

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 26, 2017**NEW ISSUE
NOT BANK QUALIFIED****S&P Rating: Requested**

Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is, however, taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See "TAX EXEMPTION" herein for a more complete discussion.

\$15,600,000*

**City of La Crosse, Wisconsin
General Obligation Parking Bonds, Series 2017-D
(the "Bonds")
(Book Entry Only)**

Dated Date: Date of Delivery**Interest Due: Each April 1 and October 1
commencing April 1, 2018**

The Bonds will mature October 1 in the years and amounts* as follows:

2018	\$590,000	2022	\$630,000	2026	\$735,000	2030	\$835,000	2034	\$ 945,000
2019	\$570,000	2023	\$655,000	2027	\$765,000	2031	\$860,000	2035	\$ 975,000
2020	\$590,000	2024	\$680,000	2028	\$795,000	2032	\$885,000	2036	\$1,005,000
2021	\$605,000	2025	\$710,000	2029	\$815,000	2033	\$915,000	2037	\$1,040,000

The City may elect on October 1, 2027, and on any day thereafter, to redeem Bonds due on or after October 1, 2028 at a price of par plus accrued interest.

Bids for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the respective maturity schedule set forth above.

The Bonds will be general obligations of the City for which the City pledges its full faith, credit and power and unlimited taxing authority to levy direct general ad valorem taxes without limit as to rate or amount. The proceeds will be used to finance the acquisition of a parking facility located in the City.

Bids shall be for not less than \$15,600,000 (Par) or more than \$16,380,000 (105%) plus accrued interest, if any, on the total principal amount of the Bonds. Bids shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity must be 98.0% or greater. Following receipt of bids, a good faith deposit will be required to be delivered to the City by the lowest bidder as described in the "Official Terms of Offering" herein. Award of the Bonds will be made on the basis of True Interest Cost (TIC).

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. (See "Book Entry System" herein.) Wells Fargo Bank, National Association, Minneapolis, Minnesota will act as fiscal agent/registrars (the "Fiscal Agent/Registrar") for the Bonds. The Bonds will be available for delivery at DTC on or about October 26, 2017.

**BID OPENING: October 12, 2017 (Thursday) at 10:30 A.M., Central Time
AWARD: October 12, 2017 (Thursday) at 6:00 P.M., Central Time**



Further information may be obtained from SPRINGSTED Incorporated, Municipal Advisor to the City, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* Preliminary; subject to change.

CITY OF LA CROSSE, WISCONSIN

MAYOR

Timothy Kabat

COMMON COUNCIL

Martin Gaul	President
Andrea Richmond	Council member
Douglas Happel	Council member
Roger Christians	Council member
Gary Pedesky	Council member
Paul Medinger	Council member
Phillip Ostrem	Council member
Jessica Olson	Council member
Jaqueline Marcou	Council member
Barb Janssen	Council member
David Marshall	Council member
Scott Neumeister	Council member
Patrick Brever	Council member

DIRECTOR OF FINANCE/TREASURER

Valerie Fenske

CITY CLERK

Teri Lehrke

MUNICIPAL ADVISOR

Springsted Incorporated
Saint Paul, Minnesota and Milwaukee, Wisconsin

BOND COUNSEL

Chapman and Cutler LLP
Chicago, Illinois

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time, may be treated as a Preliminary Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement in the amount specified in each Official Terms of Offering.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

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OFFICIAL TERMS OF OFFERING

\$15,600,000*

CITY OF LA CROSSE, WISCONSIN

GENERAL OBLIGATION PARKING BONDS, SERIES 2017-D

(BOOK ENTRY ONLY)

Bids for the above-referenced obligations (the “Bonds”) will be received by the City of La Crosse, Wisconsin (the “City”) on Thursday, October 12, 2017 (the “Sale Date”) until 10:30 A.M., Central Time at the offices of Springsted Incorporated (“Springsted”), 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, after which time bids will be opened and tabulated. Consideration for award of the Bonds will be by the Common Council at 6:00 P.M., Central Time, of the same day.

SUBMISSION OF BIDS

Springsted will assume no liability for the inability of a bidder to reach Springsted prior to the time of sale specified above. All bidders are advised that each bid shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner by which the bid is submitted.

(a) **Sealed bidding.** Bids may be submitted in a sealed envelope or by fax (651) 223-3046 to Springsted. Signed bids, without final price or coupons, may be submitted to Springsted prior to the time of sale. The bidder shall be responsible for submitting to Springsted the final bid price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted bid.

OR

(b) **Electronic bidding.** Notice is hereby given that electronic bids will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of the Official Terms of Offering.* Neither the City, its agents nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents nor PARITY® shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY® is not an agent of the City.

If any provisions of this Official Terms of Offering conflict with information provided by PARITY®, this Official Terms of Offering shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

* Preliminary; subject to change.

DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery, and will bear interest payable on April 1 and October 1 of each year, commencing April 1, 2018. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature October 1 in the years and amounts* as follows:

2018	\$590,000	2022	\$630,000	2026	\$735,000	2030	\$835,000	2034	\$ 945,000
2019	\$570,000	2023	\$655,000	2027	\$765,000	2031	\$860,000	2035	\$ 975,000
2020	\$590,000	2024	\$680,000	2028	\$795,000	2032	\$885,000	2036	\$1,005,000
2021	\$605,000	2025	\$710,000	2029	\$815,000	2033	\$915,000	2037	\$1,040,000

* *The City reserves the right, after bids are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Bonds as that of the original bid. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the bid indicates the securities are initially offered to the investing public.*

Bids for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the bid must specify "Years of Term Maturities" in the spaces provided on the bid form.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

FISCAL AGENT/REGISTRAR

Wells Fargo Bank, National Association, Minneapolis, Minnesota will serve as Fiscal Agent/Registrar for the Bonds and shall be subject to applicable Securities and Exchange Commission regulations. The City will pay for the services of the Fiscal Agent/Registrar.

OPTIONAL REDEMPTION

The City may elect on October 1, 2027, and on any day thereafter, to redeem Bonds due on or after October 1, 2028. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest. Redemption of Bonds shall be at the following prices and accrued interest.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power and unlimited taxing authority to levy direct general ad valorem taxes without limit as to rate or amount. The proceeds will be used to finance the acquisition of a parking facility located in the City.

BIDDING PARAMETERS

Bids shall be for not less than \$15,600,000 (Par) or more than \$16,380,000 (105%) plus accrued interest, if any, on the total principal amount of the Bonds. No bid can be withdrawn or amended after the time set for receiving bids on the Sale Date unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public as stated on the bid for each maturity must be 98.0% or greater. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional bids will be accepted.

ESTABLISHMENT OF ISSUE PRICE

The Purchaser shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix V, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the City and Bond Counsel. All actions to be taken by the City under this Official Terms of Offering to establish the issue price of the Bonds may be taken on behalf of the City by Springsted and any notice or report to be provided to the City may be provided to Springsted.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “*competitive sale requirements*”) because:

- (1) the City shall disseminate this Official Terms of Offering to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in this Official Terms of Offering (See “AWARD” herein).

Any bid submitted pursuant to this Official Terms of Offering shall be considered a firm offer for the purchase of the Bonds, as specified in the bid form.

In the event that the competitive sale requirements are not satisfied, the City shall so advise the Purchaser of that fact at the time of the award of the sale of the Bonds to the Purchaser. Subject to the Purchaser electing the hold-the-offering price rule described below, the City shall treat the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The Purchaser shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity,

unless the Purchaser elects to comply with the hold-the-offering-price rule. Bids will *not* be subject to cancellation in the event that the competitive sale requirements are not satisfied. *Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to 10% test in order to establish the issue price of the Bonds, unless the Purchaser elects to comply with the hold-the-offering-price rule in order to establish the issue price of the Bonds.*

Until the 10% test has been satisfied as to each maturity of the Bonds, the Purchaser agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall only extend to the closing date if the competitive sale requirements are satisfied. If the competitive sale requirements are not satisfied or the Purchaser has not elected to apply the hold-the-offering-price rule, that reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all of the Bonds of that maturity have been sold to the Public. In the event the Purchaser elects to apply the hold-the-offering-price rule to a maturity or maturities of the Bonds, the reporting obligation described immediately above shall only continue to the closing date with respect to such maturities or maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser and as set forth in the related pricing wires, which shall be until the 10% test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth business day following the date of award, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser or such underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth business day following the date of the award.

The City is not requiring the application of the hold-the-offering-price rule (defined in the following paragraph) to the Bonds. The Purchaser may elect in its final bid form on the sale date to apply the hold-the-offering price rule to any or all maturities of the Bonds.

The City may determine to treat (i) the first price at which 10% of a maturity of the Bonds is sold to the public as the issue price of that maturity and/or (ii) if the Purchaser elects to apply the hold-the-offering-price rule, as described herein, the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The Purchaser may, in its discretion, agree to apply the hold-the-price rule. The City is not requiring the Bonds to be subject to the hold-the-offering-price rule. If the Purchaser so elects to apply the hold-the-offering-price rule to any maturity of the Bonds, such election shall be made on the sale date in the report of the final interest rates and prices of the Bonds agreed to between the Purchaser and the City. The Purchaser shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the sale date at the offering price or prices (the “*initial offering price*”) or the corresponding yield or yields set forth in the bid submitted by the Purchaser, and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any

person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Purchaser shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date. The Purchaser will inform the City of the initial offering price for each maturity of the Bonds.

The City acknowledges that, in making the representations set forth above with respect to compliance with the hold-the-offering-price rule, the Purchaser is relying on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Terms of Offering. Further, for purposes of this Official Terms of Offering:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Bonds are awarded by the City to the Purchaser.

GOOD FAITH DEPOSIT

To have its bid considered for award, the Purchaser is required to submit a good faith deposit to the City in the amount of \$156,000 (the "Deposit") no later than 1:00 P.M., Central Time on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier's check payable to the City; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the City nor Springsted have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the bid of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier's Check. A Deposit made by certified or cashier's check will be considered timely delivered to the City if it is made payable to the City and delivered to Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the time specified above.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Springsted following the receipt and tabulation of bids. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted bid, said amount will be retained by the City.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the bid prior to any adjustment made by the City. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the Bonds, (ii) reject all bids without cause, and (iii) reject any bid that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's official bid form. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about October 26, 2017, the Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Chapman and Cutler LLP of Chicago, Illinois (“Bond Counsel”), and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the City in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does hereby consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the City in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

CONTINUING DISCLOSURE

The City covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the City for the benefit of the Bondholders on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement will serve as a near final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement and the official bid form or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law. By awarding the Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the Purchaser up to 25 copies of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing copies of the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its bid is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

BY ORDER OF THE COMMON COUNCIL

/s/ Teri Lehrke
City Clerk

OFFICIAL STATEMENT

\$15,600,000*

CITY OF LA CROSSE, WISCONSIN

GENERAL OBLIGATION PARKING BONDS, SERIES 2017-D

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement contains certain information relating to the City of La Crosse, Wisconsin (the “City”) and its issuance of \$15,600,000* General Obligation Parking Bonds, Series 2017-D (the “Bonds”). The Bonds will be general obligations of the City for which it pledges its full faith, credit and power and unlimited taxing authority to levy direct general ad valorem taxes without limit as to rate or amount.

Inquiries may be directed to Ms. Valerie Fenske, Director of Finance/Treasurer, City of La Crosse, 400 La Crosse Street, La Crosse, Wisconsin 54601, by telephoning (608) 789-7576, or by emailing fenskev@cityoflacrosse.org. Inquiries may also be made to Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, by telephoning (651) 223-3000, or by emailing bond_services@springsted.com. If information of a specific legal nature is desired, requests may be directed to Ms. Andrea Bacon, Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, Bond Counsel, by telephoning (312) 845-3817, or by emailing bacon@chapman.com.

CONTINUING DISCLOSURE

The City will enter into an undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of SEC Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, is set forth in Appendix II, attached hereto and made a part hereof and entitled “CONTINUING DISCLOSURE UNDERTAKING.”

To the best of its knowledge, the City filed in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule, except as follows:

- The AGM insured rating related to the City’s General Obligation Refunding Bonds, Series 2001A (the “Series 2001A Bonds”); General Obligation Promissory Notes, Series 2006-B (the “Series 2006-B Bonds”); General Obligation Corporate Purpose Bonds, Series 2007-A; General Obligation Promissory Notes, Series 2007-B (the “Series 2007-B Notes”); and General Obligation Promissory Notes, Series 2008-A was downgraded by Moody’s Investors Service from Aa3 to A2 on January 17, 2013. The AGM insured rating related to the above-referenced obligations was downgraded by S&P Global Ratings from AA+ to AA- on November 30, 2011 and upgraded from AA- to AA on March 18, 2014. The material event notice related to these rating changes was filed with the MSRB through EMMA on September 5, 2017. The Series 2001A Bonds were called in full on May 1, 2012 and are no longer outstanding. The Series 2006-B Bonds and Series 2007-B Notes have matured and are no longer outstanding.

* *Preliminary; subject to change.*

- The City's General Obligation Corporate Purpose Bonds, Series 2006-A and General Obligation Corporate Purpose Refunding Bonds, Series 2007-C were originally insured by MBIA Insurance Corp. (MBIA), and subsequently become part of the insured portfolio of National Public Finance Guarantee ("NPF"), an MBIA Public Finance Subsidiary. NPF's Moody's rating was upgraded from Baa2 to Baa1 on May 21, 2013 and from Baa1 to A3 on May 21, 2014. NPF's S&P rating was downgraded from BBB to BB on February 28, 2013; upgraded from BB to BBB on May 8, 2013; upgraded from BBB to A on May 10, 2013; and upgraded from A to AA- on March 18, 2014. The material event notice related to these rating changes was filed with the MSRB through EMMA on September 5, 2017.

A failure by the City to comply with the Undertaking will not constitute a default under the respective authorizing resolutions (the "Resolutions"), and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. A failure by the City to comply with the Undertaking must be reported in accordance with the Rule, and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price

THE BONDS

General Description

The Bonds are dated as of the date of delivery and will mature annually on October 1 as set forth on the front cover of this Official Statement. The Bonds are issued in book entry form. Interest on the Bonds is payable on April 1 and October 1 of each year, commencing April 1, 2018. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Fiscal Agent/Registrar as of the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled "Book Entry System." Wells Fargo Bank, National Association, Minneapolis, Minnesota will serve as Fiscal Agent/Registrar for the Bonds, and the City will pay for fiscal agent/registrar services.

Redemption Provisions

Thirty days' written notice of redemption shall be given to the registered owner(s) of the Bonds. Failure to give such written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment. Notices of redemption may be conditional, as provided in the Resolutions authorizing the issuance of the Bonds.

Optional Redemption

The City may elect on October 1, 2027, and on any day thereafter, to redeem Bonds due on or after October 1, 2028. Redemption may be in whole or in part and if in part at the option of the City and in such manner and such order as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

Book Entry System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain

and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes. The proceeds will be used to finance the acquisition of a parking facility located in the City.

SOURCES AND USES OF FUNDS

The composition of the Bonds is estimated to be as follows:

Sources of Funds:	
Principal Amount	\$15,600,000
County Cash Contribution	1,003,448
Estimated Reoffering Premium	781,496
City Cash Contribution	<u>664,602</u>
 Total Sources of Funds	 \$18,049,546
Uses of Funds:	
Deposit to Project Fund	\$17,200,000
Deposit to Debt Service Fund (Estimated Premium)	672,296
Estimated Underwriter's Compensation	109,200
Costs of Issuance	<u>68,050</u>
 Total Uses of Funds	 \$18,049,546

SECURITY AND FINANCING

The Bonds are general obligations of the City for which it pledges its full faith, credit and unlimited taxing authority to levy general ad valorem taxes without limit as to rate or amount. The City will make its first levy for the Bonds in 2017 for collection in 2018. Each year's tax levy will be sufficient to make the principal and interest payment due April 1 and the interest payment due October 1 in each year.

FUTURE FINANCING

The City does not anticipate issuing any additional long-term general obligation debt within the next 90 days.

LITIGATION

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations with respect to the Bonds.

LEGALITY

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel ("Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the City. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the

request of the City, reviewed the information under the heading “TAX EXEMPTION”. This review was undertaken solely at the request and for the benefit of the City and did not include any obligation to establish or confirm factual matters set forth herein.

A legal opinion in substantially the form set out in Appendix I herein will be delivered at closing.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause the interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of the issuance of the Bonds.

Subject to the City’s compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts solely within the City’s knowledge. Bond Counsel’s opinion represents its legal judgment based upon its review of the law and the facts it deems relevant to render such opinion, and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the “Code”), includes provisions for an alternative minimum tax (“AMT”) for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation’s alternative minimum taxable income (“AMTI”), which is the corporation’s taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). “Adjusted current earnings” would include certain tax-exempt interest, including the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the “OID Issue Price”) for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

State of Wisconsin Income and Franchise Taxes

Interest on the Bonds is not exempt from current State of Wisconsin income or franchise taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Bond.

NOT BANK-QUALIFIED

The City will not designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

PROPERTY TAX LIMITS

Section 66.0602 of the Wisconsin Statutes, as amended most recently by 2015 Wisconsin Act 55, establishes a levy increase limit on the property tax levy imposed by a city, village, town, or county (a "political subdivision").

Subject to certain adjustments and exceptions, no political subdivision may increase its levy in any year, from the actual levy for the prior year, by a percentage that exceeds its valuation factor. The term “valuation factor” means a percentage equal to the greater of either (i) zero percent or (ii) the percentage change in the political subdivision's January 1st equalized value due to new construction, less improvements removed, between the previous year and the current year. However, the levy increase limit may be increased in either (but not both) of the following ways, by action of the governing body:

1. If a political subdivision's allowable levy in the prior year was greater than its actual levy, the levy increase limit otherwise applicable may be increased by the difference between the two amounts, up to a maximum increase of 1.5 percent of the actual levy in the prior year.
2. The levy increase limit may be increased by the total amount by which the valuation factor exceeded the actual percentage increase in the levy for each of the previous five years (beginning with 2014), up to a maximum increase of 5 percent of the actual levy in the prior year, to the extent such excess had not previously formed the basis for such an increase.

A political subdivision may also exceed the levy limit by action of its governing body that is approved by a referendum.

The levy increase limit otherwise applicable does not apply to amounts levied by a political subdivision to pay debt service on general obligations authorized on or after July 1, 2005, such as these Bonds.

For general obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy increase limit otherwise applicable is increased by the difference between the two amounts.

If a political subdivision's levy for the payment of debt service on general obligations originally issued before July 1, 2005 (and general obligations issued to fund or refund such general obligations) is less in the current year than it was in the previous year, then the political subdivision shall reduce its levy increase limit in the current year by an amount equal to the amount that its levy was reduced.

The levy increase limit otherwise applicable does not apply to the amount that a political subdivision levies to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 of the Wisconsin Statutes, or a special assessment B bond issued under Section 66.0713 (4) of the Wisconsin Statutes.

In determining the levy increase limit for any year, the tax increment calculated for tax incremental districts is subtracted. If the Wisconsin Department of Revenue does not certify a value increment for a tax incremental district for the current year as a result of the district's termination, the levy increase limit otherwise applicable is increased by an amount equal to the political subdivision's maximum allowable levy for the immediately preceding year, multiplied by a percentage equal to 50 percent of the amount determined by dividing the value increment of the terminated tax incremental district for the previous year by the political subdivision's equalized value for the previous year.

Other adjustments or exceptions to the levy increase limit, which are not described in this summary, are made in specified situations.

The Bonds are authorized after July 1, 2005 and are not subject to levy limits.

RATING

Application for a rating of the Bonds has been made to S&P Global Ratings ("S&P"), 55 Water Street, New York, New York. If a rating is assigned, it will reflect only the opinion of S&P. Any explanation of the significance of the rating may be obtained only from S&P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained Springsted Incorporated, Public Sector Advisors (“Springsted”), of Saint Paul, Minnesota, and Milwaukee, Wisconsin as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing this Official Statement, Springsted has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement, and Springsted has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Springsted is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. Springsted is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Springsted is under common ownership with Springsted Investment Advisors, Inc. (“SIA”), an investment adviser registered in the states where services are provided. SIA may provide investment advisory services to the City from time to time in connection with the investment of proceeds from the Bonds as well as advice with respect to portfolio management and investment policies for the City. SIA pays Springsted, as municipal advisor, a referral fee from the fees paid to SIA by the City.

CERTIFICATION

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The Purchaser will be furnished with a certificate signed by the appropriate officers of the City stating that the City examined each document and that, as of the respective date of each and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

CITY PROPERTY VALUES

Trend of Values

	Equalized Value Including Captured Tax Increment Value <u>(Equalized Value)</u>	Equalized Value Excluding Captured Tax Increment Value <u>(Net Equalized Value)</u>	Captured Tax Increment Value	Assessed Value Including Tax Increment
2017	\$3,758,699,500	\$3,307,816,800	\$450,882,700	N/A
2016	3,456,944,100	3,090,887,300	366,056,800	\$3,168,733,999
2015	3,328,324,600	3,032,435,500	295,889,100	3,119,487,511
2014	3,211,853,600	2,911,432,200	300,421,400	3,078,582,790
2013	3,103,160,000	2,862,992,100	240,167,900	3,071,686,900

Source: Wisconsin Department of Revenue, <http://www.revenue.wi.gov/>.

2017 Equalized Values by Class of Property

Real Estate:		
Residential	\$1,876,136,200	49.915%
Commercial	1,502,396,800	39.971
Manufacturing	160,373,100	4.267
Agricultural & Other	87,400	0.002
Personal Property	<u>219,706,000</u>	<u>5.845</u>
2017 Equalized Value	\$3,758,699,500	100.000%
Less: Captured Tax Increment Value	<u>(450,882,700)</u>	
2017 Net Equalized Value	\$3,307,816,800	

Source: Wisconsin Department of Revenue, <http://www.revenue.wi.gov/>.

Ten of the Largest Taxpayers in the City

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2016 Equalized Value</u>
Gundersen Lutheran Medical Center/ Gundersen Clinic	Medical Clinics/Hospital	\$135,188,500
Kwik Trip/Convenience Store Investments/HRZ Partnership	Convenience Stores/ Corporate Headquarters	91,587,100
PR Valley View LP	Shopping Malls	67,791,000
LCN UHS La Crosse LLC	Office Buildings	48,786,800
American Standard/Trane	Air Conditioning Manufacturer	45,769,000
Donald J Weber and Companies	Healthcare, Hotel, Apartment, Retail, Offices	31,297,600
Mayo Clinic Health System (Franciscan Skemp Medical Center)	Medical Clinics/Hospital	23,336,100
Ace Hardware	Regional Distribution Warehouse	19,460,200
Northside Development of La Crosse (and subsidiaries)	Offices/Retail/Hotel	18,835,900
La Crosse LLC/Missouri La Crosse LLC	Real Estate Investments	<u>17,174,700</u>
Total		\$499,226,900*

* Represents 14.4% of the City's 2016 equalized value of \$3,456,944,100. 2017 equalized values for individual taxpayers are not yet available.

Source: The City of La Crosse.

Tax Increment Districts

The City has created Tax Increment Districts (“TIDs”) under Section 66.1105 (formerly 66.46) of the Wisconsin Statutes. The increment valuation of each TID has been excluded from the District’s tax base.

<u>TID #</u>	<u>Creation Date</u>	<u>2017 Value</u>	<u>Increment</u>
TID #5	1992	\$ 8,559,300	\$ 7,664,500
TID #6	1994	99,748,900	65,864,100
TID #7	1997	29,435,800	13,775,400
TID #8	1997	8,554,100	4,865,100
TID #9	1999	20,877,700	19,434,800
TID #10	2003	4,596,100	2,056,000
TID #11	2005	279,402,400	146,446,600
TID #12	2005	44,573,900	25,210,100
TID #13	2006	94,799,900	46,497,500
TID #14	2006	109,604,600	51,740,800
TID #15	2013	91,967,600	29,165,600
TID #16	2014	23,286,300	5,199,000
TID #17	2015	44,707,800	<u>32,963,200</u>
			<u>\$450,882,700</u>

Source: Wisconsin Department of Revenue, <http://www.revenue.wi.gov/>.

CITY INDEBTEDNESS

Legal Debt Limit and Debt Margin

Legal Debt Limit (5% of Equalized Value)	\$187,934,975
Less: Outstanding Debt Subject to Limit (Including the Bonds)	<u>(84,132,641)</u>
 Legal Debt Margin as of October 26, 2017	 \$103,802,334

General Obligation Debt*

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 10-26-17</u>
3-15-06	\$ 5,310,000	Corporate Purpose	12-1-2017	\$ 200,000
5-1-07	4,835,000	Corporate Purpose	12-1-2020	1,950,000
8-1-07	5,675,000	Refunding	12-1-2017	685,000
4-1-08	8,000,000	Promissory Notes	12-1-2017	800,000
2-1-09	7,505,000	Promissory Notes	12-1-2018	1,900,000
3-1-10	4,990,000	Corporate Purpose	12-1-2024	3,700,000
3-1-10	2,130,000	Promissory Notes	12-1-2019	1,160,000
12-15-10	4,095,000	Refunding	12-1-2018	1,345,000
2-15-11	4,630,000	Corporate Purpose	12-1-2025	3,735,000
2-15-11	2,865,000	Promissory Notes	12-1-2020	1,690,000
10-1-11	10,340,000	Parking	10-1-2031	9,235,000
3-15-12	4,575,000	Corporate Purpose	12-1-2026	3,400,000
3-15-12	12,400,000	Corporate Purpose and Refunding	12-1-2021	1,095,000
3-1-13	4,760,000	Corporate Purpose	12-1-2027	3,820,000
3-1-13	1,865,000	Promissory Notes	12-1-2021	1,255,000
3-1-13	560,000	Taxable Promissory Notes	12-1-2021	320,000
5-1-14	8,270,000	Promissory Notes	12-1-2018	2,495,000
4-28-15	1,645,000	Corporate Purpose	12-1-2029	1,540,000
4-28-15	1,975,000	Airport Bonds (AMT)	12-1-2024	1,590,000
4-28-15	4,660,000	Promissory Notes	12-1-2024	3,955,000
5-1-15	350,000	State Trust Fund Loan	3-15-2025	287,507
9-28-15	750,000	State Trust Fund Loan	3-15-2030	720,134
3-10-16	6,255,000	Promissory Notes (2016-A)	3-1-2026	5,275,000
3-10-16	9,465,000	Taxable Promissory Notes (2016-B)	3-1-2022	5,345,000
3-9-17	5,560,000	Corporate Purpose	3-1-2032	5,560,000
3-9-17	3,265,000	Taxable Airport	3-1-2032	3,265,000
3-9-17	2,210,000	Promissory Notes	3-1-2027	2,210,000
10-26-17	15,600,000	Parking Bonds (the Bonds)	10-1-2037	<u>15,600,000</u>
 Total				 \$84,132,641

* These issues are subject to the legal debt limit.

**Estimated Calendar Year Debt Service Payments
Including the Bonds**

Calendar Year	General Obligation Debt	
	Principal	Principal & Interest ^(a)
2017 (at 10-26)	\$ 7,945,000	\$ 8,507,946
2018	13,476,059	15,893,239
2019	7,813,750	9,752,412
2020	6,601,453	8,322,892
2021	5,824,421	7,357,210
2022	5,297,410	6,662,814
2023	5,105,506	6,311,908
2024	5,208,661	6,253,120
2025	4,137,030	5,009,833
2026	3,734,075	4,469,946
2027	2,866,290	3,488,366
2028	2,368,568	2,887,711
2029	2,445,972	2,886,183
2030	2,383,446	2,744,441
2031	2,410,000	2,691,785
2032	1,635,000	1,834,053
2033	915,000	1,074,213
2034	945,000	1,074,933
2035	975,000	1,074,692
2036	1,005,000	1,073,005
2037	<u>1,040,000</u>	<u>1,074,840</u>
Total	\$84,132,641	\$100,445,542

(a) Includes the Bonds at assumed average annual interest rate of 3.27%.

(b) 77.4% of this debt will be retired within ten years.

Other Debt Obligations

Promissory Notes – Ready for Reuse Loan Program

On July 10, 2014, the City issued Promissory Notes in the amount of \$260,000 for a revised Department of Natural Resources Ready for Re-Use Loan for the remediation, monitoring and closure activities on the former ALM Family Limited Partnership property. These notes bear no interest, have a final maturity on October 1, 2028, and carry a balance of \$164,655 as of December 31, 2016.

On September 1, 2014, the City issued additional Promissory Notes in the amount of \$175,000 for a revised Department of Natural Resources Ready for Re-Use Loan for the remediation, monitoring and closure activities on the former ALM Family Limited Partnership property. These notes bear no interest, have a final maturity on November 1, 2019, and carry a balance of \$125,000 as of December 31, 2016.

Overlapping Debt

Taxing Unit ^(a)	2017 Net Equalized Value	Est. G.O. Debt As of 10-26-17 ^(b)	Debt Applicable to Value in City	
			Percent	Amount
La Crosse County	\$ 9,149,390,900	\$ 74,680,000	36.15%	\$26,996,820
La Crosse School District	4,094,621,610 ^(c)	24,315,000	75.42	18,338,373
Onalaska School District	1,813,094,355 ^(c)	22,845,000	0.15	34,268
Western Technical College	18,586,519,187 ^(c)	125,425,000	16.63	<u>20,858,178</u>
Total				\$66,227,639

(a) Only those taxing units with general obligation debt outstanding are shown here.

(b) Excludes tax revenue anticipation notes and State Trust Fund Loans supported by revenues.

(c) 2016 net equalized value; 2017 net equalized value not yet available.

Debt Ratios*

	G.O. Direct Debt	G.O. Overlapping & Direct Debt
To 2017 Net Equalized Value (\$3,307,816,800)	2.54%	4.55%
Per Capita (52,326 – 2017 State Estimate)	\$1,608	\$2,874

* Excludes other debt obligations.

TAX RATES, LEVIES AND COLLECTIONS

Tax Rates Per \$1,000 of Assessed Value for a City Resident Living in the La Crosse School District

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
State and County	\$ 3.87	\$ 3.95	\$ 4.02	\$ 4.10	\$ 4.18
City of La Crosse	12.25	12.24	12.24	12.24	12.29
La Crosse School District	10.51	11.21	11.12	11.11	10.91
Western Technical College	<u>2.15</u>	<u>2.51</u>	<u>1.66</u>	<u>1.68</u>	<u>1.71</u>
Net Tax Rate	28.78	29.91	29.04	29.13	29.09
Ratio of Assessed to Equalized Value	98.61%	98.35%	95.61%	93.72%	91.66%

Tax Levies and Collections

In November of each year, the Common Council adopts the City budget for the next fiscal year and the levies on real and personal property for City taxes are set, which will be sufficient to cover budgeted operating expenses, debt service and other expenditures of the City. Taxes on real and personal property become due on January 1 of each year and must be paid by January 31 unless a taxpayer elects to pay his annual real property taxes in four equal installments due on January 31, March 31, May 31 and July 31.

In addition to levying and collecting taxes for its own governmental purposes, the City also collects, with respect to real and personal property located within the City, taxes for the various school districts, La Crosse County (the "County") and the State of Wisconsin (the "State"). All delinquent real estate taxes, except special assessments and special charges, are purchased by the County. Final settlement for these taxes is August 20, at which time the City receives 100% of its real property levy from the County. The City charges back delinquent personal property taxes to other taxing entities on a pro rata basis. Overdue or delinquent personal property taxes and special assessments are subject to an interest charge of 1% per month or fraction of a month. In addition to the interest charge, special assessments are subject to a penalty of 0.5% per month or fraction of a month.

The tax levies for the City, including the school districts, the technical college, the County and the State, and the tax collections for the City are as follows:

<u>Levy/ Collect</u>	<u>State/ County</u>	<u>City</u>	<u>TIF District</u>	<u>Schools</u>	<u>Vocational/ Technical College</u>	<u>Total Levy</u>	<u>City's Collection Percentage</u>
2016/17	\$11,909,634	\$34,816,661	\$10,363,109	\$36,801,744	\$4,847,821	\$98,738,969	100.0%
2015/16	11,696,694	34,779,508	8,575,852	37,496,840	4,783,438	97,332,332	100.0
2014/15	11,263,241	34,150,115	8,802,877	36,150,651	4,637,250	95,004,134	100.0
2013/14	11,238,900	34,683,600	7,445,642	36,908,857	7,108,148	97,385,147	100.0
2012/13	10,989,093	34,597,709	7,662,557	34,745,472	6,060,893	94,055,724	100.0

NOTE: See Appendix III for additional Wisconsin property tax and collection information.

**CASH ON HAND
As of June 30, 2017**

<u>Fund</u>	<u>Cash and Investments</u>
General Fund	\$ 29,513,076
Capital Construction Fund	51,660,119
Special Funds	18,525,232
Airport	6,725,652
Municipal Parking Utility	2,036,239
Municipal Transit Utility	130,600
Municipal Water Utility	2,849,646
Sanitary Sewer District No. 1	250,862
Sanitary Sewer Utility	5,439,737
Storm Water Utility	5,791,697
Debt Service	156,073
Agency Funds	4,837,165
Internal Service	<u>22,615,488</u>
Total	\$150,531,586

INVESTMENTS

The City has a formal written investment policy which is in accordance with Wisconsin Statutes 66.04(2) and 67.11(2). The City's cash and investment balances are held in:

- (1) The State of Wisconsin Local Government Investment Pool or approved investments with local financial institutions that are fully collateralized over and above the amounts set out in (2) below; and
- (2) Checking and savings accounts at various financial institutions that are covered by the Federal Deposit Insurance Corporation (FDIC) or similar coverage. This coverage is limited to \$250,000 on time deposits and \$250,000 on demand deposits. The State of Wisconsin supplies an additional \$400,000 of coverage on these deposits. Any such deposits in excess of \$650,000 are fully collateralized.

GENERAL INFORMATION CONCERNING THE CITY

The City of La Crosse, county seat of La Crosse County, is located in southwest central Wisconsin on the Mississippi River. The City is approximately 150 miles southeast of the Minneapolis/Saint Paul, Minnesota metropolitan area; approximately 130 miles northwest of the City of Madison, Wisconsin; and approximately 128 miles northwest of the City of Dubuque, Iowa. The City serves as a regional center for retail, wholesale, manufacturing, cultural, medical and educational activities for the tri-state region. The City encompasses an area of approximately 22.31 square miles (14,278 acres).

Population

	<u>Population</u>	<u>% Change</u>
2017 (State Estimate)	52,326	1.96%
2010 (Census)	51,320	(0.96)
2000 (Census)	51,818	1.34
1990 (Census)	51,132	5.76
1980 (Census)	48,347	--

Source: U.S. Census Bureau, <http://www.census.gov/> (1980 - 2010); Wisconsin Demographic Services Center, <http://www.doa.state.wi.us/> (2017).

The City's population by age group for the past five years is as follows:

<u>Data Year/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2016/17	8,753	19,929	15,600	7,514
2015/16	8,829	20,144	15,719	7,414
2014/15	8,760	19,639	15,535	7,127
2013/14	8,714	20,137	15,705	7,026
2012/13	8,516	20,456	15,817	6,979

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

Transportation

Interstate Highway 90 traverses the City east to west along the northern edge of the City. Other highways that cross the City include State Highways 33, 16, 157, and 35 and U.S. Highways 53, 61, and 14.

The City owns and operates a municipal airport located two miles northwest of the City. The airport is more fully described in the section herein entitled "GOVERNMENTAL ORGANIZATION AND SERVICES – Regional Airport."

An inter-city bus system runs between the City of Madison, Wisconsin, through the City, to the Minneapolis/Saint Paul metropolitan area. The City also has a local bus line that transports residents throughout the City.

Passenger rail service is provided by Amtrak. Burlington Northern Santa Fe and the Soo Line provide rail service for freight.

The City is also served by water transportation facilities with 12 barge terminals located on the Black and Mississippi Rivers.

Employment

The following are the major employers within the City.

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Gundersen Lutheran Medical Center/ Gundersen Clinic	Medical clinics/hospital	7,016 ^(a)
Mayo Clinic Health System (Franciscan Skemp Healthcare)	Medical clinics/hospital	2,688
Kwik Trip (Corporate Office)	Convenience stores	2,390
The Trane Company (Corporate Office)	Air conditioning/heating equipment	1,650
University of Wisconsin-La Crosse	Education	1,470
La Crosse County	County government	1,371 ^(b)
La Crosse School District	Education	1,149 ^(b)
OptumHealth	Medical services provider	865
Century Link	Telephone utility	800
Walmart	Retail	750
La Crosse Area Family of YMCA	Fitness center	687
Expert Global Solutions (EGS) ^(c)	Customer service	550
Dairyland Power Co-op	Electric utility	547 ^(d)
City Brewing LLC	Beverage producer	555
City of La Crosse	City government	514

^(a) Includes employees in Wisconsin, Minnesota, and Iowa

^(b) Includes seasonal and part-time employees.

^(c) Formerly APAC

^(d) Total includes all employees within Dairyland Power Co-op.

Source: This does not purport to be a comprehensive list and is based on a January 2017 and June 2017 best efforts telephone survey of individual employers. Some employers do not respond to inquiries.

Labor Force Data

	<u>Annual Average</u>				<u>July</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Civilian Labor Force:					
City of La Crosse	29,883	29,881	29,716	30,145	30,586
La Crosse WI-MN MSA	77,309	77,074	77,078	78,154	78,970
La Crosse County	66,843	66,759	66,673	67,673	68,562
State of Wisconsin	3,082,627	3,085,089	3,094,857	3,120,229	3,204,010
Unemployment Rate:					
City of La Crosse	6.1%	4.7%	4.2%	4.0%	3.5%
La Crosse WI-MN MSA	5.3	4.4	3.9	3.8	3.1
La Crosse County	5.3	4.4	3.9	3.7	3.1
State of Wisconsin	6.7	5.4	4.6	4.1	3.4

Source: Wisconsin Department of Workforce Development, <http://www.worknet.wisconsin.gov>. 2017 figures are preliminary.

Retail Sales and Effective Buying Income (EBI)

City of La Crosse

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2016/17	N/A	\$984,920	\$36,045
2015/16	1,865,447	945,463	35,679
2014/15	1,590,389	909,048	33,537
2013/14	1,635,070	922,790	34,203
2012/13	1,146,007	853,190	31,428

La Crosse County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2016/17	N/A	\$2,668,255	\$44,413
2015/16	3,455,298	2,589,305	44,087
2014/15	3,277,579	2,513,305	42,504
2013/14	3,292,404	2,489,820	43,141
2012/13	2,362,837	2,287,825	40,106

State of Wisconsin

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2016/17	\$101,143,714	\$135,026,820	\$46,120
2015/16	83,555,016	93,924,753	43,153
2014/15	92,852,449	127,369,578	44,087
2013/14	92,741,954	121,091,308	42,412
2012/13	83,844,552	113,701,892	39,628

The 2016/17 median household EBI for the United States is \$48,043.

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

Summary of Building Permits

Year	<u>New Residential</u>	<u>Other Residential</u>	<u>Mercantile/ Manufacturing</u>	<u>Total Value</u>	<u>Total Permits</u>
2017	\$ 5,998,000	\$ 1,918,961	\$ 25,081,565	\$ 32,998,526	750
2016	9,939,015	3,446,075	56,914,106	70,299,196	1,055
2015	7,967,793	3,461,925	83,978,703	95,408,421	1,105
2014	6,746,056	3,201,384	100,645,648	110,593,088	1,158
2013	23,022,000	4,152,148	87,253,607	114,427,755	1,260
2012	4,095,000	3,125,491	52,251,714	59,472,205	1,240
2011	3,043,000	2,771,833	225,733,070	231,547,903	1,547
2010	2,683,200	2,646,452	155,498,446	160,828,098	1,199
2009	3,020,000	2,600,402	38,871,602	44,492,004	728
2008	5,959,172	2,738,579	64,774,812	73,472,563	1,131

* Through June 30, 2017.

Source: Fire Prevention and Building Safety

Community Development and Revitalization Efforts

The City was ranked as one of the best places to live in America by *U.S. Today* in 2009 and *Sperling's Best Places* in 2010. The City also received a Community Economic Development honor from WEDA in 2016 for its neighborhood revitalization work in the Powell Poage Neighborhood. The City has made significant strides in community development and revitalization over the last 25 years. Hundreds of millions of dollars have been invested in the City's central business district over the past decade, driving unprecedented investor interest in the City's downtown today. The City has focused community revitalization efforts on its national award-winning downtown (National Trust for Historic Preservation - National Main Street Award), its neighborhoods, waterfront, trails, parks, and open space. As noted in Wikipedia and other sources, the City has the following rankings noted:

- 2007 *Country Home* magazine ranked the City as the 12th Best Green City in America and second among small cities, behind Corvallis, Oregon
- 2009 *U.S. News* ranked La Crosse 6th best place to live in the country.
- 2009 *Farmers Insurance Group* ranked La Crosse - Winona, Minnesota area the 20th most secure place to live in the United States among small town
- 2010 Most Secure Places to Live in the US (Small Towns) – Sperling's Best Places
- 2013 #2 Most Exciting Small Cities in America – Movoto Real Estate
- 2014 11th on *Outside* magazine's 16 Best Places to Live in the U.S
- 2014 42nd in the *Forbes* list of Best Small Places for Business and Careers.
- 2016 Wisconsin Economic Development Association (WEDA) presented La Crosse with the Community Economic Development Initiative Award
- 2016 Wisconsin Economic Development Corporation (WEDC) awards for best adaptive reuse (The Charmant Hotel) and best upper floor (The Court Above Main) and best Public Private Partnership (Coulee Co. Starters). Two individuals were also recognized for contributions to downtown.

The City also enjoys an active and collaborative partnership with its three higher education institutions; The University of Wisconsin-La Crosse, Viterbo University, and Western Technical College. The presence of these institutions gives the City a distinct advantage in attracting and retaining its labor force.

Revitalization Initiatives

The City's revitalization efforts in Planning and Community Development play a significant role in the City being a desirable place to live and do business. Long-range planning, project planning and cooperative design review of new projects are impacting development and redevelopment in the City. The City's Heritage Preservation Commission, Economic Development Commission, Neighborhood Revitalization Commission, Community Development Block Grant Committee, Redevelopment Authority and the Arts Board all work to focus community revitalization efforts.

The principal tool that communities in Wisconsin use to stimulate development and redevelopment is the use of Tax Incremental Financing (TIF). The City proactively employs a variety of other tools including an Upper Floor Renovation Loan Program, the La Crosse Industrial Park Corporation (a partnership with the La Crosse Area Development Corporation (LADCO) and Xcel Energy that funds office and manufacturing projects/expansions) and a Housing and Urban Development (HUD) funded Small Business Development Loan Program (SBDL). The City has taken a significant step in neighborhood revitalization with the creation of five neighborhood plans, paint and fix-up programs for homeowners, low-interest rehabilitation loans funded by HUD, and a home construction program funded with HUD, HOME and CDBG funds as well as State Trust Fund Dollars. In 2013 and 2016, the City re-allocated TID increment to housing and floodplain redevelopment funding within the City. Neighborhood enhancement/preservation initiatives have been incorporated into the City's Neighborhood Revitalization Commission, aimed to improve single-family owner-occupied neighborhoods.

The City has an active Redevelopment Authority which has been recently capitalized with over \$600,000 in funding for redevelopment programs; the RDA is primarily focused on revitalizing the City's waterfront and former industrial areas in and around downtown. The City has five National Register of Historic Place-Districts, which provide a mechanism for economic development, downtown redevelopment and neighborhood revitalization. The Heritage Preservation Commission provides the leadership and tools to foster economic development through preservation activities. The City worked in collaboration with the University of Wisconsin Extension to conduct a study in 2010 entitled Challenging Trends Facing Housing in La Crosse, which has offered significant insight into housing reinvestment strategies in the City. The City partners with the private sector, public agencies and non-profit partners to aggressively redevelop distressed housing stock in the City.

The City has thirteen active Tax Increment Districts (TIDs), none of which are distressed. In 2017, the aggregate total increment value stands at \$450,882,700.

TID #5 (Marriott TID) has produced \$7,664,500 in increment value since creation in 1992. This TID assisted the City in the renovation of the City-owned Pump House Regional Arts Center building. Other improvements included streetscaping along Front and King Streets. Additional redevelopment included the restoration of the Mike's Building Supply building which was extensively remodeled into Piggy's Restaurant at a cost of approximately \$4,000,000. "The Wine Guyz" opened in 2006 in the Piggy's Building. The "LIPCO" building also added over \$3,300,000 in tax base to this area as a joint project with the City, Xcel Energy and the La Crosse Area Development Corporation. Positive increment from this TID is assisting with the retirement of TID #6. The most recent project for this TID was the streetscaping of Front Street. The City recently provided an additional \$300,000 for renovations to the Pump House Regional Arts Center. TID #5 overlaps with TID #11, which is a comprehensive revitalization TID. Due to the large influx of downtown employees, an \$11,000,000 parking ramp was erected in 2011 to accommodate 551 parking stalls. An artistic walkway between LHI building #3, the new parking ramp, and the Pump House was created by incorporating stamped poems and dance steps making a unique pedestrian corridor. The poems and dance steps flow throughout a four-block area within the City's Arts District. The La Crosse Weber Center for the Performing Arts Center opened in 2013 on the Mississippi River waterfront, and the Marriott Hotel completed a major remodeling and facelift at the same time. The budding arts district is forming around the Pump House and the Weber Center for the Performing Arts (which is now affiliated with Viterbo University). The City of La Crosse Arts Board landed a National Endowment for the Arts grant in 2013 to hire internationally acclaimed Trompe l'oeil artist John Pugh to complete a mural on the west side of the Pump House Regional Arts Center. In

January 2014, the Wisconsin Economic Development Corporation dedicated \$30,500 to the project. The mural was dedicated in 2014 during the City's inaugural arts celebration. TID #5 has been successfully closed in 2017 after meeting its project plan objectives.

TID #6 was created in 1994 and overlapped with TID #1. This comprehensive TID has produced \$65,864,100 in increment value since its inception. TID #6 was created to further stimulate redevelopment efforts in the La Crosse Historic Central Business District and was the implementation step of the City Vision 2000 Master Plan (now City Vision 2020). TID #6 was amended in 2007 to increase the boundary and allow additional project costs. With the addition of tax increment from donor TIFs (TID #5 and TID #8), the retirement of this TIF is on-schedule while allowing additional development projects and incentives to be made. In 2014, the City and Downtown Mainstreet Inc. received Wisconsin Main Street status in order to take advantage of technical assistance from the Wisconsin Economic Development Corporation and to cement the efforts of a robust downtown revitalization program. Since joining the Main Street Program, the City has received specialized consultant visits, renovation drawings, market studies and reports, workshops, and had the opportunity to host the 2014 Upper Mississippi Main Street Conference with 140 attendees and the 2016 Wisconsin Downtown Action Council conference with 75 attendees. In 2012, Reinhart Food Service moved its offices to a 35,000 square-foot campus in the 100 Harborview Plaza building. This project relocated 164 employees to the new site and is expected to create 50-100 new jobs. La Crosse County sold the old Courthouse Square parcel (Lot C) and created TID #17 to include this parcel which was sold to a private developer and transformed the former parking lot into Belle Square. A new downtown Hampton Inn & Suites was completed in 2015. In 2016, the City's Economic Development Commission awarded Doerflinger Second Century Inc. a \$98K grant and a \$94K loan to adaptively re-use over 64,000 square feet of the historic Doerflinger building at 4th and Main to accommodate the national retailer Duluth Trading Company.

TID #7 was the City's first neighborhood revitalization TID and was created to foster redevelopment in and around the Amtrak depot on the north side of the City. This TID has produced \$13,775,400 of increment value since its inception in 1997. Revitalizing the decaying CP Rail Depot has helped this neighborhood fortify its identity and puts the City on the map for High Speed Rail from the City of Chicago, Illinois to the Minneapolis/Saint Paul Metropolitan Area. Several new businesses moved into the depot and the City sold the depot in 2005 and put it back on the tax roll. The Project Plan for TID 7 was amended in 2009 and again in 2017 to foster Fowler & Hammer's office expansion adding approximately \$650,000 in new tax base and 15 new jobs as well as an impending multi-million dollar adaptive re-use of the PACAL building for the Pearl Street Brewery project.

TID #8 was created in 1997 to assist DuraTech, a local manufacturer with a building expansion/job creation project, as well as redevelop a vacant 8-acre site. Both redevelopment projects have been completed. This TID has produced an increment value of \$4,865,100 since its inception. The proceeds from this TID are being used to assist with debt retirement in TID #6.

TID #9 was created for the purpose of providing infrastructure for the International Business Park located north of I-90 and south of Highway 16. TID #9 has produced an increment value of \$19,434,800 since 1999, and this TID is operating with a substantial surplus which is expected to allow the City to carry out necessary public infrastructure projects in upcoming years. The City began planning for park and walking trail amenities in the fall of 2006 and implementation began in 2012. Streetscaping plans have included sidewalks along Berlin Drive and Luoyang Avenue, and tree plantings along various trails. The trails will connect to the City of Onalaska trails, and eventually to the La Crosse River Valley Marsh trails and the La Crosse River State Trail, providing an amenity to the businesses and employees as well as connections from the City to Onalaska. The La Crosse County landfill is the easterly neighbor to this site and the future land use plan for the 80-acre landfill includes trails and recreational amenities that provide a connection to the International Business Park trails. Nine businesses operate in the International Business Park, encompassing 38.2 acres. Eight lots are now available for development on 15.1 acres. DeBoer Pest Control was the most recent builder in 2016, relocating their business from the City of Onalaska. The City has completed a storm water management project for the site which is expected to make it easier for individual lot purchasers to comply with new storm water regulations. The City is

undertaking three new projects in TID #9, with the expenditure period ending in 2017. These projects include the purchase of a large 23.6 acre shovel-ready industrial site adjacent to the City's business park, the development of a frontage road and utilities serving this land and new industrial park signage. TID #9 has been successfully closed in 2017 after meeting its project plan objectives.

TID #10 is a joint project between the City and La Crosse County as a means to redevelop the former Holiday Inn (Park Plaza Area). This TID has resulted in an increase in value of \$2,056,000 since its inception in June 2003. The City and the County retained a real estate marketing firm to assist in recruiting a developer to return the property to the highest and best re-use of the site. The site, containing over 12 acres and located adjacent to the City's Pettibone Park along the Mississippi River, has great long-term redevelopment potential. TID dollars have been allocated for retrofitting storm/sewer connections throughout the site. The City decommissioned a package sewer treatment plant in 2014 as the area now has water and sewer connections from the "mainland". The County sold its parcel on this site in December 2014 for redevelopment, and preliminary redevelopment plans have been approved by the City for another parcel in this TID. Developers are currently in the construction document phase for the first phase of a 26-unit condominium development that expects to see over \$10 million in new investment within the TID.

TID #11 overlaps TID #5 and TID #6 and was created to stimulate redevelopment in the area near the Mississippi River Bridge where U.S. Highways 14/61 enters downtown. TID #11 was created in 2004 and was amended in 2005, 2007, and 2014. TID #11 has produced \$146,446,600 in tax increment since inception. The City has completed several redevelopment projects including the Riverside Center I, II, and III office buildings; and two restaurants, which have a combined estimated tax value of \$44.5 million. Other redevelopment projects include the extension of the Riverwalk, a boat landing for excursion boats, the \$1.5 million historic renovation of the Rodolf building at the corner of 3rd and Main Streets, and a 300 car space addition to the Civic Center Parking ramp, (a City-owned parking structure). The City's \$32 million Transit Center, known as Grand River Station, started construction in July of 2008 and opened in August of 2010. The mixed-use project includes retail, parking, 20 market rate apartments (convertible to condominiums in the future), 70 units of affordable housing, and the transit center. All of the apartment units are occupied, reflecting an increased interest in downtown residential living, and the retail space was fully leased out in 2014. This project was funded by the City, the developer, and the Wisconsin Housing and Economic Development Authority (WHEDA). In 2014, the City amended the boundary of TID #11 and leveraged \$25,000,000 in developer equity to redevelop the former Funke Candy Company into a historic boutique hotel, which opened in September 2015. The Charmant Hotel was the site of recent presidential election visits and is a beautiful new destination in the City. Additional recent development in TID #11 includes the 100+ room, \$8 million Hilton Home2 Suites along with a multi-million-dollar expansion of the Riverside Center Parking structure.

TID #12 is known as the Three Rivers Plaza TID. It was created in late 2005 to stimulate the redevelopment of a 20-acre site (located in the floodplain) that once housed a mix of mini warehouses, a vacant used-car lot and building, a former lumber yard building and several other under-utilized buildings. The site was also used as an area of outdoor storage of wrecked autos, metal, and lumber. The area was removed from the floodplain and the first two phases of redevelopment are complete. The increment value for this TID is \$25,210,100. This redevelopment includes a 60,000 square-foot grocery store, 20,000 square-foot strip commercial center, 44 condominiums, a 30,000 square-foot office building, a Candlewood Suites Hotel, removal of an intrusive billboard, and the renovation of the former Standard Oil building as an office building. This project also included raising the site out of the floodplain and provided a new level of flood protection. The City completed a bicycle pedestrian trail from the development site to the north, which connects the north side neighborhoods to this mixed use center (the City received a DNR Trail Grant for this purpose in 2010). The City contributed over \$6 million in the form of a TIF Grant (via a Developer's Agreement) and \$750,000 of public improvements to the street system including streetscaping. The City also leveraged an \$183,600 State trail grant in 2011 that is expected to connect the waterfront of the Mobil Oil site to the La Crosse River Trail, Riverside Park, and the greater downtown area. The City amended the boundary of this TID to include a 65-acre waterfront redevelopment site located directly north of historic downtown, coined Riverside North. In 2013, the City obtained a \$250,000 DNR Remediation Clean-Up Grant, matched with \$396,000 in TID funds, to prepare

the site for redevelopment. In 2014, the City produced a Master Redevelopment Plan for Riverside North, where over 500 housing units are now planned for this site, to be developed over the next ten years. In 2016 the Planning and Development department began interviewing potential developers of this site and also acquiring the necessary 100,000 cubic yards of fill to raise Riverside North out of the floodplain. The City's Redevelopment Authority is currently interviewing a field of 7 Master Developers for the 2018 redevelopment of the 35 acre Riverside North development. Over 400,000cy of clean fill have been committed for use on the project and the City is currently negotiating with a master developer team having significant interest in housing and office development of the remarkable site.

TID #13 was created in 2006 for Kwik Trip to expand its commissary and added over 100 employees. The TID has generated \$46,497,500 since inception. The project involved vacating a street and constructing a new street with the aid of a Wisconsin Department of Transportation Economic Assistance (TEA) Grant for \$400,000. The project area also includes a residential project valued at approximately \$5 million. This TID is a "mixed-use TIF" under Wisconsin's revised TIF statutes. Kwik Trip has acquired other properties in the area for future expansion projects. In 2012, Kwik Trip finished an ice cream plant that produces three times as much ice cream as before. An alternative fueling station was finished in 2012, and by amending TID #13 in 2012, other expansions to Kwik Trip's dairy, warehouse, and bakery are estimated to add \$32 million of increment value by 2017. In 2013, the TID allocated \$450,000 to acquire contaminated property (Desmond's Formal Wear and the Al Miller property) for an \$11 million dollar expansion of the bakery freezer for Kwik Trip. The City received a \$250,000 loan from the Department of Natural Resources to remediate the contaminated soil from the dry cleaning operation of Desmond's Formal Wear. Kwik Trip also completed a 6,000 square-foot clinic for their employees in 2013, with an estimated value of over \$1 million. The City also gave a \$300,000 pay-as-you-go TIF grant to Gorman & Company to complete a 32-unit rehabilitation of the historic Roosevelt Elementary school to create affordable housing in the City which is now complete and fully leased. Two other significant projects are in the planning stages in TID #13, a \$7M expansion for DuraTech which is expected to add as many as 200 employees and a \$200+ million expansion and improvement plan to Kwik Trip's campus.

TID #14 was created in 2006 and it includes the Gundersen Health System Campus as well as a portion of the Powell-Poage Park, Hamilton School Neighborhood. The TID has generated \$51,740,800 since its inception. This TID is also a mixed-use TID and has assisted Gundersen Health System in the construction of a parking ramp (which is being funded via a reverse TIF mechanism), and clinic improvements. In 2013, Gundersen Health System completed a new psychiatric facility along with a new parking ramp and, in 2014, opened a new six-story hospital including a medical and oncology unit, surgical and digestive care unit, obstetrics unit, neonatal ICU, pediatric ICU, pediatrics unit, neuroscience unit, orthopedics unit, medical specialist unit, satellite rehab gym, critical care unit, patient and visitor terrace, employee terrace, pre-op/post-op, post anesthesia care unit, operating rooms, imaging services, lobby bistro, gift shop, healing garden, information desk and library. For the neighborhood, this bold TID is intended to replace 100 homes with newly constructed homes over the life of the TID. The City has 20 homes that have been purchased, demoed, or under construction. The City is also partnering with an innovative program called La Crosse Promise whereby the City clears the lot and then a family or developer builds on the lot and is then eligible for a college scholarship. Several alleys have been paved because of TID #14, and a neighborhood tennis/basketball facility received lighting and other park improvements including major upgrades to the indoor ice arena. The paint and fix-up program was implemented in 2013 to assist with small-scale exterior improvement projects. The City also collaborated with Gundersen Health System and Habitat for Humanity to construct homes on vacant City land. In 2011, a tornado passed through the City hitting the TID especially hard. In 2013, Bentz Chiropractic completed an infill development of the 4th and Jackson site for a new office building. The TID was amended in 2012 to add several new projects to the TID Project Plan without changing the TID boundary. Another TID Plan amendment occurred in 2014 to update the TID Project Plan as a result of a Joint City/Gundersen/Neighborhood Planning effort. Improvements have been a major makeover of Poage Park, the Green Island Ice Arena, Little Houska Park, the 7th St Boat Landing, the Southside Neighborhood Center, the VIP Trail, and Bluff Slough/Swift Creek, as well as the creation of a Joint Community Development Corporation. MetroPlains completed a historic rehab of an Armory building to create 26 Low-Income Housing Tax Credit Units. The Joint Development Corporation, a partnership

between the City and Gundersen Health System, under the TID, is negotiating for the purchase of several properties to create a catalyst project in 2017-2018, to create mixed use space, including apartments and a grocery store. This catalyst site acquisition is now nearing completion and the JDC is negotiating with several interested grocers. Additionally, the City invested \$1.2 million in the central neighborhood park; George Poage Park, which is named after the first medal winning African American Olympian who resided in the City in the early 20th century. In 2016, the Wisconsin Economic Development Association awarded the City with the Community Economic Development award for the work done in this neighborhood. The City also continues to leverage TIF funds with CDBG and other funding to replace and rehab homes in this neighborhood area, which has resulted in over 20 acquired lots and 13 new homes built by the City. The City has just acquired a key property (Zahn Building) adjacent to city-owned property for a redevelopment housing-mixed use project with the Joint Development Corporation partnership.

TID #15 was created in 2013 to leverage funds for the Chart Chemical, Inc. industrial expansion, estimated to bring an additional \$15,000,000 in new assessment value and create up to 100 new jobs. Trane/Ingersoll-Rand has also committed to expend a minimum of \$55,000,000 to rehabilitate their properties and modernize manufacturing equipment signaling the company's commitment to the City and its workforce. The Project Plan includes neighborhood revitalization initiatives intended to spur redevelopment projects in underutilized locations. The TID has generated \$29,165,600 since its inception.

TID #16 was created in 2014 to prepare a 12-acre redevelopment site located in the heart of the City's north side. This TID is located adjacent to Pearl Street Brewery and The Indian Hill Lofts, located in the former La Crosse Rubber Mills building. This TID is zoned Planned Development. The developer intends to construct a mixed-use transit-orientated development over the next several years. Through the support of the Wisconsin Department of Natural Resources Brownfield Funding Program, the site has been cleared of all the buildings and further site preparation projects were completed in 2015. Development throughout the City within the past five years includes these projects with a total value of \$785,680,800. The TID has generated \$5,199,000 since its inception. A recent \$500,000 pay-as-you-go TIF grant to the Fenigor Group LLC is expected to be used for a \$3.5M investment by the developer who is redeveloping the historic La Crosse Rubber Mills into 65 urban apartments.

TID #17 was created in 2015 and is generally located on the north side of the City's downtown and has so far generated \$32,963,200. The goal of TID #17 is to assist with the redevelopment and revitalization of the downtown area through various projects. The primary impetus for TID #17 is the new construction of a parking structure in the north downtown area. Public parking has been identified as a primary need to complement existing and future commercial activities in and around the area, which is being immediately driven by the redevelopment of Lot C into the Belle Square apartment and office building, estimated assessed value of \$32 million. The City also projects that additional land improvements will be created as a result of new development, redevelopment, and appreciation in the value of existing properties through the use of this TID. TID #17 has recently seen substantial investment with the \$70 million dollar, 6-story mixed use-Belle Square development, which includes 110,000 square feet of office space, 93 luxury downtown apartments and 30,000 square-foot of retail space. The office space is expected to house United Health Care and is expected to add several thousand jobs in downtown. The City is also using increment from TID #11 to construct a 600-car parking structure. Several new projects are in the planning stages in TID #17, including a \$10 million, 4-story office structure called "The Chalmers" and a \$35 million mixed, adaptive re-use of the La Crosse Plow building which spans two City blocks and is expected to include retail, residential and interior parking.

Federal and State Funds and Additional Partners

Transit Administration and City general obligation bond issues have financed portions of a number of these TID projects. The focal point of revitalization efforts has been the Central Business District as a result of developing a master plan for Downtown entitled City Vision 2020 and TID numbers 1, 5, 6, 10, and 11. Implementation activities include streetscaping, a decorative sign program, creation of a National Register Historic District, and building construction projects totaling \$290 million in public and private

investments within the last ten years. The City completed a comprehensive plan in 2002 and has since created an Economic Development Strategic Plan, the City Vision 2020 Master Plan, a Historic Preservation Plan for the Downtown National Register of Historic Places (NRHP) District as well as the 10th and Cass NRHP District, and marketing plan for the downtown and the City.

One major responsibility of the City is the management of the Community Development Block Grant (CDBG) Program. The City presently receives approximately \$856,187 in funds annually which are invested in the community in such programs as housing rehabilitation, new housing construction, Americans with Disabilities Act (ADA) compliance, support to nonprofit organizations, and long-range planning. The City completed a project to create design development standards for commercial developments and multifamily projects in order to improve the architecture and neighborhoods surrounding higher density projects. The City also receives Housing and Urban Development (HUD) HOME dollars annually and has utilized those funds for new housing construction in many neighborhoods in the City.

The City has spent considerable time on its neighborhoods with the completion of five neighborhood plans, and the construction of 50 single-family homes under the City's Replacement Housing Program, which won a national award in 2000 and has added over \$3.8 million in new tax base and built homes for 50 low/moderate income families. The City currently has 30-45 single family housing projects under various stages of development. The City also created the Housing Replacement Program using Wisconsin State Trust Funds as means to encourage middle income families to move into the City. The City has completed two homes under this program. The revitalization of the City's five oldest neighborhoods is the hallmark of the community revitalization process. The City established two additional National Register of Historic Places (NRHP) residential districts in 2011 which is expected to further reinvestment in these two areas: Crowley Addition and the Edgewood Place subdivision.

The City's Neighborhood Revitalization Commission is moving forward to renew the City's neighborhoods using its action plan. Other projects completed include a Bicycle/Pedestrian Plan which is expected to move the City from Silver to Gold designation by the League of American Bicyclists. The City was designated a Bronze Walk Friendly City in 2013 and is also a Bird City Wisconsin designated community.

Additionally, the City has deployed a floodplain relief program to encourage the redevelopment of lands in the floodplain and is working with the building and development community on several projects, including the Kane Street Impact 7 Townhouse project, which will add townhouse style affordable housing and homeless veterans housing to the City's North Side neighborhood.

The City partners many agencies and organizations to effectuate neighborhood investment and reinvestment including:

- Major employers on employer assisted housing programs and catalytic housing projects
- La Crosse County on acquisition and demolition grants
- The La Crosse Promise on offering college scholarships for investors in distressed neighborhoods
- Coulee Cap on targeted affordable and mixed opportunity housing programs
- Private investors on lot acquisition assembly and preparation
- Habitat for Humanity and Western Technical College on housing construction
- The La Crosse Neighborhood Development Corporation (CDC) leveraging private capital to match city funds for acquisition, assembly and development projects.

Please visit the following website for City economic development information:
www.grandrivergreatcity.com.

Financial Institutions

The following full service banks are located in the City*:

	Deposits <u>As of 6-30-17</u>
State Bank Financial	\$271,875,000
Coulee Bank	283,100,000
Citizens State Bank of La Crosse	<u>197,137,000</u>
Total	\$752,112,000

In addition, branch offices of Associated Bank, National Association; BMO Harris Bank National Association; Park Bank; River Bank; The First National Bank of Bangor; U.S. Bank National Association; and Wells Fargo Bank, National Association are located in the City.

* *This does not purport to be a comprehensive list.*

Source: Federal Deposit Insurance Corporation, <https://www5.fdic.gov/idasp/main.asp/>.

Health Care

Hospital and clinic care are provided by Gunderson Health System, with a Level II Trauma Emergency Center. The hospital has 325 beds and is located in the City. The hospital's Comprehensive Cancer Care Center provides cancer care in one location. Services within the six-story facility include a center for breast care, a neurosciences center, a vision center, and a plastic/cosmetic surgery unit with a six-room operating suite. The Gunderson Clinic and Medical Center collectively have approximately 474 doctors.

Mayo Clinic Health System (Franciscan Skemp Healthcare) provides primary and specialty care throughout an 11-county region in Wisconsin, Minnesota, and Iowa. In addition to a full-service hospital and multi-specialty clinic, the Center for Advanced Medicine and Surgery offers comprehensive cancer care, including radiation therapy services. The center also has a state of the art surgical center, a combined emergency/urgent care center, as well as a new imaging center for its cardiology and radiology services, a Women's Health Center, elder care (including senior housing), behavioral health, and occupational health, among others.

Additional specialized health facilities are provided by the La Crosse Medical Health Science Consortium (the "Consortium"), which serves 22 counties throughout Wisconsin, Minnesota, and Iowa. Consortium members include the University of Wisconsin-La Crosse, Western Technical College, Viterbo University, Gunderson Health System, and the Mayo Clinic Health System (Franciscan Skemp Healthcare). The Consortium's primary contribution is its ability to offer a broad range of specialized training programs in the health care professions. It also provides services to improve literacy, disease prevention and wellness. The Consortium has worked on the development and implementation of a telecommunications master plan leading to fully integrated data and video-telemedicine distance education activities within the multi-county area. Through the development of the intercity network of telecommunications, open regional access and global connectivity has been achieved.

The Consortium has a jointly-owned and operated Health Science Center, which furnishes space for integrated allied health science programming and houses clinically-focused research in human physiology, microbiology, and rehabilitative services. The Consortium contributes significantly to the health care, higher educational, and economic wellbeing of the region.

The Hillview Health Center and the Lakeview Health Center, both owned and operated by La Crosse County, provide a total of 244 nursing home beds. The Lakeview facility includes Ravenwood, a ten bed State-only licensed facility, and Mississippi Valley Health Services, a component unit of La Crosse County. Also located in the City are Bethany St. Joseph Care Center, Bethany-Riverside, La Crosse Nursing Home, and St. Joseph's Rehabilitation Center, providing a combined total of 441 nursing home beds.

Education

Public Education

The following school districts serve the residents of the City:

<u>School District</u>	<u>Location</u>	<u>Grades</u>	<u>2016/17* Enrollment</u>
La Crosse	City of La Crosse	PreK-12	6,750
Onalaska	City of Onalaska	PreK-12	3,167
West Salem	City of West Salem	PreK-12	1,768

* 2017/18 enrollment figures are not yet available.

Source: Wisconsin Department of Public Instruction, <http://dpi.wi.gov/>.

Non-Public Education

The City is also served by the following private schools:

<u>School</u>	<u>Grades</u>	<u>2016/17* Enrollment</u>
Aquinas High	9-12	281
Aquinas Middle	7-8	154
Blessed Sacrament	3-6	170
Cathedral School	PreK-2	142
Chileda	3-12	30
Clara Fields School of Excellence	PreK	14
First Evangelical Lutheran	PreK-8	100
Partners in Excellence Academy	PreK-5	8
Providence Academy	K-12	93
Immanuel Lutheran	K-8	50
Mount Calvary-Grace Lutheran	PreK-8	73
Coulee Connections	2-11	21

* 2017/18 enrollment figures are not yet available.

Source: Wisconsin Department of Public Instruction, <http://dpi.wi.gov/>.

Post-Secondary Education

Western Technical College (“WTC”) provides vocational, technical, and adult educational training to 3,272 Full-Time Equivalent students (Fiscal Year 2016) in a variety of programs in agriculture, apprenticeship training, business, general studies, health and public safety, and industrial/technical areas. The total number of students served by the programs and continuing education offerings is approximately 10,626 (Fiscal Year 2016). WTC operates a central campus located in the City. Additionally, WTC operates regional locations in Viroqua, Tomah, Mauston, Independence, and Black River Falls. Throughout WTC’s service area, local facilities are utilized for adult education evening classes.

Viterbo University is a four-year Catholic co-educational liberal arts institution located in the City. The University offers more than 70 degree programs and had a Fall 2016 enrollment headcount of 2,708 students.

The University of Wisconsin-La Crosse had a Fall 2016 enrollment of 10,546 students, including 9,728 undergraduates and 818 graduate students.

GOVERNMENTAL ORGANIZATION AND SERVICES

The City is a municipal corporation, incorporated in 1856, and exists under the Constitution and laws of the State of Wisconsin. The City operates under a Mayor-Council form of government. The Common Council is comprised of 13 Council members representing the various districts within the City. The Mayor, Mr. Timothy Kabat, is the chief executive officer of the City and is elected at large to serve a four-year term. Mayor Kabat was first elected in 2013, and his current term expires in April 2021. The Council members are elected by district to serve staggered four-year terms.

Common Council

		<u>Expiration of Term</u>
Martin Gaul	11 th District, Council President	April 2021
Andrea Richmond	1st District	April 2019
Scott Neumeister	2nd District	April 2019
Barb Janssen	3rd District	April 2019
David Marshall	4th District	April 2019
Patrick Brever	5th District	April 2019
Jaqueline Marcou	6th District	April 2019
Gary Padesky	7th District	April 2021
Jessica Olson	8th District	April 2021
Phillip Ostrem	9th District	April 2021
Paul Medinger	10th District	April 2021
Douglas Happel	12th District	April 2021
Roger Christians	13th District	April 2021

Ms. Valerie Fenske is the Director of Finance/Treasurer. Ms. Fenske was appointed in October 2016. Ms. Fenske previously worked in finance positions throughout other municipalities in the state of Arizona, bringing 23 years of prior government experience. Ms. Fenske served at the Finance Director position level for seven years prior to joining the City. She holds a Bachelor of Science in Accountancy and has a Master of Business Administration. Ms. Teri Lehrke is the City Clerk and has held this position since April 1993. The City Clerk is an elected position. Mr. Stephen Matty is the City Attorney and was appointed in May 2007. The City currently employs 514 people on a permanent full-time basis and approximately 350 part-time and 600 seasonal employees.

Police Protection

With a population of 52,377, that comprises 20.1 square miles, the City is the 12th largest city in the state, the largest community in La Crosse County and serves as the county seat. The City shares borders with the Town of Campbell.

The La Crosse Police Department was founded on April 12, 1870 when a newly-elected mayor fulfilled a campaign promise and hired Chief John Simonton and six patrolmen. Today, the department is comprised of 96 sworn officers and 27.8 civilian staff. The department's current budget is just over \$10 million with supplemental funds being obtained through aggressive grant pursuits. Organizationally, the department is made up of four Bureaus: Administrative Services, Field Services, Investigative Services, and Professional Standards/Community Services, each directed by a Captain. The Administrative Services Bureau oversees the hiring, training, and development of staff. The Professional Standards/Community Services Bureau oversees the School Resource Officers, G.R.E.A.T and D.A.R.E programs, as well as community interaction through media partnerships, Neighborhood Watch, and new officer recruitment. The Investigative Services Bureau includes investigators assigned within three areas – general/white collar crimes, adult and juvenile sensitive crimes, and narcotics/vice crimes. The Investigative Bureau also oversees the Neighborhood Resource Officers and the Domestic Abuse Reduction Team (DART). Finally, the Field Services Division consists of two patrol shift teams delivering a full spectrum of field police services to the community.

The La Crosse Police Department operates with an authorized staff of 96 sworn full-time officers, all of whom are certified in the State of Wisconsin by the Law Enforcement Standards Board. In 1998, The La Crosse Police Department was the first municipal law enforcement agency in the State to be accredited by the Wisconsin Law Enforcement Accreditation Group and have maintained accredited status since that time. The Department has a fleet of 58 vehicles, which includes 17 fully equipped patrol squad cars with mobile data computers, squad video cameras, laser, radar and automatic external defibrillators, and 18 unmarked investigative/administrative vehicles. Additionally, the City's eight parking enforcement vehicles are equipped with mobile data computers. Parking enforcement personnel utilize automated ticketing equipment during their tours of duty.

The Department has a pool of specialty vehicles/units such as patrol bicycles, Segways, an armored tactical vehicle, fully equipped SWAT van, and a patrol boat. The department staffs a fully trained and equipped Emergency Response Team and operates a grant funded Domestic Abuse Reduction Team. School Resource Officers are in the middle and high schools and teach D.A.R.E. (Drug Abuse Resistance Education) and G.R.E.A.T. (Gang Resistance Education and Training) at various grade levels in the public school district.

There are currently four certified K-9 Officer/Dog teams. One of the dogs is trained for explosives searches and the other three are trained for both drugs detection, tracking, and patrol tactics. The department's community policing efforts have been recognized three times in different years, receiving the Attorney General's "Program of the Year Award" for Innovation in Policing, and the City's community policing efforts were recognized by the International Association of Chiefs of Police (IACP). In 2011, the La Crosse Police Department was recognized by the Office of Juvenile Justice & Delinquency Programs (OJJDP) as the Outstanding Law Enforcement Agency of the Year through the Underage Drinking Enforcement Training Center. The La Crosse Police Department was also recognized for "Outstanding Performance in the 2010 Youth Alcohol Programs" by the Wisconsin Department of Transportation, Bureau of Traffic Safety.

Currently, the La Crosse Police Department operates on six-patrol beat system. Average staffing levels of ten patrol officers and two supervisors on each shift that are complimented by investigative and administrative personnel able to immediately respond to any incident.

Fire Protection

The La Crosse Fire Department (the "Fire Department") provides Fire Suppression and Emergency Medical Services/First Responder Services ("EMS") and fire and building inspection services (Inspections) within the corporate limits of the City, including the Municipal Airport area, Xcel Energy Refuse Derived Fuel Generating Facility on French Island, the Pettibone Park area and much of the Valley View Mall corridor and Hwy 14/61 Shrine area. This is accomplished through the strategic location of four fire stations within the City.

The Fire Department operates ten Fire Apparatus including three Quints, two Engines, three Rescues, and two reserve Engines and one reserve Quint. Other apparatus in the Fire Department fleet include a Water Tender, two boats, an UTV (Utility Task Vehicle), a DLAV (Dry Land Access Vehicle), two vehicles dedicated to Hazmat and one dedicated to USAR (Urban Search & Rescue). These apparatuses are put into service when needed. The Fire Department fleet also includes an administrative fleet of vehicles used by the Fire Prevention and Building Safety, Training and Maintenance bureaus within the Fire Department. The City presently employs 92 firefighters, all of whom are trained as Emergency Medical Technicians or First Responders and are certified annually. In addition to EMS and fire suppression, the Fire Department provides three fully equipped specialty teams: a 24-member Hazardous Materials team that responds to eight counties as part of an eight team State of Wisconsin Hazardous Materials system, an 18-member Regional Technical Rescue team that is part of a State of Wisconsin System, and a 26-member Water Rescue team that includes 12 certified rescue personnel.

The Fire Prevention and Building Safety Bureau of the Fire Department, created in 2014, reports to the Fire Department Fire Prevention Division has personnel that includes: one Chief Inspector, four Building

Inspectors, one Electrical Inspector, one Plumbing Inspector, one Code Enforcement Technician and one Clerk/Stenographer. The Fire Department Prevention Division also operates a Fire Investigation/Arson Bureau that performs fire investigations and facilitates programs such as Juvenile Fire Starters, Fire Prevention Week and Fire Extinguisher trainings.

The Fire Department coordinates and manages all emergency management functions for the city that includes training for city staff, development and maintenance of the city's emergency operations plan as well as coordinating emergency response to and recovery from disasters natural and man-made.

In 2014 the Fire Department achieved international accreditation through the Center for Public Safety Excellence, Commission on Fire Accreditation International and has met the objectives and goals established to continue being recognized as an accredited organization in 2016.

The Fire Department operations are based on State laws and Nationally Recognized Standards for emergency and non-emergency operations. These standards and laws include but are not limited to, the National Fire Protection Association, OSHA, State of Wisconsin, Code of Federal Regulations, and Wisconsin Administrative Codes.

Information regarding the Fire Department is managed through a comprehensive records management system that includes electronic dispatching and electronic (paperless) reporting, as well as occupancy and pre-plan information. All information is accessible to all apparatus in the field as well as personnel in stations through a wireless information transmission system and mobile data computers.

Water Utility

The La Crosse Water Utility (the "Water Utility") serves the developed areas of the City, some small areas abutting the City in the Town of Shelby as established in 1953, and some commercial and industrial properties in the Town of Campbell as per an agreement signed in 2006. The Water Utility is self-supporting, operating on the revenues from the sale of water and from private and public fire protection. The present distribution system consists of 13 active wells, two reservoirs with capacities of 5 million gallons and 150,000 gallons, respectively, and approximately 224 miles of water main to serve the Water Utility's approximately 16,211 user connections. The full pumping capacity of the water system is approximately 43 million gallons per day (mgd) as compared to a 2016 peak day demand of 16.3 mgd and a 2016 estimated average demand of about 9.78 mgd. Water rates are established for the Water Utility by the Wisconsin Public Service Commission based on an adequate rate of return and are among the lowest of the larger utilities in the state.

Sanitary Sewer Utility

The La Crosse Sanitary Sewer Utility provides wastewater treatment for the cities of La Crosse and Onalaska, the Town of Campbell, two Town of Shelby sanitary districts, and the City of La Crescent, Minnesota. Treatment is provided by the City's Isle La Plume wastewater treatment facility, which has a capacity of 20 million gallons per day (mgd). Average flow to the plant in 2016 was approximately 10.2 mgd, so the treatment facility currently has reserve capacity. Quality of effluent discharged to the Mississippi River is well within compliance limits established by the Wisconsin Department of Natural Resources.

The Sanitary Sewer Utility has been self-supporting since July 1, 1991, operating on user fee revenues. Current sewer rates are among the lowest in the State. The Sanitary Sewer Utility maintains a sanitary sewer collection system in the City consisting of approximately 205 miles of sewers and 26 lift stations.

Storm Water Utility

Implementation of the City's Storm Water Utility was created by Common Council approval in July of 2011. All Storm Water Utility operating costs, as well as all costs related to compliance with storm water quality requirements, are paid from revenues generated from user charges. As required by current City Municipal Code, the costs to complete capital projects related to storm water quantity are funded with 50% Utility and 50% City funds.

The Storm Water Utility maintains the City's separate storm sewer system, which consists of approximately 141 miles of sewers and seven lift stations. Information describing these City utilities is found in Chapter 46 of the City of La Crosse Municipal Code.

Solid Waste and Recycling

The City provides collection of household trash and recyclables for single family homes and apartment buildings with eight or fewer bedrooms through a contract with a private hauler. Burnable trash is delivered to Xcel Energy's waste-to-energy facility on French Island where it is converted to fuel and used to generate electricity. Non-burnable trash and large items (excluding recyclable box springs and mattresses) are landfilled at the La Crosse County Landfill. The City's recycling program expanded in 2014 to cart based, single stream recycling. Plastics #1 through #7, white paper, hard-pressed paper, corrugated card board, newsprint, tin, aluminum, and glass will be recycled. Between the waste-to-energy facility and the recycling program, over 70% of the waste generated by City households is diverted from the County landfill. The City also has a cooperative agreement with La Crosse County for the disposal of hazardous materials.

Parks, Recreation and Forestry

The City's Parks, Recreation and Forestry Department maintains a 1,560-acre park system, consisting of 47 park sites, 12 athletic fields, an 18-hole Frisbee golf course, 27 miles of paved trails, and an additional eight miles of wood-chipped surface trails. The department also manages an ice arena, three neighborhood community centers, four municipal boat landings, three municipal pools, two public beaches and 12 baseball diamonds. The department oversees two municipal boat marinas with over 250 boat slips, a membership boat club with over 300 slips, an 18-hole golf course and 300+ site campground. This department oversees eight leases for operations on park property, generating over \$300,000 annually in lease payments including the Coulee Region Chill (Green Island Ice Arena) of the North American Hockey League and La Crosse Loggers (Copeland Park) of the Northwood's League. Additionally, the department is funding, administrating, and programming 8,000 acres of natural conservatory land. This department is responsible for over 19,000 boulevard trees, and has been designated a Tree City USA each year for 25 years. The Department also has reciprocal agreements with the University of Wisconsin – La Crosse, Aquinas Catholic Schools, and the La Crosse School District in the use of City-owned facilities.

The recreation staff coordinates many activities including youth recreation programs serving over 15,000 youth yearly. The adult sports program serves 190 softball teams, 50 basketball teams, 75 volleyball teams, 24 football teams and 300 individual tennis players. The special recreation program provides activities for individuals with special needs and is the 2nd largest program in the State of Wisconsin with over 500 participants. The department special events division conducts the La Crosse Fitness Festival which consists of a half marathon, 5K and biking events with over 6,000 participants. Other events include Winter Rec Fest (5,000 participants), Special Olympics Polar Plunge (\$180,000 raised), Youth Outdoor Fest (3,000 participants), Firecracker 4-mile fun run (\$30,000 donated), Wisconsin Off Road Series (2,000 participants), and the Catgut Paddle Event on the Black River.

Regional Airport

The City owns and operates a regional airport located two miles northwest of the City. The La Crosse Regional Airport is served by Delta and American Airlines with flights flown by several feeder airlines. Based on the number of enplaning passengers, the airport is currently ranked as the 234th busiest airport in the nation. The airport is an all-weather facility. The airport runways are all 150 feet wide, with the longest being 8,742 feet long, the third longest runway in the State. The other runways are 6,050 feet and 5,199 feet in length. The airport also has an air traffic control tower operating from 6 a.m. to 9 p.m. daily. There are currently 74 aircraft based at the airport. Continual improvements to the infrastructure have ensured that the airport will meet the transportation demands of the region into the future.

Municipal Library

The La Crosse Public Library (the “Library”) serves as the resource library for the seven-county Winding Rivers Library System. In addition to City funding, the Library receives private and state monies for its current budget. The Library operates one main and two branch facilities located within the City containing approximately 250,000 items with a circulation of almost 1 million and employs 71 people. In addition to traditional services, the Library provides public meeting rooms, wireless internet access at all three facilities, a full archives and genealogy department, and a wide variety of community-connected programs and services, including a very successful partnership with the convention and visitor’s bureau on the “Dark La Crosse” trolley tours. The Library was rated as one of the “Top 10 Public Libraries in Wisconsin” in a Legislative Audit Bureau report conducted during the spring of 2008, was the recipient of the 2010 Governor’s Award for Archival Achievement, and its manager of Youth Services was chosen as the 2010 Wisconsin Librarian of the Year.

La Crosse Center

The La Crosse Center was built in 1980 with a convention hall/meeting room, a river view suite and an arena. The venue is located in the heart of the downtown on the banks of the Mississippi River. In the spring of 2000, the facility nearly doubled in size with a \$14 million expansion, which included two grand halls that combine for 36,000 square feet and a second floor 6,000 square-foot ballroom with a view of the Mississippi River. Adjacent to the ballroom are three boardrooms and a conference room. Meetings, trade shows and numerous conventions use the La Crosse Center annually. The La Crosse Center has hosted national touring concerts such as Elton John, Blake Shelton, and Def Leppard. The facility also has hosted many family shows such as the Harlem Globetrotters, Monster Trucks, Disney Playhouse, and Sesame Street Live. In addition, the La Crosse Center has been the home for indoor football and professional basketball teams. The entire complex provides nearly 100,000 square feet of meeting and exhibit space. The La Crosse Center is planning a remodel and an expansion project to break ground in the spring of 2018. \$37,000,000 has been committed by the City of La Crosse with a grant application for additional funds being considered at the State of Wisconsin. A timeline for the project is still to be determined.

Parking Utility

The City of La Crosse–Parking Utility is a division of the La Crosse Police Department. The Parking Utility is managed by a professional Parking Coordinator who works directly with the Assistant Police Chief. The Parking Utility has two responsibilities, the enforcement of all parking regulations within the City and the operation of all city owned parking facilities.

The enforcement division is responsible for the enforcement of all parking rules and regulations on approximately 225 miles of city streets. This work is done through a staff of Civil Service Employees (CSE’s) who are tasked with the enforcement of parking violations. Office support staff process data entry and revenue collections.

The grounds division of the Parking Utility is responsible for the operation of all the municipally owned ramps and surface lots. These include the Market Square Ramp with a total of 632 spaces, the La Crosse Center Ramp with a total of 893 spaces, the Main Street ramp with a total of 395 spaces, the Riverside Ramp with a total of 903 spaces, and the Pine Street ramp (fall of 2017) with a total of 606 spaces. When you add in the surface lots the Parking Utility manages almost 4,000 parking spaces.

In 2017, the Parking Utility completed a major technology upgrade for all parking management and enforcement. Parking staff utilize automated license plate reading technology which is integrated with citation modules as well as automated pay stations within the parking ramps. The upgrade in technology, both hardware and software, has significantly increased its efficiency in both enforcement and permitting in order to make a more customer friendly environment. Annual revenue for the Parking Utility for both citations and parking permits is approximately \$1,500,000.

Transit Utility

The La Crosse Municipal Transit Utility (MTU) provides public transportation to the greater La Crosse area. The service area includes the City, a portion of the City of Onalaska, French Island, and the City of La Crescent, Minnesota. The service is owned and operated by the City, with support from all of the communities MTU services.

The City assumed operation of the MTU in 1975. Ten fixed routes offer transportation throughout the area, with most routes operating seven days a week. The MTU strives to provide basic mobility throughout the La Crosse area.

MTU also provides paratransit service, under the requirements of the Americans with Disabilities Act. The service is available to qualifying individuals for whom using the fixed route bus is impossible.

In September of 2010, the MTU opened a multipurpose transit center in the downtown area, containing a primary passenger terminal and an eight-bus transfer facility along with commercial space, parking and 92 apartments. The City has forged a unique public-private partnership to fund the \$32 million project. The partners include the City, the Federal Transit Administration, the Wisconsin Department of Transportation, Gorman and Company, and the Wisconsin Housing and Economic Development Authority (WHEDA). The project not only generates tax base for the City but also provides a revenue stream for the transit system to pay for operation and maintenance of the transit facility.

The new transit center also includes a multi-modal connection for intercity bus and rail passengers as well as improved accessibility to the community for the City's aging population. The establishment of the high-density, mixed-use development enhances the transit rider's experience and will increase transit ridership in the future.

Labor Contracts

The status of labor contracts in the City is as follows:

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
Transit Local 519	43	December 31, 2018
Firefighters Local 127	85	December 31, 2017
Police supervisors	18	December 31, 2017
Police non-supervisors	70	December 31, 2017
SEIU*	<u>0</u>	N/A
Subtotal	216	
Former SEIU	175	
Elected	3	
Library-(non-part time)	40	
NonRep	<u>87</u>	
Total non-unionized employees	<u>305</u>	
Total employees	521	

* *Recognized and certified bargaining units represent approximately 40% of the City's full-time employees. Service Employees International Union ("SEIU") Local 180 and airport operations are now general employees under the provisions of Wisconsin Act 10 and therefore are only able to negotiate for total base wages should they recertify as a union. These employees (SEIU Local 180, airport operations, and Non-represented,) are covered under an employee handbook. Library employees operate under a separate statute and are covered under the library handbook.*

Recognized and Certified Bargaining Units

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and, after significant changes were made to the law in 2011, have very limited rights to collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32. As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing the base wages only by any increase in the previous year's consumer price index (unless the City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Employee Pension Plans

All eligible City employees participate in the Wisconsin Retirement System (WRS), a multiple-employer Public Employee Retirement System. The WRS is one of the strongest government pension plans in the country. It is fully funded and Moody's Ratings Service recently issued a report that found WRS among the most prepared to pay its pension obligations over the long term. The payroll for employees covered by WRS and the City's total payroll for the past five years are as follows:

	<u>Covered by WRS</u>	<u>Total Payroll</u>
2012	\$27,780,539	\$29,468,574
2013	27,692,118	29,603,989
2014	29,499,654	31,315,822
2015	29,513,033	32,351,522
2016	30,422,348	32,092,419

The total required contribution with the contributions and percentage of payroll from the City and employees for the past five years are as follows:

	<u>Total Required Contribution</u>	<u>City Contribution</u>	<u>City Percentage</u>	<u>Employee Contribution</u>	<u>Employee Percentage</u>
2012	\$3,419,059	\$2,771,035	5.9-16.7%	\$896,821	5.9-7.1%
2013	3,665,567	3,147,101	6.7-12.4	1,167,339	6.7-7.0
2014	3,175,751	2,832,995	7.0-13.9	1,577,435	7.0-7.8
2015	2,689,659	2,689,659	6.8-13.1	1,762,086	6.8-7.7
2016	2,661,909	2,661,909	6.8-13.1	1,756,860	6.8-7.7

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 education 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 2016 were:

	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executive & Elected Officials	7.7	7.7
Protective with Social Security	6.8	9.5
Protective without Social Security	6.8	13.1

Employees currently covered under an existing labor agreement will continue to pay their WRS contribution rate as specified in their agreement until the agreement expires. Employees may agree to negotiate paying some or all of their contribution rates in accordance with Wisconsin Act 10 sooner than their agreement expiration date.

WRS utilizes the “Entry Age Normal with Frozen Initial Liability” actuarial method in establishing employer contribution rates. Under this method, the unfunded accrued actuarial liability is affected only by the monthly amortization payments, compound interest, the added liability created by new employer units, and any added liabilities caused by changes in benefit provisions. All actuarial gains or losses arising from the difference between actual and assumed experience are reflected in the determination of the normal cost. Since December 31, 2001, the City has had no unfunded liability. Proceeds of a portion of the City’s Taxable General Obligation Refunding Bonds, Series 2001-B, dated November 1, 2001, were used to pay off the City’s unfunded prior service pension liability.

For more information regarding the liability of the City with respect to its employees, please reference “Note 8 – Wisconsin Retirement System,” and “Required Supplementary Information” of the City’s Annual Financial Statements for the fiscal year ended December 31, 2016, an excerpt of which is included as Appendix IV of this Official Statement.

GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to Issuer employees and require recognition of a liability equal to the Issuer's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

The City's proportionate shares of the pension costs and the City's net pension liability for WRS for the past two years are as follows:

	<u>Proportionate Share of Pension Costs</u>	<u>Net Pension Liability (Asset)</u>
2016	0.27169553%	\$4,414,500
2015	0.27001724	(6,632,361)

For more information regarding GASB 68 with respect to the City, please reference "Note 10. Employees Retirement System" and "Required Supplementary Information" of the City's Financial Statements for fiscal year ended December 31, 2016, an excerpt of which is included as Appendix IV of this Official Statement.

Additional and detailed information about the State of Wisconsin's net position is available in a separately-issued financial report, which may be obtained at <http://legis.wisconsin.gov/lab>, report number 16-11.

Sources: *City's Annual Financial Statements.*

Other Post Employment Benefits

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (GASB 45), which addresses how state and local governments must account for and report their obligations related to post-employment healthcare and other non-pension benefits (referred to as Other Post Employment Benefits or "OPEB").

The City contributes to other post-employment plan benefits to all former City employees who meet retirement eligibility requirements. With the advent of GASB Statement 45, the City has engaged actuaries to provide actuarial valuation reports. Under GASB 45 such costs must be accounted for on an accrual basis. The City must report an annual OPEB cost based on actuarially determined amounts that, if paid on an ongoing basis, will provide sufficient resources to pay these benefits. Components of the City's annual OPEB cost, the amount contributed to the plan, and the changes in the City's net OPEB obligation to the plan for the fiscal year ended December 31, 2016 are as follows:

Annual required contribution	\$ 6,173,237
Interest on net OPEB obligation	575,434
Adjustment to annual required contribution	<u>(863,689)</u>
Annual OPEB cost	\$ 5,884,982
Contributions made	<u>(4,925,232)</u>
Increase in net OPEB obligation	\$ 959,750
Net OPEB obligation – beginning of year	<u>16,440,958</u>
Net OPEB obligation – end of year	<u>\$17,400,708</u>

Funded status of the City's OPEB as reported in the actuarial reports received to-date:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>UAAL as a percentage of Annual Covered Payroll</u>
January 1, 2012	-0-	\$75,476,566	\$75,476,566	272.7%
January 1, 2013	-0-	76,663,426	76,663,426	272.0
January 1, 2014	-0-	73,027,143	73,027,143	244.6
January 1, 2015	-0-	73,027,143	73,027,143	238.8
January 1, 2016	-0-	66,389,645	66,389,645	206.9

Required contributions as reported in the actuarial reports received to-date:

<u>Fiscal Year Ended</u>	<u>OPEB Cost</u>	<u>Employer Contributions</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>OPEB Obligation</u>
December 31, 2012	\$6,583,640	\$3,987,000	60.6%	\$12,220,098
December 31, 2013	6,688,601	4,455,000	66.6	14,453,699
December 31, 2014	6,417,131	5,204,460	81.1	15,666,370
December 31, 2015	6,395,871	5,621,282	87.9	16,440,958
December 31, 2016	5,884,983	4,925,232	83.7	17,400,708

For more information concerning the City's OPEB obligations, please reference "Note 14 – Post-Retirement Healthcare Benefits" and "Required Supplementary Information" of the City's Annual Financial Statements for the fiscal year ended December 31, 2016, an excerpt of which is included as Appendix IV of this Official Statement.

Sources: City's Annual Financial Statements.

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Taxes	\$36,015,542	\$36,361,998	\$36,536,609	\$36,083,515	\$37,542,557
Intergovernmental	15,516,517	15,606,255	15,434,50	15,372,951	15,123,544
Transfers In	13,581,838	14,678,627	13,747,336	16,817,877	15,182,474
Intergovernmental charges for services	3,370,533	2,766,315	2,883,382	2,358,582	2,409,029
Public charges for services	1,960,114	1,909,898	1,889,219	2,118,975	2,166,334
Licenses and permits	1,874,682	1,942,792	1,946,567	2,019,707	1,941,826

Sources: City's Annual Financial Statements.

City Budget Process

In June 2011, an operating budget ordinance was enacted to formulate the process to develop the City's annual operating budget. Prior to July 1st of each year, the Budget Parameter Committee meets to provide directives to departments to prepare the upcoming operating budget. The Budget Parameter Committee will begin meeting in March to begin discussions on next year's operating budget. In September and October, a series of public hearings on the proposed operating budget is conducted by the Board of Estimates to formulate the City budget. In November of each year, the Council, after conducting a public hearing, adopts the final budget and approves the annual tax levy. Any subsequent changes in the budget or levy must be approved by a vote of two-thirds of the entire Common Council and must be published within ten days of such vote.

City General Fund Budget

	2016 Adopted Budget	2016 Year-End	2017 Adopted Budget
Revenues:			
Property Taxes	\$34,779,508	\$34,780,508	\$34,816,661
Revenues to Offset Debt	9,300,619	9,300,618	8,772,040
Fire	223,750	270,592	23,750
General	5,553,820	5,378,917	3,521,630
Taxes and Special Assessments	614,950	687,990	689,672
Intergovernmental Charges	14,888,838	14,981,295	14,873,778
Interdepartmental Charges	13,000	8,241	8,000
Licenses	770,255	815,993	770,660
Special Appropriations	100,000	1,933,161	256,000
Insurance	665	16,336	600
Library	590,925	616,467	372,334
Park and Recreation	399,000	399,080	439,000
Planning	37,550	8,196	38,450
Harbor	40,000	40,090	30,000
Police	100,000	217,481	25,000
Engineer	227,648	1,747	222,328
Grounds and Building	2,500	1,402,188	2,500
Highway	921,000	259	1,038,000
Refuse and Recycling	8,500	886,249	4,000
Building and Inspections	780,300	2,285,396	921,600
La Crosse Center	<u>2,351,780</u>	<u>34,780,508</u>	<u>2,358,171</u>
Total Revenues	<u>\$71,704,608</u>	<u>\$74,070,804</u>	<u>\$69,184,174</u>
Expenses (By Department):			
Assessor	\$ 687,080	\$692,427	\$ 699,284
Attorney	600,584	608,312	603,729
Clerk	570,837	573,306	496,470
Contingency	50,000	45,327	300,000
City Council	85,232	76,132	106,832
Debt Service	16,542,438	16,542,438	15,591,967
Finance	1,191,177	1,226,833	1,187,068
Fire	9,780,363	10,033,885	10,164,161
General Expense	7,265,095	5,664,849	4,305,021
Employee Benefits	73,990	28,440	53,990
Police/Fire Commission	19,200	16,553	19,200
Special Appropriation	0	1,729,407	0
Insurance	491,108	533,175	531,778
Library	4,877,241	4,934,496	4,834,968
Mayor	199,451	200,302	240,023
Info Systems/Technology	1,268,583	1,266,748	1,426,041
Municipal Court	251,995	246,198	255,495
Parks, Recreation & Forestry	2,919,584	2,929,426	3,031,897
Human Resources	376,229	364,870	417,232
Room Tax	305	305	305
Planning	472,308	478,020	547,869
Police	10,372,310	10,820,109	10,887,970
Public Works	342,537	383,517	0
Engineer	1,406,355	1,354,888	1,557,230
Grounds and Buildings	615,891	621,992	537,925
Highway	5,822,462	5,763,479	5,720,317
Refuse and Recycling	2,347,341	2,347,794	2,217,445
Building and Inspections	723,132	733,416	1,091,786
La Crosse Center	<u>2,351,780</u>	<u>2,278,697</u>	<u>2,358,171</u>
Total Expenses	<u>\$71,704,608</u>	<u>\$ 72,465,341</u>	<u>\$69,184,174</u>

Source: The City of La Crosse.

PROPOSED FORM OF LEGAL OPINION

[To be dated the Closing Date]

City of La Crosse,
 La Crosse County, Wisconsin
 La Crosse, Wisconsin

Re: City of La Crosse, La Crosse County, Wisconsin
 \$15,600,000* General Obligation Parking Bonds,
 Series 2017-D

The General Obligation Parking Bonds, Series 2017-D (the “*Bonds*”) of the City of La Crosse, La Crosse County, Wisconsin (the “*City*”), are in fully registered form; are dated the date hereof; are in denominations of \$5,000 each and integral multiples thereof; are appropriately lettered and numbered; mature on October 1 of each of the years and in the principal amounts as set forth below, and bear interest payable on April 1 and October 1 of each year, commencing on April 1, 2018, at the rates per annum, as follows:

YEAR	AMOUNT	INTEREST RATE
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		

* Preliminary; subject to change.

The Bonds maturing on and after October 1, 2028, are subject to redemption prior to maturity on October 1, 2027, and on any date thereafter, at a redemption price of 100% of the principal amount thereof being redeemed, plus accrued interest to the date fixed for redemption.

We have examined the documents which we deem pertinent to the validity of the Bonds, including the certified record evidencing the authorization of the Bonds by the Common Council of the City. On the basis of such examination we are of the opinion that the Bonds have been lawfully authorized and issued under the laws of the State of Wisconsin; that they are the lawful and enforceable obligations of the City in accordance with their terms, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion; that the Bonds are payable from taxes to be levied on all taxable property in the City, without limitation as to rate or amount; and that the form of Bond prescribed for said issue is proper.

Based upon our review of official certificates and proceedings submitted by the City, it is our opinion that, subject to compliance by the City with certain covenants, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants of the City could cause the interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of the issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement with respect to the Bonds or any other information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts solely within the knowledge of the City. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully Submitted,

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (B)(5) OF RULE 15C2-12**

This CONTINUING DISCLOSURE UNDERTAKING (the “Agreement”) is executed and delivered by the City of La Crosse, La Crosse County, Wisconsin (the “Issuer”) in connection with the issuance of \$15,600,000* aggregate principal amount of General Obligation Parking Bonds, Series 2017-D (the “Bonds”). The Bonds are being issued pursuant to a resolution duly adopted by the Common Council of the Issuer on October 12, 2017 (the “Resolution”).

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Issuer covenants and agrees, as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the Issuer as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters (as hereinafter defined) in complying with the requirements of the Rule (as hereinafter defined). The Issuer represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after the issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in *Exhibit I* attached to and made a part of this Agreement.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4 of this Agreement.

Audited Financial Statements means the audited financial statements of the Issuer prepared pursuant to the standards and as described in *Exhibit I* attached to and made a part of this Agreement.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and the successors and assigns of any such agent.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

* Preliminary; subject to change.

MSRB means the Municipal Securities Rulemaking Board.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the events set forth in *Exhibit II* attached hereto and made a part of this Agreement.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5 of this Agreement.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Wisconsin.

Undertaking means the obligations of the Issuer pursuant to Sections 4 and 5 of this Agreement.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Bonds are set forth in *Exhibit III* attached to and made a part of this Agreement. The Final Official Statement relating to the Bonds is dated October [], 2017 (the "*Final Official Statement*"). The Issuer will include the CUSIP Numbers in all disclosures described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I* attached hereto and made a part hereof) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information in such manner and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten (10) business days after the occurrence of the Reportable Event) Reportable Events Disclosure to

EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of the delivery of such information. References to “material” in *Exhibit II* attached hereto and made a part hereof refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of an optional or unscheduled redemption or prepayment of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or prepayment or defeasance is given to the owners of the Bonds pursuant to the Resolution.

6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. The Issuer shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due under this Agreement.

In the event of a failure of the Issuer to comply with any provision of this Agreement, the beneficial owner of any Obligation may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed to be a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement to the contrary, the Issuer, by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, change in law or change in the identity, nature, or status of the Issuer or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Issuer (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity, other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to the repayment of the Bonds under the Resolution. The Issuer shall give notice to EMMA in a timely manner if this Section 8 is applicable.

9. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of the occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information from any document or notice of the occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Reportable Event. If the Issuer is changed, the Issuer shall disseminate such information to EMMA.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including without limitation the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of the filing of such disclosure.

13. ASSIGNMENT. The Issuer shall not transfer its obligations under the Resolution, unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

CITY OF LA CROSSE, LA CROSSE COUNTY,
WISCONSIN

By _____
Mayor

Date: [closing date]

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Final Official Statement under the following captions: “CITY PROPERTY VALUES” - pages 11-12; “CITY INDEBTEDNESS—Legal Debt Limit and Debt Margin” - page 13; “CITY INDEBTEDNESS—General Obligation Debt” - page 13; “CITY INDEBTEDNESS—Estimated Calendar Year Debt Service Payments Including the Bonds” - page 14; and “TAX RATES, LEVIES AND COLLECTIONS—Tax Rates Per \$1,000 of Assessed Value for a City Resident Living in the La Crosse School District” - page 15, exclusive of Audited Financial Statements.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA, the Final Official Statement need not be available from the Commission. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to EMMA by December 31 of each year, commencing on December 31, 2018. Audited Financial Statements as described below should be filed with EMMA by December 31 of each year, commencing on December 31, 2018. If Audited Financial Statements are not available by December 31 of each year, commencing on December 31, 2018, Audited Financial Statements will be filed within thirty (30) days of their availability to the Issuer.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles pursuant to which such financial statements will be prepared.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS FOR WHICH
REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax-exempt status of the securities
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

EXHIBIT III

GENERAL OBLIGATION PARKING BONDS, SERIES 2017-D

YEAR OF MATURITY	CUSIP NUMBER (502769)
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	

WISCONSIN PROPERTY VALUATION AND TAX LEVIES**Assessed Value**

The "assessed value" of taxable property of a municipality is determined by the local assessor, who must be certified by the State Department of Revenue. The local assessor is required to use the property assessment manual provided by the Wisconsin Department of Revenue in estimating the "market value" of all taxable property. Property is valued as of January 1 of each year and filed with the municipality by the local assessor by the second Monday in May. Municipalities use assessed value as the basis for determining mill rates.

Equalized Value

The State Department of Revenue is required, under Section 70.57 of the Wisconsin Statutes, to determine the equalized value of all taxable property in each county and taxation district. This "equalized value," also called the "full assessment value" or the "aggregate full value," equalizes the various local assessments for uniformity of property values throughout the State. Equalized value is based on several economic factors, including past sales studies from which the State Department of Revenue calculates a percentage that, when applied to the assessed value, produces a value that most closely approximates the full market value of each county and taxation district. This State Department of Revenue shall notify each county and taxation district of its equalized value on August 15; with school districts being notified on October 15.

At least once every five years, all municipalities must assess taxable property at a minimum of 90% of State equalized values.

Governmental units encompassing more than one municipality, such as a county or school district, use the equalized or full value of the underlying units in levying their taxes.

Tax Levies and Collections

Personal property taxes, special assessments, special charges and special taxes must be paid to the municipal treasurer in full by January 31. Real property taxes and personal property on leased lands must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan that permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the municipal treasurer. Amounts paid after January 31 are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case all payments are made to the municipal treasurer. Any amounts paid after July 31 are paid to the county treasurer. On or before January 15 and February 20 the municipal treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities that have authorized the payment of real property taxes in three or more installments, the municipal treasurer settles on February 20 and additionally settles with the other taxing jurisdictions on the fifteenth day of each month following the month in which an installment payment is required. The county treasurer must settle in full with the underlying taxing jurisdictions for all real property taxes and special taxes. Settlement must occur on or before August 20. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may recover any tax delinquencies by enforcing the delinquency lien on the property and retain any penalties or interest on the delinquencies for which it has settled.

EXCERPT OF 2016 ANNUAL FINANCIAL STATEMENTS

The City's is audited annually by an independent certified public accounting firm. Data on the following pages was extracted from the City's Annual Financial Statements for the fiscal year ended December 31, 2016. The reader should be aware that the complete financial statements may contain additional data relating to the information presented here, which may interpret, explain or modify it.

INDEPENDENT AUDITORS' REPORT

To the Common Council
City of La Crosse, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse, Wisconsin ("City"), as of and for the year ended December 31, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, schedule of funding progress - post-employment healthcare benefits on page 61, budgetary comparison information on pages 62 and 63, and the Wisconsin Retirement System Schedules on page 64 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 combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 17, 2017, 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.

Handlin Ash CPAs, LLP

La Crosse, Wisconsin
July 17, 2017



**The City of La Crosse, Wisconsin - Management's Discussion and Analysis
for the year ended December 31, 2016**

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, 2016. 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.

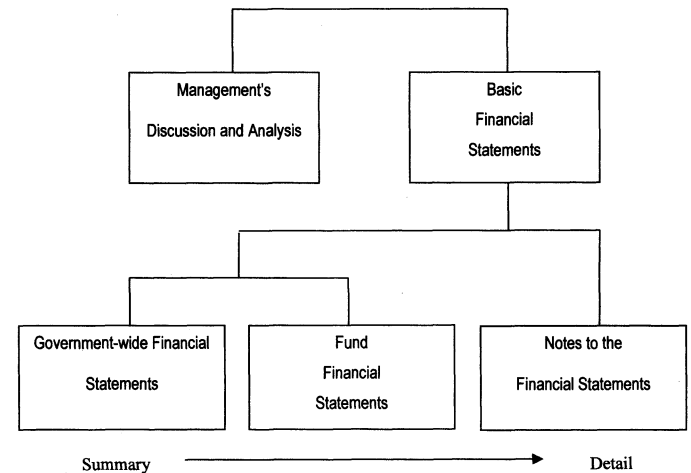
- The assets of the City of La Crosse exceeded its liabilities as of December 31, 2016 by \$432,879,736 (net position).
- The City of La Crosse's total net position of Governmental Funds and Proprietary Funds increased by \$17,885,445.
- As of December 31, 2016, the City of La Crosse's governmental funds reported combined ending fund balances of \$79,490,112 a decrease of \$2,992,896 in comparison with the prior year. As of December 31, 2016, the unassigned fund balance for the general fund was \$25,202,131 or approximately 48.56% of total general fund expenditures.

- The City of La Crosse's total general obligation debt decreased by \$6,593,786 (-9.4%) during 2016. 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 \$7,980,000 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, airport, 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 \$432,879,736 as of December 31, 2016. The City's net position increased by \$17,885,445 for the fiscal year ended December 31, 2016. However, the largest portion (74.89%) 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	
	2016	2015	2016	2015	2016	2015
ASSETS						
Assets net of Capital Assets	\$163,289	\$168,436	\$32,565	\$30,387	\$195,854	\$198,823
Capital Assets not Depreciated	36,205	31,156	20,388	28,931	56,573	60,087
Capital Assets, net of Depreciation	<u>180,578</u>	<u>176,815</u>	<u>130,165</u>	<u>116,540</u>	<u>310,743</u>	<u>293,355</u>
TOTAL ASSETS	\$380,072	\$376,407	\$183,098	\$175,858	\$563,170	\$552,265
DEFERRED OUTFLOWS OF RESOURCES						
Wisconsin Retirement System Pension	23,018	6,731	2,060	581	25,078	7,312
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$403,090	\$383,138	\$185,158	\$176,138	\$588,248	\$559,577
LIABILITIES, DEFERED INFLOWS OF RESOURCES, AND NET POSITION						
LIABILITIES						
TOTAL LIABILITIES	\$93,725	\$94,531	\$6,792	6,343	\$100,517	\$100,874
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Tax Roll	\$45,414	\$43,550	\$116	\$159	\$45,530	\$43,709
Wisconsin Retirement System Pension	8,554	-	765	-	9,319	-
TOTAL DEFERRED INFLOWS OF RESOURCES	\$53,968	\$43,550	\$881	\$159	\$54,849	\$43,709
NET POSITION						
Net Investment in Capital Assets	\$176,729	\$158,535	\$147,456	\$142,302	\$324,185	\$300,837
Restricted For:						
Special Revenue	2,556	2,963	-	-	2,556	2,963
Debt Service	4,494	5,072	-	-	4,494	5,072
Capital Projects	30,080	32,657	2,830	2,405	32,910	35,062
Other Activities	23,018	12,836	931	1,108	23,949	13,944
Unrestricted	<u>18,519</u>	<u>32,994</u>	<u>26,267</u>	<u>24,122</u>	<u>44,786</u>	<u>57,115</u>
TOTAL NET POSITION	\$255,396	\$245,057	\$177,484	\$169,937	\$432,880	\$414,993
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
	\$403,089	\$383,138	\$185,157	\$176,439	\$588,246	\$559,577

An additional portion of the City’s net position of \$63,909,511 (14.76%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position or \$44,785,820 (10.35%) may be used to meet the government’s ongoing obligations to citizens or creditors.

The City’s total net position increased \$17,885,445 during the year. This increase was comprised of an increase in business type activities of \$7,546,944 and an increase in the governmental type activities of \$10,338,501 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 \$10,338,501. Key elements of this increase are:

- Revenues were on a comparable level in 2016 versus 2015. 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 decreased by \$630,393 (1.85%) from 2015 to 2016. Departments were required to keep 2016 budgets at 2015 levels unless increases were justified and approved by the Council. Minimal increases were granted for 2016 in various departments, mostly due to increases on “uncontrollable” items such as utilities and supplies.
- Expenditures were at slightly lower level for 2016 compared to 2015, generally due in part to conscientious budget oversight by Department Heads, the Mayor, and the Common Council. 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 95% in 2014 and contributed significantly towards favorable department fuel expense variances for those departments with fuel expenses.
- Plan design changes, union contract negotiated increases in premiums, deductibles, office co-pays, and drug co-pays are having a positive impact on the City’s self-insurance health fund and allowed for no increase in the funding for health insurance 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

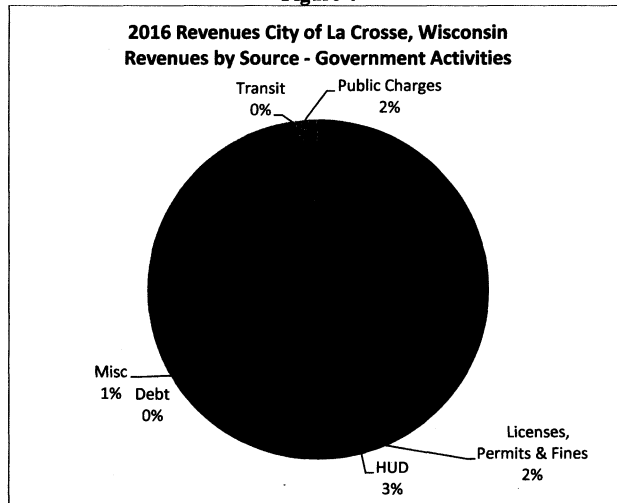
Figure 3
(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$15,920	\$15,920	\$19,934	\$19,613	\$35,854	\$35,533
Grants & contributions	10,875	11,303	--	--	10,875	11,303
General revenues:						
Taxes	46,818	45,840	--	--	46,818	45,840
State shared revenue	13,450	13,199	--	--	13,450	13,199
Interest and investment income	838	574	146	62	984	636
Miscellaneous	1,456	415	59	23	1,515	438
Total revenues	\$89,357	\$87,251	\$20,139	\$19,698	\$109,496	\$106,949
Expenses:						
General government	\$7,046	\$7,425	\$--	\$--	\$7,046	\$7,425
Public safety	27,003	26,799	--	--	27,003	26,799
Public works	18,600	14,801	--	--	18,600	14,801
Health and human services	231	339	--	--	231	339
Culture, recreation & education	16,736	17,142	--	--	16,736	17,142
Conservation & development	7,131	7,205	--	--	7,131	7,205
Principal, Interest & Fiscal Charges	2,025	2,268	--	--	2,025	2,268
Airport	--	--	3,628	3,797	3,628	3,797
Parking	--	--	2,512	2,179	2,512	2,179
Water	--	--	4,015	4,026	4,015	4,026
Sanitary Sewer	--	--	76	73	76	73
Storm Water	--	--	1,114	822	1,114	822
Other business-type activities	--	--	6,006	5,844	6,006	5,844
Total expenses	\$78,772	\$75,979	\$17,351	\$16,741	\$96,123	\$92,720
Change in Net Position before transfers and Special items	\$10,106	\$11,272	\$7,779	\$10,162	\$17,885	\$21,434
Special Items	--	--	--	--	--	--
Transfers	232	2,545	(232)	(2,545)	(0)	(0)
Change in net position	\$10,338	\$16,310	\$7,547	\$7,617	\$17,885	\$23,927
Net position, beginning of year as restated	245,058	215,882	169,937	164,217	414,995	380,099
Prior Period Adjustment	--	--	--	(3,005)	--	(3,005)
Change in Accounting Principle	--	12,866	--	1,108	--	13,974
Net position, end of year	\$255,396	\$245,058	\$177,484	\$169,937	\$432,880	\$414,995

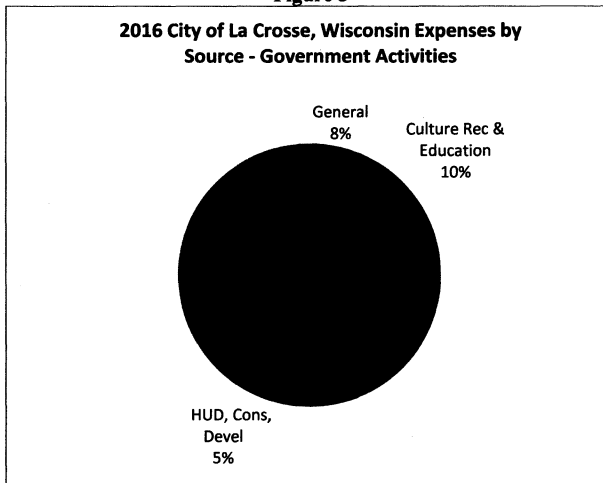
No major variances were noted in the governmental activities expenditures in 2016. City departments in general were well within their approved budgets.

Figure 4 and Figure 5 which follow depict revenues by source and expenses by function respectively for the year 2016.

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



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

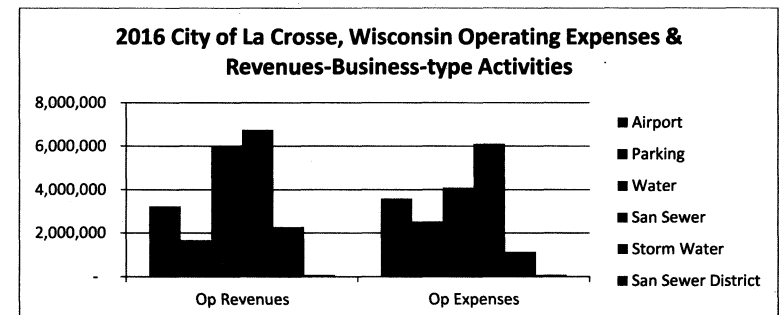


Business-type Activities

Business-type activities increased the City’s net position by \$7,546,944. 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 is self supporting, operating on the revenues from the sales of water and from private and public fire protection. 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 with the next review scheduled to take place in 2017. 3) The Sanitary Sewer Utility rates were increased January 1, 2015. A full review of Sanitary Sewer rates was completed and approved by the City Council in 2014, and resulted in a rate increase of approximately 10%. 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.

Figure 6 (below) shows the operating revenues and expenses for 2016 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, 2016, the City of La Crosse’s governmental funds reported combined ending fund balances of \$79,490,112. \$26,772,282 of this amount is attributable to the General Fund balance and is designated as follows: \$1,500,004 or approximately 5.6% was designated as “Nonspendable”, \$16,971,378 or approximately 6.3% was designated as “Committed” and \$23,888,260 or approximately 88.1% was designated as “Unassigned”.

The General Fund is the chief operating fund of the City of La Crosse, Wisconsin. As of December 31, 2016, the total fund balance of the general fund was \$26,772,282 of which \$25,202,131 was designated as “Unassigned.” This “Unassigned” fund balance represents approximately 46.03% of total general fund expenditures for 2016. The general fund balance increased by \$1,562,890 in fiscal year 2016. Additionally, the 2016 annual program budget for the City’s general fund identified a use of fund balance for items to be carried forward from the 2016 budget to the 2017 budget of \$1,678,287, \$823,418 of the total was for capital expenditures. Actual expenditures were less than final amended budgeted expenditures by approximately 2.49% or \$1,327,654. Actual revenue sources were more than the original amended budgeted revenues in the general fund by \$1,580,784 or approximately 2.72%.

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.
- 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	
	2016	2015	2016	2015
Airport	\$63,433	\$58,632	\$4,801	\$3,836
Parking Utility	31,427	32,263	(836)	(709)
Sanitary Sewer Utility	39,114	38,451	663	583
Sanitary Sewer District	606	606	0	(3)
Storm Water Utility	8,765	7,314	1,451	2,595
Water Utility	31,813	30,684	1,129	857
TOTAL	\$175,158	\$167,950	\$7,208	\$7,159

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 \$1,580,784. Actual expenditures were less than budgeted expenditures by \$1,327,654.

Revenues exceeded budgetary estimates and expenditures came in under budget; the City’s General Fund “Unassigned” balance increased by \$3,749,924. The City’s General Fund combined balance is 51.6% of 2016 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, 2016, amounts to \$367,315,864 (net of accumulated depreciation), an increase of \$13,874,026 (3.9%). 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 \$18,193,936 (11.4%) increase for governmental activities and a \$5,153,446 (3.6%) increase for business-type activities.

The following capital improvement projects for 2016 are contained and financed in the City's 2016-2020 five year Capital Improvement Program budget:

- Airport facility and runway upgrades – approximately \$5,925,000.
- Capital Equipment purchases for various departments - approximately \$1,550,000.
- Various Park projects - approximately \$1,270,000.
- Continuing upgrades to the Sanitary Sewer infrastructure - approximately \$1,078,000.
- Storm water improvement projects - approximately \$1,088,000.
- Various street and streetscaping improvement projects - approximately \$1,556,000.
- Various Tax Incremental Financing District projects - approximately \$10,980,000.
- Miscellaneous Water projects - approximately \$932,900.

City of La Crosse, Wisconsin's Capital Assets

Figure 8

(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
	Land and land improvements	\$9,933	\$9,933	\$8,692	\$8,657	\$18,625
Buildings and improvements	83,398	83,283	30,534	26,928	113,932	110,211
Machinery and equipment	35,435	31,357	23,502	21,896	58,937	53,253
Infrastructure/systems	147,944	132,506	131,922	115,361	279,866	247,867
Construction in progress	26,271	19,281	15,662	24,096	41,933	43,377
Less: Accumulated depreciation	(86,199)	(77,968)	(59,779)	(53,285)	(145,978)	(131,253)
TOTAL	\$216,782	\$196,358	\$150,533	\$143,460	\$367,315	\$339,818

Long-term Debt

The City's bond rating is AA by Standard & Poor. The City is able 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 2016 fiscal year, the City of La Crosse had total general obligation debt outstanding of \$63,473,203 entirely backed by the full faith and credit of the government. This represents a decrease of \$6,593,786 compared to the total general obligation debt outstanding as of the end of fiscal year 2015. This decrease is due primarily to scheduled borrowing and structured repayment of principle and interest in accordance with the City's debt model.

In 2016, the City sold two bond issues. The issues were dated March 10, 2016. Issue A was a 10 year promissory note for \$6,255,000 at a net interest rate of 1.3884%. Issue B was a 10 year taxable promissory note for \$9,465,000 at a net interest rate of 1.0837%. These issues funded the City's \$8,280,000 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, Airport projects and Miscellaneous Tax Incremental Financing projects. The issue was rated AA by Standard & Poor's.

Wisconsin State Statutes limit the amount of general obligation debt a governmental entity may issue up 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 current legal debt limitation for the City of La Crosse is \$172,847,205 and its outstanding debt subject to State statutory limit at December 31, 2016 is \$63,473,203 or approximately 36.7%.

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

Figure 9

(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
	General obligation bonds/notes	\$61,374	\$67,768	\$3,078	\$3,169	\$64,452
Mortgage revenue bonds	-	-	-	-	-	-
Other long-term obligations	21,653	16,542	2,700	2,470	24,353	19,012
TOTAL	\$83,027	\$84,310	\$5,778	\$5,639	\$88,805	\$89,949

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

- The 2016 unadjusted unemployment rate for the La Crosse MSA was 3.4% compared to the State average of 4.0%, and compared to the National average of 4.7%.
- Inflationary trends in the region are comparable to national indices.
- The total value of building permits in 2016 was \$68,903,289 through November 2016 as compared to 2015 with \$95,408,421 and 2014 with \$110,593,088.

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. Questions 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
STATEMENT OF NET POSITION
DECEMBER 31, 2016

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and investments	\$ 107,040,114	\$ 16,535,380	\$ 123,575,494
Restricted cash and investments	-	2,829,879	2,829,879
Receivables			
Taxes	45,504,125	771,502	46,275,627
Accounts and other	2,011,571	3,615,736	5,627,307
Special assessments	329,726	-	329,726
Current portion of loans receivable	478,974	-	478,974
Internal balances	(5,263,086)	5,263,086	-
Due from other governments	674,389	-	674,389
Inventories	311,584	276,446	588,030
Prepaid items	127,649	3,262,555	3,390,204
Special assessments	555,214	6,096	561,310
Loans receivable	11,519,389	-	11,519,389
Other property	-	3,375	3,375
Capital assets not being depreciated	36,204,576	20,368,174	56,572,750
Capital assets, net of accumulated depreciation	<u>180,577,691</u>	<u>130,165,423</u>	<u>310,743,114</u>
TOTAL ASSETS	380,071,916	183,097,652	563,169,568
DEFERRED OUTFLOWS OF RESOURCES			
Wisconsin Retirement System pension	<u>23,017,585</u>	<u>2,059,530</u>	<u>25,077,115</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 403,089,501</u>	<u>\$ 185,157,182</u>	<u>\$ 588,246,683</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
LIABILITIES			
Accounts payable	\$ 7,696,513	\$ 806,904	\$ 8,503,417
Accrued liabilities			
Payroll, payroll taxes	1,860,613	206,696	2,067,309
Interest	418,188	-	418,188
Other	68,276	-	68,276
Due to other governments	32,820	-	32,820
Due to others	241,520	-	241,520
Unearned revenue	380,994	-	380,994
Current portion of long-term obligations	19,737,673	1,435,111	21,172,784
Noncurrent portion of long-term obligations	<u>63,288,763</u>	<u>4,343,457</u>	<u>67,632,220</u>
TOTAL LIABILITIES	<u>93,725,360</u>	<u>6,792,168</u>	<u>100,517,528</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - tax roll	45,414,156	116,161	45,530,317
Wisconsin Retirement System pension	<u>8,553,743</u>	<u>765,359</u>	<u>9,319,102</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>53,967,899</u>	<u>881,520</u>	<u>54,849,419</u>
NET POSITION			
Net investment in capital assets	176,728,901	147,455,504	324,184,405
Restricted for:			
Special revenue	2,556,067	-	2,556,067
Debt service	4,494,189	-	4,494,189
Capital projects	30,080,214	2,829,879	32,910,093
Other activities	23,017,585	931,577	23,949,162
Unrestricted	<u>18,519,286</u>	<u>26,266,534</u>	<u>44,785,820</u>
TOTAL NET POSITION	<u>255,396,242</u>	<u>177,483,494</u>	<u>432,879,736</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 403,089,501</u>	<u>\$ 185,157,182</u>	<u>\$ 588,246,683</u>

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
GOVERNMENTAL ACTIVITIES							
General government	\$ 7,045,777	\$ 3,071,992	\$ 879,030	\$ 22,000	\$ (3,072,755)		\$ (3,072,755)
Public safety							
Law enforcement	15,163,421	847,555	824,900	31,459	(13,459,507)		(13,459,507)
Fire protection	11,090,505	167,983	138,163	-	(10,784,359)		(10,784,359)
Other public safety	748,728	-	-	-	(748,728)		(748,728)
Public works							
Transportation	16,129,113	3,291,437	6,105,731	-	(6,731,945)		(6,731,945)
Storm sewer	36,024	22,549	9,241	-	(4,234)		(4,234)
Docks and harbors	20,086	56,000	-	-	35,914		35,914
Sanitation	2,415,062	38,659	172,477	-	(2,203,926)		(2,203,926)
Health and human services	231,027	2,449	-	-	(228,578)		(228,578)
Culture, recreation, and education							
Library	5,682,223	186,529	383,291	-	(5,112,403)		(5,112,403)
Auditorium	4,648,599	4,057,620	-	-	(590,979)		(590,979)
Parks and recreation	6,405,398	2,384,283	317,468	96,956	(3,606,691)		(3,606,691)
Conservation and development	7,130,926	1,163,295	2,044,672	350	(3,922,609)		(3,922,609)
Interest and fiscal charges	2,025,212	-	-	-	(2,025,212)		(2,025,212)
TOTAL GOVERNMENTAL ACTIVITIES	78,772,101	15,290,351	10,874,973	150,765	(52,456,012)		(52,456,012)
BUSINESS-TYPE ACTIVITIES							
Municipal Airport	3,628,051	3,214,382	-	4,832,962		\$ 4,419,293	4,419,293
Parking Utility	2,512,190	1,658,279	-	-		(853,911)	(853,911)
Water Utility	4,014,957	5,975,331	-	156,319		2,116,693	2,116,693
Sewer Utility	6,005,870	6,733,549	-	1,745		729,424	729,424
Storm Water Utility	1,114,366	2,277,601	-	-		1,163,235	1,163,235
Sanitary Sewer District	75,661	74,374	-	-		(1,287)	(1,287)
TOTAL BUSINESS-TYPE ACTIVITIES	17,351,095	19,933,516	-	4,991,026		7,573,447	7,573,447
TOTAL PRIMARY GOVERNMENT	\$ 96,123,196	\$ 35,223,867	\$ 10,874,973	\$ 5,141,791	(52,456,012)	7,573,447	(44,882,565)
GENERAL REVENUE							
Taxes							
Property taxes, levied for general purposes					34,780,508	-	34,780,508
Tax increments					8,575,853	-	8,575,853
Other taxes					3,461,868	-	3,461,868
Intergovernmental revenue not restricted to specific programs					13,449,728	-	13,449,728
Interest and investment income					838,359	145,948	984,307
Miscellaneous					1,456,301	59,445	1,515,746
TRANSFERS					231,896	(231,896)	-
TOTAL GENERAL REVENUE AND TRANSFERS					62,794,513	(26,503)	62,768,010
CHANGE IN NET POSITION					10,338,501	7,546,944	17,885,445
NET POSITION - BEGINNING					245,057,741	169,936,550	414,994,291
NET POSITION - ENDING					\$ 255,396,242	\$ 177,483,494	\$ 432,879,736

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

CITY OF LA CROSSE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

ASSETS	GENERAL FUND	HUD PROGRAMS	BONDED CAPITAL PROJECTS	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	\$ 26,627,499	\$ 1,327,307	\$ 15,768,325	\$ 3,087,440	\$ 38,772,887	\$ 85,583,458
Receivables						
Taxes	34,903,606	-	-	-	10,600,519	45,504,125
Accounts and other	814,537	18,395	3,921	7,579	632,333	1,476,765
Special assessments	-	-	-	-	884,940	884,940
Loans	37,748	8,699,582	28,254	1,795,827	1,436,952	11,998,363
Due from other funds	962,920	-	-	-	-	962,920
Due from other governments	4,831	373,763	-	-	295,795	674,389
Inventories	43,638	-	-	-	153,690	197,328
Prepaid items	17,267	-	-	-	24,163	41,430
Advances to other funds	1,217,606	-	32,081	1,400,000	281,596	2,931,283
TOTAL ASSETS	\$ 64,629,652	\$ 10,419,047	\$ 15,832,581	\$ 6,290,846	\$ 53,082,875	\$ 150,255,001
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,238,223	\$ 426,152	\$ 273,337	\$ 830	\$ 804,801	\$ 2,743,343
Accrued liabilities	1,694,587	-	-	-	230,743	1,925,330
Due to other funds	-	-	1,249,252	-	23,519	1,272,771
Due to other governments	-	-	-	-	32,820	32,820
Due to others	-	-	-	-	241,520	241,520
Unearned revenue	110,923	8,699,582	28,254	1,795,827	2,051,013	12,685,599
Advances from other funds	-	-	-	-	5,559,006	5,559,006
TOTAL LIABILITIES	3,043,733	9,125,734	1,550,843	1,796,657	8,943,422	24,460,389
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue						
Tax roll	34,813,637	-	-	-	10,600,519	45,414,156
Special assessments	-	-	-	-	890,344	890,344
TOTAL DEFERRED INFLOWS OF RESOURCES	34,813,637	-	-	-	11,490,863	46,304,500
FUND BALANCES						
Nonspendable	1,322,151	-	-	-	177,853	1,500,004
Restricted	-	1,293,313	14,281,738	4,494,189	17,061,230	37,130,470
Committed	248,000	-	-	-	16,723,378	16,971,378
Unassigned	25,202,131	-	-	-	(1,313,871)	23,888,260
TOTAL FUND BALANCES	26,772,282	1,293,313	14,281,738	4,494,189	32,648,590	79,490,112
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 64,629,652	\$ 10,419,047	\$ 15,832,581	\$ 6,290,846	\$ 53,082,875	\$ 150,255,001

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

CITY OF LA CROSSE, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Fund balances - total governmental funds		\$ 79,490,112
<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.		216,782,267
Some revenue is unavailable in the funds because they are not available to pay current period expenditures.		13,249,141
Wisconsin Retirement System net pension asset, deferred outflows of resources, and deferred inflows of resources are not current financial resources and are not reported in fund statements.		14,463,842
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	\$ (418,188)	
Bonds and notes payable	(61,373,517)	
Compensated absences	(2,232,855)	
OPEB liability	(15,367,658)	
Wisconsin Retirement System net pension liability	<u>(4,052,406)</u>	(83,444,624)
Internal service funds assets and liabilities	\$ 17,181,016	
Receivable from business-type funds for internal service activity	<u>(2,325,512)</u>	<u>14,855,504</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$255,396,242</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, 2016

	GENERAL FUND	HUD PROGRAMS	BONDED CAPITAL PROJECTS	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS
REVENUE					
Taxes	\$ 37,542,557	\$ -	\$ -	\$ -	\$ 9,275,672
Special assessments	-	-	-	-	310,160
Intergovernmental	15,123,544	1,380,021	-	-	6,087,716
Licenses and permits	1,941,826	-	-	-	209,716
Fines, forfeits, and penalties	6,786	-	-	-	815,254
Public charges for services	2,166,334	345,946	-	-	5,241,898
Intergovernmental charges for services	2,409,029	-	-	-	270,950
Miscellaneous	581,043	582,124	63,756	329,791	4,917,914
TOTAL REVENUE	<u>59,771,119</u>	<u>2,308,091</u>	<u>63,756</u>	<u>329,791</u>	<u>27,129,280</u>
EXPENDITURES					
Current					
General government	7,050,595	-	-	-	288,700
Public safety	22,272,571	-	-	-	1,010,055
Public works	10,171,757	-	-	-	5,855,342
Health and human services	150,031	-	-	-	193,702
Culture, recreation, and education	9,808,786	-	-	-	4,581,995
Conservation and development	2,091,183	2,771,694	79,006	-	1,771,692
Capital outlay	350,065	-	4,140,069	-	12,389,651
Debt service					
Principal	-	-	-	10,963,786	-
Interest and other fiscal charges	-	-	-	2,018,005	35,552
TOTAL EXPENDITURES	<u>51,894,988</u>	<u>2,771,694</u>	<u>4,219,075</u>	<u>12,981,791</u>	<u>26,126,689</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>7,876,131</u>	<u>(463,603)</u>	<u>(4,155,319)</u>	<u>(12,652,000)</u>	<u>1,002,591</u>
OTHER FINANCING (USES) SOURCES					
Proceeds from refunding debt issued	-	-	-	7,735,000	-
Payments on refunded debt	-	-	-	(11,350,000)	-
Operating transfers in	15,182,474	539,737	1,090,535	16,542,438	7,994,839
Operating transfers out	(21,495,715)	(539,737)	(5,578,251)	(1,173,279)	(11,503,433)
Issuance of long-term debt	-	-	7,635,000	-	-
Premium on long-term debt	-	-	-	319,696	-
TOTAL OTHER FINANCING (USES) SOURCES	<u>(6,313,241)</u>	<u>-</u>	<u>3,147,284</u>	<u>12,073,855</u>	<u>(3,508,594)</u>
NET CHANGE IN FUND BALANCES	1,562,890	(463,603)	(1,008,035)	(578,145)	(2,506,003)
FUND BALANCES - BEGINNING	<u>25,209,392</u>	<u>1,756,916</u>	<u>15,289,773</u>	<u>5,072,334</u>	<u>35,154,593</u>
FUND BALANCES - ENDING	<u>\$ 26,772,282</u>	<u>\$ 1,293,313</u>	<u>\$ 14,281,738</u>	<u>\$ 4,494,189</u>	<u>\$ 32,648,590</u>

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

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, 2016

Net change in fund balances - total governmental funds		\$ (2,992,896)
<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		
Capital outlay reported in governmental fund statements	\$ 16,879,785	
Less noncapitalized outlay	(2,610,378)	
Depreciation expense reported in the statement of activities	<u>(5,170,545)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		9,098,862
The net effect of various miscellaneous transactions involving capital assets (i.e., loss on disposal of assets) is to decrease net position:		
		(287,053)
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:		
		(15,370,000)
Wisconsin Retirement System net pension asset and deferred outflows of resources changes.		
		(2,424,584)
Net change due to internal services funds incorporated into the statement of activities.		
Transfers from business-type funds for internal service fund activity.	\$ 2,114,819	
	<u>(338,389)</u>	1,776,430
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 decreased by:		68,719
OPEB expense is not reported in the governmental funds.		
		(1,126,917)
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.		
		54,064
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:	\$ 22,313,786	
Less amount for business-type activities:	<u>(441,229)</u>	21,872,557
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:		(107,763)
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	\$ 1,995,621	
The amount of interest accrued during the current period	<u>(2,218,539)</u>	
Interest paid is less than interest accrued by:		<u>(222,918)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 10,338,501</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, 2016

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT		INTERNAL SERVICE
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
ASSETS								
CURRENT ASSETS								
Cash and investments	\$ 3,271,107	\$ 1,947,766	\$ 3,834,297	\$ 2,234,398	\$ 5,006,648	\$ 241,164	\$ 16,535,380	\$ 21,456,656
Restricted cash - DNR replacement fund	-	-	-	2,829,879	-	-	2,829,879	-
Taxes receivable	-	107,843	332,435	244,034	87,190	-	771,502	-
Accounts receivable	105,086	449,156	1,249,898	1,309,788	443,624	58,184	3,615,736	534,806
Due from other funds	-	-	1,183,068	-	89,703	-	1,272,771	-
Inventories	4,733	-	271,713	-	-	-	276,446	114,256
Prepaid items	3,260,768	325	563	636	263	-	3,262,555	86,219
TOTAL CURRENT ASSETS	6,641,694	2,505,090	6,871,974	6,618,735	5,627,428	299,348	28,564,269	22,191,937
NONCURRENT ASSETS								
CAPITAL ASSETS								
Property, plant, and equipment	59,528,207	38,372,271	42,921,244	50,471,794	2,732,560	624,934	194,651,010	-
Construction in progress	13,589,596	71,070	423,266	906,335	671,542	-	15,661,809	-
TOTAL CAPITAL ASSETS	73,117,803	38,443,341	43,344,510	51,378,129	3,404,102	624,934	210,312,819	-
Less accumulated depreciation	14,562,537	11,053,582	15,216,712	18,566,795	61,888	317,708	59,779,222	-
NET CAPITAL ASSETS	58,555,266	27,389,759	28,127,798	32,811,334	3,342,214	307,226	150,533,597	-
OTHER ASSETS								
Advances to other funds	-	2,124,158	312,104	158,967	32,494	-	2,627,723	-
Special assessments	-	-	6,096	-	-	-	6,096	-
Other property	-	-	3,375	-	-	-	3,375	-
TOTAL OTHER ASSETS	-	2,124,158	321,575	158,967	32,494	-	2,637,194	-
TOTAL NONCURRENT ASSETS	58,555,266	29,513,917	28,449,373	32,970,301	3,374,708	307,226	153,170,791	-
TOTAL ASSETS	65,196,960	32,019,007	35,321,347	39,589,036	9,002,136	606,574	181,735,060	22,191,937
DEFERRED OUTFLOWS OF RESOURCES								
Wisconsin Retirement System pension	386,281	245,141	697,788	591,508	138,812	-	2,059,530	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 65,583,241	\$ 32,264,148	\$ 36,019,135	\$ 40,180,544	\$ 9,140,948	\$ 606,574	\$ 183,794,590	\$ 22,191,937

(Continued on page 26)

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - Continued
DECEMBER 31, 2016

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
LIABILITIES								
CURRENT LIABILITIES								
Accounts payable	\$ 57,500	\$ 156,821	\$ 221,122	\$ 366,421	\$ 4,906	\$ 134	\$ 806,904	\$ 4,953,170
Accrued liabilities	46,395	28,332	58,170	63,597	10,202	-	206,696	3,559
Due to other funds	-	-	962,920	-	-	-	962,920	-
Compensated absences	30,051	25,646	133,555	115,582	-	-	304,834	-
Unearned revenue	-	-	-	-	-	-	-	54,192
Current portion of general obligation bonds	185,000	-	236,964	-	28,680	-	450,644	-
Current portion of post-employment benefits	202,684	1,618	278,557	196,777	-	-	679,636	-
TOTAL CURRENT LIABILITIES	521,630	212,417	1,891,288	742,377	43,788	134	3,411,634	5,010,921
NONCURRENT LIABILITIES								
Net pension liability	68,007	43,159	122,850	104,139	24,439	-	362,594	-
General obligation bonds	1,405,000	-	966,126	-	256,323	-	2,627,449	-
Post-employment benefits	12,086	374,561	966,767	-	-	-	1,353,414	-
TOTAL NONCURRENT LIABILITIES	1,485,093	417,720	2,055,743	104,139	280,762	-	4,343,457	-
TOTAL LIABILITIES	2,006,723	630,137	3,947,031	846,516	324,550	134	7,755,091	5,010,921
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - tax roll	-	116,158	-	-	-	-	116,158	-
Wisconsin Retirement System pension	143,549	91,099	259,311	219,815	51,585	-	765,359	-
TOTAL DEFERRED INFLOWS OF RESOURCES	143,549	207,257	259,311	219,815	51,585	-	881,517	-
NET POSITION								
Net investment in capital assets	56,965,266	27,389,759	26,924,708	32,811,334	3,057,211	307,226	147,455,504	-
Restricted for capital improvement	-	-	-	2,829,879	-	-	2,829,879	-
Restricted for other	174,725	110,883	315,627	267,554	62,788	-	931,577	-
Unrestricted	6,292,978	3,926,112	4,572,458	3,205,446	5,644,814	299,214	23,941,022	17,181,016
TOTAL NET POSITION	63,432,969	31,426,754	31,812,793	39,114,213	8,764,813	606,440	175,157,982	17,181,016
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 65,583,241	\$ 32,264,148	\$ 36,019,135	\$ 40,180,544	\$ 9,140,948	\$ 606,574	\$183,794,590	\$ 22,191,937
							\$175,157,982	
							2,325,512	
							\$177,483,494	

Net position - total enterprise funds \$175,157,982
Adjustment to reflect the consolidation of internal service activities related to enterprise funds 2,325,512
Net position of business-type activities \$177,483,494

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
OPERATING REVENUE								
Charges for services	\$ 3,156,866	\$ 778,788	\$ 4,809,713	\$ 6,306,536	\$ 2,260,873	\$ 74,374	\$ 17,387,150	\$ -
Fines, forfeits, and penalties	-	821,323	-	-	16,728	-	838,051	-
Interfund charges for services	-	-	767,018	-	-	-	767,018	13,870,518
Intergovernmental charges for services	-	-	349,491	420,242	-	-	769,733	-
Miscellaneous	66,940	58,895	69,293	32,697	3,184	-	231,009	2,197,407
TOTAL OPERATING REVENUE	<u>3,223,806</u>	<u>1,659,006</u>	<u>5,995,515</u>	<u>6,759,475</u>	<u>2,280,785</u>	<u>74,374</u>	<u>19,992,961</u>	<u>16,067,925</u>
OPERATING EXPENSES								
Operations	1,694,810	1,126,205	632,972	4,275,036	916,245	63,591	8,708,859	14,062,535
Maintenance	249,973	293,578	1,225,737	638,864	130,421	8,086	2,546,659	-
General and administrative	95,462	188,383	1,179,795	221,454	51,437	2,055	1,738,586	-
Depreciation	1,484,815	875,477	961,307	878,098	33,692	1,929	4,235,318	-
Taxes	59,207	40,154	90,434	83,868	-	-	273,663	-
TOTAL OPERATING EXPENSES	<u>3,584,267</u>	<u>2,523,797</u>	<u>4,090,245</u>	<u>6,097,320</u>	<u>1,131,795</u>	<u>75,661</u>	<u>17,503,085</u>	<u>14,062,535</u>
OPERATING (LOSS) INCOME	<u>(360,461)</u>	<u>(864,791)</u>	<u>1,905,270</u>	<u>662,155</u>	<u>1,148,990</u>	<u>(1,287)</u>	<u>2,489,876</u>	<u>2,005,390</u>
NONOPERATING (EXPENSES) REVENUE								
Interest income	18,671	18,873	33,154	44,650	29,183	1,417	145,948	92,492
Loss on disposal of capital assets	(106,301)	(28,043)	-	(12,605)	-	-	(146,949)	-
Interest expense	-	-	(33,802)	-	(5,648)	-	(39,450)	-
TOTAL NONOPERATING (EXPENSES) REVENUE	<u>(87,630)</u>	<u>(9,170)</u>	<u>(648)</u>	<u>32,045</u>	<u>23,535</u>	<u>1,417</u>	<u>(40,451)</u>	<u>92,492</u>
(LOSS) INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(448,091)</u>	<u>(873,961)</u>	<u>1,904,622</u>	<u>694,200</u>	<u>1,172,525</u>	<u>130</u>	<u>2,449,425</u>	<u>2,097,882</u>
TRANSFER IN	2,832,947	-	-	399,380	-	-	3,232,327	16,937
TRANSFER (OUT)	(2,826,572)	(120,000)	(932,218)	(430,082)	-	-	(4,308,872)	-
CAPITAL CONTRIBUTIONS	5,243,055	157,959	156,319	-	278,342	-	5,835,675	-
CHANGE IN NET POSITION	<u>4,801,339</u>	<u>(836,002)</u>	<u>1,128,723</u>	<u>663,498</u>	<u>1,450,867</u>	<u>130</u>	<u>7,208,555</u>	<u>2,114,819</u>
NET POSITION - BEGINNING	<u>58,631,630</u>	<u>32,262,756</u>	<u>30,684,070</u>	<u>38,450,715</u>	<u>7,313,946</u>	<u>606,310</u>	<u>167,949,427</u>	<u>15,066,197</u>
NET POSITION - ENDING	<u>\$ 63,432,969</u>	<u>\$ 31,426,754</u>	<u>\$ 31,812,793</u>	<u>\$ 39,114,213</u>	<u>\$ 8,764,813</u>	<u>\$ 606,440</u>	<u>\$175,157,982</u>	<u>\$ 17,181,016</u>

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 3,367,098	\$ 1,567,038	\$ 5,187,719	\$ 6,653,873	\$ 2,282,247	\$ 77,336	\$19,135,311	\$ 1,405,883
Receipts from municipality	-	-	504,227	12,627	-	-	516,854	-
Receipts from quasi-external transactions	-	-	-	-	-	-	-	14,528,573
Payments to suppliers for goods and services	(1,694,174)	(684,409)	(1,012,019)	(2,946,229)	(777,584)	(73,732)	(7,188,147)	(242,439)
Payments for employees for services	(809,122)	(504,331)	(975,089)	(1,287,916)	(249,815)	-	(3,826,273)	(73,465)
Payments for employee benefits	(530,960)	(231,060)	(734,563)	(945,879)	(132,638)	-	(2,575,100)	(13,860,496)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>332,842</u>	<u>147,238</u>	<u>2,970,275</u>	<u>1,486,476</u>	<u>1,122,210</u>	<u>3,604</u>	<u>6,062,645</u>	<u>1,758,056</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Special assessments	-	-	182	-	-	-	182	-
Operating transfers from other funds	-	-	-	399,380	-	-	399,380	16,937
Operating transfers to other funds	6,375	(120,000)	(932,218)	(430,082)	-	-	(1,475,925)	-
NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>6,375</u>	<u>(120,000)</u>	<u>(932,036)</u>	<u>(30,702)</u>	<u>-</u>	<u>-</u>	<u>(1,076,363)</u>	<u>16,937</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition of property, plant, and equipment	(463,090)	(71,058)	(2,088,080)	(1,652,569)	(252,699)	1	(4,527,495)	-
Sale of capital assets	711,321	-	-	-	-	-	711,321	-
Proceeds from the issuance of bonds	(185,000)	-	300,000	-	49,920	-	164,920	-
Retirement of bonds and loans	-	-	(235,040)	-	(21,109)	-	(256,149)	-
Interest paid	-	-	(33,802)	-	(5,648)	-	(39,450)	-
NET CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>63,231</u>	<u>(71,058)</u>	<u>(2,056,922)</u>	<u>(1,652,569)</u>	<u>(229,536)</u>	<u>1</u>	<u>(3,946,853)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received	18,671	18,873	33,154	44,650	29,183	1,417	145,948	92,492
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	421,119	(24,947)	14,471	(152,145)	921,857	5,022	1,185,377	1,867,485
CASH AND INVESTMENTS - BEGINNING	<u>2,849,988</u>	<u>1,972,713</u>	<u>3,819,826</u>	<u>5,216,422</u>	<u>4,084,791</u>	<u>236,142</u>	<u>18,179,882</u>	<u>19,589,171</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 3,271,107</u>	<u>\$ 1,947,766</u>	<u>\$ 3,834,297</u>	<u>\$ 5,064,277</u>	<u>\$ 5,006,648</u>	<u>\$ 241,164</u>	<u>\$ 19,365,259</u>	<u>\$ 21,456,656</u>

(Continued on page 29)

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL	
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities								
Operating (loss) income	\$ (360,461)	\$ (864,791)	\$ 1,905,270	\$ 662,155	\$ 1,148,990	\$ (1,287)	\$ 2,489,876	\$ 2,005,390
Adjustments to reconcile operating (loss) income to net cash flows from operating activities								
Depreciation	1,484,815	875,477	961,307	878,098	33,692	1,929	4,235,318	-
Depreciation charged to clearing	-	-	207,365	-	-	-	207,365	-
Changes in assets and liabilities								
Decrease (increase) in assets								
Receivables	143,292	(48,644)	(40,778)	(105,602)	1,462	2,962	(47,308)	(136,746)
Due from other funds	-	-	(250,385)	12,627	(28,594)	-	(266,352)	-
Inventories	(4,733)	-	1,066	-	-	-	(3,667)	22,691
WRS net pension asset	11,306	16,813	6,371	140,967	643	-	176,100	-
Prepaid items	(851,338)	10	(1)	71	12	-	(851,246)	3,664
(Decrease) increase in liabilities								
Accounts payable	(33,512)	135,830	88,759	133,962	(36,987)	-	288,052	(129,957)
Accrued liabilities	7,902	5,452	(303)	5,888	2,992	-	21,931	432
Due to other funds	-	-	(12,406)	-	-	-	(12,406)	-
Unavailable revenue	-	(43,324)	-	-	-	-	(43,324)	(7,418)
Compensated absences	5,918	4,312	19,757	5,486	-	-	35,473	-
OPEB obligations	(70,347)	66,103	84,253	(247,176)	-	-	(167,167)	-
Total adjustments	693,303	1,012,029	1,065,005	824,321	(26,780)	4,891	3,572,769	(247,334)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 332,842	\$ 147,238	\$ 2,970,275	\$ 1,486,476	\$ 1,122,210	\$ 3,604	\$ 6,062,645	\$ 1,758,056
RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION								
Cash and investments	\$ 3,271,107	\$ 1,947,766	\$ 3,834,297	\$ 2,234,398	\$ 5,006,648	\$ 241,164	\$ 16,535,380	\$ 21,456,656
Restricted cash	-	-	-	2,829,879	-	-	2,829,879	-
TOTAL	\$ 3,271,107	\$ 1,947,766	\$ 3,834,297	\$ 5,064,277	\$ 5,006,648	\$ 241,164	\$ 19,365,259	\$ 21,456,656
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES								
Capital contributions	\$ 4,916,184	\$ 157,959	\$ 156,319	\$ -	\$ 278,342	\$ -	\$ 5,508,804	\$ -

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016

<u>ASSETS</u>	<u>EMPLOYEE BENEFIT TRUST</u>	<u>PRIVATE- PURPOSE TRUSTS</u>	<u>WORKER COMPENSATION WMMIC</u>	<u>AGENCY FUNDS</u>
Cash and investments	\$ 326,667	\$ 267,670	\$ 24,144	\$26,082,776
Taxes receivable	-	-	-	27,571,899
Accounts receivable	-	-	-	34,977
TOTAL ASSETS	<u>\$ 326,667</u>	<u>\$ 267,670</u>	<u>\$ 24,144</u>	<u>\$53,689,652</u>
 <u>LIABILITIES AND NET POSITION</u>				
LIABILITIES				
Accounts payable	\$ 49,482	\$ -	\$ -	\$ 45,263
Due to other governments	-	-	-	53,559,199
Due to others	-	-	-	85,190
TOTAL LIABILITIES	<u>49,482</u>	<u>-</u>	<u>-</u>	<u>53,689,652</u>
 NET POSITION				
Held in trust	<u>277,185</u>	<u>267,670</u>	<u>24,144</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 326,667</u>	<u>\$ 267,670</u>	<u>\$ 24,144</u>	<u>\$53,689,652</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, 2016

	<u>EMPLOYEE BENEFIT TRUST</u>	<u>PRIVATE- PURPOSE TRUSTS</u>	<u>WORKERS' COMPENSATION WMMIC</u>
ADDITIONS			
Contributions			
Plan members	\$ 443,976	\$ -	\$ -
Private donations	-	16,797	283,726
Interest	-	1,516	-
TOTAL ADDITIONS	<u>443,976</u>	<u>18,313</u>	<u>283,726</u>
DEDUCTIONS			
Administrative expenses	468,347	4,839	-
Forfeiture transfer	-	-	283,541
Culture, recreation, and education	-	26,592	-
TOTAL DEDUCTIONS	<u>468,347</u>	<u>31,431</u>	<u>283,541</u>
CHANGE IN NET POSITION	(24,371)	(13,118)	185
NET POSITION - BEGINNING	<u>301,556</u>	<u>280,788</u>	<u>23,959</u>
NET POSITION - ENDING	<u>\$ 277,185</u>	<u>\$ 267,670</u>	<u>\$ 24,144</u>

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

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. 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 and other funds and departments which are part of the City.

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. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 1 - Summary of Significant Accounting Policies - Continued

- 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.

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.

Bonded Capital Projects Fund - The bonded capital projects fund is used to account for ongoing capital projects.

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.

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 six internal service funds that are used to provide liability self-insurance, workers' compensation self-insurance, stockroom services, health self-insurance, health cost containment, and fuel management.

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.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 1 - Summary of Significant Accounting Policies - Continued

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. Revenue is 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. Revenue is recognized as soon as it is both measurable and available. Revenue is 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, 2016

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

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 proprietary funds and 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.

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. A nonspendable fund balance has been recognized for inventory to signify that a portion of fund balance is not available for other subsequent expenditures.

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.

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

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.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

Pensions - For purposes of measuring the net pension (asset), deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 has one item that qualifies for reporting in this category. It is the Wisconsin Retirement System pension and results from changes in the pension plan.

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 two items that qualify for reporting in this category: Unavailable revenue and Wisconsin Retirement System pension. A deferred inflow from unavailable revenue arises under a modified accrual basis of accounting. The unavailable revenue is from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow in the period the amount becomes available. The Wisconsin Retirement System pension results from changes in pension trust.

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, 2016

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.

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.

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.

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.

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

NOTE 2 - Cash and Investments - Continued

As of December 31, 2016, the City had the following investments:

INVESTMENT	WEIGHTED AVERAGE MATURITIES	FAIR VALUE
State of Wisconsin Investment Pool	Less than one year	\$ 114,902,938
Citizens Bank Repurchase Agreement	Less than one year	1,000,805
Coulee Bank Repurchase Agreement	Less than one year	9,998,180
River Bank Repurchase Agreement	Less than one year	10,000,000
Trust Point Domestic Bonds (Library Funds)	Less than one year	1,282,665
Trust Point Domestic Equity Securities (Library Funds)	Less than one year	577,014
TOTAL		<u>\$ 128,761,602</u>

Determining Fair Value - The City categorizes its fair value measurements with in the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurement:

- 1) State of Wisconsin Local Government Investment Pool fair value is determined by the Pool's investment board based on published market quotations (level 2 inputs).
- 2) Domestic Bonds and Equity Securities are determined based on public market quotations (level 1).
- 3) Deposits and investments with stated interest rates (saving accounts, CD, REPO) are stated at cost.

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, 2016, 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 is not rated, however, the investments at all times consist solely of securities and instruments in which municipalities are permitted to invest.

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, 2016, \$8,967,472 of the City's bank balance of \$14,781,949, was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name **\$ 8,967,472**

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

NOTE 2 - Cash and Investments - Continued

Custodial Credit Risk - Investments - Custodial credit is the risk that, in the event the failure of the counterparty, the City's investments may not be returned to it. As of December 31, 2016, \$20,908,665 of the City's investments subject to custodial credit risk of \$22,887,143 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name	\$19,048,985
Uninsured and uncollateralized	<u>1,859,680</u>
	<u>\$20,908,665</u>

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 2016 tax roll (levied for 2017) 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 1/1/16	PAYMENTS, FOREGIVENESS & FORECLOSURES			BALANCES 12/31/16
		ADDITIONS	ADJUSTMENTS		
Housing Rehabilitation	\$ 114,029	\$ -	\$ (38,337)	\$ -	\$ 75,692
HOME Program	1,001,906	139,928	-	1,141,834	-
NSP Program	33,300	-	-	-	33,300
Replacement Housing	145,256	106,647	-	251,903	-
TID #14	18,105	-	-	-	18,105
Economic Development	1,298,407	49,837	(90,581)	-	1,257,663
TID #13	150,000	-	(5,000)	-	145,000
Residential Rehabilitation	6,280,399	-	(385,595)	115,606	6,010,410
Miscellaneous Economic Development	2,908,394	156,062	-	-	3,064,456
TOTAL	<u>\$ 11,949,796</u>	<u>\$ 452,474</u>	<u>\$ (519,513)</u>	<u>\$ 115,606</u>	<u>\$ 11,998,363</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 5 - Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

GOVERNMENTAL ACTIVITIES

	BALANCES 1/1/16	ADDITIONS	RETIREMENTS	ADJUSTMENTS/ TRANSFERS	BALANCES 12/31/16
<i>Capital assets not being depreciated:</i>					
Land	\$ 9,933,066	\$ -	\$ -	\$ -	\$ 9,933,066
Construction in progress	21,222,654	10,880,164	-	(5,831,308)	26,271,510
Total capital assets not being depreciated	31,155,720	10,880,164	-	(5,831,308)	36,204,576
<i>Capital assets being depreciated</i>					
Buildings	83,283,439	91,745	5,896	28,671	83,397,959
Infrastructure	123,725,699	785,015	-	945,871	125,456,585
Improvements other than buildings	18,173,463	750,484	-	3,563,477	22,487,424
Machinery and equipment	33,167,493	1,761,999	690,907	1,196,401	35,434,986
Total capital assets being depreciated	258,350,094	3,389,243	696,803	5,734,420	266,776,954
Less accumulated depreciation for:					
Buildings	15,906,322	1,094,482	2,457	-	16,998,347
Infrastructure	44,434,034	1,844,748	304,206	-	45,974,576
Improvements other than buildings	5,057,091	451,416	-	-	5,508,507
Machinery and equipment	16,137,909	1,779,899	199,975	-	17,717,833
Total accumulated depreciation	81,535,356	5,170,545	506,638	-	86,199,263
Total capital assets being depreciated, net	176,814,738	(1,781,302)	190,165	5,734,420	180,577,691
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	\$ 207,970,458	\$ 9,098,862	\$ 190,165	\$ (96,888)	\$ 216,782,267

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

General Government	\$ 495,634
Law Enforcement	148,539
Fire Protection	356,656
Transportation/Highway	1,861,682
Transit	714,104
Storm Sewer	285,754
Docks and Harbors	20,086
Sanitation	8,630
Health and Human Services	15,262
Library	143,191
La Crosse Center	410,617
Parks and Recreation	563,283
Conservation & Development	147,107
Total	\$ 5,170,545

NOTE 5 - Capital Assets - Continued

BUSINESS-TYPE ACTIVITIES

	BALANCES 1/1/16	ADDITIONS	RETIREMENTS	ADJUSTMENTS/ TRANSFERS	BALANCES 12/31/16
<i>Capital assets not being depreciated:</i>					
Land	\$ 4,706,365	\$ -	\$ -	\$ -	\$ 4,706,365
Construction in progress	24,224,927	7,119,735	-	(15,682,853)	15,661,809
Total capital assets not being depreciated	28,931,292	7,119,735	-	(15,682,853)	20,368,174
<i>Capital assets being depreciated</i>					
Land improvements	3,950,513	-	-	35,681	3,986,194
Buildings	26,928,439	42,880	15,585	3,578,366	30,534,100
Equipment	22,865,654	1,500,068	1,242,957	379,239	23,502,004
Infrastructure	119,318,467	1,678,562	91,462	11,016,780	131,922,347
Total capital assets being depreciated	173,063,073	3,221,510	1,350,004	15,010,066	189,944,645
Less accumulated depreciation for:					
Land improvements	1,900,156	268,598	-	-	2,168,754
Buildings	9,806,718	422,291	-	-	10,229,009
Equipment	9,186,805	1,256,128	1,102,692	-	9,340,241
Infrastructure	35,629,306	2,495,666	83,754	-	38,041,218
Total accumulated depreciation	56,522,985	4,442,683	1,186,446	-	59,779,222
Total capital assets being depreciated, net accumulated depreciation	116,540,088	(1,221,173)	163,558	15,010,066	130,165,423
BUSINESS-TYPE ACTIVITIES					
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	\$ 145,471,380	\$ 5,898,562	\$ 163,558	\$ (672,787)	\$ 150,533,597

Depreciation expense was charged to functions as follows:

Business-type activities	
Municipal Airport	\$ 1,484,815
Parking Utility	875,477
Water Utility	1,168,672
Sewer Utility	878,098
Storm Utility	33,692
Sanitary Sewer Utility	1,929
	4,442,683
Less: Water Utility joint metering and clearing	(207,368)
TOTAL	\$ 4,235,318

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 6 - Long-Term Obligations

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

Summary of Long-Term Obligations

	BALANCES 1/1/16	ADDITIONS	PAYMENTS	BALANCES 12/31/16	AMOUNTS DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
Bonds payable	\$ 47,095,000	\$ -	\$ 15,370,000	\$ 31,725,000	\$ 3,855,000
Notes payable	22,971,989	15,720,000	6,943,786	31,748,203	9,818,241
Premium	870,644	319,696	211,933	978,407	211,933
Net OPEB obligation	16,440,958	5,884,982	4,925,232	17,400,708	4,749,924
Wisconsin retirement system net pension liability	-	4,415,000	-	4,415,000	-
Employee benefits:					
Vacation pay	1,285,325	39,126	-	1,324,451	1,324,451
Sick pay	1,156,962	-	85,058	1,071,904	1,071,904
Comp pay	128,648	12,683	-	141,331	141,331
TOTAL	89,949,526	26,391,487	27,536,009	88,805,004	21,172,784
Less business-type debt	(5,638,900)	(1,435,841)	(1,296,173)	(5,778,568)	(1,435,111)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 84,310,626	\$ 24,955,646	\$ 26,239,836	\$ 83,026,436	\$ 19,737,673
BUSINESS-TYPE ACTIVITIES					
Bonds/Notes Payable					
Airport	\$ 1,775,000	\$ -	\$ 185,000	\$ 1,590,000	\$ 185,000
Water Utility	1,138,130	300,000	235,040	1,203,090	236,964
Storm Utility	256,192	50,000	21,189	285,003	28,680
Net OPEB Obligation	2,200,217	687,777	854,944	2,033,050	679,636
Wisconsin retirement system net pension liability	-	362,594	-	362,594	-
Employee benefits:					
Vacation pay	147,224	6,711	-	153,935	153,935
Sick pay	105,260	27,315	-	132,575	132,575
Comp pay	18,877	1,444	-	18,321	18,321
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 5,638,900	\$ 1,435,841	\$ 1,296,173	\$ 5,778,568	\$ 1,435,111

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, 2016, is comprised of the following individual issues:

NOTE 6 - Long-Term Obligations - Continued

DESCRIPTION	ISSUE DATES	INTEREST RATES (%)	FINAL MATURITY	BALANCE 12/31/16
Bonds Payable				
GO Bonds Payable A	2006	4.000	2017	\$ 200,000
GO Bonds Payable A	2007	4.000 - 4.125	2020	1,950,000
GO Refunding Bonds Payable C	2007	4.125 - 5.000	2017	685,000
GO Bonds Payable A	2010	0.750 - 5.050	2024	3,700,000
GO Refunding Bonds Payable C	2010	0.750 - 2.500	2018	1,345,000
GO Bonds Payable A	2011	3.000 - 4.375	2025	3,735,000
GO Bonds Payable C	2011	2.000 - 4.000	2031	9,760,000
GO Bonds Payable A	2012	2.000 - 3.000	2026	3,400,000
GO Bonds Payable A	2013	2.000 - 2.200	2027	3,820,000
GO Bonds Payable A	2015	2.000 - 3.000	2029	1,540,000
GO Bonds Payable B	2015	2.000 - 3.000	2024	1,590,000
TOTAL BONDS PAYABLE				31,725,000
Notes Payable				
GO Notes Payable	2008	3.250 - 4.250	2017	800,000
GO Notes Payable	2009	2.750 - 3.500	2018	1,900,000
GO Notes Payable B	2010	0.700 - 4.600	2019	1,160,000
GO Notes Payable B	2011	2.000 - 4.000	2020	1,690,000
GO Notes Payable B	2012	2.000 - 2.750	2021	1,095,000
GO Notes Payable B	2013	2.000	2021	1,255,000
GO Notes Payable C	2013	0.400 - 2.250	2021	320,000
DNR Loan Payable	2013	0.000	2028	164,655
GO Notes Payable	2014	3.000	2018	2,495,000
DNR Loan Payable	2014	0.000	2019	125,000
GO Note Payable	2015	2.000	2014	3,955,000
State Trust Fund Loan 2015D	2015	3.250	2025	318,548
State Trust Fund Loan 2015E	2015	3.750	2030	750,000
GO Notes Payable A	2016	2.000	2026	6,255,000
GO Notes Payable B	2016	0.800 - 4.000	2022	9,465,000
TOTAL NOTES PAYABLE				31,748,203
TOTAL GENERAL OBLIGATION DEBT				\$ 63,473,203

General Obligation Debt Limit Calculation

The 2016 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$3,456,944,100. The legal debt limit and margin of indebtedness as of December 31, 2016, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5 percent of \$3,456,944,100)	\$ 172,847,205
Applicable long-term debt	(63,473,203)
Amount available in debt service fund	4,494,189
MARGIN OF INDEBTEDNESS	\$ 113,868,191

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

NOTE 6 - Long-Term Obligations - Continued

Maturities of Long-Term Obligations

Maturities of the long-term obligations at December 31, 2016, are:

YEARS	GENERAL OBLIGATION DEBT	
	PRINCIPAL	INTEREST
2017	\$ 13,673,241	\$ 1,918,728
2018	12,828,392	1,349,615
2019	5,828,082	1,068,553
2020	5,253,786	907,354
2021	4,441,754	765,156
2022-2026	16,590,672	2,170,975
2027-2031	4,859,276	527,046
TOTAL	\$ 63,473,203	\$ 8,707,427

Current Refunding

The City issued \$9,465,000 of refunding notes for a current refunding of \$11,350,000 of outstanding 2010 bonds. The transition resulted in an economic gain of \$404,388 and a reduction of \$489,072 in future debt service.

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, 2016, is \$2,125,000.

NOTE 8 - Wisconsin Retirement System

Plan Description - The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Vesting - For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

NOTE 8 - Wisconsin Retirement System - Continued

Benefits Provided - Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

Contributions - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

NOTE 8 - Wisconsin Retirement System - Continued

During the reporting period, the WRS recognized \$2,661,909 in contributions from the employer.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At December 31, 2016, the City reported a liability (asset) of \$4,415,000 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City's proportion was 0.27169553%, which was an increase of 0.00167829% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$5,340,984.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 746,893	\$9,291,291
Changes in assumptions	3,088,926	-
Net differences between projected and actual earnings on pension plan investments	18,076,272	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	83,952	27,811
Employer contributions subsequent to the measurement date	3,081,072	-
Total	\$25,077,115	\$9,319,102

NOTE 8 - Wisconsin Retirement System - Continued

\$18,740,343 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$5,714,027	\$2,255,240
2017	5,714,027	2,255,240
2018	5,714,027	2,255,240
2019	4,755,139	2,255,240
Thereafter	98,823	298,143

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

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No Post-Retirement Adjustment is Guaranteed - Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

NOTE 8 - Wisconsin Retirement System - Continued

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class				
U.S. Equities	27	23	7.6	4.7
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
Variable Fund Asset Class				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0
New England Pension Consultants Long-Term US CPI (Inflation) Forecast : 2.75%				
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations				

Single Discount Rate - A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 - Wisconsin Retirement System - Continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
City of La Crosse's proportionate share of the net pension liability (asset)	\$30,966,892	\$4,415,000	\$(16,322,502)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Payables to the Pension Plan

At December 31, 2016, the City reported a payable of \$424,399 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2016.

NOTE 9 - Interfund Receivables, Payables, and Transfers

RECEIVABLE FUND	PAYABLE FUND	AMOUNT
Due To/From Other Funds		
General	Water Utility	\$ 962,920
Water Utility	Bonded Capital Projects	1,159,549
Water Utility	Capital Improvement Program	23,519
Storm Water Utility	Bonded Capital Projects	89,703
		<u>2,235,691</u>
Advances To/From Other Funds:		
General Fund	TIF District #17	\$ 7,130
General Fund	TIF District #12	174,375
General Fund	TIF District #13	517,906
General Fund	TIF District #16	28,322
General Fund	Transit	129,873
General Fund	Other Special Revenue Funds	360,000
Parking Utility	TIF District #6	231,212
Parking Utility	TIF District #11	1,892,946
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
Sewer Utility	TIF District #16	62,238
Storm Water Utility	TIF District #16	32,494

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

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

RECEIVABLE FUND	PAYABLE FUND	AMOUNT
Bonded Capital Projects	TIF District #12	\$ 32,081
Debt Service Fund	TIF District #11	1,400,000
Other Special Revenue Funds	TIF District #12	127,802
Other Special Revenue Funds	TIF District #13	135,203
Other Special Revenue Funds	TIF District #16	18,591
		<u>\$ 5,559,006</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 2016 are as follows:

	TRANSFER IN:				
	GENERAL FUND	HUD PROGRAMS	DEBT SERVICE	BONDED CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS
TRANSFER OUT:					
General Fund	\$ -	\$ -	\$16,542,438	\$ -	\$ 4,930,228
HUD Programs	-	539,737	-	-	-
Debt Service	1,173,279	-	-	-	-
Bonded Capital Projects	1,524,418	-	-	1,090,535	2,963,298
Nonmajor Governmental Funds	11,452,821	-	-	-	6,395
Municipal Airport	-	-	-	-	37,701
Parking Utility	65,000	-	-	-	55,000
Water Utility	932,218	-	-	-	-
Sewer Utility	30,702	-	-	-	-
Internal Service	4,036	-	-	-	2,217
TOTAL	<u>\$15,182,474</u>	<u>\$ 539,737</u>	<u>\$16,542,438</u>	<u>\$ 1,090,535</u>	<u>\$ 7,994,839</u>

	TRANSFER IN:			
	SEWER UTILITY	MUNICIPAL AIRPORT	INTERNAL SERVICES	TOTAL
TRANSFER OUT:				
General Fund	\$ -	\$ -	\$ 23,049	\$21,495,715
HUD Programs	-	-	-	539,737
Debt Service	-	-	-	1,173,279
Bonded Capital Projects	-	-	-	5,578,251
Nonmajor Governmental Funds	-	44,076	141	11,503,433
Municipal Airport	-	2,788,871	-	2,826,572
Parking Utility	-	-	-	120,000
Water Utility	-	-	-	932,218
Sewer Utility	399,380	-	-	430,082
Internal Service	-	-	-	6,253
TOTAL	<u>\$ 399,380</u>	<u>\$ 2,832,947</u>	<u>\$ 23,190</u>	<u>\$44,605,540</u>

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

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

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.

NOTE 10 - Net Position and Fund Balances

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

FUND	PURPOSE/REASON	AMOUNT
Deficits		
TIF District #6	Awaiting future TIF levies	\$ 45,870
TIF District #10	Awaiting future TIF levies	189,169
TIF District #11	Awaiting future TIF levies	819,032
TIF District #12	Awaiting future TIF levies	3,996
TIF District #16	Awaiting future TIF levies	129,711
TIF District #17	Awaiting future TIF levies	7,130
	Total Deficits	<u>\$ 1,194,908</u>
Nonspendable		
General Fund	Prepaid expenses	\$ 17,267
General Fund	Advances to other funds	1,217,606
General Fund	Delinquent personal property tax	87,278
Auditorium	Inventory	20,005
Transit	Inventory and prepaid expenses	157,848
	Total Nonspendable	<u>\$ 1,500,004</u>
Restricted		
Special Revenue	Passenger facility charge	\$ 935,008
Special Revenue	Police grants	79,526
Special Revenue	Grant programs, inventory, and restricted revenue	248,220
Debt Service	Future debt repayment	4,494,189
Bonded Capital Projects	Unspent bond monies	14,281,738
Capital Projects	TIF District #5	10,355
Capital Projects	TIF District #7	659,080
Capital Projects	TIF District #8	106,021
Capital Projects	TIF District #9	3,006,559
Capital Projects	TIF District #13	115,414
Capital Projects	TIF District #14	6,780,935
Capital Projects	TIF District #15	1,188,881
Capital Projects	Capital Equipment	2,474,545
Capital Projects	Special assessments	1,033,124
Capital Projects	State highway land	392,134
Capital Projects	Bluffland preservation	520
Capital Projects	Future capital expenditures	30,908
HUD Programs	Future loan payments	1,293,313
	Total Restricted	<u>\$37,130,470</u>

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

NOTE 10 - Net Position and Fund Balances - Continued

FUND	PURPOSE/REASON	AMOUNT
<u>Committed</u>		
General Fund	Paver	\$ 248,000
Special Revenue	Grant programs, inventory, and restricted revenue	<u>16,723,378</u>
	Total Committed	<u>\$16,971,378</u>
<u>Restricted - Governmental Activities</u>		
Special Revenue	Various projects	\$ 2,556,067
Debt Service	Future debt repayment	4,494,189
Capital Projects	Various projects	30,080,214
Other Activities	Wisconsin Retirement System pension	<u>23,017,585</u>
	Total Restricted - Governmental Activities	<u>\$60,148,055</u>
<u>Restricted - Proprietary Funds and Business-Type Activities</u>		
Sewer Utility	Restricted asset - DNR replacement fund	\$ 2,829,879
Municipal Airport	Wisconsin Retirement System pension	174,725
Parking Utility	Wisconsin Retirement System pension	110,883
Water Utility	Wisconsin Retirement System pension	315,627
Sewer Utility	Wisconsin Retirement System pension	267,554
Storm Water Utility	Wisconsin Retirement System pension	<u>62,788</u>
	Total Restricted - Proprietary Funds and Business-Type Activities	<u>\$ 3,761,456</u>

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 \$14,281,738 has been restricted for future projects.

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

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 thirteen active Tax Incremental Financing Districts. The following are project summaries of the activity and status of the districts through December 31, 2016:

	TIF DISTRICT					
	#5	#6	#7	#8	#9	#10
SOURCES OF FUNDS						
TIF tax collections	\$ 3,900,282	\$ 20,316,506	\$ 2,803,160	\$ 1,174,225	\$ 4,655,766	\$ 141,942
Exempt computer aids	91,731	1,095,581	58,386	10,743	55,257	70,846
Payment from other government	-	-	-	-	51,029	688,807
Sale of assets	21,713	237,347	356,966	-	1,669,170	26,806
Grants	-	441,015	985,445	89,284	225,000	-
Economic development proceeds	-	-	10,000	-	-	-
Loan repayments	-	-	-	-	618,159	-
Proceeds from long-term debt	1,292,611	33,692,804	2,724,981	351,093	2,233,712	240,750
Transfers from other TIF's	-	17,657,726	-	-	67,943	-
TOTAL SOURCES	<u>5,306,337</u>	<u>73,440,979</u>	<u>6,938,938</u>	<u>1,625,345</u>	<u>9,576,036</u>	<u>1,169,151</u>
USES OF FUNDS						
Capital expenditures	1,297,979	36,776,874	3,134,672	355,247	4,010,574	1,292,187
Principal and interest on long-term debt	1,629,713	35,880,087	3,138,914	479,591	2,517,113	53,629
Interest on advances	1	126,301	6,272	99	41,790	12,504
Transfers to other TIF's	2,368,289	703,587	-	684,387	-	-
TOTAL USES	<u>5,295,982</u>	<u>73,486,849</u>	<u>6,279,858</u>	<u>1,519,324</u>	<u>6,569,477</u>	<u>1,358,320</u>
FUND BALANCES (DEFICIT) AS OF DECEMBER 31, 2016						
	\$ 10,355	\$ (45,870)	\$ 659,080	\$ 106,021	\$ 3,006,569	\$ (189,169)
FUTURE REQUIREMENTS						
Debt service	\$ 29,553	\$ 7,720,887	\$ 69,869	\$ -	\$ 314,991	\$ 232,901
Advances from other funds	-	325,206	-	-	-	291,474
Interest on advances	-	6,682	-	-	-	18,563
Proceeds from other governments	-	-	-	-	-	688,806
Estimated payable (developer's agreement)	-	-	-	-	-	844,595
Less receivables/plus payables	-	-	3,403	-	1,172	-
TOTAL FUTURE REQUIREMENTS	<u>29,553</u>	<u>8,052,775</u>	<u>73,272</u>	<u>-</u>	<u>316,163</u>	<u>2,076,339</u>
Less cash on hand (deficit)	(10,355)	(279,336)	(662,483)	(106,021)	(3,007,731)	(102,305)
BALANCE TO BE COLLECTED ON TIF DISTRICT	<u>\$ 19,198</u>	<u>\$ 7,773,439</u>	<u>\$ (589,211)</u>	<u>\$ (106,021)</u>	<u>\$ (2,691,568)</u>	<u>\$ 1,974,034</u>
DISTRICT TERMINATION DATE						
	2019	2021	2024	2020	2022	2030
2016 Tax Increment	<u>\$ 217,705</u>	<u>\$ 1,823,696</u>	<u>\$ 306,480</u>	<u>\$ 106,533</u>	<u>\$ 450,769</u>	<u>\$ 64,978</u>

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
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CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

NOTE 12 - Tax Incremental Finance Districts - Continued

	TIF DISTRICT						
	#11	#12	#13	#14	#15	#16	#17
SOURCES OF FUNDS							
TIF tax collections	\$ 15,482,120	\$ 5,080,638	\$ 4,788,687	\$ 7,277,124	\$ 881,239	\$ 16,244	\$ -
Exempt computer aids	2,617,725	76,279	721,839	7,972,784	91,164	2,609	-
Sale of assets	807,002	42,200	238,890	159,863	-	-	-
Grants	5,432,773	42,640	375,000	-	-	-	-
Economic development proceeds	640	-	128	-	-	30,000	-
DNR loan	-	-	216,657	-	-	-	-
Judgment/liquidated damages	2,000,000	-	-	-	4,670	-	-
Loan repayments	134,684	-	5,000	-	-	-	-
Interest income	-	-	-	4,262	-	-	-
Proceeds from long-term debt	37,061,983	6,965,222	4,202,307	584,148	-	1,090,535	-
Proceeds from entity	-	-	-	1,725,678	256,500	-	-
TOTAL SOURCES	63,536,927	12,206,979	10,548,508	17,723,859	1,233,573	1,139,388	-
USES OF FUNDS							
Capital expenditures	48,829,354	8,057,543	6,976,332	5,612,750	44,668	1,262,355	7,099
Principal and interest on long-term debt	14,599,672	4,141,660	3,301,245	-	24	-	-
Interest on advances	655,783	11,772	5,517	8,781	-	6,744	31
Incentives for reverse TIF	271,150	-	150,000	5,321,393	-	-	-
TOTAL USES	64,355,959	12,210,975	10,433,094	10,942,924	44,692	1,269,099	7,130
FUND BALANCES (DEFICIT) AS OF							
DECEMBER 31, 2016	\$ (819,032)	\$ (3,996)	\$ 115,414	\$ 6,780,935	\$ 1,188,881	\$ (129,711)	\$ (7,130)
FUTURE REQUIREMENTS							
Debt service	\$ 30,118,876	\$ 7,211,698	\$ 2,003,066	\$ 425,823	\$ -	\$ 141,645	\$ -
Advances from other funds	3,292,946	354,986	655,748	-	-	-	7,130
Interest on advances	297,059	22,880	21,827	-	-	92,044	530
DNR loan	-	-	164,655	-	-	125,000	-
Estimated payable (developer's agreement)	6,560,221	-	884,000	15,335,631	7,000,000	-	-
Less receivables/plus payables	22,909	-	(30,872)	92,534	2,460	-	-
TOTAL FUTURE REQUIREMENTS	40,291,911	7,589,564	3,698,422	15,853,988	7,002,460	358,689	7,660
Less cash on hand (deficit)	(2,496,723)	(350,990)	(740,288)	(6,873,469)	(1,191,341)	(11,934)	-
BALANCE TO BE COLLECTED OF TIF DISTRICT	\$ 37,795,188	\$ 7,238,674	\$ 2,958,134	\$ 8,980,519	\$ 5,811,119	\$ 346,755	\$ 7,660
DISTRICT TERMINATION DATE							
	2031	2032	2026	2026	2033	2034	2035
2016 Tax Increment	\$ 3,324,327	\$ 580,320	\$ 1,305,959	\$ 1,203,803	\$ 655,637	\$ 40,701	\$ 282,231

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 \$100,000 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, 2015 to December 31, 2016:

	Health Care	Workers' Compensation	Liability
Liability Balance, January 1, 2015	\$ 4,088,469	\$ 982,155	\$ 98,852
Claims and changes in estimates	11,261,746	565,743	247,977
Claim payments	(11,535,410)	(446,021)	(184,494)
Liability Balance, January 1, 2016	3,814,805	1,101,877	162,335
Claims and changes in estimates	13,896,256	(182,608)	183,264
Claim payments	(13,544,647)	(311,460)	(171,377)
LIABILITY BALANCE, DECEMBER 31, 2016	\$ 4,166,414	\$ 607,809	\$ 174,222

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

Participation in Risk Pool

On January 1, 2014, the City joined Wisconsin Municipal Mutual Insurance Company (WMMIC). The WMMIC was organized as a non-assessable mutual insurance company on November 1, 1987. WMMIC is comprised on nineteen members, three cities, fifteen counties, and one special-use district. Members purchase general liability (including law enforcement professional), auto liability, cyberliability, and public official's errors and omissions liability insurance. Members also purchase workers compensation reinsurance through WMMIC. WMMIC provides claims administration for members for their self-funded liability and workers compensation programs.

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 DECEMBER 31, 2016

CITY OF LA CROSSE, WISCONSIN
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 DECEMBER 31, 2016

NOTE 13 - Risk Management - Continued

The WMMIC provides the City with \$10,000,000 of liability coverage for losses over their self-insured retention level of \$150,000 per occurrence with a \$600,000 aggregate stop loss. 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 the participating members based on payroll and loss history.

The WMMIC is a policy driven organization and as such, all WMMIC policies are approved by the Board of Directors. WMMIC members control the company through a strong committee structure that meets at least quarterly and makes recommendations to the Board of Directors. The Board of Directors and its Officers are comprised of official representatives of their respective member municipality.

Summary of financial information for WMMIC for the year ended December 31, 2016 is as follows:

Total assets	\$ 52,747,618
Total liabilities and reserves	20,996,079
Total equity	31,751,539
Total revenue	171,068
Total expenditures/expenses	3,134,171
Policyholders' dividends paid	2,259,028
Net decrease in equity	5,222,131

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.

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, 2016, the net outlay from the City, which equaled \$4,925,232, represents the City's net cost paid for current year premiums due.

NOTE 14 - Post-Retirement Healthcare Benefits - Continued

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	\$ 6,173,237
Interest on net OPEB obligation	575,434
Adjustment to annual required contribution	<u>(863,689)</u>
Annual OPEB cost	5,884,982
Contributions made	<u>(4,925,232)</u>
Increase in net OPEB obligation	959,750
Net OPEB obligation - beginning of year	<u>16,440,958</u>
NET OPEB OBLIGATION - END OF YEAR	<u>\$ 17,400,708</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:

Fiscal Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB Obligation - <u>End of Year</u>
12/31/14	\$ 6,417,131	81.10	\$ 15,666,370
12/31/15	6,395,871	87.89	16,440,958
12/31/16	5,884,983	83.69	17,400,708

Funding Status and Funding Progress

As of November 7, 2016, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$66,389,645, resulting in an unfunded actuarial accrued liability (UAAL) of \$66,389,645. The covered payroll (annual payroll of active employees covered the Plan) equaled \$32,092,419, and the ratio of the UAAL to the covered payroll equaled 206.9 percent.

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.

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2016

NOTE 14 - Post-Retirement Healthcare Benefits - Continued

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 November 7, 2016, 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 3.50 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.

CITY OF LA CROSSE, WISCONSIN
 SCHEDULE OF FUNDING PROGRESS
 POST-EMPLOYMENT HEALTHCARE BENEFITS
 YEAR ENDED DECEMBER 31, 2016

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)
2014	1/1/14	\$ -	\$73,027,143	\$73,027,143	0.0%	\$29,861,130	244.6%
2015	1/1/14	\$ -	\$73,027,143	\$73,027,143	0.0%	\$30,576,534	238.8%
2016	1/1/16	\$ -	\$66,389,645	\$66,389,645	0.0%	\$32,092,419	206.9%

SCHEDULE OF EMPLOYER CONTRIBUTIONS			
Year Ended December 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2014	\$6,417,131	\$5,204,460	81.10%
2015	\$6,395,870	\$5,621,282	87.89%
2016	\$6,173,237	\$5,884,983	95.33%

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

CITY OF LA CROSSE, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
YEAR ENDED DECEMBER 31, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUE				
Taxes	\$ 37,479,458	\$ 37,479,458	\$ 37,542,557	\$ 63,099
Intergovernmental	14,918,122	14,918,122	15,123,544	205,422
Licenses and permits	1,781,005	1,781,005	1,941,826	160,821
Fines, forfeits, and penalties	-	-	6,786	6,786
Public charges for services	1,838,366	1,838,366	2,166,334	327,968
Intergovernmental charges for services	1,803,380	1,803,380	2,409,029	605,649
Miscellaneous	370,004	370,004	581,043	211,039
TOTAL REVENUE	58,190,335	58,190,335	59,771,119	1,580,784
EXPENDITURES				
Current				
General government	9,978,351	9,222,542	7,050,595	2,171,947
Public safety	20,915,803	21,637,310	22,272,571	(635,261)
Public works	10,414,071	10,509,890	10,171,757	338,133
Health and human services	148,000	148,000	150,031	(2,031)
Culture, recreation, and education	9,603,355	9,608,954	9,808,786	(199,832)
Conservation and development	1,170,305	1,176,077	2,091,183	(915,106)
Capital outlay	26,000	919,869	350,065	569,804
TOTAL EXPENDITURES	52,255,885	53,222,642	51,894,988	1,327,654
EXCESS OF REVENUE OVER EXPENDITURES	5,934,450	4,967,693	7,876,131	2,908,438
OTHER FINANCING SOURCES (USES)				
Operating transfers in	13,514,273	13,514,273	15,182,474	1,668,201
Operating transfers (out)	(19,448,723)	(19,484,688)	(21,495,715)	(2,011,027)
TOTAL OTHER FINANCING (USES)	(5,934,450)	(5,970,415)	(6,313,241)	(342,826)
NET CHANGE IN FUND BALANCE	-	(1,002,722)	1,562,890	2,565,612
FUND BALANCE - BEGINNING	25,209,392	25,209,392	25,209,392	-
FUND BALANCE AT END OF YEAR	\$ 25,209,392	\$ 24,206,670	\$ 26,772,282	\$ 2,565,612

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

- 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.
- A public hearing is conducted in the Council Chambers to obtain taxpayer comments.
- Prior to December 1, the budget is legally enacted through passage of a resolution.
- 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.
- 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).
- Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- Budgetary expenditure control is exercised at the department level within the Fund.
- Budgeted amounts are as authorized in the original budget resolution and subsequent revisions are authorized by the Common Council.
- The supplementary appropriations to increase the total General Fund budget during the year were \$1,002,722.
- 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 \$915,106, in public safety by \$635,261, and in culture, recreation, and education by \$199,832, in health & human services by \$2,031, and in operating transfers out by \$2,011,027 for the year ended December 31, 2016. The over expenditures were financed by under expenditures in other functions and greater than anticipated revenue.

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
WISCONSIN RETIREMENT SYSTEM SCHEDULES
YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.27001724%	0.27169553%
City's proportionate share of the net pension liability (asset)	\$ (6,632,361)	\$ 4,414,500
City's covered employee payroll	\$ 29,513,033	\$ 30,422,348
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-22.47%	14.51%
Plan fiduciary net position as a percentage of the total pension liability	102.74%	98.20%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 2,689,659	\$ 2,661,909
Contributions in relation to the contractually required contribution	<u>2,689,659</u>	<u>2,661,909</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	<u>\$ 29,513,033</u>	<u>\$ 30,422,348</u>
Contributions as a percentage of covered employee payroll	9.11%	8.75%

The City implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 8 preceding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2016

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

Changes of assumptions. There were no changes in the assumptions.

PROPOSED FORM OF ISSUE PRICE CERTIFICATE

CERTIFICATE OF UNDERWRITER

§ _____

**City of La Crosse, La Crosse County, Wisconsin
General Obligation Parking Bonds, Series 2017-D**

The undersigned, on behalf of [Name of Underwriter/Representative] [the “[Short Name of Underwriter]”] [(the “*Representative*”), on behalf of itself [and [Names of Other Underwriters] (together, the “*Underwriting Group*”),] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “*Bonds*”).

I. General

1. On the Sale Date the [Short Name of Underwriter] purchased the Bonds from City of La Crosse, La Crosse County, Wisconsin (the “*Issuer*”) by submitting [electronically] an “Official Bid Form” responsive to an [Official Terms of Offering (the “*Notice of Sale*”)] and having its bid accepted by the Issuer. The [Short Name of the Underwriter] has not modified the terms of the purchase since the Sale Date.

II. Price*

1. **[Alternative 1 – All Maturities Use General Rule: Sale of the Bonds.]** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Schedule A*.

OR

1. **[Alternative 2 – For Competitive Sales Only]** Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the [Short Name of Underwriter] are the prices listed in *Schedule A* (the “*Expected Offering Prices*”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the [Short Name of Underwriter] in formulating its bid to purchase the Bonds. Attached as *Schedule B* is a true and correct copy of the bid provided by the [Short Name of Underwriter] to purchase the Bonds.

* Please note, if the transaction does not meet the requirements for a competitive sale (Alternative 2, above) and at least 10% of all or certain maturities have not been sold to the Public by the date of issuance and the underwriters did not elect to apply the hold-the-offering price rule to such maturities, the underwriter/representative will need to represent in this certificate for such maturities that: (1) With respect to such Maturities, as of the date of the certificate, the underwriter has not sold at least 10% of such Maturity at any price, and (2) The underwriter reasonably expects that as of the date of the certificate, the first sale to the Public of an amount of Bonds of such Maturity equal to 10% or more of such Maturity will be at or below the expected first sale price. Such expected first sale price and such maturities will then be listed on the attached *Schedule A*. In such circumstances, the underwriter will still be required to provide information concerning actual sale prices of the Bonds of such Maturity pursuant to the terms of the Notice of Sale.

(b) The [Short Name of Underwriter/Underwriting Group] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the [Short Name of Underwriter] constituted a firm offer to purchase the Bonds.

2. As of the date of this certificate, for each [specify list if not all] Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Schedule A*.

OR

3. **Alternative 3 – All Maturities Use Hold-the-Offering-Price Rule:** A. [The Underwriting Group] offered the Bonds to the Public for purchase at the respective initial offering prices listed in *Schedule A* (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Schedule B*.]

B. As set forth in the [Notice of Sale and bid award], [the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Bonds, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement would contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule.

C. No Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

4. **Alternative 4 – Select Maturities Use Hold-the-Offering-Price Rule:** A. [The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in *Schedule A* (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Schedule B*.

B. As set forth in the [Notice of Sale and bid award], [the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement would contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule.

C. No Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity during the Holding Period.

III. Defined Terms

[1. *General Rule Maturities* means those Maturities of the Bonds not listed in *Schedule A* hereto as the “Hold-the-Offering-Price Maturities.”]

[2. *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in *Schedule A* hereto as the “Hold-the-Offering-Price Maturities.”]

[3. *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [the Underwriting Group] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

4. *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

5. *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

6. A person is a “*Related Party*” to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

7. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____.

8. *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the [Short Name of Underwriter] to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this Certificate are limited to factual matters only. Nothing in this certificate represents the [Short Name of Underwriter] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in its documents and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[UNDERWRITER/REPRESENTATIVE]

By: _____

Name: _____

Its: _____

Dated: _____

SCHEDULE B
TO CERTIFICATE OF UNDERWRITER

Attach Copy of Underwriter's Bid

City of La Crosse, Wisconsin
\$15,600,000 General Obligation Parking Bonds, Series 2017-D

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$_____ (which may not be less than \$15,600,000 (Par) or more than \$16,380,000 (105%)) plus accrued interest, if any, to the date of delivery.

Table with 8 columns: Year, Interest Rate (%), Yield (%), Dollar Price, Year, Interest Rate (%), Yield (%), Dollar Price. Rows for years 2018-2027.

Designation of Term Maturities

Years of Term Maturities _____

In making this offer on the sale date of October 12, 2017 we accept all of the terms and conditions of the Official Terms of Offering published in the Preliminary Official Statement dated September 26, 2017, including the City's right to modify the principal amount of the Bonds.

By submitting this bid, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$_____

TRUE INTEREST RATE: _____ %

The Bidder [] will not [] will purchase municipal bond insurance from _____.

Account Members

Account Manager

By: _____

Phone: _____

The foregoing bid has been accepted by the City.

Attest: _____

Date: _____

* Preliminary; subject to change.

