

CITY OF LA CROSSE, WISCONSIN

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2017

CITY OF LA CROSSE, WISCONSIN

TABLE OF CONTENTS

DECEMBER 31, 2017

Page

3-4 Independent Auditors' Report

5-18 Management's Discussion and Analysis

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

19 Statement of Net Position

20 Statement of Activities

FUND FINANCIAL STATEMENTS

21 Balance Sheet - Governmental Funds

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

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

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

25-26 Statement of Net Position - Proprietary Funds

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

28-29 Statement of Cash Flows - Proprietary Funds

30 Statement of Net Position - Fiduciary Funds

31 Statement of Changes in Net Position - Fiduciary Funds

32-58 Notes to the Basic Financial Statements

CITY OF LA CROSSE, WISCONSIN

TABLE OF CONTENTS - Continued

DECEMBER 31, 2017

Page

REQUIRED SUPPLEMENTARY INFORMATION

59	Schedule of Funding Progress - Post-Employment Healthcare Benefits
60	Budgetary Comparison Schedule - General Fund
61	Notes to Required Supplementary Information on Budgetary Accounting and Control
62	Wisconsin Retirement System Schedules

OTHER SUPPLEMENTARY INFORMATION

63	Combining Balance Sheet - Nonmajor Governmental Funds
64	Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
65	Combining Balance Sheet - Nonmajor Special Revenue Funds
66	Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds
67-68	Combining Balance Sheet - Nonmajor Capital Projects Funds
69-70	Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds
71	Combining Statement of Net Position - Internal Service Funds
72	Combining Statement of Revenue, Expenses, and Changes in Net Position - Internal Service Funds
73	Combining Statement of Cash Flows - Internal Service Funds
74	Combining Balance Sheet - All Agency Funds
75	Combining Statement of Changes in Assets and Liabilities - All Agency Funds

OTHER REPORT

76-78	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>
-------	---



INDEPENDENT AUDITORS' REPORT

To the Common Council
City of La Crosse, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse, Wisconsin ("City"), as of and for the year ended December 31, 2017, 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, 2017, 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 59, budgetary comparison information on pages 60 and 61, and the Wisconsin Retirement System Schedules on page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 7, 2018, 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
September 7, 2018

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, 2017

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, 2017. 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

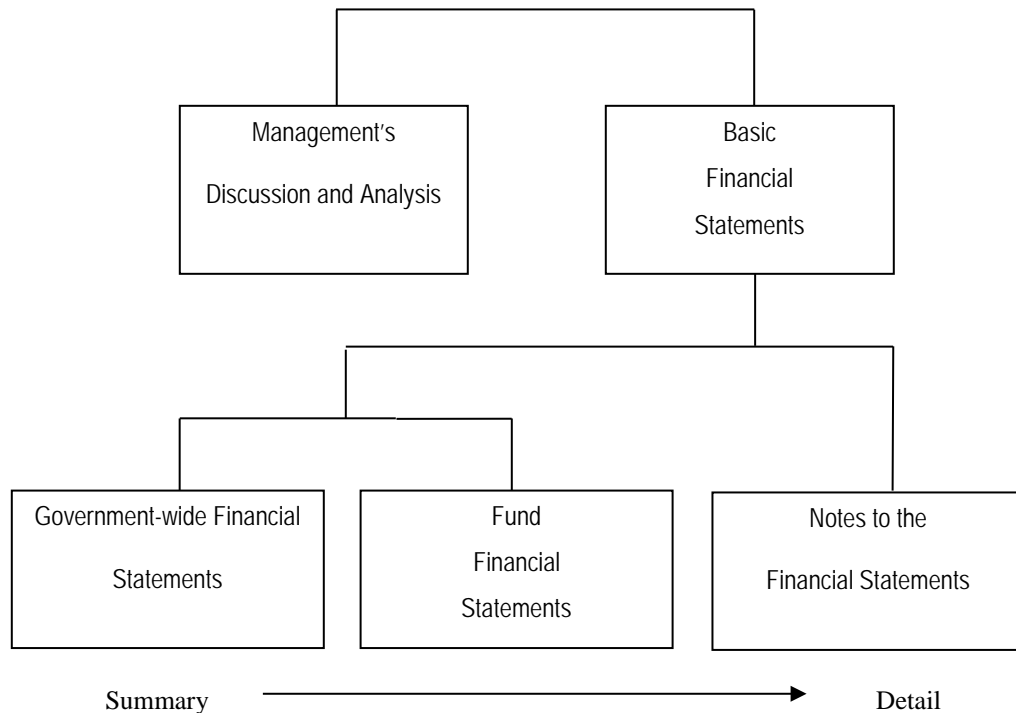
When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. This relationship between revenues and expenses can be considered the City's operating results. The City's net position as measured in the Statement of Net 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, 2017 by \$447,484,750 (net position).
- The City of La Crosse's total net position of Governmental Funds and Proprietary Funds increased by \$14,605,014.
- As of December 31, 2017, the City of La Crosse's governmental funds reported combined ending fund balances of \$73,709,389 a decrease of \$5,780,723 in comparison with the prior year. As of December 31, 2017, the unassigned fund balance for the general fund was \$18,189,496 or approximately 33.37% of total general fund expenditures.
- The City of La Crosse's total general obligation debt increased by \$13,639,438 21.5% during 2017. This increase is attributable to the City's new general obligation debt issuance of \$15,600,000 for the purchase of a new parking ramp along with the City's practice of borrowing to fund its future capital improvement projects. The City was able to fund \$11,860,000 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 governmental 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 \$447,484,750 as of December 31, 2017. The City's net position increased by \$14,605,014 for the fiscal year ended December 31, 2017. However, the largest portion (73.41%) 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

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Assets, net of Capital Assets	\$ 161,692	\$ 163,289	\$ 34,495	\$ 32,565	\$ 196,187	\$ 195,854
Capital Assets not Depreciated	46,123	36,205	29,667	20,368	75,790	56,573
Capital Assets, net of Depreciation	183,041	180,578	144,159	130,165	327,200	310,743
TOTAL ASSETS	\$ 390,856	\$ 380,072	\$ 208,321	\$ 183,098	\$ 599,177	\$ 563,170
DEFERRED OUTFLOWS OF RESOURCES						
Wisconsin Retirement System Pension	18,892	23,018	1,600	2,060	20,492	25,078
DEFERRED OUTFLOWS OF RESOURCES	\$ 409,748	\$ 403,090	\$ 209,921	\$ 185,158	\$ 619,669	\$ 588,248
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET						
LIABILITIES						
TOTAL LIABILITIES	\$ 88,920	\$ 93,725	\$ 26,706	\$ 6,792	\$ 115,626	\$ 100,517
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue-Tax Roll	\$ 46,760	\$ 45,414	\$ 138	\$ 116	\$ 46,898	\$ 45,530
Wisconsin Retirement System Pension	8,905	8,554	754	765	9,659	9,319
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 55,665	\$ 53,968	\$ 892	\$ 881	\$ 56,557	\$ 54,849
NET POSITION						
Net Investment in Capital Assets	\$ 177,222	\$ 176,729	\$ 151,294	\$ 147,456	\$ 328,516	\$ 324,185
Restricted For:						
Special Revenue	2,258	2,556	-	-	2,258	2,556
Debt Service	5,384	4,494	-	-	5,384	4,494
Capital Projects	26,434	30,080	3,273	2,830	29,707	32,910
Other Activities	7,863	23,018	666	931	8,529	23,949
Unrestricted	46,001	18,519	27,090	26,267	73,091	44,786
TOTAL NET POSITION	\$ 265,162	\$ 255,396	\$ 182,323	\$ 177,484	\$ 447,485	\$ 432,880

An additional portion of the City's net position of \$45,877,294 (10.25%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position or \$73,091,467 (16.33%) may be used to meet the government's ongoing obligations to citizens or creditors.

The City's total net position increased \$14,605,014 during the year. This increase was comprised of an increase in business type activities of \$4,839,312 and an increase in the governmental type activities of \$9,765,702 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 \$9,765,702. Key elements of this increase are:

- Revenues were on a comparable level in 2017 versus 2016, although Charges for Services declined, there was an increase in Operating and Capital Grants and Contributions.
- The City's share of property taxes increased by \$35,820 (.10%) from 2016 to 2017. Departments were required to keep 2017 budgets at 2016 levels unless increases were justified and approved by the Council. Minimal increases were granted for 2017 in various departments, mostly due to increases on "uncontrollable" items such as utilities and supplies.
- Expenditures were at a higher level for 2017 compared to 2016, generally due to an increase of \$4.4 million in Conservation & Development and a \$3.2 million increase in Transportation.
- The practice of annually contracting for approximately 66% of the City's annual fuel needs in advance which began in 2009 was increased to approximately 95% in 2017 and contributed significantly towards favorable department fuel expense variances for those departments with fuel expenses.
- Plan design changes, union contract negotiated increases in premiums, deductibles, office co-pays, and drug co-pays are having a positive impact on the City's self-insurance health fund and allowed for no increase in the funding for health insurance even though the national trend continues to rise. The City offers annual health risk assessment (HRA) opportunities to its employees and families as a proactive measure to curb potential future health insurance costs. Employees and their spouses are encouraged to participate in the health risk assessment program and are able to receive reduced monthly premium costs as an incentive to participate.

The following table represents the City's summarized operating results and their impact on net assets.

The City of La Crosse, Wisconsin's Changes in Net Position
(in thousands of dollars)

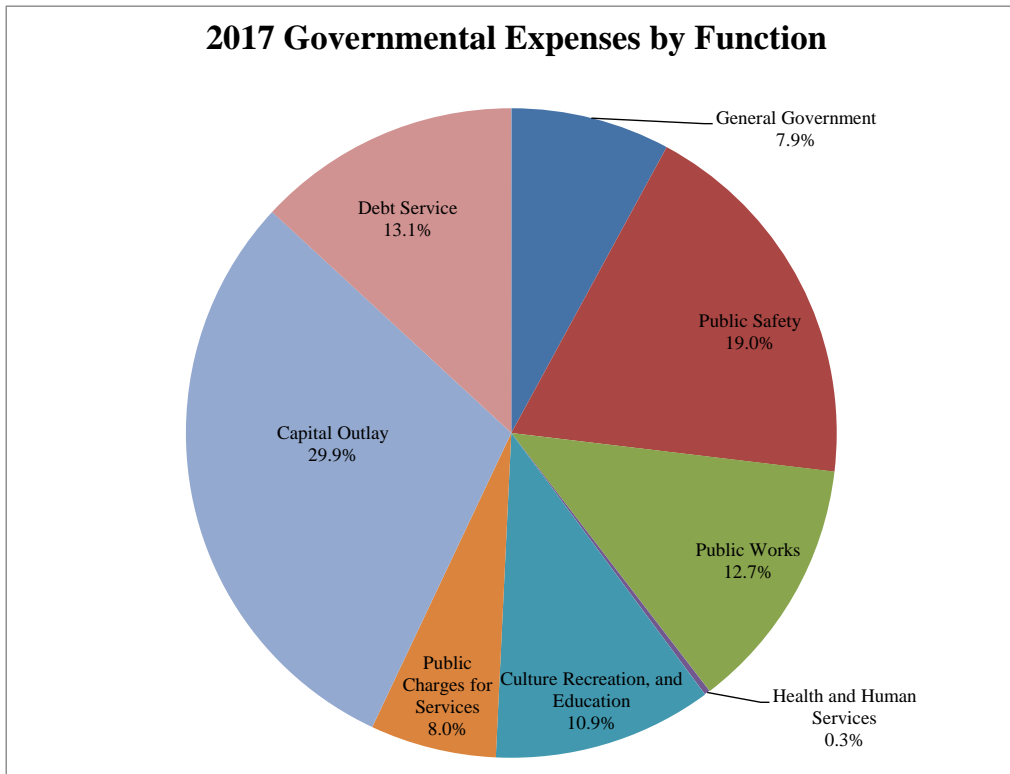
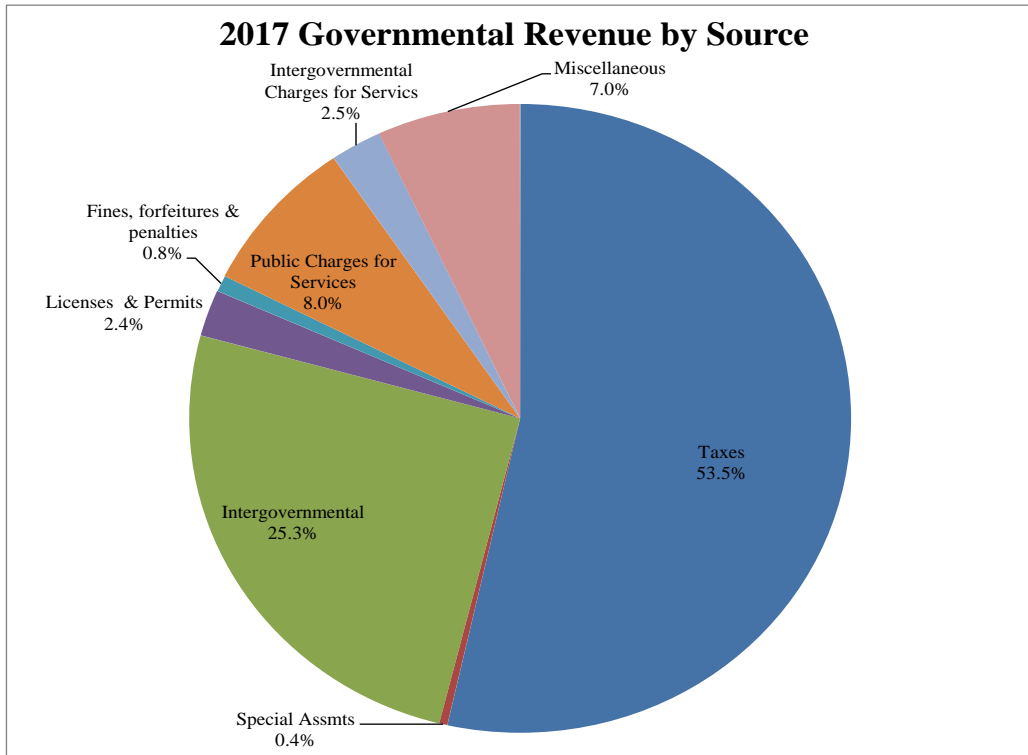
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 14,913	\$ 15,290	\$ 20,117	\$ 19,934	\$ 35,030	\$ 35,224
Grants & Contributions	12,453	11,026	4,676	4,991	17,129	16,017
General Revenues:						
Taxes	48,897	46,819	-	-	48,897	46,819
State Shared Revenue	13,074	13,450	-	-	13,074	13,450
Interest and investment income	1,272	838	335	146	1,607	984
Miscellaneous	409	1,455	68	59	477	1,514
Total Revenues	\$ 91,018	\$ 88,878	\$ 25,196	\$ 25,130	\$ 116,214	\$ 114,008
Expenses:						
General Government	\$ 7,457	\$ 7,046	\$ -	\$ -	\$ 7,457	\$ 7,046
Public Safety	24,813	27,003	-	-	24,813	27,003
Public Works	21,904	18,600	-	-	21,904	18,600
Health and Human Services	225	231	-	-	225	231
Culture, Recreation and Education	15,419	16,736	-	-	15,419	16,736
Conservation & Development	11,523	7,131	-	-	11,523	7,131
Principal, Interest & Fiscal Charges	2,111	2,025	-	-	2,111	2,025
Airport	-	-	3,965	3,628	3,965	3,628
Parking	-	-	2,899	2,512	2,899	2,512
Water	-	-	4,298	4,015	4,298	4,015
Sanitary Sewer	-	-	6,976	6,006	6,976	6,006
Storm Water	-	-	977	1,114	977	1,114
Other Business-type Activities	-	-	77	77	77	77
Total Expenses	\$ 83,452	\$ 78,772	\$ 19,192	\$ 17,352	\$ 102,644	\$ 96,124
Change in Net Position before Transfers	\$ 7,566	\$ 10,106	\$ 6,004	\$ 7,778	\$ 13,570	\$ 17,884
Transfers	1,164	232	(1,164)	(232)	-	-
Change in Net Position	\$ 8,730	\$ 10,338	\$ 4,840	\$ 7,546	\$ 13,570	\$ 17,884
Net Position, beginning of year	255,396	245,058	177,483	169,937	432,879	414,995
Prior Period Adjustment	1,036	-	-	-	1,036	-
Net Position, end of year	\$ 265,162	\$ 255,396	\$ 182,323	\$ 177,483	\$ 447,485	\$ 432,879

Governmental Activities expenditures were at a higher level for 2017 compared to 2016, generally due to an increase in Public Works activities of \$3.3 million and an increase of \$4.4 million in Conservation and Development.

The following two charts represent revenues by source and expenses by function for the City's Governmental Activities for 2017.

City of La Crosse, Wisconsin – 2017 Governmental Revenue by Source

City of La Crosse, Wisconsin – 2017 Expenses by Function



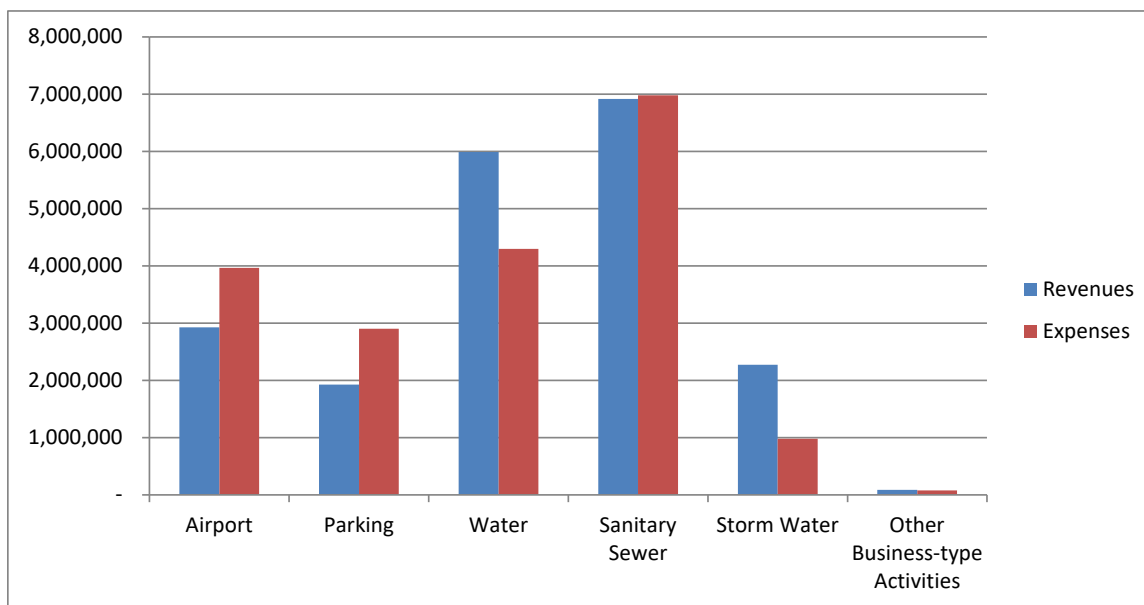
Business-type Activities

Business-type activities increased the City's net position by \$4,839,312. The major contributing factors to this increase for the business-type activities are as follows:

- The implementation of a Storm Water Utility in 2012.
- The Water Utility is self-supporting, operating on the revenues from the sales of water and from private and public fire protection. The current water rate is designed to provide a 4.0% return on rate base. The City Council now requires that future water rates be reviewed every two years with the next review scheduled to take place in 2019.
- 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.

The following chart represents the operating revenues and expenses for 2017 for the City's Business-Type Activities.

City of La Crosse, Wisconsin – 2017 Business-Type Activities Expense & Revenue



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, 2017, the City of La Crosse's governmental funds reported combined ending fund balances of \$73,709,389. Of this amount \$19,653,914 is attributable to the General Fund balance and is designated as follows: \$1,175,004 or approximately 6.0% is designated as Nonspendable; \$289,414 or approximately 1.5% is designated as Committed and \$18,189,496 or approximately 92.5% is designated as Unassigned.

The General Fund is the chief operating fund of the City of La Crosse, Wisconsin. As of December 31, 2017, the total fund balance of the general fund was \$19,653,914 of which \$18,189,496 is designated as Unassigned. This Unassigned fund balance represents approximately 33.4% of total general fund expenditures for 2017. The general fund balance decreased by \$7,118,368 in fiscal year 2017. Additionally, the 2017 annual program budget for the City's general fund identified a use of fund balance for items to be carried forward from the 2017 budget to the 2018 budget of \$1,429,058; \$429,058 of which was designated for capital expenditures. Actual expenditures were less than final amended budgeted expenditures by approximately 10.3% or \$6,315,820. Actual revenue sources were more than the original amended budgeted revenues in the general fund by \$2,607,688 or approximately 4.5%.

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 lower 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.
- Lower than budgeted spending in the Capital Expenditures category most of which were carried over for future spending.

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.

The City of La Crosse, Wisconsin's Net Position

Business-type Funds

(in thousands of dollars)

	Net Position		Change in Net Position	
	2017	2016	2017	2016
Airport	\$ 64,941	\$ 63,433	\$ 1,508	\$ 4,801
Parking Utility	31,360	31,427	(67)	(836)
Water Utility	32,663	31,813	850	1,129
Sewer Utility	39,022	39,114	(92)	663
Storm Water Utility	11,031	8,765	2,266	1,451
Sanitary Sewer District	618	606	12	-
Total	<u>\$ 179,635</u>	<u>\$ 175,158</u>	<u>\$ 4,477</u>	<u>\$ 7,208</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 \$2,607,688. Actual expenditures were less than budgeted expenditures by \$6,315,820.

Revenues exceeded budgetary estimates and expenditures came in under budget; the City's General Fund "Unassigned" balance decreased by \$7,012,635. The City's General Fund combined fund balance is 36.1% of 2017 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, 2017, amounts to \$402,989,520 (net of accumulated depreciation), an increase of \$35,673,656 (8.8%). 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 \$12,381,545 (5.7%) increase for governmental activities and a \$23,292,111 (15.5%) increase for business-type activities.

The following capital improvement projects for 2017 are contained and financed in the City's 2017-2021 five year Capital Improvement Program budget:

- Airport facility and runway upgrades – approximately \$6,890,000.
- Capital Equipment purchases for various departments - approximately \$1,934,000.
- Various Park projects - approximately \$775,000.
- Continuing upgrades to the Sanitary Sewer infrastructure - approximately \$1,580,000.
- Storm water improvement projects - approximately \$2,233,000.
- Various street and streetscaping improvement projects - approximately \$4,645,944.
- Various Tax Incremental Financing District projects - approximately \$21,350,405.
- Miscellaneous Water projects - approximately \$1,343,000.

The City of La Crosse, Wisconsin's Capital Assets

(in thousands of dollars)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land and Land Improvements	\$ 11,355	\$ 9,933	\$ 8,692	\$ 8,692	\$ 20,047	\$ 18,625
Buildings and Improvements	83,797	83,398	28,467	30,534	112,264	113,932
Machinery and Equipment	36,648	35,435	23,598	23,502	60,246	58,937
Infrastructure/systems	153,252	147,944	150,338	131,922	303,590	279,866
Construction in Progress	34,768	26,271	24,961	15,662	59,729	41,933
Less: Accumulated Depreciation	(90,656)	(86,199)	(62,230)	(59,779)	(152,886)	(145,978)
Total	\$229,164	\$216,782	\$173,826	\$150,533	\$402,990	\$367,315

Long-term Debt

The City's bond rating is AA by Standard & Poor. Due to this favorable rating the City is able to borrow at a lesser interest rate for capital projects included in its annual capital improvement budget and for other special projects.

At the end of the 2017 fiscal year, the City of La Crosse had total general obligation debt outstanding of \$77,112,641 entirely backed by the full faith and credit of the government. This represents an increase of \$13,639,438 compared to the total general obligation debt outstanding as of the end of fiscal year 2016. This increase is due primarily to a borrowing for \$15,600,000 for the purchase of a parking garage in the downtown area.

In 2017, the City sold four bond issues. Three of the issues were dated March 9, 2017. Issue A was for 15 year Corporate Purpose Bonds for \$5,560,000 at a net interest rate of 2.6796%. Issue B was for 15 year Airport Bonds for \$3,265,000 at a net interest rate of 3.0455%. Issue C was for 10 year Promissory Notes for \$2,210,000 at a net interest rate of 2.1411%. Issue D was for 15 year Corporate Purpose Bonds for \$15,600,000 at a net interest rate of 2.7563%. Issues A and C funded the City's \$7,844,595 annual capital improvement program budget and the various projects: Street and Streetscaping projects, Bridge projects, Storm Sewer projects, Fire projects, Water Projects, Library projects, Park projects, and Miscellaneous Tax Incremental Financing projects. The issues were rated AA by Standard & Poor's. Issue C was for Airport improvements and Issue D was for the purchase of a parking garage in the downtown area.

Wisconsin State Statutes limit the amount of general obligation debt a governmental entity may issue up to 5% of its total equalized valuation. The City of La Crosse has adopted a more stringent debt borrowing policy that states that its outstanding debt will not exceed 75% of the 5% State Statute allowable legal debt margin unless authorized by a 2/3 vote of the City Council. In addition, the City will not borrow a larger amount than is retired in the current year unless overridden by a 2/3 vote of the City Council. The current legal debt limitation for the City of La Crosse is \$187,934,975 and its outstanding debt subject to State statutory limit at December 31, 2017 is \$77,112,641 or approximately 41.0%.

The City of La Crosse, Wisconsin's Outstanding Long-Term Obligations
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation bonds/notes	\$ 56,733	\$ 67,768	\$ 22,532	\$ 3,169	\$ 79,265	\$ 70,937
Mortgage revenue bonds	-	-	-	-	-	-
Other long-term obligations	20,667	16,542	2,295	2,470	22,962	19,012
Total	\$ 77,400	\$ 84,310	\$ 24,827	\$ 5,639	\$102,227	\$ 89,949

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

- The 2017 unadjusted unemployment rate for the La Crosse MSA was 3.0% compared to the State average of 3.2%, and compared to the National average of 4.1%.
- Inflationary trends in the region are comparable to national indices.
- The total value of building permits in 2017 was \$105,929,494 as compared to 2016 with \$70,299,196 and 2015 with \$95,408,421.

Requests for Information

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

CITY OF LA CROSSE, WISCONSIN

BASIC FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN

STATEMENT OF NET POSITION

DECEMBER 31, 2017

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	\$ 104,225,493	\$ 19,633,632	\$ 123,859,125
Restricted cash and investments	-	3,273,016	3,273,016
Receivables			
Taxes	46,861,562	723,406	47,584,968
Accounts and other	1,993,580	3,896,163	5,889,743
Special assessments	279,395	-	279,395
Current portion of loans receivable	229,689	-	229,689
Internal balances	(5,588,567)	5,588,567	-
Due from other governments	353,393	-	353,393
Inventories	296,349	304,950	601,299
Prepaid items	145,700	1,066,071	1,211,771
Special assessments	461,854	6,096	467,950
Loans receivable	12,433,388	-	12,433,388
Other property	-	3,375	3,375
Capital assets not being depreciated	46,123,048	29,666,886	75,789,934
Capital assets, net of accumulated depreciation	<u>183,040,764</u>	<u>144,158,822</u>	<u>327,199,586</u>
TOTAL ASSETS	390,855,648	208,320,984	599,176,632
 DEFERRED OUTFLOWS OF RESOURCES			
Wisconsin Retirement System pension	<u>18,892,483</u>	<u>1,600,415</u>	<u>20,492,898</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 409,748,131</u>	 <u>\$ 209,921,399</u>	 <u>\$ 619,669,530</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
LIABILITIES			
Accounts payable	\$ 8,157,732	\$ 1,387,348	\$ 9,545,080
Accrued liabilities			
Payroll, payroll taxes	1,914,311	240,728	2,155,039
Interest	689,085	251,038	940,123
Other	93,497	-	93,497
Due to other governments	22,805	-	22,805
Due to others	222,770	-	222,770
Unearned revenue	421,469	-	421,469
Current portion of long-term obligations	19,877,671	1,850,208	21,727,879
Noncurrent portion of long-term obligations	<u>57,521,543</u>	<u>22,977,049</u>	<u>80,498,592</u>
TOTAL LIABILITIES	<u>88,920,883</u>	<u>26,706,371</u>	<u>115,627,254</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - tax roll	46,760,345	137,868	46,898,213
Wisconsin Retirement System pension	<u>8,904,959</u>	<u>754,354</u>	<u>9,659,313</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>55,665,304</u>	<u>892,222</u>	<u>56,557,526</u>
 NET POSITION			
Net investment in capital assets	177,222,339	151,293,650	328,515,989
Restricted for:			
Special revenue	2,257,740	-	2,257,740
Debt service	5,383,611	-	5,383,611
Capital projects	26,433,529	3,273,016	29,706,545
Other activities	7,863,284	666,114	8,529,398
Unrestricted	<u>46,001,441</u>	<u>27,090,026</u>	<u>73,091,467</u>
TOTAL NET POSITION	<u>265,161,944</u>	<u>182,322,806</u>	<u>447,484,750</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	 <u>\$ 409,748,131</u>	 <u>\$ 209,921,399</u>	 <u>\$ 619,669,530</u>

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
GOVERNMENTAL ACTIVITIES							
General government	\$ 7,457,151	\$ 3,458,389	\$ 947,762	\$ 3,619	\$ (3,047,381)		\$ (3,047,381)
Public safety							
Law enforcement	13,406,925	930,721	484,390	1,028	(11,990,786)		(11,990,786)
Fire protection	10,656,432	76,524	139,887	-	(10,440,021)		(10,440,021)
Other public safety	749,306	-	-	-	(749,306)		(749,306)
Public works							
Transportation	19,416,970	2,817,345	6,097,512	17,448	(10,484,665)		(10,484,665)
Storm sewer	73,919	26,047	11,106	-	(36,766)		(36,766)
Docks and harbors	20,273	56,809	-	-	36,536		36,536
Sanitation	2,392,763	5,575	180,756	-	(2,206,432)		(2,206,432)
Health and human services	225,485	188,780	300	-	(36,405)		(36,405)
Culture, recreation, and education							
Library	5,463,152	82,695	358,545	-	(5,021,912)		(5,021,912)
Auditorium	4,290,279	3,656,820	-	-	(633,459)		(633,459)
Parks and recreation	5,665,379	2,225,572	199,658	(161)	(3,240,310)		(3,240,310)
Conservation and development	11,523,499	1,387,648	2,808,221	1,203,448	(6,124,182)		(6,124,182)
Interest and fiscal charges	2,110,953	-	-	-	(2,110,953)		(2,110,953)
TOTAL GOVERNMENTAL ACTIVITIES	83,452,486	14,912,925	11,228,137	1,225,382	(56,086,042)		(56,086,042)
BUSINESS-TYPE ACTIVITIES							
Municipal Airport	3,965,387	2,927,095	-	2,629,499		\$ 1,591,207	1,591,207
Parking Utility	2,899,274	1,926,436	-	-		(972,838)	(972,838)
Water Utility	4,297,783	5,990,498	-	195,618		1,888,333	1,888,333
Sewer Utility	6,975,900	6,912,886	-	9,948		(53,066)	(53,066)
Storm Water Utility	977,416	2,273,964	-	1,840,588		3,137,136	3,137,136
Sanitary Sewer District	76,775	85,667	-	-		8,892	8,892
TOTAL BUSINESS-TYPE ACTIVITIES	19,192,535	20,116,546	-	4,675,653		5,599,664	5,599,664
TOTAL PRIMARY GOVERNMENT	\$ 102,645,021	\$ 35,029,471	\$ 11,228,137	\$ 5,901,035	(56,086,042)	5,599,664	(50,486,378)
GENERAL REVENUE							
Taxes							
Property taxes, levied for general purposes					34,816,328	-	34,816,328
Tax increments					10,363,109	-	10,363,109
Other taxes					3,717,853	-	3,717,853
Intergovernmental revenue not restricted to specific programs					13,073,684	-	13,073,684
Interest and investment income					1,271,660	334,596	1,606,256
Miscellaneous					409,322	68,582	477,904
TRANSFERS					1,163,530	(1,163,530)	-
TOTAL GENERAL REVENUE AND TRANSFERS					64,815,486	(760,352)	64,055,134
CHANGE IN NET POSITION					8,729,444	4,839,312	13,568,756
NET POSITION - BEGINNING					255,396,242	177,483,494	432,879,736
PRIOR PERIOD ADJUSTMENT					1,036,258	-	1,036,258
NET POSITION - ENDING					\$ 265,161,944	\$ 182,322,806	\$ 447,484,750

CITY OF LA CROSSE, WISCONSIN
FUND FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

<u>ASSETS</u>	GENERAL FUND	HUD PROGRAMS	BONDED CAPITAL PROJECTS	DEBT SERVICE	TIF DISTRICT #17	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	\$ 20,067,223	\$ 1,125,178	\$ 15,826,973	\$ 3,984,441	\$ 233,394	\$ 39,348,264	\$ 80,585,473
Receivables							
Taxes	34,538,684	-	-	-	890,228	11,432,650	46,861,562
Accounts and other	844,515	4,951	-	-	-	886,042	1,735,508
Special assessments	-	-	-	-	-	741,249	741,249
Loans	36,745	9,188,056	9,357	1,813,785	-	1,615,134	12,663,077
Due from other funds	1,024,924	-	-	-	-	-	1,024,924
Due from other governments	18,366	225,198	-	-	-	109,829	353,393
Inventories	54,981	-	-	-	-	114,473	169,454
Prepaid items	30,330	-	-	-	-	25,564	55,894
Advances to other funds	1,053,481	-	32,081	1,400,000	-	386,216	2,871,778
TOTAL ASSETS	\$ 57,669,249	\$ 10,543,383	\$ 15,868,411	\$ 7,198,226	\$ 1,123,622	\$ 54,659,421	\$ 147,062,312
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>							
LIABILITIES							
Accounts payable	\$ 1,442,495	\$ 463,240	\$ 168,208	\$ 830	\$ -	\$ 1,430,799	\$ 3,505,572
Accrued liabilities	1,808,716	-	-	-	-	195,037	2,003,753
Due to other funds	-	-	1,274,665	-	-	23,519	1,298,184
Due to other governments	-	-	-	-	-	22,805	22,805
Due to others	222,770	-	-	-	-	-	222,770
Unearned revenue	103,887	9,188,056	9,357	1,813,785	-	2,177,159	13,292,244
Advances from other funds	-	-	-	-	11,351	5,488,150	5,499,501
TOTAL LIABILITIES	3,577,868	9,651,296	1,452,230	1,814,615	11,351	9,337,469	25,844,829
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue							
Tax roll	34,437,467	-	-	-	890,228	11,432,650	46,760,345
Special assessments	-	-	-	-	-	747,749	747,749
TOTAL DEFERRED INFLOWS OF RESOURCES	34,437,467	-	-	-	890,228	12,180,399	47,508,094
FUND BALANCES							
Nonspendable	1,175,004	-	-	-	-	140,037	1,315,041
Restricted	-	892,087	14,416,181	5,383,611	222,043	13,383,001	34,296,923
Committed	289,414	-	-	-	-	21,735,850	22,025,264
Unassigned	18,189,496	-	-	-	-	(2,117,335)	16,072,161
TOTAL FUND BALANCES	19,653,914	892,087	14,416,181	5,383,611	222,043	33,141,553	73,709,389
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 57,669,249	\$ 10,543,383	\$ 15,868,411	\$ 7,198,226	\$ 1,123,622	\$ 54,659,421	\$ 147,062,312

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

CITY OF LA CROSSE, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

Fund balances - total governmental funds		\$ 73,709,389
<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.		229,163,812
Some revenue is unavailable in the funds because they are not available to pay current period expenditures.		13,676,026
Wisconsin Retirement System deferred outflows of resources and deferred inflows of resources are not current financial resources and are not reported in fund statements.		9,987,524
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	\$ (689,085)	
Bonds and notes payable, including premium	(56,732,628)	
Compensated absences	(2,554,841)	
OPEB liability	(15,987,505)	
Wisconsin Retirement System net pension liability	<u>(2,124,240)</u>	(78,088,299)
Internal service funds assets and liabilities	\$ 19,401,076	
Receivable from business-type funds for internal service activity	<u>(2,687,584)</u>	<u>16,713,492</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$265,161,944</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, 2017

	GENERAL FUND	HUD PROGRAMS	BONDED CAPITAL PROJECTS	DEBT SERVICE	TIF DISTRICT #17	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE							
Taxes	\$ 37,790,459	\$ -	\$ -	\$ -	\$ 282,231	\$ 10,854,218	\$ 48,926,908
Special assessments	-	-	-	-	-	364,759	364,759
Intergovernmental	15,020,306	1,544,781	-	-	1,020,184	5,551,132	23,136,403
Licenses and permits	1,980,757	-	-	-	-	203,907	2,184,664
Fines, forfeits, and penalties	-	-	-	-	-	754,368	754,368
Public charges for services	1,960,270	-	-	-	-	5,377,208	7,337,478
Intergovernmental charges for services	2,011,548	-	-	-	-	276,897	2,288,445
Miscellaneous	1,217,058	905,895	21,119	553,684	-	3,702,311	6,400,067
TOTAL REVENUE	59,980,398	2,450,676	21,119	553,684	1,302,415	27,084,800	91,393,092
EXPENDITURES							
Current							
General government	9,045,325	-	-	-	-	585,868	9,631,193
Public safety	22,184,987	-	-	-	-	934,346	23,119,333
Public works	9,642,077	-	-	-	-	5,806,623	15,448,700
Health and human services	149,505	-	-	-	-	188,707	338,212
Culture, recreation, and education	9,316,751	-	-	-	-	3,943,120	13,259,871
Conservation and development	2,281,358	2,851,902	28,956	-	289	2,465,653	7,628,158
Capital outlay	1,885,410	-	5,398,291	-	15,669,321	13,422,333	36,375,355
Debt service							
Principal	-	-	-	13,673,241	-	147,321	13,820,562
Interest and other fiscal charges	-	-	-	2,009,488	184	126,517	2,136,189
TOTAL EXPENDITURES	54,505,413	2,851,902	5,427,247	15,682,729	15,669,794	27,620,488	121,757,573
EXCESS OF REVENUE OVER (UNDER)							
EXPENDITURES	5,474,985	(401,226)	(5,406,128)	(15,129,045)	(14,367,379)	(535,688)	(30,364,481)
OTHER FINANCING (USES) SOURCES							
Operating transfers in	11,097,816	760,422	-	15,622,148	-	11,296,654	38,777,040
Operating transfers out	(23,691,169)	(760,422)	(2,739,920)	(267,334)	(1,003,448)	(10,275,133)	(38,737,426)
Issuance of long-term debt	-	-	8,280,491	64,509	15,600,000	-	23,945,000
Premium on long-term debt	-	-	-	599,144	-	-	599,144
TOTAL OTHER FINANCING (USES) SOURCES	(12,593,353)	-	5,540,571	16,018,467	14,596,552	1,021,521	24,583,758
NET CHANGE IN FUND BALANCES	(7,118,368)	(401,226)	134,443	889,422	229,173	485,833	(5,780,723)
FUND BALANCES - BEGINNING	26,772,282	1,293,313	14,281,738	4,494,189	(7,130)	32,655,720	79,490,112
FUND BALANCES - ENDING	\$ 19,653,914	\$ 892,087	\$ 14,416,181	\$ 5,383,611	\$ 222,043	\$ 33,141,553	\$ 73,709,389

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, 2017

Net change in fund balances - total governmental funds \$ (5,780,723)

Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures.

However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of

Capital outlay reported in governmental fund statements	\$ 36,375,355	
Less noncapitalized outlay	(19,306,105)	
Depreciation expense reported in the statement of activities	<u>(5,204,409)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		11,864,841

The net effect of various miscellaneous transactions involving capital assets (i.e., loss on disposal of assets) is to decrease net position: (519,555)

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:

Less amount for business-type activities:	<u>(23,945,000)</u>	
	<u>15,600,000</u>	(8,345,000)

Wisconsin Retirement System net pension asset and deferred outflows of resources changes. (2,548,152)

Net change due to internal services funds incorporated into the statement of activities.	\$ 2,220,060	
Transfers from business-type funds for internal service fund activity.	<u>(362,072)</u>	1,857,988

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:		(321,985)
---	--	-----------

OPEB expense is not reported in the governmental funds. (619,847)

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. 426,885

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:	\$ 13,820,562	
Less amount for business-type activities:	<u>(447,462)</u>	13,373,100

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:		(387,211)
--	--	-----------

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	\$ 2,045,427	
The amount of interest accrued during the current period	<u>(2,316,324)</u>	
Interest paid is less than interest accrued by:		<u>(270,897)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 8,729,444

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT		INTERNAL SERVICE
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
ASSETS								
CURRENT ASSETS								
Cash and investments	\$ 6,905,804	\$ 2,023,326	\$ 3,196,701	\$ 1,899,448	\$ 5,362,160	\$ 246,193	\$ 19,633,632	\$ 23,640,020
Restricted cash	68,002	-	-	3,205,014	-	-	3,273,016	-
Taxes receivable	-	109,288	304,316	228,010	81,792	-	723,406	-
Accounts receivable	227,030	542,566	1,289,759	1,319,741	450,396	66,671	3,896,163	258,072
Due from other funds	-	-	1,176,914	-	121,270	-	1,298,184	-
Inventories	5,885	-	299,059	6	-	-	304,950	126,895
Prepaid items	1,064,133	361	629	676	272	-	1,066,071	89,806
TOTAL CURRENT ASSETS	<u>8,270,854</u>	<u>2,675,541</u>	<u>6,267,378</u>	<u>6,652,895</u>	<u>6,015,890</u>	<u>312,864</u>	<u>30,195,422</u>	<u>24,114,793</u>
NONCURRENT ASSETS								
CAPITAL ASSETS								
Property, plant, and equipment	59,564,929	55,556,016	43,988,725	48,522,791	2,838,138	624,934	211,095,533	-
Construction in progress	19,129,230	381,277	1,436,926	1,460,680	2,552,408	-	24,960,521	-
TOTAL CAPITAL ASSETS	<u>78,694,159</u>	<u>55,937,293</u>	<u>45,425,651</u>	<u>49,983,471</u>	<u>5,390,546</u>	<u>624,934</u>	<u>236,056,054</u>	<u>-</u>
Less accumulated depreciation	16,333,503	11,999,856	15,742,358	17,733,827	101,119	319,683	62,230,346	-
NET CAPITAL ASSETS	<u>62,360,656</u>	<u>43,937,437</u>	<u>29,683,293</u>	<u>32,249,644</u>	<u>5,289,427</u>	<u>305,251</u>	<u>173,825,708</u>	<u>-</u>
OTHER ASSETS								
Advances to other funds	-	2,124,158	312,104	158,967	32,494	-	2,627,723	-
Special assessments	-	-	6,096	-	-	-	6,096	-
Other property	-	-	3,375	-	-	-	3,375	-
TOTAL OTHER ASSETS	<u>-</u>	<u>2,124,158</u>	<u>321,575</u>	<u>158,967</u>	<u>32,494</u>	<u>-</u>	<u>2,637,194</u>	<u>-</u>
TOTAL NONCURRENT ASSETS	<u>62,360,656</u>	<u>46,061,595</u>	<u>30,004,868</u>	<u>32,408,611</u>	<u>5,321,921</u>	<u>305,251</u>	<u>176,462,902</u>	<u>-</u>
TOTAL ASSETS	<u>70,631,510</u>	<u>48,737,136</u>	<u>36,272,246</u>	<u>39,061,506</u>	<u>11,337,811</u>	<u>618,115</u>	<u>206,658,324</u>	<u>24,114,793</u>
DEFERRED OUTFLOWS OF RESOURCES								
Wisconsin Retirement System pension	294,448	193,959	573,643	441,458	96,907	-	1,600,415	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 70,925,958</u>	<u>\$ 48,931,095</u>	<u>\$ 36,845,889</u>	<u>\$ 39,502,964</u>	<u>\$ 11,434,718</u>	<u>\$ 618,115</u>	<u>\$208,258,739</u>	<u>\$ 24,114,793</u>

(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, 2017

	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
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>								
LIABILITIES								
CURRENT LIABILITIES								
Accounts payable	\$ 786,729	\$ 308,726	\$ 145,426	\$ 119,284	\$ 27,049	\$ 134	\$ 1,387,348	\$ 4,652,160
Accrued liabilities	50,326	34,959	68,425	76,682	10,336	-	240,728	4,055
Interest	83,095	167,943	-	-	-	-	251,038	-
Due to other funds	-	-	1,024,924	-	-	-	1,024,924	-
Compensated absences	26,202	35,036	160,696	110,871	-	-	332,805	-
Unearned revenue	-	-	-	-	-	-	-	57,502
Current portion of general obligation bonds	317,212	627,662	156,558	-	28,304	-	1,129,736	-
Current portion of post-employment benefits	143,841	3,418	323,891	(83,483)	-	-	387,667	-
TOTAL CURRENT LIABILITIES	<u>1,407,405</u>	<u>1,177,744</u>	<u>1,879,920</u>	<u>223,354</u>	<u>65,689</u>	<u>134</u>	<u>4,754,246</u>	<u>4,713,717</u>
NONCURRENT LIABILITIES								
Net pension liability	33,107	21,808	64,499	49,637	10,896	-	179,947	-
General obligation bonds	4,385,971	15,725,582	1,009,298	-	281,471	-	21,402,322	-
Post-employment benefits	-	435,904	958,876	-	-	-	1,394,780	-
TOTAL NONCURRENT LIABILITIES	<u>4,419,078</u>	<u>16,183,294</u>	<u>2,032,673</u>	<u>49,637</u>	<u>292,367</u>	<u>-</u>	<u>22,977,049</u>	<u>-</u>
TOTAL LIABILITIES	<u>5,826,483</u>	<u>17,361,038</u>	<u>3,912,593</u>	<u>272,991</u>	<u>358,056</u>	<u>134</u>	<u>27,731,295</u>	<u>4,713,717</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - tax roll	19,150	118,718	-	-	-	-	137,868	-
Wisconsin Retirement System pension	138,788	91,422	270,386	208,081	45,677	-	754,354	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>157,938</u>	<u>210,140</u>	<u>270,386</u>	<u>208,081</u>	<u>45,677</u>	<u>-</u>	<u>892,222</u>	<u>-</u>
NET POSITION								
Net investment in capital assets	57,657,473	27,584,193	28,517,437	32,249,644	4,979,652	305,251	151,293,650	-
Restricted for capital improvement	68,002	-	-	3,205,014	-	-	3,273,016	-
Restricted for other	122,553	80,729	238,758	183,740	40,334	-	666,114	-
Unrestricted	7,093,509	3,694,995	3,906,715	3,383,494	6,010,999	312,730	24,402,442	19,401,076
TOTAL NET POSITION	<u>64,941,537</u>	<u>31,359,917</u>	<u>32,662,910</u>	<u>39,021,892</u>	<u>11,030,985</u>	<u>617,981</u>	<u>179,635,222</u>	<u>19,401,076</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 70,925,958</u>	<u>\$ 48,931,095</u>	<u>\$ 36,845,889</u>	<u>\$ 39,502,964</u>	<u>\$ 11,434,718</u>	<u>\$ 618,115</u>	<u>\$208,258,739</u>	<u>\$ 24,114,793</u>

Net position - total enterprise funds \$179,635,222
Adjustment to reflect the consolidation of internal service activities related to enterprise funds 2,687,584
Net position of business-type activities **\$182,322,806**

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, 2017

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
OPERATING REVENUE								
Charges for services	\$ 2,897,329	\$ 835,117	\$ 4,857,038	\$ 6,487,377	\$ 2,255,156	\$ 85,667	\$ 17,417,684	\$ -
Fines, forfeits, and penalties	-	1,089,191	-	-	18,808	-	1,107,999	-
Interfund charges for services	-	-	775,524	-	-	-	775,524	13,578,063
Intergovernmental charges for services	-	-	300,206	415,886	-	-	716,092	-
Miscellaneous	36,852	10,712	73,873	36,369	8,314	-	166,120	1,662,000
TOTAL OPERATING REVENUE	<u>2,934,181</u>	<u>1,935,020</u>	<u>6,006,641</u>	<u>6,939,632</u>	<u>2,282,278</u>	<u>85,667</u>	<u>20,183,419</u>	<u>15,240,063</u>
OPERATING EXPENSES								
Operations	1,700,264	1,167,675	708,234	4,273,083	694,653	64,883	8,608,792	13,239,483
Maintenance	316,819	341,531	1,406,868	374,949	203,492	8,769	2,652,428	-
General and administrative	92,085	204,387	1,208,681	169,257	57,090	1,157	1,732,657	-
Depreciation	1,773,734	956,642	960,833	853,904	39,231	1,975	4,586,319	-
Taxes	60,508	37,801	94,960	88,784	-	-	282,053	-
TOTAL OPERATING EXPENSES	<u>3,943,410</u>	<u>2,708,036</u>	<u>4,379,576</u>	<u>5,759,977</u>	<u>994,466</u>	<u>76,784</u>	<u>17,862,249</u>	<u>13,239,483</u>
OPERATING (LOSS) INCOME	<u>(1,009,229)</u>	<u>(773,016)</u>	<u>1,627,065</u>	<u>1,179,655</u>	<u>1,287,812</u>	<u>8,883</u>	<u>2,321,170</u>	<u>2,000,580</u>
NONOPERATING (EXPENSES) REVENUE								
Interest income	68,179	56,764	56,040	88,039	64,625	2,658	336,305	205,832
Loss on disposal of capital assets	-	(4,394)	-	(1,332,642)	-	-	(1,337,036)	-
Interest expense	(83,095)	(167,943)	(36,029)	-	(6,559)	-	(293,626)	-
Amortization of gain on refunding	-	(61,696)	-	-	-	-	(61,696)	-
TOTAL NONOPERATING (EXPENSES) REVENUE	<u>(14,916)</u>	<u>(177,269)</u>	<u>20,011</u>	<u>(1,244,603)</u>	<u>58,066</u>	<u>2,658</u>	<u>(1,356,053)</u>	<u>205,832</u>
(LOSS) INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(1,024,145)</u>	<u>(950,285)</u>	<u>1,647,076</u>	<u>(64,948)</u>	<u>1,345,878</u>	<u>11,541</u>	<u>965,117</u>	<u>2,206,412</u>
TRANSFER IN	2,596,407	1,003,448	-	469,380	-	-	4,069,235	13,648
TRANSFER (OUT)	(2,508,193)	(120,000)	(992,577)	(501,727)	-	-	(4,122,497)	-
CAPITAL CONTRIBUTIONS	<u>2,444,499</u>	<u>-</u>	<u>195,618</u>	<u>4,974</u>	<u>920,294</u>	<u>-</u>	<u>3,565,385</u>	<u>-</u>
CHANGE IN NET POSITION	1,508,568	(66,837)	850,117	(92,321)	2,266,172	11,541	4,477,240	2,220,060
NET POSITION - BEGINNING	<u>63,432,969</u>	<u>31,426,754</u>	<u>31,812,793</u>	<u>39,114,213</u>	<u>8,764,813</u>	<u>606,440</u>	<u>175,157,982</u>	<u>17,181,016</u>
NET POSITION - ENDING	<u>\$ 64,941,537</u>	<u>\$ 31,359,917</u>	<u>\$ 32,662,910</u>	<u>\$ 39,021,892</u>	<u>\$ 11,030,985</u>	<u>\$ 617,981</u>	<u>\$179,635,222</u>	<u>\$ 19,401,076</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, 2017

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL	
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	INTERNAL SERVICE	
CASH FLOWS FROM OPERATING ACTIVITIES						TOTALS		
Receipts from customers	\$ 2,831,387	\$ 1,842,725	\$ 5,219,375	\$ 6,945,703	\$ 2,280,904	\$ 77,180	\$ 19,197,274	\$ 1,435,052
Receipts from municipality	-	-	843,682	-	-	-	843,682	-
Receipts from quasi-external transactions	-	-	-	-	-	-	-	14,105,288
Payments to suppliers for goods and services	(148,155)	(693,220)	(1,366,185)	(3,038,210)	(481,678)	(74,809)	(5,802,257)	(625,757)
Payments for employees for services	(808,523)	(562,824)	(1,070,084)	(1,286,942)	(304,152)	-	(4,032,525)	(71,024)
Payments for employee benefits	(503,596)	(234,167)	(733,628)	(1,016,176)	(156,250)	-	(2,643,817)	(12,879,675)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,371,113</u>	<u>352,514</u>	<u>2,893,160</u>	<u>1,604,375</u>	<u>1,338,824</u>	<u>2,371</u>	<u>7,562,357</u>	<u>1,963,884</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Operating transfers from other funds	-	1,003,448	-	469,380	-	-	1,472,828	13,648
Operating transfers to other funds	88,214	(120,000)	(992,577)	(501,727)	-	-	(1,526,090)	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>88,214</u>	<u>883,448</u>	<u>(992,577)</u>	<u>(32,347)</u>	<u>-</u>	<u>-</u>	<u>(53,262)</u>	<u>13,648</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition of property, plant, and equipment	(937,990)	(17,533,563)	(2,547,102)	(1,619,882)	(1,066,150)	-	(23,704,687)	-
Sale of capital assets	-	24,849	26,146	-	-	-	50,995	-
Proceeds from the issuance of bonds	3,316,566	16,389,331	200,000	-	50,000	-	19,955,897	-
Retirement of bonds and loans	(203,383)	(97,783)	(237,234)	-	(25,228)	-	(563,628)	-
Interest paid	-	-	(36,029)	-	(6,559)	-	(42,588)	-
NET CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>2,175,193</u>	<u>(1,217,166)</u>	<u>(2,594,219)</u>	<u>(1,619,882)</u>	<u>(1,047,937)</u>	<u>-</u>	<u>(4,304,011)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received	68,179	56,764	56,040	88,039	64,625	2,658	336,305	205,832
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	3,702,699	75,560	(637,596)	40,185	355,512	5,029	3,541,389	2,183,364
CASH AND INVESTMENTS - BEGINNING	<u>3,271,107</u>	<u>1,947,766</u>	<u>3,834,297</u>	<u>5,064,277</u>	<u>5,006,648</u>	<u>241,164</u>	<u>19,365,259</u>	<u>21,456,656</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 6,973,806</u>	<u>\$ 2,023,326</u>	<u>\$ 3,196,701</u>	<u>\$ 5,104,462</u>	<u>\$ 5,362,160</u>	<u>\$ 246,193</u>	<u>\$ 22,906,648</u>	<u>\$ 23,640,020</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, 2017

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL	
	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 (used in) operating activities						TOTALS		
Operating (loss) income	\$(1,009,229)	\$ (773,016)	\$ 1,627,065	\$ 1,179,655	\$ 1,287,812	\$ 8,883	\$ 2,321,170	\$ 2,000,580
Adjustments to reconcile operating (loss) income to net cash flows from operating activities								
Depreciation	1,773,734	956,642	960,833	853,904	39,231	1,975	4,586,319	-
Depreciation charged to clearing	-	-	200,246	-	-	-	200,246	-
Changes in assets and liabilities								
(Increase) decrease in assets								
Receivables	(121,944)	(94,855)	(11,742)	6,071	(1,374)	(8,487)	(232,331)	276,734
Due from other funds	-	-	6,154	-	(31,567)	-	(25,413)	-
Inventories	(1,152)	-	(27,346)	(6)	-	-	(28,504)	(12,639)
WRS net pension asset	52,172	30,154	76,869	83,814	22,454	-	265,463	-
Prepaid items	2,196,635	(36)	(66)	(40)	(9)	-	2,196,484	(3,587)
Increase (decrease) in liabilities								
Accounts payable	729,229	151,905	(75,696)	(247,137)	22,143	-	580,444	(301,010)
Accrued liabilities	3,931	6,627	10,255	13,085	134	-	34,032	496
Due to other funds	-	-	62,004	-	-	-	62,004	-
Unavailable revenue	19,150	2,560	-	-	-	-	21,710	3,310
Compensated absences	(3,849)	9,390	27,141	(4,711)	-	-	27,971	-
OPEB obligations	(70,929)	63,143	37,443	(280,260)	-	-	(250,603)	-
Total adjustments	<u>4,576,977</u>	<u>1,125,530</u>	<u>1,266,095</u>	<u>424,720</u>	<u>51,012</u>	<u>(6,512)</u>	<u>7,437,822</u>	<u>(36,696)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 3,567,748</u>	<u>\$ 352,514</u>	<u>\$ 2,893,160</u>	<u>\$ 1,604,375</u>	<u>\$ 1,338,824</u>	<u>\$ 2,371</u>	<u>\$ 9,758,992</u>	<u>\$ 1,963,884</u>
RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION								
Cash and investments	\$ 6,905,804	\$ 2,023,326	\$ 3,196,701	\$ 1,899,448	\$ 5,362,160	\$ 246,193	\$ 19,633,632	\$ 23,640,020
Restricted cash	<u>68,002</u>	<u>-</u>	<u>-</u>	<u>3,205,014</u>	<u>-</u>	<u>-</u>	<u>3,273,016</u>	<u>-</u>
TOTAL	<u>\$ 6,973,806</u>	<u>\$ 2,023,326</u>	<u>\$ 3,196,701</u>	<u>\$ 5,104,462</u>	<u>\$ 5,362,160</u>	<u>\$ 246,193</u>	<u>\$ 22,906,648</u>	<u>\$ 23,640,020</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES								
Capital contributions	<u>\$ 2,444,499</u>	<u>\$ -</u>	<u>\$ 195,618</u>	<u>\$ 4,974</u>	<u>\$ 920,294</u>	<u>\$ -</u>	<u>\$ 3,565,385</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, 2017

<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	\$ 364,974	\$ 270,613	\$ 27,084	\$21,658,833
Taxes receivable	-	-	-	33,341,369
Accounts receivable	-	-	-	13,972
TOTAL ASSETS	<u>\$ 364,974</u>	<u>\$ 270,613</u>	<u>\$ 27,084</u>	<u>\$55,014,174</u>
 <u>LIABILITIES AND NET POSITION</u>				
LIABILITIES				
Accounts payable	\$ 67,985	\$ -	\$ -	\$ 17,700
Due to other governments	-	-	-	54,880,751
Due to others	-	-	-	115,723
TOTAL LIABILITIES	<u>67,985</u>	<u>-</u>	<u>-</u>	<u>55,014,174</u>
 NET POSITION				
Held in trust	<u>296,989</u>	<u>270,613</u>	<u>27,084</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 364,974</u>	<u>\$ 270,613</u>	<u>\$ 27,084</u>	<u>\$55,014,174</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, 2017

	<u>EMPLOYEE BENEFIT TRUST</u>	<u>PRIVATE- PURPOSE TRUSTS</u>	<u>WORKERS' COMPENSATION WMMIC</u>
ADDITIONS			
Contributions			
Plan members	\$ 453,956	\$ -	\$ -
Private donations	-	-	444,298
Interest	-	2,943	-
TOTAL ADDITIONS	<u>453,956</u>	<u>2,943</u>	<u>444,298</u>
 DEDUCTIONS			
Administrative expenses	434,152	-	-
Forfeiture transfer	-	-	441,358
Culture, recreation, and education	-	-	-
TOTAL DEDUCTIONS	<u>434,152</u>	<u>-</u>	<u>441,358</u>
 CHANGE IN NET POSITION	 19,804	 2,943	 2,940
 NET POSITION - BEGINNING	 <u>277,185</u>	 <u>267,670</u>	 <u>24,144</u>
 NET POSITION - ENDING	 <u>\$ 296,989</u>	 <u>\$ 270,613</u>	 <u>\$ 27,084</u>

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

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

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

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

This report includes all of the funds of the City of La Crosse, Wisconsin. The reporting entity for the City is based upon criteria established by Governmental Accounting Standards Board. All functions of the City for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and special financing relationships. The report contains the La Crosse Public Library, La Crosse Center, La Crosse Municipal Airport, La Crosse Water Utility, Tax Incremental Districts No. 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 and other funds and departments which are part of the City.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

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 revenue 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:

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

The City reports the following major governmental funds:

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

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

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

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

TIF District #17 - The TIF District #17 Fund is used to account for all the sources and uses of funds for the tax incremental financing district #17.

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.

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

Measurement and Basis of Accounting

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

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

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

Property taxes are recorded in the year levied as receivables and unavailable revenue. They are recognized as revenue in the succeeding year when services financed by the levy are being provided. Special assessments are recorded as revenue when they become measurable and available as current assets. Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Grants are recorded as revenue 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.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

The proprietary funds distinguish *operating* revenue and expenses from *nonoperating* items. Operating revenue 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 revenue 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 revenue 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 revenue and expenses. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers.

Inventory - Inventory is priced at the lower of cost (first-in, first-out) or market. The cost of governmental fund-type inventories are recorded as expenditures when purchased. A nonspendable fund balance has been recognized for inventory to signify that a portion of fund balance is not available for other subsequent expenditures.

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

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has one item that qualifies for reporting in this category. It is the Wisconsin Retirement System pension and results from changes in the pension plan.

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

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

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

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

NOTE 2 - Cash and Investments

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

As of December 31, 2017, 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	\$ 97,952,848
Citizens Bank Repurchase Agreement	Less than one year	1,000,000
Coulee Bank Repurchase Agreement	Less than one year	10,011,659
River Bank Repurchase Agreement	Less than one year	10,000,000
Trust Point Domestic Bonds (Library Funds)	Less than one year	1,299,256
Trust Point Domestic Equity Securities (Library Funds)	Less than one year	680,990
TOTAL		<u>\$ 120,944,753</u>

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 2 - Cash and Investments - Continued

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, 2017, the Pool's fair value was 100 percent of book value.

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

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

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

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of December 31, 2017, \$15,077,465 of the City's bank balance of \$20,899,236, was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name	<u>\$ 15,077,465</u>
--	----------------------

Custodial Credit Risk - Investments - Custodial credit is the risk that, in the event the failure of the counterparty, the City's investments may not be returned to it. As of December 31, 2017, \$21,041,906 of the City's investments subject to custodial credit risk of \$23,040,452 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name	\$ 19,061,659
Uninsured and uncollateralized	<u>1,980,247</u>
	<u>\$ 21,041,906</u>

NOTE 3 - Property Taxes

Property taxes attach as an enforceable lien on property in December when the tax roll is certified. Taxes are levied on December 1 and are payable in four installments in January, March, May, and July, or are payable in full on January 31. Special assessments, charges, and personal property taxes are payable in full on January 31. The City bills and collects its own property taxes and also taxes for the State, County, Area Technical College, and Area Public Schools until August 12, at which time all uncollected real estate taxes are turned over to the county for collection. Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Property Tax Agency Fund. City property tax revenue is recognized in the year it is levied for and available for use. The 2017 tax roll (levied for 2018) 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.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

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 1/1/17	ADDITIONS	PAYMENTS, FOREGIVENESS & FORECLOSURES	CHANGE IN ACCRUED INTEREST	ADJUSTMENTS	BALANCES 12/31/17
Housing Rehabilitation	\$ 75,692	\$ -	\$ (3,000)	\$ -	\$ -	\$ 72,692
HOME Program	1,141,834	-	(95,211)	(13,371)	-	1,033,252
NSP Program	33,300	-	-	-	-	33,300
Replacement Housing	251,903	500,000	(643)	153,385	-	904,645
TID #14	18,105	50,000	-	-	-	68,105
Economic Development	1,257,663	40,000	(110,013)	(4,570)	-	1,183,080
TID #13	145,000	-	(15,000)	-	-	130,000
Residential Rehabilitation	6,010,410	226,103	(243,521)	-	39,315	6,032,307
Miscellaneous Economic Development	3,064,456	200,000	(76,897)	18,137	-	3,205,696
TOTAL	<u>\$ 11,998,363</u>	<u>\$ 1,016,103</u>	<u>\$ (544,285)</u>	<u>\$ 153,581</u>	<u>\$ 39,315</u>	<u>\$ 12,663,077</u>

NOTE 5 - Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

GOVERNMENTAL ACTIVITIES

	BALANCES 1/1/17	ADDITIONS	RETIREMENTS	ADJUSTMENTS/ TRANSFERS	BALANCES 12/31/17
<i>Capital assets not being depreciated:</i>					
Land	\$ 9,933,066	\$ 447,242	\$ -	\$ 975,000	\$ 11,355,308
Construction in progress	26,271,510	12,531,534	-	(4,035,304)	34,767,740
Total capital assets not being depreciated	<u>36,204,576</u>	<u>12,978,776</u>	<u>-</u>	<u>(3,060,304)</u>	<u>46,123,048</u>
<i>Capital assets being depreciated</i>					
Buildings	83,397,960	300,652	52,068	150,834	83,797,378
Infrastructure	125,456,585	1,186,194	-	2,122,685	128,765,464
Improvements other than buildings	22,487,424	590,322	-	1,408,127	24,485,873
Machinery and equipment	35,434,986	2,013,306	1,215,285	414,916	36,647,923
Total capital assets being depreciated	<u>266,776,955</u>	<u>4,090,474</u>	<u>1,267,353</u>	<u>4,096,562</u>	<u>273,696,638</u>
Less accumulated depreciation for:					
Buildings	16,998,347	1,087,337	14,536	-	18,071,148
Infrastructure	45,974,576	1,866,222	-	-	47,840,798
Improvements other than buildings	5,508,507	468,545	-	-	5,977,052
Machinery and equipment	17,717,833	1,782,305	733,262	-	18,766,876
Total accumulated depreciation	<u>86,199,263</u>	<u>5,204,409</u>	<u>747,798</u>	<u>-</u>	<u>90,655,874</u>
Total capital assets being depreciated, net	<u>180,577,692</u>	<u>(1,113,935)</u>	<u>519,555</u>	<u>4,096,562</u>	<u>183,040,764</u>
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	<u>\$ 216,782,268</u>	<u>\$ 11,864,841</u>	<u>\$ 519,555</u>	<u>\$ 1,036,258</u>	<u>\$ 229,163,812</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 5 - Capital Assets - Continued

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

General Government	\$ 486,520
Law Enforcement	147,942
Fire Protection	402,073
Transportation/Highway	1,911,627
Transit	639,053
Storm Sewer	285,754
Docks and Harbors	20,273
Sanitation	8,630
Health and Human Services	15,299
Library	128,984
La Crosse Center	408,711
Parks and Recreation	578,146
Conservation & Development	171,397
Total	<u>\$ 5,204,409</u>

BUSINESS-TYPE ACTIVITIES

	<u>BALANCES</u> 1/1/17	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> 12/31/17
<i>Capital assets not being depreciated:</i>					
Land	\$ 4,706,365	\$ -	\$ -	\$ -	\$ 4,706,365
Construction in progress	15,661,809	10,882,850	-	(1,584,138)	24,960,521
Total capital assets not being depreciated	<u>20,368,174</u>	<u>10,882,850</u>	<u>-</u>	<u>(1,584,138)</u>	<u>29,666,886</u>
<i>Capital assets being depreciated</i>					
Land improvements	3,986,194	-	-	-	3,986,194
Buildings	30,534,100	-	2,067,314	-	28,466,786
Equipment	23,502,004	742,909	646,603	-	23,598,310
Infrastructure	131,922,347	17,845,612	1,014,219	1,584,138	150,337,878
Total capital assets being depreciated	<u>189,944,645</u>	<u>18,588,521</u>	<u>3,728,136</u>	<u>1,584,138</u>	<u>206,389,168</u>
Less accumulated depreciation for:					
Land improvements	2,168,754	264,156	-	-	2,432,910
Buildings	10,229,009	779,665	1,141,181	-	9,867,493
Equipment	9,340,241	1,007,247	593,808	-	9,753,680
Infrastructure	38,041,218	2,735,497	600,492	-	40,176,263
Total accumulated depreciation	<u>59,779,222</u>	<u>4,786,565</u>	<u>2,335,441</u>	<u>-</u>	<u>62,230,346</u>
Total capital assets being depreciated, net accumulated depreciation	<u>130,165,423</u>	<u>13,801,956</u>	<u>1,392,695</u>	<u>1,584,138</u>	<u>144,158,822</u>
BUSINESS-TYPE ACTIVITIES					
CAPITAL ASSETS, NET OF					
ACCUMULATED DEPRECIATION	<u>\$ 150,533,597</u>	<u>\$ 24,684,806</u>	<u>\$ 1,392,695</u>	<u>\$ -</u>	<u>\$ 173,825,708</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 5 - Capital Assets - Continued

Depreciation expense was charged to functions as follows:

Business-type activities	
Municipal Airport	\$ 1,773,734
Parking Utility	956,642
Water Utility	1,161,079
Sewer Utility	853,904
Storm Utility	39,231
Sanitary Sewer Utility	<u>1,975</u>
	4,786,565
Less: Water Utility joint metering and clearing	<u>(200,246)</u>
TOTAL	<u>\$ 4,586,319</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>1/1/17</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>BALANCES</u> <u>12/31/17</u>	<u>AMOUNTS</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
Bonds payable	\$ 31,725,000	\$ 24,425,000	\$ 3,855,000	\$ 52,295,000	\$ 4,535,000
Notes payable	31,748,203	3,035,000	9,965,562	24,817,641	9,066,846
Premium	978,407	1,385,571	211,933	2,152,045	293,117
Net OPEB obligation	17,400,708	5,868,159	5,498,915	17,769,952	4,945,270
Wisconsin retirement system net pension liability	4,415,000	-	2,110,813	2,304,187	-
Employee benefits:					
Vacation pay	1,324,451	250,659	-	1,575,110	1,575,110
Sick pay	1,071,904	125,565	-	1,197,469	1,197,469
Comp pay	<u>141,331</u>	<u>-</u>	<u>26,264</u>	<u>115,067</u>	<u>115,067</u>
TOTAL	88,805,004	35,089,954	21,668,487	102,226,471	21,727,879
Less business-type debt	<u>(5,778,568)</u>	<u>(20,625,168)</u>	<u>(1,576,479)</u>	<u>(24,827,257)</u>	<u>(1,850,208)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 83,026,436</u>	<u>\$ 14,464,786</u>	<u>\$ 20,092,008</u>	<u>\$ 77,399,214</u>	<u>\$ 19,877,671</u>

BUSINESS-TYPE ACTIVITIES

Bonds/Notes Payable					
Airport	\$ 1,590,000	\$ 3,265,000	\$ 185,000	\$ 4,670,000	\$ 315,000
Parking	-	15,600,000	-	15,600,000	590,000
Water Utility	1,203,090	200,000	237,234	1,165,856	156,558
Storm Utility	285,003	50,000	25,228	309,775	28,304
Premium	-	786,427	-	786,427	39,874
Net OPEB Obligation	2,033,050	690,710	941,313	1,782,447	387,667
Wisconsin retirement system net pension liability	362,594	-	182,647	179,947	-
Employee benefits:					
Vacation pay	153,935	3,267	-	157,202	157,202
Sick pay	132,575	29,764	-	162,339	162,339
Comp pay	<u>18,321</u>	<u>-</u>	<u>5,057</u>	<u>13,264</u>	<u>13,264</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 5,778,568</u>	<u>\$ 20,625,168</u>	<u>\$ 1,576,479</u>	<u>\$ 24,827,257</u>	<u>\$ 1,850,208</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, 2017

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, 2017, is comprised of the following individual issues:

<u>DESCRIPTION</u>	<u>ISSUE DATES</u>	<u>INTEREST RATES (%)</u>	<u>FINAL MATURITY</u>	<u>BALANCE 12/31/17</u>
Bonds Payable				
GO Bonds Payable A	2007	4.000 - 4.125	2020	\$ 1,350,000
GO Bonds Payable A	2010	0.750 - 5.050	2024	3,290,000
GO Refunding Bonds Payable C	2010	0.750 - 2.500	2018	1,125,000
GO Bonds Payable A	2011	3.000 - 4.375	2025	3,375,000
GO Bonds Payable C	2011	2.000 - 4.000	2031	9,235,000
GO Bonds Payable A	2012	2.000 - 3.000	2026	3,090,000
GO Bonds Payable A	2013	2.000 - 2.200	2027	3,565,000
GO Bonds Payable A	2015	2.000 - 3.000	2029	1,435,000
GO Bonds Payable B	2015	2.000 - 3.000	2024	1,405,000
GO Bonds Payable A	2017	3.000 - 5.000	2032	5,560,000
GO Bonds Payable B	2017	3.000 - 5.000	2032	3,265,000
GO Bonds Payable D	2017	3.000 - 3.500	2037	15,600,000
TOTAL BONDS PAYABLE				<u>52,295,000</u>
Notes Payable				
GO Notes Payable A	2009	2.750 - 3.500	2018	950,000
GO Notes Payable B	2010	0.700 - 4.600	2019	785,000
GO Notes Payable B	2011	2.000 - 4.000	2020	1,285,000
GO Notes Payable B	2012	2.000 - 2.750	2021	880,000
GO Notes Payable B	2013	2.000	2021	1,055,000
GO Notes Payable C	2013	0.400 - 2.250	2021	260,000
GO Notes Payable A	2014	3.000	2018	1,495,000
DNR Loan Payable	2014	0.000	2019	100,000
GO Note Payable C	2015	2.000	2024	3,345,000
State Trust Fund Loan 2015D	2015	3.250	2025	287,507
State Trust Fund Loan 2015E	2015	3.750	2030	720,134
GO Notes Payable A	2016	2.000	2026	5,345,000
GO Notes Payable B	2016	0.800 - 4.000	2022	5,275,000
GO Notes Payable C	2017	2.000 - 3.000	2027	2,210,000
State Trust Fund Loan 2017E	2017	3.500	2027	825,000
TOTAL NOTES PAYABLE				<u>24,817,641</u>
TOTAL GENERAL OBLIGATION DEBT				<u>\$ 77,112,641</u>

General Obligation Debt Limit Calculation

The 2017 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$3,758,699,500. The legal debt limit and margin of indebtedness as of December 31, 2017, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5 percent of \$3,758,699,500)	\$ 187,934,975
Applicable long-term debt	(77,112,641)
Amount available in debt service fund	<u>5,383,611</u>
MARGIN OF INDEBTEDNESS	<u>\$ 116,205,945</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 6 - Long-Term Obligations - Continued

Maturities of Long-Term Obligations

Maturities of the long-term obligations at December 31, 2017, are:

<u>YEARS</u>	<u>GENERAL OBLIGATION DEBT</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2018	\$ 13,601,846	\$ 2,439,728
2019	7,936,019	1,964,711
2020	6,676,188	1,745,023
2021	5,901,836	1,553,694
2022	5,377,535	1,389,650
2023-2027	21,496,231	4,551,449
2028-2032	11,242,986	1,761,241
2033-2037	4,880,000	477,568
TOTAL	<u>\$ 77,112,641</u>	<u>\$15,883,064</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, 2017, is \$7,615,000.

NOTE 8 - Wisconsin Retirement System

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 8 - Wisconsin Retirement System - Continued

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

Contributions - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives & Elected Officials Category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$2,755,204 in contributions from the employer.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 8 - Wisconsin Retirement System - Continued

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General (including Teachers, Executives & Elected Officials)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2017, the City reported a liability of \$2,304,187 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City's proportion was 0.27955334%, which was an increase of .00785781% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$5,917,446.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 878,587	\$ (7,246,469)
Net differences between projected and actual earnings on pension plan investments	13,741,382	(2,271,869)
Changes in actuarial assumptions	2,409,117	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,160	(140,976)
Employer contributions subsequent to the measurement date	3,404,653	-
Total	\$ 20,492,899	\$ (9,659,314)

\$3,404,653 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow of Resources	Deferred Inflows of Resources
2017	\$5,961,827	\$(2,917,855)
2018	5,961,827	(2,917,855)
2019	4,975,646	(2,917,855)
2020	184,940	(940,325)
2021	4,005	(1,423)

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 8 - Wisconsin Retirement System - Continued

Actuarial Assumptions - The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

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

Asset Allocation Targets and Expected Returns (as of December 31, 2016)

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>				
Global Equities	50	45	8.3	5.4
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 8 - Wisconsin Retirement System - Continued

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Variable Fund Asset Class				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0
New England Pension Consultants Long-Term US CPI (Inflation) Forecast : 2.75% Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations				

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
City of La Crosse's proportionate share of the net pension liability (asset)	\$30,313,057	\$2,304,187	\$(19,263,912)

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

Payables to the Pension Plan

At December 31, 2017, the City reported a payable of \$450,852 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2017.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 9 - Interfund Receivables, Payables, and Transfers

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Due To/From Other Funds		
General	Water Utility	\$ 1,024,924
Water Utility	Bonded Capital Projects	1,153,395
Water Utility	Capital Improvement Program	23,519
Storm Water Utility	Bonded Capital Projects	<u>121,270</u>
		<u>2,323,108</u>
Advances To/From Other Funds:		
General Fund	TIF District #17	11,351
General Fund	TIF District #6	11,137
General Fund	TIF District #7	5,698
General Fund	TIF District #9	1,405
General Fund	TIF District #11	26,728
General Fund	TIF District #12	175,291
General Fund	TIF District #13	518,576
General Fund	TIF District #16	34,429
General Fund	Other Special Revenue Funds	360,000
Parking Utility	TIF District #6	231,212
Parking Utility	TIF District #11	1,892,946
Water Utility	TIF District #6	73,098
Water Utility	TIF District #10	236,369
Water Utility	TIF District #13	2,637
Sewer Utility	TIF District #6	20,896
Sewer Utility	TIF District #10	55,105
Sewer Utility	TIF District #12	20,728
Sewer Utility	TIF District #16	62,238
Storm Water Utility	TIF District #16	32,494
Bonded Capital Projects	TIF District #12	32,081
Debt Service Fund	TIF District #11	1,400,000
Other Special Revenue Funds	TIF District #12	127,802
Other Special Revenue Funds	TIF District #13	148,689
Other Special Revenue Funds	TIF District #16	18,591
Transit	General Fund	91,134
		<u>\$ 5,590,635</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, 2017

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

Individual fund transfers during 2017 are as follows:

TRANSFER OUT:	TRANSFER IN:			
	GENERAL FUND	HUD PROGRAMS	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS
General Fund	\$ -	\$ -	\$15,591,967	\$ 8,073,902
HUD Programs	-	760,422	-	-
Debt Service	267,334	-	-	-
Bonded Capital Projects	-	-	-	2,739,920
TIF District #17	-	-	-	-
Nonmajor Governmental Funds	9,728,893	-	-	424,995
Municipal Airport	-	-	30,181	-
Parking Utility	65,000	-	-	55,000
Water Utility	992,577	-	-	-
Sewer Utility	32,347	-	-	-
Internal Service	11,665	-	-	2,837
TOTAL	<u>\$11,097,816</u>	<u>\$ 760,422</u>	<u>\$15,622,148</u>	<u>\$11,296,654</u>

TRANSFER OUT:	TRANSFER IN:				TOTAL
	PARKING UTILITY	SEWER UTILITY	MUNICIPAL AIRPORT	INTERNAL SERVICES	
General Fund	\$ -	\$ -	\$ -	\$ 25,300	\$23,691,169
HUD Programs	-	-	-	-	760,422
Debt Service	-	-	-	-	267,334
Bonded Capital Projects	-	-	-	-	2,739,920
TIF District #17	1,003,448	-	-	-	1,003,448
Nonmajor Governmental Funds	-	-	118,395	2,850	10,275,133
Municipal Airport	-	-	2,478,012	-	2,508,193
Parking Utility	-	-	-	-	120,000
Water Utility	-	-	-	-	992,577
Sewer Utility	-	469,380	-	-	501,727
Internal Service	-	-	-	-	14,502
TOTAL	<u>\$ 1,003,448</u>	<u>\$ 469,380</u>	<u>\$ 2,596,407</u>	<u>\$ 28,150</u>	<u>\$42,874,425</u>

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

NOTE 10 - Net Position and Fund Balances

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

FUND	PURPOSE/REASON	AMOUNT
<u>Deficits</u>		
TIF District #10	Awaiting future TIF levies	\$ 230,713
TIF District #11	Awaiting future TIF levies	1,713,858
TIF District #12	Awaiting future TIF levies	24,198
TIF District #16	Awaiting future TIF levies	106,536
	Total Deficits	<u>\$ 2,075,305</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 10 - Net Position and Fund Balances - Continued

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Nonspendable</u>		
General Fund	Prepaid expenses	\$ 30,330
General Fund	Advances to other funds	1,053,481
General Fund	Delinquent personal property tax	91,193
Auditorium	Inventory	21,428
Transit	Inventory and prepaid expenses	118,609
	Total Nonspendable	<u>\$ 1,315,041</u>
<u>Restricted</u>		
Special Revenue	Passenger facility charge	\$ 966,326
Special Revenue	Police grants	101,042
Special Revenue	Grant programs, inventory, and restricted revenue	298,285
Debt Service	Future debt repayment	5,383,611
Bonded Capital Projects	Unspent bond monies	14,416,181
Capital Projects	TIF District #6	141,374
Capital Projects	TIF District #7	482,310
Capital Projects	TIF District #9	990,287
Capital Projects	TIF District #13	76,696
Capital Projects	TIF District #14	5,306,971
Capital Projects	TIF District #15	1,349,348
Capital Projects	TIF District #17	222,043
Capital Projects	Capital Equipment	2,140,154
Capital Projects	Special assessments	1,108,140
Capital Projects	State highway land	392,134
Capital Projects	Bluffland preservation	525
Capital Projects	Future capital expenditures	29,409
HUD Programs	Future loan payments	892,087
	Total Restricted	<u>\$ 34,296,923</u>
<u>Committed</u>		
General Fund	Capital projects	\$ 289,414
Special Revenue	Grant programs, inventory, and restricted revenue	21,735,850
	Total Committed	<u>\$ 22,025,264</u>
<u>Restricted - Governmental Activities</u>		
Special Revenue	Various projects	\$ 2,257,740
Debt Service	Future debt repayment	5,383,611
Capital Projects	Various projects	26,655,572
Other Activities	Wisconsin Retirement System pension	7,863,284
	Total Restricted - Governmental Activities	<u>\$ 42,160,207</u>
<u>Restricted - Proprietary Funds and Business-Type Activities</u>		
Sewer Utility	Restricted asset - DNR replacement fund	\$ 3,273,016
Municipal Airport	Wisconsin Retirement System pension	122,553
Municipal Airport	Restricted for future projects	68,002
Parking Utility	Wisconsin Retirement System pension	80,729
Water Utility	Wisconsin Retirement System pension	238,758
Sewer Utility	Wisconsin Retirement System pension	183,740
Storm Water Utility	Wisconsin Retirement System pension	40,334
	Total Restricted - Proprietary Funds and Business-Type Activities	<u>\$ 3,939,130</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 11 - Contingent Liabilities and Commitments

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

All of the Bonded Capital Projects fund balance of \$14,416,181 has been restricted for future projects.

NOTE 12 - Tax Incremental Finance Districts

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

The City has thirteen active Tax Incremental Financing Districts. The following are project summaries of the activity and status of the districts through December 31, 2017:

	TIF DISTRICT					
	#5	#6	#7	#8	#9	#10
SOURCES OF FUNDS						
TIF tax collections	\$ 4,117,987	\$ 22,140,202	\$ 3,109,620	\$ 1,280,758	\$ 5,106,525	\$ 206,920
Exempt computer aids	99,179	1,144,561	62,107	15,072	72,629	75,615
Payment from other government	-	-	-	-	588,619	688,807
Sale of assets	21,713	237,347	366,250	-	1,982,999	26,806
Grants	-	441,015	985,445	89,284	225,000	-
Economic development proceeds	-	-	10,000	-	-	-
Loan repayments	-	-	-	-	618,159	-
Proceeds from long-term debt	1,292,611	33,692,804	2,724,981	351,093	2,233,712	240,750
Transfers from other TIF's	-	18,073,437	-	-	67,943	-
TOTAL SOURCES	5,531,490	75,729,366	7,258,403	1,736,207	10,895,586	1,238,898
USES OF FUNDS						
Capital expenditures	1,301,543	36,872,563	3,560,946	358,810	7,032,934	1,292,751
Principal and interest on long-term debt	1,659,266	37,880,087	3,208,783	479,591	2,830,011	159,629
Interest on advances	1	131,755	6,364	99	41,814	17,231
Transfers to other TIF's	2,570,680	703,587	-	897,707	-	-
TOTAL USES	5,531,490	75,587,992	6,776,093	1,736,207	9,904,759	1,469,611
FUND BALANCES (DEFICIT) AS OF						
DECEMBER 31, 2017	\$ -	\$ 141,374	\$ 482,310	\$ -	\$ 990,827	\$ (230,713)
FUTURE REQUIREMENTS						
Debt service	\$ -	\$ 5,720,887	\$ -	\$ -	\$ 2,093	\$ 126,901
Advances from other funds	-	336,343	5,698	-	1,405	291,474
Interest on advances	-	10,909	462	-	68	51,994
Proceeds from other governments	-	-	-	-	-	688,806
Estimated payable (developer's agreement)	-	-	-	-	-	844,595
Less receivables/plus payables	3,000	-	321,164	3,000	362,072	-
TOTAL FUTURE REQUIREMENTS	3,000	6,068,139	327,324	3,000	365,638	2,003,770
Less cash on hand (deficit)	(3,000)	(477,717)	(809,172)	(3,000)	(1,353,764)	(60,761)
BALANCE TO BE COLLECTED ON TIF DISTRICT	\$ -	\$ 5,590,422	\$ (481,848)	\$ -	\$ (988,126)	\$ 1,943,009
DISTRICT TERMINATION DATE						
	2018	2021	2024	2018	2022	2030
2017 Tax Increment	\$ 206,993	\$ 1,778,774	\$ 372,028	\$ 131,390	\$ 488,303	\$ 55,526

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2017

NOTE 12 - Tax Incremental Finance Districts - Continued

	TIF DISTRICT						
	#11	#12	#13	#14	#15	#16	#17
SOURCES OF FUNDS							
TIF tax collections	\$ 18,806,447	\$ 5,660,958	\$ 6,094,646	\$ 8,480,927	\$ 1,536,876	\$ 56,945	\$ 282,231
Exempt computer aids	3,094,841	85,408	922,078	8,678,887	165,487	4,631	16,736
Payment from other government	-	-	-	-	-	-	1,003,448
Sale of assets	807,002	42,200	260,710	209,711	-	-	-
Grants	5,432,773	42,640	375,000	-	-	-	-
Economic development proceeds	640	-	128	-	-	30,000	-
DNR loan	-	-	216,657	-	-	-	-
Judgment/liquidated damages	2,000,000	-	200,000	-	4,670	-	-
Loan repayments	134,684	-	20,000	-	-	-	-
Interest income	-	-	-	7,126	-	-	-
Proceeds from long-term debt	37,355,983	7,113,222	4,350,967	584,148	-	1,736,875	15,600,000
Proceeds from entity	-	-	-	2,072,634	256,500	-	-
TOTAL SOURCES	<u>67,632,370</u>	<u>12,944,428</u>	<u>12,440,186</u>	<u>20,033,433</u>	<u>1,963,533</u>	<u>1,828,451</u>	<u>16,902,415</u>
USES OF FUNDS							
Capital expenditures	51,050,777	8,207,021	7,671,084	7,906,681	262,438	1,915,365	15,676,709
Principal and interest on long-term debt	17,286,672	4,741,660	4,523,566	425,000	24	-	1,003,448
Interest on advances	737,629	19,945	18,840	8,781	-	19,622	215
Incentives for reverse TIF	271,150	-	150,000	6,386,000	351,723	-	-
TOTAL USES	<u>69,346,228</u>	<u>12,968,626</u>	<u>12,363,490</u>	<u>14,726,462</u>	<u>614,185</u>	<u>1,934,987</u>	<u>16,680,372</u>
FUND BALANCES (DEFICIT) AS OF							
DECEMBER 31, 2017	<u>\$ (1,713,858)</u>	<u>\$ (24,198)</u>	<u>\$ 76,696</u>	<u>\$ 5,306,971</u>	<u>\$ 1,349,348</u>	<u>\$ (106,536)</u>	<u>\$ 222,043</u>
FUTURE REQUIREMENTS							
Debt service	\$ 27,777,497	\$ 6,785,685	\$ 955,507	\$ 823	\$ -	\$ 759,827	\$ 21,438,190
Advances from other funds	3,319,674	355,902	669,902	-	-	147,752	11,351
Interest on advances	1,063,993	106,231	93,270	-	-	40,741	3,129
DNR loan	-	-	-	-	-	100,000	-
Estimated payable (developer's agreement)	7,902,324	-	1,159,000	14,271,025	6,648,277	-	-
Less receivables/plus payables	-	-	(48,156)	191,727	32,786	-	-
TOTAL FUTURE REQUIREMENTS	<u>40,063,488</u>	<u>7,247,818</u>	<u>2,829,523</u>	<u>14,463,575</u>	<u>6,681,063</u>	<u>1,048,320</u>	<u>21,452,670</u>
Less cash on hand (deficit)	<u>(1,605,816)</u>	<u>(331,704)</u>	<u>(698,442)</u>	<u>(5,498,698)</u>	<u>(1,382,134)</u>	<u>(41,216)</u>	<u>(233,394)</u>
BALANCE TO BE COLLECTED OF TIF							
DISTRICT	<u>\$ 38,457,672</u>	<u>\$ 6,916,114</u>	<u>\$ 2,131,081</u>	<u>\$ 8,964,877</u>	<u>\$ 5,298,929</u>	<u>\$ 1,007,104</u>	<u>\$ 21,219,276</u>
DISTRICT TERMINATION DATE							
	2031	2032	2026	2026	2033	2034	2035
2017 Tax Increment	<u>\$ 3,955,043</u>	<u>\$ 680,842</u>	<u>\$ 1,255,745</u>	<u>\$ 1,397,350</u>	<u>\$ 787,667</u>	<u>\$ 140,408</u>	<u>\$ 890,228</u>

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2017

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, 2016 to December 31, 2017:

	<u>Health Care</u>	<u>Workers' Compensation</u>	<u>Liability</u>
Liability Balance, January 1, 2016	\$ 3,814,805	\$ 1,101,877	\$ 162,335
Claims and changes in estimates	13,896,256	(182,608)	183,264
Claim payments	<u>(13,544,647)</u>	<u>(311,460)</u>	<u>(171,377)</u>
Liability Balance, January 1, 2017	4,166,414	607,809	174,222
Claims and changes in estimates	12,385,088	308,583	267,063
Claim payments	<u>(12,509,442)</u>	<u>(482,343)</u>	<u>(265,360)</u>
LIABILITY BALANCE, DECEMBER 31, 2017	<u>\$ 4,042,060</u>	<u>\$ 434,049</u>	<u>\$ 175,925</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, 2017

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, 2017 is as follows:

Total assets	\$ 50,129,143
Total liabilities and reserves	19,408,433
Total equity	30,720,710
Total revenue/income	4,197,948
Total expenditures/expenses	4,839,029
Net decrease in equity	641,081

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, 2017, the net outlay from the City, which equaled \$5,498,915, 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, 2017

NOTE 14 - Post-Retirement Healthcare Benefits - Continued

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 6,173,237
Interest on net OPEB obligation	609,025
Adjustment to annual required contribution	<u>(914,103)</u>
Annual OPEB cost	5,868,159
Contributions made	<u>(5,498,915)</u>
Increase in net OPEB obligation	369,244
Net OPEB obligation - beginning of year	<u>17,400,708</u>
NET OPEB OBLIGATION - END OF YEAR	<u>\$ 17,769,952</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>
12/31/15	\$ 6,395,871	87.89%	\$ 16,440,958
12/31/16	5,884,983	83.69	17,400,708
12/31/17	5,868,159	93.37	17,769,952

Funding Status and Funding Progress

As of November 7, 2016, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$66,389,645, resulting in an unfunded actuarial accrued liability (UAAL) of \$66,389,645. The covered payroll (annual payroll of active employees covered the Plan) equaled \$32,803,145 and the ratio of the UAAL to the covered payroll equaled 202.4 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, 2017

NOTE 14 - Post-Retirement Healthcare Benefits - Continued

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

In the actuarial valuation dated November 7, 2016, the projected unit credit cost actuarial method was used. Because the City funds its OPEB on a pay-as-you-go basis, the Plan has no assets (investments) used specifically for paying the post-retirement medical benefits; therefore, the actuarial assumptions included a 3.50 percent discount rate, which approximates the expected rate of return on non-pension investments held by the City. The UAAL is being amortized as a level dollar amount over 30 years on an open basis.

NOTE 15 - Prior Period Adjustments

The prior period adjustment for \$1,036,258 in the governmental activities on the statement of activities is to Capital certain assets that were incorrectly expensed in prior years.

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, 2017

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)
2015	1/1/14	\$ -	\$ 73,027,143	\$ 73,027,143	0.0%	\$30,576,534	238.8%
2016	1/1/16	\$ -	\$ 66,389,645	\$ 66,389,645	0.0%	\$32,092,419	206.9%
2017	1/1/16	\$ -	\$ 66,389,645	\$ 66,389,645	0.0%	\$32,803,145	202.4%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2015	\$6,395,870	\$5,621,282	87.89%
2016	\$6,173,237	\$5,884,983	95.33%
2017	\$6,173,237	\$5,868,157	95.06%

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET
REVENUE				
Taxes	\$ 36,698,633	\$ 36,698,633	\$ 37,790,459	\$ 1,091,826
Intergovernmental	14,929,092	14,929,092	15,020,306	91,214
Licenses and permits	1,729,810	1,729,810	1,980,757	250,947
Public charges for services	1,831,288	1,831,288	1,960,270	128,982
Intergovernmental charges for services	1,803,066	1,803,066	2,011,548	208,482
Miscellaneous	380,821	380,821	1,217,058	836,237
TOTAL REVENUE	<u>57,372,710</u>	<u>57,372,710</u>	<u>59,980,398</u>	<u>2,607,688</u>
EXPENDITURES				
Current				
General government	9,343,849	10,020,938	9,045,325	975,613
Public safety	22,182,215	22,256,511	22,184,987	71,524
Public works	9,979,831	10,110,409	9,642,077	468,332
Health and human services	148,000	148,000	149,505	(1,505)
Culture, recreation, and education	9,894,736	9,752,797	9,316,751	436,046
Conservation and development	1,271,022	1,281,462	2,281,358	(999,896)
Capital outlay	10,000	7,251,116	1,885,410	5,365,706
TOTAL EXPENDITURES	<u>52,829,653</u>	<u>60,821,233</u>	<u>54,505,413</u>	<u>6,315,820</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>4,543,057</u>	<u>(3,448,523)</u>	<u>5,474,985</u>	<u>8,923,508</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	11,811,464	11,811,464	11,097,816	(713,648)
Operating transfers (out)	<u>(16,354,521)</u>	<u>(16,366,601)</u>	<u>(23,691,169)</u>	<u>(7,324,568)</u>
TOTAL OTHER FINANCING (USES)	<u>(4,543,057)</u>	<u>(4,555,137)</u>	<u>(12,593,353)</u>	<u>(8,038,216)</u>
NET CHANGE IN FUND BALANCE	-	(8,003,660)	(7,118,368)	885,292
FUND BALANCE - BEGINNING	<u>26,772,282</u>	<u>26,772,282</u>	<u>26,772,282</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 26,772,282</u>	<u>\$ 18,768,622</u>	<u>\$ 19,653,914</u>	<u>\$ 885,292</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, 2017

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 \$8,003,660.
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 \$999,896 for the year ended December 31, 2017. The over expenditures were financed by under expenditures in other functions and greater than anticipated revenue.

CITY OF LA CROSSE, WISCONSIN
WISCONSIN RETIREMENT SYSTEM SCHEDULES
YEAR ENDED DECEMBER 31, 2017

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
City's proportion of the net pension liability (asset)	0.27001724%	0.27169553%	0.27955334%
City's proportionate share of the net pension liability (asset)	\$ (6,632,361)	\$ 4,414,500	\$ 2,304,187
City's covered employee payroll	\$ 29,513,033	\$ 30,422,348	\$ 31,820,938
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-22.47%	14.51%	7.24%
Plan fiduciary net position as a percentage of the total pension liability	102.74%	98.20%	99.12%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 2,689,659	\$ 2,661,909	\$ 2,755,204
Contributions in relation to the contractually required contribution	<u>2,689,659</u>	<u>2,661,909</u>	<u>2,755,204</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	<u>\$ 29,513,033</u>	<u>\$ 30,422,348</u>	<u>\$ 31,820,938</u>
Contributions as a percentage of covered employee payroll	9.11%	8.75%	8.66%

The City implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2017

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

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

CITY OF LA CROSSE, WISCONSIN
OTHER SUPPLEMENTARY INFORMATION

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

<u>ASSETS</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
Cash and investments	\$ 23,443,140	\$ 15,905,124	\$ 39,348,264
Receivable			
Taxes	-	11,432,650	11,432,650
Accounts and other	793,555	92,487	886,042
Special assessments	-	741,249	741,249
Loans	1,417,029	198,105	1,615,134
Due from other governments	83,629	26,200	109,829
Inventories	114,473	-	114,473
Prepaid items	25,564	-	25,564
Advance to other funds	386,216	-	386,216
	<u>386,216</u>	<u>-</u>	<u>386,216</u>
TOTAL ASSETS	<u>\$ 26,263,606</u>	<u>\$ 28,395,815</u>	<u>\$ 54,659,421</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 507,200	\$ 923,599	\$ 1,430,799
Accrued liabilities	195,037	-	195,037
Due to other funds	-	23,519	23,519
Due to other governments	22,805	-	22,805
Unearned revenue	1,979,054	198,105	2,177,159
Advances from other funds	360,000	5,128,150	5,488,150
TOTAL LIABILITIES	<u>3,064,096</u>	<u>6,273,373</u>	<u>9,337,469</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Tax roll	-	11,432,650	11,432,650
Special assessments	-	747,749	747,749
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>12,180,399</u>	<u>12,180,399</u>
 FUND BALANCES			
Nonspendable	140,037	-	140,037
Restricted	1,365,653	12,017,348	13,383,001
Committed	21,735,850	-	21,735,850
Unassigned	(42,030)	(2,075,305)	(2,117,335)
TOTAL FUND BALANCES	<u>23,199,510</u>	<u>9,942,043</u>	<u>33,141,553</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 26,263,606</u>	<u>\$ 28,395,815</u>	<u>\$ 54,659,421</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUE			
Taxes	\$ 426,384	\$ 10,427,834	\$ 10,854,218
Special assessments	-	364,759	364,759
Intergovernmental	3,995,581	1,555,551	5,551,132
Licenses and permits	203,907	-	203,907
Fines, forfeits, and penalties	754,368	-	754,368
Public charges for services	4,802,798	574,410	5,377,208
Intergovernmental charges for services	276,897	-	276,897
Miscellaneous	3,063,811	638,500	3,702,311
TOTAL REVENUE	<u>13,523,746</u>	<u>13,561,054</u>	<u>27,084,800</u>
EXPENDITURES			
Current			
General government	585,868	-	585,868
Public safety	934,346	-	934,346
Public works	5,749,189	57,434	5,806,623
Health and human services	188,707	-	188,707
Culture, recreation, and education	3,942,607	513	3,943,120
Conservation and development	700,324	1,765,329	2,465,653
Capital outlay	2,545,854	10,876,479	13,422,333
Debt service			
Principal	-	147,321	147,321
Interest and other fiscal charges	-	126,517	126,517
TOTAL EXPENDITURES	<u>14,646,895</u>	<u>12,973,593</u>	<u>27,620,488</u>
EXCESS OF REVENUE (UNDER) OVER EXPENDITURES	<u>(1,123,149)</u>	<u>587,461</u>	<u>(535,688)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	8,831,739	2,464,915	11,296,654
Operating transfers (out)	(2,554,102)	(7,721,031)	(10,275,133)
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,277,637</u>	<u>(5,256,116)</u>	<u>1,021,521</u>
NET CHANGE IN FUND BALANCE	5,154,488	(4,668,655)	485,833
FUND BALANCES - BEGINNING	<u>18,045,022</u>	<u>14,610,698</u>	<u>32,655,720</u>
FUND BALANCES - ENDING	<u>\$ 23,199,510</u>	<u>\$ 9,942,043</u>	<u>\$ 33,141,553</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017

ASSETS	GREEN ISLAND	AUDITORIUM	INDUSTRIAL PARK	PASSENGER FACILITY CHARGE	COUNTY CONTRIBUTION FOR AIRPORT	POLICE GRANTS	LIBRARY SPECIAL GRANTS	MUNICIPAL COURT	TRANSIT	BUDGET CARRYOVER	OTHER	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Cash and investments	\$466,539	\$ 1,321,773	\$ 145,510	\$ 944,637	\$ 108,375	\$ 842,560	\$ 2,213,234	\$ 76,246	\$ 12,171	\$ 10,959,491	\$ 6,352,604	\$ 23,443,140
Receivables												
Accounts and other	6,015	339,887	-	28,986	-	141,111	-	-	232,040	200	45,316	793,555
Loans	-	-	405,250	-	-	-	-	-	-	-	1,011,779	1,417,029
Due from other governments	-	-	-	-	-	54,627	-	-	-	-	29,002	83,629
Inventories	-	21,428	-	-	-	-	-	-	93,045	-	-	114,473
Prepaid items	-	-	-	-	-	-	-	-	25,564	-	-	25,564
Advance to other funds	-	-	-	-	-	-	-	-	91,134	295,082	-	386,216
TOTAL ASSETS	<u>\$472,554</u>	<u>\$ 1,683,088</u>	<u>\$ 550,760</u>	<u>\$ 973,623</u>	<u>\$ 108,375</u>	<u>\$1,038,298</u>	<u>\$ 2,213,234</u>	<u>\$ 76,246</u>	<u>\$ 453,954</u>	<u>\$ 11,254,773</u>	<u>\$ 7,438,701</u>	<u>\$ 26,263,606</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>												
LIABILITIES												
Accounts payable	\$ 303	\$ 70,159	\$ -	\$ 7,297	\$ -	\$ 15,426	\$ -	\$ 1,014	\$ 209,083	\$ 65,893	\$ 138,025	\$ 507,200
Accrued liabilities	-	19,332	-	-	-	1,192	-	-	168,292	1,094	5,127	195,037
Due to other governments	-	-	-	-	-	-	-	22,805	-	-	-	22,805
Unearned revenue	-	247,793	405,250	-	-	237,799	-	-	-	-	1,088,212	1,979,054
Advances from other funds	-	-	-	-	-	-	-	-	-	-	360,000	360,000
TOTAL LIABILITIES	<u>303</u>	<u>337,284</u>	<u>405,250</u>	<u>7,297</u>	<u>-</u>	<u>254,417</u>	<u>-</u>	<u>23,819</u>	<u>377,375</u>	<u>66,987</u>	<u>1,591,364</u>	<u>3,064,096</u>
FUND BALANCES												
Nonspendable	-	21,428	-	-	-	-	-	-	118,609	-	-	140,037
Restricted	-	-	-	966,326	-	101,042	-	-	-	-	298,285	1,365,653
Committed	472,251	1,324,376	145,510	-	108,375	682,839	2,213,234	52,427	-	11,187,786	5,549,052	21,735,850
Unassigned	-	-	-	-	-	-	-	-	(42,030)	-	-	(42,030)
TOTAL FUND BALANCES	<u>472,251</u>	<u>1,345,804</u>	<u>145,510</u>	<u>966,326</u>	<u>108,375</u>	<u>783,881</u>	<u>2,213,234</u>	<u>52,427</u>	<u>76,579</u>	<u>11,187,786</u>	<u>5,847,337</u>	<u>23,199,510</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$472,554</u>	<u>\$ 1,683,088</u>	<u>\$ 550,760</u>	<u>\$ 973,623</u>	<u>\$ 108,375</u>	<u>\$1,038,298</u>	<u>\$ 2,213,234</u>	<u>\$ 76,246</u>	<u>\$ 453,954</u>	<u>\$ 11,254,773</u>	<u>\$ 7,438,701</u>	<u>\$ 26,263,606</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2017

	GREEN ISLAND	AUDITORIUM	INDUSTRIAL PARK	PASSENGER FACILITY CHARGE	COUNTY CONTRIBUTION FOR AIRPORT	POLICE GRANTS	LIBRARY SPECIAL GRANTS	MUNICIPAL COURT	TRANSIT	BUDGET CARRYOVER	OTHER	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUE												
Taxes	\$ -	\$ -	\$ 4,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 422,226	\$ 426,384
Intergovernmental	-	-	-	-	-	250,252	-	-	3,690,982	-	54,347	3,995,581
Licenses and permits	-	-	-	-	-	-	-	-	-	-	203,907	203,907
Fines, forfeits, and penalties	-	-	-	-	-	5,206	-	718,316	-	30,846	-	754,368
Public charges for services	18,254	2,531,716	-	363,011	-	26,142	-	-	1,458,273	425	404,977	4,802,798
Intergovernmental charges for services	-	-	-	-	7,448	174,900	-	-	-	-	94,549	276,897
Miscellaneous	142	-	29,922	11,802	-	385,557	395,957	-	80,170	1,238	2,159,023	3,063,811
TOTAL REVENUE	18,396	2,531,716	34,080	374,813	7,448	842,057	395,957	718,316	5,229,425	32,509	3,339,029	13,523,746
EXPENDITURES												
Current												
General government	-	-	-	-	-	-	-	-	-	362,839	223,029	585,868
Public safety	-	-	-	-	-	698,942	-	-	-	65,481	169,923	934,346
Public works	-	-	-	-	-	-	-	-	5,722,073	24,258	2,858	5,749,189
Health and human services	-	-	-	-	-	-	-	-	-	-	188,707	188,707
Culture, recreation, and education	159	1,783,122	-	-	-	-	244,975	-	-	-	1,914,351	3,942,607
Conservation and development	-	-	-	-	-	-	-	-	-	22,133	678,191	700,324
Capital outlay	35,782	529,456	-	-	-	31,506	-	-	-	1,567,176	381,934	2,545,854
TOTAL EXPENDITURES	35,941	2,312,578	-	-	-	730,448	244,975	-	5,722,073	2,041,887	3,558,993	14,646,895
EXCESS OF REVENUE (UNDER) OVER EXPENDITURES	(17,545)	219,138	34,080	374,813	7,448	111,609	150,982	718,316	(492,648)	(2,009,378)	(219,964)	(1,123,149)
OTHER FINANCING (USES) SOURCES												
Operating transfers in	-	203,515	-	-	-	-	-	-	533,192	7,032,952	1,062,080	8,831,739
Operating transfers (out)	-	(748,592)	(22,153)	(343,495)	-	(3,640)	-	(716,422)	(2,850)	-	(716,950)	(2,554,102)
TOTAL OTHER FINANCING (USES) SOURCES	-	(545,077)	(22,153)	(343,495)	-	(3,640)	-	(716,422)	530,342	7,032,952	345,130	6,277,637
NET CHANGE IN FUND BALANCES	(17,545)	(325,939)	11,927	31,318	7,448	107,969	150,982	1,894	37,694	5,023,574	125,166	5,154,488
FUND BALANCES - BEGINNING	489,796	1,671,743	133,583	935,008	100,927	675,912	2,062,252	50,533	38,885	6,164,212	5,722,171	18,045,022
FUND BALANCES - ENDING	\$472,251	\$1,345,804	\$ 145,510	\$ 966,326	\$ 108,375	\$ 783,881	\$2,213,234	\$ 52,427	\$ 76,579	\$ 11,187,786	\$ 5,847,337	\$ 23,199,510

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2017

	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
ASSETS									
Cash and investments	\$ 3,000	\$ 477,717	\$ 809,172	\$ 3,000	\$1,353,764	\$ 60,761	\$1,605,816	\$ 331,704	\$ 698,442
Receivable									
Taxes	206,993	1,778,774	372,028	131,390	488,303	55,526	3,955,043	680,842	1,255,745
Accounts and other	-	-	-	-	-	-	-	-	48,156
Special assessments	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	130,000
Due from other governments	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 209,993</u>	<u>\$2,256,491</u>	<u>\$1,181,200</u>	<u>\$ 134,390</u>	<u>\$1,842,067</u>	<u>\$ 116,287</u>	<u>\$5,560,859</u>	<u>\$1,012,546</u>	<u>\$2,132,343</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)									
LIABILITIES									
Accounts payable	\$ 3,000	\$ -	\$ 321,164	\$ 3,000	\$ 362,072	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	130,000
Advances from other funds	-	336,343	5,698	-	1,405	291,474	3,319,674	355,902	669,902
TOTAL LIABILITIES	<u>3,000</u>	<u>336,343</u>	<u>326,862</u>	<u>3,000</u>	<u>363,477</u>	<u>291,474</u>	<u>3,319,674</u>	<u>355,902</u>	<u>799,902</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue									
Tax roll	206,993	1,778,774	372,028	131,390	488,303	55,526	3,955,043	680,842	1,255,745
Special assessments	-	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>206,993</u>	<u>1,778,774</u>	<u>372,028</u>	<u>131,390</u>	<u>488,303</u>	<u>55,526</u>	<u>3,955,043</u>	<u>680,842</u>	<u>1,255,745</u>
FUND BALANCES (DEFICITS)									
Restricted	-	141,374	482,310	-	990,287	-	-	-	76,696
Unassigned	-	-	-	-	-	(230,713)	(1,713,858)	(24,198)	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>141,374</u>	<u>482,310</u>	<u>-</u>	<u>990,287</u>	<u>(230,713)</u>	<u>(1,713,858)</u>	<u>(24,198)</u>	<u>76,696</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 209,993</u>	<u>\$2,256,491</u>	<u>\$1,181,200</u>	<u>\$ 134,390</u>	<u>\$1,842,067</u>	<u>\$ 116,287</u>	<u>\$5,560,859</u>	<u>\$1,012,546</u>	<u>\$2,132,343</u>

(Continued on page 68)

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS - Continued
DECEMBER 31, 2017

<u>ASSETS</u>	TIF DISTRICT #14	TIF DISTRICT #15	TIF DISTRICT #16	CAPITAL EQUIPMENT	SPECIAL ASSESSMENTS	STATE HIGHWAY LAND	BLUFFLAND PRESERVATION	CAPITAL IMPROVEMENT PROGRAM	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
Cash and investments	\$5,498,698	\$1,382,134	\$ 41,216	\$2,146,788	\$ 1,072,027	\$ 365,934	\$ 525	\$ 54,426	\$ 15,905,124
Receivable									
Taxes	1,397,350	787,667	140,408	-	182,581	-	-	-	11,432,650
Accounts and other	-	-	-	361	43,970	-	-	-	92,487
Special assessments	-	-	-	-	741,249	-	-	-	741,249
Loans	68,105	-	-	-	-	-	-	-	198,105
Due from other governments	-	-	-	-	-	26,200	-	-	26,200
TOTAL ASSETS	<u>\$6,964,153</u>	<u>\$2,169,801</u>	<u>\$ 181,624</u>	<u>\$2,147,149</u>	<u>\$ 2,039,827</u>	<u>\$ 392,134</u>	<u>\$ 525</u>	<u>\$ 54,426</u>	<u>\$ 28,395,815</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</u>									
LIABILITIES									
Accounts payable	\$ 191,727	\$ 32,786	\$ -	\$ 6,995	\$ 1,357	\$ -	\$ -	\$ 1,498	\$ 923,599
Due to other funds	-	-	-	-	-	-	-	23,519	23,519
Unearned revenue	68,105	-	-	-	-	-	-	-	198,105
Advances from other funds	-	-	147,752	-	-	-	-	-	5,128,150
TOTAL LIABILITIES	<u>259,832</u>	<u>32,786</u>	<u>147,752</u>	<u>6,995</u>	<u>1,357</u>	<u>-</u>	<u>-</u>	<u>25,017</u>	<u>6,273,373</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue									
Tax roll	1,397,350	787,667	140,408	-	182,581	-	-	-	11,432,650
Other	-	-	-	-	747,749	-	-	-	747,749
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,397,350</u>	<u>787,667</u>	<u>140,408</u>	<u>-</u>	<u>930,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,180,399</u>
FUND BALANCES (DEFICITS)									
Restricted	5,306,971	1,349,348	-	2,140,154	1,108,140	392,134	525	29,409	12,017,348
Unassigned	-	-	(106,536)	-	-	-	-	-	(2,075,305)
	<u>5,306,971</u>	<u>1,349,348</u>	<u>(106,536)</u>	<u>2,140,154</u>	<u>1,108,140</u>	<u>392,134</u>	<u>525</u>	<u>29,409</u>	<u>9,942,043</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$6,964,153</u>	<u>\$2,169,801</u>	<u>\$ 181,624</u>	<u>\$2,147,149</u>	<u>\$ 2,039,827</u>	<u>\$ 392,134</u>	<u>\$ 525</u>	<u>\$ 54,426</u>	<u>\$ 28,395,815</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2017

	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
REVENUE									
Taxes	\$ 217,705	\$ 1,823,696	\$ 306,460	\$ 106,533	\$ 450,759	\$ 64,978	\$ 3,324,327	\$ 580,320	\$ 1,305,959
Special assessments	-	-	-	-	-	-	-	-	-
Intergovernmental	7,448	48,980	3,721	4,329	17,372	4,769	477,116	9,129	200,239
Public charges for services	-	-	-	-	537,590	-	-	-	36,820
Miscellaneous	-	-	-	-	313,289	-	-	-	200,000
TOTAL REVENUE	<u>225,153</u>	<u>1,872,676</u>	<u>310,181</u>	<u>110,862</u>	<u>1,319,010</u>	<u>69,747</u>	<u>3,801,443</u>	<u>589,449</u>	<u>1,743,018</u>
EXPENDITURES									
Current									
Public works	-	-	-	-	-	-	-	-	-
Culture, recreation, and education	-	-	-	-	513	-	-	-	-
Conservation and development	289	288	222,305	288	-	289	5,871	288	14,940
Capital outlay	3,275	95,401	203,969	3,275	3,021,847	275	2,215,552	149,190	679,812
Debt service - principal	-	-	-	-	-	-	-	-	147,321
Debt service - interest	-	5,454	92	-	24	4,727	81,846	8,173	13,323
TOTAL EXPENDITURES	<u>3,564</u>	<u>101,143</u>	<u>426,366</u>	<u>3,563</u>	<u>3,022,384</u>	<u>5,291</u>	<u>2,303,269</u>	<u>157,651</u>	<u>855,396</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>221,589</u>	<u>1,771,533</u>	<u>(116,185)</u>	<u>107,299</u>	<u>(1,703,374)</u>	<u>64,456</u>	<u>1,498,174</u>	<u>431,798</u>	<u>887,622</u>
OTHER FINANCING (USES) SOURCES									
Operating transfers in	-	415,711	9,284	-	-	-	294,000	148,000	148,660
Operating transfers (out)	(231,944)	(2,000,000)	(69,869)	(213,320)	(312,898)	(106,000)	(2,687,000)	(600,000)	(1,075,000)
TOTAL OTHER FINANCING (USES) SOURCES	<u>(231,944)</u>	<u>(1,584,289)</u>	<u>(60,585)</u>	<u>(213,320)</u>	<u>(312,898)</u>	<u>(106,000)</u>	<u>(2,393,000)</u>	<u>(452,000)</u>	<u>(926,340)</u>
NET CHANGE IN FUND BALANCES	(10,355)	187,244	(176,770)	(106,021)	(2,016,272)	(41,544)	(894,826)	(20,202)	(38,718)
FUND BALANCES (DEFICIT) - BEGINNING	<u>10,355</u>	<u>(45,870)</u>	<u>659,080</u>	<u>106,021</u>	<u>3,006,559</u>	<u>(189,169)</u>	<u>(819,032)</u>	<u>(3,996)</u>	<u>115,414</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ 141,374</u>	<u>\$ 482,310</u>	<u>\$ -</u>	<u>\$ 990,287</u>	<u>\$ (230,713)</u>	<u>\$(1,713,858)</u>	<u>\$ (24,198)</u>	<u>\$ 76,696</u>

(Continued on page 70)

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - Continued
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2017

	TIF DISTRICT #14	TIF DISTRICT #15	TIF DISTRICT #16	CAPITAL EQUIPMENT	SPECIAL ASSESSMENTS	STATE HIGHWAY LAND	BLUFFLAND PRESERVATION	CAPITAL IMPROVEMENT PROGRAM	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUE									
Taxes	\$1,550,759	\$ 655,637	\$ 40,701	\$ -	\$ -	\$ -	\$ -	\$ -	\$10,427,834
Special assessments	-	-	-	-	364,759	-	-	-	364,759
Intergovernmental	706,103	74,323	2,022	-	-	-	-	-	1,555,551
Public charges for services	-	-	-	-	-	-	-	-	574,410
Miscellaneous	52,712	-	-	55,034	17,460	-	5	-	638,500
TOTAL REVENUE	<u>2,309,574</u>	<u>729,960</u>	<u>42,723</u>	<u>55,034</u>	<u>382,219</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>13,561,054</u>
EXPENDITURES									
Current									
Public works	-	-	-	-	57,434	-	-	-	57,434
Culture, recreation, and education	-	-	-	-	-	-	-	-	513
Conservation and development	1,168,473	352,010	288	-	-	-	-	-	1,765,329
Capital outlay	2,190,065	217,483	652,722	1,192,345	249,769	-	-	1,499	10,876,479
Debt Service - interest	-	-	12,878	-	-	-	-	-	147,321
TOTAL EXPENDITURES	<u>3,358,538</u>	<u>569,493</u>	<u>665,888</u>	<u>1,192,345</u>	<u>307,203</u>	<u>-</u>	<u>-</u>	<u>1,499</u>	<u>12,973,593</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,048,964)</u>	<u>160,467</u>	<u>(623,165)</u>	<u>(1,137,311)</u>	<u>75,016</u>	<u>-</u>	<u>5</u>	<u>(1,499)</u>	<u>587,461</u>
OTHER FINANCING SOURCES (USES)									
Operating transfers in	-	-	646,340	802,920	-	-	-	-	2,464,915
Operating transfers (out)	(425,000)	-	-	-	-	-	-	-	(7,721,031)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(425,000)</u>	<u>-</u>	<u>646,340</u>	<u>802,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,256,116)</u>
NET CHANGE IN FUND BALANCES	<u>(1,473,964)</u>	<u>160,467</u>	<u>23,175</u>	<u>(334,391)</u>	<u>75,016</u>	<u>-</u>	<u>5</u>	<u>(1,499)</u>	<u>(4,668,655)</u>
FUND BALANCES (DEFICIT) - BEGINNING	<u>6,780,935</u>	<u>1,188,881</u>	<u>(129,711)</u>	<u>2,474,545</u>	<u>1,033,124</u>	<u>392,134</u>	<u>520</u>	<u>30,908</u>	<u>14,610,698</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 5,306,971</u>	<u>\$ 1,349,348</u>	<u>\$ (106,536)</u>	<u>\$ 2,140,154</u>	<u>\$ 1,108,140</u>	<u>\$ 392,134</u>	<u>\$ 525</u>	<u>\$ 29,409</u>	<u>\$ 9,942,043</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2017

<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	\$ 429,901	\$ 1,724,003	\$ 49,048	\$19,543,819	\$ 126	\$ 1,893,123	\$23,640,020
Accounts receivable	-	3,151	-	254,921	-	-	258,072
Inventories	-	-	126,895	-	-	-	126,895
Prepaid items	-	-	-	89,806	-	-	89,806
TOTAL ASSETS	<u>\$ 429,901</u>	<u>\$ 1,727,154</u>	<u>\$ 175,943</u>	<u>\$19,888,546</u>	<u>\$ 126</u>	<u>\$ 1,893,123</u>	<u>\$24,114,793</u>
<u>LIABILITIES AND NET POSITION</u>							
LIABILITIES							
Accounts payable	\$ 175,925	\$ 434,049	\$ -	\$ 4,042,060	\$ 126	\$ -	\$ 4,652,160
Accrued payroll	-	-	-	4,055	-	-	4,055
Unearned revenue	-	-	-	57,502	-	-	57,502
TOTAL LIABILITIES	<u>175,925</u>	<u>434,049</u>	<u>-</u>	<u>4,103,617</u>	<u>126</u>	<u>-</u>	<u>4,713,717</u>
NET POSITION							
Unrestricted	<u>253,976</u>	<u>1,293,105</u>	<u>175,943</u>	<u>15,784,929</u>	<u>-</u>	<u>1,893,123</u>	<u>19,401,076</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 429,901</u>	<u>\$ 1,727,154</u>	<u>\$ 175,943</u>	<u>\$19,888,546</u>	<u>\$ 126</u>	<u>\$ 1,893,123</u>	<u>\$24,114,793</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2017

	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	\$ -	\$ 447,505	\$ -	\$13,096,840	\$ -	\$ 33,718	\$13,578,063
Miscellaneous	131,078	317,594	908	1,212,420	-	-	1,662,000
TOTAL OPERATING REVENUE	<u>131,078</u>	<u>765,099</u>	<u>908</u>	<u>14,309,260</u>	<u>-</u>	<u>33,718</u>	<u>15,240,063</u>
OPERATING EXPENSES							
Operations	25,552	-	-	413,811	13,648	1,562	454,573
Claims	239,808	482,343	(32,872)	12,095,631	-	-	12,784,910
TOTAL OPERATING EXPENSES	<u>265,360</u>	<u>482,343</u>	<u>(32,872)</u>	<u>12,509,442</u>	<u>13,648</u>	<u>1,562</u>	<u>13,239,483</u>
OPERATING (LOSS) INCOME	(134,282)	282,756	33,780	1,799,818	(13,648)	32,156	2,000,580
NONOPERATING REVENUE							
Interest income	-	-	-	205,832	-	-	205,832
(LOSS) INCOME BEFORE TRANSFERS	(134,282)	282,756	33,780	2,005,650	(13,648)	32,156	2,206,412
TRANSFERS IN	-	-	-	-	13,648	-	13,648
CHANGE IN NET POSITION	(134,282)	282,756	33,780	2,005,650	-	32,156	2,220,060
NET POSITION - BEGINNING	<u>388,258</u>	<u>1,010,349</u>	<u>142,163</u>	<u>13,779,279</u>	<u>-</u>	<u>1,860,967</u>	<u>17,181,016</u>
NET POSITION - ENDING	<u>\$ 253,976</u>	<u>\$ 1,293,105</u>	<u>\$ 175,943</u>	<u>\$15,784,929</u>	<u>\$ -</u>	<u>\$ 1,893,123</u>	<u>\$19,401,076</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2017

	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	\$ -	\$ -	\$ 20,233	\$ 1,414,819	\$ -	\$ -	\$ 1,435,052
Receipts from quasi-external transactions	131,078	762,138	908	13,177,446	-	33,718	14,105,288
Payments to suppliers for goods and services	(263,657)	-	-	(342,291)	(18,247)	(1,562)	(625,757)
Payments for employees for services	-	-	-	(71,024)	-	-	(71,024)
Payments for employee benefits	-	(656,103)	-	(12,223,572)	-	-	(12,879,675)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(132,579)	106,035	21,141	1,955,378	(18,247)	32,156	1,963,884
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Operating transfers from other funds	-	-	-	-	13,648	-	13,648
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	-	-	-	205,832	-	-	205,832
NET (DECREASE) INCREASE IN CASH AND INVESTMENTS	(132,579)	106,035	21,141	2,161,210	(4,599)	32,156	2,183,364
CASH AND INVESTMENTS - BEGINNING	562,480	1,617,968	27,907	17,382,609	4,725	1,860,967	21,456,656
CASH AND INVESTMENTS - ENDING	<u>\$ 429,901</u>	<u>\$ 1,724,003</u>	<u>\$ 49,048</u>	<u>\$ 19,543,819</u>	<u>\$ 126</u>	<u>\$ 1,893,123</u>	<u>\$ 23,640,020</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities							
Operating (loss) income	\$ (134,282)	\$ 282,756	\$ 33,780	\$ 1,799,818	\$ (13,648)	\$ 32,156	\$ 2,000,580
Adjustments to reconcile operating (loss) income to net cash flows from operating activities							
Changes in assets and liabilities							
(Increase) decrease in assets							
Receivables	-	(2,961)	-	279,695	-	-	276,734
Prepaid expenses	-	-	-	(3,587)	-	-	(3,587)
Inventories	-	-	(12,639)	-	-	-	(12,639)
Increase (decrease) in liabilities							
Accounts payable	1,703	(173,760)	-	(124,354)	(4,599)	-	(301,010)
Accrued payroll	-	-	-	496	-	-	496
Unearned revenue	-	-	-	3,310	-	-	3,310
Total adjustments	1,703	(176,721)	(12,639)	155,560	(4,599)	-	(36,696)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (132,579)</u>	<u>\$ 106,035</u>	<u>\$ 21,141</u>	<u>\$ 1,955,378</u>	<u>\$ (18,247)</u>	<u>\$ 32,156</u>	<u>\$ 1,963,884</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
DECEMBER 31, 2017

<u>ASSETS</u>	<u>PROPERTY TAX</u>	<u>INVESTED CASH</u>	<u>OTHER</u>	<u>TOTAL</u>
Cash and investments	\$ 21,557,082	\$ (1,283)	\$ 103,034	\$ 21,658,833
Taxes receivable	33,341,369	-	-	33,341,369
Accounts receivable	<u>-</u>	<u>1,283</u>	<u>12,689</u>	<u>13,972</u>
TOTAL ASSETS	<u>\$ 54,898,451</u>	<u>\$ -</u>	<u>\$ 115,723</u>	<u>\$ 55,014,174</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 17,700	\$ -	\$ -	\$ 17,700
Due to other governments	54,880,751	-	-	54,880,751
Due to others	<u>-</u>	<u>-</u>	<u>115,723</u>	<u>115,723</u>
TOTAL LIABILITIES	<u>\$ 54,898,451</u>	<u>\$ -</u>	<u>\$ 115,723</u>	<u>\$ 55,014,174</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
DECEMBER 31, 2017

<u>ASSETS</u>	BALANCE JANUARY 1, 2017	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2017
Property Tax				
Cash and investments	\$ 26,032,563	\$ 49,083,718	\$ 53,559,199	\$ 21,557,082
Taxes receivable	27,571,899	33,341,369	27,571,899	33,341,369
Invested Cash				
Cash and investments	(14,908)	689,741	676,116	(1,283)
Accounts receivable	14,908	676,116	689,741	1,283
Other				
Cash and investments	65,121	103,034	65,121	103,034
Accounts receivable	20,069	12,689	20,069	12,689
TOTAL ASSETS	<u>\$ 53,689,652</u>	<u>\$ 83,906,667</u>	<u>\$ 82,582,145</u>	<u>\$ 55,014,174</u>
 <u>LIABILITIES</u>				
Property Tax				
Accounts payable	\$ 45,263	\$ 17,700	\$ 45,263	\$ 17,700
Due to other governments	53,559,199	54,880,751	53,559,199	54,880,751
Other				
Due to others	85,190	115,723	85,190	115,723
TOTAL LIABILITIES	<u>\$ 53,689,652</u>	<u>\$ 55,014,174</u>	<u>\$ 53,689,652</u>	<u>\$ 55,014,174</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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 7, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described below that we consider to be a significant deficiency.

2017-001 - Account Reconciliations

Program: Government-Wide.

Criteria: Adequate internal controls necessitate that accounts are reconciled and adjusted on a timely basis to ensure accurate financial reporting in accordance with generally accepted accounting principles (GAAP).

Condition: During the audit, it was noted that the operating cash account was not fully reconciled to the bank balance and several capital asset account balances were not adjusted to reflect current balances. Had the audit not been performed, it's possible that these uncompleted processes would not have been addressed immediately.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting; however, internal control did not identify that certain account reconciliations were not accurate.

Effect: This weakness could result in the possibility of undetected errors and irregularities. It could also result in inaccuracies in interim financial reporting.

Information: Isolated instance.

Prior Year Finding: This was not a prior year finding.

Recommendation: Bank reconciliations and capital asset entry should occur on a monthly basis with an adequate review to ensure all aspects are complete and accurate.

Management's Response: The City agrees with this finding and have implemented procedures to require monthly reconciliation of the City's operating cash within 10 days of month end. In addition, procedures have been implemented to require a supervisory review and approval of the reconciled cash balances. During 2018, we have retroactively performed supervisory review and approval on the monthly operating cash reconciliation. We have engaged the City's accounting software provider to provide training on the Fixed Asset module to ensure that full understanding of the module's capabilities are in place and will perform capital asset entry throughout the year.

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*.

City of La Crosse, Wisconsin's Response to Findings

City of La Crosse, Wisconsin's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of La Crosse, Wisconsin's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
September 7, 2018