 46,875,922</u>

\$ -	\$ 419,600
23,519	1,107,454
-	<u>6,312,333</u>
<u>23,519</u>	<u>7,839,387</u>

-	7,639,349
-	<u>1,863,479</u>
-	<u>9,502,828</u>

68,298	30,849,338
-	<u>(1,315,631)</u>
<u>68,298</u>	<u>29,533,707</u>

<u>\$ 91,817</u>	<u>\$ 46,875,922</u>
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CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2013

	TIF DISTRICT #4	TIF DISTRICT #5	TIF DISTRICT #6	TIF DISTRICT #7	TIF DISTRICT #8
REVENUE					
Taxes	\$1,108,117	\$ 229,786	\$1,390,511	\$ 266,991	\$ 78,141
Tax increment adjustment	(433,742)	(97,383)	(508,783)	(70,119)	(31,715)
Special assessments	-	-	-	-	-
Intergovernmental	57,718	12,877	77,191	4,722	3,631
Public charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL REVENUE	<u>732,093</u>	<u>145,280</u>	<u>958,919</u>	<u>201,594</u>	<u>50,057</u>
EXPENDITURES					
Current					
Public works	-	-	-	-	-
Conservation and development	194	-	-	-	-
Capital outlay	-	150	305,060	4,975	150
Debt service - interest	334	1	761	46	2
TOTAL EXPENDITURES	<u>528</u>	<u>151</u>	<u>305,821</u>	<u>5,021</u>	<u>152</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>731,565</u>	<u>145,129</u>	<u>653,098</u>	<u>196,573</u>	<u>49,905</u>
OTHER FINANCING (USES) SOURCES					
Proceeds from long-term debt	-	-	-	-	-
Operating transfers in	-	-	1,103,011	9,284	-
Operating transfers (out)	(743,730)	(160,824)	(1,835,390)	(186,613)	(46,426)
TOTAL OTHER FINANCING (USES) SOURCES	<u>(743,730)</u>	<u>(160,824)</u>	<u>(732,379)</u>	<u>(177,329)</u>	<u>(46,426)</u>
NET CHANGE IN FUND BALANCES	(12,165)	(15,695)	(79,281)	19,244	3,479
FUND BALANCES (DEFICIT) - BEGINNING	169,738	26,298	(317,005)	530,326	11,968
EQUITY TRANSFER	-	-	-	-	-
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 157,573</u>	<u>\$ 10,603</u>	<u>\$ (396,286)</u>	<u>\$ 549,570</u>	<u>\$ 15,447</u>

TIF DISTRICT #9	TIF DISTRICT #10	TIF DISTRICT #11	TIF DISTRICT #12	TIF DISTRICT #13	TIF DISTRICT #14	TIF DISTRICT #15	CAPITAL EQUIPMENT
\$ 450,031	\$ 15,685	\$1,898,794	\$ 581,870	\$ 532,507	\$1,114,323	\$ -	\$ -
1,821,882	(3,480)	(324,730)	(128,311)	(58,815)	(164,804)	-	-
-	-	-	-	-	-	-	-
4,535	4,746	269,146	10,988	19,313	1,058,705	-	-
12,233	-	-	-	1,667	-	-	-
-	-	22,681	-	-	263	-	20,087
<u>2,288,681</u>	<u>16,951</u>	<u>1,865,891</u>	<u>464,547</u>	<u>494,672</u>	<u>2,008,487</u>	<u>-</u>	<u>20,087</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,684	150	368,769	248,375	849,447	789,394	1,212	1,429,151
80	617	8,560	467	993	1,191	2	-
<u>14,764</u>	<u>767</u>	<u>377,329</u>	<u>248,842</u>	<u>850,440</u>	<u>790,585</u>	<u>1,214</u>	<u>1,429,151</u>
<u>2,273,917</u>	<u>16,184</u>	<u>1,488,562</u>	<u>215,705</u>	<u>(355,768)</u>	<u>1,217,902</u>	<u>(1,214)</u>	<u>(1,409,064)</u>
-	-	-	-	202,925	-	-	-
-	-	127,341	163,573	60,863	46,986	-	1,200,000
<u>(54,799)</u>	<u>-</u>	<u>(1,784,949)</u>	<u>(483,173)</u>	<u>(499,010)</u>	<u>-</u>	<u>-</u>	<u>(42,422)</u>
<u>(54,799)</u>	<u>-</u>	<u>(1,657,608)</u>	<u>(319,600)</u>	<u>(235,222)</u>	<u>46,986</u>	<u>-</u>	<u>1,157,578</u>
2,219,118	16,184	(169,046)	(103,895)	(590,990)	1,264,888	(1,214)	(251,486)
1,040,932	(237,368)	(51,424)	101,744	116,664	5,988,393	-	2,040,794
-	-	-	-	-	-	-	-
<u>\$3,260,050</u>	<u>\$(221,184)</u>	<u>\$ (220,470)</u>	<u>\$ (2,151)</u>	<u>\$ (474,326)</u>	<u>\$7,253,281</u>	<u>\$ (1,214)</u>	<u>\$1,789,308</u>

(Continued on page 81)

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - Continued
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2013

	GOLF COURSE SURCHARGE	SPECIAL ASSESSMENTS	BONDED CAPITAL PROJECTS	STATE HIGHWAY LAND	BLUFFLAND PRESERVATION
REVENUE					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment adjustment	-	-	-	-	-
Special assessments	-	308,118	-	-	-
Intergovernmental	-	-	32,535	-	-
Public charges for services	-	-	2,757	-	-
Miscellaneous	41	28,535	174,625	-	588
TOTAL REVENUE	<u>41</u>	<u>336,653</u>	<u>209,917</u>	<u>-</u>	<u>588</u>
EXPENDITURES					
Current					
Public works	-	71,822	-	-	-
Conservation and development	-	-	-	-	-
Capital Outlay	-	93,753	5,103,727	-	41,833
Debt Service - interest	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>165,575</u>	<u>5,103,727</u>	<u>-</u>	<u>41,833</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>41</u>	<u>171,078</u>	<u>(4,893,810)</u>	<u>-</u>	<u>(41,245)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	-	-	7,000,600	-	-
Operating transfers in	-	-	-	29,718	-
Operating transfers (out)	-	-	(2,415,825)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>4,584,775</u>	<u>29,718</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	41	171,078	(309,035)	29,718	(41,245)
FUND BALANCES (DEFICIT) - BEGINNING	247	1,121,904	15,428,343	954,231	387,338
EQUITY TRANSFER	<u>-</u>	<u>-</u>	<u>2,588</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 288</u>	<u>\$ 1,292,982</u>	<u>\$15,121,896</u>	<u>\$ 983,949</u>	<u>\$ 346,093</u>

CAPITAL IMPROVEMENT PROGRAM	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
\$ -	\$ 7,666,756
-	-
-	308,118
261	1,556,368
-	16,657
-	246,820
261	9,794,719
-	71,822
-	194
25,198	9,276,028
-	13,054
25,198	9,361,098
(24,937)	433,621
-	7,203,525
-	2,740,776
(25,207)	(8,278,368)
(25,207)	1,665,933
(50,144)	2,099,554
118,442	27,431,565
-	2,588
\$ 68,298	\$29,533,707

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2013

<u>ASSETS</u>	LIABILITY SELF INSURANCE	WORKERS' COMPENSATION SELF INSURANCE	STOCK ROOM	EMPLOYEES' HEALTH SELF INSURANCE	HEALTH CARE COST CONTAINMENT
Cash and investments	\$1,320,450	\$ 1,234,366	\$ 32,520	\$10,359,999	\$ 23,826
Accounts receivable	-	103	-	354,654	-
Inventories	-	-	122,939	-	-
Prepaid items	-	-	-	71,483	-
TOTAL ASSETS	<u>\$1,320,450</u>	<u>\$ 1,234,469</u>	<u>\$ 155,459</u>	<u>\$10,786,136</u>	<u>\$ 23,826</u>
 <u>LIABILITIES AND NET POSITION</u>					
LIABILITIES					
Accounts payable	\$ 105,984	\$ 352,171	\$ 4,555	\$ 4,076,997	\$ 215
Unearned revenue	-	-	-	71,094	-
TOTAL LIABILITIES	<u>105,984</u>	<u>352,171</u>	<u>4,555</u>	<u>4,148,091</u>	<u>215</u>
 NET POSITION					
Unrestricted	<u>1,214,466</u>	<u>882,298</u>	<u>150,904</u>	<u>6,638,045</u>	<u>23,611</u>
TOTAL LIABILITIES AND AND NET POSITION	<u>\$1,320,450</u>	<u>\$ 1,234,469</u>	<u>\$ 155,459</u>	<u>\$10,786,136</u>	<u>\$ 23,826</u>

FUEL MANAGEMENT	TOTAL
\$ 1,905,634	\$ 14,876,795
-	354,757
-	122,939
-	71,483
\$ 1,905,634	\$ 15,425,974

\$ 100	\$ 4,540,022
-	71,094
100	4,611,116

1,905,534	10,814,858
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\$ 1,905,634	\$ 15,425,974
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CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2013

	<u>LIABILITY SELF INSURANCE</u>	<u>WORKERS' COMPENSATION SELF INSURANCE</u>	<u>STOCK ROOM</u>	<u>EMPLOYEES' HEALTH SELF INSURANCE</u>	<u>HEALTH CARE COST CONTAINMENT</u>
OPERATING REVENUE					
Interfund charges for services	\$ -	\$ 424,054	\$ -	\$13,706,880	\$ -
Miscellaneous	<u>321,134</u>	<u>485,811</u>	<u>2,954</u>	<u>816,046</u>	<u>-</u>
TOTAL OPERATING REVENUE	<u>321,134</u>	<u>909,865</u>	<u>2,954</u>	<u>14,522,926</u>	<u>-</u>
OPERATING EXPENSES					
Operations	16,729	2,575	-	413,664	5,589
Claims	<u>110,120</u>	<u>329,767</u>	<u>-</u>	<u>11,420,207</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>126,849</u>	<u>332,342</u>	<u>-</u>	<u>11,833,871</u>	<u>5,589</u>
OPERATING INCOME (LOSS)	194,285	577,523	2,954	2,689,055	(5,589)
NONOPERATING REVENUE					
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,049</u>	<u>-</u>
INCOME (LOSS) BEFORE TRANSFERS	194,285	577,523	2,954	2,701,104	(5,589)
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,200</u>
CHANGE IN NET POSITION	194,285	577,523	2,954	2,701,104	23,611
NET POSITION - BEGINNING	<u>1,020,181</u>	<u>304,775</u>	<u>147,950</u>	<u>3,936,941</u>	<u>-</u>
NET POSITION - ENDING	<u>\$1,214,466</u>	<u>\$ 882,298</u>	<u>\$ 150,904</u>	<u>\$ 6,638,045</u>	<u>\$ 23,611</u>

<u>FUEL MANAGEMENT</u>	<u>TOTAL</u>
\$ -	\$14,130,934
-	<u>1,625,945</u>
<u>-</u>	<u>15,756,879</u>
1,400	439,957
-	<u>11,860,094</u>
<u>1,400</u>	<u>12,300,051</u>
(1,400)	3,456,828
<u>-</u>	<u>12,049</u>
(1,400)	3,468,877
<u>-</u>	<u>29,200</u>
(1,400)	3,498,077
<u>1,906,934</u>	<u>7,316,781</u>
<u>\$ 1,905,534</u>	<u>\$10,814,858</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2013

	LIABILITY SELF INSURANCE	WORKERS' COMPENSATION SELF INSURANCE	STOCK ROOM	EMPLOYEES' HEALTH SELF INSURANCE	HEALTH COST CONTAINMENT
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 12,898	\$ -	\$ -	\$ 1,254,464	\$ -
Receipts from quasi-external transactions	321,134	912,417	419	13,923,083	-
Payments to suppliers for goods and services	(265,045)	(2,575)	3,047	(4,464)	(5,586)
Payments for employees for services	-	-	-	(67,052)	-
Payments for employee benefits	-	(736,324)	-	(12,312,346)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>68,987</u>	<u>173,518</u>	<u>3,466</u>	<u>2,793,685</u>	<u>(5,586)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers from other funds	-	-	-	-	29,200
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	-	-	-	12,049	-
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	68,987	173,518	3,466	2,805,734	23,614
CASH AND INVESTMENTS - BEGINNING	<u>1,251,463</u>	<u>1,060,848</u>	<u>29,054</u>	<u>7,554,265</u>	<u>212</u>
CASH AND INVESTMENTS - ENDING	<u>\$1,320,450</u>	<u>\$1,234,366</u>	<u>\$ 32,520</u>	<u>\$10,359,999</u>	<u>\$ 23,826</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 194,285	\$ 577,523	\$ 2,954	\$ 2,689,055	\$ (5,589)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities					
Changes in assets and liabilities					
(Increase) decrease in assets					
Receivables	12,898	2,552	-	656,048	-
Prepaid expenses	-	-	-	(55,871)	-
Inventories	-	-	5,698	-	-
Increase (decrease) in liabilities					
Accounts payable	(138,196)	(406,557)	(5,186)	(494,120)	3
Unearned revenue	-	-	-	(1,427)	-
Total adjustments	<u>(125,298)</u>	<u>(404,005)</u>	<u>512</u>	<u>104,630</u>	<u>3</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 68,987</u>	<u>\$ 173,518</u>	<u>\$ 3,466</u>	<u>\$ 2,793,685</u>	<u>\$ (5,586)</u>

FUEL MANAGEMENT	TOTAL
\$ -	\$ 1,267,362
-	15,157,053
(1,400)	(276,023)
-	(67,052)
<u>-</u>	<u>(13,048,670)</u>
(1,400)	3,032,670
<u>-</u>	<u>29,200</u>
<u>-</u>	<u>12,049</u>
(1,400)	3,073,919
<u>1,907,034</u>	<u>11,802,876</u>
<u>\$ 1,905,634</u>	<u>\$14,876,795</u>
<u>\$ (1,400)</u>	<u>\$ 3,456,828</u>
-	671,498
-	(55,871)
-	5,698
-	(1,044,056)
<u>-</u>	<u>(1,427)</u>
<u>-</u>	<u>(424,158)</u>
<u>\$ (1,400)</u>	<u>\$ 3,032,670</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
DECEMBER 31, 2013

<u>ASSETS</u>	<u>PROPERTY TAX</u>	<u>INVESTED CASH</u>	<u>OTHER</u>	<u>TOTAL</u>
Cash and investments	\$ 22,307,210	\$ (3,304)	\$ 59,525	\$ 22,363,431
Taxes receivable	32,970,092	-	-	32,970,092
Accounts receivable	<u>-</u>	<u>3,304</u>	<u>21,904</u>	<u>25,208</u>
TOTAL ASSETS	<u>\$ 55,277,302</u>	<u>\$ -</u>	<u>\$ 81,429</u>	<u>\$ 55,358,731</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 21,397	\$ -	\$ -	\$ 21,397
Due to other governments	55,255,905	-	1,000	55,256,905
Due to others	<u>-</u>	<u>-</u>	<u>80,429</u>	<u>80,429</u>
TOTAL LIABILITIES	<u>\$ 55,277,302</u>	<u>\$ -</u>	<u>\$ 81,429</u>	<u>\$ 55,358,731</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
DECEMBER 31, 2013

<u>ASSETS</u>	BALANCE JANUARY 1, 2013	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2013
Property Tax				
Cash and investments	\$ 22,806,883	\$ 51,295,786	\$ 51,795,459	\$ 22,307,210
Taxes receivable	28,988,576	32,970,092	28,988,576	32,970,092
Invested Cash				
Cash and investments	(5,574)	683,740	681,470	(3,304)
Accounts receivable	5,574	681,470	683,740	3,304
Other				
Cash and investments	82,367	59,525	82,367	59,525
Accounts receivable	<u>13,142</u>	<u>21,904</u>	<u>13,142</u>	<u>21,904</u>
TOTAL ASSETS	<u>\$ 51,890,968</u>	<u>\$ 85,712,517</u>	<u>\$ 82,244,754</u>	<u>\$ 55,358,731</u>
 <u>LIABILITIES</u>				
Property Tax				
Accounts payable	\$ -	\$ 21,397	\$ -	\$ 21,397
Due to other governments	51,795,459	55,255,905	51,795,459	55,255,905
Other				
Due to other governments	-	1,000	-	1,000
Due to others	<u>95,509</u>	<u>80,429</u>	<u>95,509</u>	<u>80,429</u>
TOTAL LIABILITIES	<u>\$ 51,890,968</u>	<u>\$ 55,358,731</u>	<u>\$ 51,890,968</u>	<u>\$ 55,358,731</u>

CITY OF LA CROSSE, WISCONSIN

OTHER REPORT

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

To the Common Council
City of La Crosse, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse (the "City") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 27, 2014