

CITY OF LA CROSSE, WISCONSIN

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2012

CITY OF LA CROSSE, WISCONSIN

TABLE OF CONTENTS

DECEMBER 31, 2012

Page

3-4 Independent Auditors' Report

5-18 Management's Discussion and Analysis

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

19-20 Statement of Net Position

21-22 Statement of Activities

FUND FINANCIAL STATEMENTS

23-24 Balance Sheet - Governmental Funds

25 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

26-27 Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds

28 Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

29-32 Statement of Net Position - Proprietary Funds

33-34 Statement of Revenue, Expenses, and Changes in Net Position - Proprietary Funds

35-38 Statement of Cash Flows - Proprietary Funds

39 Statement of Fiduciary Net Position - Fiduciary Funds

40 Statement of Changes in Fiduciary Net Position - Fiduciary Funds

41-65 Notes to the Basic Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION

66 Schedule of Funding Progress - Post-Employment Healthcare Benefits

67 Budgetary Comparison Schedule - General Fund

68 Notes to Required Supplementary Information on Budgetary Accounting and Control

CITY OF LA CROSSE, WISCONSIN

TABLE OF CONTENTS - Continued

DECEMBER 31, 2012

Page

OTHER SUPPLEMENTARY INFORMATION

69	Combining Balance Sheet - Nonmajor Governmental Funds
70	Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
71-72	Combining Balance Sheet - Nonmajor Special Revenue Funds
73-74	Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds
75-77	Combining Balance Sheet - Nonmajor Capital Projects Funds
78-80	Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds
81	Combining Statement of Net Position - Internal Service Funds
82	Combining Statement of Revenue, Expenses, and Changes in Net Position - Internal Service Funds
83	Combining Statement of Cash Flows - Internal Service Funds
84	Combining Balance Sheet - All Agency Funds
85	Combining Statement of Changes in Assets and Liabilities - All Agency Funds

OTHER REPORT

86-87	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>
-------	---



INDEPENDENT AUDITORS' REPORT

To the Common Council
City of La Crosse, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse, Wisconsin ("City"), as of and for the year ended December 31, 2012, 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, 2012, 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.

Change in Accounting Principle

As discussed in Note 1, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 1, 2013, on our consideration of the City of La Crosse's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of La Crosse's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
July 1, 2013

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



The City of La Crosse, Wisconsin - Management's Discussion and Analysis for the year ended December 31, 2012

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, 2012. 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

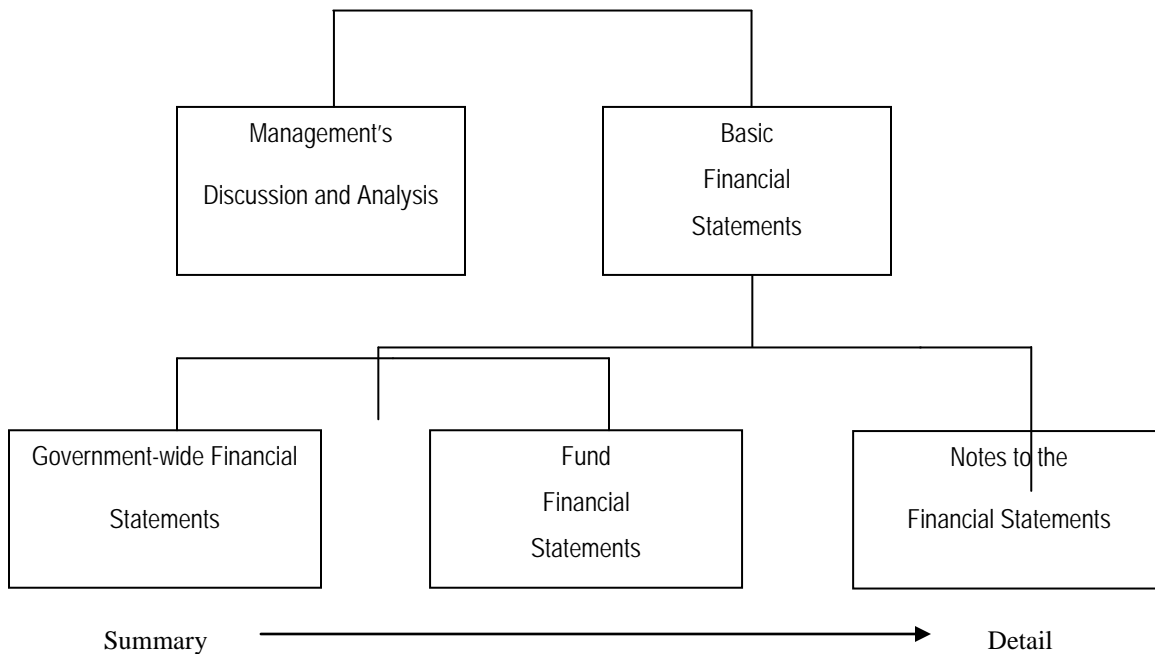
When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. This relationship between revenues and expenses can be considered the City's operating results. The City's net position as measured in the Statement of Net 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 and deferred inflows of resources as of December 31, 2012 by \$349,129,532 (net position).
- The City of La Crosse's total net position increased by \$15,813,791.
- As of December 31, 2012, the City of La Crosse's governmental funds reported combined ending fund balances of \$81,483,234, a decrease of \$9,014,454 in comparison with the prior year primarily due to the reduction of capital outlay for 2012. As of December 31, 2012, the unassigned fund balance for the general fund was \$19,962,209 or approximately 39.90% of total general fund expenditures.
- The City of La Crosse's total general obligation debt decreased by \$9,655,000 (-9.80%) during 2012. A portion of the decrease can be attributed to a refinancing of the City's 2001-A General Obligation Refunding Bonds and the 2005-A Promissory Note issues. The balance of the decrease is attributable to the continuing 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 \$7,175,000 in capital improvement projects as listed in the City's five year Capital Improvement Budget. Those projects included various street, streetscaping, alley, bridge, civic center, fire, library, park, storm sewer, transit, and water projects.

Overview of the Financial Statements

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

Required Components of the Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and total liabilities and deferred inflows of resources. 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, Transit, 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 and deferred inflows of resources by \$349,129,532 as of December 31, 2012. The City's net position increased by \$15,813,791 for the fiscal year ended December 31, 2012. However, the largest portion (65.40%) 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)

ASSETS	Governmental Activities		Business-Type Activities		Total	
	2012	2011*	2012	2011*	2012	2011*
Assets net of Capital Assets	\$154,556	\$159,919	\$20,753	\$17,019	\$175,309	\$176,938
Capital Assets not Depreciated	26,321	24,511	27,097	26,927	53,418	51,438
Capital Assets, net of Depreciation	<u>165,301</u>	<u>162,749</u>	<u>112,629</u>	<u>105,875</u>	<u>277,930</u>	<u>268,624</u>
TOTAL ASSETS	<u>\$346,178</u>	<u>\$347,179</u>	<u>\$160,479</u>	<u>\$149,821</u>	<u>\$506,657</u>	<u>\$497,000</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
LIABILITIES						
TOTAL LIABILITIES	<u>\$108,742</u>	<u>\$116,504</u>	<u>\$5,870</u>	<u>\$4,753</u>	<u>\$114,612</u>	<u>\$121,257</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue – tax roll	<u>\$42,773</u>	<u>\$42,310</u>	<u>\$142</u>	<u>\$117</u>	<u>\$42,915</u>	<u>\$42,427</u>
NET POSITION						
Net Investment in Capital Assets	\$125,041	\$109,007	\$136,595	\$130,008	\$261,636	\$239,015
Restricted For:						
Debt Service	12,802	12,998	-	-	12,802	12,998
Capital Projects	27,431	37,093	-	-	27,431	37,093
Other Activities	-	-	1,851	2,004	1,851	2,004
Unrestricted	<u>29,389</u>	<u>29,267</u>	<u>16,021</u>	<u>12,939</u>	<u>45,410</u>	<u>42,206</u>
TOTAL NET POSITION	<u>\$194,663</u>	<u>\$188,365</u>	<u>\$154,467</u>	<u>\$144,951</u>	<u>\$349,130</u>	<u>\$333,316</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$346,178</u>	<u>\$347,179</u>	<u>\$160,479</u>	<u>\$149,821</u>	<u>\$506,657</u>	<u>\$497,000</u>

*Restated format for comparison purposes

An additional portion of the City's net position of \$42,084,430 (12.05%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position or \$45,409,995 (13.01%) may be used to meet the government's ongoing obligations to citizens or creditors.

The City's total net position increased \$15,813,791 during the year. This increase was comprised of an increase in business type activities of \$9,515,669 and an increase in the governmental type activities \$6,298,122 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 \$6,298,122. Key elements of this increase are:

- Revenues were on a comparable level in 2012 versus 2011. The City compensated for reduced State aids by implementing new user fees and reviewing and updating existing fees and charges.
- The City's share of property taxes increased by \$343,601 (1.01%) from 2011 to 2012. Departments were required to keep 2012 budgets at 2011 levels unless increases were justified and approved by the Council. Minimal increases were granted for 2012 in various departments, mostly due to increases on "uncontrollable" items such as utilities and supplies. \$2,045 was appropriated from fund balance and applied to the 2012 budget to maintain a steady levy and remain in compliance with State laws governing levy limits and expenditure restraint.
- Expenditures were at slightly higher levels for 2012 compared to 2011, but generally under budget in most areas due in part to conscientious budget oversight by Department Heads, the Mayor, and the Common Council. The practice of not immediately filling funded positions within the budget that started in 2009 continued in 2012. The City was able to somewhat offset increases in department expenses, utilizing "tools" provided by the State. General employees are now required to pay 50% of the required Wisconsin Requirement System contribution that was previously paid 100% by the City.
- The practice of annually contracting for approximately 2/3 of the City's annual fuel needs in advance that started in 2009 was increased to approximately 90% in 2012 and contributed significantly towards favorable department fuel expense variances for those departments with fuel expenses.
- Employees' share of health insurance premiums increased slightly in 2012 versus 2011 due to a change in the State law. Union contract negotiated increases in premiums, deductibles, office co-pays, and drug co-pays are having an impact on the City's self-insurance health fund and should help maintain steady or manageable increases in the immediate future even though the national trend continues to rise. The City offers annual health risk assessment (HRA) opportunities to its employees and families as a proactive measure to curb potential future health insurance costs. Employees and their spouses are encouraged to participate in the health risk assessment program and are able to receive reduced monthly premium costs as an incentive to participate.

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

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

Figure 3

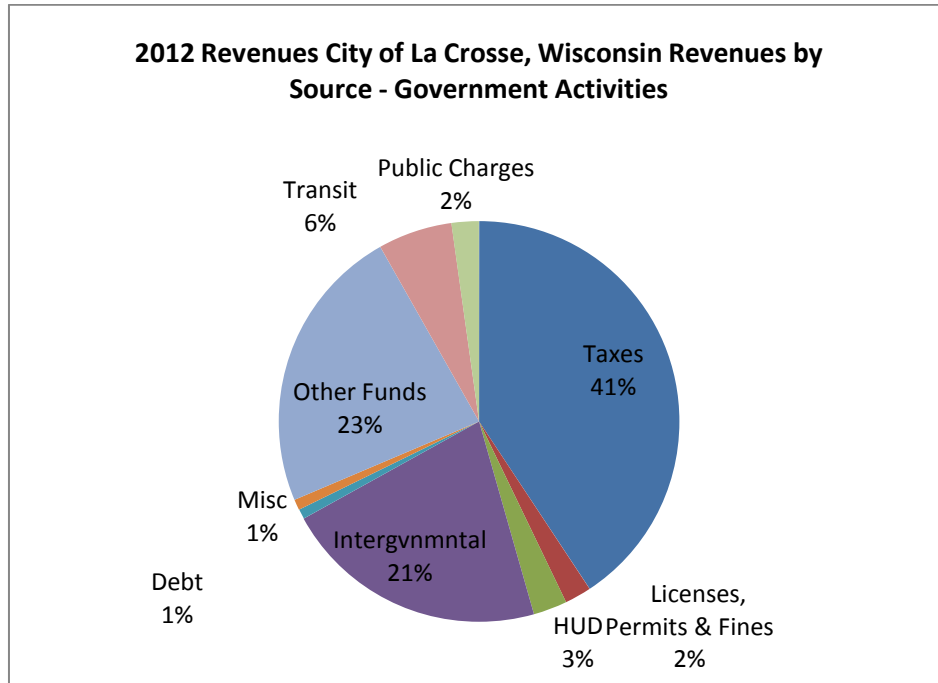
(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$15,567	\$15,073	\$17,520	\$15,598	\$33,087	\$30,671
Grants & contributions	13,304	12,910	1,963	13,934	15,267	26,844
General revenues:						
Taxes	44,031	43,405	--	--	44,031	43,405
State shared revenue	13,200	14,962	--	--	13,200	14,962
Interest and investment income	542	409	43	36	585	445
Miscellaneous	534	280	144	2	678	282
Total revenues	<u>\$87,178</u>	<u>\$87,039</u>	<u>\$19,670</u>	<u>\$29,570</u>	<u>\$106,848</u>	<u>\$116,609</u>
Expenses:						
General government	\$4,696	\$6,953	\$ --	\$ --	\$4,696	6,953
Public safety	23,043	24,068	--	--	23,043	24,068
Public works	18,603	20,040	--	--	18,603	20,040
Health and human services	223	128	--	--	223	128
Culture, recreation & education	14,350	15,762	--	--	14,350	15,762
Conservation & development	8,024	5,698	--	--	8,024	5,698
Principal, Interest & Fiscal Charges	3,204	3,415	--	--	3,204	3,415
Airport	--	--	7,696	3,153	7,696	3,153
Parking	--	--	1,858	1,554	1,858	1,554
Water	--	--	3,322	3,808	3,322	3,808
Sanitary Sewer	--	--	5,536	6,010	5,536	6,010
Storm Water	--	--	406	--	406	--
Other business-type activities	--	--	72	64	72	64
Total expenses	<u>\$72,143</u>	<u>\$76,064</u>	<u>\$18,890</u>	<u>\$14,589</u>	<u>\$91,033</u>	<u>\$90,653</u>
Change in Net Position before transfers and Special items	\$15,035	\$10,975	\$780	\$14,981	\$15,815	\$25,956
Special Items	--	--	--	--	--	--
Transfers	<u>(8,737)</u>	1,271	<u>8,737</u>	<u>(1,271)</u>	<u>(0)</u>	<u>(0)</u>
Change in net position	\$6,298	\$12,246	\$9,517	\$13,710	\$15,815	\$25,956
Net position, beginning of year as restated	<u>188,365</u>	<u>176,119</u>	<u>144,951</u>	<u>131,241</u>	<u>333,316</u>	<u>307,360</u>
Net position, end of year	<u>\$194,663</u>	<u>\$188,365</u>	<u>\$154,467</u>	<u>\$144,951</u>	<u>\$349,130</u>	<u>\$333,316</u>

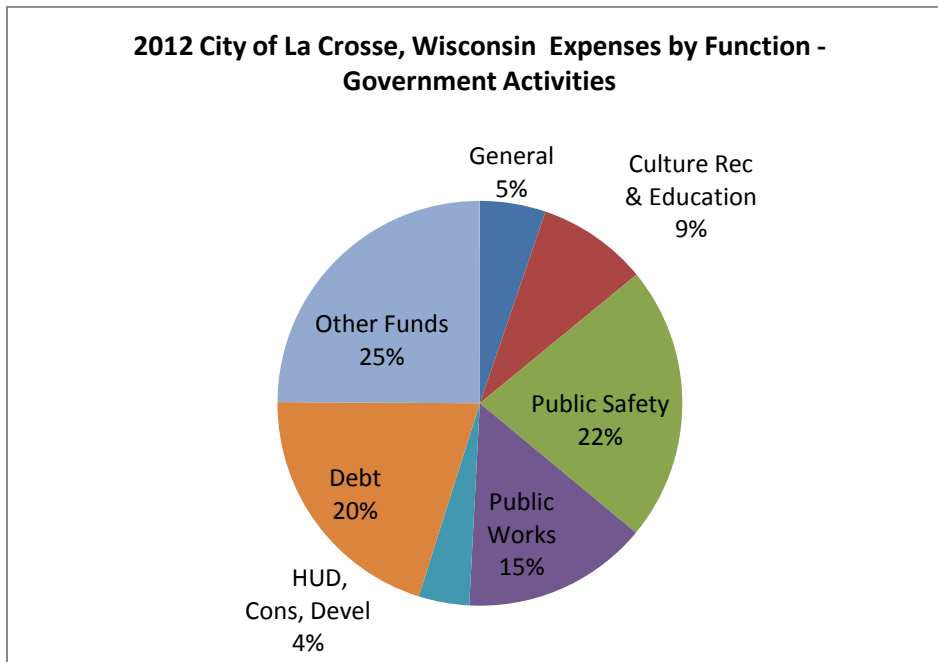
No major variances were noted in the governmental activities expenditures in 2012. City departments in general were well within their approved budgets with the exception of the City Clerk and Planning Departments, which received specific City Council approval to exceed their budgets.

Figure 4 and Figure 5 which follow depict revenues by source and expenses by function respectively for the year 2012.

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



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



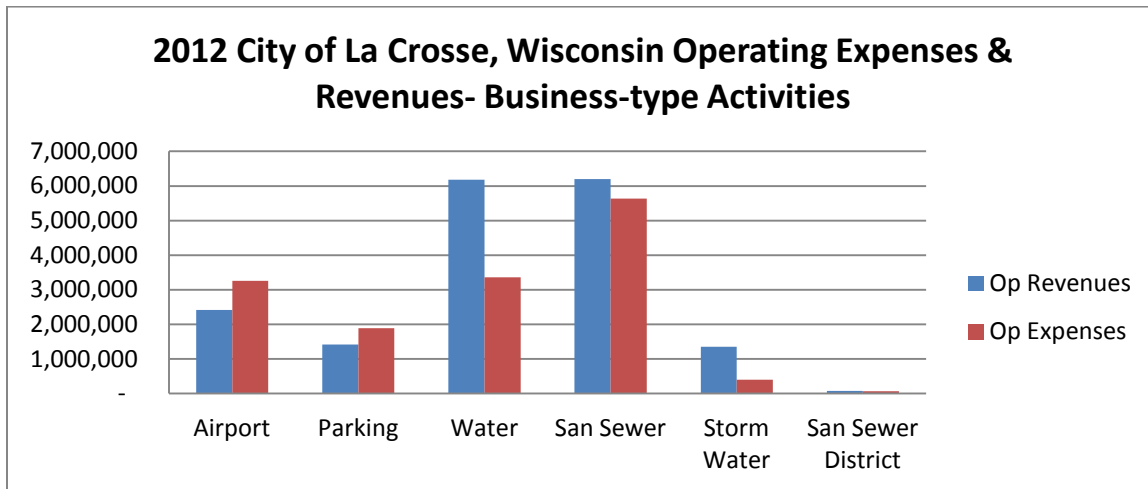
Business-type Activities

Business-type activities increased the City's net position by \$9,515,669. The major contributing factors to this increase for the business-type activities are as follows: 1) the implementation of a Storm Water Utility in 2012, 2) the Water Utility received a 30% increase in August of 2011 which became fully effective in 2012, the first such increase in water rates since 2002. The current water rate is designed to provide a 4.0% return on rate base. The City Council now requires that future water rates be reviewed every two years. 3) the Sanitary Sewer Utility rates remained unchanged for 2012. 4) the current Sanitary Sewer Utility and Storm Water Utility rates are designed to meet cash requirements, be consistent with existing rate design structure to maintain equitability between different sizes and classes of customers, fund capital projects, and meet debt coverage requirements, and 5) the Parking Utility's net assets increased by approximately \$10,000,000 with the acquisition of the new 2nd Street Parking Ramp in January 2012.

Figure 6 (below) shows the operating revenues and expenses for 2012 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, 2012, the City of La Crosse's governmental funds reported combined ending fund balances of \$81,483,234. \$24,128,650 of this amount is attributable to the General Fund balance and is designated as follows: \$1,326,441 or approximately 5.5% was designated as "Nonspendable", \$2,840,000 or approximately 11.8% was designated as "Committed" which included \$90,000 to be applied to reduce the 2012 tax levy, and \$19,962,209 or approximately 82.7% was designated as "Unassigned".

The General Fund is the chief operating fund of the City of La Crosse, Wisconsin. As of December 31, 2012, the total fund balance of the general fund was \$24,128,650 of which \$19,962,209 was designated as "Unassigned." This "Unassigned" fund balance represents approximately 39.90% of total general fund expenditures for 2012. The general fund balance increased by \$185,279 in fiscal year 2012. The 2012 annual program budget for the City's general fund identified a use of fund balance for items brought forward from the 2011 budget (carryovers) of \$1,637,067. Additionally, the 2012 annual program budget for the City's general fund identified a use of fund balance for items to be carried forward from the 2012 budget to the 2013 budget of \$1,553,130. Actual expenditures were less than original amended budgeted expenditures by approximately 5.72% or \$3,015,570. Actual revenue sources were more than the original amended budgeted revenues in the general fund by \$2,013,657 or approximately 3.50%.

The budget revenues were higher primarily due to:

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

The budget expenditures were less primarily due to:

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

Proprietary Funds

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

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

Figure 7

(In Thousands of dollars)

	Net Position		Change in Net Position	
	2012	2011*	2012	2011*
Airport	\$54,502	\$58,197	\$(3,695)	\$13,215
Parking Utility	33,753	24,407	9,346	(458)
Sanitary Sewer Utility	36,656	35,904	752	555
Sanitary Sewer District	598	593	5	(3)
Storm Water Utility	881	--	881	--
Water Utility	27,351	25,473	1,878	441
TOTAL	\$153,741	\$144,574	\$9,167	\$13,750

*Restated for comparison purposes.

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 \$2,013,657. Actual expenditures were less than budgeted expenditures by \$3,015,570.

Even though revenues exceeded budgetary estimates and expenditures came in under budget, the City's General Fund "Unassigned" balance decreased by \$1,842,194. The reason for this decrease was the reassignment of \$2,840,000 of the City's "Unassigned" fund balance to "Committed" fund balance for the following: 1) \$250,000 for TID #14 housing projects, 2) \$350,000 for city-wide housing projects, 3) \$1,100,000 for TID #4 extension for "affordable housing" projects, 4) \$800,000 for future radio system needs, 5) \$250,000 for the "Reinvest La Crosse" program, and 6) \$90,000 applied to the 2013 Operating Budget. The City's General Fund combined balance is 48.23% of 2012 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, 2012, amounts to \$331,347,965 (net of accumulated depreciation), an increase of \$11,285,899 (3.53%). This investment in capital assets includes land, buildings, building improvements, improvements other than buildings, machinery & equipment, infrastructure, and construction work in progress. The total increase in the City's investment in capital assets for the current fiscal year consisted of a \$4,361,970 (2.33%) increase for governmental activities and a \$6,923,929 (5.21%) increase for business-type activities.

Major capital asset projects/transactions that occurred previously or were scheduled to occur during 2012 included the following:

1. Continuation of the Three Rivers Plaza economic development retail/housing/office complex on the north end of the downtown area (TID #12) and related expenses - approximately \$5,550,000 total City investment. The boundaries for this TID were expanded in 2010 to accommodate additional future development to the west.
2. Continuation of the Logistics Health (LHI), Cargill, and Piggy's Riverside redevelopment project in Tax Incremental Financing District #11 (downtown area) - approximately \$15,500,000 total City investment. Construction on a third LHI building and City parking ramp in the area started in 2010 was completed in the fall of 2011. In January of 2012 the City completed the purchase of this parking ramp from the Riverside Center group. The City completed construction of a \$32 million public/private multi-use Transit Center/Housing (92 units)/Commercial/Retail facility in September of 2010.

The following capital improvement projects for 2012 are contained and financed in the City's 2012-2016 five year Capital Improvement Program budget:

1. Airport north hangar area construction - approximately \$3,100,000.
2. Airport snow removal materials storage building - approximately \$720,000.
3. Capital Equipment purchases for various departments - approximately \$1,000,000.
4. Parking ramp repairs - approximately \$650,000.
5. Parking ramp pay stations - approximately \$400,000.
6. Various City building improvements - approximately \$300,000.
7. Various park projects - approximately \$450,000.
8. Sanitary Sewer digester heating system - approximately \$1,400,000.
9. Continuing upgrades to the Sanitary Sewer infrastructure - approximately \$1,400,000.
10. Storm water improvement projects - approximately \$1,400,000.
11. Various street and streetscaping improvement projects - approximately \$4,700,000.
12. Tax Incremental Financing District projects - approximately \$1,100,000.
13. Miscellaneous Water projects - approximately \$450,000.

Figure 8
(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and land improvements	\$9,229	\$7,259	\$8,647	\$8,641	\$17,876	\$15,900
Buildings and improvements	80,581	79,014	26,732	26,732	107,313	105,746
Machinery and equipment	28,335	27,737	20,827	18,799	49,162	46,536
Infrastructure/systems	126,681	122,618	107,643	99,718	234,324	222,336
Construction in progress	17,091	17,252	22,400	22,237	39,491	39,489
Less: Accumulated depreciation	(70,296)	(66,620)	(46,523)	(43,324)	(116,819)	(109,944)
TOTAL	\$191,621	\$187,260	\$139,726	\$132,803	\$331,347	\$320,063

Long-term Debt

Of significant note: during 2007, the City's bond rating was upgraded from AA- to AA by Standard & Poors. Additionally, in 2010, Moody's changed the City's bond rating from A1 to AA2. These changes have allowed the City to borrow at a lesser interest rate for capital projects included in its annual capital improvement budget and for other special projects. In December of 2010, the City refinanced \$33,300,000 of debt, the majority related to replacing the temporary taxable financing for the construction of the transit center with permanent, mostly tax exempt financing. The two refinancing issues were borrowed in December of 2010, but not closed until January of 2011 and are recorded as such in the City's 2010 and 2011 financial statements.

At the end of the 2012 fiscal year, the City of La Crosse had total general obligation debt outstanding of \$88,915,000 entirely backed by the full faith and credit of the government. This represents a decrease of \$9,775,886 compared to the total general obligation debt outstanding as of the end of fiscal year 2011. This decrease is due primarily to scheduled borrowing and structured repayment of principle and interest in accordance with the City's debt model. Additionally, the City refinanced both the 2001-A Refunding Bond issue and the 2005-A Promissory Note issue in 2012.

In 2012, the City sold two separate bond issues. The first issue was dated March 15, 2012. This was a 15 year corporate purpose bond for \$4,575,000 at a net interest rate of 2.3373% to fund a portion of the City's 2012-2016 capital improvement program budget. The second issue consisted of three pieces: the first was a ten year, \$2,000,000 promissory note dated March 15, 2012 sold at .9333536% to fund the balance of the City's 2012-2016 capital improvement program budget, the second portion was a three year general obligation corporate purpose and refunding promissory note issue dated March 15, 2012 at an interest rate of .9333536% for \$1,440,000 to refinance the City's 2005-A Promissory Note Issue, the third portion was a three year general obligation corporate purpose and refunding promissory note issue dated March 15, 2012 at an interest rate of .9333536% for \$8,960,000 to refinance the City's 2001-A Refunding Bond Issue.

Both new issues funded the City's \$6,575,000 annual capital improvement program budget and the various projects: Street and Streetscaping projects, Bridge projects, Storm Sewer projects, Fire projects, Water Projects, Library projects, Park projects, and Miscellaneous Tax Incremental Financing projects. All three issues were rated AA by Standard & Poors.

Wisconsin State Statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The City of La Crosse has adopted a more stringent debt borrowing policy that states that its outstanding debt will not exceed 75% of the 5% State Statute allowable legal debt margin unless authorized by a 2/3 vote of the City Council. In addition, the City will not borrow a larger amount than is retired in the current year unless overridden by a 2/3 vote of the City Council. The City has adopted a rapid debt retirement policy in that debt will not be borrowed for a period of more than 10 years unless approved by the City Council. The current legal debt limitation for the City of La Crosse is \$156,058,045 and its outstanding debt subject to State statutory limit at December 31, 2012 is \$88,915,000, or approximately 56.98%.

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

Figure 9

(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds/notes	\$85,783	\$95,897	\$3,132	\$2,795	\$88,915	\$98,692
Mortgage revenue bonds	--	--	--	--	--	--
Other long-term obligations	<u>13,028</u>	<u>10,133</u>	<u>1,654</u>	<u>1,308</u>	<u>14,682</u>	<u>11,441</u>
TOTAL	<u>\$98,811</u>	<u>\$106,030</u>	<u>\$4,786</u>	<u>\$4,103</u>	<u>\$103,597</u>	<u>\$110,133</u>

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

- \$90,000.00 of the 2012 year end fund balance was restricted to offset a portion of the 2013 operating budget tax levy.
- The December 2012 unadjusted unemployment rate for the La Crosse MSA is 5.5% compared to the State average of 6.9%, which compares to the National average of 8.1%.
- Inflationary trends in the region are comparable to national indices.
- The total value of building permits in 2012 was \$59,472,205 compared to 2011 with \$231,547,903 and 2010 with \$160,828,098.

Requests for Information

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

CITY OF LA CROSSE, WISCONSIN

BASIC FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2012

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Cash and investments	\$ 97,088,372	\$ 10,331,457	\$ 107,419,829
Restricted cash and investments	-	1,851,139	1,851,139
Receivables			
Taxes	42,561,658	827,296	43,388,954
Accounts and other	2,718,389	3,573,540	6,291,929
Special assessments	264,883	-	264,883
Loans receivable	179,342	-	179,342
Internal balances	(3,906,979)	3,906,979	-
Due from other governments	2,099,089	3,490	2,102,579
Inventories	259,306	247,045	506,351
Prepaid items	63,614	1,915	65,529
Special assessments	766,539	6,641	773,180
Loans receivable	12,462,706	-	12,462,706
Other property	-	3,375	3,375
Capital assets not being depreciated	26,320,668	27,097,103	53,417,771
Capital assets, net of accumulated depreciation	<u>165,300,869</u>	<u>112,629,325</u>	<u>277,930,194</u>
TOTAL ASSETS	<u>\$ 346,178,456</u>	<u>\$ 160,479,305</u>	<u>\$ 506,657,761</u>

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2012

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
LIABILITIES			
Accounts payable	\$ 9,075,122	\$ 886,455	\$ 9,961,577
Accrued liabilities			
Payroll, payroll taxes	160,041	2,710	162,751
Interest	330,005	-	330,005
Other	66,899	-	66,899
Due to other governments	76,629	-	76,629
Due to others	222,770	-	222,770
Compensated absences	-	194,733	194,733
Current portion of long-term obligations	20,332,761	1,292,404	21,625,165
Noncurrent portion of long-term obligations	78,478,017	3,493,957	81,971,974
TOTAL LIABILITIES	<u>108,742,244</u>	<u>5,870,259</u>	<u>114,612,503</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - tax roll	<u>42,773,296</u>	<u>142,430</u>	<u>42,915,726</u>
NET POSITION			
Net investment in capital assets	125,040,569	136,594,538	261,635,107
Restricted for:			
Debt service	12,801,726	-	12,801,726
Capital projects	27,431,565	-	27,431,565
Other activities	-	1,851,139	1,851,139
Unrestricted	<u>29,389,056</u>	<u>16,020,939</u>	<u>45,409,995</u>
TOTAL NET POSITION	<u>194,662,916</u>	<u>154,466,616</u>	<u>349,129,532</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	 <u>\$ 346,178,456</u>	 <u>\$ 160,479,305</u>	 <u>\$ 506,657,761</u>

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES				
General government	\$ 4,696,312	\$ 3,619,825	\$ 855,390	\$ -
Public safety				
Law enforcement	12,073,734	786,158	815,056	-
Fire protection	10,289,701	93,049	232,112	-
Other public safety	679,159	-	-	-
Public works				
Transportation	16,297,242	3,860,075	5,963,398	1,954,846
Storm sewer	148,457	-	359	-
Docks and harbors	20,912	69,956	-	-
Sanitation	2,136,778	39,012	181,460	-
Health and human services	222,710	2,780	-	-
Culture, recreation, and education				
Library	5,183,588	264,683	526,832	-
Auditorium	4,189,939	3,831,079	-	-
Parks and recreation	4,976,270	2,016,890	121,739	3,700
Conservation and development	8,023,896	983,539	2,571,466	77,268
Interest and fiscal charges	3,204,251	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	72,142,949	15,567,046	11,267,812	2,035,814
BUSINESS-TYPE ACTIVITIES				
Municipal Airport	7,696,198	2,416,915	28,779	1,661,715
Parking Utility	1,858,346	1,421,245	-	-
Water Utility	3,321,916	6,183,769	-	30,937
Sewer Utility	5,536,198	6,063,326	241,329	-
Storm Water Utility	405,728	1,357,579	-	-
Sanitary Sewer District	72,224	76,842	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	18,890,610	17,519,676	270,108	1,692,652
TOTAL PRIMARY GOVERNMENT	\$ 91,033,559	\$ 33,086,722	\$ 11,537,920	\$ 3,728,466

GENERAL REVENUE

Taxes

Property taxes, levied for general purposes

Tax increments

Other taxes

Intergovernmental revenue not restricted to specific programs

Interest and investment income

Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUE AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION - BEGINNING

NET POSITION - ENDING

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

NET (EXPENSES) REVENUE AND
CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (221,097)		\$ (221,097)
(10,472,520)		(10,472,520)
(9,964,540)		(9,964,540)
(679,159)		(679,159)
(4,518,923)		(4,518,923)
(148,098)		(148,098)
49,044		49,044
(1,916,306)		(1,916,306)
(219,930)		(219,930)
(4,392,073)		(4,392,073)
(358,860)		(358,860)
(2,833,941)		(2,833,941)
(4,391,623)		(4,391,623)
(3,204,251)		(3,204,251)
<u>(43,272,277)</u>		<u>(43,272,277)</u>
	\$ (3,588,789)	(3,588,789)
	(437,101)	(437,101)
	2,892,790	2,892,790
	768,457	768,457
	951,851	951,851
	4,618	4,618
	<u>591,826</u>	<u>591,826</u>
<u>(43,272,277)</u>	<u>591,826</u>	<u>(42,680,451)</u>
34,363,319	-	34,363,319
7,167,461	-	7,167,461
2,500,556	-	2,500,556
13,200,318	-	13,200,318
542,223	42,779	585,002
533,994	143,592	677,586
(8,737,472)	8,737,472	-
<u>49,570,399</u>	<u>8,923,843</u>	<u>58,494,242</u>
6,298,122	9,515,669	15,813,791
<u>188,364,794</u>	<u>144,950,947</u>	<u>333,315,741</u>
<u>\$ 194,662,916</u>	<u>\$ 154,466,616</u>	<u>\$ 349,129,532</u>

CITY OF LA CROSSE, WISCONSIN
FUND FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>HUD PROGRAMS</u>	<u>TRANSIT</u>
Cash and investments	\$ 23,510,276	\$ 682,205	\$ 244,025
Receivables			
Taxes	34,708,739	-	-
Accounts and other	588,909	8,041	235,827
Special assessments	-	-	-
Loans	35,220	9,754,904	-
Due from other funds	956,113	-	-
Due from other governments	96,301	167,374	297,463
Inventories	-	-	111,350
Prepaid items	20,172	-	9,724
Advances to other funds	1,306,269	15,000	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 61,221,999</u>	<u>\$ 10,627,524</u>	<u>\$ 898,389</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
 LIABILITIES			
Accounts payable	\$ 2,147,937	\$ 134,544	\$ 467,149
Accrued liabilities	226,940	-	-
Due to other funds	-	-	-
Due to other governments	-	-	49,275
Due to others	-	-	-
Unearned revenue	78,963	-	-
Advances from other funds	-	-	297,463
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>2,453,840</u>	<u>134,544</u>	<u>813,887</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - tax roll	34,597,709	-	-
Unavailable revenue - other	41,800	9,781,078	-
	<hr/>	<hr/>	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>34,639,509</u>	<u>9,781,078</u>	<u>-</u>
 FUND BALANCES			
Nonspendable	1,326,441	-	-
Restricted	-	711,902	84,502
Committed	2,840,000	-	-
Unassigned	19,962,209	-	-
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>24,128,650</u>	<u>711,902</u>	<u>84,502</u>
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 61,221,999</u>	<u>\$ 10,627,524</u>	<u>\$ 898,389</u>

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

DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 11,402,556	\$ 49,446,434	\$ 85,285,496
-	7,983,239	42,691,978
50,754	609,011	1,492,542
-	1,031,422	1,031,422
1,675,000	1,246,196	12,711,320
-	-	956,113
-	1,537,951	2,099,089
-	18,106	129,456
-	19,319	49,215
1,400,000	142,844	2,864,113
<u>\$ 14,528,310</u>	<u>\$ 62,034,522</u>	<u>\$ 149,310,744</u>
\$ 830	\$ 740,584	\$ 3,491,044
-	-	226,940
-	1,388,296	1,388,296
-	27,354	76,629
-	222,770	222,770
-	185,843	264,806
-	5,316,336	5,613,799
830	7,881,183	11,284,284
-	7,852,919	42,450,628
1,725,754	2,543,966	14,092,598
1,725,754	10,396,885	56,543,226
-	-	1,326,441
12,801,726	28,446,508	42,044,638
-	15,927,053	18,767,053
-	(617,107)	19,345,102
12,801,726	43,756,454	81,483,234
<u>\$ 14,528,310</u>	<u>\$ 62,034,522</u>	<u>\$ 149,310,744</u>

CITY OF LA CROSSE, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012

Fund balances - total governmental funds	\$ 81,483,234	
<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.		191,621,537
Some revenue is unavailable in the funds because they are not available to pay current period expenditures.		14,107,257
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	\$ (330,005)	
Bonds and notes payable	(86,184,987)	
Compensated absences	(2,060,164)	
OPEB liability	<u>(10,565,627)</u>	
		(99,140,783)
Internal service funds assets and liabilities	\$ 7,316,781	
Receivable from business-type funds for internal service activity	<u>(725,110)</u>	<u>6,591,671</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 194,662,916</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, 2012

	GENERAL FUND	HUD PROGRAMS	TRANSIT
REVENUE			
Taxes	\$ 36,015,542	\$ -	\$ -
Special assessments	-	-	-
Intergovernmental	15,516,517	1,316,727	3,347,504
Licenses and permits	1,874,682	-	-
Fines, forfeits, and penalties	22,990	-	-
Public charges for services	1,960,114	300,237	1,882,132
Intergovernmental charges for services	3,370,533	-	-
Miscellaneous	761,195	808,446	60,263
TOTAL REVENUE	59,521,573	2,425,410	5,289,899
EXPENDITURES			
Current			
General government	5,409,531	729	-
Public safety	22,640,603	-	-
Public works	9,717,041	-	5,563,948
Health and human services	144,481	-	-
Culture, recreation, and education	8,946,689	-	-
Conservation and development	1,999,332	2,158,555	-
Capital outlay	1,174,241	-	43,497
Debt service			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
TOTAL EXPENDITURES	50,031,918	2,159,284	5,607,445
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	9,489,655	266,126	(317,546)
OTHER FINANCING (USES) SOURCES			
Proceeds from long-term debt	-	-	-
Proceeds from refunding debt issued	-	-	-
Payments on refunded debt	-	-	-
Operating transfers in	13,581,838	40,571	328,451
Operating transfers out	(22,886,214)	(40,571)	(2,750)
TOTAL OTHER FINANCING (USES)	(9,304,376)	-	325,701
NET CHANGE IN FUND BALANCES	185,279	266,126	8,155
FUND BALANCES - BEGINNING	23,943,371	445,776	76,347
FUND BALANCES - ENDING	\$ 24,128,650	\$ 711,902	\$ 84,502

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

DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 8,015,794	\$ 44,031,336
-	266,465	266,465
-	4,002,771	24,183,519
-	137,912	2,012,594
-	715,904	738,894
-	3,582,608	7,725,091
-	330,680	3,701,213
<u>707,397</u>	<u>3,621,154</u>	<u>5,958,455</u>
<u>707,397</u>	<u>20,673,288</u>	<u>88,617,567</u>
-	217,917	5,628,177
-	1,117,645	23,758,248
-	363,596	15,644,585
-	125,631	270,112
-	3,999,377	12,946,066
-	3,468,425	7,626,312
-	16,262,496	17,480,234
16,230,000	120,886	16,350,886
3,394,501	11,955	3,406,456
<u>19,624,501</u>	<u>25,687,928</u>	<u>103,111,076</u>
<u>(18,917,104)</u>	<u>(5,014,640)</u>	<u>(14,493,509)</u>
-	5,539,500	5,539,500
10,400,000	-	10,400,000
(10,400,000)	-	(10,400,000)
19,302,000	7,015,873	40,268,733
<u>(581,491)</u>	<u>(16,818,152)</u>	<u>(40,329,178)</u>
<u>18,720,509</u>	<u>(4,262,779)</u>	<u>5,479,055</u>
(196,595)	(9,277,419)	(9,014,454)
<u>12,998,321</u>	<u>53,033,873</u>	<u>90,497,688</u>
<u>\$ 12,801,726</u>	<u>\$ 43,756,454</u>	<u>\$ 81,483,234</u>

CITY OF LA CROSSE, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2012

Net change in fund balances - total governmental funds		\$ (9,014,454)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay reported in governmental fund statements	\$ 17,480,234	
Less noncapitalized outlay	(8,576,362)	
Depreciation expense reported in the statement of activities	<u>(4,400,242)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		4,503,630
The net effect of various miscellaneous transactions involving capital assets (i.e., loss on disposal of assets) is to decrease net position:		
		(141,660)
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:		
	(15,939,500)	
Less amount for business-type activities:	<u>839,758</u>	(15,099,742)
Net change due to internal services funds incorporated into the statement activities.		
	\$ 3,718,152	
Transfers from business-type funds for internal service fund activity.	<u>(347,762)</u>	3,370,390
Certain employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
This year the accrual of these benefits increased by:		(242,673)
OPEB expense is not reported in the governmental funds		
		(2,249,988)
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.		
		427,211
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:	\$ 26,750,886	
Less amount for business-type activities:	<u>(1,537,837)</u>	25,213,049
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:		(401,877)
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	\$ 3,314,930	
The amount of interest accrued during the current period	<u>(3,380,694)</u>	
Interest paid is less than interest accrued by:		<u>(65,764)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 6,298,122</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, 2012

<u>ASSETS</u>	BUSINESS-TYPE ACTIVITIES		
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY
CURRENT ASSETS			
Cash and investments	\$ 2,852,942	\$ 1,484,070	\$ 1,877,809
Restricted cash - DNR replacement fund	-	-	-
Taxes receivable	-	100,885	429,207
Accounts receivable	239,446	499,803	1,199,036
Due from other funds	-	-	1,061,811
Due from other governments	3,490	-	-
Inventories	-	-	247,045
Prepaid items	180	370	648
TOTAL CURRENT ASSETS	3,096,058	2,085,128	4,815,556
NONCURRENT ASSETS			
CAPITAL ASSETS			
Property, plant, and equipment	40,991,925	37,077,984	39,437,030
Construction in progress	20,663,661	306,303	244,138
TOTAL CAPITAL ASSETS	61,655,586	37,384,287	39,681,168
Less accumulated depreciation	9,663,126	7,763,131	13,456,947
NET CAPITAL ASSETS	51,992,460	29,621,156	26,224,221
OTHER ASSETS			
Advances to other funds	-	2,324,290	328,667
Special assessments	-	-	6,641
Other property	-	-	3,375
TOTAL OTHER ASSETS	-	2,324,290	338,683
TOTAL NONCURRENT ASSETS	51,992,460	31,945,446	26,562,904
TOTAL ASSETS	\$ 55,088,518	\$ 34,030,574	\$ 31,378,460

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

BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
\$ 3,478,771	\$ 415,102	\$ 222,763	\$ 10,331,457	\$ 11,802,876
1,851,139	-	-	1,851,139	-
287,818	9,386	-	827,296	-
1,116,159	458,399	60,697	3,573,540	1,026,255
24,920	301,565	-	1,388,296	-
-	-	-	3,490	-
-	-	-	247,045	128,637
717	-	-	1,915	15,612
<u>6,759,524</u>	<u>1,184,452</u>	<u>283,460</u>	<u>18,224,178</u>	<u>12,973,380</u>
45,666,876	50,818	624,934	163,849,567	-
952,916	233,118	-	22,400,136	-
46,619,792	283,936	624,934	186,249,703	-
15,329,910	173	309,988	46,523,275	-
<u>31,289,882</u>	<u>283,763</u>	<u>314,946</u>	<u>139,726,428</u>	<u>-</u>
96,729	-	-	2,749,686	-
-	-	-	6,641	-
-	-	-	3,375	-
<u>96,729</u>	<u>-</u>	<u>-</u>	<u>2,759,702</u>	<u>-</u>
31,386,611	283,763	314,946	142,486,130	-
<u>\$ 38,146,135</u>	<u>\$ 1,468,215</u>	<u>\$ 598,406</u>	<u>\$ 160,710,308</u>	<u>\$ 12,973,380</u>

(Continued on page 31)

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - Continued
DECEMBER 31, 2012

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	BUSINESS-TYPE ACTIVITIES		
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 189,652	\$ 68,410	\$ 130,784
Due to other funds	-	-	956,113
Compensated absences	31,872	13,534	73,591
Unearned revenue	-	-	-
Current portion of general obligation bonds	-	-	523,907
Current portion of post-employment benefits	150,134	33,858	218,295
TOTAL CURRENT LIABILITIES	371,658	115,802	1,902,690
NONCURRENT LIABILITIES			
General obligation bonds	-	-	1,714,891
Post-employment benefits	187,168	47,214	410,095
TOTAL NONCURRENT LIABILITIES	187,168	47,214	2,124,986
TOTAL LIABILITIES	558,826	163,016	4,027,676
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - tax roll	27,675	114,755	-
NET POSITION			
Net investment in capital assets	51,992,460	29,621,156	23,985,423
Restricted	-	-	-
Unrestricted	2,509,557	4,131,647	3,365,361
TOTAL NET POSITION	54,502,017	33,752,803	27,350,784
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 55,088,518	\$ 34,030,574	\$ 31,378,460

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

BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL ACTIVITIES
SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
\$ 496,142	\$ 1,333	\$ 134	\$ 886,455	\$ 5,584,078
-	-	-	956,113	-
78,446	-	-	197,443	-
-	-	-	-	72,521
155,100	36,474	-	715,481	-
174,636	-	-	576,923	-
<u>904,324</u>	<u>37,807</u>	<u>134</u>	<u>3,332,415</u>	<u>5,656,599</u>
152,492	549,026	-	2,416,409	-
433,071	-	-	1,077,548	-
<u>585,563</u>	<u>549,026</u>	<u>-</u>	<u>3,493,957</u>	<u>-</u>
<u>1,489,887</u>	<u>586,833</u>	<u>134</u>	<u>6,826,372</u>	<u>5,656,599</u>
-	-	-	142,430	-
30,982,290	(301,737)	314,946	136,594,538	-
1,851,139	-	-	1,851,139	-
3,822,819	1,183,119	283,326	15,295,829	7,316,781
<u>36,656,248</u>	<u>881,382</u>	<u>598,272</u>	<u>153,741,506</u>	<u>7,316,781</u>
<u>\$ 38,146,135</u>	<u>\$ 1,468,215</u>	<u>\$ 598,406</u>	<u>\$ 160,710,308</u>	<u>\$ 12,973,380</u>
Net position - total enterprise funds			\$ 153,741,506	
Adjustment to reflect the consolidation of internal service activities related to enterprise funds			<u>725,110</u>	
Net position of business-type activities			<u>\$ 154,466,616</u>	

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	BUSINESS-TYPE ACTIVITIES		
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY
OPERATING REVENUE			
Charges for services	\$ 2,306,793	\$ 380,857	\$ 5,008,475
Fines, forfeits, and penalties	-	1,037,538	-
Interfund charges for services	-	-	741,325
Intergovernmental charges for services	-	-	377,344
Miscellaneous	110,122	2,850	56,625
TOTAL OPERATING REVENUE	<u>2,416,915</u>	<u>1,421,245</u>	<u>6,183,769</u>
OPERATING EXPENSES			
Operations	1,591,361	790,473	416,970
Maintenance	217,919	132,234	1,009,662
General and administrative	86,779	138,780	1,002,678
Depreciation	1,314,510	803,187	868,441
Taxes	49,383	25,203	62,573
TOTAL OPERATING EXPENSES	<u>3,259,952</u>	<u>1,889,877</u>	<u>3,360,324</u>
OPERATING (LOSS) INCOME	<u>(843,037)</u>	<u>(468,632)</u>	<u>2,823,445</u>
NONOPERATING REVENUE (EXPENSES)			
Insurance recoveries	9,792	-	-
Intergovernmental grants	28,779	-	-
Interest income	5,721	8,898	12,633
Loss on disposal of capital assets	(4,507,824)	-	-
Interest expense	-	-	(107,844)
Amortization of gain on refunding	-	-	33,707
TOTAL NONOPERATING (EXPENSES) REVENUE	<u>(4,463,532)</u>	<u>8,898</u>	<u>(61,504)</u>
(LOSS) INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(5,306,569)</u>	<u>(459,734)</u>	<u>2,761,941</u>
TRANSFER IN	201,187	-	-
TRANSFER (OUT)	(259,067)	(280,000)	(914,725)
CAPITAL CONTRIBUTIONS	<u>1,669,346</u>	<u>10,086,018</u>	<u>30,937</u>
CHANGE IN NET POSITION	<u>(3,695,103)</u>	<u>9,346,284</u>	<u>1,878,153</u>
NET POSITON - BEGINNING	<u>58,197,120</u>	<u>24,406,519</u>	<u>25,472,631</u>
NET POSITION - ENDING	<u>\$ 54,502,017</u>	<u>\$ 33,752,803</u>	<u>\$ 27,350,784</u>

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

BUSINESS-TYPE ACTIVITIES				GOVERNMENTAL
SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
\$ 5,670,573	\$ 1,350,901	\$ 76,842	\$ 14,794,441	\$ -
-	6,678	-	1,044,216	-
-	-	-	741,325	13,553,386
385,866	-	-	763,210	-
140,687	-	-	310,284	1,858,252
<u>6,197,126</u>	<u>1,357,579</u>	<u>76,842</u>	<u>17,653,476</u>	<u>15,411,638</u>
3,973,024	296,153	60,648	7,128,629	13,123,164
700,688	85,834	8,507	2,154,844	-
171,515	21,981	1,144	1,422,877	-
721,048	173	1,925	3,709,284	-
66,045	-	-	203,204	-
<u>5,632,320</u>	<u>404,141</u>	<u>72,224</u>	<u>14,618,838</u>	<u>13,123,164</u>
<u>564,806</u>	<u>953,438</u>	<u>4,618</u>	<u>3,034,638</u>	<u>2,288,474</u>
-	-	-	9,792	-
241,329	-	-	270,108	-
15,004	-	523	42,779	13,056
-	-	-	(4,507,824)	-
(27,700)	(9,873)	-	(145,417)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>33,707</u>	<u>-</u>
<u>228,633</u>	<u>(9,873)</u>	<u>523</u>	<u>(4,296,855)</u>	<u>13,056</u>
793,439	943,565	5,141	(1,262,217)	2,301,530
1,131,995	-	-	1,333,182	-
(1,173,384)	(62,183)	-	(2,689,359)	1,416,622
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,786,301</u>	<u>-</u>
752,050	881,382	5,141	9,167,907	3,718,152
<u>35,904,198</u>	<u>-</u>	<u>593,131</u>	<u>144,573,599</u>	<u>3,598,629</u>
<u>\$ 36,656,248</u>	<u>\$ 881,382</u>	<u>\$ 598,272</u>	<u>\$ 153,741,506</u>	<u>\$ 7,316,781</u>

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	BUSINESS-TYPE ACTIVITIES		
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,351,716	\$ 1,464,963	\$ 5,330,375
Receipts from municipality	-	-	548,670
Receipts from quasi-external transactions	-	-	-
Payments to municipality	-	-	-
Payments to suppliers for goods and services	(583,195)	(519,075)	(813,507)
Payments for employees for services	(685,037)	(307,803)	(793,987)
Payments for employee benefits	(514,285)	(205,876)	(540,526)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>569,199</u>	<u>432,209</u>	<u>3,731,025</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants received	39,523	-	-
Advance (from) to other funds	-	-	(236,369)
Operating transfers from other funds	-	-	-
Operating transfers to other funds	(57,880)	(280,000)	(914,725)
NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(18,357)</u>	<u>(280,000)</u>	<u>(1,151,094)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of property, plant, and equipment	(108,309)	-	(1,046,393)
Proceeds from insurance	9,792	-	-
Proceeds from the issuance of bonds	-	-	1,052,917
Retirement of bonds and loans	-	-	(1,102,324)
Interest paid	-	-	(107,844)
NET CASH FLOWS (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(98,517)</u>	<u>-</u>	<u>(1,203,644)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	5,721	8,898	12,633
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	458,046	161,107	1,388,920
CASH AND INVESTMENTS - BEGINNING	<u>2,394,896</u>	<u>1,322,963</u>	<u>488,889</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 2,852,942</u>	<u>\$ 1,484,070</u>	<u>\$ 1,877,809</u>

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

BUSINESS-TYPE ACTIVITIES

SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE
\$ 6,231,663	\$ 889,794	\$ 69,889	\$ 16,338,400	\$ 993,186
-	-	-	548,670	-
-	-	-	-	13,850,219
-	(301,565)	-	(301,565)	-
(2,766,018)	(232,668)	(70,299)	(4,984,762)	(577,004)
(958,975)	(105,660)	-	(2,851,462)	(105,780)
(739,892)	(58,893)	-	(2,059,472)	(12,649,177)
<u>1,766,778</u>	<u>191,008</u>	<u>(410)</u>	<u>6,689,809</u>	<u>1,511,444</u>
241,329	-	-	280,852	-
101,525	-	-	(134,844)	-
1,131,995	-	-	1,131,995	-
(1,173,384)	(62,183)	-	(2,488,172)	1,416,622
<u>301,465</u>	<u>(62,183)</u>	<u>-</u>	<u>(1,210,169)</u>	<u>1,416,622</u>
(2,089,277)	(283,936)	-	(3,527,915)	-
-	-	-	9,792	-
236,841	585,500	-	1,875,258	-
(401,806)	-	-	(1,504,130)	-
(27,700)	(9,873)	-	(145,417)	-
<u>(2,281,942)</u>	<u>291,691</u>	<u>-</u>	<u>(3,292,412)</u>	<u>-</u>
<u>15,004</u>	<u>-</u>	<u>523</u>	<u>42,779</u>	<u>13,056</u>
(198,695)	420,516	113	2,230,007	2,941,122
<u>5,528,605</u>	<u>(5,414)</u>	<u>222,650</u>	<u>9,952,589</u>	<u>8,861,754</u>
<u>\$ 5,329,910</u>	<u>\$ 415,102</u>	<u>\$ 222,763</u>	<u>\$ 12,182,596</u>	<u>\$ 11,802,876</u>

(Continued on page 37)

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	BUSINESS-TYPE ACTIVITIES		
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities			
Operating (loss) income	\$ (843,037)	\$ (468,632)	\$ 2,823,445
Adjustments to reconcile operating (loss) income to net cash flows from operating activities			
Depreciation	1,314,510	803,187	868,441
Depreciation charged to clearing	-	-	173,179
Changes in assets and liabilities			
(Increase) decrease in assets			
Receivables	(83,901)	37,250	(112,069)
Due from other funds	-	-	(214,629)
Inventories	-	-	23,290
Prepaid items	181	4,596	9,560
Increase (decrease) in liabilities			
Accounts payable	85,641	28,568	(11,667)
Due to other funds	-	-	21,974
Unavailable revenue	18,702	6,468	-
Compensated absences	(13,520)	1,297	19,669
OPEB obligations	90,623	19,475	129,832
Total adjustments	<u>1,412,236</u>	<u>900,841</u>	<u>907,580</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 569,199</u>	<u>\$ 432,209</u>	<u>\$ 3,731,025</u>
<u>RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>			
Cash and investments	\$ 2,852,942	\$ 1,484,070	\$ 1,877,809
Restricted cash	-	-	-
TOTAL	<u>\$ 2,852,942</u>	<u>\$ 1,484,070</u>	<u>\$ 1,877,809</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>			
Capital contributions	<u>\$ 464,188</u>	<u>\$ 10,086,018</u>	<u>\$ 30,937</u>

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

BUSINESS-TYPE ACTIVITIES				
SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE
\$ 564,806	\$ 953,438	\$ 4,618	\$ 3,034,638	\$ 2,288,474
721,048	173	1,925	3,709,284	-
-	-	-	173,179	-
34,537	(467,785)	(6,953)	(598,921)	(576,149)
-	(301,565)	-	(516,194)	-
-	-	-	23,290	(9,911)
17,155	5,414	-	36,906	44,553
312,759	1,333	-	416,634	(246,426)
-	-	-	21,974	-
-	-	-	25,170	10,903
9,751	-	-	17,197	-
106,722	-	-	346,652	-
<u>1,201,972</u>	<u>(762,430)</u>	<u>(5,028)</u>	<u>3,655,171</u>	<u>(777,030)</u>
\$ 1,766,778	\$ 191,008	\$ (410)	\$ 6,689,809	\$ 1,511,444
\$ 3,478,771	\$ 415,102	\$ 222,763	\$ 10,331,457	\$ 11,802,876
1,851,139	-	-	1,851,139	-
\$ 5,329,910	\$ 415,102	\$ 222,763	\$ 12,182,596	\$ 11,802,876
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,581,143</u>	<u>\$ -</u>

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>EMPLOYEE BENEFIT TRUST</u>	<u>PRIVATE- PURPOSE TRUSTS</u>	<u>AGENCY FUNDS</u>
Cash and investments	\$ 270,331	\$ 283,741	\$ 22,883,676
Taxes receivable	-	-	28,988,576
Accounts receivable	-	-	18,716
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 270,331</u>	<u>\$ 283,741</u>	<u>\$ 51,890,968</u>
<u>LIABILITIES AND NET POSITION</u>			
LIABILITIES			
Accounts payable	\$ 33,893	\$ -	\$ -
Due to other governments	-	-	51,795,459
Due to others	-	-	95,509
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	33,893	-	51,890,968
NET POSITION			
Held in trust	<hr/>	<hr/>	<hr/>
	236,438	283,741	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 270,331</u>	<u>\$ 283,741</u>	<u>\$ 51,890,968</u>

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	EMPLOYEE BENEFIT TRUST	PRIVATE- PURPOSE TRUSTS	WORKERS' COMPENSATION CVMIC
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Contributions			
Plan members	\$ 439,485	\$ -	\$ -
Private donations	-	6,919	329,098
Interest	<u>-</u>	<u>568</u>	<u>-</u>
TOTAL ADDITIONS	<u>439,485</u>	<u>7,487</u>	<u>329,098</u>
DEDUCTIONS			
Administrative expenses	417,767	1,894	-
Forfeiture transfer	-	-	329,098
Culture, recreation, and education	<u>-</u>	<u>4,106</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>417,767</u>	<u>6,000</u>	<u>329,098</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	21,718	1,487	-
TRANSFERS IN	-	800	-
TRANSFERS (OUT)	<u>-</u>	<u>(800)</u>	<u>-</u>
CHANGE IN NET POSITION	21,718	1,487	-
NET POSITION - BEGINNING	<u>214,720</u>	<u>282,254</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 236,438</u>	<u>\$ 283,741</u>	<u>\$ -</u>

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, 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. 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.

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

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.

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 1 - Summary of Significant Accounting Policies - Continued

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, while business-type activities incorporate data from the government's enterprise 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 enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 1 - Summary of Significant Accounting Policies - Continued

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

Measurement and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. 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.

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.

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

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

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

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

CITY OF LA CROSSE, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2012

NOTE 1 - Summary of Significant Accounting Policies - Continued

Impairment of Long-Lived Assets - In accordance with U.S. GAAP, the City reviews its non-current assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended December 31, 2012.

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.

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.

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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.

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 1 - Summary of Significant Accounting Policies – Continued

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

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

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

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

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The City has evaluated subsequent events through July 1, 2013, the date which the financial statements were available to be issued.

Change in Accounting Principle - The City adopted GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* on January 1, 2012. The implementation of these principles has not affected the prior period net position for governmental activities, business-type activities, or proprietary funds.

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 THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 2 - Cash and Investments - Continued

As of December 31, 2012, the City had the following investments:

<u>INVESTMENT</u>	<u>WEIGHTED AVERAGE MATURITIES</u>	<u>FAIR VALUE</u>
State of Wisconsin Investment Pool	Less than one year	\$ 101,514,137
State Bank Repurchase Agreement	One year	1,000,636
Coulee Bank Repurchase Agreement	One year	7,502,689
River Bank Repurchase Agreement	One year	5,000,000
Associated Bank Repurchase Agreement	One year	7,500,000
Trust Point (Library Funds)	Less than one year	1,913,716

Fair (Market) Value of Deposits and Investments - Deposits and investments are reported at fair value. At December 31, 2012, the fair value of the City's deposits and investments approximated original cost; therefore, no fair value adjustments were necessary.

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

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

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the City's position in the Pool is the same as the value of the Pool shares. At December 31, 2012, the Pool's fair value was 100 percent of book value.

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

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

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

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, 2012, \$7,415,360 of the City's bank balance of \$8,433,464, was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name	<u>\$ 7,415,360</u>
--	----------------------------

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 2 - Cash and Investments - Continued

Custodial Credit Risk - Investments - Custodial credit is the risk that, in the event of a bank failure, the City's investments may not be returned to it. As of December 31, 2012, \$13,432,964 of the City's investments of \$124,431,178, was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name	\$ 11,550,636
Uninsured and uncollateralized	<u>1,882,328</u>
	<u>\$ 13,432,964</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 2012 tax roll (levied for 2013) 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 1/1/12	ADDITIONS	PAYMENTS & FORECLOSURES	ADJUSTMENTS	BALANCES 12/31/12
Residential Rehabilitation	\$ 6,991,891	\$ 73,110	\$ 446,875	\$ 121,183	\$ 6,739,309
Residential Replacement Housing	51,357	28,669	642	-	79,384
Housing Rehabilitation	-	199,260	-	-	199,260
Coulee Region Business Center	48,193	-	-	-	48,193
Coulee Region Business Center	67,004	-	-	-	67,004
La Crosse Industrial Park	150,000	-	-	-	150,000
East Point LLC	212,000	36,746	4,593	-	244,153
People's Food Co-op	175,946	-	10,455	-	165,491
Family Dog Center	173,742	-	-	-	173,742
Airborne Data Link	91,815	-	-	-	91,815
Main Street Renaissance	112,891	-	5,927	-	106,964
Michael's Engineering	109,835	-	109,835	-	-
ETC Enterprises Corporation	187,198	-	187,198	-	-
Authenticom	98,622	-	12,393	-	86,229

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 4 - Rehabilitation Loans - Continued

	<u>BALANCES</u> <u>1/1/12</u>	<u>ADDITIONS</u>	<u>PAYMENTS &</u> <u>FORECLOSURES</u>	<u>ADJUSTMENTS</u>	<u>BALANCES</u> <u>12/31/12</u>
Pointe West Investments	\$ 182,559	\$ -	\$ 8,915	\$ -	\$ 173,644
Pointe West Investments	4,543	-	1,241	-	3,302
Mons Anderson House	90,000	-	3,642	-	86,358
Deanna Wachter	140,677	1,238	2,386	-	139,529
Terri Sisson	115,628	-	5,816	-	109,812
Timothy & Amanda Acklin	58,252	1,058	-	-	59,310
Va You & Amber Yang	24,799	-	-	-	24,799
Theresa Acevedo	26,070	-	-	-	26,070
Four Sister's Wine & Tapas	33,076	-	5,087	-	27,989
La Crosse's Finest, LLC (Dublin Square)	34,500	-	12,568	-	21,932
Casino Bar Loan	35,000	-	5,137	-	29,863
Lee Vue & Cha Lor	-	40,282	-	-	40,282
Nou Vue & Alice Yang	-	75,812	-	-	75,812
Zachary Helgeson	-	78,790	-	-	78,790
Joshua Hendricks	-	41,235	-	-	41,235
Nicole King	-	48,435	-	-	48,435
Susan Mickschl & John Berlanga	-	13,226	-	-	13,226
Hristo & Sonya Anderson	-	13,226	-	-	13,226
Jade Café	-	40,000	300	-	39,700
La Crosse Graphics	-	100,000	-	-	100,000
Kellogg's	-	199,700	-	-	199,700
TOTAL	<u>\$ 9,215,598</u>	<u>\$ 990,787</u>	<u>\$ 823,010</u>	<u>\$ 121,183</u>	<u>\$ 9,504,558</u>

NOTE 5 - Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

GOVERNMENTAL ACTIVITIES

	<u>BALANCES</u> <u>1/1/12</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/</u> <u>TRANSFERS</u>	<u>BALANCES</u> <u>12/31/12</u>
<i>Capital assets not being depreciated:</i>					
Land	\$ 7,258,906	\$ 919	\$ -	\$ 1,969,546	\$ 9,229,371
Construction in progress	<u>17,251,751</u>	<u>5,708,775</u>	-	<u>(5,869,229)</u>	<u>17,091,297</u>
Total capital assets not being depreciated	<u>24,510,657</u>	<u>5,709,694</u>	-	<u>(3,899,683)</u>	<u>26,320,668</u>
<i>Capital assets being depreciated</i>					
Buildings	79,013,648	521,880	-	1,045,288	80,580,816
Infrastructure	110,111,079	936,885	-	1,698,462	112,746,426
Improvements other than buildings	12,507,015	421,716	-	1,006,115	13,934,846
Machinery and equipment	<u>27,737,417</u>	<u>1,313,697</u>	<u>865,787</u>	<u>149,818</u>	<u>28,335,145</u>
Total capital assets being depreciated	<u>229,369,159</u>	<u>3,194,178</u>	<u>865,787</u>	<u>3,899,683</u>	<u>235,597,233</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 5 - Capital Assets - Continued

	<u>BALANCES</u> <u>1/1/12</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> <u>12/31/12</u>
Less accumulated depreciation for:					
Buildings	\$ 11,915,825	\$ 999,080	\$ -	\$ -	\$ 12,914,905
Infrastructure	37,445,440	1,703,682	-	-	39,149,122
Improvements other than buildings	3,808,473	279,995	-	-	4,088,468
Machinery and equipment	<u>13,450,511</u>	<u>1,417,485</u>	<u>724,127</u>	-	<u>14,143,869</u>
Total accumulated depreciation	<u>66,620,249</u>	<u>4,400,242</u>	<u>724,127</u>	-	<u>70,296,364</u>
 Total capital assets being depreciated, net	 <u>162,748,910</u>	 <u>(1,206,064)</u>	 <u>141,660</u>	 <u>3,899,683</u>	 <u>165,300,869</u>
 GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	<u>\$ 187,259,567</u>	<u>\$ 4,503,630</u>	<u>\$ 141,660</u>	<u>\$ -</u>	<u>\$ 191,621,537</u>

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

General Government	\$ 409,688
Law Enforcement	146,963
Fire Protection	252,605
Transportation/Highway	1,681,700
Transit	563,563
Storm Sewer	271,930
Docks and Harbors	20,086
Sanitation	4,846
Health and Human Services	15,262
Library	153,457
La Crosse Center	371,953
Parks and Recreation	453,383
Conservation & Development	54,806
Total	<u>\$ 4,400,242</u>

BUSINESS-TYPE ACTIVITIES

	<u>BALANCES</u> <u>1/1/12</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> <u>12/31/12</u>
<i>Capital assets not being depreciated:</i>					
Land	\$ 4,690,714	\$ -	\$ -	\$ 6,253	\$ 4,696,967
Construction in progress	<u>22,236,630</u>	<u>1,077,267</u>	-	<u>(913,761)</u>	<u>22,400,136</u>
Total capital assets not being depreciated	<u>26,927,344</u>	<u>1,077,267</u>	-	<u>(907,508)</u>	<u>27,097,103</u>
 <i>Capital assets being depreciated</i>					
Land improvements	3,950,513	-	-	-	3,950,513
Buildings	26,732,305	-	-	-	26,732,305
Equipment	18,798,736	2,074,995	118,589	72,048	20,827,190
Infrastructure	<u>99,718,343</u>	<u>10,956,796</u>	<u>5,072,949</u>	<u>2,040,402</u>	<u>107,642,592</u>
Total capital assets being depreciated	<u>149,199,897</u>	<u>13,031,791</u>	<u>5,191,538</u>	<u>2,112,450</u>	<u>159,152,600</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 5 - Capital Assets - Continued

	<u>BALANCES</u> <u>1/1/12</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> <u>12/31/12</u>
Less accumulated depreciation for:					
Land improvements	\$ 1,232,232	\$ 281,547	\$ -	\$ -	\$ 1,513,779
Buildings	7,438,288	495,375	-	-	7,933,663
Equipment	8,667,846	714,046	118,509	-	9,263,383
Infrastructure	<u>25,986,376</u>	<u>2,391,495</u>	<u>565,421</u>	-	<u>27,812,450</u>
Total accumulated depreciation	<u>43,324,742</u>	<u>3,882,463</u>	<u>683,930</u>	-	<u>46,523,275</u>
 Total capital assets being depreciated, net accumulated depreciation	 <u>105,875,155</u>	 <u>9,149,328</u>	 <u>4,507,608</u>	 <u>2,112,450</u>	 <u>112,629,325</u>

BUSINESS-TYPE ACTIVITIES

CAPITAL ASSETS, NET OF

ACCUMULATED DEPRECIATION

<u>\$ 132,802,499</u>	<u>\$ 10,226,595</u>	<u>\$ 4,507,608</u>	<u>\$ 1,204,942</u>	<u>\$ 139,726,428</u>
-----------------------	----------------------	---------------------	---------------------	-----------------------

Depreciation expense was charged to functions as follows:

Business-type activities

Municipal Airport	\$ 1,314,510
Parking Utility	803,187
Water Utility	1,041,620
Sewer Utility	721,048
Storm Utility	173
Sanitary Sewer Utility	<u>1,925</u>
	3,882,463

Less: Water Utility joint metering and clearing

TOTAL

<u>(173,179)</u>
<u>\$ 3,709,284</u>

NOTE 6 - Long-Term Obligations

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

Summary of Long-Term Obligations

GOVERNMENTAL ACTIVITIES

	<u>BALANCES</u> <u>1/1/12</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>BALANCES</u> <u>12/31/12</u>	<u>AMOUNTS</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Bonds payable	\$ 69,030,000	\$ 4,575,000	\$ 20,700,000	\$ 52,905,000	\$ 6,445,000
Notes payable	29,540,000	12,400,000	5,930,000	36,010,000	8,665,000
Premium	-	449,509	47,632	401,877	-
Capital lease payable	120,886	-	120,886	-	-
Net OPEB obligation	9,623,458	6,583,640	3,987,000	12,220,098	4,455,001
Employee benefits:					
Vacation pay	1,043,594	18,714	-	1,062,308	1,062,308
Sick pay	696,617	228,079	-	924,696	924,696
Comp pay	<u>77,280</u>	<u>-</u>	<u>4,120</u>	<u>73,160</u>	<u>73,160</u>
TOTAL	110,131,835	24,254,942	30,789,638	103,597,139	21,625,165
Less business-type debt	<u>(4,102,288)</u>	<u>(2,754,174)</u>	<u>(2,070,101)</u>	<u>(4,786,361)</u>	<u>(1,292,404)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 106,029,547</u>	<u>\$ 21,500,768</u>	<u>\$ 28,719,537</u>	<u>\$ 98,810,778</u>	<u>\$ 20,332,761</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 6 - Long-Term Obligations - Continued

BUSINESS-TYPE ACTIVITIES

	BALANCES			BALANCES 12/31/12	AMOUNTS
	1/1/12	ADDITIONS	PAYMENTS		DUE WITHIN ONE YEAR
Bonds/Notes Payable					
Sewer Utility	\$ 472,557	\$ 236,841	\$ 401,806	\$ 307,592	\$ 155,100
Water Utility	2,321,912	1,052,917	1,136,031	2,238,798	523,907
Storm Utility	-	585,500	-	585,500	36,474
Net OPEB Obligation	1,307,819	878,916	532,264	1,654,471	576,923
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 4,102,288	\$ 2,754,174	\$ 2,070,101	\$ 4,786,361	\$ 1,292,404

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, 2012, is comprised of the following individual issues:

<u>DESCRIPTION</u>	<u>ISSUE DATES</u>	<u>INTEREST RATES (%)</u>	<u>FINAL MATURITY</u>	<u>BALANCE 12/31/12</u>
Bonds Payable				
Refunding, Series 2001B	2001	4.000 - 5.600	2014	\$ 2,230,000
Refunding, Series 2007C	2007	4.125 - 5.000	2017	3,175,000
GO Bonds Payable, Series 2010A	2010	0.750 - 5.050	2024	4,480,000
Refunding, Series 2010C	2010	0.750 - 2.500	2018	2,210,000
Refunding, Series 2010D	2010	0.450 - 3.600	2018	21,785,000
GO Bonds Payable, Series 2011A	2011	3.000 - 4.375	2025	4,430,000
GO Bonds Payable, Series 2011C	2011	2.000 - 4.000	2031	10,020,000
GO Bonds Payable, Series 2012A	2012	2.000 - 3.000	2026	4,575,000
TOTAL BONDS PAYABLE				52,905,000
Notes Payable				
GO Notes Payable A	2006	4.000	2017	3,405,000
GO Notes Payable B	2006	4.000	2015	1,305,000
GO Notes Payable C	2006	5.000 - 5.500	2015	500,000
GO Notes Payable A	2007	4.000 - 4.125	2020	3,890,000
GO Notes Payable B	2007	4.000 - 4.125	2016	1,160,000
GO Notes Payable	2008	3.250 - 4.250	2017	3,755,000
GO Notes Payable	2009	2.750 - 3.500	2018	5,055,000
GO Notes Payable B	2010	0.700 - 4.600	2019	1,980,000
GO Notes Payable B	2011	2.000 - 4.000	2020	2,660,000
GO Notes Payable B	2012	2.000 - 2.750	2021	12,300,000
TOTAL NOTES PAYABLE				36,010,000
TOTAL GENERAL OBLIGATION DEBT				\$ 88,915,000

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 6 - Long-Term Obligations - Continued

General Obligation Debt Limit Calculation

The 2012 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$3,121,160,900. The legal debt limit and margin of indebtedness as of December 31, 2012, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5 percent of \$3,121,160,900)	\$ 156,058,045
Applicable long-term debt	(88,915,000)
Amount available in debt service fund	12,801,726
MARGIN OF INDEBTEDNESS	<u>\$ 79,944,771</u>

Maturities of Long-Term Obligations

Maturities of the long-term obligations at December 31, 2012, are:

<u>YEARS</u>	<u>GENERAL OBLIGATION DEBT</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2013	\$ 15,110,000	\$ 2,814,158
2014	14,450,000	2,431,533
2015	10,180,000	2,031,808
2016	9,735,000	1,665,593
2017	10,160,000	1,387,148
2018-2022	19,000,000	3,335,919
2023-2027	7,165,000	1,279,893
2028-2031	3,115,000	317,800
TOTAL	<u>\$ 88,915,000</u>	<u>\$ 15,263,852</u>

Current Refunding - The City issued \$12,400,000 in refunding notes for a current refunding of \$8,960,000 of outstanding 2001 refunding bonds and \$1,440,000 of outstanding 2005 refunding notes. The transaction resulted in an economic gain of \$1,045,644.

Capital Lease - The City entered into a lease agreement in 2009 to acquire golf course equipment. The lease agreement qualified as a capital lease. The lease was paid off in full during 2012.

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, 2012, is \$8,150,000.

CITY OF LA CROSSE, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2012

NOTE 8 - Wisconsin Retirement System

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district 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 2012 are:

	Employee	Employer
General	5.90%	5.90%
Executive & Elected Officials	7.05	7.05
Protective with Social Security	5.90	14.40
Protective without Social Security	5.90	16.70

The payroll for City of La Crosse employees covered by the WRS for the year ended December 31, 2012, was \$27,780,539; the City's total payroll was \$29,468,574. The total required contribution for the year ended December 31, 2012, was \$3,419,059, which consisted of \$2,771,035 or 5.90 - 16.70 percent of payroll from the City and \$648,024 or 5.90 - 7.05 percent of payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$4,191,237 and \$4,191,438, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of the five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, are immediately vested.

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 9 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at December 31, 2012, are as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Due To/From Other Funds:		
General	Water Utility	\$ 956,113
Water Utility	Bonded Capital Projects	1,035,745
Sewer Utility	Bonded Capital Projects	24,920
Storm Water Utility	Bonded Capital Projects	301,565
Water Utility	Capital Improvement Program	26,066
		<u>\$ 2,344,409</u>
Advances To/From Other Funds:		
General	TIF District #4	\$ 191,261
General	TIF District #7	22,392
General	TIF District #10	45,295
General	TIF District #11	103,599
General	TIF District #5	300
Parking Utility	TIF District #6	231,212
Parking Utility	TIF District #11	1,892,946
Water Utility	TIF District #4	7,786
Water Utility	TIF District #6	73,098
Water Utility	TIF District #9	8,777
Sewer Utility	TIF District #6	20,896
General	TIF District #13	7,473
General	TIF District #12	139,930
Bonded Capital Projects	TIF District #12	32,081
Sewer Utility	TIF District #12	20,728
General Fund	TIF District #6	117,391
General Fund	TIF District #8	1,047
General Fund	TIF District #14	12,319
Debt Service Fund	TIF District #11	1,400,000
Parking Utility	Bonded Capital Projects	2,491
Parking Utility	Bonded Capital Projects	19,090
Parking Utility	Bonded Capital Projects	178,551
Water Utility	TIF District #13	2,637
Special Assessment	TIF District #6	10,822
HUD Programs	TIF District #11	15,000
Auditorium	TIF District #11	20,223
Industrial Park	TIF District #9	33,477
Other Special Revenue Funds	TIF District #10	28,525
Other Special Revenue Funds	TIF District #10	2,950
Other Special Revenue Funds	TIF District #12	1,748
General	TIF District #9	5,215
Other Special Revenue Funds	TIF District #14	7,688
General	Golf Course	360,000
General	Transit	297,463
General	Bonded Capital Projects	2,584
Special Assessments	TIF District #16	5,330
Sewer Utility	TIF District #10	55,105
Water Utility	TIF District #10	236,369
		<u>\$ 5,613,799</u>

CITY OF LA CROSSE, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2012

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

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 2012 are as follows:

	TRANSFER IN:				
	GENERAL FUND	HUD PROGRAMS	DEBT SERVICE	TRANSIT	NONMAJOR GOVERNMENTAL FUNDS
TRANSFER OUT:					
General Fund	\$ -	\$ -	\$19,302,000	\$ 271,244	\$ 2,596,904
HUD Programs	-	40,571	-	-	-
Transit	-	-	-	-	-
Debt Service	581,491	-	-	-	-
Nonmajor Governmental Funds	11,699,196	-	-	-	4,117,209
Municipal Airport	57,867	-	-	-	1,200
Parking Utility	225,000	-	-	55,000	-
Water Utility	914,725	-	-	-	-
Sewer Utility	41,389	-	-	-	300,560
Storm Utility	62,183	-	-	-	-
Internal Service	(13)	-	-	2,207	-
TOTAL	<u>\$13,581,838</u>	<u>\$ 40,571</u>	<u>\$19,302,000</u>	<u>\$ 328,451</u>	<u>\$ 7,015,873</u>

	TRANSFER IN:			
	SEWER UTILITY	MUNICIPAL AIRPORT	INTERNAL SERVICE	TOTAL
TRANSFER OUT:				
General Fund	\$ -	\$ -	\$ 716,066	\$22,886,214
HUD Programs	-	-	-	40,571
Transit	-	-	2,750	2,750
Debt Service	-	-	-	581,491
Nonmajor Governmental Funds	300,560	1,187	700,000	16,818,152
Municipal Airport	-	200,000	-	259,067
Parking Utility	-	-	-	280,000
Water Utility	-	-	-	914,725
Sewer Utility	831,435	-	-	1,173,384
Storm Utility	-	-	-	62,183
Internal Service	-	-	18,884	21,078
TOTAL	<u>\$ 1,131,995</u>	<u>\$ 201,187</u>	<u>\$ 1,437,700</u>	<u>\$43,039,615</u>

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

NOTE 10 - Net Position and Fund Balances

Portions of fund balances and net position are nonspendable, restricted, and committed as follows:

FUND	PURPOSE/REASON	AMOUNT
Deficits		
TIF District #6	Awaiting future TIF levies	\$ 317,005
TIF District #10	Awaiting future TIF levies	237,368
TIF District #11	Awaiting future TIF levies	51,424
Municipal Court	Awaiting future court fines/fees	11,310
	Total Deficits	<u>\$ 617,107</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 10 - Net Position and Fund Balances - Continued

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Nonspendable</u>		
General	Prepaid expenses	\$ 20,172
General	Advances to other funds	1,306,269
	Total Nonspendable	<u>\$ 1,326,441</u>
<u>Restricted</u>		
Special Revenue	Passenger facility charge	\$ 80,904
Special Revenue	Police grants	36,349
Special Revenue	Grant programs, inventory, and restricted revenue	291,893
Debt Service	Future debt repayment	12,801,726
Capital Projects	TIF District #4	169,738
Capital Projects	TIF District #5	26,298
Capital Projects	TIF District #7	530,326
Capital Projects	TIF District #8	11,968
Capital Projects	TIF District #9	1,040,932
Capital Projects	TIF District #12	101,744
Capital Projects	TIF District #13	116,664
Capital Projects	TIF District #14	5,988,393
Capital Projects	Special assessments	1,121,904
Capital Projects	Unspent bond monies	15,428,343
Capital Projects	Capital equipment	2,040,794
Capital Projects	Golf Course expenditures	247
Capital Projects	State highway land	954,231
Capital Projects	Bluffland preservation	387,338
Capital Projects	Future capital expenditures	118,442
HUD Programs	Future loan payments	711,902
Transit	Future capital expenditures	84,502
	Total Restricted	<u>\$42,044,638</u>
<u>Committed</u>		
General	Radios	\$ 1,800,000
General	City-wide housing	350,000
General	TIF #14 housing	350,000
General	Reinvest La Crosse	250,000
General	Operating budget	90,000
Special Revenue	Grant programs, inventory, and restricted revenue	15,927,053
	Total Committed	<u>\$18,767,053</u>
<u>Restricted</u>		
Sewer Utility	Restricted asset - DNR replacement fund	<u>\$ 2,003,700</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 \$15,428,343 has been restricted for future projects.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

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 eleven Tax Incremental Financing Districts. The following are project summaries of the activity and status of the districts through December 31, 2012:

	<u>#4</u>	<u>#5</u>	<u>#6</u>	<u>#7</u>	<u>#8</u>	<u>#9</u>
SOURCES OF FUNDS						
TIF tax collections	\$ 16,248,558	\$ 3,080,066	\$ 14,792,231	\$ 1,743,885	\$ 875,277	\$ 979,115
Exempt computer aids	306,576	41,380	789,844	37,030	80,387	32,952
Payment from other government	-	-	-	-	-	-
Sale of assets	1,568,629	21,713	237,347	319,830	-	1,542,958
Grants	29,262	-	441,015	985,445	-	225,000
Loan repayments	-	-	-	-	-	618,159
Rents - net of costs	-	-	-	-	-	-
Interest income	-	-	-	-	-	67,943
Proceeds from long-term debt	8,658,703	1,292,611	33,230,005	2,724,980	351,093	2,232,031
Settlement from private	-	-	-	-	-	-
Transfers from other TIF's	5,291,012	-	14,818,689	-	-	-
TOTAL SOURCES	<u>32,102,740</u>	<u>4,435,770</u>	<u>64,309,131</u>	<u>5,811,170</u>	<u>1,306,757</u>	<u>5,698,158</u>
USES OF FUNDS						
Capital expenditures	9,050,841	1,292,912	34,140,644	2,766,976	352,104	2,999,508
Principal and interest on long-term debt	15,060,703	1,546,869	29,659,697	2,507,666	479,591	1,616,009
Interest on advances	151,147	1	122,208	6,202	97	41,709
Incentives for reverse TIF	-	-	-	-	-	-
Transfers to other TIF's	7,670,311	1,569,690	703,587	-	462,997	-
TOTAL USES	<u>31,933,002</u>	<u>4,409,472</u>	<u>64,626,136</u>	<u>5,280,844</u>	<u>1,294,789</u>	<u>4,657,226</u>
FUND BALANCES (DEFICIT) AS OF						
DECEMBER 31, 2012	<u>\$ 169,738</u>	<u>\$ 26,298</u>	<u>\$ (317,005)</u>	<u>\$ 530,326</u>	<u>\$ 11,968</u>	<u>\$ 1,040,932</u>
FUTURE REQUIREMENTS						
Debt service	\$ 285,723	\$ 112,397	\$ 13,397,218	\$ 701,117	\$ -	\$ 1,214,002
Advances from other funds	199,047	300	453,419	22,392	1,047	47,469
Proceeds from other governments	-	-	-	-	-	-
Estimated payable (developer's agreement)	-	-	-	-	-	-
Less receivables/payables	-	-	-	-	-	(18,030)
TOTAL FUTURE REQUIREMENTS	<u>484,770</u>	<u>112,697</u>	<u>13,850,637</u>	<u>723,509</u>	<u>1,047</u>	<u>1,243,441</u>
Less cash on hand (deficit)	<u>(368,785)</u>	<u>(26,598)</u>	<u>(136,414)</u>	<u>(552,718)</u>	<u>(13,015)</u>	<u>(1,070,371)</u>
BALANCE TO BE COLLECTED ON TIF DISTRICT	<u>\$ 115,985</u>	<u>\$ 86,099</u>	<u>\$ 13,714,223</u>	<u>\$ 170,791</u>	<u>\$ (11,968)</u>	<u>\$ 173,070</u>
DISTRICT TERMINATION DATE	2014	2019	2021	2024	2020	2022
2012 Tax Increment	<u>\$ 1,148,700</u>	<u>\$ 239,107</u>	<u>\$ 1,446,918</u>	<u>\$ 277,822</u>	<u>\$ 81,311</u>	<u>\$ 157,449</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 12 - Tax Incremental Finance Districts - Continued

	TIF DISTRICT				
	#10	#11	#12	#13	#14
SOURCES OF FUNDS					
TIF tax collections	\$ 77,837	\$ 7,201,312	\$ 2,881,398	\$ 1,397,044	\$ 3,943,582
Exempt computer aids	51,033	1,119,035	36,940	28,156	3,598,381
Payment from other government	688,806	-	-	-	343,260
Sale of assets	-	56,203	7,400	160,810	-
Grants	-	5,378,492	42,640	375,000	-
Loan repayments	-	89,843	-	-	-
Rents - net of costs	-	-	-	-	-
Interest income	-	-	-	-	407
Proceeds from long-term debt	240,750	35,837,297	6,792,710	3,134,958	535,488
Settlement from Private	-	-	12,500	-	-
Transfers from other TIF's	-	-	-	-	-
TOTAL SOURCES	<u>1,058,426</u>	<u>49,682,182</u>	<u>9,773,588</u>	<u>5,095,968</u>	<u>8,421,118</u>
USES OF FUNDS					
Capital expenditures	1,286,270	43,355,922	7,545,313	3,573,809	1,337,308
Principal and interest on long-term debt	-	5,491,733	2,117,625	1,405,083	-
Interest on advances	9,524	614,801	8,906	412	5,603
Incentives for reverse TIF	-	271,150	-	-	1,089,814
Transfers to other TIF's	-	-	-	-	-
TOTAL USES	<u>1,295,794</u>	<u>49,733,606</u>	<u>9,671,844</u>	<u>4,979,304</u>	<u>2,432,725</u>
FUND BALANCES (DEFICIT) AS OF					
DECEMBER 31, 2012	<u>\$ (237,368)</u>	<u>\$ (51,424)</u>	<u>\$ 101,744</u>	<u>\$ 116,664</u>	<u>\$ 5,988,393</u>
FUTURE REQUIREMENTS					
Debt service	\$ 286,530	\$ 37,753,306	\$ 9,033,769	\$ 2,692,451	\$ 409,318
Advances from other funds	368,244	3,437,098	194,487	10,110	20,007
Proceeds from other governments	688,807	-	-	-	-
Estimated payable (developer's agreement)	842,856	6,428,850	-	884,000	20,310,186
Less receivables/payables	-	-	-	(35,000)	538
TOTAL FUTURE REQUIREMENTS	<u>2,186,437</u>	<u>47,619,254</u>	<u>9,228,256</u>	<u>3,551,561</u>	<u>20,740,049</u>
Less cash on hand (deficit)	<u>(130,876)</u>	<u>(3,537,029)</u>	<u>(278,171)</u>	<u>(91,774)</u>	<u>(6,008,938)</u>
BALANCE TO BE COLLECTED OF TIF DISTRICT	<u>\$ 2,055,561</u>	<u>\$ 44,082,225</u>	<u>\$ 8,950,085</u>	<u>\$ 3,459,787</u>	<u>\$ 14,731,111</u>
DISTRICT TERMINATION DATE	2030	2031	2032	2026	2026
2012 Tax Increment	<u>\$ 16,322</u>	<u>\$ 1,975,820</u>	<u>\$ 605,474</u>	<u>\$ 554,108</u>	<u>\$ 1,159,526</u>

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2012

NOTE 13 - Risk Management

Self-Insured Programs

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

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

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

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

Unpaid Claims Liabilities - The following represent the changes in approximate aggregate liabilities for the City from January 1, 2011 to December 31, 2012:

	<u>Health Care</u>	<u>Workers' Compensation</u>	<u>Liability</u>
Liability Balance, January 1, 2011	\$ 3,573,013	\$ 507,113	\$ 47,944
Claims and changes in estimates	13,661,663	521,167	1,174,193
Claim payments	<u>(12,571,671)</u>	<u>(451,791)</u>	<u>(643,891)</u>
Liability Balance, January 1, 2012	4,663,005	576,489	578,246
Claims and changes in estimates	12,285,691	697,531	(117,300)
Claim payments	<u>(12,377,579)</u>	<u>(515,292)</u>	<u>(216,766)</u>
LIABILITY BALANCE, DECEMBER 31, 2012	<u>\$ 4,751,117</u>	<u>\$ 758,728</u>	<u>\$ 244,180</u>

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

Participation in Risk Pool

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

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2012

NOTE 13 - Risk Management - Continued

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

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

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

Summary of financial information for CVMIC for the year ended December 31, 2012 and WMIC as of December 31, 2007 (WMIC was not audited since December 31, 2007) is as follows:

	<u>CVMIC</u>	<u>WMIC</u> as of <u>12/31/07</u>
Total assets	\$ 42,209,309	\$ -
Total liabilities and reserves	17,058,436	-
Total equity	25,150,873	-
Total revenue	12,856,352	94,301
Total expenditures/expenses	9,619,926	94,301
Policyholders' dividends paid	3,040,545	-
Net increase in equity	195,881	47,151
Percentage participation by City of La Crosse	5.2%	5.2%

Other Insured Risk

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

NOTE 14 - Post-Retirement Healthcare Benefits

Description

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

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2012

NOTE 14 - Post-Retirement Healthcare Benefits - Continued

Funding Policy

Premiums under the Plan for post-employment healthcare benefits are funded by retirees desiring such coverage via co-pays paid to the City in accordance with rates established by the City and from the City itself from appropriate governmental and business-type funds on a pay-as-you-go basis. The City may make additional contributions as determined by management. For the year ended December 31, 2012, the net outlay from the City, which equaled \$3,987,000, represents the City's net cost paid for current year premiums due.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 6,761,901
Interest on net OPEB obligation	312,762
Adjustment to annual required contribution	<u>(491,023)</u>
Annual OPEB cost	6,583,640
Contributions made	<u>(3,987,000)</u>
Increase in net OPEB obligation	2,596,640
Net OPEB obligation - beginning of year	<u>9,623,458</u>
NET OPEB OBLIGATION - END OF YEAR	<u>\$ 12,220,098</u>

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

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation -</u> <u>End of Year</u>
12/31/10	\$ 6,247,489	57.34	\$ 7,414,713
12/31/11	6,384,745	65.41	9,623,458
12/31/12	6,583,640	60.60	12,220,098

Funding Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$75,476,566, resulting in an unfunded actuarial accrued liability (UAAL) of \$75,476,566. The covered payroll (annual payroll of active employees covered the Plan) equaled \$27,674,986, and the ratio of the UAAL to the covered payroll equaled 272.7 percent.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2012

NOTE 14 - Post-Retirement Healthcare Benefits - Continued

Actuarial Methods and Assumptions

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

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

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

CITY OF LA CROSSE, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA CROSSE, WISCONSIN
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT HEALTHCARE BENEFITS
YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF FUNDING PROGRESS

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)
1/1/10	\$ -	\$ 68,264,104	\$ 68,264,104	0.0%	\$ 28,084,162	243.1%
1/1/11	\$ -	\$ 69,714,909	\$ 69,714,909	0.0%	\$ 28,237,479	246.9%
1/1/12	\$ -	\$ 75,476,566	\$ 75,476,566	0.0%	\$ 27,674,986	272.7%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2010	\$ 6,247,489	\$ 3,582,000	57.3%
2011	\$ 6,384,745	\$ 4,176,000	65.4%
2012	\$ 6,583,640	\$ 3,987,000	60.6%

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET
REVENUE				
Taxes	\$ 36,266,819	\$ 36,266,819	\$ 36,015,542	\$ (251,277)
Intergovernmental	15,525,065	15,525,065	15,516,517	(8,548)
Licenses and permits	1,733,520	1,733,520	1,874,682	141,162
Fines, forfeits, and penalties	1,000	1,000	22,990	21,990
Public charges for services	1,939,488	1,939,488	1,960,114	20,626
Intergovernmental charges for services	1,765,264	1,765,264	3,370,533	1,605,269
Miscellaneous	<u>276,760</u>	<u>276,760</u>	<u>761,195</u>	<u>484,435</u>
TOTAL REVENUE	<u>57,507,916</u>	<u>57,507,916</u>	<u>59,521,573</u>	<u>2,013,657</u>
EXPENDITURES				
Current				
General government	6,909,451	6,805,767	5,409,531	1,396,236
Public safety	22,062,796	22,578,411	22,640,603	(62,192)
Public works	10,551,842	10,655,797	9,717,041	938,756
Health and human services	130,400	130,400	144,481	(14,081)
Culture, recreation, and education	9,544,362	9,632,403	8,946,689	685,714
Conservation and development	1,131,324	1,575,510	1,999,332	(423,822)
Capital outlay	<u>481,000</u>	<u>1,669,200</u>	<u>1,174,241</u>	<u>494,959</u>
TOTAL EXPENDITURES	<u>50,811,175</u>	<u>53,047,488</u>	<u>50,031,918</u>	<u>3,015,570</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>6,696,741</u>	<u>4,460,428</u>	<u>9,489,655</u>	<u>5,029,227</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	15,212,348	15,212,348	13,581,838	(1,630,510)
Operating transfers (out)	<u>(21,909,089)</u>	<u>(22,609,089)</u>	<u>(22,886,214)</u>	<u>(277,125)</u>
TOTAL OTHER FINANCING (USES)	<u>(6,696,741)</u>	<u>(7,396,741)</u>	<u>(9,304,376)</u>	<u>(1,907,635)</u>
NET CHANGE IN FUND BALANCE	-	(2,936,313)	185,279	3,121,592
FUND BALANCE - BEGINNING	<u>23,943,371</u>	<u>23,943,371</u>	<u>23,943,371</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 23,943,371</u>	<u>\$ 21,007,058</u>	<u>\$ 24,128,650</u>	<u>\$ 3,121,592</u>

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
YEAR ENDED DECEMBER 31, 2012

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

1. The Finance Committee recommends to the Common Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted in the Council Chambers to obtain taxpayer comments.
3. Prior to December 1, the budget is legally enacted through passage of a resolution.
4. The Director of Finance is authorized to transfer budget amounts within departments; however, any revisions that alter the total expenditures of any department must be approved by the Common Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. Capital Projects Funds are budgeted on a project basis, rather than an annual basis. Formal budgets are not adopted for the Special Revenue Funds since they are not supported by property taxes, and effective control is achieved through alternative methods. Since all general obligation debt is secured by the full faith and credit of the City, budgetary control of the Debt Service Fund is achieved in the General Fund (which budgets an operating transfer to Debt Service for payment of principal and interest).
6. Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgetary expenditure control is exercised at the department level within the Fund.
8. Budgeted amounts are as authorized in the original budget resolution and subsequent revisions are authorized by the Common Council.
9. The supplementary appropriations to increase the total General Fund budget during the year were \$2,936,313.
10. Appropriations lapse at year end, except those identified as designated for carry over budget items.

Excess of Actual Expenditures Over Budget

General Fund expenditures exceeded budget in conservation and development by \$423,822, in health and human services by \$14,081, in public safety by \$62,192, and in operating transfers out by \$277,125 for the year ended December 31, 2012. The over expenditures were financed by under expenditures in other functions and greater than anticipated revenue.

CITY OF LA CROSSE, WISCONSIN
OTHER SUPPLEMENTARY INFORMATION

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
Cash and investments	\$ 16,693,423	\$ 32,753,011	\$ 49,446,434
Receivable			
Taxes	-	7,983,239	7,983,239
Accounts and other	355,588	253,423	609,011
Special assessments	-	1,031,422	1,031,422
Loans	400,000	846,196	1,246,196
Due from other funds	-	-	-
Due from other governments	349,746	1,188,205	1,537,951
Prepaid expenses	18,106	-	18,106
Inventories	19,319	-	19,319
Advance to other funds	94,611	48,233	142,844
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 17,930,793</u>	<u>\$ 44,103,729</u>	<u>\$ 62,034,522</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 409,937	\$ 330,647	\$ 740,584
Due to other funds	-	1,388,296	1,388,296
Due to other governments	27,354	-	27,354
Due to others	222,770	-	222,770
Unearned revenue	185,843	-	185,843
Advances from other funds	360,000	4,956,336	5,316,336
TOTAL LIABILITIES	<u>1,205,904</u>	<u>6,675,279</u>	<u>7,881,183</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - tax roll	-	7,852,919	7,852,919
Unavailable revenue - other	400,000	2,143,966	2,543,966
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>400,000</u>	<u>9,996,885</u>	<u>10,396,885</u>
 FUND BALANCES			
Restricted	409,146	28,037,362	28,446,508
Committed	15,927,053	-	15,927,053
Unassigned	(11,310)	(605,797)	(617,107)
TOTAL FUND BALANCES	<u>16,324,889</u>	<u>27,431,565</u>	<u>43,756,454</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 17,930,793</u>	<u>\$ 44,103,729</u>	<u>\$ 62,034,522</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUE			
Taxes	\$ 500,685	\$ 7,515,109	\$ 8,015,794
Special assessments	-	266,465	266,465
Intergovernmental	2,523,280	1,479,491	4,002,771
Licenses and permits	137,912	-	137,912
Fines, forfeits, and penalties	715,904	-	715,904
Public charges for services	3,582,608	-	3,582,608
Intergovernmental charges for services	330,680	-	330,680
Miscellaneous	2,454,575	1,166,579	3,621,154
TOTAL REVENUE	10,245,644	10,427,644	20,673,288
EXPENDITURES			
Current			
General government	217,917	-	217,917
Public safety	1,117,645	-	1,117,645
Public works	320,032	43,564	363,596
Health and human services	125,631	-	125,631
Culture, recreation, and education	3,999,377	-	3,999,377
Conservation and development	8,039	3,460,386	3,468,425
Capital Outlay	1,059,543	15,202,953	16,262,496
Debt Service			
Principal	120,886	-	120,886
Interest and other fiscal charges	2,695	9,260	11,955
TOTAL EXPENDITURES	6,971,765	18,716,163	25,687,928
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	3,273,879	(8,288,519)	(5,014,640)
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	-	5,539,500	5,539,500
Operating transfers in	1,980,534	5,035,339	7,015,873
Operating transfers (out)	(4,870,879)	(11,947,273)	(16,818,152)
TOTAL OTHER FINANCING (USES)	(2,890,345)	(1,372,434)	(4,262,779)
NET CHANGE IN FUND BALANCE	383,534	(9,660,953)	(9,277,419)
FUND BALANCE AT BEGINNING OF YEAR	15,941,355	37,092,518	53,033,873
FUND BALANCE AT END OF YEAR	\$ 16,324,889	\$ 27,431,565	\$ 43,756,454

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>GREEN ISLAND</u>	<u>AUDITORIUM</u>	<u>INDUSTRIAL PARK</u>	<u>PASSENGER FACILITY CHARGE</u>	<u>COUNTY CONTRIBUTION FOR AIRPORT</u>
Cash and investments	\$ 490,634	\$ 1,236,905	\$ 291,817	\$ 961,777	\$ 89,755
Receivable					
Accounts and other	-	88,091	-	24,014	-
Loans	-	-	400,000	-	-
Due from other governments	-	-	11,970	-	-
Prepaid expenses	-	-	-	-	-
Inventories	-	19,319	-	-	-
Advance to other funds	-	20,223	33,477	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 490,634</u>	<u>\$ 1,364,538</u>	<u>\$ 737,264</u>	<u>\$ 985,791</u>	<u>\$ 89,755</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 93,198	\$ 92,531	\$ -	\$ 8,138	\$ -
Due to other governments	-	-	-	-	-
Due to others	-	-	-	-	-
Unearned revenue	-	65,401	-	-	-
Advances from other funds	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>93,198</u>	<u>157,932</u>	<u>-</u>	<u>8,138</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - other	-	-	400,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES					
Restricted	-	-	-	80,904	-
Committed	397,436	1,206,606	337,264	896,749	89,755
Unassigned	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>397,436</u>	<u>1,206,606</u>	<u>337,264</u>	<u>977,653</u>	<u>89,755</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
	<u>\$ 490,634</u>	<u>\$ 1,364,538</u>	<u>\$ 737,264</u>	<u>\$ 985,791</u>	<u>\$ 89,755</u>

POLICE GRANTS	LIBRARY SPECIAL GRANTS	MUNICIPAL COURT	OTHER	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ 132,781	\$ 2,127,979	\$ 17,764	\$ 11,344,011	\$ 16,693,423
33,410	-	-	210,073	355,588
-	-	-	-	400,000
167,000	-	-	170,776	349,746
18,106	-	-	-	18,106
-	-	-	-	19,319
-	-	-	40,911	94,611
<u>\$ 351,297</u>	<u>\$ 2,127,979</u>	<u>\$ 17,764</u>	<u>\$ 11,765,771</u>	<u>\$ 17,930,793</u>
\$ 54,189	\$ -	\$ 1,720	\$ 160,161	\$ 409,937
-	-	27,354	-	27,354
-	-	-	222,770	222,770
95	-	-	120,347	185,843
-	-	-	360,000	360,000
<u>54,284</u>	<u>-</u>	<u>29,074</u>	<u>863,278</u>	<u>1,205,904</u>
-	-	-	-	400,000
36,349	-	-	291,893	409,146
260,664	2,127,979	-	10,610,600	15,927,053
-	-	(11,310)	-	(11,310)
<u>297,013</u>	<u>2,127,979</u>	<u>(11,310)</u>	<u>10,902,493</u>	<u>16,324,889</u>
<u>\$ 351,297</u>	<u>\$ 2,127,979</u>	<u>\$ 17,764</u>	<u>\$ 11,765,771</u>	<u>\$ 17,930,793</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2012

	GREEN ISLAND	AUDITORIUM	INDUSTRIAL PARK	PASSENGER FACILITY CHARGE	COUNTY CONTRIBUTION FOR AIRPORT
REVENUE					
Taxes	\$ -	\$ 140,171	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines, forfeits, and penalties	-	-	-	-	-
Public charges for services	-	2,799,527	-	371,611	-
Intergovernmental charges for services	-	-	-	-	3,724
Miscellaneous	19	-	24,677	37,388	-
TOTAL REVENUE	<u>19</u>	<u>2,939,698</u>	<u>24,677</u>	<u>408,999</u>	<u>3,724</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	9,500	-	-	54,882	-
Health and human services	-	-	-	-	-
Culture, recreation, and education	-	2,149,814	-	-	-
Conservation and development	-	-	-	-	-
Capital outlay	221,439	72,783	-	132,453	-
Debt service					
Principal	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-
TOTAL EXPENDITURES	<u>230,939</u>	<u>2,222,597</u>	<u>-</u>	<u>187,335</u>	<u>-</u>
EXCESS OF REVENUE (UNDER) OVER EXPENDITURES	<u>(230,920)</u>	<u>717,101</u>	<u>24,677</u>	<u>221,664</u>	<u>3,724</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	96,062	262,423	-	-	-
Operating transfers (out)	-	(757,024)	(22,153)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>96,062</u>	<u>(494,601)</u>	<u>(22,153)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(134,858)	222,500	2,524	221,664	3,724
FUND BALANCES (DEFICIT) - BEGINNING	<u>532,294</u>	<u>984,106</u>	<u>334,740</u>	<u>755,989</u>	<u>86,031</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 397,436</u>	<u>\$ 1,206,606</u>	<u>\$ 337,264</u>	<u>\$ 977,653</u>	<u>\$ 89,755</u>

POLICE GRANTS	LIBRARY SPECIAL GRANTS	MUNICIPAL COURT	OTHER	TOTAL SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ 360,514	\$ 500,685
624,946	-	-	1,898,334	2,523,280
-	-	-	137,912	137,912
13,933	-	695,227	6,744	715,904
11,564	-	-	399,906	3,582,608
169,350	-	-	157,606	330,680
<u>152,634</u>	<u>441,898</u>	<u>-</u>	<u>1,797,959</u>	<u>2,454,575</u>
<u>972,427</u>	<u>441,898</u>	<u>695,227</u>	<u>4,758,975</u>	<u>10,245,644</u>
-	-	-	217,917	217,917
819,132	-	-	298,513	1,117,645
-	-	-	255,650	320,032
-	-	-	125,631	125,631
-	182,125	-	1,667,438	3,999,377
-	-	-	8,039	8,039
36,410	-	-	596,458	1,059,543
-	-	-	120,886	120,886
-	-	-	<u>2,695</u>	<u>2,695</u>
<u>855,542</u>	<u>182,125</u>	<u>-</u>	<u>3,293,227</u>	<u>6,971,765</u>
<u>116,885</u>	<u>259,773</u>	<u>695,227</u>	<u>1,465,748</u>	<u>3,273,879</u>
-	-	-	1,622,049	1,980,534
<u>(2,519)</u>	<u>-</u>	<u>(701,277)</u>	<u>(3,387,906)</u>	<u>(4,870,879)</u>
<u>(2,519)</u>	<u>-</u>	<u>(701,277)</u>	<u>(1,765,857)</u>	<u>(2,890,345)</u>
114,366	259,773	(6,050)	(300,109)	383,534
<u>182,647</u>	<u>1,868,206</u>	<u>(5,260)</u>	<u>11,202,602</u>	<u>15,941,355</u>
<u>\$ 297,013</u>	<u>\$ 2,127,979</u>	<u>\$ (11,310)</u>	<u>\$ 10,902,493</u>	<u>\$ 16,324,889</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>TIF</u> <u>DISTRICT #4</u>	<u>TIF</u> <u>DISTRICT #5</u>	<u>TIF</u> <u>DISTRICT #6</u>	<u>TIF</u> <u>DISTRICT #7</u>	<u>TIF</u> <u>DISTRICT #8</u>	<u>TIF</u> <u>DISTRICT #9</u>
Cash and investments	\$ 368,785	\$ 26,598	\$ 136,414	\$ 552,718	\$ 13,015	\$ 1,070,371
Receivable						
Taxes	1,148,700	239,107	1,446,918	277,822	81,311	157,449
Accounts and other	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	18,030
Advance to other funds	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,517,485</u>	<u>\$ 265,705</u>	<u>\$ 1,583,332</u>	<u>\$ 830,540</u>	<u>\$ 94,326</u>	<u>\$ 1,245,850</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,</u> <u>AND FUND BALANCES (DEFICITS)</u>						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Advances from other funds	199,047	300	453,419	22,392	1,047	47,469
TOTAL LIABILITIES	<u>199,047</u>	<u>300</u>	<u>453,419</u>	<u>22,392</u>	<u>1,047</u>	<u>47,469</u>
 DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - tax roll	1,148,700	239,107	1,446,918	277,822	81,311	157,449
Unavailable revenue - other	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,148,700</u>	<u>239,107</u>	<u>1,446,918</u>	<u>277,822</u>	<u>81,311</u>	<u>157,449</u>
 FUND BALANCES (DEFICITS)						
Restricted	169,738	26,298	-	530,326	11,968	1,040,932
Unassigned	-	-	(317,005)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>169,738</u>	<u>26,298</u>	<u>(317,005)</u>	<u>530,326</u>	<u>11,968</u>	<u>1,040,932</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,517,485</u>	<u>\$ 265,705</u>	<u>\$ 1,583,332</u>	<u>\$ 830,540</u>	<u>\$ 94,326</u>	<u>\$ 1,245,850</u>

TIF DISTRICT #10	TIF DISTRICT #11	TIF DISTRICT #12	TIF DISTRICT #13	TIF DISTRICT #14	CAPITAL EQUIPMENT	GOLF COURSE SURCHARGE	SPECIAL ASSESSMENTS
\$ 130,876	\$ 3,385,674	\$ 296,231	\$ 91,774	\$ 6,008,938	\$ 2,052,289	\$ 247	\$ 1,103,470
16,322	1,975,820	605,474	554,108	1,159,526	-	-	190,362
-	-	-	35,000	-	-	-	50,188
-	-	-	-	-	-	-	1,031,422
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	16,152
\$ 147,198	\$ 5,361,494	\$ 901,705	\$ 680,882	\$ 7,168,464	\$ 2,052,289	\$ 247	\$ 2,391,594
\$ -	\$ -	\$ -	\$ -	\$ 538	\$ 11,495	\$ -	\$ 46,240
-	-	-	-	-	-	-	-
368,244	3,437,098	194,487	10,110	20,007	-	-	-
<u>368,244</u>	<u>3,437,098</u>	<u>194,487</u>	<u>10,110</u>	<u>20,545</u>	<u>11,495</u>	<u>-</u>	<u>46,240</u>
16,322	1,975,820	605,474	554,108	1,159,526	-	-	190,362
-	-	-	-	-	-	-	1,033,088
<u>16,322</u>	<u>1,975,820</u>	<u>605,474</u>	<u>554,108</u>	<u>1,159,526</u>	<u>-</u>	<u>-</u>	<u>1,223,450</u>
-	-	101,744	116,664	5,988,393	2,040,794	247	1,121,904
(237,368)	(51,424)	-	-	-	-	-	-
<u>(237,368)</u>	<u>(51,424)</u>	<u>101,744</u>	<u>116,664</u>	<u>5,988,393</u>	<u>2,040,794</u>	<u>247</u>	<u>1,121,904</u>
\$ 147,198	\$ 5,361,494	\$ 901,705	\$ 680,882	\$ 7,168,464	\$ 2,052,289	\$ 247	\$ 2,391,594

(Continued on page 77)

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS - Continued
DECEMBER 31, 2012

<u>ASSETS</u>	BONDED CAPITAL PROJECTS	STATE HIGHWAY LAND	BLUFFLAND PRESERVATION	CAPITAL IMPROVEMENT PROGRAM	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
Cash and investments	\$ 16,060,465	\$ 954,231	\$ 387,338	\$ 113,577	\$ 32,753,011
Receivable					
Taxes	130,320	-	-	-	7,983,239
Accounts and other	161,812	-	-	6,423	253,423
Special assessments	-	-	-	-	1,031,422
Loans	846,196	-	-	-	846,196
Due from other governments	1,143,819	-	-	26,356	1,188,205
Advance to other funds	32,081	-	-	-	48,233
TOTAL ASSETS	\$ 18,374,693	\$ 954,231	\$ 387,338	\$ 146,356	\$ 44,103,729
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>					
LIABILITIES					
Accounts payable	\$ 270,526	\$ -	\$ -	\$ 1,848	\$ 330,647
Due to other funds	1,362,230	-	-	26,066	1,388,296
Advances from other funds	202,716	-	-	-	4,956,336
TOTAL LIABILITIES	1,835,472	-	-	27,914	6,675,279
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - tax roll	-	-	-	-	7,852,919
Unavailable revenue - other	1,110,878	-	-	-	2,143,966
TOTAL DEFERRED INFLOWS OF RESOURCES	1,110,878	-	-	-	9,996,885
FUND BALANCES (DEFICITS)					
Restricted	15,428,343	954,231	387,338	118,442	28,037,362
Unassigned	-	-	-	-	(605,797)
TOTAL FUND BALANCES (DEFICITS)	15,428,343	954,231	387,338	118,442	27,431,565
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 18,374,693	\$ 954,231	\$ 387,338	\$ 146,356	\$ 44,103,729

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2012

	TIF DISTRICT #4	TIF DISTRICT #5	TIF DISTRICT #6	TIF DISTRICT #7	TIF DISTRICT #8	TIF DISTRICT #9
REVENUE						
Taxes	\$ 1,121,784	\$ 239,216	\$ 1,482,651	\$ 276,653	\$ 77,640	\$ 141,117
Special assessments	-	-	-	-	-	-
Intergovernmental	54,904	13,376	61,812	4,366	4,351	3,724
Miscellaneous	-	-	-	-	-	177,398
TOTAL REVENUE	<u>1,176,688</u>	<u>252,592</u>	<u>1,544,463</u>	<u>281,019</u>	<u>81,991</u>	<u>322,239</u>
EXPENDITURES						
Current						
Public works	-	-	-	-	-	-
Conservation and development	51,428	150	355,510	-	-	403,609
Capital outlay	-	-	-	36,555	150	-
Debt service - interest	315	-	718	35	2	-
TOTAL EXPENDITURES	<u>51,743</u>	<u>150</u>	<u>356,228</u>	<u>36,590</u>	<u>152</u>	<u>403,609</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>1,124,945</u>	<u>252,442</u>	<u>1,188,235</u>	<u>244,429</u>	<u>81,839</u>	<u>(81,370)</u>
OTHER FINANCING (USES) SOURCES						
Proceeds from long-term debt	-	-	-	-	-	-
Operating transfers in	-	-	1,763,208	31,413	-	496,368
Operating transfers (out)	(1,190,569)	(250,299)	(3,004,602)	(280,537)	(80,768)	(202,629)
TOTAL OTHER FINANCING (USES) SOURCES	<u>(1,190,569)</u>	<u>(250,299)</u>	<u>(1,241,394)</u>	<u>(249,124)</u>	<u>(80,768)</u>	<u>293,739</u>
NET CHANGE IN FUND BALANCES	(65,624)	2,143	(53,159)	(4,695)	1,071	212,369
FUND BALANCES (DEFICIT) - BEGINNING	<u>235,362</u>	<u>24,155</u>	<u>(263,846)</u>	<u>535,021</u>	<u>10,897</u>	<u>828,563</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 169,738</u>	<u>\$ 26,298</u>	<u>\$ (317,005)</u>	<u>\$ 530,326</u>	<u>\$ 11,968</u>	<u>\$ 1,040,932</u>

TIF DISTRICT #10	TIF DISTRICT #11	TIF DISTRICT #12	TIF DISTRICT #13	TIF DISTRICT #14	CAPITAL EQUIPMENT	GOLF COURSE SURCHARGE	SPECIAL ASSESSMENTS
\$ 16,991	\$ 1,590,097	\$ 628,443	\$ 427,108	\$ 1,513,409	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	266,465
6,464	243,323	9,528	7,857	840,217	-	-	-
-	89,842	42,640	35,000	407	254,973	69	37,589
<u>23,455</u>	<u>1,923,262</u>	<u>680,611</u>	<u>469,965</u>	<u>2,354,033</u>	<u>254,973</u>	<u>69</u>	<u>304,054</u>
-	-	-	-	-	-	-	43,564
535,821	-	195,899	55,760	2,209,105	-	-	-
-	265,323	-	-	-	1,361,909	-	280,057
122	7,712	309	16	31	-	-	-
<u>535,943</u>	<u>273,035</u>	<u>196,208</u>	<u>55,776</u>	<u>2,209,136</u>	<u>1,361,909</u>	<u>-</u>	<u>323,621</u>
<u>(512,488)</u>	<u>1,650,227</u>	<u>484,403</u>	<u>414,189</u>	<u>144,897</u>	<u>(1,106,936)</u>	<u>69</u>	<u>(19,567)</u>
-	-	-	-	-	-	-	-
240,750	158,758	7,135	46,706	336,770	1,000,000	-	-
-	(1,807,081)	(642,723)	(434,887)	-	(447,062)	-	-
<u>240,750</u>	<u>(1,648,323)</u>	<u>(635,588)</u>	<u>(388,181)</u>	<u>336,770</u>	<u>552,938</u>	<u>-</u>	<u>-</u>
(271,738)	1,904	(151,185)	26,008	481,667	(553,998)	69	(19,567)
<u>34,370</u>	<u>(53,328)</u>	<u>252,929</u>	<u>90,656</u>	<u>5,506,726</u>	<u>2,594,792</u>	<u>178</u>	<u>1,141,471</u>
<u>\$ (237,368)</u>	<u>\$ (51,424)</u>	<u>\$ 101,744</u>	<u>\$ 116,664</u>	<u>\$ 5,988,393</u>	<u>\$ 2,040,794</u>	<u>\$ 247</u>	<u>\$ 1,121,904</u>

(Continued on page 80)

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - Continued
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2012

	BONDED CAPITAL PROJECTS	STATE HIGHWAY LAND	BLUFFLAND PRESERVATION	CAPITAL IMPROVEMENT PROGRAM	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUE					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 7,515,109
Special assessments	-	-	-	-	266,465
Intergovernmental	223,146	-	-	6,423	1,479,491
Miscellaneous	141,323	-	387,338	-	1,166,579
TOTAL REVENUE	<u>364,469</u>	<u>-</u>	<u>387,338</u>	<u>6,423</u>	<u>10,427,644</u>
EXPENDITURES					
Current					
Public works	-	-	-	-	43,564
Conservation and development	(346,896)	-	-	-	3,460,386
Capital Outlay	13,205,805	-	-	53,154	15,202,953
Debt Service - interest	-	-	-	-	9,260
TOTAL EXPENDITURES	<u>12,858,909</u>	<u>-</u>	<u>-</u>	<u>53,154</u>	<u>18,716,163</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(12,494,440)</u>	<u>-</u>	<u>387,338</u>	<u>(46,731)</u>	<u>(8,288,519)</u>
OTHER FINANCING (USES) SOURCES					
Proceeds from long-term debt	5,539,500	-	-	-	5,539,500
Operating transfers in	-	954,231	-	-	5,035,339
Operating transfers (out)	(3,606,116)	-	-	-	(11,947,273)
TOTAL OTHER FINANCING (USES) SOURCES	<u>1,933,384</u>	<u>954,231</u>	<u>-</u>	<u>-</u>	<u>(1,372,434)</u>
NET CHANGE IN FUND BALANCES	<u>(10,561,056)</u>	<u>954,231</u>	<u>387,338</u>	<u>(46,731)</u>	<u>(9,660,953)</u>
FUND BALANCES (DEFICIT) - BEGINNING	<u>25,989,399</u>	<u>-</u>	<u>-</u>	<u>165,173</u>	<u>37,092,518</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 15,428,343</u>	<u>\$ 954,231</u>	<u>\$ 387,338</u>	<u>\$ 118,442</u>	<u>\$ 27,431,565</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2012

<u>ASSETS</u>	LIABILITY SELF INSURANCE	WORKERS' COMPENSATION SELF INSURANCE	STOCK ROOM	EMPLOYEES' HEALTH SELF INSURANCE	HEALTH CARE COST CONTAINMENT	FUEL MANAGEMENT	TOTAL
Cash and investments	\$ 1,251,463	\$ 1,060,848	\$ 29,054	\$ 7,554,265	\$ 212	\$ 1,907,034	\$ 11,802,876
Accounts receivable	12,898	2,655	-	1,010,702	-	-	1,026,255
Inventories	-	-	128,637	-	-	-	128,637
Prepaid expenses	-	-	-	15,612	-	-	15,612
TOTAL ASSETS	<u>\$ 1,264,361</u>	<u>\$ 1,063,503</u>	<u>\$ 157,691</u>	<u>\$ 8,580,579</u>	<u>\$ 212</u>	<u>\$ 1,907,034</u>	<u>\$ 12,973,380</u>
<u>LIABILITIES AND NET POSITION</u>							
LIABILITIES							
Accounts payable	\$ 244,180	\$ 758,728	\$ 9,741	\$ 4,571,117	\$ 212	\$ 100	\$ 5,584,078
Unearned revenue	-	-	-	72,521	-	-	72,521
TOTAL LIABILITIES	<u>244,180</u>	<u>758,728</u>	<u>9,741</u>	<u>4,643,638</u>	<u>212</u>	<u>100</u>	<u>5,656,599</u>
NET POSITION							
Unrestricted	<u>1,020,181</u>	<u>304,775</u>	<u>147,950</u>	<u>3,936,941</u>	<u>-</u>	<u>1,906,934</u>	<u>7,316,781</u>
TOTAL LIABILITIES AND AND NET POSITION	<u>\$ 1,264,361</u>	<u>\$ 1,063,503</u>	<u>\$ 157,691</u>	<u>\$ 8,580,579</u>	<u>\$ 212</u>	<u>\$ 1,907,034</u>	<u>\$ 12,973,380</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012

	LIABILITY SELF INSURANCE	WORKERS' COMPENSATION SELF INSURANCE	STOCK ROOM	EMPLOYEES' HEALTH SELF INSURANCE	HEALTH CARE COST CONTAINMENT	FUEL MANAGEMENT	TOTAL
OPERATING REVENUE							
Interfund charges for services	\$ -	\$ 421,139	\$ -	\$ 13,132,247	\$ -	\$ -	\$ 13,553,386
Miscellaneous	504,659	24,557	3,001	1,326,035	-	-	1,858,252
TOTAL OPERATING REVENUE	<u>504,659</u>	<u>445,696</u>	<u>3,001</u>	<u>14,458,282</u>	<u>-</u>	<u>-</u>	<u>15,411,638</u>
OPERATING EXPENSES							
Operations	4,100	-	-	422,861	6,622	2,805	436,388
Claims	216,766	515,292	-	11,954,718	-	-	12,686,776
TOTAL OPERATING EXPENSES	<u>220,866</u>	<u>515,292</u>	<u>-</u>	<u>12,377,579</u>	<u>6,622</u>	<u>2,805</u>	<u>13,123,164</u>
OPERATING INCOME (LOSS)	283,793	(69,596)	3,001	2,080,703	(6,622)	(2,805)	2,288,474
NONOPERATING REVENUE							
Interest income	-	-	-	13,056	-	-	13,056
INCOME (LOSS) BEFORE TRANSFERS	283,793	(69,596)	3,001	2,093,759	(6,622)	(2,805)	2,301,530
TRANSFERS IN	-	-	-	-	6,622	1,410,000	1,416,622
CHANGE IN NET POSITION	283,793	(69,596)	3,001	2,093,759	-	1,407,195	3,718,152
NET POSITION - BEGINNING	736,388	374,371	144,949	1,843,182	-	499,739	3,598,629
NET POSITION - ENDING	<u>\$ 1,020,181</u>	<u>\$ 304,775</u>	<u>\$ 147,950</u>	<u>\$ 3,936,941</u>	<u>\$ -</u>	<u>\$ 1,906,934</u>	<u>\$ 7,316,781</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012

	LIABILITY SELF INSURANCE	WORKERS' COMPENSATION SELF INSURANCE	STOCK ROOM	EMPLOYEES' HEALTH SELF INSURANCE	HEALTH COST CONTAINMENT	FUEL MANAGEMENT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ -	\$ -	\$ -	\$ 993,186	\$ -	\$ -	\$ 993,186
Receipts from quasi-external transactions	491,761	452,217	14	12,906,227	-	-	13,850,219
Payments to suppliers for goods and services	(554,932)	-	(7,305)	(3,432)	(8,791)	(2,544)	(577,004)
Payments for employees for services	-	-	-	(105,780)	-	-	(105,780)
Payments for employee benefits	-	(333,053)	-	(12,315,702)	-	(422)	(12,649,177)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(63,171)	119,164	(7,291)	1,474,499	(8,791)	(2,966)	1,511,444
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Operating transfers from other funds	-	-	-	-	6,622	1,410,000	1,416,622
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	-	-	-	13,056	-	-	13,056
NET (DECREASE) INCREASE IN CASH AND INVESTMENTS	(63,171)	119,164	(7,291)	1,487,555	(2,169)	1,407,034	2,941,122
CASH AND INVESTMENTS - BEGINNING	1,314,634	941,684	36,345	6,066,710	2,381	500,000	8,861,754
CASH AND INVESTMENTS - ENDING	\$ 1,251,463	\$ 1,060,848	\$ 29,054	\$ 7,554,265	\$ 212	\$ 1,907,034	\$ 11,802,876
Reconciliation of operating income (loss) to net cash (used in) provided by operating activities							
Operating income (loss)	\$ 283,793	\$ (69,596)	\$ 3,001	\$ 2,080,703	\$ (6,622)	\$ (2,805)	\$ 2,288,474
Adjustments to reconcile operating income (loss) to net cash flows from operating activities							
Changes in assets and liabilities							
(Increase) decrease in assets							
Receivables	(12,898)	6,521	-	(569,772)	-	-	(576,149)
Prepaid expenses	-	-	-	44,553	-	-	44,553
Inventories	-	-	(9,911)	-	-	-	(9,911)
Increase (decrease) in liabilities							
Accounts payable	(334,066)	182,239	(381)	(91,888)	(2,169)	(161)	(246,426)
Unearned revenue	-	-	-	10,903	-	-	10,903
Total adjustments	(346,964)	188,760	(10,292)	(606,204)	(2,169)	(161)	(777,030)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ (63,171)	\$ 119,164	\$ (7,291)	\$ 1,474,499	\$ (8,791)	\$ (2,966)	\$ 1,511,444

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>PROPERTY TAX</u>	<u>INVESTED CASH</u>	<u>OTHER</u>	<u>TOTAL</u>
Cash and investments	\$ 22,806,883	\$ (5,574)	\$ 82,367	\$ 22,883,676
Taxes receivable	28,988,576	-	-	28,988,576
Accounts receivable	<u>-</u>	<u>5,574</u>	<u>13,142</u>	<u>18,716</u>
TOTAL ASSETS	<u>\$ 51,795,459</u>	<u>\$ -</u>	<u>\$ 95,509</u>	<u>\$ 51,890,968</u>
 <u>LIABILITIES</u>				
Due to other governments	\$ 51,795,459	\$ -	\$ -	\$ 51,795,459
Due to others	<u>-</u>	<u>-</u>	<u>95,509</u>	<u>95,509</u>
TOTAL LIABILITIES	<u>\$ 51,795,459</u>	<u>\$ -</u>	<u>\$ 95,509</u>	<u>\$ 51,890,968</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2012

<u>ASSETS</u>	<u>BALANCE JANUARY 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE DECEMBER 31, 2012</u>
Property Tax				
Cash and investments	\$ 24,099,868	\$ 50,175,423	\$ 51,468,408	\$ 22,806,883
Taxes receivable	27,368,540	28,988,576	27,368,540	28,988,576
Invested Cash				
Cash and investments	(6,360)	684,526	683,740	(5,574)
Accounts receivable	6,360	683,740	684,526	5,574
Other				
Cash and investments	176,355	82,367	176,355	82,367
Accounts receivable	<u>7,773</u>	<u>13,142</u>	<u>7,773</u>	<u>13,142</u>
TOTAL ASSETS	<u>\$ 51,652,536</u>	<u>\$ 80,627,774</u>	<u>\$ 80,389,342</u>	<u>\$ 51,890,968</u>
 <u>LIABILITIES</u>				
Property Tax				
Due to other governments	\$ 51,468,408	\$ 51,795,459	\$ 51,468,408	\$ 51,795,459
Other				
Due to others	<u>184,128</u>	<u>95,509</u>	<u>184,128</u>	<u>95,509</u>
TOTAL LIABILITIES	<u>\$ 51,652,536</u>	<u>\$ 51,890,968</u>	<u>\$ 51,652,536</u>	<u>\$ 51,890,968</u>

CITY OF LA CROSSE, WISCONSIN

OTHER REPORT

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

To the Common Council
City of La Crosse, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse (the "City") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 1, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
July 1, 2013