

CITY OF LA CROSSE, WISCONSIN

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2014

CITY OF LA CROSSE, WISCONSIN

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INDEPENDENT AUDITORS' REPORT

To the Common Council
City of La Crosse, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse, Wisconsin ("City"), as of and for the year ended December 31, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, schedule of funding progress - post-employment healthcare benefits on page 57, and budgetary comparison information on pages 58 and 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 16, 2015, on our consideration of the City of La Crosse's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of La Crosse's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 16, 2015

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, 2014

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, 2014. We encourage the reader to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this narrative.

The Financial Highlights

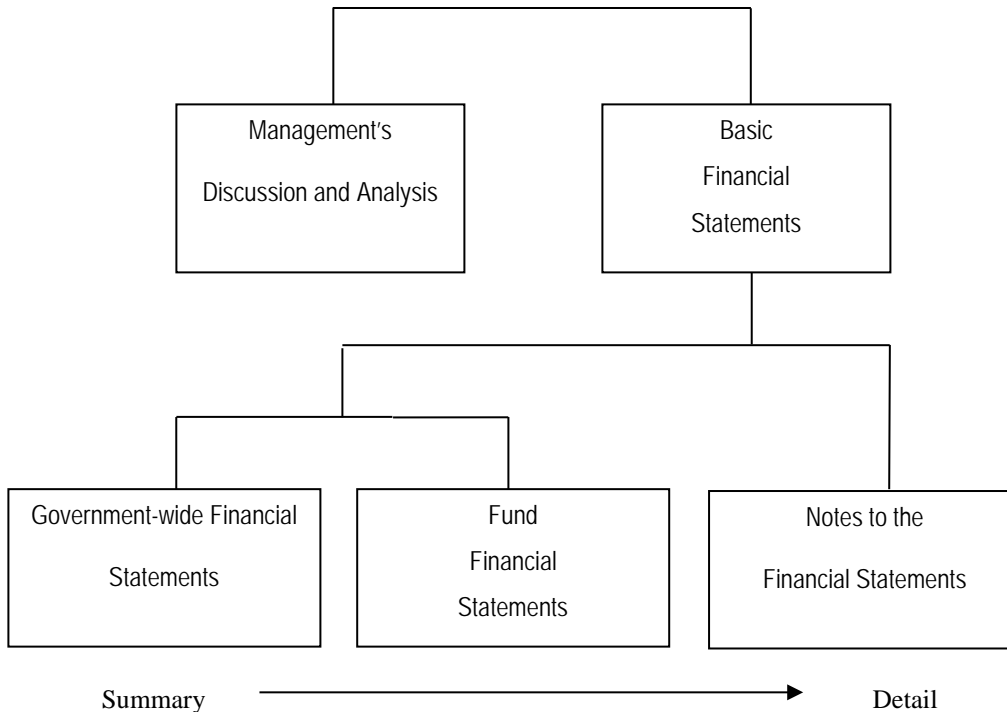
When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. This relationship between revenues and expenses can be considered the City's operating results. The City's net position as measured in the Statement of Net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

- The assets of the City of La Crosse exceeded its liabilities as of December 31, 2014 by \$380,098,659 (net position).
- The City of La Crosse's total net position of Governmental Funds and Proprietary Funds increased by \$13,255,289.
- As of December 31, 2014, the City of La Crosse's governmental funds reported combined ending fund balances of \$85,183,848, an increase of \$2,759,494 in comparison with the prior year. As of December 31, 2014, the unassigned fund balance for the general fund was \$19,681,806 or approximately 37.96% of total general fund expenditures.
- The City of La Crosse's total general obligation debt decreased by \$6,649,945 (-8.20%) during 2014. This decrease is attributable to the City's rapid debt retirement practice and the continued implementation of the City's debt model, which assists the City with planning and financing of future capital improvement projects. The City was able to fund \$8,350,000 in capital improvement projects as listed in the City's five year Capital Improvement Budget with new borrowed funds. Those projects included various street, streetscaping, alley, bridge, civic center, fire, library, park, storm sewer, transit, airport, and water projects.

Overview of the Financial Statements

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

Required Components of the Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City of La Crosse that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of the City of La Crosse include general government, public safety, public works, health and human services, culture, recreation and leisure, and conservation and development. The business-type activities of the City of La Crosse include: Airport, Parking Utility, Sanitary Sewer Utility, Sanitary Sewer District, Storm Water Utility, and a Water Utility.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of La Crosse, Wisconsin, like all other governmental entities in Wisconsin, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the State of Wisconsin Statutes or the City's budget resolution. All of the funds of the City of La Crosse, Wisconsin can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year.

Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

Proprietary Funds

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

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of La Crosse's programs. The agency funds maintained by the City are primarily the tax collection fund which records the tax roll and tax collections for other taxing jurisdictions and various other trust funds. The accounting used for fiduciary funds is much like that used for governmental funds.

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of La Crosse exceeded liabilities by \$380,098,659 as of December 31, 2014. The City's net position increased by \$13,255,289 for the fiscal year ended December 31, 2014. However, the largest portion (69.15%) reflects the City's investment in capital assets (e.g., land, land improvements, buildings, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of La Crosse uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of La Crosse's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

The City of La Crosse, Wisconsin's Net Position

Figure 2

(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Assets Net of Capital Assets	\$162,494	\$156,606	\$ 26,000	\$ 24,410	\$188,494	\$181,016
Capital Assets Not Depreciated	28,531	27,212	28,794	25,883	57,325	53,095
Capital Assets, Net of Depreciation	<u>167,827</u>	<u>169,014</u>	<u>114,667</u>	<u>114,320</u>	<u>282,494</u>	<u>283,334</u>
TOTAL ASSETS	<u>\$358,852</u>	<u>\$352,832</u>	<u>\$169,461</u>	<u>\$164,613</u>	<u>\$528,313</u>	<u>\$517,445</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
LIABILITIES						
TOTAL LIABILITIES	<u>\$ 99,247</u>	<u>\$101,925</u>	<u>\$ 5,101</u>	<u>\$ 5,817</u>	<u>\$104,348</u>	<u>\$107,742</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Tax Roll	<u>\$ 43,723</u>	<u>\$ 42,726</u>	<u>\$ 144</u>	<u>\$ 134</u>	<u>\$ 43,867</u>	<u>\$ 42,860</u>
NET POSITION						
Net Investment in Capital Assets	\$141,110	\$138,382	\$141,976	\$137,880	\$283,086	\$276,262
Restricted For:						
Debt Service	6,523	9,009	-	-	6,523	9,009
Capital Projects	34,445	29,534	-	-	34,445	29,534
Other Activities	-	-	2,576	2,207	2,576	2,207
Unrestricted	<u>33,804</u>	<u>31,256</u>	<u>19,665</u>	<u>18,575</u>	<u>53,469</u>	<u>49,831</u>
TOTAL NET POSITION	<u>\$215,882</u>	<u>\$208,181</u>	<u>\$164,217</u>	<u>\$158,662</u>	<u>\$380,099</u>	<u>\$366,843</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$358,852</u>	<u>\$352,832</u>	<u>\$169,462</u>	<u>\$164,613</u>	<u>\$528,314</u>	<u>\$517,445</u>

An additional portion of the City's net position of \$43,543,653 (11.46%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position or \$53,468,836 (14.07%) may be used to meet the government's ongoing obligations to citizens or creditors.

The City's total net position increased \$13,255,289 during the year. This increase was comprised of an increase in business type activities of \$5,554,603 and an increase in the governmental type activities of \$7,700,686 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 \$7,700,686. Key elements of this increase are:

- Revenues were on a comparable level in 2014 versus 2013. 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 \$85,891 (1.00%) from 2013 to 2014. Departments were required to keep 2014 budgets at 2013 levels unless increases were justified and approved by the Council. Minimal increases were granted for 2014 in various departments, mostly due to increases on "uncontrollable" items such as utilities and supplies. \$148,000 was appropriated from fund balance and applied to the 2014 budget to maintain a steady levy and remain in compliance with State laws governing levy limits and expenditure restraint.
- Expenditures were at slightly lower level for 2014 compared to 2013, generally due in part to conscientious budget oversight by Department Heads, the Mayor, and the Common Council. The practice of not immediately filling funded positions within the budget that started in 2009 continued in 2014. The City was able to somewhat offset increases in department expenses, utilizing "tools" provided by the State. General employees are now required to pay 50% of the required Wisconsin Requirement System contribution that was previously paid 100% by the City.
- The practice of annually contracting for approximately 2/3 of the City's annual fuel needs in advance that started in 2009 was increased to approximately 95% in 2014 and contributed significantly towards favorable department fuel expense variances for those departments with fuel expenses.
- Employees' share of health insurance premiums decreased slightly in 2014 versus 2013 due to changes 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

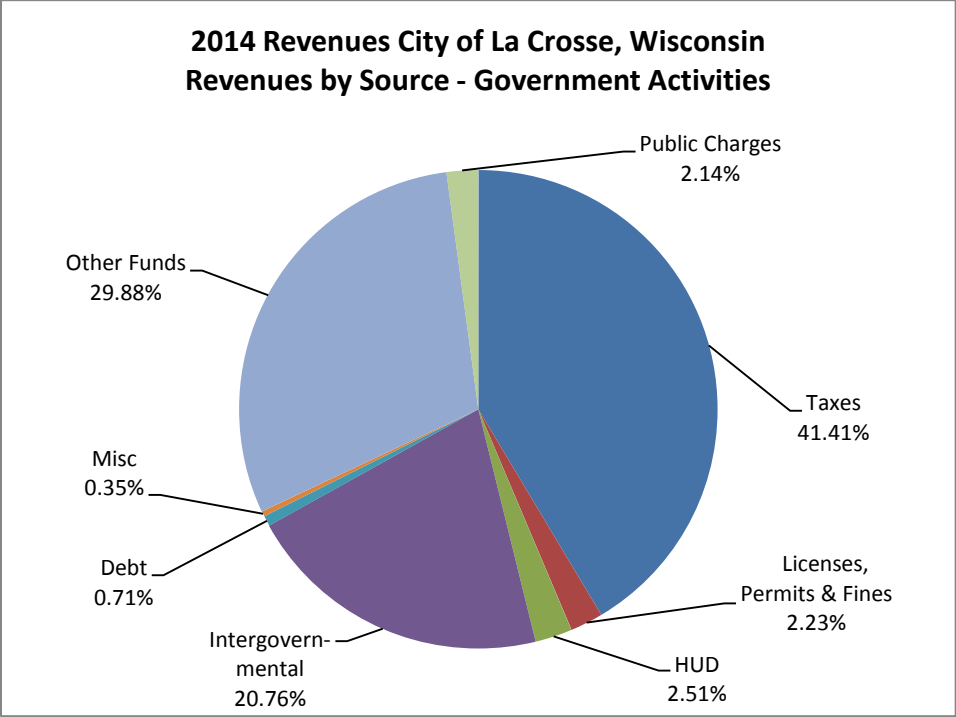
(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 13,750	\$ 14,225	\$ 18,795	\$ 18,413	\$ 32,545	\$ 32,638
Grants & contributions	11,153	11,710	1,230	1,154	12,383	12,864
General revenues:						
Taxes	45,208	44,487	--	--	45,208	44,487
State shared revenue	14,073	13,389	--	--	14,073	13,389
Interest and investment income	337	498	42	51	379	549
Miscellaneous	1,734	833	17	2	1,751	835
Total revenues	<u>\$ 86,255</u>	<u>\$ 85,142</u>	<u>\$ 20,084</u>	<u>\$ 19,620</u>	<u>\$106,339</u>	<u>\$104,762</u>
Expenses:						
General government	\$ 6,551	\$ 4,924	\$ --	\$ --	\$ 6,551	\$ 4,924
Public safety	24,721	24,267	--	--	24,721	24,267
Public works	17,961	17,668	--	--	17,961	17,668
Health and human services	231	228	--	--	231	228
Culture, recreation & education	16,792	15,415	--	--	16,792	15,415
Conservation & development	8,377	5,906	--	--	8,377	5,906
Principal, Interest & Fiscal Charges	2,653	2,741	--	--	2,653	2,741
Airport	--	--	3,466	3,676	3,466	3,676
Parking	--	--	2,049	1,929	2,049	1,929
Water	--	--	4,044	3,961	4,044	3,961
Sanitary Sewer	--	--	70	71	70	71
Storm Water	--	--	771	551	771	551
Other business-type activities	--	--	5,397	5,417	5,397	5,417
Total expenses	<u>\$ 77,286</u>	<u>\$ 71,149</u>	<u>\$ 15,797</u>	<u>\$ 15,605</u>	<u>\$ 93,083</u>	<u>\$ 86,754</u>
Change in Net Position before transfers and Special items	\$ 8,969	\$ 13,993	\$ 4,287	\$ 4,015	\$ 13,256	\$ 18,008
Transfers	<u>(1,268)</u>	<u>(182)</u>	<u>1,268</u>	<u>182</u>	<u>--</u>	<u>--</u>
Change in net position	\$ 7,701	\$ 13,811	\$ 5,555	\$ 4,197	\$ 13,256	\$ 18,008
Net position, beginning of year as restated	<u>208,181</u>	<u>194,663</u>	<u>158,662</u>	<u>154,467</u>	<u>366,843</u>	<u>349,130</u>
Net position, end of year	<u>\$215,882</u>	<u>\$208,474</u>	<u>\$164,217</u>	<u>\$158,664</u>	<u>\$380,099</u>	<u>\$367,138</u>

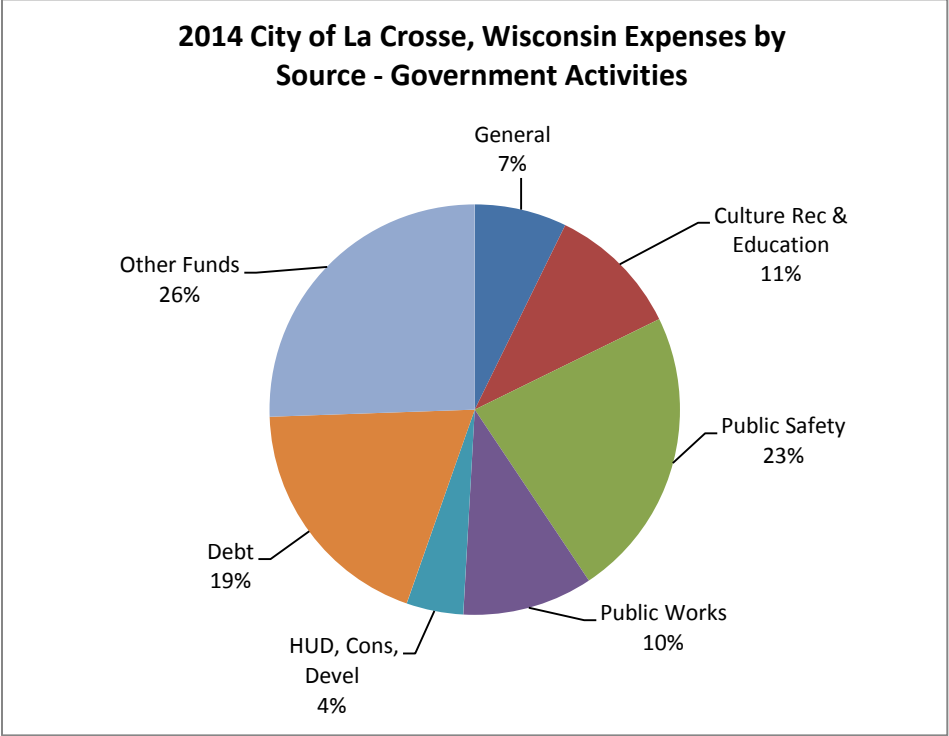
No major variances were noted in the governmental activities expenditures in 2014. City departments in general were well within their approved budgets.

Figure 4 and Figure 5 which follow depict revenues by source and expenses by function respectively for the year 2014.

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



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

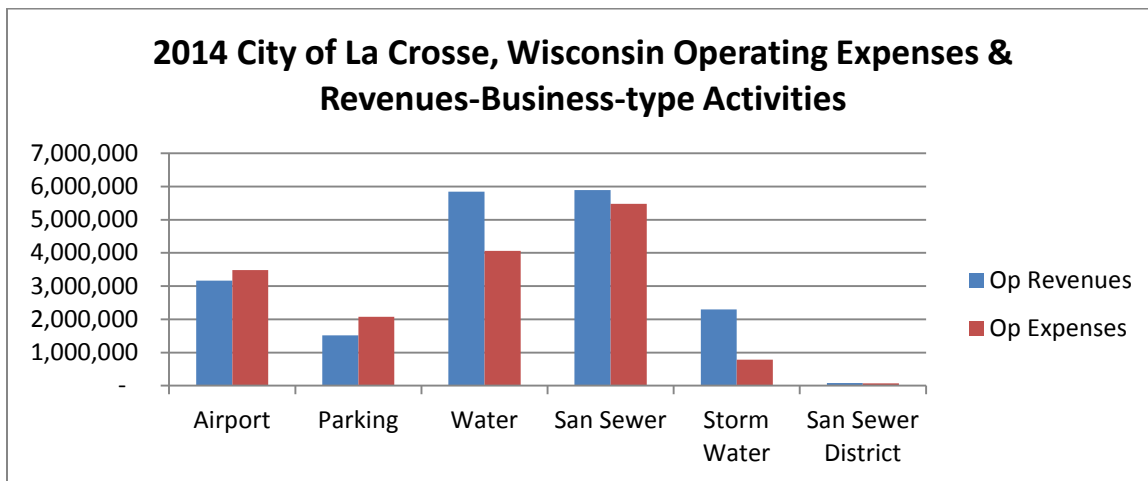


Business-Type Activities

Business-type activities increased the City's net position by \$5,554,603. 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 2014. A full review of Sanitary Sewer rates was completed and approved by the City Council in 2014, and resulted in a rate increase of approximately 10%. New sanitary sewer rates were implemented, effective January 1, 2015. 4) the current Sanitary Sewer Utility and Storm Water Utility rates are designed to meet cash requirements, be consistent with existing rate design structure to maintain equitability between different sizes and classes of customers, fund capital projects, and meet debt coverage requirements, and 5) the Parking Utility's net assets decreased by approximately \$666,776 due to depreciation of current assets.

Figure 6 (below) shows the operating revenues and expenses for 2014 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, 2014, the City of La Crosse's governmental funds reported combined ending fund balances of \$85,183,848. \$23,500,833 of this amount is attributable to the General Fund balance and is designated as follows: \$2,969,027 or approximately 12.6% was designated as "Nonspendable", \$850,000 or approximately 3.6% was designated as "Committed" and \$19,681,806 or approximately 83.7% was designated as "Unassigned".

The General Fund is the chief operating fund of the City of La Crosse, Wisconsin. As of December 31, 2014, the total fund balance of the general fund was \$23,500,833 of which \$19,681,806 was designated as "Unassigned." This "Unassigned" fund balance represents approximately 37.96% of total general fund expenditures for 2014. The general fund balance decreased by \$1,607,307 in fiscal year 2014. Additionally, the 2014 annual program budget for the City's general fund identified a use of fund balance for items to be carried forward from the 2014 budget to the 2015 budget of \$3,175,352, \$2,587,327 of the total was for capital expenditures. Actual expenditures were less than final amended budgeted expenditures by approximately 7.54% or \$4,229,392. Actual revenue sources were more than the original amended budgeted revenues in the general fund by \$1,748,982 or approximately 3.05%.

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	
	2014	2013	2014	2013
Airport	\$ 57,595	\$ 54,791	\$ 2,804	\$ 289
Parking Utility	32,845	33,511	(667)	(242)
Sanitary Sewer Utility	37,470	37,077	394	421
Sanitary Sewer District	609	600	10	2
Storm Water Utility	4,654	2,886	1,767	2,005
Water Utility	29,514	28,504	1,010	1,153
TOTAL	<u>\$162,687</u>	<u>\$157,369</u>	<u>\$ 5,318</u>	<u>\$ 3,628</u>

General Fund Budgetary Highlights

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

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

Actual revenues and other sources were more than budgeted revenues by \$1,748,982. Actual expenditures were less than budgeted expenditures by \$4,229,392.

Revenues exceeded budgetary estimates and expenditures came in under budget, the City's General Fund "Unassigned" balance increased by \$1,733,148. Additionally there was a reassignment of the City's "Unassigned" fund balance to "Committed" fund balance for the following: \$850,000 for Fire Department Quint. The City's General Fund combined balance is 45.33% of 2014 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, 2014, amounts to \$339,818,371 (net of accumulated depreciation), an increase of \$3,388,859 (1.01%). 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 \$131,489 (.06%) increase for governmental activities and a \$3,257,370 (2.32%) increase for business-type activities.

Major capital asset projects/transactions that occurred previously or were scheduled to occur during 2014 included the following:

1. Continuation of the Three Rivers Plaza economic development retail/housing/office complex on the north end of the downtown area in Tax Increment Financing District #12 and related expenses - approximately \$5,550,000 total City investment. The boundaries for this TID were expanded in 2010 to accommodate additional future development to the west known as the Mobil Oil / Patros property. The City has undergone a Charrette process to determine the best use of this property.
2. Continuation of the Logistics Health (LHI), Cargill, and Piggy's Riverside redevelopment project in Tax Incremental Financing District #11 (downtown area) - approximately \$15,500,000 total City investment. Construction on a third LHI building and City parking ramp in the area started in 2010 was completed in the fall of 2011. In January of 2012 the City completed the purchase of this parking ramp from the Riverside Center group. The City completed construction of a \$32 million public/private multi-use Transit Center/ Housing (92 units)/Commercial/Retail facility in September of 2010. The City is now in negotiations with the Riverside Center group to construct a fourth building in the area on an existing City owned surface parking lot. In 2014 an estimated development will commence on Lot C. Estimated assessed value is \$35 million and will be comprised of commercial and residential.
3. In 2013 the City created Tax Incremental Financing District #15 on the southeast end of the City to assist Chart Industries and the Trane Company with expansion projects through the use of developer's agreements.
4. In 2014 the City created Tax Incremental Financing District #16 on the northeast end of the City to assist with a mixed use development. Estimated assessed value is \$5.5 million.

The following capital improvement projects for 2014 are contained and financed in the City's 2014-2018 five year Capital Improvement Program budget:

1. Airport terminal building upgrades - approximately \$1,000,000 of an estimated \$7,100,000.00 project.
2. Initial Radio Communication system replacement project – approximately \$500,000.00 of an estimated \$8,000,000.00 project.
3. Capital Equipment purchases for various departments - approximately \$1,100,000.
4. Bluffland Trailhead Facility – approximately \$350,000.00
5. Parks Riverside Park Band Shell replacement project – approximately \$2,000,000.00.
6. Various Park projects - approximately \$1,200,000.00.
7. Continuing upgrades to the Sanitary Sewer infrastructure - approximately \$760,000.00.00.
8. Storm water improvement projects - approximately \$250,000.00.
9. Various street and streetscaping improvement projects - approximately \$2,500,000.00.
10. Various Tax Incremental Financing District projects - approximately \$1,590,000.00.
11. Miscellaneous Water projects - approximately \$490,000.00.

City of La Crosse, Wisconsin's Capital Assets

Figure 8

(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and land improvements	\$ 9,250	\$ 9,229	\$ 8,647	\$ 8,647	\$17,897	\$ 17,876
Buildings and improvements	81,932	81,567	26,745	26,714	108,677	108,281
Machinery and equipment	31,357	31,227	21,896	21,325	53,253	52,552
Infrastructure/systems	132,506	130,410	115,361	112,505	247,867	242,915
Construction in progress	19,281	17,983	24,096	21,186	43,377	39,169
Less: Accumulated depreciation	(77,968)	(74,189)	(53,285)	(50,174)	(131,253)	(124,363)
TOTAL	<u>\$196,358</u>	<u>\$196,227</u>	<u>\$143,460</u>	<u>\$140,203</u>	<u>\$339,818</u>	<u>\$336,430</u>

Long-Term Debt

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

At the end of the 2014 fiscal year, the City of La Crosse had total general obligation debt outstanding of \$74,347,980 entirely backed by the full faith and credit of the government. This represents a decrease of \$6,649,945 compared to the total general obligation debt outstanding as of the end of fiscal year 2013. This decrease is due primarily to scheduled borrowing and structured repayment of principle and interest in accordance with the City's debt model.

In 2014, the City sold one bond issue. The issue was dated May 1, 2014. The issue was a 5 year promissory note for \$8,270,000 at a net interest rate of .7573803%. The issue funded the City's \$8,270,000 annual capital improvement program budget and the various projects: Street and Streetscaping projects, Bridge projects, Storm Sewer projects, Fire projects, Water Projects, Library projects, Park projects, Airport projects and Miscellaneous Tax Incremental Financing projects. The issue was rated AA+ by Standard & 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 \$160,592,680 and its outstanding debt subject to State statutory limit at December 31, 2014 is \$74,347,980, or approximately 47.92%.

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

Figure 9

(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds/notes	\$73,710	\$86,397	\$1,485	\$2,518	\$75,195	\$80,998
Mortgage revenue bonds	--	--	--	--	--	--
Other long-term obligations	15,529	6,772	2,609	2,597	18,138	17,286
TOTAL	\$89,239	\$93,169	\$4,094	\$5,115	\$93,333	\$98,284

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

- The 2014 unadjusted unemployment rate for the La Crosse MSA was 4.1% compared to the State average of 5.2%, which compares to the National average of 5.6%.
- Inflationary trends in the region are comparable to national indices.
- The total value of building permits in 2014 was \$110,593,088 compared to 2013 with \$114,427,755 and 2012 with \$59,472,205.

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, 2014

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Cash and investments	\$ 106,356,277	\$ 14,640,259	\$ 120,996,536
Restricted cash and investments	-	2,576,401	2,576,401
Receivables			
Taxes	43,308,231	752,326	44,060,557
Accounts and other	2,904,949	3,428,418	6,333,367
Special assessments	332,058	-	332,058
Current portion of loans receivable	867,688	-	867,688
Internal balances	(4,174,158)	4,174,158	-
Due from other governments	781,771	-	781,771
Inventories	257,148	291,938	549,086
Prepaid items	182,809	128,008	310,817
Special assessments	535,659	6,278	541,937
Loans receivable	11,141,239	-	11,141,239
Other property	-	3,375	3,375
Capital assets not being depreciated	28,531,540	28,793,549	57,325,089
Capital assets, net of accumulated depreciation	<u>167,826,545</u>	<u>114,666,737</u>	<u>282,493,282</u>
TOTAL ASSETS	<u>\$ 358,851,756</u>	<u>\$ 169,461,447</u>	<u>\$ 528,313,203</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
LIABILITIES			
Accounts payable	\$ 9,393,376	\$ 993,192	\$ 10,386,568
Accrued liabilities			
Payroll, payroll taxes	18,338	14,144	32,482
Interest	255,477	-	255,477
Other	83,673	-	83,673
Due to other governments	33,856	-	33,856
Due to others	222,770	-	222,770
Current portion of long-term obligations	19,650,500	1,643,956	21,294,456
Noncurrent portion of long-term obligations	<u>69,588,561</u>	<u>2,449,670</u>	<u>72,038,231</u>
TOTAL LIABILITIES	<u>99,246,551</u>	<u>5,100,962</u>	<u>104,347,513</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - tax roll	<u>43,723,476</u>	<u>143,555</u>	<u>43,867,031</u>
 NET POSITION			
Net investment in capital assets	141,110,140	141,976,030	283,086,170
Restricted for:			
Debt service	6,522,413	-	6,522,413
Capital projects	34,444,839	-	34,444,839
Other activities	-	2,576,401	2,576,401
Unrestricted	<u>33,804,337</u>	<u>19,664,499</u>	<u>53,468,836</u>
TOTAL NET POSITION	<u>215,881,729</u>	<u>164,216,930</u>	<u>380,098,659</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	 <u>\$ 358,851,756</u>	 <u>\$ 169,461,447</u>	 <u>\$ 528,313,203</u>

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
GOVERNMENTAL ACTIVITIES							
General government	\$ 6,550,899	\$ 3,339,645	\$ 1,121,208	\$ (10,650)	\$ (2,100,696)		\$ (2,100,696)
Public safety							
Law enforcement	13,023,681	823,679	1,247,278	8,243	(10,944,481)		(10,944,481)
Fire protection	10,974,575	79,099	160,601	2,285	(10,732,590)		(10,732,590)
Other public safety	722,416	-	-	-	(722,416)		(722,416)
Public works							
Transportation	15,818,155	3,259,030	5,794,384	3,724	(6,761,017)		(6,761,017)
Storm sewer	40,756	15,699	6,455	-	(18,602)		(18,602)
Docks and harbors	20,086	54,258	-	-	34,172		34,172
Sanitation	2,082,224	54,718	181,358	-	(1,846,148)		(1,846,148)
Health and human services	231,375	1,727	-	-	(229,648)		(229,648)
Culture, recreation, and education							
Library	5,995,362	215,184	620,892	-	(5,159,286)		(5,159,286)
Auditorium	4,083,083	3,331,811	-	-	(751,272)		(751,272)
Parks and recreation	6,713,858	2,176,732	225,716	90,503	(4,220,907)		(4,220,907)
Conservation and development	8,376,964	397,960	1,679,031	21,733	(6,278,240)		(6,278,240)
Interest and fiscal charges	2,652,882	-	-	-	(2,652,882)		(2,652,882)
TOTAL GOVERNMENTAL ACTIVITIES	77,286,316	13,749,542	11,036,923	115,838	(52,384,013)		(52,384,013)
BUSINESS-TYPE ACTIVITIES							
Municipal Airport	3,465,979	3,162,303	-	1,025,548		\$ 721,872	721,872
Parking Utility	2,048,820	1,519,465	-	-		(529,355)	(529,355)
Water Utility	4,044,750	5,843,063	-	204,623		2,002,936	2,002,936
Sewer Utility	5,397,157	5,895,623	-	-		498,466	498,466
Storm Water Utility	771,696	2,295,231	-	-		1,523,535	1,523,535
Sanitary Sewer District	69,904	79,614	-	-		9,710	9,710
TOTAL BUSINESS-TYPE ACTIVITIES	15,798,306	18,795,299	-	1,230,171		4,227,164	4,227,164
TOTAL PRIMARY GOVERNMENT	\$ 93,084,622	\$ 32,544,841	\$ 11,036,923	\$ 1,346,009	(52,384,013)	4,227,164	(48,156,849)
GENERAL REVENUE							
Taxes							
Property taxes, levied for general purposes					34,683,600	-	34,683,600
Tax increments					7,445,643	-	7,445,643
Other taxes					3,078,979	-	3,078,979
Intergovernmental revenue not restricted to specific programs					14,072,565	-	14,072,565
Interest and investment income					337,469	42,432	379,901
Miscellaneous					1,734,418	17,032	1,751,450
TRANSFERS					(1,267,975)	1,267,975	-
TOTAL GENERAL REVENUE AND TRANSFERS					60,084,699	1,327,439	61,412,138
CHANGE IN NET POSITION					7,700,686	5,554,603	13,255,289
NET POSITION - BEGINNING					208,181,043	158,662,327	366,843,370
NET POSITION - ENDING					\$ 215,881,729	\$ 164,216,930	\$ 380,098,659

CITY OF LA CROSSE, WISCONSIN
FUND FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

ASSETS	GENERAL FUND	HUD PROGRAMS	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	\$ 21,426,679	\$ 1,492,724	\$ 5,123,243	\$ 61,394,369	\$ 89,437,015
Receivables					
Taxes	34,261,183	-	-	9,047,048	43,308,231
Accounts and other	518,499	9,124	-	1,916,810	2,444,433
Special assessments	-	-	-	867,717	867,717
Loans	35,220	9,020,786	1,760,442	1,192,479	12,008,927
Due from other funds	969,294	-	-	-	969,294
Due from other governments	62,434	284,032	-	435,305	781,771
Inventories	-	-	-	126,150	126,150
Prepaid items	156,588	-	-	26,213	182,801
Advances to other funds	2,812,439	15,000	1,400,000	580,871	4,808,310
TOTAL ASSETS	<u>\$ 60,242,336</u>	<u>\$ 10,821,666</u>	<u>\$ 8,283,685</u>	<u>\$ 75,586,962</u>	<u>\$ 154,934,649</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,361,446	\$ 284,669	\$ 830	\$ 1,570,628	\$ 4,217,573
Accrued liabilities	102,011	-	-	-	102,011
Due to other funds	-	-	-	1,040,894	1,040,894
Due to other governments	-	-	-	33,856	33,856
Due to others	-	-	-	222,770	222,770
Unearned revenue	86,060	-	-	501,310	587,370
Advances from other funds	-	-	-	7,380,867	7,380,867
TOTAL LIABILITIES	<u>2,549,517</u>	<u>284,669</u>	<u>830</u>	<u>10,750,325</u>	<u>13,585,341</u>
 DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
Tax roll	34,150,186	-	-	9,047,048	43,197,234
Other	41,800	9,020,786	1,760,442	2,145,198	12,968,226
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>34,191,986</u>	<u>9,020,786</u>	<u>1,760,442</u>	<u>11,192,246</u>	<u>56,165,460</u>
 FUND BALANCES					
Nonspendable	2,969,027	-	-	-	2,969,027
Restricted	-	1,516,211	6,522,413	36,709,486	44,748,110
Committed	850,000	-	-	17,898,912	18,748,912
Unassigned	19,681,806	-	-	(964,007)	18,717,799
TOTAL FUND BALANCES	<u>23,500,833</u>	<u>1,516,211</u>	<u>6,522,413</u>	<u>53,644,391</u>	<u>85,183,848</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 60,242,336</u>	<u>\$ 10,821,666</u>	<u>\$ 8,283,685</u>	<u>\$ 75,586,962</u>	<u>\$ 154,934,649</u>

CITY OF LA CROSSE, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014

Fund balances - total governmental funds		\$ 85,183,848
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund.		196,358,085
Some revenue is unavailable in the funds because they are not available to pay current period expenditures.		13,094,444
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	\$ (255,477)	
Bonds and notes payable	(73,709,608)	
Compensated absences	(2,263,740)	
OPEB liability	<u>(13,265,713)</u>	
		(89,494,538)
Internal service funds assets and liabilities	\$ 12,269,891	
Receivable from business-type funds for internal service activity	<u>(1,530,001)</u>	<u>10,739,890</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$215,881,729</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, 2014

	GENERAL FUND	HUD PROGRAMS	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE					
Taxes	\$ 36,536,609	\$ -	\$ -	\$ 8,671,613	\$ 45,208,222
Special assessments	-	-	-	231,984	231,984
Intergovernmental	15,434,590	1,332,771	-	6,716,007	23,483,368
Licenses and permits	1,946,567	-	-	211,735	2,158,302
Fines, forfeits, and penalties	18,678	-	-	807,737	826,415
Public charges for services	1,889,219	288,936	-	4,731,813	6,909,968
Intergovernmental charges for services	2,883,382	-	-	270,474	3,153,856
Miscellaneous	312,262	588,698	628,446	4,720,450	6,249,856
TOTAL REVENUE	<u>59,021,307</u>	<u>2,210,405</u>	<u>628,446</u>	<u>26,361,813</u>	<u>88,221,971</u>
EXPENDITURES					
Current					
General government	6,707,570	-	-	735,889	7,443,459
Public safety	21,165,880	-	-	1,420,594	22,586,474
Public works	9,494,616	-	-	5,346,934	14,841,550
Health and human services	146,766	-	-	192,948	339,714
Culture, recreation, and education	9,701,930	-	-	4,382,075	14,084,005
Conservation and development	2,171,256	1,973,553	-	500,718	4,645,527
Capital outlay	2,442,474	-	-	11,045,745	13,488,219
Debt service					
Principal	17,334	-	14,910,000	-	14,927,334
Interest and other fiscal charges	-	-	2,726,019	6,539	2,732,558
TOTAL EXPENDITURES	<u>51,847,826</u>	<u>1,973,553</u>	<u>17,636,019</u>	<u>23,631,442</u>	<u>95,088,840</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>7,173,481</u>	<u>236,852</u>	<u>(17,007,573)</u>	<u>2,730,371</u>	<u>(6,866,869)</u>
OTHER FINANCING (USES) SOURCES					
Proceeds from long-term debt	207	-	-	8,277,182	8,277,389
Operating transfers in	13,747,336	38,540	17,462,666	9,037,454	40,285,996
Operating transfers out	(22,528,331)	(38,540)	(2,941,907)	(13,428,244)	(38,937,022)
TOTAL OTHER FINANCING (USES) SOURCES	<u>(8,780,788)</u>	<u>-</u>	<u>14,520,759</u>	<u>3,886,392</u>	<u>9,626,363</u>
NET CHANGE IN FUND BALANCES	(1,607,307)	236,852	(2,486,814)	6,616,763	2,759,494
FUND BALANCES - BEGINNING	<u>25,108,140</u>	<u>1,279,359</u>	<u>9,009,227</u>	<u>47,027,628</u>	<u>82,424,354</u>
FUND BALANCES - ENDING	<u>\$ 23,500,833</u>	<u>\$ 1,516,211</u>	<u>\$ 6,522,413</u>	<u>\$ 53,644,391</u>	<u>\$ 85,183,848</u>

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

CITY OF LA CROSSE, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

Net change in fund balances - total governmental funds		\$ 2,759,494
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay reported in governmental fund statements	\$ 13,488,219	
Less noncapitalized outlay	(7,939,365)	
Depreciation expense reported in the statement of activities	<u>(4,801,159)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		747,695
The net effect of various miscellaneous transactions involving capital assets (i.e., loss on disposal of assets) is to decrease net position:		
		(772,400)
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:		
		(8,277,389)
Net change due to internal services funds incorporated into the statement activities.		
Transfers from business-type funds for internal service fund activity.	\$ 1,455,033	
	<u>(236,344)</u>	1,218,689
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:		(143,415)
OPEB expense is not reported in the governmental funds.		
		(1,409,436)
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.		
		(352,092)
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:	\$ 14,927,334	
Less amount for business-type activities:	<u>(682,553)</u>	14,244,781
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:		(328,776)
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.		
The amount of interest paid during the current period	\$ 2,720,383	
The amount of interest accrued during the current period	<u>(2,706,848)</u>	
Interest paid is greater than interest accrued by:		<u>13,535</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 7,700,686</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, 2014

ASSETS	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL	
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
CURRENT ASSETS								
Cash and investments	\$ 2,605,262	\$ 1,825,861	\$ 3,222,057	\$ 3,150,717	\$ 3,605,330	\$ 231,032	\$ 14,640,259	\$ 16,919,262
Restricted cash - DNR replacement fund	-	-	-	2,576,401	-	-	2,576,401	-
Taxes receivable	-	101,043	336,914	226,265	88,104	-	752,326	-
Accounts receivable	124,155	391,608	1,282,459	1,116,747	445,902	67,547	3,428,418	460,516
Due from other funds	-	-	969,683	12,627	58,584	-	1,040,894	-
Inventories	-	-	291,938	-	-	-	291,938	130,998
Prepaid items	30,126	28,400	10,472	56,714	2,296	-	128,008	8
TOTAL CURRENT ASSETS	2,759,543	2,346,912	6,113,523	7,139,471	4,200,216	298,579	22,858,244	17,510,784
NONCURRENT ASSETS								
CAPITAL ASSETS								
Property, plant, and equipment	45,157,762	38,232,980	41,048,223	46,956,858	628,234	624,934	172,648,991	-
Construction in progress	22,276,947	28,394	297,997	1,393,831	99,413	-	24,096,582	-
TOTAL CAPITAL ASSETS	67,434,709	38,261,374	41,346,220	48,350,689	727,647	624,934	196,745,573	-
Less accumulated depreciation	11,903,556	9,420,096	14,691,682	16,946,496	9,608	313,849	53,285,287	-
NET CAPITAL ASSETS	55,531,153	28,841,278	26,654,538	31,404,193	718,039	311,085	143,460,286	-
OTHER ASSETS								
Advances to other funds	-	2,124,158	312,104	121,931	14,364	-	2,572,557	-
Special assessments	-	-	6,278	-	-	-	6,278	-
Other property	-	-	3,375	-	-	-	3,375	-
TOTAL OTHER ASSETS	-	2,124,158	321,757	121,931	14,364	-	2,582,210	-
TOTAL NONCURRENT ASSETS	55,531,153	30,965,436	26,976,295	31,526,124	732,403	311,085	146,042,496	-
TOTAL ASSETS	\$ 58,290,696	\$ 33,312,348	\$ 33,089,818	\$ 38,665,595	\$ 4,932,619	\$ 609,664	\$168,900,740	\$ 17,510,784

(Continued on page 26)

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - Continued
DECEMBER 31, 2014

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION								
LIABILITIES								
CURRENT LIABILITIES								
Accounts payable	\$ 241,206	\$ 65,986	\$ 141,832	\$ 488,945	\$ 55,089	\$ 134	\$ 993,192	\$ 5,175,803
Accrued payroll	14,144	-	-	-	-	-	14,144	-
Due to other funds	-	-	969,294	-	-	-	969,294	-
Compensated absences	19,831	16,343	83,498	89,042	-	-	208,714	-
Unearned revenue	-	-	-	-	-	-	-	65,090
Current portion of general obligation bonds	-	-	226,224	-	17,555	-	243,779	-
Current portion of post-employment benefits	362,754	34,995	316,217	477,497	-	-	1,191,463	-
TOTAL CURRENT LIABILITIES	<u>637,935</u>	<u>117,324</u>	<u>1,737,065</u>	<u>1,055,484</u>	<u>72,644</u>	<u>134</u>	<u>3,620,586</u>	<u>5,240,893</u>
NONCURRENT LIABILITIES								
General obligation bonds	-	-	1,034,130	-	206,347	-	1,240,477	-
Post-employment benefits	57,776	206,830	805,020	139,567	-	-	1,209,193	-
TOTAL NONCURRENT LIABILITIES	<u>57,776</u>	<u>206,830</u>	<u>1,839,150</u>	<u>139,567</u>	<u>206,347</u>	<u>-</u>	<u>2,449,670</u>	<u>-</u>
TOTAL LIABILITIES	<u>695,711</u>	<u>324,154</u>	<u>3,576,215</u>	<u>1,195,051</u>	<u>278,991</u>	<u>134</u>	<u>6,070,256</u>	<u>5,240,893</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - tax roll	-	143,555	-	-	-	-	143,555	-
NET POSITION								
Net investment in capital assets	55,531,153	28,841,278	25,394,184	31,404,193	494,137	311,085	141,976,030	-
Restricted	-	-	-	2,576,401	-	-	2,576,401	-
Unrestricted	2,063,832	4,003,361	4,119,419	3,489,950	4,159,491	298,445	18,134,498	12,269,891
TOTAL NET POSITION	<u>57,594,985</u>	<u>32,844,639</u>	<u>29,513,603</u>	<u>37,470,544</u>	<u>4,653,628</u>	<u>609,530</u>	<u>162,686,929</u>	<u>12,269,891</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 58,290,696</u>	<u>\$ 33,312,348</u>	<u>\$ 33,089,818</u>	<u>\$ 38,665,595</u>	<u>\$ 4,932,619</u>	<u>\$ 609,664</u>	<u>\$168,900,740</u>	<u>\$ 17,510,784</u>
							\$162,686,929	
							1,530,001	
							<u>\$164,216,930</u>	

Net position - total enterprise funds
Adjustment to reflect the consolidation of internal service
activities related to enterprise funds
Net position of business-type activities

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT		INTERNAL SERVICE
OPERATING REVENUE								
Charges for services	\$ 3,075,125	\$ 609,554	\$ 4,777,685	\$ 5,511,987	\$ 2,274,914	\$ 79,614	\$ 16,328,879	\$ -
Fines, forfeits, and penalties	-	904,439	-	-	20,317	-	924,756	-
Interfund charges for services	-	-	742,097	-	-	-	742,097	14,232,368
Intergovernmental charges for services	-	-	284,301	364,065	-	-	648,366	-
Miscellaneous	87,178	5,472	39,010	19,571	919	-	152,150	1,118,399
TOTAL OPERATING REVENUE	<u>3,162,303</u>	<u>1,519,465</u>	<u>5,843,093</u>	<u>5,895,623</u>	<u>2,296,150</u>	<u>79,614</u>	<u>18,796,248</u>	<u>15,350,767</u>
OPERATING EXPENSES								
Operations	1,537,371	881,837	600,712	3,899,580	644,376	58,616	7,622,492	13,890,741
Maintenance	407,962	116,425	1,367,615	485,075	100,560	8,210	2,485,847	-
General and administrative	60,771	194,483	1,124,545	195,266	27,367	1,142	1,603,574	-
Depreciation	1,423,456	850,515	898,742	809,696	8,083	1,936	3,992,428	-
Taxes	49,782	28,118	73,661	87,158	-	-	238,719	-
TOTAL OPERATING EXPENSES	<u>3,479,342</u>	<u>2,071,378</u>	<u>4,065,275</u>	<u>5,476,775</u>	<u>780,386</u>	<u>69,904</u>	<u>15,943,060</u>	<u>13,890,741</u>
OPERATING (LOSS) INCOME	<u>(317,039)</u>	<u>(551,913)</u>	<u>1,777,818</u>	<u>418,848</u>	<u>1,515,764</u>	<u>9,710</u>	<u>2,853,188</u>	<u>1,460,026</u>
NONOPERATING (EXPENSES) REVENUE								
Insurance recoveries	16,113	-	-	-	-	-	16,113	-
Interest income	3,981	5,101	13,552	15,262	4,256	280	42,432	14,350
Loss on disposal of capital assets	(29,984)	-	-	-	-	-	(29,984)	-
Interest expense	-	-	(52,634)	(4,274)	(4,727)	-	(61,635)	-
TOTAL NONOPERATING (EXPENSES) REVENUE	<u>(9,890)</u>	<u>5,101</u>	<u>(39,082)</u>	<u>10,988</u>	<u>(471)</u>	<u>280</u>	<u>(33,074)</u>	<u>14,350</u>
(LOSS) INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(326,929)</u>	<u>(546,812)</u>	<u>1,738,736</u>	<u>429,836</u>	<u>1,515,293</u>	<u>9,990</u>	<u>2,820,114</u>	<u>1,474,376</u>
TRANSFER IN	3,035,338	33,494	-	364,963	-	-	3,433,795	-
TRANSFER (OUT)	(3,115,675)	(313,494)	(933,329)	(400,928)	-	-	(4,763,426)	(19,343)
CAPITAL CONTRIBUTIONS	3,211,190	160,036	204,623	-	251,928	-	3,827,777	-
CHANGE IN NET POSITION	<u>2,803,924</u>	<u>(666,776)</u>	<u>1,010,030</u>	<u>393,871</u>	<u>1,767,221</u>	<u>9,990</u>	<u>5,318,260</u>	<u>1,455,033</u>
NET POSITON - BEGINNING	<u>54,791,061</u>	<u>33,511,415</u>	<u>28,503,573</u>	<u>37,076,673</u>	<u>2,886,407</u>	<u>599,540</u>	<u>157,368,669</u>	<u>10,814,858</u>
NET POSITION - ENDING	<u>\$ 57,594,985</u>	<u>\$ 32,844,639</u>	<u>\$ 29,513,603</u>	<u>\$ 37,470,544</u>	<u>\$ 4,653,628</u>	<u>\$ 609,530</u>	<u>\$162,686,929</u>	<u>\$ 12,269,891</u>

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	INTERNAL SERVICE	
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 3,175,259	\$ 1,574,188	\$ 5,125,521	\$ 6,094,534	\$ 2,311,451	\$ 72,618	\$18,353,571	\$ 1,360,450
Receipts from municipality	-	-	696,309	-	63,748	-	760,057	-
Receipts from quasi-external transactions	-	-	-	-	-	-	-	13,873,658
Payments to suppliers for goods and services	(862,718)	(613,224)	(1,518,321)	(2,375,691)	(361,367)	(67,968)	(5,799,289)	(925,383)
Payments for employees for services	(670,936)	(391,803)	(937,661)	(1,188,342)	(228,135)	-	(3,416,877)	(67,052)
Payments for employee benefits	(636,308)	(171,644)	(692,364)	(973,221)	(144,340)	-	(2,617,877)	(12,194,213)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,005,297</u>	<u>397,517</u>	<u>2,673,484</u>	<u>1,557,280</u>	<u>1,641,357</u>	<u>4,650</u>	<u>7,279,585</u>	<u>2,047,460</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Advance to (from) other funds	-	-	7,786	(25,202)	(14,364)	-	(31,780)	-
Operating transfers from other funds	-	33,494	-	364,963	-	-	398,457	(19,343)
Operating transfers to other funds	(80,337)	(313,494)	(933,329)	(400,928)	-	-	(1,728,088)	-
NET CASH (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>(80,337)</u>	<u>(280,000)</u>	<u>(925,543)</u>	<u>(61,167)</u>	<u>(14,364)</u>	<u>-</u>	<u>(1,361,411)</u>	<u>(19,343)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition of property, plant, and equipment	(1,446,516)	-	(1,358,658)	(909,305)	(4,778)	-	(3,719,257)	-
Sale of capital assets	-	-	-	-	101,773	-	101,773	-
Proceeds from insurance	16,113	-	-	-	-	-	16,113	-
Retirement (adjustment) of capital related advance	-	-	-	-	(156,194)	-	(156,194)	-
Retirement of bonds and loans	-	-	(520,734)	(152,492)	(9,328)	-	(682,554)	-
Interest paid	-	-	(52,634)	(4,274)	(4,727)	-	(61,635)	-
NET CASH FLOWS (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,430,403)</u>	<u>-</u>	<u>(1,932,026)</u>	<u>(1,066,071)</u>	<u>(73,254)</u>	<u>-</u>	<u>(4,501,754)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received	3,981	5,101	13,552	15,262	4,256	280	42,432	14,350
NET (DECREASE) INCREASE IN CASH AND INVESTMENTS	(501,462)	122,618	(170,533)	445,304	1,557,995	4,930	1,458,852	2,042,467
CASH AND INVESTMENTS - BEGINNING	3,106,724	1,703,243	3,392,590	5,281,814	2,047,335	226,102	15,757,808	14,876,795
CASH AND INVESTMENTS - ENDING	<u>\$ 2,605,262</u>	<u>\$ 1,825,861</u>	<u>\$ 3,222,057</u>	<u>\$ 5,727,118</u>	<u>\$ 3,605,330</u>	<u>\$ 231,032</u>	<u>\$ 17,216,660</u>	<u>\$ 16,919,262</u>

(Continued on page 29)

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT		INTERNAL SERVICE
Reconciliation of operating (loss) income to net cash provided by operating activities								
Operating (loss) income	\$ (317,039)	\$ (551,913)	\$ 1,777,818	\$ 418,848	\$ 1,515,764	\$ 9,710	\$ 2,853,188	\$ 1,460,026
Adjustments to reconcile operating (loss) income to net cash flows from operating activities								
Depreciation	1,423,456	850,515	898,742	809,696	8,083	1,936	3,992,428	-
Depreciation charged to clearing	-	-	165,478	-	-	-	165,478	-
Changes in assets and liabilities								
(Increase) decrease in assets								
Receivables	12,956	44,977	24,525	198,911	15,301	(6,996)	289,674	(105,759)
Due from other funds	-	-	2,812	-	63,748	-	66,560	-
Inventories	-	-	(44,494)	-	-	-	(44,494)	(8,059)
Prepaid items	(30,048)	(28,356)	(10,221)	(56,379)	(2,296)	-	(127,300)	71,475
Increase (decrease) in liabilities								
Accounts payable	82,891	(2,048)	(126,339)	305,759	40,757	-	301,020	635,781
Accrued payroll	4,227	-	-	-	-	-	4,227	-
Due to other funds	-	-	(48,600)	-	-	-	(48,600)	-
Unavailable revenue	-	9,746	-	-	-	-	9,746	(6,004)
Compensated absences	(367)	1,361	982	12,448	-	-	14,424	-
OPEB obligations	(170,779)	73,235	32,781	(132,003)	-	-	(196,766)	-
Total adjustments	<u>1,322,336</u>	<u>949,430</u>	<u>895,666</u>	<u>1,138,432</u>	<u>125,593</u>	<u>(5,060)</u>	<u>4,426,397</u>	<u>587,434</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,005,297</u>	<u>\$ 397,517</u>	<u>\$ 2,673,484</u>	<u>\$ 1,557,280</u>	<u>\$ 1,641,357</u>	<u>\$ 4,650</u>	<u>\$ 7,279,585</u>	<u>\$ 2,047,460</u>
RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION								
Cash and investments	\$ 2,605,262	\$ 1,825,861	\$ 3,222,057	\$ 3,150,717	\$ 3,605,330	\$ 231,032	\$ 14,640,259	\$ 16,919,262
Restricted cash	-	-	-	2,576,401	-	-	2,576,401	-
TOTAL	<u>\$ 2,605,262</u>	<u>\$ 1,825,861</u>	<u>\$ 3,222,057</u>	<u>\$ 5,727,118</u>	<u>\$ 3,605,330</u>	<u>\$ 231,032</u>	<u>\$ 17,216,660</u>	<u>\$ 16,919,262</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES								
Capital contributions	<u>\$ 3,211,190</u>	<u>\$ 160,036</u>	<u>\$ 204,623</u>	<u>\$ -</u>	<u>\$ 251,928</u>	<u>\$ -</u>	<u>\$ 3,827,777</u>	<u>\$ -</u>

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

<u>ASSETS</u>	<u>EMPLOYEE BENEFIT TRUST</u>	<u>PRIVATE- PURPOSE TRUSTS</u>	<u>WORKER COMPENSATION WMMIC</u>	<u>AGENCY FUNDS</u>
Cash and investments	\$ 314,023	\$ 286,903	\$ 20,000	\$19,027,863
Taxes receivable	-	-	-	33,116,879
Accounts receivable	-	415	-	20,350
TOTAL ASSETS	<u>\$ 314,023</u>	<u>\$ 287,318</u>	<u>\$ 20,000</u>	<u>\$52,165,092</u>
 <u>LIABILITIES AND NET POSITION</u>				
LIABILITIES				
Accounts payable	\$ 47,334	\$ 144	\$ -	\$ 41,964
Due to other governments	-	-	-	52,058,868
Due to others	-	-	-	64,260
TOTAL LIABILITIES	<u>47,334</u>	<u>144</u>	<u>-</u>	<u>52,165,092</u>
 NET POSITION				
Held in trust	<u>266,689</u>	<u>287,174</u>	<u>20,000</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 314,023</u>	<u>\$ 287,318</u>	<u>\$ 20,000</u>	<u>\$52,165,092</u>

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	EMPLOYEE BENEFIT TRUST	PRIVATE- PURPOSE TRUSTS	WORKERS' COMPENSATION WMMIC
ADDITIONS			
Contributions			
Plan members	\$ 403,496	\$ -	\$ -
Private donations	-	11,952	424,952
Interest	-	341	-
TOTAL ADDITIONS	403,496	12,293	424,952
DEDUCTIONS			
Administrative expenses	395,245	716	-
Forfeiture transfer	-	-	404,952
Culture, recreation, and education	-	5,970	-
TOTAL DEDUCTIONS	395,245	6,686	404,952
CHANGE IN NET POSITION BEFORE TRANSFERS	8,251	5,607	20,000
TRANSFERS IN	-	800	-
TRANSFERS (OUT)	-	(800)	-
CHANGE IN NET POSITION	8,251	5,607	20,000
NET POSITION - BEGINNING	258,438	281,567	-
NET POSITION - ENDING	\$ 266,689	\$ 287,174	\$ 20,000

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, 2014

NOTE 1 - Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

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

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

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

This report includes all of the funds of the City of La Crosse, Wisconsin. The reporting entity for the City is based upon criteria established by Governmental Accounting Standards Board. All functions of the City for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and special financing relationships. The report contains the La Crosse Public Library, La Crosse Center, La Crosse Municipal Airport, La Crosse Water Utility, Tax Incremental Districts No. 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 and other funds and departments which are part of the City.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

Basis of Presentation

Government-Wide Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenue includes 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenue are reported as general revenue.

Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

Measurement and Basis of Accounting

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

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

The proprietary funds and internal service funds are reported using the economic resources measurement focus and accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

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

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

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

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

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2014

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 1 - Summary of Significant Accounting Policies - Continued

4. Assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The City Council has authorized the Finance Director to assign fund balances through its financial management policy.
5. Unassigned fund balance consists of equity available for any purpose.

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

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

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

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

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

NOTE 2 - Cash and Investments

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

As of December 31, 2014, 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	\$ 114,654,896
State Bank Repurchase Agreement	One year	1,000,617
Coulee Bank Repurchase Agreement	One year	10,002,977
River Bank Repurchase Agreement	One year	5,000,000
Trust Point (Library Funds)	Less than one year	1,883,951
Coulee Bank Insured Cash Sweep	One year	5,001,001

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 2 - Cash and Investments - Continued

Fair (Market) Value of Deposits and Investments - Deposits and investments are reported at fair value. At December 31, 2014, 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, 2014, 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, 2014, \$3,564,911 of the City's bank balance of \$4,379,900, was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name	<u>\$ 3,564,911</u>
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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, 2014, \$16,553,809 of the City's investments of \$137,543,442 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name	\$14,703,594
Uninsured and uncollateralized	<u>1,850,215</u>
	<u>\$16,553,809</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

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 2014 tax roll (levied for 2015) 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 1/1/14	ADDITIONS	PAYMENTS, FOREGIVENESS & FORECLOSURES	ADJUSTMENTS	BALANCES 12/31/14
Residential Rehabilitation	\$ 6,561,792	\$ 144,187	\$ 384,967	\$ 122,440	\$ 6,443,452
Residential Replacement Housing	91,977	17,692	-	-	109,669
Housing Rehabilitation	145,353	7,253	38,577	-	114,029
Coulee Region Business Center	48,193	-	-	-	48,193
Coulee Region Business Center	67,004	-	-	-	67,004
La Crosse Industrial Park	154,769	-	1,969	-	152,800
East Point LLC	239,913	-	4,240	-	235,673
People's Food Co-op	182,688	-	17,399	-	165,289
Family Dog Center	173,742	-	-	-	173,742
Airborne Data Link	91,815	-	-	-	91,815
Main Street Renaissance	118,895	-	10,047	-	108,848
Authenticom	82,652	-	82,652	-	-
Pointe West Investments	209,133	-	13,003	-	196,130
Pointe West Investments	2,269	-	1,184	-	1,085
Mons Anderson House	95,530	506	8,116	-	87,920
Deanna Wachter	137,606	847	2,386	-	136,067
Terri Sisson	105,142	13,959	4,631	-	114,470
Timothy & Amanda Acklin	59,995	685	-	-	60,680
Va You & Amber Yang	24,799	-	-	-	24,799
Theresa Acevedo	26,070	-	-	-	26,070
Four Sister's Wine & Tapas	24,969	-	6,243	-	18,726
La Crosse's Finest, LLC (Dublin Square)	7,080	-	7,080	-	-
Casino Bar Loan	14,159	-	14,159	-	-
Lee Vue & Cha Lor	40,682	400	-	-	41,082
Nou Vue & Alice Yang	77,263	1,450	-	-	78,713

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 4 - Rehabilitation Loans - Continued

	BALANCES 1/1/14	ADDITIONS	PAYMENTS, FOREGIVENESS & FORECLOSURES	ADJUSTMENTS	BALANCES 12/31/14
Zachary Helgeson	\$ 79,422	\$ 632	\$ -	\$ -	\$ 80,054
Joshua Hendricks	42,442	1,207	-	-	43,649
Nicole King	48,435	-	-	-	48,435
Susan Mickschl & John Berlanga	13,526	300	-	-	13,826
Hristo & Sonya Anderson	13,526	300	-	-	13,826
Jade Café	35,455	1,405	8,900	-	27,960
Kellogg's	90,000	-	10,000	-	80,000
Aroma Holdings, LLC	202,880	-	42,712	-	160,168
Keeley and Patricia McConaughey	450	-	-	-	450
Billie J. Stevens	-	25,562	-	-	25,562
Christina Wurm	-	30,600	-	-	30,600
TOTAL	<u>\$ 9,309,626</u>	<u>\$ 246,985</u>	<u>\$ 658,265</u>	<u>\$ 122,440</u>	<u>\$ 9,020,786</u>

NOTE 5 - Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

GOVERNMENTAL ACTIVITIES

	BALANCES 1/1/14	ADDITIONS	RETIREMENTS	ADJUSTMENTS/ TRANSFERS	BALANCES 12/31/14
<i>Capital assets not being depreciated:</i>					
Land	\$ 9,229,371	\$ 20,957	\$ -	\$ -	\$ 9,250,328
Construction in progress	<u>17,982,836</u>	<u>3,580,390</u>	<u>74,818</u>	<u>(2,207,196)</u>	<u>19,281,212</u>
Total capital assets not being depreciated	<u>27,212,207</u>	<u>3,601,347</u>	<u>74,818</u>	<u>(2,207,196)</u>	<u>28,531,540</u>
<i>Capital assets being depreciated</i>					
Buildings	81,566,803	191,539	477,364	651,154	81,932,132
Infrastructure	116,185,506	527,285	-	1,351,050	118,063,841
Improvements other than buildings	14,223,706	24,988	-	193,524	14,442,218
Machinery and equipment	<u>31,226,942</u>	<u>1,203,695</u>	<u>1,085,116</u>	<u>11,468</u>	<u>31,356,989</u>
Total capital assets being depreciated	<u>243,202,957</u>	<u>1,947,507</u>	<u>1,562,480</u>	<u>2,207,196</u>	<u>245,795,180</u>
Less accumulated depreciation for:					
Buildings	13,921,690	1,055,595	123,054	-	14,854,231
Infrastructure	40,890,617	1,769,872	-	-	42,660,489
Improvements other than buildings	4,383,892	301,877	-	-	4,685,769
Machinery and equipment	<u>14,992,369</u>	<u>1,673,815</u>	<u>898,038</u>	<u>-</u>	<u>15,768,146</u>
Total accumulated depreciation	<u>74,188,568</u>	<u>4,801,159</u>	<u>1,021,092</u>	<u>-</u>	<u>77,968,635</u>
Total capital assets being depreciated, net	<u>169,014,389</u>	<u>(2,853,652)</u>	<u>541,388</u>	<u>2,207,196</u>	<u>167,826,545</u>
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	<u>\$ 196,226,596</u>	<u>\$ 747,695</u>	<u>\$ 616,206</u>	<u>\$ -</u>	<u>\$ 196,358,085</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 5 - Capital Assets - Continued

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

General Government	\$	443,832
Law Enforcement		135,904
Fire Protection		319,157
Transportation/Highway		1,748,826
Transit		724,294
Storm Sewer		284,876
Docks and Harbors		20,086
Sanitation		
5,003 Health and Human Services		15,262
Library		165,089
La Crosse Center		395,134
Parks and Recreation		488,674
Conservation & Development		55,022
Total	\$	<u>4,801,159</u>

BUSINESS-TYPE ACTIVITIES

	BALANCES <u>1/1/14</u>	ADDITIONS	RETIREMENTS	ADJUSTMENTS/ TRANSFERS	BALANCES <u>12/31/14</u>
<i>Capital assets not being depreciated:</i>					
Land	\$ 4,696,967	\$ -	\$ -	\$ -	\$ 4,696,967
Construction in progress	<u>21,186,151</u>	<u>5,148,123</u>	-	<u>(2,237,692)</u>	<u>24,096,582</u>
Total capital assets not being depreciated	<u>25,883,118</u>	<u>5,148,123</u>	-	<u>(2,237,692)</u>	<u>28,793,549</u>
<i>Capital assets being depreciated</i>					
Land improvements	3,950,513	-	-	-	3,950,513
Buildings	26,713,543	23,460	-	8,138	26,745,141
Equipment	21,324,785	1,265,838	1,052,505	357,555	21,895,673
Infrastructure	<u>112,505,243</u>	<u>1,047,447</u>	<u>63,992</u>	<u>1,871,999</u>	<u>115,360,697</u>
Total capital assets being depreciated	<u>164,494,084</u>	<u>2,336,745</u>	<u>1,116,497</u>	<u>2,237,692</u>	<u>167,952,024</u>
Less accumulated depreciation for:					
Land improvements	1,638,356	129,646	-	-	1,768,002
Buildings	8,518,217	639,746	-	-	9,157,963
Equipment	9,450,732	727,724	974,138	-	9,204,318
Infrastructure	<u>30,566,981</u>	<u>2,660,790</u>	<u>72,767</u>	-	<u>33,155,004</u>
Total accumulated depreciation	<u>50,174,286</u>	<u>4,157,906</u>	<u>1,046,905</u>	-	<u>53,285,287</u>
Total capital assets being depreciated, net accumulated depreciation	<u>114,319,798</u>	<u>(1,821,161)</u>	<u>69,592</u>	-	<u>114,666,737</u>
BUSINESS-TYPE ACTIVITIES					
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 140,202,916</u>	<u>\$ 3,326,962</u>	<u>\$ 69,592</u>	<u>\$ -</u>	<u>\$ 143,460,286</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 5 - Capital Assets - Continued

Depreciation expense was charged to functions as follows:

Business-type activities	
Municipal Airport	\$ 1,423,456
Parking Utility	850,515
Water Utility	1,064,220
Sewer Utility	809,696
Storm Utility	8,083
Sanitary Sewer Utility	<u>1,936</u>
	4,157,906
Less: Water Utility joint metering and clearing	<u>(165,478)</u>
TOTAL	<u>\$ 3,992,428</u>

NOTE 6 - Long-Term Obligations

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

Summary of Long-Term Obligations

	<u>BALANCES</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>ADJUSTMENTS</u>	<u>BALANCES</u>	<u>AMOUNTS</u>
	<u>1/1/14</u>				<u>12/31/14</u>	<u>DUE WITHIN</u>
						<u>ONE YEAR</u>
<u>GOVERNMENTAL ACTIVITIES</u>						
Bonds payable	\$ 51,135,000	\$ -	\$ 5,435,000	\$ -	\$ 45,700,000	\$ 4,920,000
Notes payable	29,862,925	8,277,389	9,492,334	-	28,647,980	8,697,541
Premium	517,108	489,323	160,547	-	845,884	-
Net OPEB obligation	14,453,699	6,417,130	5,204,460	-	15,666,369	5,204,460
Employee benefits:						
Vacation pay	1,202,681	6,590	-	-	1,209,271	1,209,272
Sick pay	1,013,873	151,050	-	-	1,164,923	1,164,923
Comp pay	<u>98,061</u>	<u>199</u>	<u>-</u>	<u>-</u>	<u>98,260</u>	<u>98,260</u>
TOTAL	98,283,347	15,341,681	20,292,341	-	93,332,687	21,294,456
Less business-type debt	<u>(5,114,716)</u>	<u>(1,009,767)</u>	<u>(1,874,663)</u>	<u>(156,194)</u>	<u>(4,093,626)</u>	<u>(1,643,956)</u>
TOTAL GOVERNMENTAL	<u>\$ 93,168,631</u>	<u>\$ 14,331,914</u>	<u>\$ 18,417,678</u>	<u>\$ 156,194</u>	<u>\$ 89,239,061</u>	<u>\$ 19,650,500</u>
ACTIVITIES						
<u>BUSINESS-TYPE ACTIVITIES</u>						
Bonds/Notes Payable						
Sewer Utility	\$ 152,492	\$ -	\$ 152,492	\$ -	\$ -	\$ -
Water Utility	1,781,088	-	520,734	-	1,260,354	226,224
Storm Utility	389,424	-	9,328	(156,194)	223,902	17,555
Net OPEB Obligation	2,597,422	994,696	1,191,462	-	2,400,656	1,191,463
Employee benefits:						
Vacation pay	126,092	-	647	-	125,445	125,445
Sick pay	57,355	14,844	-	-	72,199	72,199
Comp pay	<u>10,843</u>	<u>227</u>	<u>-</u>	<u>-</u>	<u>11,070</u>	<u>11,070</u>
TOTAL BUSINESS-TYPE	5,114,716	1,009,767	1,874,663	(156,194)	4,093,626	1,643,956
ACTIVITIES	<u>\$ 5,114,716</u>	<u>\$ 1,009,767</u>	<u>\$ 1,874,663</u>	<u>\$ (156,194)</u>	<u>\$ 4,093,626</u>	<u>\$ 1,643,956</u>

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 6 - Long-Term Obligations - Continued

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, 2014, is comprised of the following individual issues:

<u>DESCRIPTION</u>	<u>ISSUE DATES</u>	<u>INTEREST RATES (%)</u>	<u>FINAL MATURITY</u>	<u>BALANCE 12/31/14</u>
Bonds Payable				
Refunding, Series 2007C	2007	4.125 - 5.000	2017	\$ 1,980,000
GO Bonds Payable, Series 2010A	2010	0.750 - 5.050	2024	4,480,000
Refunding, Series 2010C	2010	0.750 - 2.500	2018	1,345,000
Refunding, Series 2010D	2010	0.450 - 3.600	2018	14,870,000
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	4,000,000
GO Bonds Payable, Series 2013A	2013	2.000 - 2.200	2027	<u>4,575,000</u>
TOTAL BONDS PAYABLE				<u>45,700,000</u>
Notes Payable				
GO Notes Payable A	2006	4.000	2017	1,860,000
GO Notes Payable B	2006	4.000	2015	450,000
GO Notes Payable C	2006	5.000 - 5.500	2015	175,000
GO Notes Payable A	2007	4.000 - 4.125	2020	3,165,000
GO Notes Payable B	2007	4.000 - 4.125	2016	660,000
GO Notes Payable	2008	3.250 - 4.250	2017	2,325,000
GO Notes Payable	2009	2.750 - 3.500	2018	3,750,000
GO Notes Payable B	2010	0.700 - 4.600	2019	1,880,000
GO Notes Payable B	2011	2.000 - 4.000	2020	2,460,000
GO Notes Payable B	2012	2.000 - 2.750	2021	1,505,000
GO Notes Payable B	2013	2.000	2021	1,765,000
GO Notes Payable C	2013	0.400 - 2.250	2021	440,000
DNR Loan Payable	2013	0.000	2028	192,773
GO Notes Payable	2014	3.000	2018	8,020,000
DNR Loan Payable	2014	0.000	2019	<u>207</u>
TOTAL NOTES PAYABLE				<u>28,647,980</u>
TOTAL GENERAL OBLIGATION DEBT				<u>\$ 74,347,980</u>

General Obligation Debt Limit Calculation

The 2014 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$3,211,853,600. The legal debt limit and margin of indebtedness as of December 31, 2014, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5 percent of \$3,211,853,600)	\$ 160,592,680
Applicable long-term debt	(74,347,980)
Amount available in debt service fund	6,522,413
MARGIN OF INDEBTEDNESS	<u>\$ 92,767,113</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 6 - Long-Term Obligations - Continued

Maturities of Long-Term Obligations

Maturities of the long-term obligations at December 31, 2014, are:

<u>YEARS</u>	<u>GENERAL OBLIGATION DEBT</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2015	\$ 13,617,541	\$ 2,406,694
2016	13,242,334	1,945,591
2017	11,692,334	1,570,086
2018	11,242,334	1,178,238
2019	3,862,333	807,835
2020-2024	13,151,665	2,526,590
2025-2029	5,919,439	847,289
2030-2031	1,620,000	98,000
TOTAL	<u>\$ 74,347,980</u>	<u>\$ 11,380,323</u>

NOTE 7 - Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The outstanding balance at December 31, 2014, is \$5,040,000.

NOTE 8 - Wisconsin Retirement System

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2014 were:

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 8 - Wisconsin Retirement System - Continued

	Employee	Employer
General	7.00%	7.00%
Executive & Elected Officials	7.00	7.75
Protective with Social Security	7.00	10.31
Protective without Social Security	7.00	13.91

The payroll for City of La Crosse employees covered by the WRS for the year ended December 31, 2014, was \$29,499,654; the City's total payroll was \$31,315,822. The total required contribution for the year ended December 31, 2014, was \$3,175,751, which consisted of \$2,832,995 or 7.00 - 13.91 percent of payroll from the City and \$342,756 or 7.00 - 7.75 percent of payroll from employees. Total contributions for the years ending December 31, 2013 and 2012 were \$3,665,567 and \$3,419,059, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of the five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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

NOTE 9 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at December 31, 2014, are as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Due To/From Other Funds:		
General	Water Utility	\$ 969,294
Water Utility	Bonded Capital Projects	946,164
Water Utility	Capital Improvement Program	23,519
Sewer Utility	Bonded Capital Projects	12,627
Storm Water Utility	Bonded Capital Projects	58,584
		<u>\$ 2,010,188</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

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

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Advances To/From Other Funds:		
General Fund	TIF District #6	\$ 131,013
General Fund	TIF District #10	45,445
General Fund	TIF District #11	124,986
General Fund	TIF District #12	171,660
General Fund	TIF District #13	498,998
General Fund	TIF District #14	250,000
General Fund	TIF District #15	1,677
General Fund	TIF District #16	19,555
General Fund	Other Special Revenue Funds	360,000
General Fund	TIF District #4	1,100,000
General Fund	Transit	109,105
Parking Utility	TIF District #6	231,212
Parking Utility	TIF District #11	1,892,946
Water Utility	TIF District #6	73,098
Water Utility	TIF District #10	236,369
Water Utility	TIF District #13	2,637
Sewer Utility	TIF District #6	20,896
Sewer Utility	TIF District #10	55,105
Sewer Utility	TIF District #12	20,728
Sewer Utility	TIF District #16	25,202
Bonded Capital Projects	TIF District #12	32,081
Debt Service Fund	TIF District #11	1,400,000
HUD Programs	TIF District #11	15,000
Auditorium	TIF District #11	20,223
Special Assessment	TIF District #6	10,822
Special Assessments	TIF District #11	30,956
Other Special Revenue Funds	TIF District #10	28,525
Other Special Revenue Funds	TIF District #10	2,950
Other Special Revenue Funds	TIF District #11	192,309
Other Special Revenue Funds	TIF District #12	127,802
Other Special Revenue Funds	TIF District #13	135,203
Storm Sewer Utility	TIF District #16	14,364
		<u>\$ 7,380,867</u>

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

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

Individual fund transfers during 2014 are as follows:

	TRANSFER IN:			
	GENERAL FUND	HUD PROGRAMS	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS
<u>TRANSFER OUT:</u>				
General Fund	\$ -	\$ -	\$17,462,666	\$ 2,880,023
HUD Programs	-	38,540	-	-
Debt Service	2,941,907	-	-	-
Nonmajor Governmental Funds	9,544,268	-	-	3,850,482
Municipal Airport	51,207	-	-	2,215,972
Parking Utility	225,000	-	-	88,494
Water Utility	933,329	-	-	-
Sewer Utility	35,965	-	-	-
Internal Service	15,660	-	-	2,483
TOTAL	<u>\$13,747,336</u>	<u>\$ 38,540</u>	<u>\$17,462,666</u>	<u>\$ 9,037,454</u>

	TRANSFER IN:			
	PARKING UTILITY	SEWER UTILITY	MUNICIPAL AIRPORT	TOTAL
<u>TRANSFER OUT:</u>				
General Fund	\$ -	\$ -	\$ 2,185,642	\$22,528,331
HUD Programs	-	-	-	38,540
Debt Service	-	-	-	2,941,907
Nonmajor Governmental Funds	33,494	-	-	13,428,244
Municipal Airport	-	-	848,496	3,115,675
Parking Utility	-	-	-	313,494
Water Utility	-	-	-	933,329
Sewer Utility	-	-	-	400,928
Internal Service	-	364,963	1,200	19,343
TOTAL	<u>\$ 33,494</u>	<u>\$ 364,963</u>	<u>\$ 3,035,338</u>	<u>\$43,719,791</u>

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

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2014

NOTE 10 - Net Position and Fund Balances

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

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Deficits</u>		
TIF District #4	Awaiting future TIF levies	\$ 658,703
TIF District #10	Awaiting future TIF levies	244,506
TIF District #15	Awaiting future TIF levies	1,677
TIF District #16	Awaiting future TIF levies	59,121
	Total Deficits	<u>\$ 964,007</u>
<u>Nonspendable</u>		
General Fund	Prepaid expenses	\$ 156,588
General Fund	Advances to other funds	2,812,439
	Total Nonspendable	<u>\$ 2,969,027</u>
<u>Restricted</u>		
Special Revenue	Transit	\$ 66,617
Special Revenue	Passenger facility charge	1,032,578
Special Revenue	Police grants	65,741
Special Revenue	Grant programs, inventory, and restricted revenue	135,704
Debt Service	Future debt repayment	6,522,413
Capital Projects	TIF District #6	1,089,687
Capital Projects	TIF District #7	757,167
Capital Projects	TIF District #9	3,568,724
Capital Projects	TIF District #11	967,924
Capital Projects	TIF District #12	26,773
Capital Projects	TIF District #13	386
Capital Projects	TIF District #14	6,838,782
Capital Projects	Special assessments	1,120,283
Capital Projects	Unspent bond monies	17,764,455
Capital Projects	Capital equipment	2,117,128
Capital Projects	State highway land	983,949
Capital Projects	Bluffland preservation	124,778
Capital Projects	Future capital expenditures	48,810
HUD Programs	Future loan payments	1,516,211
	Total Restricted	<u>\$44,748,110</u>
<u>Committed</u>		
General Fund	Fire department quint	850,000
Special Revenue	Grant programs, inventory, and restricted revenue	17,898,912
	Total Committed	<u>\$18,748,912</u>
<u>Restricted</u>		
Sewer Utility	Restricted asset - DNR replacement fund	<u>\$ 2,576,401</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 \$17,764,455 has been restricted for future projects.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 12 - Tax Incremental Finance Districts

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

The City has thirteen Tax Incremental Financing Districts. The following are project summaries of the activity and status of the districts through December 31, 2014:

	TIF DISTRICT					
	#4	#5	#6	#7	#8	#9
SOURCES OF FUNDS						
TIF tax collections	\$ 18,068,169	\$ 3,451,856	\$ 17,173,357	\$ 2,222,778	\$ 996,379	\$ 3,736,576
Increment adjustment	-	-	-	-	-	-
Exempt computer aids	414,420	66,659	966,701	47,768	89,284	42,792
Payment from other government	-	-	-	-	-	51,029
Sale of assets	1,577,159	21,713	237,347	338,398	-	1,542,959
Grants	29,262	-	441,015	985,445	-	225,000
Economic development proceeds	-	-	-	10,000	-	-
Loan repayments	-	-	-	-	-	618,159
Interest income	-	-	-	-	-	67,943
Proceeds from long-term debt	8,658,703	1,292,611	33,534,010	2,724,981	351,093	2,233,712
Transfers from other TIF's	5,291,012	-	17,161,095	-	-	-
TOTAL SOURCES	34,038,725	4,832,839	69,513,525	6,329,370	1,436,756	8,518,170
USES OF FUNDS						
Capital expenditures	9,710,162	1,293,487	34,458,696	2,783,808	352,679	3,115,543
Principal and interest on long-term debt	15,346,425	1,587,693	33,138,192	2,782,123	479,591	1,792,113
Interest on advances	151,481	1	123,363	6,272	99	41,790
Transfers to other TIF's	9,489,360	1,951,658	703,587	-	604,387	-
TOTAL USES	34,697,428	4,832,839	68,423,838	5,572,203	1,436,756	4,949,446
FUND BALANCES (DEFICIT) AS OF						
DECEMBER 31, 2014	\$ (658,703)	\$ -	\$ 1,089,687	\$ 757,167	\$ -	\$ 3,568,724
FUTURE REQUIREMENTS						
Debt service	\$ -	\$ 71,573	\$ 10,276,107	\$ 426,660	\$ -	\$ 1,039,991
Advances from other funds	1,100,000	-	467,041	-	-	-
Interest on advances	-	-	2,429	-	-	-
Less receivables/payables	5,740	-	-	-	-	(38,796)
TOTAL FUTURE REQUIREMENTS	1,105,740	71,573	10,745,577	426,660	-	1,001,195
Less cash on hand (deficit)	(447,037)	-	(1,556,728)	(757,167)	-	(3,529,928)
BALANCE TO BE COLLECTED ON TIF DISTRICT	\$ 658,703	\$ 71,573	\$ 9,188,849	\$ (330,507)	\$ -	\$ (2,528,733)
DISTRICT TERMINATION DATE						
	2015	2019	2021	2024	2020	2022
2014 Tax Increment	\$ 1,121,131	\$ 225,509	\$ 1,531,967	\$ 285,775	\$ 79,279	\$ 471,704

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 12 - Tax Incremental Finance Districts - Continued

	TIF DISTRICT						
	#10	#11	#12	#13	#14	#15	#16
SOURCES OF FUNDS							
TIF tax collections	\$ 103,975	\$ 10,854,845	\$ 3,923,302	\$ 2,640,618	\$ 5,156,648	\$ -	\$ -
Increment adjustment	-	-	-	-	-	-	-
Exempt computer aids	61,023	1,849,064	58,269	226,045	6,103,244	-	-
Payment from other government	688,807	-	-	-	1,040,385	-	-
Sale of assets	-	56,203	19,900	196,247	-	-	-
Grants	-	5,432,773	42,640	375,000	-	-	-
Economic development proceeds	-	640	-	128	-	-	30,000
DNR loan	-	-	-	210,107	-	-	-
Judgment/liquidated damages	-	1,000,000	-	-	-	-	-
Loan repayments	-	128,635	-	-	-	-	-
Rents - net of costs	-	-	-	-	-	-	-
Interest income	-	-	-	-	896	-	-
Proceeds from long-term debt	240,750	36,053,782	6,965,222	4,025,505	584,148	-	-
Settlement from Private	-	-	-	-	-	-	-
Transfers from other TIF's	-	-	-	-	-	-	-
TOTAL SOURCES	<u>1,094,555</u>	<u>55,375,942</u>	<u>11,009,333</u>	<u>7,673,650</u>	<u>12,885,321</u>	<u>-</u>	<u>30,000</u>
USES OF FUNDS							
Capital expenditures	1,286,971	43,869,407	7,876,715	5,318,677	2,718,864	1,674	89,121
Principal and interest on long-term debt	41,629	9,639,672	3,096,229	2,352,669	-	3	-
Interest on advances	10,461	627,789	9,616	1,918	7,410	-	-
Incentives for reverse TIF	-	271,150	-	-	3,320,265	-	-
Transfers to other TIF's	-	-	-	-	-	-	-
TOTAL USES	<u>1,339,061</u>	<u>54,408,018</u>	<u>10,982,560</u>	<u>7,673,264</u>	<u>6,046,539</u>	<u>1,677</u>	<u>89,121</u>
FUND BALANCES (DEFICIT) AS OF							
DECEMBER 31, 2014	<u>\$ (244,506)</u>	<u>\$ 967,924</u>	<u>\$ 26,773</u>	<u>\$ 386</u>	<u>\$ 6,838,782</u>	<u>\$ (1,677)</u>	<u>\$ (59,121)</u>
FUTURE REQUIREMENTS							
Debt service	\$ 244,901	\$ 33,867,629	\$ 8,257,129	\$ 2,760,866	\$ 425,823	\$ -	\$ -
Advances from other funds	368,394	3,676,420	352,271	636,838	250,000	1,677	59,121
Interest on advances	4,789	50,980	5,190	6,071	2,383	17	1,025
DNR loan	-	-	-	242,666	-	-	-
Proceeds from other governments	688,807	-	-	-	-	-	-
Estimated payable (developer's agreement)	844,595	6,428,850	-	884,000	18,079,735	7,000,000	-
Less receivables/payables	-	(999,969)	-	(48,156)	8,971	-	-
TOTAL FUTURE REQUIREMENTS	<u>2,151,486</u>	<u>43,023,910</u>	<u>8,614,590</u>	<u>4,482,285</u>	<u>18,766,912</u>	<u>7,001,694</u>	<u>60,146</u>
Less cash on hand (deficit)	(123,888)	(3,644,375)	(162,058)	(589,068)	(7,097,753)	-	-
BALANCE TO BE COLLECTED OF TIF							
DISTRICT	<u>\$ 2,027,598</u>	<u>\$ 39,379,535</u>	<u>\$ 8,452,532</u>	<u>\$ 3,893,217</u>	<u>\$ 11,669,159</u>	<u>\$ 7,001,694</u>	<u>\$ 60,146</u>
DISTRICT TERMINATION DATE							
	2030	2031	2032	2026	2026	2033	2034
2014 Tax Increment	<u>\$ 17,445</u>	<u>\$ 2,220,737</u>	<u>\$ 584,188</u>	<u>\$ 950,345</u>	<u>\$ 972,742</u>	<u>\$ 342,055</u>	<u>\$ -</u>

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2014

NOTE 13 - Risk Management

Self-Insured Programs

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

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

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

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

Unpaid Claims Liabilities - The following represent the changes in approximate aggregate liabilities for the City from January 1, 2013 to December 31, 2014:

	<u>Health Care</u>	<u>Workers' Compensation</u>	<u>Liability</u>
Liability Balance, January 1, 2013	\$ 4,571,117	\$ 758,728	\$ 244,180
Claims and changes in estimates	11,339,751	(74,215)	(11,347)
Claim payments	<u>(11,833,871)</u>	<u>(332,342)</u>	<u>(126,849)</u>
Liability Balance, January 1, 2014	4,076,997	352,171	105,984
Claims and changes in estimates	11,951,289	1,703,631	90,078
Claim payments	<u>(11,939,817)</u>	<u>(1,073,647)</u>	<u>(97,210)</u>
LIABILITY BALANCE, DECEMBER 31, 2014	<u>\$ 4,088,469</u>	<u>\$ 982,155</u>	<u>\$ 98,852</u>

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

Participation in Risk Pool

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 13 - Risk Management - Continued

The WMMIC provides the City with \$10,000,000 of liability coverage for losses over their self-insured retention level of \$150,000 per occurrence with a \$600,000 aggregate stop loss. An annual premium is charged to cover expected claims and administrative costs. The claims component of the premium is determined by independent actuaries and allocated among the participating members based on payroll and loss history.

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

Summary of financial information for WMMIC for the year ended December 31, 2014 is as follows:

Total assets	\$ 54,814,718
Total liabilities and reserves	14,491,273
Total equity	40,323,445
Total revenue	5,372,844
Total expenditures/expenses	2,298,194
Policyholders' dividends paid	1,951,529
Net increase in equity	1,123,121

Other Insured Risk

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

NOTE 14 - Post-Retirement Healthcare Benefits

Description

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

Funding Policy

Premiums under the Plan for post-employment healthcare benefits are funded by retirees desiring such coverage via co-pays paid to the City in accordance with rates established by the City and from the City itself from appropriate governmental and business-type funds on a pay-as-you-go basis. The City may make additional contributions as determined by management. For the year ended December 31, 2014, the net outlay from the City, which equaled \$5,204,460, represents the City's net cost paid for current year premiums due.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 14 - Post-Retirement Healthcare Benefits - Continued

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 6,670,544
Interest on net OPEB obligation	505,879
Adjustment to annual required contribution	<u>(759,292)</u>
Annual OPEB cost	6,417,131
Contributions made	<u>(5,204,460)</u>
Increase in net OPEB obligation	1,212,671
Net OPEB obligation - beginning of year	14,453,699
NET OPEB OBLIGATION - END OF YEAR	<u>\$ 15,666,370</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>
12/31/12	\$ 6,583,640	60.56%	\$ 12,220,098
12/31/13	6,688,601	66.61	14,453,699
12/31/14	6,417,131	81.10	15,666,370

Funding Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$73,027,143, resulting in an unfunded actuarial accrued liability (UAAL) of \$73,027,143. The covered payroll (annual payroll of active employees covered the Plan) equaled \$29,861,130, and the ratio of the UAAL to the covered payroll equaled 244.6 percent.

Actuarial Methods and Assumptions

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2014

NOTE 14 - Post-Retirement Healthcare Benefits - Continued

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

In the actuarial valuation dated January 1, 2014, 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 13.50 percent discount rate, which approximates the expected rate of return on non-pension investments held by the City. The UAAL is being amortized as a level dollar amount over 30 years on an open basis.

CITY OF LA CROSSE, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA CROSSE, WISCONSIN
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT HEALTHCARE BENEFITS
YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF FUNDING PROGRESS

Year Ended December 31	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
2012	1/1/12	\$ -	\$75,476,566	\$75,476,566	0.0%	\$27,674,986	272.7%
2013	1/1/12	\$ -	\$76,663,426	\$76,663,426	0.0%	\$28,180,738	272.0%
2014	1/1/14	\$ -	\$73,027,143	\$73,027,143	0.0%	\$29,861,130	244.6%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2012	\$6,583,640	\$3,987,000	60.6%
2013	\$6,688,601	\$4,455,000	66.6%
2014	\$6,417,131	\$5,204,460	81.10%

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET
REVENUE				
Taxes	\$ 36,707,300	\$ 36,707,300	\$ 36,536,609	\$ (170,691)
Intergovernmental	15,173,337	15,173,337	15,434,590	261,253
Licenses and permits	1,545,245	1,545,245	1,946,567	401,322
Fines, forfeits, and penalties	-	-	18,678	18,678
Public charges for services	1,752,870	1,752,870	1,889,219	136,349
Intergovernmental charges for services	1,760,313	1,760,313	2,883,382	1,123,069
Miscellaneous	333,260	333,260	312,262	(20,998)
TOTAL REVENUE	<u>57,272,325</u>	<u>57,272,325</u>	<u>59,021,307</u>	<u>1,748,982</u>
EXPENDITURES				
Current				
General government	9,329,687	9,141,740	6,707,570	2,434,170
Public safety	20,622,251	20,758,675	21,165,880	(407,205)
Public works	9,863,655	10,033,643	9,494,616	539,027
Health and human services	140,000	140,000	146,766	(6,766)
Culture, recreation, and education	9,450,843	9,673,683	9,701,930	(28,247)
Conservation and development	1,221,887	1,266,381	2,171,256	(904,875)
Debt Service				
Principal	-	-	17,334	(17,334)
Capital outlay	464,000	5,063,096	2,442,474	2,620,622
TOTAL EXPENDITURES	<u>51,092,323</u>	<u>56,077,218</u>	<u>51,847,826</u>	<u>4,229,392</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>6,180,002</u>	<u>1,195,107</u>	<u>7,173,481</u>	<u>5,978,374</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	13,939,846	13,939,846	13,747,336	(192,510)
Operating transfers (out)	(20,119,848)	(20,229,848)	(22,528,331)	(2,298,483)
Issuance of long-term debt	-	-	207	(207)
TOTAL OTHER FINANCING (USES)	<u>(6,180,002)</u>	<u>(6,290,002)</u>	<u>(8,780,788)</u>	<u>(2,490,786)</u>
NET CHANGE IN FUND BALANCE	-	(5,094,895)	(1,607,307)	3,487,588
FUND BALANCE - BEGINNING	<u>25,108,140</u>	<u>25,108,140</u>	<u>25,108,140</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 25,108,140</u>	<u>\$ 20,013,245</u>	<u>\$ 23,500,833</u>	<u>\$ 3,487,588</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, 2014

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 \$5,094,895.
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 \$904,875, in health and human services by \$6,766, in public safety by \$407,205, in culture, recreation, and education by \$28,247, debt service - principal by \$17,334, and in operating transfers out by \$2,298,483 for the year ended December 31, 2014. 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, 2014

<u>ASSETS</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
Cash and investments	\$ 19,484,172	\$ 41,910,197	\$ 61,394,369
Receivable			
Taxes	-	9,047,048	9,047,048
Accounts and other	700,985	1,215,825	1,916,810
Special assessments	-	867,717	867,717
Loans	440,767	751,712	1,192,479
Due from other governments	342,638	92,667	435,305
Inventories	126,150	-	126,150
Prepaid items	26,213	-	26,213
Advance to other funds	<u>507,012</u>	<u>73,859</u>	<u>580,871</u>
TOTAL ASSETS	<u>\$ 21,627,937</u>	<u>\$ 53,959,025</u>	<u>\$ 75,586,962</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 760,577	\$ 810,051	\$ 1,570,628
Due to other funds	-	1,040,894	1,040,894
Due to other governments	33,856	-	33,856
Due to others	222,770	-	222,770
Unearned revenue	501,310	-	501,310
Advances from other funds	<u>469,105</u>	<u>6,911,762</u>	<u>7,380,867</u>
TOTAL LIABILITIES	<u>1,987,618</u>	<u>8,762,707</u>	<u>10,750,325</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Tax roll	-	9,047,048	9,047,048
Other	<u>440,767</u>	<u>1,704,431</u>	<u>2,145,198</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>440,767</u>	<u>10,751,479</u>	<u>11,192,246</u>
 FUND BALANCES			
Restricted	1,300,640	35,408,846	36,709,486
Committed	17,898,912	-	17,898,912
Unassigned	<u>-</u>	<u>(964,007)</u>	<u>(964,007)</u>
TOTAL FUND BALANCES	<u>19,199,552</u>	<u>34,444,839</u>	<u>53,644,391</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	 <u>\$ 21,627,937</u>	 <u>\$ 53,959,025</u>	 <u>\$ 75,586,962</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUE			
Taxes	\$ 530,392	\$ 8,141,221	\$ 8,671,613
Special assessments	-	231,984	231,984
Intergovernmental	4,349,665	2,366,342	6,716,007
Licenses and permits	211,735	-	211,735
Fines, forfeits, and penalties	807,737	-	807,737
Public charges for services	4,656,968	74,845	4,731,813
Intergovernmental charges for services	270,474	-	270,474
Miscellaneous	3,452,382	1,268,068	4,720,450
TOTAL REVENUE	<u>14,279,353</u>	<u>12,082,460</u>	<u>26,361,813</u>
EXPENDITURES			
Current			
General government	735,889	-	735,889
Public safety	1,420,594	-	1,420,594
Public works	5,275,475	71,459	5,346,934
Health and human services	192,948	-	192,948
Culture, recreation, and education	4,382,075	-	4,382,075
Conservation and development	448,402	52,316	500,718
Capital outlay	1,262,427	9,783,318	11,045,745
Debt service			
Interest and other fiscal charges	-	6,539	6,539
TOTAL EXPENDITURES	<u>13,717,810</u>	<u>9,913,632</u>	<u>23,631,442</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>561,543</u>	<u>2,168,828</u>	<u>2,730,371</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	-	8,277,182	8,277,182
Operating transfers in	5,383,646	3,653,808	9,037,454
Operating transfers (out)	(4,317,653)	(9,110,591)	(13,428,244)
TOTAL OTHER FINANCING SOURCES	<u>1,065,993</u>	<u>2,820,399</u>	<u>3,886,392</u>
NET CHANGE IN FUND BALANCE	1,627,536	4,989,227	6,616,763
FUND BALANCES - BEGINNING	17,493,921	29,533,707	47,027,628
EQUITY TRANSFER	<u>78,095</u>	<u>(78,095)</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 19,199,552</u>	<u>\$ 34,444,839</u>	<u>\$ 53,644,391</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2014

ASSETS	GREEN ISLAND	AUDITORIUM	INDUSTRIAL PARK	PASSENGER FACILITY CHARGE	COUNTY CONTRIBUTION FOR AIRPORT	POLICE GRANTS	LIBRARY SPECIAL GRANTS	MUNICIPAL COURT	TRANSIT	OTHER	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Cash and investments	\$495,659	\$ 1,302,036	\$ 320,295	\$1,093,508	\$ 97,203	\$456,657	\$ 2,103,884	\$ 73,939	\$ 25,153	\$13,515,838	\$19,484,172
Receivable											
Accounts and other	3,600	269,916	-	9,719	-	53,288	-	-	187,497	176,965	700,985
Loans	-	-	400,000	-	-	-	-	-	-	40,767	440,767
Due from other governments	-	-	-	-	-	171,995	-	-	109,105	61,538	342,638
Inventories	-	17,109	-	-	-	-	-	-	109,041	-	126,150
Prepaid items	-	-	-	-	-	945	-	-	25,118	150	26,213
Advance to other funds	-	20,223	-	-	-	-	-	-	-	486,789	507,012
TOTAL ASSETS	\$499,259	\$ 1,609,284	\$ 720,295	\$1,103,227	\$ 97,203	\$682,885	\$ 2,103,884	\$ 73,939	\$455,914	\$14,282,047	\$21,627,937
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
LIABILITIES											
Accounts payable	\$ 1,745	\$ 136,842	\$ -	\$ 40,499	\$ -	\$ 23,969	\$ -	\$ 1,056	\$280,192	\$ 276,274	\$ 760,577
Due to other governments	-	-	-	-	-	-	-	33,856	-	-	33,856
Due to others	-	-	-	-	-	-	-	-	-	222,770	222,770
Unearned revenue	-	239,539	-	-	-	105,553	-	-	-	156,218	501,310
Advances from other funds	-	-	-	-	-	-	-	-	109,105	360,000	469,105
TOTAL LIABILITIES	1,745	376,381	-	40,499	-	129,522	-	34,912	389,297	1,015,262	1,987,618
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - other	-	-	400,000	-	-	-	-	-	-	40,767	440,767
FUND BALANCES											
Restricted	-	-	-	1,032,578	-	65,741	-	-	66,617	135,704	1,300,640
Committed	497,514	1,232,903	320,295	30,150	97,203	487,622	2,103,884	39,027	-	13,090,314	17,898,912
TOTAL FUND BALANCES	497,514	1,232,903	320,295	1,062,728	97,203	553,363	2,103,884	39,027	66,617	13,226,018	19,199,552
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$499,259	\$ 1,609,284	\$ 720,295	\$1,103,227	\$ 97,203	\$682,885	\$ 2,103,884	\$ 73,939	\$455,914	\$14,282,047	\$21,627,937

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2014

	GREEN ISLAND	AUDITORIUM	INDUSTRIAL PARK	PASSENGER FACILITY CHARGE	COUNTY CONTRIBUTION FOR AIRPORT	POLICE GRANTS	LIBRARY SPECIAL GRANTS	MUNICIPAL COURT	TRANSIT	OTHER	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUE											
Taxes	\$ -	\$ 120,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 409,449	\$ 530,392
Intergovernmental	-	-	-	-	-	836,466	-	-	3,370,306	142,893	4,349,665
Licenses and permits	-	-	-	-	-	-	-	-	-	211,735	211,735
Fines, forfeits, and penalties	-	-	-	-	-	13,563	-	720,817	-	73,357	807,737
Public charges for services	21,425	2,278,301	-	405,026	-	18,423	-	-	1,479,735	454,058	4,656,968
Intergovernmental charges for services	-	-	-	-	3,724	172,200	-	-	-	94,550	270,474
Miscellaneous	238	17	5,716	1,189	-	353,839	493,418	-	25,940	2,572,025	3,452,382
TOTAL REVENUE	21,663	2,399,261	5,716	406,215	3,724	1,394,491	493,418	720,817	4,875,981	3,958,067	14,279,353
EXPENDITURES											
Current											
General government	-	-	-	-	-	-	-	-	-	735,889	735,889
Public safety	-	-	-	-	-	1,159,544	-	-	-	261,050	1,420,594
Public works	-	-	-	2,594	-	-	-	-	5,207,611	65,270	5,275,475
Health and human services	-	-	-	-	-	-	-	-	-	192,948	192,948
Culture, recreation, and education	14,170	1,677,990	-	-	-	-	675,700	-	-	2,014,215	4,382,075
Conservation and development	-	-	-	-	-	-	-	-	-	448,402	448,402
Capital outlay	40,006	79,305	-	169,497	-	138,854	-	-	-	834,765	1,262,427
TOTAL EXPENDITURES	54,176	1,757,295	-	172,091	-	1,298,398	675,700	-	5,207,611	4,552,539	13,717,810
EXCESS OF REVENUE (UNDER) OVER EXPENDITURES	(32,513)	641,966	5,716	234,124	3,724	96,093	(182,282)	720,817	(331,630)	(594,472)	561,543
OTHER FINANCING (USES) SOURCES											
Operating transfers in	-	119,885	-	1,725,440	-	-	-	-	322,643	3,215,678	5,383,646
Operating transfers (out)	-	(670,311)	(22,153)	(1,695,110)	-	(4,039)	-	(670,840)	-	(1,255,200)	(4,317,653)
TOTAL OTHER FINANCING (USES) SOURCES	-	(550,426)	(22,153)	30,330	-	(4,039)	-	(670,840)	322,643	1,960,478	1,065,993
NET CHANGE IN FUND BALANCES	(32,513)	91,540	(16,437)	264,454	3,724	92,054	(182,282)	49,977	(8,987)	1,366,006	1,627,536
FUND BALANCES (DEFICIT) - BEGINNING	530,027	1,141,363	336,732	798,274	93,479	461,309	2,286,166	(10,950)	75,604	11,781,917	17,493,921
EQUITY TRANSFER	-	-	-	-	-	-	-	-	-	78,095	78,095
FUND BALANCES - ENDING	\$497,514	\$1,232,903	\$ 320,295	\$1,062,728	\$ 97,203	\$ 553,363	\$2,103,884	\$ 39,027	\$ 66,617	\$13,226,018	\$19,199,552

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2014

<u>ASSETS</u>	TIF DISTRICT #4	TIF DISTRICT #5	TIF DISTRICT #6	TIF DISTRICT #7	TIF DISTRICT #8	TIF DISTRICT #9	TIF DISTRICT #10	TIF DISTRICT #11	TIF DISTRICT #12	TIF DISTRICT #13	TIF DISTRICT #14
Cash and investments	\$ 447,037	\$ -	\$1,556,728	\$ 757,167	\$ -	\$3,529,928	\$ 123,888	\$3,644,375	\$ 379,044	\$ 589,068	\$7,097,753
Receivable											
Taxes	1,121,131	225,509	1,531,967	285,775	79,279	471,704	17,445	2,220,737	584,188	950,345	972,742
Accounts and other	-	-	-	-	-	-	-	1,000,000	-	48,156	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	38,796	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$1,568,168	\$ 225,509	\$3,088,695	\$1,042,942	\$ 79,279	\$4,040,428	\$ 141,333	\$6,865,112	\$ 963,232	\$1,587,569	\$8,070,495
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</u>											
<u>LIABILITIES</u>											
Accounts payable	\$ 5,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31	\$ -	\$ -	\$ 8,971
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Advances from other funds	1,100,000	-	467,041	-	-	-	368,394	3,676,420	352,271	636,838	250,000
TOTAL LIABILITIES	<u>1,105,740</u>	<u>-</u>	<u>467,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,394</u>	<u>3,676,451</u>	<u>352,271</u>	<u>636,838</u>	<u>258,971</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>											
Unavailable revenue											
Tax roll	1,121,131	225,509	1,531,967	285,775	79,279	471,704	17,445	2,220,737	584,188	950,345	972,742
Other	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,121,131</u>	<u>225,509</u>	<u>1,531,967</u>	<u>285,775</u>	<u>79,279</u>	<u>471,704</u>	<u>17,445</u>	<u>2,220,737</u>	<u>584,188</u>	<u>950,345</u>	<u>972,742</u>
<u>FUND (DEFICITS) BALANCES</u>											
Restricted	-	-	1,089,687	757,167	-	3,568,724	-	967,924	26,773	386	6,838,782
Unassigned	(658,703)	-	-	-	-	-	(244,506)	-	-	-	-
TOTAL FUND (DEFICITS) BALANCES	<u>(658,703)</u>	<u>-</u>	<u>1,089,687</u>	<u>757,167</u>	<u>-</u>	<u>3,568,724</u>	<u>(244,506)</u>	<u>967,924</u>	<u>26,773</u>	<u>386</u>	<u>6,838,782</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$1,568,168	\$ 225,509	\$3,088,695	\$1,042,942	\$ 79,279	\$4,040,428	\$ 141,333	\$6,865,112	\$ 963,232	\$1,587,569	\$8,070,495

(Continued on page 65)

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS - Continued
DECEMBER 31, 2014

	TIF DISTRICT #15	TIF DISTRICT #16	CAPITAL EQUIPMENT	GOLF COURSE SURCHARGE	SPECIAL ASSESSMENTS	BONDED CAPITAL PROJECTS	STATE HIGHWAY LAND	BLUFFLAND PRESERVATION	CAPITAL IMPROVEMENT PROGRAM	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
ASSETS										
Cash and investments	\$ -	\$ -	\$2,141,820	\$ -	\$ 1,005,973	\$19,480,735	\$ 959,574	\$ 124,778	\$ 72,329	\$ 41,910,197
Receivable										
Taxes	342,055	-	-	-	244,171	-	-	-	-	9,047,048
Accounts and other	-	-	-	-	82,333	85,336	-	-	-	1,215,825
Special assessments	-	-	-	-	867,717	-	-	-	-	867,717
Loans	-	-	-	-	-	751,712	-	-	-	751,712
Due from other governments	-	-	-	-	-	27,671	26,200	-	-	92,667
Advance to other funds	-	-	-	-	41,778	32,081	-	-	-	73,859
TOTAL ASSETS	\$ 342,055	\$ -	\$2,141,820	\$ -	\$ 2,241,972	\$20,377,535	\$ 985,774	\$ 124,778	\$ 72,329	\$ 53,959,025
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)										
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ 24,692	\$ -	\$ 7,158	\$ 761,634	\$ 1,825	\$ -	\$ -	\$ 810,051
Due to other funds	-	-	-	-	-	1,017,375	-	-	23,519	1,040,894
Advances from other funds	1,677	59,121	-	-	-	-	-	-	-	6,911,762
TOTAL LIABILITIES	1,677	59,121	24,692	-	7,158	1,779,009	1,825	-	23,519	8,762,707
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue										
Tax roll	342,055	-	-	-	244,171	-	-	-	-	9,047,048
Other	-	-	-	-	870,360	834,071	-	-	-	1,704,431
TOTAL DEFERRED INFLOWS OF RESOURCES	342,055	-	-	-	1,114,531	834,071	-	-	-	10,751,479
FUND (DEFICITS) BALANCES										
Restricted	-	-	2,117,128	-	1,120,283	17,764,455	983,949	124,778	48,810	35,408,846
Unassigned	(1,677)	(59,121)	-	-	-	-	-	-	-	(964,007)
TOTAL FUND (DEFICITS) BALANCES	(1,677)	(59,121)	2,117,128	-	1,120,283	17,764,455	983,949	124,778	48,810	34,444,839
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 342,055	\$ -	\$2,141,820	\$ -	\$ 2,241,972	\$20,377,535	\$ 985,774	\$ 124,778	\$ 72,329	\$ 53,959,025

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2014

	TIF DISTRICT #4	TIF DISTRICT #5	TIF DISTRICT #6	TIF DISTRICT #7	TIF DISTRICT #8	TIF DISTRICT #9	TIF DISTRICT #10	TIF DISTRICT #11	TIF DISTRICT #12	TIF DISTRICT #13	TIF DISTRICT #14
REVENUE											
Taxes	\$1,153,767	\$ 239,388	\$1,499,398	\$ 282,021	\$ 74,676	\$ 485,549	\$ 13,933	\$2,079,469	\$ 588,345	\$ 769,882	\$ 954,793
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	50,126	12,402	99,665	6,016	5,266	5,305	5,244	515,164	10,341	178,576	1,452,037
Public charges for services	-	-	-	10,000	-	-	-	-	-	-	33,898
Miscellaneous	-	-	-	-	-	38,796	-	1,016,752	-	-	226
TOTAL REVENUE	1,203,893	251,790	1,599,063	298,037	79,942	529,650	19,177	3,611,385	598,686	982,356	2,407,056
EXPENDITURES											
Current											
Public works	-	-	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	581,033	425	12,993	11,856	425	101,351	551	144,717	83,028	895,421	2,822,612
Debt service - interest	-	-	394	24	-	-	319	4,428	242	514	617
TOTAL EXPENDITURES	581,033	425	13,387	11,880	425	101,351	870	149,145	83,270	895,935	2,823,229
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	622,860	251,365	1,585,676	286,157	79,517	428,299	18,307	3,462,240	515,416	86,421	(416,173)
OTHER FINANCING (USES) SOURCES											
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	7,182	-
Operating transfers in	-	-	1,543,402	9,284	-	1,680	-	89,144	8,939	829,685	1,674
Operating transfers (out)	(1,361,041)	(261,968)	(1,643,105)	(87,844)	(94,964)	(121,305)	(41,629)	(2,362,990)	(495,431)	(448,576)	-
TOTAL OTHER FINANCING (USES) SOURCES	(1,361,041)	(261,968)	(99,703)	(78,560)	(94,964)	(119,625)	(41,629)	(2,273,846)	(486,492)	388,291	1,674
NET CHANGE IN FUND BALANCES	(738,181)	(10,603)	1,485,973	207,597	(15,447)	308,674	(23,322)	1,188,394	28,924	474,712	(414,499)
FUND BALANCES (DEFICIT) - BEGINNING	157,573	10,603	(396,286)	549,570	15,447	3,260,050	(221,184)	(220,470)	(2,151)	(474,326)	7,253,281
EQUITY TRANSFER	(78,095)	-	-	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICIT) - ENDING	\$ (658,703)	\$ -	\$1,089,687	\$ 757,167	\$ -	\$3,568,724	\$ (244,506)	\$ 967,924	\$ 26,773	\$ 386	\$6,838,782

(Continued on page 67)

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - Continued
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2014

	TIF DISTRICT #15	TIF DISTRICT #16	CAPITAL EQUIPMENT	GOLF COURSE SURCHARGE	SPECIAL ASSESSMENTS	BONDED CAPITAL PROJECTS	STATE HIGHWAY LAND	BLUFFLAND PRESERVATION	CAPITAL IMPROVEMENT PROGRAM	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUE										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,141,221
Special assessments	-	-	-	-	231,984	-	-	-	-	231,984
Intergovernmental	-	-	-	-	-	-	26,200	-	-	2,366,342
Public charges for services	-	30,000	-	-	-	947	-	-	-	74,845
Miscellaneous	-	-	49,873	38	27,685	134,318	-	380	-	1,268,068
TOTAL REVENUE	-	30,000	49,873	38	259,669	135,265	26,200	380	-	12,082,460
EXPENDITURES										
Current										
Public works	-	-	-	-	71,459	-	-	-	-	71,459
Conservation and development	-	-	-	-	-	52,316	-	-	-	52,316
Capital Outlay	462	89,121	731,763	-	360,909	3,679,268	26,200	221,695	19,488	9,783,318
Debt Service - interest	1	-	-	-	-	-	-	-	-	6,539
TOTAL EXPENDITURES	463	89,121	731,763	-	432,368	3,731,584	26,200	221,695	19,488	9,913,632
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(463)	(59,121)	(681,890)	38	(172,699)	(3,596,319)	-	(221,315)	(19,488)	2,168,828
OTHER FINANCING SOURCES (USES)										
Proceeds from long-term debt	-	-	-	-	-	8,270,000	-	-	-	8,277,182
Operating transfers in	-	-	1,170,000	-	-	-	-	-	-	3,653,808
Operating transfers (out)	-	-	(160,290)	(326)	-	(2,031,122)	-	-	-	(9,110,591)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,009,710	(326)	-	6,238,878	-	-	-	2,820,399
NET CHANGE IN FUND BALANCES	(463)	(59,121)	327,820	(288)	(172,699)	2,642,559	-	(221,315)	(19,488)	4,989,227
FUND BALANCES (DEFICIT) - BEGINNING	(1,214)	-	1,789,308	288	1,292,982	15,121,896	983,949	346,093	68,298	29,533,707
EQUITY TRANSFER	-	-	-	-	-	-	-	-	-	(78,095)
FUND BALANCES (DEFICIT) - ENDING	\$ (1,677)	\$ (59,121)	\$2,117,128	\$ -	\$ 1,120,283	\$17,764,455	\$ 983,949	\$ 124,778	\$ 48,810	\$34,444,839

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2014

<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	\$ 582,796	\$ 1,353,555	\$ 27,329	\$13,041,008	\$ 3,800	\$ 1,910,774	\$16,919,262
Accounts receivable	-	-	-	460,516	-	-	460,516
Inventories	-	-	130,998	-	-	-	130,998
Prepaid items	-	-	-	8	-	-	8
TOTAL ASSETS	<u>\$ 582,796</u>	<u>\$ 1,353,555</u>	<u>\$ 158,327</u>	<u>\$13,501,532</u>	<u>\$ 3,800</u>	<u>\$ 1,910,774</u>	<u>\$17,510,784</u>
<u>LIABILITIES AND NET POSITION</u>							
LIABILITIES							
Accounts payable	\$ 98,852	\$ 982,155	\$ 2,527	\$ 4,088,469	\$ 3,800	\$ -	\$ 5,175,803
Unearned revenue	-	-	-	65,090	-	-	65,090
TOTAL LIABILITIES	<u>98,852</u>	<u>982,155</u>	<u>2,527</u>	<u>4,153,559</u>	<u>3,800</u>	<u>-</u>	<u>5,240,893</u>
NET POSITION							
Unrestricted	<u>483,944</u>	<u>371,400</u>	<u>155,800</u>	<u>9,347,973</u>	<u>-</u>	<u>1,910,774</u>	<u>12,269,891</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 582,796</u>	<u>\$ 1,353,555</u>	<u>\$ 158,327</u>	<u>\$13,501,532</u>	<u>\$ 3,800</u>	<u>\$ 1,910,774</u>	<u>\$17,510,784</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2014

	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	\$ -	\$ 400,285	\$ -	\$13,825,272	\$ -	\$ 6,811	\$14,232,368
Miscellaneous	<u>140,916</u>	<u>162,464</u>	<u>4,896</u>	<u>810,123</u>	<u>-</u>	<u>-</u>	<u>1,118,399</u>
TOTAL OPERATING REVENUE	<u>140,916</u>	<u>562,749</u>	<u>4,896</u>	<u>14,635,395</u>	<u>-</u>	<u>6,811</u>	<u>15,350,767</u>
OPERATING EXPENSES							
Operations	24,228	-	-	448,568	4,268	1,571	478,635
Claims	<u>847,210</u>	<u>1,073,647</u>	<u>-</u>	<u>11,491,249</u>	<u>-</u>	<u>-</u>	<u>13,412,106</u>
TOTAL OPERATING EXPENSES	<u>871,438</u>	<u>1,073,647</u>	<u>-</u>	<u>11,939,817</u>	<u>4,268</u>	<u>1,571</u>	<u>13,890,741</u>
OPERATING (LOSS) INCOME	(730,522)	(510,898)	4,896	2,695,578	(4,268)	5,240	1,460,026
NONOPERATING REVENUE							
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,350</u>	<u>-</u>	<u>-</u>	<u>14,350</u>
(LOSS) INCOME BEFORE TRANSFERS	(730,522)	(510,898)	4,896	2,709,928	(4,268)	5,240	1,474,376
TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,343)</u>	<u>-</u>	<u>(19,343)</u>
CHANGE IN NET POSITION	(730,522)	(510,898)	4,896	2,709,928	(23,611)	5,240	1,455,033
NET POSITION - BEGINNING	<u>1,214,466</u>	<u>882,298</u>	<u>150,904</u>	<u>6,638,045</u>	<u>23,611</u>	<u>1,905,534</u>	<u>10,814,858</u>
NET POSITION - ENDING	<u>\$ 483,944</u>	<u>\$ 371,400</u>	<u>\$ 155,800</u>	<u>\$ 9,347,973</u>	<u>\$ -</u>	<u>\$ 1,910,774</u>	<u>\$12,269,891</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2014

	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	\$ -	\$ -	\$ -	\$ 1,360,450	\$ -	\$ -	\$ 1,360,450
Receipts from quasi-external transactions	140,916	562,852	-	13,163,079	-	6,811	13,873,658
Payments to suppliers for goods and services	(878,570)	-	(5,191)	(39,368)	(683)	(1,571)	(925,383)
Payments for employees for services	-	-	-	(67,052)	-	-	(67,052)
Payments for employee benefits	-	(443,663)	-	(11,750,450)	-	(100)	(12,194,213)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(737,654)</u>	<u>119,189</u>	<u>(5,191)</u>	<u>2,666,659</u>	<u>(683)</u>	<u>5,140</u>	<u>2,047,460</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Operating transfers from other funds	-	-	-	-	(19,343)	-	(19,343)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	-	-	-	14,350	-	-	14,350
NET (DECREASE) INCREASE IN CASH AND INVESTMENTS	(737,654)	119,189	(5,191)	2,681,009	(20,026)	5,140	2,042,467
CASH AND INVESTMENTS - BEGINNING	<u>1,320,450</u>	<u>1,234,366</u>	<u>32,520</u>	<u>10,359,999</u>	<u>23,826</u>	<u>1,905,634</u>	<u>14,876,795</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 582,796</u>	<u>\$ 1,353,555</u>	<u>\$ 27,329</u>	<u>\$ 13,041,008</u>	<u>\$ 3,800</u>	<u>\$ 1,910,774</u>	<u>\$ 16,919,262</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities							
Operating (loss) income	\$ (730,522)	\$ (510,898)	\$ 4,896	\$ 2,695,578	\$ (4,268)	\$ 5,240	\$ 1,460,026
Adjustments to reconcile operating (loss) income to net cash flows from operating activities							
Changes in assets and liabilities							
(Increase) decrease in assets							
Receivables	-	103	-	(105,862)	-	-	(105,759)
Prepaid expenses	-	-	-	71,475	-	-	71,475
Inventories	-	-	(8,059)	-	-	-	(8,059)
Increase (decrease) in liabilities							
Accounts payable	(7,132)	629,984	(2,028)	11,472	3,585	(100)	635,781
Unearned revenue	-	-	-	(6,004)	-	-	(6,004)
Total adjustments	<u>(7,132)</u>	<u>630,087</u>	<u>(10,087)</u>	<u>(28,919)</u>	<u>3,585</u>	<u>(100)</u>	<u>587,434</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (737,654)</u>	<u>\$ 119,189</u>	<u>\$ (5,191)</u>	<u>\$ 2,666,659</u>	<u>\$ (683)</u>	<u>\$ 5,140</u>	<u>\$ 2,047,460</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
DECEMBER 31, 2014

<u>ASSETS</u>	<u>PROPERTY TAX</u>	<u>INVESTED CASH</u>	<u>OTHER</u>	<u>TOTAL</u>
Cash and investments	\$ 18,983,953	\$ (4,281)	\$ 48,191	\$ 19,027,863
Taxes receivable	33,116,879	-	-	33,116,879
Accounts receivable	<u>-</u>	<u>4,281</u>	<u>16,069</u>	<u>20,350</u>
TOTAL ASSETS	<u>\$ 52,100,832</u>	<u>\$ -</u>	<u>\$ 64,260</u>	<u>\$ 52,165,092</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 41,964	\$ -	\$ -	\$ 41,964
Due to other governments	52,058,868	-	-	52,058,868
Due to others	<u>-</u>	<u>-</u>	<u>64,260</u>	<u>64,260</u>
TOTAL LIABILITIES	<u>\$ 52,100,832</u>	<u>\$ -</u>	<u>\$ 64,260</u>	<u>\$ 52,165,092</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
DECEMBER 31, 2014

<u>ASSETS</u>	BALANCE JANUARY 1, 2014	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2014
Property Tax				
Cash and investments	\$ 22,307,210	\$ 51,932,648	\$ 55,255,905	\$ 18,983,953
Taxes receivable	32,970,092	33,116,879	32,970,092	33,116,879
Invested Cash				
Cash and investments	(3,304)	681,470	682,447	(4,281)
Accounts receivable	3,304	682,447	681,470	4,281
Other				
Cash and investments	59,525	48,191	59,525	48,191
Accounts receivable	21,904	16,069	21,904	16,069
TOTAL ASSETS	<u>\$ 55,358,731</u>	<u>\$ 86,477,704</u>	<u>\$ 89,671,343</u>	<u>\$ 52,165,092</u>
 <u>LIABILITIES</u>				
Property Tax				
Accounts payable	\$ 21,397	\$ 41,964	\$ 21,397	\$ 41,964
Due to other governments	55,255,905	52,058,868	55,255,905	52,058,868
Other				
Due to other governments	1,000	-	1,000	-
Due to others	80,429	64,260	80,429	64,260
TOTAL LIABILITIES	<u>\$ 55,358,731</u>	<u>\$ 52,165,092</u>	<u>\$ 55,358,731</u>	<u>\$ 52,165,092</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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 16, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 16, 2015