

FINAL OFFICIAL STATEMENT DATED FEBRUARY 16, 2017

**NEW ISSUES
NOT BANK QUALIFIED – THE TAX-EXEMPT OBLIGATIONS**

S&P Ratings: AA

Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the Series 2017-A Bonds and Series 2017-C Notes (the “Tax-Exempt Obligations”) is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is, however, taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See “TAX EXEMPTION – THE SERIES 2017-A BONDS AND SERIES 2017-C NOTES” herein for a more complete discussion. Interest on the Series 2017-B Bonds is includible in gross income for federal income tax purposes. See “TAXABILITY OF INTEREST – THE SERIES 2017-B BONDS” herein.

City of La Crosse, Wisconsin

\$5,560,000
General Obligation Corporate Purpose
Bonds, Series 2017-A
(the “Series 2017-A Bonds”)

\$3,265,000
Taxable General Obligation Airport Bonds,
Series 2017-B
(the “Series 2017-B Bonds”)

\$2,210,000
General Obligation Promissory Notes, Series 2017-C
(the “Series 2017-C Notes”)

(Book Entry Only)

Dated Date: Date of Delivery

**Interest Due: Each March 1 and September 1,
commencing March 1, 2018**

The Obligations (as defined herein) will mature as shown on the inside front cover of this Official Statement.

The Obligations will be general obligations of the City for which the City pledges its full faith, credit and power and unlimited taxing authority to levy direct general ad valorem taxes without limit as to rate or amount. The proceeds will be used for the purposes discussed herein.

The Obligations will be issued as fully registered obligations without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Obligations. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Obligations purchased. (See “Book Entry System” herein.) Wells Fargo Bank, National Association, Minneapolis, Minnesota will act as paying agent/registrars (the “Paying Agent/Registrar”) for the Obligations. The Obligations will be available for delivery at DTC on or about March 9, 2017.

Please see the “UNDERWRITING” section herein for discussion regarding the Purchasers of the Obligations.

Raymond James & Associates, Inc.
(the “Series 2017-A Purchaser”)

BOK Financial Securities, Inc.
(the “Series 2017-B Purchaser”)

Baird
(the “Series 2017-C Purchaser”)

City of La Crosse, Wisconsin

\$5,560,000 General Obligation Corporate Purpose Bonds, Series 2017-A

The **Series 2017-A Bonds** will mature March 1 in the years and principal amounts as follows:

Maturity (March 1)	Amount	Interest Rate	Yield	CUSIP 502769	Maturity (March 1)	Amount	Interest Rate	Yield	CUSIP 502769
2019	\$600,000	5.00%	1.18%	AA 0	2026	\$370,000	5.00%	2.43%	AH 5
2020	\$365,000	5.00%	1.36%	AB 8	2027	\$405,000	5.00%	2.54%	AJ 1
2021	\$380,000	5.00%	1.53%	AC 6	2028	\$405,000	5.00%	2.65%*	AK 8
2022	\$335,000	5.00%	1.73%	AD 4	2029	\$420,000	3.00%	2.90%*	AL 6
2023	\$320,000	5.00%	1.91%	AE 2	2030	\$430,000	3.00%	3.00%	AM 4
2024	\$280,000	5.00%	2.10%	AF 9	2031	\$450,000	3.00%	3.09%	AN 2
2025	\$335,000	5.00%	2.28%	AG 7	2032	\$465,000	3.00%	3.169%	AP 7

* Priced to the first optional call date of March 1, 2027.

The City may elect on March 1, 2027, and on any day thereafter, to redeem Series 2017-A Bonds due on or after March 1, 2028 at a price of par plus accrued interest.

\$3,265,000 Taxable General Obligation Airport Bonds, Series 2017-B

The **Series 2017-B Bonds** will mature March 1 in the years and principal amounts as follows:

Maturity (March 1)	Amount	Interest Rate	Yield	CUSIP 502769	Maturity (March 1)	Amount	Interest Rate	Yield	CUSIP 502769
2018	\$125,000	3.00%	1.05%	AQ 5	2026	\$225,000	3.00%	2.80%	AY 8
2019	\$185,000	3.00%	1.40%	AR 3	2027	\$230,000	3.00%	2.93%	AZ 5
2020	\$185,000	3.00%	1.70%	AS 1	2028	\$240,000	3.05%	3.08%	BA 9
2021	\$190,000	3.00%	2.02%	AT 9	2029	\$250,000	3.25%	3.25%	BB 7
2022	\$195,000	3.00%	2.22%	AU 6	2030	\$260,000	3.30%	3.30%	BC 5
2023	\$200,000	3.00%	2.40%	AV 4	2031	\$270,000	3.40%	3.40%	BD 3
2024	\$210,000	3.00%	2.55%	AW 2	2032	\$285,000	3.50%	3.50%	BE 1
2025	\$215,000	3.00%	2.65%	AX 0					

The City may elect on March 1, 2027, and on any day thereafter, to redeem Series 2017-B Bonds due on or after March 1, 2028 at a price of par plus accrued interest.

\$2,210,000 General Obligation Promissory Notes, Series 2017-C

The **Series 2017-C Notes** will mature March 1 in the years and principal amounts as follows:

Maturity (March 1)	Amount	Interest Rate	Yield	CUSIP 502769	Maturity (March 1)	Amount	Interest Rate	Yield	CUSIP 502769
2019	\$700,000	2.00%	1.10%	BF 8	2024	\$175,000	3.00%	2.10%	BL 5
2020	\$225,000	2.00%	1.30%	BG 6	2025	\$180,000	3.00%	2.30%*	BM 3
2021	\$225,000	2.00%	1.45%	BH 4	2026	\$180,000	3.00%	2.45%*	BN 1
2022	\$170,000	2.00%	1.70%	BJ 0	2027	\$185,000	3.00%	2.55%*	BP 6
2023	\$170,000	2.00%	1.90%	BK 7					

* Priced to the first optional call date of March 1, 2024.

The City may elect on March 1, 2024, and on any day thereafter, to prepay Series 2017-C Notes due on or after March 1, 2025 at a price of par plus accrued interest.

CITY OF LA CROSSE, WISCONSIN

MAYOR

Timothy Kabat

COMMON COUNCIL

Richard Swantz	President
Andrea Richmond	Council member
Jai Johnson	Council member
David Krump	Council member
James Cherf	Council member
Robert Seaquist	Council member
Gary Padesky	Council member
Richard Becker	Council member
Audrey Kader	Council member
Francis Formanek	Council member
Phillip Ostrem	Council member
Paul Medinger	Council member
Douglas Happel	Council member
Martin Gaul	Council member

DIRECTOR OF FINANCE/TREASURER

Valerie Fenske

CITY CLERK

Teri Lehrke

MUNICIPAL ADVISOR

Springsted Incorporated
St. Paul, Minnesota and Milwaukee, Wisconsin

BOND COUNSEL

Chapman and Cutler LLP
Chicago, Illinois

The Official Statement dated February 16, 2017 is a Final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

The City designates the senior managing underwriter of the syndicate to which the Series 2017-A Bonds and Series 2017-C Notes are awarded as its agent for purposes of distributing copies of the Final Official Statement to each participating underwriter. By delivering an offer with respect to the purchase of the Series 2017-A Bond or Series 2017-C Notes, the senior managing underwriter has agreed that (i) it accepts such designation and (ii) it shall enter into a contractual relationship with all participating underwriters of the Series 2017-A Bond or Series 2017-C Notes for purposes of assuring the receipt by each such participating underwriter of the Final Official Statement.

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

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

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

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

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OFFICIAL STATEMENT

CITY OF LA CROSSE, WISCONSIN

\$5,560,000

GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2017-A

\$3,265,000

TAXABLE GENERAL OBLIGATION AIRPORT BONDS, SERIES 2017-B

\$2,210,000

GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2017-C

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement contains certain information relating to the City of La Crosse, Wisconsin (the “City”) and its issuance of \$5,560,000 General Obligation Corporate Purpose Bonds, Series 2017-A (the “Series 2017-A Bonds”); \$3,265,000 Taxable General Obligation Airport Bonds, Series 2017-B (the “Series 2017-B Bonds”); and \$2,210,000 General Obligation Promissory Notes, Series 2017-C (the “Series 2017-C Notes” and, together with the Series 2017-A Bonds and the Series 2017-B Bonds, the “Obligations”). The Obligations will be general obligations of the City for which it pledges its full faith, credit and power and unlimited taxing authority to levy direct general ad valorem taxes without limit as to rate or amount.

CONTINUING DISCLOSURE

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

The City has complied for the past five years in all respects in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule, except as follows:

- The City timely filed a material event notice with EMMA regarding its rating upgrade from S&P Global Ratings that occurred on April 2, 2014; however, until February 9, 2017, this event filing was not specifically linked to the City’s General Obligation Parking Bonds, Series 2011C (CUSIP 502768).
- Within the past five years, Moody’s Investors Service and S&P Global Ratings have changed the credit ratings of certain municipal bond insurance firms, which resulted in the change of the insured ratings of certain debt issues of the City. Material event and failure to timely file notices regarding certain insurance rating changes have not been filed; however, the information was publicly available through other sources.

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

THE OBLIGATIONS

General Description

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

Redemption/Prepayment Provisions

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

Optional Redemption/Prepayment

The City may elect on March 1, 2027, and on any day thereafter, to redeem Series 2017-A Bonds or Series 2017-B Bonds due on or after March 1, 2028. The City may elect on March 1, 2024, and on any day thereafter, to prepay Series 2017-C Notes due on or after March 1, 2025. Redemption/prepayment may be in whole or in part and if in part at the option of the City and in such manner and such order as the City shall determine. If less than all Obligations of a maturity are called for redemption/prepayment, the City will notify DTC of the particular amount of such maturity to be redeemed/prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed/prepaid and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed/prepaid. All prepayments or redemptions shall be at a price of par plus accrued interest.

Book Entry System

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

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

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

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

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

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

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

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

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

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

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

THE SERIES 2017-A BONDS

Authority and Purpose

The Series 2017-A Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes. The proceeds of the Series 2017-A Bonds will be used to finance various projects as identified in the City's 2017-2021 Capital Improvement Program.

Sources and Uses of Funds

The composition of the Series 2017-A Bonds is as follows:

Sources of Funds:	
Principal Amount	\$5,560,000.00
Reoffering Premium	<u>596,510.85</u>
Total Sources of Funds	\$6,156,510.85
Uses of Funds:	
Deposit to Project Fund	\$5,519,262.25
Deposit to Debt Service Fund:	
Premium	558,134.30
Costs of Issuance	40,737.75
Underwriter's Compensation	<u>38,376.55</u>
Total Uses of Funds	\$6,156,510.85

Security and Financing

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

THE SERIES 2017-B BONDS

Authority and Purpose

The Series 2017-B Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes. The proceeds of the Series 2017-B Bonds will be used to finance various airport improvements as identified in the City's 2017-2021 Capital Improvement Program.

Sources and Uses of Funds

The composition of the Series 2017-B Bonds is as follows:

Sources of Funds:	
Principal Amount	\$3,265,000.00
Reoffering Premium	<u>51,566.05</u>
Total Sources of Funds	\$3,316,566.05
Uses of Funds:	
Deposit to Project Fund	\$3,234,818.55
Deposit to Debt Service Fund:	
Premium	33,183.55
Costs of Issuance	30,181.45
Underwriter's Compensation	<u>18,382.50</u>
Total Uses of Funds	\$3,316,566.05

Security and Financing

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

THE SERIES 2017-C NOTES

Authority and Purpose

The Series 2017-C Notes are being issued pursuant to Chapter 67 of the Wisconsin Statutes. The proceeds of the Series 2017-C Notes will be used to finance various projects identified in the City's 2017-2021 Capital Improvement Program.

Sources and Uses of Funds

The composition of the Series 2017-C Notes is as follows:

Sources of Funds:	
Principal Amount	\$2,210,000.00
Reoffering Premium	<u>54,862.80</u>
Total Sources of Funds	\$2,264,862.80
Uses of Funds:	
Deposit to Project Fund	\$2,186,229.20
Deposit to Debt Service Fund:	
Premium	41,009.30
Costs of Issuance	23,770.80
Underwriter's Compensation	<u>13,853.50</u>
Total Uses of Funds	\$2,264,862.80

Security and Financing

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

FUTURE FINANCING

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

LITIGATION

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

LEGALITY

The Obligations are subject to approval as to certain matters by Chapman and Cutler LLP of Chicago, Illinois, as Bond Counsel, who has been retained by, and acts as, Bond Counsel to the City. Bond Counsel has not participated in the preparation of this Official Statement, except for guidance concerning the following sections, "TAX EXEMPTION – THE SERIES 2017-A BONDS AND THE SERIES 2017-C NOTES" and "TAXABILITY OF INTEREST – THE SERIES 2017-B BONDS"), and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify, any of the financial or statistical statements, or data contained in this Official Statement, and will express no opinion with respect thereto. Legal opinions in substantially the forms set out in Appendix I herein will be delivered at closing.

TAX EXEMPTION – THE SERIES 2017-A BONDS AND THE SERIES 2017-C NOTES

Federal tax law contains a number of requirements and restrictions which apply to the Series 2017-A Bonds and the Series 2017-C Notes (the "Tax-Exempt Obligations"), including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Tax-Exempt Obligations to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause the interest on the Tax-Exempt Obligations to become includible in gross income for federal income tax purposes retroactively to the date of the issuance of the Tax-Exempt Obligations.

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

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

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

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

The issue price (the “Issue Price”) for each maturity of the Tax-Exempt Obligations is the price at which a substantial amount of such maturity of the Tax-Exempt Obligations is first sold to the public. The Issue Price of a maturity of the Tax-Exempt Obligations may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page of this Official Statement.

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

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

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

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

An investor may purchase a Tax-Exempt Obligation at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium,” and must be amortized by an investor on a constant yield basis over the remaining term of the Tax-Exempt Obligation in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt obligation. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Tax-Exempt Obligation. Investors who purchase a Tax-Exempt Obligation at a premium should consult

their own tax advisors regarding the amortization of bond premium and its effects on the Tax-Exempt Obligation's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Tax-Exempt Obligation.

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

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

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

State of Wisconsin Income and Franchise Taxes

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

NOT BANK-QUALIFIED – THE SERIES 2017-A BONDS AND THE SERIES 2017-C NOTES

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

TAXABILITY OF INTEREST – THE SERIES 2017-B BONDS

Interest on the Series 2017-B Bonds is includible in gross income for federal income tax purposes. Ownership of the Series 2017-B Bonds may result in other federal income tax consequences to certain taxpayers. Owners of the Series 2017-B Bonds should consult their tax advisors with respect to the inclusion of interest on the Series 2017-B Bonds in gross income for federal income tax purposes and any collateral tax consequences.

Interest on the Series 2017-B Bonds is not exempt from current State of Wisconsin income or franchise taxes. Ownership of the Series 2017-B Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2017-B Bonds. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Series 2017-B Bond.

PROPERTY TAX LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns, and counties. No city, village, town, or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed or zero percent (0%)). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The carry forward resolution may be passed by a majority vote of the governing body if the increase is .5% or less of the prior year's actual levy. If the increase is between .5% and 1.5% of the prior year's actual levy the governing body must pass the carry forward resolution by an extraordinary vote. For municipal governing bodies that have less than five members, passage must be by a two-thirds majority vote. If the governing body consists of at least five members, then the carry forward resolution must be passed by a three-fourths majority vote.

Special provisions are made with respect to property taxes levied to pay general obligation debt service, as described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the tax levy limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy. This required adjustment does not apply to political subdivisions in any year that the subdivision does not claim the carry forward adjustment described above.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Obligations were authorized after July 1, 2005 and therefore are **not** subject to the levy limits.

RATINGS

S&P Global Ratings (“S&P”), 55 Water Street, New York, New York has assigned a rating of “AA” to each series of the Obligations. The ratings reflect only the opinion of S&P. Any explanation of the significance of the ratings may be obtained only from S&P.

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

MUNICIPAL ADVISOR

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

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

CERTIFICATION

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

UNDERWRITING

The Series 2017-A Bonds

An underwriting syndicate managed by Raymond James & Associates, Inc., in St. Petersburg, Florida, with co-managers Morgan Stanley & Co. Inc.; FTN Financial Capital Markets; and Jefferies & Company, Inc. (collectively, the “Series 2017-A Purchaser”) has agreed to purchase the Series 2017-A Bonds for a purchase price of \$6,118,134.30 (representing the principal amount of \$5,560,000.00, plus a reoffering premium of \$596,510.85 and less the underwriter’s compensation of \$38,376.55). The public offering prices of all the Series 2017-A Bonds may be changed from time to time by the Series 2017-A Purchaser.

The Series 2017-B Bonds

BOK Financial Securities, Inc. in Dallas, Texas (the “Series 2017-B Purchaser”) has agreed to purchase the Series 2017-B Bonds for a purchase price of \$3,298,183.55 (representing the principal amount of \$3,265,000.00, plus a reoffering premium of \$51,566.05 and less the underwriter’s compensation of \$18,382.50). The public offering prices of all the Series 2017-B Bonds may be changed from time to time by the Series 2017-B Purchaser.

The Series 2017-C Notes

An underwriting syndicate managed by Robert W. Baird & Company, Incorporated, in Milwaukee, Wisconsin with co-managers C.L. King & Associates WMBE; Fidelity Capital Markets Services; Edward D. Jones & Company; Loop Capital Markets, LLC; Cronin & Company, Inc.; WNJ Capital; Coastal Securities L.P.; Crews & Associates; Davenport & Company LLC; Duncan-Williams, Inc.; Sierra Pacific Securities; Isaak Bond Investments, Inc.; Wedbush Securities Inc.; Vining-Sparks IBG, Limited Partnership; Ross, Sinclair & Associates, LLC; Bernardi Securities, Incorporated; Oppenheimer & Co. Inc.; Wayne Hummer & Co.; SumRidge Partners; Country Club Bank; Alamo Capital WMBE; IFS Securities; First Empire Securities; R. Seelaus & Company, Inc.; Rafferty Capital Markets; W.H. Mell Associates; Midland Securities; FMS Bonds Inc.; and First Kentucky Securities Corp. (collectively, the “Series 2017-C Purchaser”) has agreed to purchase the Series 2017-C Notes for a purchase price of \$2,251,009.30 (representing the principal amount of \$2,210,000.00, plus a reoffering premium of \$54,862.80 and less the underwriter’s compensation of \$13,853.50). The public offering prices of all the Series 2017-C Notes may be changed from time to time by the Series 2017-C Purchaser.

CITY PROPERTY VALUES

Trend of Values

	Equalized Value Including Captured Tax Increment Value <u>(Equalized Value)</u>	Equalized Value Excluding Captured Tax Increment Value <u>(Net Equalized Value)</u>	Captured Tax Increment Value	Assessed Value Including Tax Increment
2016	\$3,456,944,100	\$3,090,887,300	\$366,056,800	\$3,168,733,999
2015	3,328,324,600	3,032,435,500	295,889,100	3,119,487,511
2014	3,211,853,600	2,911,432,200	300,421,400	3,078,582,790
2013	3,103,160,000	2,862,992,100	240,167,900	3,071,686,900
2012	3,121,160,900	2,864,192,900	256,968,000	3,076,773,920

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

2016 Equalized Values by Class of Property

Real Estate:		
Residential	\$1,779,480,900	51.476%
Commercial	1,318,552,000	38.142
Manufacturing	145,193,200	4.200
Agricultural & Other	83,800	0.002
Personal Property	<u>213,634,200</u>	<u>6.180</u>
2016 Equalized Value	\$3,456,944,100	100.000%
Less: Captured Tax Increment Value	<u>(366,056,800)</u>	
2016 Net Equalized Value	\$3,090,887,300	

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

Ten of the Largest Taxpayers in the City

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

^(a) Formerly listed as Optum Services/United Healthcare.

^(b) Represents 14.4% of the City's 2016 equalized value of \$3,456,944,100.

Source: The City of La Crosse.

Tax Increment Districts

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

<u>TID #</u>	<u>Creation Date</u>	<u>2016 Value</u>	<u>Increment</u>
TID #5	1992	\$ 8,559,300	\$ 7,664,500
TID #6	1994	98,089,700	64,204,900
TID #7	1997	26,449,600	10,789,200
TID #8	1997	7,439,600	3,750,600
TID #9	1999	18,526,300	17,083,400
TID #10	2003	4,827,700	2,287,600
TID #11	2005	249,991,800	117,036,000
TID #12	2005	39,794,500	20,430,700
TID #13	2006	94,279,900	45,977,500
TID #14	2006	100,244,800	42,381,000
TID #15	2013	85,884,300	23,082,300
TID #16	2014	19,520,200	1,432,900
TID #17	2015	21,680,800	<u>9,936,200</u>
			<u>\$366,056,800</u>

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

CITY INDEBTEDNESS

Legal Debt Limit and Debt Margin

Legal Debt Limit (5% of Equalized Value)	\$172,847,205
Less: Outstanding Debt Subject to Limit (Including the Obligations)	<u>(69,118,548)</u>
 Legal Debt Margin as of March 9, 2017	 \$103,728,657

General Obligation Debt*

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 3-9-17</u>
3-15-06	\$ 5,310,000	Corporate Purpose	12-1-2017	\$ 200,000
5-1-07	4,835,000	Corporate Purpose	12-1-2020	1,950,000
8-1-07	5,675,000	Refunding	12-1-2017	685,000
4-1-08	8,000,000	Promissory Notes	12-1-2017	800,000
2-1-09	7,505,000	Promissory Notes	12-1-2018	1,900,000
3-1-10	4,990,000	Corporate Purpose	12-1-2024	3,700,000
3-1-10	2,130,000	Promissory Notes	12-1-2019	1,160,000
12-15-10	4,095,000	Refunding	12-1-2018	1,345,000
2-15-11	4,630,000	Corporate Purpose	12-1-2025	3,735,000
2-15-11	2,865,000	Promissory Notes	12-1-2020	1,690,000
10-1-11	10,340,000	Parking	10-1-2031	9,760,000
3-15-12	4,575,000	Corporate Purpose	12-1-2026	3,400,000
3-15-12	12,400,000	Corporate Purpose and Refunding	12-1-2021	1,095,000
3-1-13	4,760,000	Corporate Purpose	12-1-2027	3,820,000
3-1-13	1,865,000	Promissory Notes	12-1-2021	1,255,000
3-1-13	560,000	Taxable Promissory Notes	12-1-2021	320,000
5-1-14	8,270,000	Promissory Notes	12-1-2018	2,495,000
4-28-15	1,645,000	Corporate Purpose	12-1-2029	1,540,000
4-28-15	1,975,000	Airport Bonds (AMT)	12-1-2024	1,590,000
4-28-15	4,660,000	Promissory Notes	12-1-2024	3,955,000
5-1-15	350,000	State Trust Fund Loan	3-15-2025	318,548
9-28-15	750,000	State Trust Fund Loan	3-15-2030	750,000
3-10-16	6,255,000	Promissory Notes (2016-A)	3-1-2026	5,345,000
3-10-16	9,465,000	Taxable Promissory Notes (2016-B)	3-1-2022	5,275,000
3-9-17	5,560,000	Corporate Purpose (the Series 2017-A Bonds)	3-1-2032	5,560,000
3-9-17	3,265,000	Taxable Airport (the Series 2017-B Bonds)	3-1-2032	3,265,000
3-9-17	2,210,000	Promissory Notes (the Series 2017-C Notes)	3-1-2027	<u>2,210,000</u>
 Total				 \$69,118,548

* These issues are subject to the legal debt limit.

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

Calendar Year	General Obligation Debt	
	Principal	Principal & Interest ^(a)
2017 (at 3-9)	\$ 8,530,908	\$10,110,847
2018	12,886,058	14,819,115
2019	7,243,750	8,679,859
2020	6,011,453	7,247,439
2021	5,219,421	6,284,458
2022	4,667,410	5,589,262
2023	4,450,506	5,238,556
2024	4,528,661	5,180,968
2025	3,427,030	3,934,880
2026	2,999,075	3,398,393
2027	2,101,290	2,416,213
2028	1,573,568	1,816,158
2029	1,630,972	1,813,711
2030	1,548,446	1,673,158
2031	1,550,000	1,618,465
2032	<u>750,000</u>	<u>761,963</u>
Total	\$69,118,548	\$80,583,445

^(a) Includes debt service on the Series 2017-A Bonds, the Series 2017-B Bonds, and the Series 2017C Notes based on the interest rates shown on the inside front cover of this Official Statement.

^(b) 86.8% of this debt will be retired within ten years.

Other Debt Obligations

Promissory Notes – Ready for Reuse Loan Program

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

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

Overlapping Debt

Taxing Unit ^(a)	2016 Net Equalized Value	Est. G.O. Debt As of 3-9-17 ^(b)	Debt Applicable to Value in City	
			Percent	Amount
La Crosse County	\$ 8,656,333,800	\$ 60,645,000	35.71%	\$21,656,330
La Crosse School District	4,094,621,610	26,010,000	75.42	19,616,742
Onalaska School District	1,813,094,355	23,270,000	0.15	34,905
Western Technical College	18,586,519,187	121,660,000	16.63	<u>20,232,058</u>
Total				\$61,540,035

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

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

Debt Ratios*

	G.O. Direct Debt	G.O. Overlapping & Direct Debt
To 2016 Net Equalized Value (\$3,090,887,300)	2.24%	4.23%
Per Capita (52,377 – 2016 State Estimate)	\$1,320	\$2,495

* Excludes other debt obligations.

TAX RATES, LEVIES AND COLLECTIONS

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

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

Tax Levies and Collections

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

In addition to levying and collecting taxes for its own governmental purposes, the City also collects, with respect to real and personal property located within the City, taxes for the various school districts, La Crosse County (the "County") and the State of Wisconsin (the "State"). All delinquent real estate taxes, except special assessments and special charges, are purchased by the County. Final settlement for these

taxes is August 20, at which time the City receives 100% of its real property levy from the County. The City charges back delinquent personal property taxes to other taxing entities on a pro rata basis. Overdue or delinquent personal property taxes and special assessments are subject to an interest charge of 1% per month or fraction of a month. In addition to the interest charge, special assessments are subject to a penalty of 0.5% per month or fraction of a month.

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

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

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

**CASH ON HAND
As of November 30, 2016**

<u>Fund</u>	<u>Cash and Investments</u>
General Fund	\$ 29,824,176
Capital Construction Fund	39,153,939
Special Funds	17,460,903
Airport	3,213,442
Municipal Parking Utility	2,053,028
Municipal Transit Utility	1,617,764
Municipal Water Utility	3,441,409
Sanitary Sewer District No. 1	241,200
Sanitary Sewer Utility	5,326,699
Storm Water Utility	5,138,965
Debt Service	14,379,970
Agency Funds	132,662
Internal Service	<u>21,724,007</u>
Total	\$143,708,164

INVESTMENTS

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

- (1) The State of Wisconsin Local Government Investment Pool or approved investments with local financial institutions that are fully collateralized over and above the amounts set out in (2) below; and

- (2) Checking and savings accounts at various financial institutions that are covered by the Federal Deposit Insurance Corporation (FDIC) or similar coverage. This coverage is limited to \$250,000 on time deposits and \$250,000 on demand deposits. The State of Wisconsin supplies an additional \$400,000 of coverage on these deposits. Any such deposits in excess of \$650,000 are fully collateralized.

GENERAL INFORMATION CONCERNING THE CITY

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

Population

	<u>Population</u>	<u>% Change</u>
2016 (State Estimate)	52,377	2.06%
2010 (Census)	51,320	(0.96)
2000 (Census)	51,818	1.34
1990 (Census)	51,132	5.76
1980 (Census)	48,347	--

Source: U.S. Census Bureau, <http://www.census.gov/> (1980 - 2010); Wisconsin Demographic Services Center, <http://www.doa.state.wi.us/> (2016).

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

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

Source: The Nielsen Company and Claritas, Inc.

Transportation

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

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

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

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

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

Employment

The following are the major employers within the City.

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Gundersen Lutheran Medical Center/ Gundersen Clinic	Medical clinics/hospital	7,016
Mayo Clinic Health System (Franciscan Skemp Medical Center)	Medical clinics/hospital	2,688
Convenience Store Investments/ HRZ Partnership (Kwik Trip)	Convenience stores/ corporate headquarters	2,390
American Standard (The Trane Company)	Air conditioning/heating equipment	1,650
OptumHealth	Medical services provider	1,502 ^(a)
University of Wisconsin-La Crosse	Education	1,470
La Crosse County	County government	1,371 ^(a)
La Crosse School District	Education	1,259
Century Link	Telephone utility	800
YMCA	Fitness center	687
Expert Global Solutions (EGS) ^(b)	Customer service	550
Dairyland Power Co-op	Electric utility	547 ^(c)
City Brewing LLC	Beverage producer	525
City of La Crosse	City government	514

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

^(b) Formerly APAC

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

Source: This does not purport to be a comprehensive list and is based on a January 2017 telephone survey of individual employers and information provided by the City.

Labor Force Data

	<u>Annual Average</u>				November
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Civilian Labor Force:					
City of La Crosse	29,864	29,893	29,894	29,864	30,772
La Crosse WI-MN MSA	77,031	77,390	77,176	77,256	79,315
La Crosse County	66,419	66,867	66,786	66,728	68,787
State of Wisconsin	3,074,339	3,083,790	3,086,365	3,095,376	3,132,986
Unemployment Rate:					
City of La Crosse	6.4%	6.1%	4.7%	4.2%	3.4%
La Crosse WI-MN MSA	5.5	5.3	4.4	3.9	3.1
La Crosse County	5.4	5.3	4.4	3.9	3.1
State of Wisconsin	7.0	6.7	5.4	4.6	3.6

Source: Wisconsin's Worknet; <http://worknet.wisconsin.gov/>.

Retail Sales and Effective Buying Income (EBI)

City of La Crosse

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2015/16	\$1,865,447	\$945,463	\$35,679
2014/15	1,590,389	909,048	33,537
2013/14	1,635,070	922,790	34,203
2012/13	1,146,007	853,190	31,428
2011/12	1,011,268	824,080	29,902

La Crosse County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2015/16	\$3,455,298	\$2,589,305	\$44,087
2014/15	3,277,579	2,513,305	42,504
2013/14	3,292,404	2,489,820	43,141
2012/13	2,362,837	2,287,825	40,106
2011/12	2,381,379	2,197,795	37,933

State of Wisconsin

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2015/16	\$83,555,016	\$ 93,924,753	\$43,153
2014/15	92,852,449	127,369,578	44,087
2013/14	92,741,954	121,091,308	42,412
2012/13	83,844,552	113,701,892	39,628
2011/12	82,226,196	112,597,555	40,485

The 2015/16 median household EBI for the United States is \$46,738.

Source: Claritas, Inc. reports for years 2011/12-2014/15, Nielsen for year 2015/16.

Summary of Building Permits

Year	New Residential	Other Residential	Mercantile/ Manufacturing	Total Value	Total Permits
2016*	\$ 9,255,015	\$3,035,868	\$ 56,612,406	\$ 68,903,289	1,022
2015	7,967,793	3,461,925	83,978,703	95,408,421	1,105
2014	6,746,056	3,201,384	100,645,648	110,593,088	1,158
2013	23,022,000	4,152,148	87,253,607	114,427,755	1,260
2012	4,095,000	3,125,491	52,251,714	59,472,205	1,240
2011	3,043,000	2,771,833	225,733,070	231,547,903	1,547
2010	2,683,200	2,646,452	155,498,446	160,828,098	1,199
2009	3,020,000	2,600,402	38,871,602	44,492,004	728
2008	5,959,172	2,738,579	64,774,812	73,472,563	1,131
2007	9,347,300	2,774,590	45,509,469	57,631,359	1,414

* Through November 30, 2016.

Source: Fire Prevention and Building Safety Bureau of the City's Fire Department.

Community Development and Revitalization Efforts

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

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

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

Revitalization Initiatives

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

The principal tool that communities in Wisconsin use to stimulate development and redevelopment is the use of Tax Incremental Financing (TIF). The City proactively employs a variety of other tools including an Upper Floor Renovation Loan Program, the La Crosse Industrial Park Corporation (a partnership with the La Crosse Area Development Corporation (LADCO) and Xcel Energy that funds office and manufacturing projects/expansions) and a Housing and Urban Development (HUD) funded Small Business Development Loan Program (SBDL). The City has taken a significant step in neighborhood revitalization with the creation of five neighborhood plans, paint and fix-up programs for homeowners, low-interest rehabilitation loans funded by HUD, and a home construction program funded with HUD, HOME and CDBG funds as well as State Trust Fund Dollars. In 2013 and 2016, the City re-allocated TID increment to housing and floodplain redevelopment funding within the City. Neighborhood enhancement/preservation initiatives have been incorporated into the City's Neighborhood Revitalization Commission, aimed to improve single-family owner-occupied neighborhoods. The City has an active Redevelopment Authority which has been recently capitalized with over \$600,000 in funding for redevelopment programs; the RDA is primarily focused on revitalizing the City's waterfront and former industrial areas in and around downtown. The City has five National Register of Historic Place-Districts, which provide a mechanism for economic development, downtown redevelopment and neighborhood revitalization. The Heritage Preservation Commission provides the leadership and tools to foster economic development through preservation activities. The City worked in collaboration with the University of Wisconsin Extension to conduct a study in 2010 entitled Challenging Trends Facing Housing in La Crosse, which has offered significant insight into housing reinvestment strategies in the City. The City partners with the private sector, public agencies and non-profit partners to aggressively redevelop distressed housing stock in the City.

The City has thirteen active Tax Increment Districts (TIDs), none of which are distressed. In 2016, the aggregate total increment value stands at \$366,056,800.

TID #5 (Marriott TID) has produced \$7,664,500 in increment value since creation in 1992. This TID was created in 1992 and assisted the City in the renovation of the City-owned Pump House Regional Arts Center building. Other improvements included streetscaping along Front and King Streets. Additional redevelopment included the restoration of the Mike's Building Supply building which was extensively remodeled into Piggy's Restaurant at a cost of approximately \$4,000,000. "The Wine Guyz" opened in 2006 in the Piggy's Building. The "LIPCO" building also added over \$3,300,000 in tax base to this area as a joint project with the City, Xcel Energy and the La Crosse Area Development Corporation. Positive increment from this TID is assisting with the retirement of TID #6. The most recent project for this TID was the streetscaping of Front Street. The City recently provided an additional \$300,000 for renovations to the Pump House Regional Arts Center. TID #5 overlaps with TID #11, which is a comprehensive revitalization TID. Due to the large influx of downtown employees, an \$11,000,000 parking ramp was erected in 2011 to accommodate 551 parking stalls. An artistic walkway between LHI building #3, the new parking ramp, and the Pump House was created by incorporating stamped poems and dance steps making a unique pedestrian corridor. The poems and dance steps flow throughout a four-block area within the City's Arts District. The La Crosse Weber Center for the Performing Arts Center opened in 2013 on the Mississippi River waterfront, and the Marriott Hotel completed a major remodeling and facelift at the same time. The budding arts district is forming around the Pump House and the Weber Center for the Performing Arts (which is now affiliated with Viterbo University). The City of La Crosse Arts Board landed a National Endowment for the Arts grant in 2013 to hire internationally acclaimed Trompe l'oeil artist John Pugh to complete a mural on the west side of the Pump House Regional Arts Center. In January 2014, the Wisconsin Economic Development Corporation dedicated \$30,500 to the project. The mural was dedicated in 2014 during the City's inaugural arts celebration.

TID #6 was created in 1994 and overlapped with TID #1. This comprehensive TID has produced \$64,204,900 in increment value since its inception. TID #6 was created to further stimulate redevelopment efforts in the La Crosse Historic Central Business District and was the implementation step of the City Vision 2000 Master Plan (now City Vision 2020). TID #6 was amended in 2007 to increase the boundary and allow additional project costs. With the addition of tax increment from donor TIFs (TID #5 and TID #8), the retirement of this TIF is on-schedule while allowing additional development projects and incentives to be made. In 2014, the City and Downtown Mainstreet Inc. received Wisconsin Main Street status in order to take advantage of technical assistance from the Wisconsin Economic Development Corporation and to cement the efforts of a robust downtown revitalization program. Since joining the Main Street Program, the City has received specialized consultant visits, renovation drawings, market studies and reports, workshops, and had the opportunity to host the 2014 Upper Mississippi Main Street Conference with 140 attendees and the 2016 Wisconsin Downtown Action Council conference with 75 attendees. In 2012, Reinhart Food Service moved its offices to a 35,000 square-foot campus in the 100 Harborview Plaza building. This project relocated 164 employees to the new site and is expected to create 50-100 new jobs. La Crosse County sold the old Courthouse Square parcel (Lot C) and created TID #17 to include this parcel which was sold to a private developer and transformed the former parking lot into Belle Square. A new downtown Hampton Inn & Suites was completed in 2015. In 2016, the City's Economic Development Commission awarded Doerflinger Second Century Inc. a \$98K grant and a \$94K loan to adaptively re-use over 64,000 square feet of the historic Doerflinger building at 4th and Main to accommodate the national retailer Duluth Trading Company.

TID #7 was the City's first neighborhood revitalization TID and was created to foster redevelopment in and around the Amtrak depot on the north side of the City. This TID has produced \$10,789,200 of increment value since its inception in 1997. Revitalizing the decaying CP Rail Depot has helped this neighborhood fortify its identity and puts the City on the map for High Speed Rail from the City of Chicago, Illinois to the Minneapolis/St. Paul Metropolitan Area. Several new businesses moved into the depot and the City sold the depot in 2005 and put it back on the tax roll. The Project Plan for TID 7 was amended in 2009 to foster Fowler & Hammer's office expansion adding approximately \$650,000 in new tax base and 15 new jobs.

TID #8 was created in 1997 to assist DuraTech, a local manufacturer with a building expansion/job creation project, as well as redevelop a vacant 8-acre site. Both redevelopment projects have been completed. This TID has produced an increment value of \$3,750,600 since its inception. The proceeds from this TID are being used to assist with debt retirement in TID #6.

TID #9 was created for the purpose of providing infrastructure for the International Business Park located north of I-90 and south of Highway 16. TID #9 has produced an increment value of \$17,083,400 since 1999, and this TID is operating with a substantial surplus which is expected to allow the City to carry out necessary public infrastructure projects in upcoming years. The City began planning for park and walking trail amenities in the fall of 2006 and implementation began in 2012. Streetscaping plans have included sidewalks along Berlin Drive and Luoyang Avenue, and tree plantings along various trails. The trails will connect to the City of Onalaska trails, and eventually to the La Crosse River Valley Marsh trails and the La Crosse River State Trail, providing an amenity to the businesses and employees as well as connections from the City to Onalaska. The La Crosse County landfill is the easterly neighbor to this site and the future land use plan for the 80-acre landfill includes trails and recreational amenities that provide a connection to the International Business Park trails. Nine businesses operate in the International Business Park, encompassing 38.2 acres. Eight lots are now available for development on 15.1 acres. DeBoer Pest Control was the most recent builder in 2016, relocating their business from the City of Onalaska. The City has completed a storm water management project for the site which is expected to make it easier for individual lot purchasers to comply with new storm water regulations. The City is undertaking three new projects in TID #9, with the expenditure period ending in 2017. These projects include the purchase of a large 23.6 acre shovel-ready industrial site adjacent to the City's business park, the development of a frontage road and utilities serving this land and new industrial park signage.

TID #10 is a joint project between the City and La Crosse County as a means to redevelop the former Holiday Inn (Park Plaza Area). This TID has resulted in an increase in value of \$2,287,600 since its inception in June 2003. The City and the County retained a real estate marketing firm to assist in recruiting a developer to return the property to the highest and best re-use of the site. The site, containing over 12 acres and located adjacent to the City's Pettibone Park along the Mississippi River, has great long-term redevelopment potential. TID dollars have been allocated for retrofitting storm/sewer connections throughout the site. The City decommissioned a package sewer treatment plant in 2014 as the area now has water and sewer connections from the "mainland". The County sold its parcel on this site in December 2014 for redevelopment, and preliminary redevelopment plans have been approved by the City for another parcel in this TID. Developers are currently in the construction document phase for the first phase of a 26-unit condominium development that expects to see over \$10 million in new investment within the TID.

TID #11 overlaps TID #5 and TID #6 and was created to stimulate redevelopment in the area near the Mississippi River Bridge where U.S. Highways 14/61 enters downtown. TID #11 was created in 2004 and was amended in 2005, 2007, and 2014. TID #11 has produced \$117,036,000 in tax increment since inception. The City has completed several redevelopment projects including the Riverside Center I, II, and III office buildings; and two restaurants, which have a combined estimated tax value of \$44.5 million. Other redevelopment projects include the extension of the Riverwalk, a boat landing for excursion boats, the \$1.5 million historic renovation of the Rodolf building at the corner of 3rd and Main Streets, and a 300 car space addition to the Civic Center Parking ramp, (a City-owned parking structure). The City's \$32 million Transit Center, known as Grand River Station, started construction in July of 2008 and opened in August of 2010. The mixed-use project includes retail, parking, 20 market rate apartments (convertible to condominiums in the future), 70 units of affordable housing, and the transit center. All of the apartment units are occupied, reflecting an increased interest in downtown residential living, and the retail space was fully leased out in 2014. This project was funded by the City, the developer, and the Wisconsin Housing and Economic Development Authority (WHEDA). In 2014, the City amended the boundary of TID #11 and leveraged \$25,000,000 in developer equity to redevelop the former Funke Candy Company into a historic boutique hotel, which opened in September 2015. The Charmant Hotel was the site of recent presidential election visits and is a beautiful new destination in the City. Additional recent development in TID #11 includes the 100+ room, \$8 million Hilton Home2 Suites along with a multi-million-dollar expansion of the Riverside Center Parking structure.

TID #12 is known as the Three Rivers Plaza TID. It was created in late 2005 to stimulate the redevelopment of a 20-acre site (located in the floodplain) that once housed a mix of mini warehouses, a vacant used-car lot and building, a former lumber yard building and several other under-utilized buildings. The site was also used as an area of outdoor storage of wrecked autos, metal, and lumber. The area was removed from the floodplain and the first two phases of redevelopment are complete. The increment value for this TID is \$20,430,700. This redevelopment includes a 60,000 square-foot grocery store, 20,000 square-foot strip commercial center, 44 condominiums, a 30,000 square-foot office building, a Candlewood Suites Hotel, removal of an intrusive billboard, and the renovation of the former Standard Oil building as an office building. This project also included raising the site out of the floodplain and provided a new level of flood protection. The City completed a bicycle pedestrian trail from the development site to the north, which connects the north side neighborhoods to this mixed use center (the City received a DNR Trail Grant for this purpose in 2010). The City contributed over \$6 million in the form of a TIF Grant (via a Developer's Agreement) and \$750,000 of public improvements to the street system including streetscaping. The City also leveraged an \$183,600 State trail grant in 2011 that is expected to connect the waterfront of the Mobil Oil site to the La Crosse River Trail, Riverside Park, and the greater downtown area. The City amended the boundary of this TID to include a 65-acre waterfront redevelopment site located directly north of historic downtown, coined Riverside North. In 2013, the City obtained a \$250,000 DNR Remediation Clean-Up Grant, matched with \$396,000 in TID funds, to prepare the site for redevelopment. In 2014, the City produced a Master Redevelopment Plan for Riverside North, where over 500 housing units are now planned for this site, to be developed over the next ten years. In 2016 the Planning and Development department began interviewing potential developers of this site and also acquiring the necessary 100,000 cubic yards of fill to raise Riverside North out of the floodplain. The City's Redevelopment Authority is currently interviewing a field of 7 Master Developers for the 2018

redevelopment of the 35 acre Riverside North development. Over 400,000cy of clean fill have been committed for use on the project and the City has received significant interest in housing and office development of the remarkable site.

TID #13 was created in 2006 for Kwik Trip to expand its commissary and added over 100 employees. The TID has generated \$45,977,500 since inception. The project involved vacating a street and constructing a new street with the aid of a Wisconsin Department of Transportation Economic Assistance (TEA) Grant for \$400,000. The project area also includes a residential project valued at approximately \$5 million. This TID is a “mixed-use TIF” under Wisconsin’s revised TIF statutes. Kwik Trip has acquired other properties in the area for future expansion projects. In 2012, Kwik Trip finished an ice cream plant that produces three times as much ice cream as before. An alternative fueling station was finished in 2012, and by amending TID #13 in 2012, other expansions to Kwik Trip’s dairy, warehouse, and bakery are estimated to add \$32 million of increment value by 2017. In 2013, the TID allocated \$450,000 to acquire contaminated property (Desmond’s Formal Wear and the Al Miller property) for an \$11 million dollar expansion of the bakery freezer for Kwik Trip. The City received a \$250,000 loan from the Department of Natural Resources to remediate the contaminated soil from the dry cleaning operation of Desmond’s Formal Wear. Kwik Trip also completed a 6,000 square-foot clinic for their employees in 2013, with an estimated value of over \$1 million. The City also gave a \$300,000 pay-as-you-go TIF grant to Gorman & Company to complete a 32-unit rehabilitation of the historic Roosevelt Elementary school to create affordable housing in the City which is underway. Two other significant projects are in the planning stages in TID #13, a \$4M expansion for DuraTech which is expected to add as many as 200 employees and a \$200+ million expansion and improvement plan to Kwik Trip’s campus.

TID #14 was created in 2006 and it includes the Gundersen Health System Campus as well as a portion of the Powell-Poage Park, Hamilton School Neighborhood. The TID has generated \$42,381,000 since its inception. This TID is also a mixed-use TID and has assisted Gundersen Health System in the construction of a parking ramp (which is being funded via a reverse TIF mechanism), and clinic improvements. In 2013, Gundersen Health System completed a new psychiatric facility along with a new parking ramp and, in 2014, opened a new six-story hospital including a medical and oncology unit, surgical and digestive care unit, obstetrics unit, neonatal ICU, pediatric ICU, pediatrics unit, neuroscience unit, orthopedics unit, medical specialist unit, satellite rehab gym, critical care unit, patient and visitor terrace, employee terrace, pre-op/post-op, post anesthesia care unit, operating rooms, imaging services, lobby bistro, gift shop, healing garden, information desk and library. For the neighborhood, this bold TID is intended to replace 100 homes with newly constructed homes over the life of the TID. The City has 20 homes that have been purchased, demoed, or under construction. The City is also partnering with an innovative program called La Crosse Promise whereby the City clears the lot and then a family or developer builds on the lot and is then eligible for a college scholarship. Several alleys have been paved because of TID #14, and a neighborhood tennis/basketball facility received lighting and other park improvements including major upgrades to the indoor ice arena. The paint and fix-up program was implemented in 2013 to assist with small-scale exterior improvement projects. The City also collaborated with Gundersen Health System and Habitat for Humanity to construct homes on vacant City land. In 2011, a tornado passed through the City hitting the TID especially hard. In 2013, Bentz Chiropractic completed an infill development of the 4th and Jackson site for a new office building. The TID was amended in 2012 to add several new projects to the TID Project Plan without changing the TID boundary. Another TID Plan amendment occurred in 2014 to update the TID Project Plan as a result of a Joint City/Gundersen/Neighborhood Planning effort. Improvements have been a major makeover of Poage Park, the Green Island Ice Arena, Little Houska Park, the 7th St Boat Landing, the Southside Neighborhood Center, the VIP Trail, and Bluff Slough/Swift Creek, as well as the creation of a Joint Community Development Corporation. MetroPlains completed a historic rehab of an Armory building to create 26 Low-Income Housing Tax Credit Units. The Joint Development Corporation, a partnership between the City and Gundersen Health System, under the TID, is negotiating for the purchase of several properties to create a catalyst project in 2017-2018, to create mixed use space, including apartments and a grocery store. This catalyst site acquisition is now nearing completion and the JDC is negotiating with several interested grocers. Additionally, the City invested \$1.2 million in the central neighborhood park; George Poage Park, which is named after the first medal winning African American Olympian who resided in the City in the early 20th century. In 2016, the Wisconsin Economic Development Association

awarded the City with the Community Economic Development award for the work done in this neighborhood. The City also continues to leverage TIF funds with CDBG and other funding to replace and rehab homes in this neighborhood area, which has resulted in over 20 acquired lots and 13 new homes built by the City.

TID #15 was created in 2013 to leverage funds for the Chart Chemical, Inc. industrial expansion, estimated to bring an additional \$15,000,000 in new assessment value and create up to 100 new jobs. Trane/Ingersoll-Rand has also committed to expend a minimum of \$55,000,000 to rehabilitate their properties and modernize manufacturing equipment signaling the company's commitment to the City and its workforce. The Project Plan includes neighborhood revitalization initiatives intended to spur redevelopment projects in underutilized locations. The TID has generated \$23,082,300 since its inception.

TID #16 was created in 2014 to prepare a 12-acre redevelopment site located in the heart of the City's north side. This TID is located adjacent to Pearl Street Brewery and The Indian Hill Lofts, located in the former La Crosse Rubber Mills building. This TID is zoned Planned Development. The developer intends to construct a mixed-use transit-orientated development over the next several years. Through the support of the Wisconsin Department of Natural Resources Brownfield Funding Program, the site has been cleared of all the buildings and further site preparation projects were completed in 2015. Development throughout the City within the past five years includes these projects with a total value of \$785,680,800. The TID has generated \$1,432,900 since its inception. A recent \$500,000 pay-as-you-go TIF grant to the Fenigor Group LLC is expected to be used for a \$3.5M investment by the developer who is redeveloping the historic La Crosse Rubber Mills into 65 urban apartments.

TID #17 was created in 2015 and is generally located on the north side of the City's downtown and has so far generated \$9,936,200. The goal of TID #17 is to assist with the redevelopment and revitalization of the downtown area through various projects. The primary impetus for TID #17 is the new construction of a parking structure in the north downtown area. Public parking has been identified as a primary need to complement existing and future commercial activities in and around the area, which is being immediately driven by the redevelopment of Lot C into the Belle Square apartment and office building, estimated assessed value of \$32 million. The City also projects that additional land improvements will be created as a result of new development, redevelopment, and appreciation in the value of existing properties through the use of this TID. TID #17 has recently seen substantial investment with the \$70 million dollar, 6-story mixed use-Belle Square development, which includes 110,000 square feet of office space, 93 luxury downtown apartments and 30,000 square-foot of retail space. The office space is expected to house United Health Care and is expected to add several thousand jobs in downtown. The City is also using increment from TID #11 to construct a 600-car parking structure. Several new projects are in the planning stages in TID #17, including a \$10 million, 4-story office structure called "The Chalmers" and a \$35 million mixed, adaptive re-use of the La Crosse Plow building which spans two City blocks and is expected to include retail, residential and interior parking.

Federal and State Funds and Additional Partners

Transit Administration and City general obligation bond issues have financed portions of a number of these TID projects. The focal point of revitalization efforts has been the Central Business District as a result of developing a master plan for Downtown entitled City Vision 2020 and TID numbers 1, 5, 6, 10, and 11. Implementation activities include streetscaping, a decorative sign program, creation of a National Register Historic District, and building construction projects totaling \$290 million in public and private investments within the last ten years. The City completed a comprehensive plan in 2002 and has since created an Economic Development Strategic Plan, the City Vision 2020 Master Plan, a Historic Preservation Plan for the Downtown National Register of Historic Places (NRHP) District as well as the 10th and Cass NRHP District, and marketing plan for the downtown and the City.

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

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

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

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

- Major employers on employer assisted housing programs and catalytic housing projects
- La Crosse County on acquisition and demolition grants
- The La Crosse Promise on offering college scholarships for investors in distressed neighborhoods
- Coulee Cap on targeted affordable and mixed opportunity housing programs
- Private investors on lot acquisition assembly and preparation
- Habitat for Humanity and Western Technical College on housing construction

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

Financial Institutions

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

	Deposits <u>As of 9-30-16</u>
State Bank Financial	\$255,699,000
Coulee Bank	269,351,000
Citizens State Bank of La Crosse	<u>170,812,000</u>
Total	\$695,862,000

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

* This does not purport to be a comprehensive list.

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

Health Care

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

Mayo Clinic Health System (Franciscan Skemp Medical Center) provides primary and specialty care throughout an 11-county region in Wisconsin, Minnesota and Iowa. The La Crosse campus has expanded significantly within recent years to meet the health care needs of the community. In addition to a full-service hospital and multi-specialty clinic, the Center for Advanced Medicine and Surgery offers comprehensive cancer care, including radiation therapy services through the Mayo Clinic. The Center also has a state of the art surgical center. In 2008, Franciscan Skemp opened the first combined emergency/urgent care center in the City, as well as a new imaging center for its cardiology and radiology services. Franciscan Skemp is a leader in women's health, having established the area's first Women's Health Center, and is the home of the popular "Birth by Design" tailored birthing program. Other services include (but are not limited to) elder care (including senior housing), behavioral health, and occupational health.

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

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

The Hillview Health Center and the Lakeview Health Center, both owned and operated by the County, provide a total of 219 nursing home beds. Also located in the City of La Crosse are Bethany St. Joseph Care Center, Bethany-Riverside, La Crosse Nursing Home, and St. Joseph's Rehabilitation Center, providing a combined total of 441 nursing home beds.

Education

Public Education

The following school districts serve the residents of the City:

<u>School District</u>	<u>Location</u>	<u>Grades</u>	2015/16* <u>Enrollment</u>
La Crosse	City of La Crosse	PreK-12	6,790
Onalaska	City of Onalaska	PreK-12	3,155
West Salem	City of West Salem	PreK-12	1,768

* 2016/17 enrollment figures are not yet available.

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

Non-Public Education

The City is also served by the following private schools:

<u>School</u>	<u>Grades</u>	<u>2015/16* Enrollment</u>
Aquinas High	9-12	305
Blessed Sacrament	3-6	179
Cathedral	PreK-2	173
Aquinas Middle	7-8	123
Providence Academy	K-12	112
First Evangelical Lutheran	PreK-8	107
Mount Calvary-Grace Lutheran	PreK-8	63
Immanuel Lutheran	K-8	56
Coulee Connections	2-11	35
Childeda	3-12	29
Faith Baptist School	PreK-12	22
Partners in Excellence Academy Securities, Inc.	K-6	11

* 2016/17 enrollment figures are not yet available.

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

Post-Secondary Education

Western Technical College (“WTC”) provides vocational, technical and adult educational training to approximately 3,710 full-time students in a variety of programs in agriculture, apprenticeship training, business, general studies, health and public safety, and industrial/technical areas. The number of students served by the programs and continuing education offerings is approximately 15,000 annually. WTC operates a central campus located in the City, and has regional locations in the cities of Viroqua, Tomah, Mauston, Independence, and Black River Falls. Throughout WTC’s service area, local facilities are utilized for adult education evening classes.

Viterbo University is a four-year Catholic co-educational liberal arts institution located in the City. The University offers 69 degree programs and had a fall 2015 enrollment of approximately 2,677 students.

The University of Wisconsin-La Crosse currently enrolls approximately 9,728 undergraduate and 818 graduate students.

GOVERNMENTAL ORGANIZATION AND SERVICES

The City is a municipal corporation, incorporated in 1856, and exists under the Constitution and laws of the State of Wisconsin. The City operates under a Mayor-Council form of government. The Common Council is comprised of 17 Council members representing the various districts within the City. The Mayor, Mr. Timothy Kabat, is the chief executive officer of the City and is elected at large to serve a four-year term. Mayor Kabat was first elected in 2013, and his current term expires in April 2017. The Council members are elected by district to serve staggered four-year terms.

Common Council

		<u>Expiration of Term</u>
Richard Swantz	17th District, Council President	April 2017
Andrea Richmond	1st District	April 2017
Vacant	2nd District	April 2017
Vacant*	3rd District	April 2017
Jai Johnson	4th District	April 2017
Vacant	5th District	April 2017
David Krump	6th District	April 2017
James Cherf	7th District	April 2017
Robert Seaquist	8th District	April 2017
Gary Padesky	9th District	April 2017
Richard Becker	10th District	April 2017
Audrey Kader	11th District	April 2017
Francis Formanek	12th District	April 2017
Phillip Ostrem	13th District	April 2017
Paul Medinger	14th District	April 2017
Douglas Happel	15th District	April 2017
Martin Gaul	16th District	April 2017

* *Ryan Cornett resigned effective February 10, 2017.*

Ms. Valerie Fenske is the Director of Finance/Treasurer. Ms. Fenske was appointed in October 2016 to replace Ms. Kelly Branson who retired as of December 29, 2016. Ms. Fenske has worked in finance positions throughout other municipalities in the state of Arizona, bringing 23 years of prior government experience. Ms. Fenske previously served at the Finance Director position level for seven years prior to joining the City of La Crosse. She holds a Bachelor of Science in Accountancy and has a Master of Business Administration. Ms. Teri Lehrke is the City Clerk and has held this position since April 1993. The City Clerk is an elected position. Mr. Stephen Matty is the City Attorney and was appointed in May 2007. The City currently employs 514 people on a permanent full-time basis and approximately 350 part-time and 600 seasonal employees.

Police Protection

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

The La Crosse Police Department was founded on April 12, 1870 when a newly-elected mayor fulfilled a campaign promise and hired Chief John Simonton and six patrolmen. Today, the department is comprised of 97 sworn officers and 27.8 civilian staff. The department's current budget is just over \$10 million with supplemental funds being obtained through aggressive grant pursuits. Organizationally, the department has four main divisions: Administrative Services, Field Services, Investigative Services, and Professional/Community Services. Administrative Services is headed by an Assistant Chief, Captains command the remaining three divisions. The Professional/Community Services Division commands the School Resource Officers, the D.A.R.E program and Community Oriented Policing Officers. The Investigative Services division includes adult and juvenile crimes investigators as well as the Neighborhood Resource Officers and the Domestic Abuse Reduction Team (DART). Finally, the Field Services Division consists of two patrol shift teams delivering a full spectrum of field police services to the community.

The La Crosse Police Department operates with an authorized staff of 97 sworn full-time officers, all of whom are certified in the State of Wisconsin by the Law Enforcement Standards Board. In 1998, The La Crosse Police Department was the first municipal law enforcement agency in the State to be accredited by the Wisconsin Law Enforcement Accreditation Group and have maintained accredited status since that time. The Department has a fleet of 56 vehicles, which includes 16 fully equipped patrol squad cars with

mobile data computers, squad video cameras, laser, radar and automatic external defibrillators, and 14 unmarked investigative vehicles. Additionally, the City's eight parking enforcement vehicles are equipped with mobile data computers. Parking enforcement personnel utilize automated ticketing equipment during their tours of duty.

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

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

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

Fire Protection

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

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

The Fire Prevention and Building Safety Bureau of the Fire Department, created in 2014, reports to the Fire Department Fire Prevention Division has personnel that includes: one Chief Inspector, four Building Inspectors, one Electrical Inspector, one Plumbing Inspector, one Code Enforcement Technician and one Clerk/Stenographer. The Fire Department Prevention Division also operates a Fire Investigation/Arson Bureau that performs fire investigations and facilitates programs such as Juvenile Fire Starters, Fire Prevention Week and Fire Extinguisher trainings.

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

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

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

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

Water Utility

The La Crosse Water Utility (the “Water Utility”) serves the developed areas of the City, some small areas abutting the City in the Town of Shelby as established in 1953, and some commercial and industrial properties in the Town of Campbell as per an agreement signed in 2006. The Water Utility is self-supporting, operating on the revenues from the sale of water and from private and public fire protection. The present distribution system consists of 13 active wells, two reservoirs with capacities of 5 million gallons and 150,000 gallons, respectively, and approximately 218 miles of water main to serve the Water Utility's approximately 16,211 user connections. The full pumping capacity of the water system is approximately 42 million gallons per day (mgd) as compared to a 2015 peak day demand of 17.75 mgd and a 2015 estimated average demand of about 10.6 mgd. Water rates are established for the Water Utility by the Wisconsin Public Service Commission based on an adequate rate of return and are among the lowest of the larger utilities in the state.

Sanitary Sewer Utility

The La Crosse Sanitary Sewer Utility provides wastewater treatment for the cities of La Crosse and Onalaska, the Town of Campbell, two Town of Shelby sanitary districts, and the City of La Crescent, Minnesota. Treatment is provided by the City's Isle La Plume wastewater treatment facility, which has a capacity of 20 million gallons per day (mgd). Average flow to the plant in 2015 was approximately 9.75 mgd, so the treatment facility currently has reserve capacity. Quality of effluent discharged to the Mississippi River is well within compliance limits established by the Wisconsin Department of Natural Resources.

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

Storm Water Utility

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

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

Solid Waste and Recycling

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

Parks, Recreation and Forestry

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

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

Regional Airport

The City owns and operates a regional airport located two miles northwest of the City. The La Crosse Regional Airport is served by Delta and American Airlines with flights flown by several feeder airlines. Based on the number of enplaning passengers, the airport is currently ranked as the 229th busiest airport in the nation. The airport is an all-weather facility. The airport runways are all 150 feet wide, with the longest being 8,742 feet long, the third longest runway in the State. The other runways are 6,050 feet and 5,199 feet in length. The airport also has an air traffic control tower operating from 6 a.m. to 9 p.m. daily. There are currently 84 aircraft based at the airport. Continual improvements to the infrastructure have ensured that the airport will meet the transportation demands of the region into the future.

Municipal Library

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

La Crosse Center

The La Crosse Center was built in 1980 with a convention hall/meeting room, a river view suite and an arena. The venue is located in the heart of the downtown on the banks of the Mississippi River. In the spring of 2000, the facility nearly doubled in size with a \$14 million expansion, which included two grand halls that combine for 36,000 square feet and a second floor 6,000 square-foot ballroom with a view of the Mississippi River. Adjacent to the ballroom are three boardrooms and a conference room. Meetings, trade shows and numerous conventions use the La Crosse Center annually. The La Crosse Center has hosted national touring concerts such as Elton John, Blake Shelton, and Buckcherry. The facility also has hosted many family shows such as the Harlem Globetrotters, Monster Trucks, Disney Playhouse, and Sesame Street Live. In addition, the La Crosse Center has been the home for indoor football and professional basketball teams. The entire complex provides nearly 100,000 square feet of meeting and exhibit space. The Center is planning a remodel and an expansion in the fall of 2017. \$35,000,000 has been committed by the City of La Crosse with a grant application for additional funds being considered at the State of Wisconsin. A timeline for the project is still to be determined.

Parking Utility

The City of La Crosse –Parking Utility is a division of the La Crosse Police Department. The Parking Utility is divided into two responsibilities, the enforcement of all parking regulations on city streets and the operation of the city owned parking facilities.

The enforcement division is responsible for the enforcement of all parking rules and regulations on approximately 225 miles of city streets. This work is done through a crew of Civil Service Employees (CSE’s) who are tasked with the enforcement of everything from overtime parking to helping with the recovery of stolen bicycles.

The grounds division is responsible for the operation of all the municipally owned ramps and surface lots. These include the Market Square Ramp with a total of 632 spaces, the La Crosse Center Ramp with a total of 893 spaces, the Main Street ramp with a total of 395 spaces, the Riverside Ramp with a soon to be total of 903 spaces. When you add in the surface lots the Parking Utility manages almost 3000 parking spaces.

The collaboration between the two divisions and the Police Department makes for a seamless and efficient use of the parking assets in the City of La Crosse.

Transit Utility

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

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

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

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

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

Labor Contracts

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

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
Transit Local 519	44	December 31, 2018
Firefighters Local 127	79	December 31, 2017
Police supervisors	18	December 31, 2017
Police non-supervisors	68	December 31, 2017
SEIU*	<u>0</u>	N/A
Subtotal	209	
Former SEIU	169	
Elected	3	
Library-(non-part time)	42	
NonRep	91	
Total non-unionized employees	<u>305</u>	
Total employees	514	

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

Recognized and Certified Bargaining Units

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

Employee Pension Plans

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

	<u>Covered by WRS</u>	<u>Total Payroll</u>
2011	\$28,024,595	\$29,739,351
2012	27,780,539	29,468,574
2013	27,692,118	29,603,989
2014	29,499,654	31,315,822
2015	29,513,033	32,351,522

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

	<u>Total Required Contribution</u>	<u>City Contribution</u>	<u>City Percentage</u>	<u>Employee Contribution</u>	<u>Employee Percentage</u>
2011	\$4,191,237	\$2,744,038	5.1-14.3%	\$1,447,199	5.8-6.5%
2012	3,667,856	2,771,035	5.9-16.7	896,821	5.9-7.1
2013	4,314,440	3,147,101	6.7-12.4	1,167,339	6.7-7.0
2014	4,410,430	2,832,995	7.0-13.9	1,577,435	7.0-7.8
2015	4,451,745	2,689,659	6.8-13.1	1,762,086	6.8-7.7

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

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2015 were:

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

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

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

For more information regarding the liability of the City with respect to its employees, please reference Note 8 – Wisconsin Retirement System, of the City’s Annual Financial Statements for the fiscal year ended December 31, 2015, an excerpt of which is included as Appendix IV of this Official Statement. (The City’s Annual Financial Statements for the fiscal year ended December 31, 2016 are not yet available).

GASB 68

In June 2012, the Government Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment to GASB 68, effective for the City’s fiscal year ended December 31, 2015. These statements revise existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City’s proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan’s fiduciary net position. The pronouncements require the restatement of the City’s December 31, 2014 net position of its governmental activities. Please reference “Note 1. Summary of Significant Accounting Policies – Changes in Accounting Principle,” and “Note 8 – Wisconsin Retirement System” of the City’s Annual Financial Statements for fiscal year ended December 31, 2015.

At December 31, 2015, the City reported an asset of \$6,632,361 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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 asset was based on its share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the City’s proportion was 0.27001724%, which was a decrease of 0.00208353% from its proportion measured as of December 31, 2013. For the year ended December 31, 2015, the City recognized pension expense of \$2,627,466.

Additional and detailed information about the State of Wisconsin's net position is available in a separately-issued financial report, which may be obtained at <http://legis.wisconsin.gov/lab>, report number 15-11.

Sources: *The City and the City's Annual Financial Statements.*

Other Post Employment Benefits

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

The City contributes to other post-employment plan benefits to all former City employees who meet retirement eligibility requirements. With the advent of GASB Statement 45, the City has engaged actuaries to provide actuarial valuation reports. Under GASB 45 such costs must be accounted for on an accrual basis. The City must report an annual OPEB cost based on actuarially determined amounts that, if paid on an ongoing basis, will provide sufficient resources to pay these benefits. Components of the City's annual OPEB cost, the amount contributed to the plan, and the changes in the City's net OPEB obligation to the plan for the fiscal year ended December 31, 2015 are as follows:

Annual required contribution	\$ 6,670,544
Interest on net OPEB obligation	548,323
Adjustment to annual required contribution	<u>(822,997)</u>
Annual OPEB cost	\$ 6,395,870
Contributions made	<u>(5,621,282)</u>
Increase in net OPEB obligation	\$ 774,588
Net OPEB obligation – beginning of year	<u>15,666,370</u>
Net OPEB obligation – end of year	<u>\$16,440,958</u>

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>UAAL as a percentage of Annual Covered Payroll</u>
January 1, 2011	-0-	\$69,714,909	\$69,714,909	246.9%
January 1, 2012	-0-	75,476,566	75,476,566	272.7
January 1, 2013	-0-	76,663,426	76,663,426	272.0
January 1, 2014	-0-	73,027,143	73,027,143	244.6
January 1, 2015	-0-	73,027,143	73,027,143	238.8

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

<u>Fiscal Year Ended</u>	<u>OPEB Cost</u>	<u>Employer Contributions</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>OPEB Obligation</u>
December 31, 2011	\$6,384,745	\$4,176,000	65.4%	\$ 9,623,458
December 31, 2012	6,583,640	3,987,000	60.6	12,220,098
December 31, 2013	6,688,601	4,455,000	66.6	14,453,699
December 31, 2014	6,417,131	5,204,460	81.1	15,666,370
December 31, 2015	6,395,871	5,621,282	87.9	16,440,958

For more information concerning the City's OPEB obligations, please reference Note 14 – Post-Retirement Healthcare Benefits, and Required Supplementary Information, of the City's Annual Financial Statements for the fiscal year ended December 31, 2015, an excerpt of which is included as Appendix IV of this Official Statement. (The City's Annual Financial Statements for the fiscal year ended December 31, 2016 are not yet available).

Sources: *City's Annual Financial Statements.*

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Taxes	\$35,660,067	\$36,015,542	\$36,361,998	\$36,536,609	\$36,083,515
Intergovernmental	17,389,997	15,516,517	15,606,255	15,434,50	15,372,951
Transfers In	11,812,195	13,581,838	14,678,627	13,747,336	16,817,877
Intergovernmental charges for services	3,419,799	3,370,533	2,766,315	2,883,382	2,358,582
Public charges for services	2,254,298	1,960,114	1,909,898	1,889,219	2,118,975
Licenses and permits	1,750,397	1,874,682	1,942,792	1,946,567	2,019,707

Sources: *City's Annual Financial Statements.*

City Budget Process

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

City General Fund Budget

	2016 Adopted Budget	2016 Project Year-End	2017 Adopted Budget
Revenues:			
Property Taxes	\$34,779,508	\$34,779,508	\$34,816,661
Revenues to Offset Debt	9,300,619	9,300,619	8,772,040
Fire	223,750	214,150	23,750
General	5,553,820	5,746,620	3,521,630
Taxes and Special Assessments	614,950	701,775	689,672
Intergovernmental Charges	14,888,838	14,983,085	14,873,778
Interdepartmental Charges	13,000	8,000	8,000
Licenses	770,255	791,980	770,660
Special Appropriations	100,000	(991,909)	256,000
Insurance	665	2,311	600
Library	590,925	590,925	372,334
Park and Recreation	399,000	399,000	439,000
Planning	37,550	37,550	38,450
Harbor	40,000	40,000	30,000
Police	100,000	100,000	25,000
Engineer	227,648	227,648	222,328
Grounds and Building	2,500	2,500	2,500
Highway	921,000	929,000	1,038,000
Refuse and Recycling	8,500	8,500	4,000
Building and Inspections	780,300	529,948	921,600
La Crosse Center	<u>2,351,780</u>	<u>2,099,914</u>	<u>2,358,171</u>
Total Revenues	<u>\$71,704,608</u>	<u>\$70,501,124</u>	<u>\$69,184,174</u>
Expenses (By Department):			
Assessor	\$ 687,080	\$ 686,780	\$ 699,284
Attorney	600,584	600,584	603,729
Clerk	570,837	569,624	496,470
Contingency	50,000	50,000	300,000
City Council	85,232	85,232	106,832
Debt Service	16,542,438	16,542,438	15,591,967
Finance	1,191,177	1,191,177	1,187,068
Fire	9,780,363	9,734,713	10,164,161
General Expense	7,265,095	6,381,741	4,305,021
Employee Benefits	73,990	73,990	53,990
Police/Fire Commission	19,200	19,200	19,200
Special Appropriation	0	0	0
Insurance	491,108	541,606	531,778
Library	4,877,241	4,877,241	4,834,968
Mayor	199,451	199,451	240,023
Info Systems/Technology	1,268,583	1,260,895	1,426,041
Municipal Court	251,995	251,995	255,495
Parks, Recreation & Forestry	2,919,584	2,919,584	3,031,897
Human Resources	376,229	376,229	417,232
Room Tax	305	305	305
Planning	472,308	472,308	547,869
Police	10,372,310	10,372,310	10,887,970
Public Works	342,537	342,537	0
Engineer	1,406,355	1,406,355	1,557,230
Grounds and Buildings	615,891	615,891	537,925
Highway	5,822,462	5,774,201	5,720,317
Refuse and Recycling	2,347,341	2,347,341	2,217,445
Building and Inspections	723,132	707,482	1,091,786
La Crosse Center	<u>2,351,780</u>	<u>2,099,914</u>	<u>2,358,171</u>
Total Expenses	<u>\$71,704,608</u>	<u>\$70,501,124</u>	<u>\$69,184,174</u>

Source: The City of La Crosse.

PROPOSED FORMS OF LEGAL OPINIONS

(To Be Dated the Date of Issuance)

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

Re: City of La Crosse, La Crosse County, Wisconsin
 \$5,560,000 General Obligation Corporate Purpose Bonds,
 Series 2017-A

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

YEAR	AMOUNT	INTEREST RATE
2019	\$600,000	5.00%
2020	365,000	5.00
2021	380,000	5.00
2022	335,000	5.00
2023	320,000	5.00
2024	280,000	5.00
2025	335,000	5.00
2026	370,000	5.00
2027	405,000	5.00
2028	405,000	5.00
2029	420,000	3.00
2030	430,000	3.00
2031	450,000	3.00
2032	465,000	3.00

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

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

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

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

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

Respectfully Submitted,

(To Be Dated the Date of Issuance)

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

Re: City of La Crosse, La Crosse County, Wisconsin
\$3,265,000 Taxable General Obligation Airport Bonds,
Series 2017-B

Ladies and Gentlemen:

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

YEAR	AMOUNT	INTEREST RATE
2018	\$125,000	3.00%
2019	185,000	3.00
2020	185,000	3.00
2021	190,000	3.00
2022	195,000	3.00
2023	200,000	3.00
2024	210,000	3.00
2025	215,000	3.00
2026	225,000	3.00
2027	230,000	3.00
2028	240,000	3.05
2029	250,000	3.25
2030	260,000	3.30
2031	270,000	3.40
2032	285,000	3.50

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

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

Based upon our review of official certificates and proceedings submitted by the City, it is our opinion that, under present law, interest on the Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers. Owners of the Bonds should consult their tax advisors concerning the tax consequences of ownership of the Bonds.

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

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

Respectfully submitted,

(To Be Dated the Date of Issuance)

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

Re: City of La Crosse, La Crosse County, Wisconsin
\$2,210,000 General Obligation Promissory Notes, Series 2017-C

Ladies and Gentlemen:

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

YEAR	AMOUNT	INTEREST RATE
2019	\$700,000	2.00%
2020	225,000	2.00
2021	225,000	2.00
2022	170,000	2.00
2023	170,000	2.00
2024	175,000	3.00
2025	180,000	3.00
2026	180,000	3.00
2027	185,000	3.00

The Notes maturing on and after March 1, 2025, are subject to prepayment on March 1, 2024, and on any date thereafter, at a prepayment price of 100% of the principal amount thereof being prepaid, plus accrued interest to the date fixed for prepayment.

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

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

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

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

Respectfully submitted,

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (B)(5) OF RULE 15c2-12**

This CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by the City of La Crosse, La Crosse County, Wisconsin (the “*Issuer*”) in connection with the issuance of \$5,560,000 aggregate principal amount of General Obligation Corporate Purpose Bonds, Series 2017-A (the “*Series 2017-A Bonds*”), \$3,265,000 aggregate principal amount of Taxable General Obligation Airport Bonds, Series 2017-B (the “*Series 2017-B Bonds*”) and \$2,210,000 General Obligation Promissory Notes, Series 2017-C (the “*Series 2017-C Notes*” and, together with the Series 2017-A Bonds and the Series 2017-B Bonds, the “*Obligations*”). The Obligations are being issued pursuant to respective resolutions duly adopted by the Common Council of the Issuer on February 9, 2017 (the “*Resolutions*”).

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

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

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

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

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

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

Commission means the Securities and Exchange Commission.

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

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

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

MSRB means the Municipal Securities Rulemaking Board.

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

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

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

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

State means the State of Wisconsin.

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

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Obligations are set forth in *Exhibit III* attached to and made a part of this Agreement. The Final Official Statement relating to the Obligations is dated February 16, 2017 (the “*Final Official Statement*”). The Issuer will include the CUSIP Numbers in all disclosures described in Sections 4 and 5 of this Agreement.

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

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

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

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten (10) business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by indentifying information as is prescribed by the MSRB or the Commission at the time of the delivery of such information. References to “material” in *Exhibit II* attached hereto and made a part hereof refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of an optional or unscheduled redemption or prepayment of any Obligations or defeasance of any Obligations need not be given under this Agreement any earlier than the notice (if any) of such redemption or prepayment or defeasance is given to the owners of the Obligations pursuant to the respective Resolutions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF LA CROSSE, LA CROSSE COUNTY,
WISCONSIN

By _____
Mayor

Date: [closing date]

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Final Official Statement under the following captions: “CITY PROPERTY VALUES” - pages 13-14; “CITY INDEBTEDNESS—Legal Debt Limit and Margin” - page 15; “CITY INDEBTEDNESS—General Obligation Debt” - page 15; “CITY INDEBTEDNESS—Estimated Calendar Year Debt Service Payments Including the Obligations” - page 16; and “TAX RATES, LEVIES AND COLLECTIONS—Tax Rates Per \$1,000 of Assessed Value for a City Resident Living in the La Crosse School District” - page 17, exclusive of Audited Financial Statements.

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

Annual Financial Information exclusive of Audited Financial Statements will be provided to EMMA by December 31 of each year, commencing on December 31, 2017. Audited Financial Statements as described below should be filed with EMMA by December 31 of each year, commencing on December 31, 2017. If Audited Financial Statements are not available by December 31 of each year, commencing on December 31, 2017, Audited Financial Statements will be filed within thirty (30) days of their availability to the Issuer.

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

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

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

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

EXHIBIT III

GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2017-A

YEAR OF MATURITY	CUSIP NUMBER (502769)
2019	AA 0
2020	AB 8
2021	AC 6
2022	AD 4
2023	AE 2
2024	AF 9
2025	AG 7
2026	AH 5
2027	AJ 1
2028	AK 8
2029	AL 6
2030	AM 4
2031	AN 2
2032	AP 7

TAXABLE GENERAL OBLIGATION AIRPORT BONDS, SERIES 2017-B

YEAR OF MATURITY	CUSIP NUMBER (502769)
2018	AQ 5
2019	AR 3
2020	AS 1
2021	AT 9
2022	AU 6
2023	AV 4
2024	AW 2
2025	AX 0
2026	AY 8
2027	AZ 5
2028	BA 9
2029	BB 7
2030	BC 5
2031	BD 3
2032	BE 1

GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2017-C

YEAR OF MATURITY	CUSIP NUMBER (502769)
2019	BF 8
2020	BG 6
2021	BH 4
2022	BJ 0
2023	BK 7
2024	BL 5
2025	BM 3
2026	BN 1
2027	BP 6

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

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

Equalized Value

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

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

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

Tax Levies and Collections

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

EXCERPT OF 2015 ANNUAL FINANCIAL STATEMENTS

The City's is audited annually by an independent certified public accounting firm. Data on the following pages was extracted from the City's Annual Financial Statements for the fiscal year ended December 31, 2015. (The City's Annual Financial Statements for the fiscal year ended December 31, 2016 are not yet available.) The reader should be aware that the complete financial statements may contain additional data relating to the information presented here, which may interpret, explain or modify it.

INDEPENDENT AUDITORS' REPORT

To the Common Council
City of La Crosse, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse, Wisconsin ("City"), as of and for the year ended December 31, 2015, 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, 2015, 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.

Emphasis of Matter

As discussed in Note 1, the City of La Crosse has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Standard No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, schedule of funding progress - post-employment healthcare benefits on page 60, budgetary comparison information on pages 61 and 62, and the Wisconsin Retirement System Schedules on page 63 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 June 30, 2016, 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.

Handie Aul CPAs, LLP

La Crosse, Wisconsin
June 30, 2016



**The City of La Crosse, Wisconsin - Management's Discussion and Analysis
for the year ended December 31, 2015**

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, 2015. 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

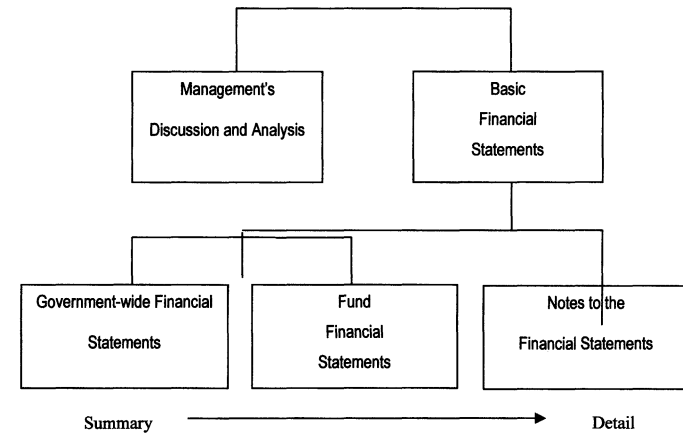
When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. This relationship between revenues and expenses can be considered the City's operating results. The City's net position as measured in the Statement of Net 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, 2015 by \$414,994,291 (net position).
- The City of La Crosse's total net position of Governmental Funds and Proprietary Funds increased by \$34,895,632.
- As of December 31, 2015, the City of La Crosse's governmental funds reported combined ending fund balances of \$85,483,008 a decrease of \$2,700,840 in comparison with the prior year. As of December 31, 2015, the unassigned fund balance for the general fund was \$21,452,207 or approximately 41.04% of total general fund expenditures.
- The City of La Crosse's total general obligation debt decreased by \$4,280,991 (-5.76%) during 2015. This decrease is attributable to the City's rapid debt retirement practice and the continued implementation of the City's debt model, which assists the City with planning and financing of future capital improvement projects. The City was able to fund \$9,475,000 in capital improvement projects as listed in the City's five year Capital Improvement Budget with new borrowed funds. Those projects included various street, streetscaping, alley, bridge, civic center, fire, library, park, storm sewer, transit, airport, and water projects.

Overview of the Financial Statements

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

**Required Components of the Annual Financial Report
Figure 1**



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of La Crosse exceeded liabilities by \$414,994,291 as of December 31, 2015. The City's net position increased by \$34,895,632 for the fiscal year ended December 31, 2015. However, the largest portion (72.49%) reflects the City's investment in capital assets (e.g. land, land improvements, buildings, and equipment); less any related debt still outstanding that was issued to acquire those items. The City of La Crosse uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of La Crosse's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

The City of La Crosse, Wisconsin's Net Position

Figure 2

(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
ASSETS						
Assets net of Capital Assets	\$168,436	\$162,494	\$30,387	\$26,000	\$198,823	\$188,494
Capital Assets not Depreciated	31,156	28,531	28,931	28,794	60,087	57,325
Capital Assets, net of Depreciation	<u>176,815</u>	<u>167,827</u>	<u>116,540</u>	<u>114,667</u>	<u>293,355</u>	<u>282,494</u>
TOTAL ASSETS	\$376,407	\$358,852	\$175,858	\$169,461	\$552,265	\$528,313
DEFERRED OUTFLOWS OF RESOURCES						
Wisconsin Retirement System Pension	6,731	-	581	-	7,312	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$383,138	\$358,852	\$176,439	\$169,461	\$559,577	\$528,313
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
LIABILITIES						
TOTAL LIABILITIES	\$94,531	\$99,247	\$6,343	\$5,101	\$100,874	\$104,348
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue – tax roll	\$43,550	\$43,723	\$159	\$144	\$43,709	\$43,867
NET POSITION						
Net Investment in Capital Assets	\$158,535	\$141,110	\$142,302	\$141,976	\$300,837	\$283,086
Restricted For:						
Special Revenue	2,963	-	-	-	2,963	-
Debt Service	5,072	6,523	-	-	5,072	6,523
Capital Projects	32,657	34,445	2,405	-	35,062	34,445
Other Activities	12,836	-	1,108	2,576	13,944	2,576
Unrestricted	<u>32,994</u>	<u>33,804</u>	<u>24,122</u>	<u>19,665</u>	<u>57,115</u>	<u>53,469</u>
TOTAL NET POSITION	\$245,057	\$215,882	\$169,937	\$164,217	\$414,993	\$380,099
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$383,138	\$358,852	\$176,439	\$169,462	\$559,576	\$528,314

An additional portion of the City's net position of \$57,041,769 (13.75%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position or \$61,186,611 (14.74%) may be used to meet the government's ongoing obligations to citizens or creditors.

The City's total net position increased \$34,895,632 during the year. This increase was comprised of an increase in business type activities of \$7,616,805 and an increase in the governmental type activities of \$16,309,734 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 \$16,309,734. Key elements of this increase are:

- Revenues were on a comparable level in 2015 versus 2014. The City compensated for reduced State aids by implementing new user fees and reviewing and updating existing fees and charges.
- The City's share of property taxes decreased by \$533,485 (1.54%) from 2014 to 2015. Departments were required to keep 2015 budgets at 2014 levels unless increases were justified and approved by the Council. Minimal increases were granted for 2015 in various departments, mostly due to increases on "uncontrollable" items such as utilities and supplies. \$80,771 was appropriated from fund balance and applied to the 2015 budget to maintain a steady levy and remain in compliance with State laws governing levy limits and expenditure restraint.
- Expenditures were at slightly lower level for 2015 compared to 2014, generally due in part to conscientious budget oversight by Department Heads, the Mayor, and the Common Council. The City was able to somewhat offset increases in department expenses, utilizing "tools" provided by the State. General employees are now required to pay 50% of the required Wisconsin Requirement System contribution that was previously paid 100% by the City.
- The practice of annually contracting for approximately 2/3 of the City's annual fuel needs in advance that started in 2009 was increased to approximately 95% in 2014 and contributed significantly towards favorable department fuel expense variances for those departments with fuel expenses.
- Employees' share of health insurance premiums decreased slightly in 2015 versus 2014. Plan design changes, union contract negotiated increases in premiums, deductibles, office co-pays, and drug co-pays are having an impact on the City's self-insurance health fund and allowed for no increase in the funding for health insurance even though the national trend continues to rise. The City offers annual health risk assessment (HRA) opportunities to its employees and families as a proactive measure to curb potential future health insurance costs. Employees and their spouses are encouraged to participate in the health risk assessment program and are able to receive reduced monthly premium costs as an incentive to participate.

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

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

Figure 3

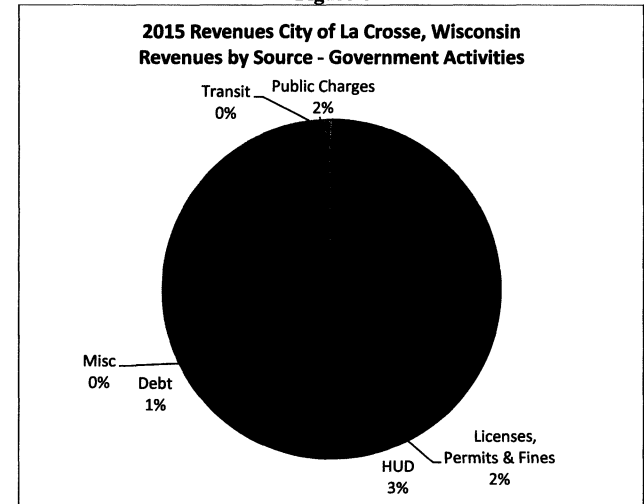
(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$15,920	\$13,750	\$19,613	\$18,795	\$35,533	\$32,545
Grants & contributions	11,303	11,153	--	1,230	11,303	12,383
General revenues:						
Taxes	45,840	45,208	--	--	45,840	45,208
State shared revenue	13,199	14,073	--	--	13,199	14,073
Interest and investment income	574	337	62	42	636	379
Miscellaneous	415	1,734	23	17	438	1,751
Total revenues	\$87,251	\$86,255	\$19,698	\$20,084	\$106,949	\$106,339
Expenses:						
General government	\$7,425	\$6,551	\$--	\$--	\$7,425	\$6,551
Public safety	26,799	24,721	--	--	26,799	24,721
Public works	14,801	17,961	--	--	14,801	17,961
Health and human services	339	231	--	--	339	231
Culture, recreation & education	17,142	16,792	--	--	17,142	16,792
Conservation & development	7,205	8,377	--	--	7,205	8,377
Principal, Interest & Fiscal Charges	2,268	2,653	--	--	2,268	2,653
Airport	--	--	3,797	3,466	3,797	3,466
Parking	--	--	2,179	2,049	2,179	2,049
Water	--	--	4,026	4,044	4,026	4,044
Sanitary Sewer	--	--	73	70	73	70
Storm Water	--	--	822	771	822	771
Other business-type activities	--	--	5,844	5,397	5,844	5,397
Total expenses	\$75,979	\$77,286	\$16,741	\$15,797	\$92,720	\$93,083
Change in Net Position before transfers and Special items	\$11,272	\$8,969	\$2,957	\$4,287	\$14,229	\$13,256
Special Items	--	--	--	--	--	--
Transfers	2,545	(1268)	(2,545)	1,268	(0)	(0)
Change in net position	\$16,310	\$7,701	\$7,617	\$5,555	\$23,927	\$13,256
Net position, beginning of year as restated	215,882	208,181	164,217	158,662	380,099	366,843
Net position, end of year	\$245,058	\$215,882	\$169,937	\$164,217	\$414,994	\$380,099

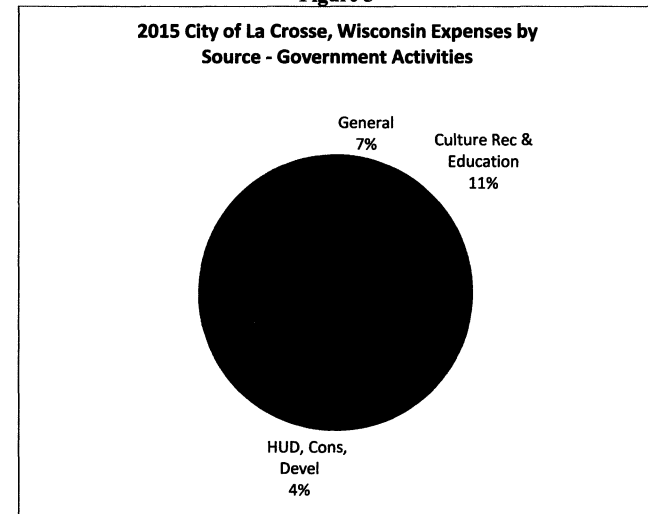
No major variances were noted in the governmental activities expenditures in 2015. City departments in general were well within their approved budgets.

Figure 4 and Figure 5 which follow depict revenues by source and expenses by function respectively for the year 2015.

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



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

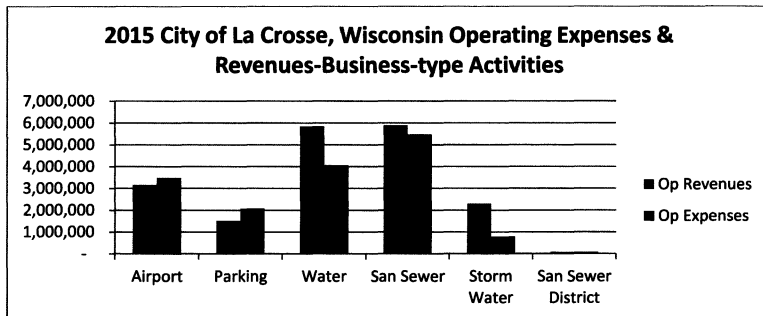


Business-Type Activities

Business-type activities increased the City’s net position by \$7,616,805. The major contributing factors to this increase for the business-type activities are as follows: 1) the implementation of a Storm Water Utility in 2012, 2) the Water Utility is self supporting, operating on the revenues from the sales of water and from private and public fire protection. The current water rate is designed to provide a 4.0% return on rate base. The City Council now requires that future water rates be reviewed every two years. 3) the Sanitary Sewer Utility rates were increased January 1, 2015. A full review of Sanitary Sewer rates was completed and approved by the City Council in 2014, and resulted in a rate increase of approximately 10%. 4) the current Sanitary Sewer Utility and Storm Water Utility rates are designed to meet cash requirements, be consistent with existing rate design structure to maintain equitability between different sizes and classes of customers, fund capital projects, and meet debt coverage requirements, and 5) the Parking Utility’s net assets decreased by approximately \$666,776 due to depreciation of current assets.

Figure 6 (below) shows the operating revenues and expenses for 2015 for the Business-type activities.

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



Financial Analysis of the Governmental Funds

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

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

As of December 31, 2015, the City of La Crosse’s governmental funds reported combined ending fund balances of \$82,483,008. \$25,209,392 of this amount is attributable to the General Fund balance and is designated as follows: \$2,204,708 or approximately 8.7% was designated as “Nonspendable”, \$1,707,997 or approximately 6.8% was designated as “Committed” and \$21,452,207 or approximately 85.1% was designated as “Unassigned”.

The General Fund is the chief operating fund of the City of La Crosse, Wisconsin. As of December 31, 2015, the total fund balance of the general fund was \$25,209,392 of which \$21,452,207 was designated as “Unassigned.” This “Unassigned” fund balance represents approximately 41.05% of total general fund expenditures for 2015. The general fund balance increased by \$1,708,559 in fiscal year 2015. Additionally, the 2015 annual program budget for the City’s general fund identified a use of fund balance for items to be carried forward from the 2015 budget to the 2016 budget of \$1,593,874, \$555,755 of the total was for capital expenditures. Actual expenditures were less than final amended budgeted expenditures by approximately 4.94% or \$2,716,622. Actual revenue sources were more than the original amended budgeted revenues in the general fund by \$1,414,568 or approximately 2.48%.

The budget revenues were higher primarily due to:

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

The budget expenditures were less primarily due to:

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

Proprietary Funds

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

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

Figure 7

(In Thousands of dollars)

	Net Position		Change in Net Position	
	2015	2014	2015	2014
Airport	\$58,632	\$57,595	\$1,037	\$2,804
Parking Utility	32,263	32,845	(582)	(667)
Sanitary Sewer Utility	38,451	37,470	981	394
Sanitary Sewer District	606	609	(3)	10
Storm Water Utility	7,314	4,654	2,660	1,767
Water Utility	30,684	29,514	1,170	1,010
TOTAL	\$167,950	\$162,687	\$5,263	\$5,318

General Fund Budgetary Highlights

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

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

Actual revenues and other sources were more than budgeted revenues by \$1,414,568. Actual expenditures were less than budgeted expenditures by \$2,716,622.

Revenues exceeded budgetary estimates and expenditures came in under budget, the City's General Fund "Unassigned" balance increased by \$1,770,401. Additionally there was a reassignment of the City's "Unassigned" fund balance to "Committed" fund balance for the following: \$1,707,997 for Fire Department Heavy Rescue, La Crosse Center Renovation, and Neighborhood Capital Improvements. The City's General Fund combined balance is 48.23% of 2015 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, 2015, amounts to \$353,441,838 (net of accumulated depreciation), an increase of \$13,623,467 (4.01%). This investment in capital assets includes land, buildings, building improvements, improvements other than buildings, machinery & equipment, infrastructure, and construction work in progress. The total increase in the City's investment in capital assets for the current fiscal year consisted of an \$11,612,373 (5.91%) increase for governmental activities and a \$2,011,094 (1.40%) increase for business-type activities.

Major capital asset projects/transactions that occurred previously or were scheduled to occur during 2015 included the following:

1. Continuation of the Three Rivers Plaza economic development retail/housing/office complex on the north end of the downtown area in Tax Increment Financing District #12 and related expenses - approximately \$5,550,000 total City investment. The boundaries for this TID were expanded in 2010 to accommodate additional future development to the west known as the Mobil Oil/Patros property. The City has undergone a Charrette process to determine the best use of this property.
2. Continuation of the Logistics Health (LHI), Cargill, and Piggy's Riverside redevelopment project in Tax Incremental Financing District #11 (downtown area) - approximately \$15,500,000 total City investment. Construction on a third LHI building and City parking ramp in the area started in 2010 was completed in the fall of 2011. In January of 2012 the City completed the purchase of this parking ramp from the Riverside Center group. The City completed construction of a \$32 million public/private multi-use Transit Center/Housing (92 units)/Commercial/Retail facility in September of 2010. The City is now in negotiations with the Riverside Center group to construct a fourth building in the area on an existing City owned surface parking lot. In 2015 the City began expansion of the Riverside Center Ramp. In 2013 the City created Tax Incremental Financing District #15 on the southeast end of the City to assist Chart Industries and the Trane Company with expansion projects through the use of developer's agreements.
3. In 2014 the City created Tax Incremental Financing District #16 on the northeast end of the City to assist with a mixed use development. Estimated assessed value is \$5.5 million.
4. In 2015 the City created Tax Incremental Financing District #17. The development of Lot C began in 2015 with an estimated assessed value of \$35 million and will be comprised of commercial and residential. A parking facility will be constructed for an estimated cost of \$17 million.

The following capital improvement projects for 2015 are contained and financed in the City's 2015-2019 five year Capital Improvement Program budget:

1. Airport terminal building upgrades - \$7,625,000 project completed.
2. Initial Radio Communication system replacement project - approximately \$2,000,000 of an estimated \$8,000,000.00 project.
3. Capital Equipment purchases for various departments - approximately \$1,175,000.
4. Various Park projects - approximately \$2,000,000.00.
5. Continuing upgrades to the Sanitary Sewer infrastructure - approximately \$810,400.00.
6. Storm water improvement projects - approximately \$578,000.00.
7. Various street and streetscaping improvement projects - approximately \$8,058,000.00.
8. Various Tax Incremental Financing District projects - approximately \$10,310,647.00
9. Miscellaneous Water projects - approximately \$473,900.00.

City of La Crosse, Wisconsin's Capital Assets

Figure 8

(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
	Land and land improvements	\$9,933	\$9,250	\$8,657	\$8,647	\$18,590
Buildings and improvements	83,283	81,932	26,928	26,745	110,211	108,677
Machinery and equipment	33,167	31,357	22,866	21,896	56,033	53,253
Infrastructure/systems	141,899	132,506	119,318	115,361	261,217	247,867
Construction in progress	21,223	19,281	24,225	24,096	45,448	43,377
Less: Accumulated depreciation	(81,535)	(77,968)	(56,523)	(53,285)	(138,058)	(131,253)
TOTAL	\$207,970	\$196,358	\$145,471	\$143,460	\$535,441	\$339,818

Long-Term Debt

The City's bond rating is AA+ by Standard & Poors. 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 2015 fiscal year, the City of La Crosse had total general obligation debt outstanding of \$70,066,989 entirely backed by the full faith and credit of the government. This represents a decrease of \$4,280,991 compared to the total general obligation debt outstanding as of the end of fiscal year 2014. This decrease is due primarily to scheduled borrowing and structured repayment of principle and interest in accordance with the City's debt model.

In 2015, the City sold three bond issues. The issues were dated April 9, 2015. Issue A was a 10 year corporate purpose bond for \$1,645,000 at a net interest rate of 2.1134327%. Issue B was a 10 year airport bond for \$1,975,000 at a net interest rate of 2.2039189%. Issue C was a 10 year promissory note for \$4,660,000 at a net interest rate of 1.4473390%. These issues funded the City's \$8,280,000 annual capital improvement program budget and the various projects: Street and Streetscaping projects, Bridge projects, Storm Sewer projects, Fire projects, Water Projects, Library projects, Park projects, Airport projects and Miscellaneous Tax Incremental Financing projects. The issue was rated AA+ by Standard & Poors.

Wisconsin State Statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The City of La Crosse has adopted a more stringent debt borrowing policy that states that its outstanding debt will not exceed 75% of the 5% State Statute allowable legal debt margin unless authorized by a 2/3 vote of the City Council. In addition, the City will not borrow a larger amount than is retired in the current year unless overridden by a 2/3 vote of the City Council. The City has adopted a rapid debt retirement policy in that debt will not be borrowed for a period of more than 10 years unless approved by the City Council. The current legal debt limitation for the City of La Crosse is \$166,416,230 and its outstanding debt subject to State statutory limit at December 31, 2015 is \$70,066,989, or approximately 42.10%.

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

Figure 9

(In Thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
	General obligation bonds/notes	\$67,768	\$73,710	\$3,169	\$1,485	\$70,937
Mortgage revenue bonds	-	-	-	-	-	-
Other long-term obligations	16,542	15,529	2,470	2,609	19,012	18,138
TOTAL	\$84,310	\$89,239	\$5,639	\$4,094	\$89,949	\$93,333

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

- The 2015 unadjusted unemployment rate for the La Crosse MSA was 4.6% compared to the State average of 5.4%, which compares to the National average of 6.1%.
- Inflationary trends in the region are comparable to national indices.
- The total value of building permits in 2015 was \$95,408,421 through November 2015 as compared to 2014 with \$110,593,088 and 2013 with \$114,427,755.

Requests for Information

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

CITY OF LA CROSSE, WISCONSIN

STATEMENT OF NET POSITION

DECEMBER 31, 2015

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and investments	\$ 107,519,244	\$ 15,774,768	\$ 123,294,012
Restricted cash and investments	-	2,405,114	2,405,114
Receivables			
Taxes	43,625,188	721,172	44,346,360
Accounts and other	1,795,303	3,618,758	5,414,061
Special assessments	282,605	-	282,605
Current portion of loans receivable	463,563	-	463,563
Internal balances	(4,645,939)	4,645,939	-
Due from other governments	679,131	-	679,131
Net pension asset (Wisconsin Retirement System)	6,105,492	526,869	6,632,361
Inventories	273,763	272,779	546,542
Prepaid items	130,715	2,411,309	2,542,024
Special assessments	721,736	6,278	728,014
Loans receivable	11,486,233	-	11,486,233
Other property	-	3,375	3,375
Capital assets not being depreciated	31,155,720	28,931,292	60,087,012
Capital assets, net of accumulated depreciation	<u>176,814,738</u>	<u>116,540,088</u>	<u>293,354,826</u>
TOTAL ASSETS	376,407,492	175,857,741	552,265,233
DEFERRED OUTFLOWS OF RESOURCES			
Wisconsin Retirement System pension	<u>6,730,528</u>	<u>580,808</u>	<u>7,311,336</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 383,138,020</u>	<u>\$ 176,438,549</u>	<u>\$ 559,576,569</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
LIABILITIES			
Accounts payable	\$ 7,714,806	\$ 518,852	\$ 8,233,658
Accrued liabilities			
Payroll, payroll taxes	1,680,388	184,765	1,865,153
Interest	195,270	-	195,270
Other	104,686	-	104,686
Due to other governments	31,114	-	31,114
Due to others	241,520	-	241,520
Unearned revenue	252,260	-	252,260
Current portion of long-term obligations	20,756,785	1,786,949	22,543,734
Noncurrent portion of long-term obligations	<u>63,553,841</u>	<u>3,851,951</u>	<u>67,405,792</u>
TOTAL LIABILITIES	<u>94,530,670</u>	<u>6,342,517</u>	<u>100,873,187</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - tax roll	<u>43,549,609</u>	<u>159,482</u>	<u>43,709,091</u>
NET POSITION			
Net investment in capital assets	158,534,965	142,302,058	300,837,023
Restricted for:			
Special revenue	2,963,435	-	2,963,435
Debt service	5,072,334	-	5,072,334
Capital projects	32,657,189	2,405,114	35,062,303
Other activities	12,836,020	1,107,677	13,943,697
Unrestricted	<u>32,993,798</u>	<u>24,121,701</u>	<u>57,115,499</u>
TOTAL NET POSITION	<u>245,057,741</u>	<u>169,936,550</u>	<u>414,994,291</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 383,138,020</u>	<u>\$ 176,438,549</u>	<u>\$ 559,576,569</u>

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

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	\$ 7,425,018	\$ 3,208,703	\$ 978,429	\$ 5,727	\$ (3,232,159)		\$ (3,232,159)
Public safety							
Law enforcement	15,390,200	882,479	1,167,794	565,879	(12,774,048)		(12,774,048)
Fire protection	10,678,273	95,325	158,274	121,268	(10,303,406)		(10,303,406)
Other public safety	730,556	-	-	-	(730,556)		(730,556)
Public works							
Transportation	12,411,592	3,442,416	6,112,345	6,537	(2,850,294)		(2,850,294)
Storm sewer	27,817	16,392	8,224	-	(3,201)		(3,201)
Docks and harbors	20,086	55,711	-	-	35,625		35,625
Sanitation	2,341,808	25,585	181,458	-	(2,134,765)		(2,134,765)
Health and human services	338,724	1,446	-	-	(337,278)		(337,278)
Culture, recreation, and education							
Library	5,822,390	210,269	432,170	-	(5,179,951)		(5,179,951)
Auditorium	4,552,874	3,957,911	-	-	(594,963)		(594,963)
Parks and recreation	6,767,020	2,155,308	361,542	952,872	(3,297,298)		(3,297,298)
Conservation and development	7,204,989	1,868,609	1,902,805	840,200	(2,593,375)		(2,593,375)
Interest and fiscal charges	2,267,958	-	-	-	(2,267,958)		(2,267,958)
TOTAL GOVERNMENTAL ACTIVITIES	75,979,305	15,920,154	11,303,041	2,492,483	(46,263,627)		(46,263,627)
BUSINESS-TYPE ACTIVITIES							
Municipal Airport	3,796,918	3,084,081	-	6,145,500		\$ 5,432,663	5,432,663
Parking Utility	2,178,851	1,700,417	-	-		(478,434)	(478,434)
Water Utility	4,025,761	5,872,551	-	67,552		1,914,342	1,914,342
Sewer Utility	5,843,830	6,591,047	-	-		747,217	747,217
Storm Water Utility	822,420	2,295,560	-	990,785		2,463,925	2,463,925
Sanitary Sewer District	73,087	69,427	-	-		(3,660)	(3,660)
TOTAL BUSINESS-TYPE ACTIVITIES	16,740,867	19,613,083	-	7,203,837		10,076,053	10,076,053
TOTAL PRIMARY GOVERNMENT	\$ 92,720,172	\$ 35,533,237	\$ 11,303,041	\$ 9,696,320	(46,263,627)	10,076,053	(36,187,574)
GENERAL REVENUE							
Taxes							
Property taxes, levied for general purposes					34,150,115	-	34,150,115
Tax increments					8,802,877	-	8,802,877
Other taxes					2,887,464	-	2,887,464
Intergovernmental revenue not restricted to specific programs					13,199,321	-	13,199,321
Interest and investment income					573,884	62,353	636,237
Miscellaneous					414,935	23,164	438,099
TRANSFERS					2,544,765	(2,544,765)	-
TOTAL GENERAL REVENUE AND TRANSFERS					62,573,361	(2,459,248)	60,114,113
CHANGE IN NET POSITION					16,309,734	7,616,805	23,926,539
NET POSITION - BEGINNING					215,881,729	164,216,930	380,098,659
PRIOR PERIOD ADJUSTMENT					-	(3,004,997)	(3,004,997)
CHANGE IN ACCOUNTING PRINCIPLE					12,866,278	1,107,812	13,974,090
NET POSITION - ENDING					\$ 245,057,741	\$ 169,936,550	\$ 414,994,291

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

CITY OF LA CROSSE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

ASSETS	GENERAL FUND	HUD PROGRAMS	BONDED CAPITAL PROJECTS	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	\$ 24,146,908	\$ 1,648,020	\$ 16,505,473	\$ 3,673,164	\$ 41,956,508	\$ 87,930,073
Receivables						
Taxes	34,855,580	-	-	-	8,769,608	43,625,188
Accounts and other	630,505	9,252	3,767	-	753,719	1,397,243
Special assessments	-	-	-	-	1,004,341	1,004,341
Loans	40,470	8,839,997	367,772	1,778,046	923,511	11,949,796
Due from other funds	975,326	-	-	-	-	975,326
Due from other governments	122,280	109,339	27,716	-	419,796	679,131
Inventories	-	-	-	-	136,816	136,816
Prepaid items	22,128	-	-	-	18,704	40,832
Advances to other funds	1,951,988	15,000	32,081	1,400,000	1,705,243	5,104,312
TOTAL ASSETS	<u>\$ 62,745,185</u>	<u>\$ 10,621,608</u>	<u>\$ 16,936,809</u>	<u>\$ 6,851,210</u>	<u>\$ 55,688,246</u>	<u>\$ 152,843,058</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
LIABILITIES						
Accounts payable	\$ 1,027,249	\$ 24,695	\$ 296,364	\$ 830	\$ 1,282,541	\$ 2,631,679
Accrued liabilities	1,624,028	-	-	-	157,919	1,781,947
Due to other funds	-	-	982,900	-	23,519	1,006,419
Due to other governments	-	-	-	-	31,114	31,114
Due to others	-	-	-	-	241,520	241,520
Unearned revenue	104,515	8,839,997	367,772	1,778,046	1,286,181	12,376,511
Advances from other funds	-	-	-	-	7,732,035	7,732,035
TOTAL LIABILITIES	<u>2,755,792</u>	<u>8,864,692</u>	<u>1,647,036</u>	<u>1,778,876</u>	<u>10,754,829</u>	<u>25,801,225</u>
 DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue						
Tax roll	34,780,001	-	-	-	8,769,608	43,549,609
Special assessments	-	-	-	-	1,009,216	1,009,216
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>34,780,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,778,824</u>	<u>44,558,825</u>
 FUND BALANCES						
Nonspendable	2,049,188	-	-	-	155,520	2,204,708
Restricted	-	1,756,916	15,289,773	5,072,334	18,573,935	40,692,958
Committed	1,707,997	-	-	-	17,986,100	19,694,097
Unassigned	21,452,207	-	-	-	(1,560,962)	19,891,245
TOTAL FUND BALANCES	<u>25,209,392</u>	<u>1,756,916</u>	<u>15,289,773</u>	<u>5,072,334</u>	<u>35,154,593</u>	<u>82,483,008</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 62,745,185</u>	 <u>\$ 10,621,608</u>	 <u>\$ 16,936,809</u>	 <u>\$ 6,851,210</u>	 <u>\$ 55,688,246</u>	 <u>\$ 152,843,058</u>

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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, 2015

Fund balances - total governmental funds		\$ 82,483,008
<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.		207,970,458
Some revenue is unavailable in the funds because they are not available to pay current period expenditures.		13,195,077
Wisconsin Retirement System net pension asset, deferred outflows of resources, and deferred inflows of resources are not current financial resources and are not reported in fund statements.		12,836,020
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	\$ (195,270)	
Bonds and notes payable	(67,768,311)	
Compensated absences	(2,301,574)	
OPEB liability	<u>(14,240,741)</u>	
		(84,505,896)
Internal service funds assets and liabilities	\$ 15,066,197	
Receivable from business-type funds for internal service activity	<u>(1,987,123)</u>	<u>13,079,074</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$245,057,741</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, 2015

	GENERAL FUND	HUD PROGRAMS	BONDED CAPITAL PROJECTS	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE						
Taxes	\$ 36,083,515	\$ -	\$ -	\$ -	\$ 9,756,941	\$ 45,840,456
Special assessments	-	-	-	-	322,434	322,434
Intergovernmental	15,372,951	1,377,037	185	-	7,079,434	23,829,607
Licenses and permits	2,019,707	-	-	-	205,392	2,225,099
Fines, forfeits, and penalties	18,266	-	-	-	755,794	774,060
Public charges for services	2,118,975	333,183	-	-	5,187,975	7,640,133
Intergovernmental charges for services	2,358,582	-	-	-	272,174	2,630,756
Miscellaneous	421,139	782,637	271,652	373,811	5,356,051	7,205,290
TOTAL REVENUE	<u>58,393,135</u>	<u>2,492,857</u>	<u>271,837</u>	<u>373,811</u>	<u>28,936,195</u>	<u>90,467,835</u>
EXPENDITURES						
Current						
General government	6,696,135	-	-	-	229,910	6,926,045
Public safety	21,465,463	-	-	-	1,198,156	22,663,619
Public works	10,072,792	-	-	-	5,680,188	15,752,980
Health and human services	133,871	-	-	-	190,909	324,780
Culture, recreation, and education	10,016,969	-	-	-	4,758,840	14,775,809
Conservation and development	2,088,480	2,252,152	-	-	2,212,252	6,552,884
Capital outlay	1,790,357	-	8,567,330	-	10,094,671	20,452,358
Debt service						
Principal	-	-	-	13,842,334	-	13,842,334
Interest and other fiscal charges	-	-	-	2,544,586	9,217	2,553,803
TOTAL EXPENDITURES	<u>52,264,067</u>	<u>2,252,152</u>	<u>8,567,330</u>	<u>16,386,920</u>	<u>24,374,143</u>	<u>103,844,612</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>6,129,068</u>	<u>240,705</u>	<u>(8,295,493)</u>	<u>(16,013,109)</u>	<u>4,562,052</u>	<u>(13,376,777)</u>
OTHER FINANCING (USES) SOURCES						
Operating transfers in	16,817,877	554,014	-	16,676,697	6,999,103	41,047,691
Operating transfers out	(21,413,179)	(554,014)	(1,630,269)	(2,113,667)	(12,293,048)	(38,004,177)
Issuance of long-term debt	174,793	-	7,451,080	-	6,550	7,632,423
TOTAL OTHER FINANCING (USES) SOURCES	<u>(4,420,509)</u>	<u>-</u>	<u>5,820,811</u>	<u>14,563,030</u>	<u>(5,287,395)</u>	<u>10,675,937</u>
NET CHANGE IN FUND BALANCES	1,708,559	240,705	(2,474,682)	(1,450,079)	(725,343)	(2,700,840)
FUND BALANCES - BEGINNING	<u>23,500,833</u>	<u>1,516,211</u>	<u>17,764,455</u>	<u>6,522,413</u>	<u>35,879,936</u>	<u>85,183,848</u>
FUND BALANCES - ENDING	<u>\$ 25,209,392</u>	<u>\$ 1,756,916</u>	<u>\$ 15,289,773</u>	<u>\$ 5,072,334</u>	<u>\$ 35,154,593</u>	<u>\$ 82,483,008</u>

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

CITY OF LA CROSSE, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

Net change in fund balances - total governmental funds \$ (2,700,840)

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 activities.

Capital outlay reported in governmental fund statements	\$ 20,452,358	
Less noncapitalized outlay	(3,445,343)	
Depreciation expense reported in the statement of activities	<u>(5,053,175)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		11,953,840

The net effect of various miscellaneous transactions involving capital assets (i.e., loss on disposal of assets) is to decrease net position: (341,467)

Some capital assets acquired during the year were financed with long-term debt. The amount of the long-term debt is reported in the governmental funds as a source of financing. In the statement of net position, however, long-term debt is not reported as a financing source, but rather constitutes a long-term liability. The amount of long-term debt issued in the governmental funds statement is: (7,632,423)

Wisconsin Retirement System net pension asset and deferred outflows of resources changes. (30,258)

Net change due to internal services funds incorporated into the statement of activities.	\$ 2,796,306	
Transfers from business-type funds for internal service fund activity.	<u>(457,122)</u>	2,339,184

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: (37,834)

OPEB expense is not reported in the governmental funds. (975,028)

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. 100,633

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:	\$ 13,842,334	
Less amount for business-type activities:	<u>(243,854)</u>	13,598,480

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: (24,760)

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	\$ 2,521,128	
The amount of interest accrued during the current period	<u>(2,460,921)</u>	
Interest paid is greater than interest accrued by:		<u>60,207</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 16,309,734

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
ASSETS								
CURRENT ASSETS								
Cash and investments	\$ 2,849,988	\$ 1,972,713	\$ 3,819,826	\$ 2,811,308	\$ 4,084,791	\$ 236,142	\$ 15,774,768	\$ 19,589,171
Restricted cash - DNR replacement fund	-	-	-	2,405,114	-	-	2,405,114	-
Taxes receivable	-	105,027	310,141	221,528	84,476	-	721,172	-
Accounts receivable	248,378	403,328	1,231,414	1,226,692	447,800	61,146	3,618,758	398,060
Due from other funds	-	-	932,683	12,627	61,109	-	1,006,419	-
Inventories	-	-	272,779	-	-	-	272,779	136,947
Prepaid items	2,409,430	335	562	707	275	-	2,411,309	89,883
TOTAL CURRENT ASSETS	5,507,796	2,481,403	6,567,405	6,677,976	4,678,451	297,288	26,210,319	20,214,061
NONCURRENT ASSETS								
CAPITAL ASSETS								
Property, plant, and equipment	45,360,614	38,273,287	41,782,835	49,645,692	2,082,076	624,934	177,769,438	-
Construction in progress	23,061,315	44,801	178,286	149,540	790,985	-	24,224,927	-
TOTAL CAPITAL ASSETS	68,421,929	38,318,088	41,961,121	49,795,232	2,873,061	624,934	201,994,365	-
Less accumulated depreciation	13,270,371	10,253,826	14,909,050	17,745,764	28,196	315,778	56,522,985	-
NET CAPITAL ASSETS	55,151,558	28,064,262	27,052,071	32,049,468	2,844,865	309,156	145,471,380	-
OTHER ASSETS								
Net pension asset	88,486	60,739	153,159	194,314	30,171	-	526,869	-
Advances to other funds	-	2,124,158	312,104	158,967	32,494	-	2,627,723	-
Special assessments	-	-	6,278	-	-	-	6,278	-
Other property	-	-	3,375	-	-	-	3,375	-
TOTAL OTHER ASSETS	88,486	2,184,897	474,916	353,281	62,665	-	3,164,245	-
TOTAL NONCURRENT ASSETS	55,240,044	30,249,159	27,526,987	32,402,749	2,907,530	309,156	148,635,625	-
TOTAL ASSETS	60,747,840	32,730,562	34,094,392	39,080,725	7,585,981	606,444	174,845,944	20,214,061
DEFERRED OUTFLOWS OF RESOURCES								
Wisconsin Retirement System pension	97,545	66,957	168,839	214,207	33,260	-	580,808	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 60,845,385	\$ 32,797,519	\$ 34,263,231	\$ 39,294,932	\$ 7,619,241	\$ 606,444	\$175,426,752	\$ 20,214,061

(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, 2015

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
LIABILITIES								
CURRENT LIABILITIES								
Accounts payable	\$ 91,012	\$ 20,991	\$ 132,363	\$ 232,459	\$ 41,893	\$ 134	\$ 518,852	\$ 5,083,127
Accrued liabilities	38,493	22,880	58,473	57,709	7,210	-	184,765	3,127
Due to other funds	-	-	975,326	-	-	-	975,326	-
Compensated absences	24,133	21,334	113,798	110,096	-	-	269,361	-
Unearned revenue	-	-	-	-	-	-	-	61,610
Current portion of general obligation bonds	185,000	-	235,040	-	21,194	-	441,234	-
Current portion of post-employment benefits	285,117	38,694	308,590	443,953	-	-	1,076,354	-
TOTAL CURRENT LIABILITIES	623,755	103,899	1,823,590	844,217	70,297	134	3,465,892	5,147,864
NONCURRENT LIABILITIES								
Advances from other funds	-	-	-	-	-	-	-	-
General obligation bonds	1,590,000	-	903,090	-	234,998	-	2,728,088	-
Post-employment benefits	-	271,382	852,481	-	-	-	1,123,863	-
TOTAL NONCURRENT LIABILITIES	1,590,000	271,382	1,755,571	-	234,998	-	3,851,951	-
TOTAL LIABILITIES	2,213,755	375,281	3,579,161	844,217	305,295	134	7,317,843	5,147,864
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - tax roll	-	159,482	-	-	-	-	159,482	-
NET POSITION								
Net investment in capital assets	53,376,558	28,064,262	25,913,941	32,049,468	2,588,673	309,156	142,302,058	-
Restricted for capital improvement	-	-	-	2,405,114	-	-	2,405,114	-
Restricted for other	186,031	127,696	321,998	408,521	63,431	-	1,107,677	-
Unrestricted	5,069,041	4,070,798	4,448,131	3,587,612	4,661,842	297,154	22,134,578	15,066,197
TOTAL NET POSITION	58,631,630	32,262,756	30,684,070	38,450,715	7,313,946	606,310	167,949,427	15,066,197
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 60,845,385	\$ 32,797,519	\$ 34,263,231	\$ 39,294,932	\$ 7,619,241	\$ 606,444	\$175,426,752	\$ 20,214,061
							\$167,949,427	
							1,987,123	
							\$169,936,550	

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, 2015

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	INTERNAL SERVICE	
OPERATING REVENUE								
Charges for services	\$ 2,964,868	\$ 805,088	\$ 4,793,389	\$ 6,164,898	\$ 2,275,926	\$ 69,427	\$ 17,073,596	\$ -
Fines, forfeits, and penalties	-	889,518	-	-	19,634	-	909,152	-
Interfund charges for services	-	-	742,763	-	-	-	742,763	14,190,020
Intergovernmental charges for services	-	-	284,943	398,940	-	-	683,883	-
Miscellaneous	111,192	6,243	56,500	38,404	2,267	-	214,606	842,828
TOTAL OPERATING REVENUE	<u>3,076,060</u>	<u>1,700,849</u>	<u>5,877,595</u>	<u>6,602,242</u>	<u>2,297,827</u>	<u>69,427</u>	<u>19,624,000</u>	<u>15,032,848</u>
OPERATING EXPENSES								
Operations	1,796,861	967,728	640,473	4,348,825	681,698	61,521	8,497,106	12,291,500
Maintenance	223,359	157,038	1,321,121	465,915	88,059	8,494	2,263,986	-
General and administrative	93,281	205,657	1,180,908	242,273	53,449	1,143	1,776,711	-
Depreciation	1,457,781	864,100	906,248	851,068	18,588	1,929	4,099,714	-
Taxes	49,465	30,843	74,780	99,659	-	-	254,747	-
TOTAL OPERATING EXPENSES	<u>3,620,747</u>	<u>2,225,366</u>	<u>4,123,530</u>	<u>6,007,740</u>	<u>841,794</u>	<u>73,087</u>	<u>16,892,264</u>	<u>12,291,500</u>
OPERATING (LOSS) INCOME	<u>(544,687)</u>	<u>(524,517)</u>	<u>1,754,065</u>	<u>594,502</u>	<u>1,456,033</u>	<u>(3,660)</u>	<u>2,731,736</u>	<u>2,741,348</u>
NONOPERATING (EXPENSES) REVENUE								
Insurance recoveries	250	-	-	-	-	-	250	-
Intergovernmental grants	13,832	-	-	-	-	-	13,832	-
Interest income	17,317	8,113	18,151	21,916	8,413	440	74,350	27,408
Loss on disposal of capital assets	(259,788)	-	-	-	-	-	(259,788)	-
Interest expense	-	-	(40,392)	-	(5,545)	-	(45,937)	-
TOTAL NONOPERATING (EXPENSES) REVENUE	<u>(228,389)</u>	<u>8,113</u>	<u>(22,241)</u>	<u>21,916</u>	<u>2,868</u>	<u>440</u>	<u>(217,293)</u>	<u>27,408</u>
(LOSS) INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(773,076)</u>	<u>(516,404)</u>	<u>1,731,824</u>	<u>616,418</u>	<u>1,458,901</u>	<u>(3,220)</u>	<u>2,514,443</u>	<u>2,768,756</u>
TRANSFER IN	655,680	-	-	904,723	-	-	1,560,403	27,550
TRANSFER (OUT)	(2,471,418)	(280,000)	(941,866)	(938,183)	-	-	(4,631,467)	-
CAPITAL CONTRIBUTIONS	6,425,021	87,084	67,552	-	1,136,647	-	7,716,304	-
CHANGE IN NET POSITION	<u>3,836,207</u>	<u>(709,320)</u>	<u>857,510</u>	<u>582,958</u>	<u>2,595,548</u>	<u>(3,220)</u>	<u>7,159,683</u>	<u>2,796,306</u>
NET POSITON - BEGINNING	<u>57,594,985</u>	<u>32,844,639</u>	<u>29,513,603</u>	<u>37,470,544</u>	<u>4,653,628</u>	<u>609,530</u>	<u>162,686,929</u>	<u>12,269,891</u>
PRIOR PERIOD ADJUSTMENT	<u>(3,004,997)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,004,997)</u>	<u>-</u>
CHANGE IN ACCOUNTING PRINCIPLE	<u>205,435</u>	<u>127,437</u>	<u>312,957</u>	<u>397,213</u>	<u>64,770</u>	<u>-</u>	<u>1,107,812</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 58,631,630</u>	<u>\$ 32,262,756</u>	<u>\$ 30,684,070</u>	<u>\$ 38,450,715</u>	<u>\$ 7,313,946</u>	<u>\$ 606,310</u>	<u>\$167,949,427</u>	<u>\$ 15,066,197</u>

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, 2015

	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	\$ 2,951,837	\$ 1,701,072	\$ 5,212,650	\$ 6,497,034	\$ 2,299,557	\$ 75,828	\$ 18,737,978	\$ 1,333,104
Receipts from municipality	-	-	785,795	-	-	-	785,795	-
Receipts from quasi-external transactions	-	-	-	-	-	-	-	13,758,720
Payments to suppliers for goods and services	(3,552,188)	(691,117)	(1,280,891)	(3,180,836)	(450,818)	(71,158)	(9,227,008)	(321,540)
Payments for employees for services	(644,231)	(395,592)	(872,260)	(1,217,202)	(249,815)	-	(3,379,100)	(70,770)
Payments for employee benefits	(583,403)	(195,624)	(740,393)	(1,064,769)	(127,724)	-	(2,711,913)	(12,084,563)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(1,827,985)</u>	<u>418,739</u>	<u>3,104,901</u>	<u>1,034,227</u>	<u>1,471,200</u>	<u>4,670</u>	<u>4,205,752</u>	<u>2,614,951</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Operating grants received	13,832	-	-	-	-	-	13,832	-
Advance (from) other funds	-	-	-	(37,036)	(18,130)	-	(55,166)	-
Operating transfers from other funds	-	-	-	904,723	-	-	904,723	27,550
Operating transfers to other funds	(1,815,738)	(280,000)	(941,866)	(938,183)	-	-	(3,975,787)	-
NET CASH (USED IN) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,801,906)</u>	<u>(280,000)</u>	<u>(941,866)</u>	<u>(70,496)</u>	<u>(18,130)</u>	<u>-</u>	<u>(3,112,398)</u>	<u>27,550</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition of property, plant, and equipment	(270,479)	-	(1,420,801)	(1,496,343)	(1,008,767)	-	(4,196,390)	-
Sale of capital assets	2,352,529	-	-	-	-	-	2,352,529	-
Proceeds from insurance	250	-	-	-	-	-	250	-
Proceeds from the issuance of bonds	1,775,000	-	104,000	-	49,920	-	1,928,920	-
Retirement of bonds and loans	-	-	(226,224)	-	(17,630)	-	(243,854)	-
Interest paid	-	-	(40,392)	-	(5,545)	-	(45,937)	-
NET CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>3,857,300</u>	<u>-</u>	<u>(1,583,417)</u>	<u>(1,496,343)</u>	<u>(982,022)</u>	<u>-</u>	<u>(204,482)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received	17,317	8,113	18,151	21,916	8,413	440	74,350	27,408
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	244,726	146,852	597,769	(510,696)	479,461	5,110	963,222	2,669,909
CASH AND INVESTMENTS - BEGINNING	<u>2,605,262</u>	<u>1,825,861</u>	<u>3,222,057</u>	<u>5,727,118</u>	<u>3,605,330</u>	<u>231,032</u>	<u>17,216,660</u>	<u>16,919,262</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 2,849,988</u>	<u>\$ 1,972,713</u>	<u>\$ 3,819,826</u>	<u>\$ 5,216,422</u>	<u>\$ 4,084,791</u>	<u>\$ 236,142</u>	<u>\$ 18,179,882</u>	<u>\$ 19,589,171</u>

(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, 2015

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	INTERNAL SERVICE	
Reconciliation of operating (loss) income to net cash provided by operating activities								
Operating (loss) income	\$ (544,687)	\$ (524,517)	\$ 1,754,065	\$ 594,502	\$ 1,456,033	\$ (3,660)	\$ 2,731,736	\$ 2,741,348
Adjustments to reconcile operating (loss) income to net cash flows from operating activities								
Depreciation	1,457,781	864,100	906,248	851,068	18,588	1,929	4,099,714	-
Depreciation charged to clearing	-	-	184,572	-	-	-	184,572	-
Changes in assets and liabilities								
(Increase) decrease in assets								
Receivables	(124,223)	(15,704)	77,818	(105,208)	1,730	6,401	(159,186)	62,456
Due from other funds	-	-	37,000	-	(2,525)	-	34,475	-
Inventories	-	-	19,159	-	-	-	19,159	(5,949)
WRS net pension asset	19,404	(259)	(9,041)	(11,308)	1,339	-	135	-
Prepaid items	(2,379,304)	28,065	9,910	56,007	2,021	-	(2,283,301)	(89,875)
Increase (decrease) in liabilities								
Accounts payable	(150,194)	(44,995)	(9,469)	(256,486)	(13,196)	-	(474,340)	(92,676)
Accrued liabilities	24,349	22,880	58,473	57,709	7,210	-	170,621	3,127
Due to other funds	-	-	6,032	-	-	-	6,032	-
Unavailable revenue	-	15,927	-	-	-	-	15,927	(3,480)
Compensated absences	4,302	4,991	30,300	21,054	-	-	60,647	-
OPEB obligations	(135,413)	68,251	39,834	(173,111)	-	-	(200,439)	-
Total adjustments	<u>(1,283,298)</u>	<u>943,256</u>	<u>1,350,836</u>	<u>439,725</u>	<u>15,167</u>	<u>8,330</u>	<u>1,474,016</u>	<u>(126,397)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$(1,827,985)</u>	<u>\$ 418,739</u>	<u>\$ 3,104,901</u>	<u>\$ 1,034,227</u>	<u>\$ 1,471,200</u>	<u>\$ 4,670</u>	<u>\$ 4,205,752</u>	<u>\$ 2,614,951</u>
RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION								
Cash and investments	\$ 2,849,988	\$ 1,972,713	\$ 3,819,826	\$ 2,811,308	\$ 4,084,791	\$ 236,142	\$ 15,774,768	\$ 19,589,171
Restricted cash	-	-	-	2,405,114	-	-	2,405,114	-
TOTAL	<u>\$ 2,849,988</u>	<u>\$ 1,972,713</u>	<u>\$ 3,819,826</u>	<u>\$ 5,216,422</u>	<u>\$ 4,084,791</u>	<u>\$ 236,142</u>	<u>\$ 18,179,882</u>	<u>\$ 19,589,171</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES								
Capital contributions	<u>\$ 4,072,492</u>	<u>\$ 87,084</u>	<u>\$ 67,552</u>	<u>\$ -</u>	<u>\$ 1,136,647</u>	<u>\$ -</u>	<u>\$ 5,363,775</u>	<u>\$ -</u>

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

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

<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	\$ 315,263	\$ 280,914	\$ 23,959	\$27,209,817
Taxes receivable	-	-	-	26,839,130
Accounts receivable	-	-	-	23,683
TOTAL ASSETS	<u>\$ 315,263</u>	<u>\$ 280,914</u>	<u>\$ 23,959</u>	<u>\$54,072,630</u>
 <u>LIABILITIES AND NET POSITION</u>				
LIABILITIES				
Accounts payable	\$ 13,707	\$ 126	\$ -	\$ 28,296
Due to other governments	-	-	-	53,976,972
Due to others	-	-	-	67,362
TOTAL LIABILITIES	<u>13,707</u>	<u>126</u>	<u>-</u>	<u>54,072,630</u>
 NET POSITION				
Held in trust	<u>301,556</u>	<u>280,788</u>	<u>23,959</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 315,263</u>	<u>\$ 280,914</u>	<u>\$ 23,959</u>	<u>\$54,072,630</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, 2015

	<u>EMPLOYEE BENEFIT TRUST</u>	<u>PRIVATE- PURPOSE TRUSTS</u>	<u>WORKERS' COMPENSATION WMMIC</u>
ADDITIONS			
Contributions			
Plan members	\$ 467,064	\$ -	\$ -
Private donations	-	7,136	291,165
Interest	-	516	-
TOTAL ADDITIONS	<u>467,064</u>	<u>7,652</u>	<u>291,165</u>
 DEDUCTIONS			
Administrative expenses	432,197	6,503	-
Forfeiture transfer	-	-	287,206
Culture, recreation, and education	-	7,535	-
TOTAL DEDUCTIONS	<u>432,197</u>	<u>14,038</u>	<u>287,206</u>
 CHANGE IN NET POSITION	 34,867	 (6,386)	 3,959
 NET POSITION - BEGINNING	 <u>266,689</u>	 <u>287,174</u>	 <u>20,000</u>
 NET POSITION - ENDING	 <u>\$ 301,556</u>	 <u>\$ 280,788</u>	 <u>\$ 23,959</u>

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

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

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

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

This report includes all of the funds of the City of La Crosse, Wisconsin. The reporting entity for the City is based upon criteria established by Governmental Accounting Standards Board. All functions of the City for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and special financing relationships. The report contains the La Crosse Public Library, La Crosse Center, La Crosse Municipal Airport, La Crosse Water Utility, Tax Incremental Districts No. 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 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, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

Basis of Presentation

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

Measurement and Basis of Accounting

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

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

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

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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

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

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

Changes in Accounting Principle - The City has implemented GASB Statement No. 68 *Accounting & Financing Reporting for Pension* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to The Measurement Date* in 2015.

NOTE 2 - Cash and Investments

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

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 2 - Cash and Investments - Continued

As of December 31, 2015, the City had the following investments:

INVESTMENT	WEIGHTED AVERAGE MATURITIES	FAIR VALUE
State of Wisconsin Investment Pool	Less than one year	\$ 113,983,995
State Bank Repurchase Agreement	One year	1,000,394
Coulee Bank Repurchase Agreement	One year	7,503,133
River Bank Repurchase Agreement	One year	10,000,000
Trust Point (Library Funds)	Less than one year	1,796,648
Coulee Bank Insured Cash Sweep	One year	5,001,042
TOTAL		<u>\$ 139,285,212</u>

Fair (Market) Value of Deposits and Investments - Deposits and investments are reported at fair value. At December 31, 2015, the fair value of the City's deposits and investments approximated original cost; therefore, no fair value adjustments were necessary.

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

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

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the City's position in the Pool is the same as the value of the Pool shares. At December 31, 2015, the Pool's fair value was 100 percent of book value.

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

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

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

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of December 31, 2015, \$9,288,132 of the City's bank balance of \$10,104,161, was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name **\$ 9,288,132**

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 2 - Cash and Investments - Continued

Custodial Credit Risk - Investments - Custodial credit is the risk that, in the event of a bank failure, the City's investments may not be returned to it. As of December 31, 2015, \$23,986,749 of the City's investments of \$139,285,212 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name	\$22,204,175
Uninsured and uncollateralized	<u>1,782,574</u>
	<u>\$23,986,749</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 2015 tax roll (levied for 2016) has been set up as a receivable and offset by the amounts due to other governmental units and deferred tax roll revenue for the City's portion. Advance tax collections are offset against the receivable.

NOTE 4 - Rehabilitation Loans

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

The loans activity for the year was as follows:

	BALANCES 1/1/15	ADDITIONS	PAYMENTS, FOREGIVENESS & FORECLOSURES		ADJUSTMENTS	BALANCES 12/31/15
Housing Rehabilitation	\$ 114,029	\$ -	\$ -	\$ -	\$ -	\$ 114,029
HOME Program	996,362	43,608	(38,064)	-	-	1,001,906
NSP Program	33,300	-	-	-	-	33,300
Replacement Housing	121,531	23,725	-	-	-	145,256
TID #14	-	18,105	-	-	-	18,105
Economic Development	1,345,113	200,000	(246,706)	-	-	1,298,407
TID #13	-	150,000	-	-	-	150,000
Residential Rehabilitation	6,443,452	96,902	(401,973)	142,018	-	6,280,399
Miscellaneous Economic Development	2,961,720	103,155	(156,481)	-	-	2,908,394
TOTAL	<u>\$ 12,015,507</u>	<u>\$ 635,495</u>	<u>\$ (843,224)</u>	<u>\$ 142,018</u>	<u>\$ 142,018</u>	<u>\$ 11,949,796</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 5 - Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

GOVERNMENTAL ACTIVITIES

	BALANCES 1/1/15	ADDITIONS	RETIREMENTS	ADJUSTMENTS/ TRANSFERS	BALANCES 12/31/15
<i>Capital assets not being depreciated:</i>					
Land	\$ 9,250,328	\$ 85,000	\$ -	\$ 597,738	\$ 9,933,066
Construction in progress	19,281,212	13,344,433	363,065	(11,039,926)	21,222,654
Total capital assets not being depreciated	28,531,540	13,429,433	363,065	(10,442,188)	31,155,720
<i>Capital assets being depreciated</i>					
Buildings	81,932,132	179,828	132,495	1,303,974	83,283,439
Infrastructure	118,063,841	624,444	-	5,037,414	123,725,699
Improvements other than buildings	14,442,218	1,224,955	-	2,506,290	18,173,463
Machinery and equipment	31,356,989	1,911,420	1,695,426	1,594,510	33,167,493
Total capital assets being depreciated	245,795,180	3,940,647	1,827,921	10,442,188	258,350,094
Less accumulated depreciation for:					
Buildings	14,854,231	1,088,543	30,337	(6,115)	15,906,322
Infrastructure	42,660,489	1,835,155	-	(61,610)	44,434,034
Improvements other than buildings	4,685,769	345,320	-	26,002	5,057,091
Machinery and equipment	15,768,146	1,784,157	1,456,117	41,723	16,137,909
Total accumulated depreciation	77,968,635	5,053,175	1,486,454	-	81,535,356
Total capital assets being depreciated, net	167,826,545	(1,112,528)	341,467	10,442,188	176,814,738
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	\$ 196,358,085	\$ 12,316,905	\$ 704,532	\$ -	\$ 207,970,458

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

General Government	\$ 526,293
Law Enforcement	137,524
Fire Protection	355,253
Transportation/Highway	1,815,501
Transit	716,118
Storm Sewer	285,754
Docks and Harbors	20,086
Sanitation	6,514
Health and Human Services	15,262
Library	161,092
La Crosse Center	406,191
Parks and Recreation	538,487
Conservation & Development	69,100
Total	\$ 5,053,175

NOTE 5 - Capital Assets - Continued

BUSINESS-TYPE ACTIVITIES

	BALANCES 1/1/15	ADDITIONS	RETIREMENTS	ADJUSTMENTS/ TRANSFERS	BALANCES 12/31/15
<i>Capital assets not being depreciated:</i>					
Land	\$ 4,696,967	\$ -	\$ -	\$ 9,398	\$ 4,706,365
Construction in progress	24,096,582	5,929,860	-	(5,801,515)	24,224,927
Total capital assets not being depreciated	28,793,549	5,929,860	-	(5,792,117)	28,931,292
<i>Capital assets being depreciated</i>					
Land improvements	3,950,513	-	-	-	3,950,513
Buildings	26,745,141	173,185	-	10,113	26,928,489
Equipment	21,895,673	1,557,726	791,002	203,257	22,865,654
Infrastructure	115,360,697	1,870,076	486,056	2,573,750	119,318,467
Total capital assets being depreciated	167,952,024	3,600,987	1,277,058	2,787,120	173,063,073
Less accumulated depreciation for:					
Land improvements	1,768,002	132,154	-	-	1,900,156
Buildings	9,157,963	648,755	-	-	9,806,718
Equipment	9,204,318	609,887	627,400	-	9,186,805
Infrastructure	33,155,004	2,893,490	419,188	-	35,629,306
Total accumulated depreciation	53,285,287	4,284,286	1,046,588	-	56,522,985
Total capital assets being depreciated, net accumulated depreciation	114,666,737	(683,299)	230,470	2,787,120	116,540,088
BUSINESS-TYPE ACTIVITIES					
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	\$ 143,460,286	\$ 5,246,561	\$ 230,470	\$ (3,004,997)	\$ 145,471,380

Depreciation expense was charged to functions as follows:

Business-type activities	
Municipal Airport	\$ 1,457,781
Parking Utility	864,100
Water Utility	1,090,820
Sewer Utility	851,068
Storm Utility	18,588
Sanitary Sewer Utility	1,929
	4,284,286
Less: Water Utility joint metering and clearing	(184,572)
TOTAL	\$ 4,099,714

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 6 - Long-Term Obligations

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

Summary of Long-Term Obligations

	BALANCES 1/1/15	ADDITIONS	PAYMENTS	BALANCES 12/31/15	AMOUNTS DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
Bonds payable	\$ 50,725,000	\$ 3,620,000	\$ 7,250,000	\$ 47,095,000	\$ 7,350,000
Notes payable	23,622,980	5,941,343	6,592,334	22,971,989	6,943,786
Premium	845,884	204,723	179,963	870,644	179,963
Net OPEB obligation	15,666,389	6,395,871	5,621,282	16,440,958	5,499,050
Employee benefits:					
Vacation pay	1,209,271	76,054	-	1,285,325	1,285,325
Sick pay	1,164,923	-	7,961	1,156,962	1,156,962
Comp pay	98,260	30,388	-	128,648	128,648
TOTAL	93,332,687	16,268,379	19,651,540	89,949,526	22,543,734
Less business-type debt	(4,093,626)	(2,987,713)	(1,442,439)	(5,638,900)	(1,786,949)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 89,239,061	\$ 13,280,666	\$ 18,209,101	\$ 84,310,626	\$ 20,756,785
BUSINESS-TYPE ACTIVITIES					
Bonds/Notes Payable					
Airport	\$ -	\$ 1,775,000	\$ -	\$ 1,775,000	\$ 185,000
Water Utility	1,260,354	104,000	226,224	1,138,130	235,040
Storm Utility	223,902	49,920	17,630	256,192	21,194
Net OPEB Obligation	2,400,656	998,146	1,198,585	2,200,217	1,076,354
Employee benefits:					
Vacation pay	125,445	21,779	-	147,224	147,224
Sick pay	72,199	33,061	-	105,260	105,260
Comp pay	11,070	5,807	-	16,877	16,877
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 4,093,626	\$ 2,987,713	\$ 1,442,439	\$ 5,638,900	\$ 1,786,949

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

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt is expected to be repaid with general property taxes, special assessments, proprietary fund revenue, and tax increments (TIF). General obligation debt at December 31, 2015, is comprised of the following individual issues:

DESCRIPTION	ISSUE DATES	INTEREST RATES (%)	FINAL MATURITY	BALANCE 12/31/15
Bonds Payable				
GO Bonds Payable A	2006	4.000	2017	\$ 1,045,000
GO Bonds Payable A	2007	4.000 - 4.125	2020	2,485,000
GO Refunding Bonds Payable C	2007	4.125 - 5.000	2017	1,345,000
GO Bonds Payable A	2010	0.750 - 5.050	2024	4,095,000

NOTE 6 - Long-Term Obligations - Continued

DESCRIPTION	ISSUE DATES	INTEREST RATES (%)	FINAL MATURITY	BALANCE 12/31/15
Bonds Payable - Continued				
GO Refunding Bonds Payable C	2010	0.750 - 2.500	2018	\$ 1,345,000
GO Refunding Bonds Payable D	2010	0.450 - 3.600	2018	11,350,000
GO Bonds Payable A	2011	3.000 - 4.375	2025	4,085,000
GO Bonds Payable C	2011	2.000 - 4.000	2031	10,020,000
GO Bonds Payable A	2012	2.000 - 3.000	2026	3,705,000
GO Bonds Payable A	2013	2.000 - 2.200	2027	4,200,000
GO Bonds Payable A	2015	2.000 - 3.000	2029	1,645,000
GO Bonds Payable B	2015	2.000 - 3.000	2024	1,775,000
TOTAL BONDS PAYABLE				47,095,000
Notes Payable				
GO Notes Payable B	2007	4.000 - 4.125	2016	390,000
GO Notes Payable	2008	3.250 - 4.250	2017	1,575,000
GO Notes Payable	2009	2.750 - 3.500	2018	2,825,000
GO Notes Payable B	2010	0.700 - 4.600	2019	1,525,000
GO Notes Payable B	2011	2.000 - 4.000	2020	2,080,000
GO Notes Payable B	2012	2.000 - 2.750	2021	1,305,000
GO Notes Payable B	2013	2.000	2021	1,510,000
GO Notes Payable C	2013	0.400 - 2.250	2021	380,000
DNR Loan Payable	2013	0.000	2028	181,989
GO Notes Payable	2014	3.000	2018	5,290,000
DNR Loan Payable	2014	0.000	2019	150,000
GO Note Payable	2015	2.000	2014	4,660,000
State Trust Fund Loan 2015D	2015	3.250	2025	350,000
State Trust Fund Loan 2015E	2015	3.750	2030	750,000
TOTAL NOTES PAYABLE				22,971,989
TOTAL GENERAL OBLIGATION DEBT				\$ 70,066,989

General Obligation Debt Limit Calculation

The 2015 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$3,328,324,600. The legal debt limit and margin of indebtedness as of December 31, 2015, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5 percent of \$3,328,324,600)	\$ 166,416,230
Applicable long-term debt	(70,066,989)
Amount available in debt service fund	5,072,334
MARGIN OF INDEBTEDNESS	\$ 101,421,575

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 6 - Long-Term Obligations - Continued

Maturities of Long-Term Obligations

Maturities of the long-term obligations at December 31, 2015, are:

YEARS	GENERAL OBLIGATION DEBT	
	PRINCIPAL	INTEREST
2016	\$ 14,293,786	\$ 2,129,358
2017	12,678,241	1,775,512
2018	12,123,392	1,350,513
2019	4,751,082	962,316
2020	4,418,786	820,554
2021-2025	15,314,695	2,484,262
2026-2030	5,657,007	722,708
2031	830,000	33,200
TOTAL	\$ 70,066,989	\$ 10,278,423

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, 2015, is \$2,915,000.

NOTE 8 - Wisconsin Retirement System

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

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

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.

NOTE 8 - Wisconsin Retirement System - Continued

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
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

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

During the reporting period, the WRS recognized \$2,689,659 in contributions from the employer.

Contribution rates as of December 31, 2015 are:

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

CITY OF LA CROSSE, WISCONSIN
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 DECEMBER 31, 2015

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 8 - Wisconsin Retirement System - Continued

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

At December 31, 2015, the City reported a liability (asset) of (\$6,632,361) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the City's proportion was 0.27001724%, which was a decrease of 0.00208353% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$2,627,466.

At December 31, 2015, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 961,486
Changes in assumptions	-
Net differences between projected and actual earnings on pension plan investments	3,211,710
Changes in proportion and differences between employer contributions and proportionate share of contributions	108,745
Employer contributions subsequent to the measurement date	3,029,395
Total	\$7,311,336

\$4,281,940 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow of Resources
2015	\$841,041
2016	841,041
2017	841,041
2018	841,040
2019	841,040
Thereafter	76,737

NOTE 8 - Wisconsin Retirement System - Continued

Actuarial Assumptions - The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
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% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 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 Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Debt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

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 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 8 - Wisconsin Retirement System - Continued

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

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)	\$18,711,036	\$6,632,361	(\$26,647,553)

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://legis.wisconsin.gov/lab/> and reference report number 15-11.

Payables to the Pension Plan

At December 31, 2015, the City reported a payable of \$433,953 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

NOTE 9 - Interfund Receivables, Payables, and Transfers

RECEIVABLE FUND	PAYABLE FUND	AMOUNT
Due To/From Other Funds		
General	Water Utility	\$ 975,326
Water Utility	Bonded Capital Projects	909,164
Water Utility	Capital Improvement Program	23,519
Sewer Utility	Bonded Capital Projects	12,627
Storm Water Utility	Bonded Capital Projects	61,109
		<u>1,981,745</u>
Advances To/From Other Funds:		
General Fund	TIF District #17	\$ 1,543
General Fund	TIF District #6	198,938
General Fund	TIF District #10	48,094
General Fund	TIF District #11	126,427

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

RECEIVABLE FUND	PAYABLE FUND	AMOUNT
General Fund	TIF District #12	174,375
General Fund	TIF District #13	517,906
General Fund	TIF District #14	250,000
General Fund	TIF District #15	1,973
General Fund	TIF District #16	28,322
General Fund	Transit	244,410
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
HUD Programs	TIF District #11	15,000
Auditorium	TIF District #11	20,223
Special Assessment	TIF District #6	10,822
Special Assessments	TIF District #11	30,956
Other Special Revenue Funds	TIF District #6	1,704
Other Special Revenue Funds	TIF District #10	30,229
Other Special Revenue Funds	TIF District #10	2,950
Other Special Revenue Funds	TIF District #11	192,309
Other Special Revenue Funds	TIF District #11	1,704
Other Special Revenue Funds	TIF District #12	166,609
Other Special Revenue Funds	TIF District #13	136,907
Other Special Revenue Funds	TIF District #15	1,704
Other Special Revenue Funds	TIF District #16	1,109,126
		<u>\$ 7,732,035</u>

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

Individual fund transfers during 2015 are as follows:

	TRANSFER IN:			
	GENERAL FUND	HUD PROGRAMS	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS
TRANSFER OUT:				
General Fund	\$ -	\$ -	\$16,676,697	\$ 4,711,782
HUD Programs	-	554,014	-	-
Debt Service	2,113,667	-	-	-
Bonded Capital Projects	183,627	-	-	1,446,642

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

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

	TRANSFER IN:			
	GENERAL FUND	HUD PROGRAMS	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS
TRANSFER OUT:				
Nonmajor Governmental Funds	11,504,519	-	-	785,679
Municipal Airport	1,815,738	-	-	-
Parking Utility	225,000	-	-	55,000
Water Utility	941,866	-	-	-
Sewer Utility	33,460	-	-	-
TOTAL	<u>\$16,817,877</u>	<u>\$ 554,014</u>	<u>\$16,676,697</u>	<u>\$ 6,999,103</u>

	TRANSFER IN:			
	SEWER UTILITY	MUNICIPAL AIRPORT	INTERNAL SERVICES	TOTAL
TRANSFER OUT:				
General Fund	\$ -	\$ -	\$ 24,700	\$21,413,179
HUD Programs	-	-	-	554,014
Debt Service	-	-	-	2,113,667
Bonded Capital Projects	-	-	-	1,630,269
Nonmajor Governmental Funds	-	-	2,850	12,293,048
Municipal Airport	-	655,680	-	2,471,418
Parking Utility	-	-	-	280,000
Water Utility	-	-	-	941,866
Sewer Utility	904,723	-	-	938,183
TOTAL	<u>\$ 904,723</u>	<u>\$ 655,680</u>	<u>\$ 27,550</u>	<u>\$42,635,644</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
Deficits		
TIF District #10	Awaiting future TIF levies	\$ 233,408
TIF District #12	Awaiting future TIF levies	16,152
TIF District #16	Awaiting future TIF levies	1,232,180
TIF District #17	Awaiting future TIF levies	6,887
	Total Deficits	<u>\$ 1,488,627</u>
Nonspendable		
General Fund	Prepaid expenses	\$ 22,128
General Fund	Advances to other funds	1,951,988
General Fund	Delinquent personal property tax	75,072
Auditorium	Inventory	19,315
Transit	Inventory and prepaid expenses	136,205
	Total Nonspendable	<u>\$ 2,204,708</u>

NOTE 10 - Net Position and Fund Balances - Continued

FUND	PURPOSE/REASON	AMOUNT
Restricted		
Special Revenue	Passenger facility charge	\$ 933,325
Special Revenue	Police grants	73,092
Special Revenue	Grant programs, inventory, and restricted revenue	200,102
Debt Service	Future debt repayment	5,072,334
Bonded Capital Projects	Unspent bond monies	15,289,773
Capital Projects	TIF District #6	211,248
Capital Projects	TIF District #7	804,850
Capital Projects	TIF District #8	1,882
Capital Projects	TIF District #9	3,509,676
Capital Projects	TIF District #11	1,827,303
Capital Projects	TIF District #13	62,404
Capital Projects	TIF District #14	6,551,606
Capital Projects	TIF District #15	627,869
Capital Projects	Capital Equipment	2,099,485
Capital Projects	Special assessments	1,005,837
Capital Projects	State highway land	612,244
Capital Projects	Bluffland preservation	15,122
Capital Projects	Future capital expenditures	37,890
HUD Programs	Future loan payments	1,756,916
	Total Restricted	<u>\$40,692,958</u>
Committed		
General Fund	Fire equipment reserve	500,000
General Fund	La Crosse Center renovation	1,000,000
General Fund	Neighborhood improvements	207,997
Special Revenue	Grant programs, inventory, and restricted revenue	17,984,100
	Total Committed	<u>\$19,692,097</u>
Restricted - Governmental Activities		
Special Revenue	Various projects	\$ 3,027,305
Debt Service	Future debt repayment	5,072,334
Capital Projects	Various projects	32,657,189
Other Activities	Wisconsin Retirement System pension	12,836,020
	Total Restricted - Governmental Activities	<u>\$53,592,848</u>
Restricted - Proprietary Funds and Business-Type Activities		
Sewer Utility	Restricted asset - DNR replacement fund	\$ 2,405,114
Municipal Airport	Wisconsin Retirement System pension	186,031
Parking Utility	Wisconsin Retirement System pension	127,696
Water Utility	Wisconsin Retirement System pension	321,998
Sewer Utility	Wisconsin Retirement System pension	408,521
Storm Water Utility	Wisconsin Retirement System pension	63,431
	Total Restricted - Proprietary Funds and Business-Type Activities	<u>\$ 3,512,791</u>

NOTE 11 - Contingent Liabilities and Commitments

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

All of the Bonded Capital Projects fund balance of \$15,289,773 has been restricted for future projects.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

CITY OF LA CROSSE, WISCONSIN
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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. District #4 was closed during 2015. The following are project summaries of the activity and status of the districts through December 31, 2015:

	TIF DISTRICT					
	#5	#6	#7	#8	#9	#10
SOURCES OF FUNDS						
TIF tax collections	\$ 3,677,365	\$ 18,705,324	\$ 2,508,553	\$ 1,075,658	\$ 4,208,280	\$ -
Increment adjustment	-	-	-	-	-	121,420
Exempt computer aids	81,429	1,034,120	52,979	94,030	48,090	-
Payment from other government	-	-	-	-	51,029	65,963
Sale of assets	21,713	237,347	347,682	-	1,542,959	688,807
Grants	-	441,015	985,445	-	225,000	-
Economic development proceeds	-	-	10,000	-	-	-
Loan repayments	-	-	-	-	618,159	-
Interest income	-	-	-	-	67,943	-
Proceeds from long-term debt	1,292,611	33,534,010	2,724,981	351,093	2,233,712	240,750
Transfers from other TIF's	-	17,464,904	-	-	-	-
TOTAL SOURCES	5,073,118	71,416,720	6,629,640	1,520,781	8,995,172	1,116,940
USES OF FUNDS						
Capital expenditures	1,297,554	36,247,724	2,836,395	354,822	3,251,593	1,291,762
Principal and interest on long-term debt	1,600,096	34,130,087	2,982,123	479,591	2,192,113	47,629
Interest on advances	1	124,074	6,272	99	41,790	10,957
Transfers to other TIF's	2,175,467	703,587	-	684,387	-	-
TOTAL USES	5,073,118	71,205,472	5,824,790	1,518,899	5,485,496	1,350,348
FUND BALANCES (DEFICIT) AS OF DECEMBER 31, 2015	\$ -	\$ 211,248	\$ 804,850	\$ 1,882	\$ 3,509,676	\$ (233,408)
FUTURE REQUIREMENTS						
Debt service	\$ 59,170	\$ 9,284,212	\$ 226,660	\$ -	\$ 639,991	\$ 238,901
Advances from other funds	-	536,670	-	-	-	372,747
Interest on advances	-	2,844	-	-	-	6,420
Proceeds from other governments	-	-	-	-	-	688,906
Less receivables/plus payables	-	341,349	-	-	(4,422)	844,595
TOTAL FUTURE REQUIREMENTS	59,170	10,165,075	226,660	-	635,569	2,151,469
Less cash on hand (deficit)	-	(1,089,267)	(804,850)	(1,882)	(3,505,254)	(139,339)
BALANCE TO BE COLLECTED ON TIF DISTRICT	\$ 59,170	\$ 9,075,808	\$ (578,190)	\$ (1,882)	\$ (2,995,685)	\$ 2,012,130
DISTRICT TERMINATION DATE	2019	2021	2024	2020	2022	2030
2015 Tax Increment	\$ 222,917	\$ 1,611,182	\$ 294,607	\$ 98,567	\$ 447,486	\$ 20,522

NOTE 12 - Tax Incremental Finance Districts - Continued

	TIF DISTRICT						
	#11	#12	#13	#14	#15	#16	#17
SOURCES OF FUNDS							
TIF tax collections	\$ 13,075,582	\$ 4,507,490	\$ 3,590,963	\$ 6,129,390	\$ 342,055	\$ -	\$ -
Increment adjustment	-	-	-	-	-	-	-
Exempt computer aids	2,219,979	66,969	443,086	6,911,216	39,935	-	-
Payment from other government	-	-	-	1,378,364	-	-	-
Sale of assets	807,002	19,900	217,669	99,164	-	-	-
Grants	5,432,773	42,640	375,000	-	-	-	-
Economic development proceeds	640	-	128	-	-	30,000	-
DNR loan	-	-	216,657	-	-	-	-
Judgment/liquidated damages	1,000,000	-	-	-	-	-	-
Loan repayments	134,684	-	-	-	-	-	-
Interest income	-	-	-	1,355	-	-	-
Proceeds from long-term debt	36,175,139	6,965,222	4,175,790	584,148	-	-	-
Proceeds from entity	-	-	-	-	250,000	-	-
Transfers from other TIF's	-	-	-	-	-	-	-
TOTAL SOURCES	58,845,799	11,602,221	9,019,293	15,103,637	631,990	30,000	-
USES OF FUNDS							
Capital expenditures	44,013,110	8,016,575	6,002,855	4,171,713	4,113	1,262,180	6,885
Principal and interest on long-term debt	12,099,672	3,591,660	2,801,245	-	8	-	-
Interest on advances	634,564	10,138	2,789	7,743	-	-	2
Incentives for reverse TIF	271,150	-	150,000	4,372,575	-	-	-
Transfers to other TIF's	-	-	-	-	-	-	-
TOTAL USES	57,018,496	11,618,373	8,956,889	8,552,031	4,121	1,262,180	6,887
FUND BALANCES (DEFICIT) AS OF DECEMBER 31, 2015	\$ 1,827,303	\$ (16,152)	\$ 62,404	\$ 6,551,606	\$ 627,869	\$ (1,232,180)	\$ (6,887)
FUTURE REQUIREMENTS							
Debt service	\$ 31,581,238	\$ 7,761,698	\$ 2,471,904	\$ 425,823	\$ -	\$ -	\$ -
Advances from other funds	3,679,565	393,793	657,450	250,000	3,677	1,232,180	1,543
Interest on advances	73,131	7,827	7,840	3,313	54	31,020	39
DNR loan	-	-	181,989	-	-	150,000	-
Proceeds from other governments	-	-	-	-	-	-	-
Estimated payable (developer's agreement)	6,560,221	-	884,000	16,284,449	7,000,000	-	-
Less receivables/plus payables	-	-	(13,910)	7,184	-	-	5,344
TOTAL FUTURE REQUIREMENTS	41,894,155	8,163,318	4,189,273	16,970,769	7,003,731	1,413,200	6,926
Less cash on hand (deficit)	(5,506,868)	(377,641)	(705,944)	(6,808,790)	(631,546)	-	-
BALANCE TO BE COLLECTED OF TIF DISTRICT	\$ 36,387,287	\$ 7,785,677	\$ 3,483,329	\$ 10,161,979	\$ 6,372,185	\$ 1,413,200	\$ 6,926
DISTRICT TERMINATION DATE	2031	2032	2026	2026	2033	2034	2035
2015 Tax Increment	\$ 2,406,538	\$ 573,148	\$ 1,197,724	\$ 1,147,734	\$ 539,184	\$ 16,244	\$ -

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

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 Gunderson 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, 2014 to December 31, 2015:

	Health Care	Workers' Compensation	Liability
Liability Balance, January 1, 2014	\$ 4,076,997	\$ 352,171	\$ 105,984
Claims and changes in estimates	11,951,289	1,703,631	90,078
Claim payments	<u>(11,939,817)</u>	<u>(1,073,647)</u>	<u>(97,210)</u>
Liability Balance, January 1, 2015	4,088,469	982,155	98,852
Claims and changes in estimates	11,261,746	565,743	247,977
Claim payments	<u>(11,535,410)</u>	<u>(446,021)</u>	<u>(184,494)</u>
LIABILITY BALANCE, DECEMBER 31, 2015	<u>\$ 3,814,805</u>	<u>\$ 1,101,877</u>	<u>\$ 162,335</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, 2015

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, 2015 is as follows:

Total assets	\$ 53,743,736
Total liabilities and reserves	15,919,806
Total equity	37,823,930
Total revenue	2,418,206
Total expenditures/expenses	2,184,454
Policyholders' dividends paid	2,359,026
Net decrease in equity	2,125,274

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, 2015, the net outlay from the City, which equaled \$5,621,282, 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, 2015

NOTE 14 - Post-Retirement Healthcare Benefits - Continued

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 6,670,544
Interest on net OPEB obligation	548,323
Adjustment to annual required contribution	<u>(822,997)</u>
Annual OPEB cost	6,395,870
Contributions made	<u>(5,621,282)</u>
Increase in net OPEB obligation	774,588
Net OPEB obligation - beginning of year	<u>15,666,370</u>
NET OPEB OBLIGATION - END OF YEAR	<u>\$ 16,440,958</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 Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation - End of Year</u>
12/31/13	6,688,601	66.61	\$ 14,453,699
12/31/14	6,417,131	81.10	15,666,370
12/31/15	6,395,871	87.89	16,440,958

Funding Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$73,027,143, resulting in an unfunded actuarial accrued liability (UAAL) of \$73,027,143. The covered payroll (annual payroll of active employees covered the Plan) equaled \$30,576,534, and the ratio of the UAAL to the covered payroll equaled 238.8 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, 2015

NOTE 14 - Post-Retirement Healthcare Benefits - Continued

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

In the actuarial valuation dated January 1, 2014, the projected unit credit cost actuarial method was used. Because the City funds its OPEB on a pay-as-you-go basis, the Plan has no assets (investments) used specifically for paying the post-retirement medical benefits; therefore, the actuarial assumptions included a 13.50 percent discount rate, which approximates the expected rate of return on non-pension investments held by the City. The UAAL is being amortized as a level dollar amount over 30 years on an open basis.

NOTE 15 - Change in Accounting Principle

The change in accounting principles adjustment of \$13,974,090 on the statement of activities is due to the adoption of GASB 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

NOTE 16 - Prior Period Adjustment

The prior period adjustment of \$3,004,997 on the statement of activities and proprietary funds statement of revenue, expenses, and changes in net position is due to correcting of capital asset errors in the Airport Fund.

CITY OF LA CROSSE, WISCONSIN
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT HEALTHCARE BENEFITS
YEAR ENDED DECEMBER 31, 2015

CITY OF LA CROSSE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

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)
2013	1/1/12	\$ -	\$76,663,426	\$76,663,426	0.0%	\$28,180,738	272.0%
2014	1/1/14	\$ -	\$73,027,143	\$73,027,143	0.0%	\$29,861,130	244.6%
2015	1/1/14	\$ -	\$73,027,143	\$73,027,143	0.0%	\$30,576,534	238.8%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual Required Contribution	Actual Contribution	Percentage Contributed
2013	\$6,688,601	\$4,455,000	66.6%
2014	\$6,417,131	\$5,204,460	81.10%
2015	\$6,395,870	\$5,621,282	87.89%

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUE				
Taxes	\$ 36,262,065	\$ 36,262,065	\$ 36,083,515	\$ (178,550)
Intergovernmental	15,188,846	15,188,846	15,372,951	184,105
Licenses and permits	1,627,002	1,627,002	2,019,707	392,705
Fines, forfeits, and penalties	-	-	18,266	18,266
Public charges for services	1,883,083	1,883,083	2,118,975	235,892
Intergovernmental charges for services	1,797,046	1,797,046	2,358,582	561,536
Miscellaneous	220,525	220,525	421,139	200,614
TOTAL REVENUE	56,978,567	56,978,567	58,393,135	1,414,568
EXPENDITURES				
Current				
General government	9,399,903	8,932,901	6,696,135	2,236,766
Public safety	20,756,607	21,118,386	21,465,463	(347,077)
Public works	10,488,248	10,585,909	10,072,792	513,117
Health and human services	148,000	148,000	133,871	14,129
Culture, recreation, and education	9,568,361	9,803,598	10,016,969	(213,371)
Conservation and development	1,246,527	1,361,581	2,088,480	(726,899)
Capital outlay	19,000	3,030,314	1,790,357	1,239,957
TOTAL EXPENDITURES	51,626,646	54,980,689	52,264,067	2,716,622
EXCESS OF REVENUE OVER EXPENDITURES	5,351,921	1,997,878	6,129,068	4,131,190
OTHER FINANCING SOURCES (USES)				
Operating transfers in	14,071,955	14,071,955	16,817,877	2,745,922
Operating transfers (out)	(19,423,876)	(19,385,050)	(21,413,179)	(2,028,129)
Issuance of long-term debt	-	-	174,793	174,793
TOTAL OTHER FINANCING (USES)	(5,351,921)	(5,313,095)	(4,420,509)	892,586
NET CHANGE IN FUND BALANCE	-	(3,315,217)	1,708,559	5,023,776
FUND BALANCE - BEGINNING	23,500,833	23,500,833	23,500,833	-
FUND BALANCE AT END OF YEAR	\$ 23,500,833	\$ 20,185,616	\$ 25,209,392	\$ 5,023,776

The accompanying notes are an integral part of these statements.

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CITY OF LA CROSSE, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
YEAR ENDED DECEMBER 31, 2015

CITY OF LA CROSSE, WISCONSIN
WISCONSIN RETIREMENT SYSTEM SCHEDULES
YEAR ENDED DECEMBER 31, 2015

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 \$3,315,217.
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 \$726,899, in public safety by \$347,077, and in culture, recreation, and education by \$213,371, and in operating transfers out by \$2,028,129 for the year ended December 31, 2015. The over expenditures were financed by under expenditures in other functions and greater than anticipated revenue.

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

	2015
City's proportion of the net pension liability (asset)	0.27001724%
City's proportionate share of the net pension liability (asset)	\$ (6,632,361)
City's covered employee payroll	\$ 29,513,033
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-22.47%
Plan fiduciary net position as a percentage of the total pension liability	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

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

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 9 preceding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2015

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.