

CITY OF LA CROSSE, WISCONSIN

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2020

CITY OF LA CROSSE, WISCONSIN

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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, the discretely presented component unit, 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, 2020, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of La Crosse, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, budgetary comparison information on pages 64 and 65, OPEB Healthcare Defined Benefit Plan Schedules on page 66, the Wisconsin Retirement System Schedules on page 67, and the Wisconsin Retirement System Local Retiree Life Insurance Fund Schedules on page 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 November 15, 2021, on our consideration of the City of La Crosse's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of La Crosse's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
November 15, 2021

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



The City of La Crosse, Wisconsin - Management's Discussion and Analysis for the year ended December 31, 2020

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, 2020. 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 revitalized historic downtown area, and the overall quality of life in assessing the overall health of our City.

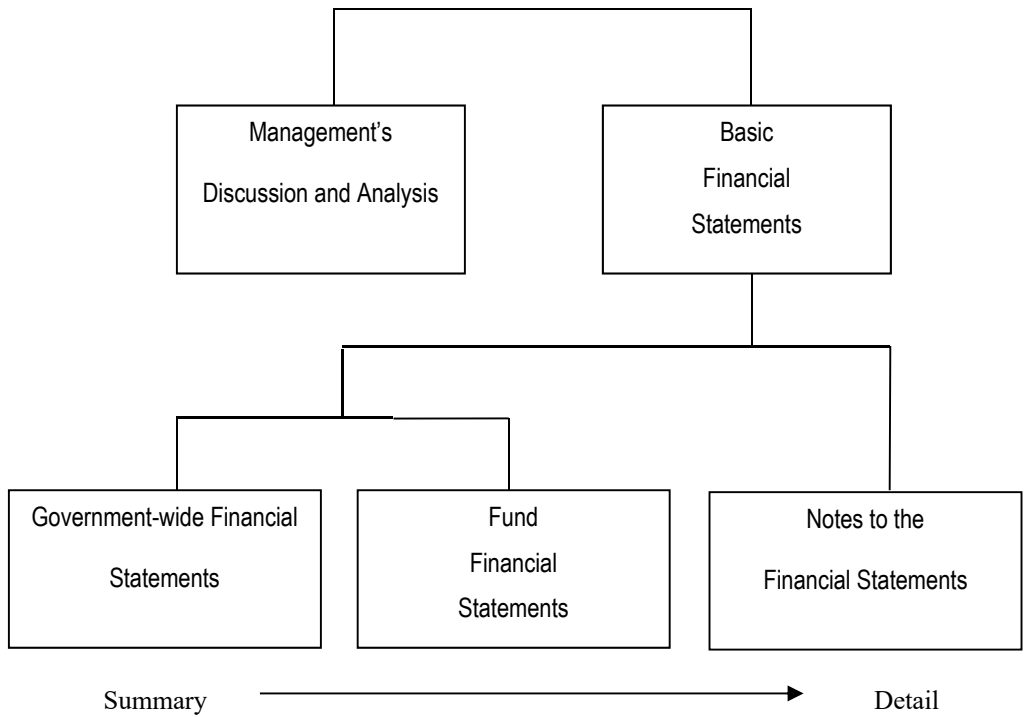
- The assets of the City of La Crosse exceeded its liabilities as of December 31, 2020 by \$449,920,948 (net position).
- The City of La Crosse's total net position of Governmental Funds and Proprietary Funds increased by \$28,697,886.
- As of December 31, 2020, the City of La Crosse's governmental funds reported combined ending fund balances of \$93,579,334 an increase of \$24,216,429 in comparison with the prior year. As of December 31, 2020, the unassigned fund balance for the general fund was \$14,775,213 or approximately 26.45% of total general fund expenditures.

- The City of La Crosse’s total general obligation debt increased by \$49,101,384, or 65.86% during 2020. This increase is attributable to the City’s financing of the La Crosse Center remodel of \$35,000,000 in GO debt along with the planning and financing of future capital improvement projects. The City funded \$13,585,000 in capital improvement projects and new equipment purchases as listed in the City’s five-year Capital Improvement Budget utilizing 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, 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 45 individual governmental 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, Sanitary Sewer Utility, Sanitary Sewer District, Stormwater 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 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 of the useful indicators of a government's financial condition. The assets of the City of La Crosse exceeded liabilities by \$449,920,948 as of December 31, 2020. The City's net position increased by \$28,697,886 for the fiscal year ended December 31, 2020. However, the largest portion of the City's net position (81.28%) reflects the City's investment in capital assets (e.g. land, land improvements, buildings, and equipment); less any related debt still outstanding that was issued to acquire those items. The City of La Crosse uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of La Crosse's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

The City of La Crosse, Wisconsin's Net Position

(in thousands of dollars)

ASSETS	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets, net of Capital Assets	\$ 195,513	\$ 158,569	\$ 32,342	\$ 32,197	\$ 227,855	\$ 190,766
Capital Assets not Depreciated	82,610	54,104	45,230	45,518	127,840	99,622
Capital Assets, net of Depreciation	197,496	184,204	155,211	145,932	352,707	330,136
TOTAL ASSETS	\$ 475,619	\$ 396,877	\$ 232,783	\$ 223,647	\$ 708,402	\$ 620,524
DEFERRED OUTFLOWS OF RESOURCES						
Wisconsin Retirement System Pension	26,020	43,040	2,349	3,470	28,369	46,510
DEFERRED OUTFLOWS OF RESOURCES	\$ 501,639	\$ 439,917	\$ 235,132	\$ 227,117	\$ 736,771	\$ 667,034
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET						
LIABILITIES						
TOTAL LIABILITIES	\$ 158,905	\$ 128,338	\$ 29,931	\$ 29,506	\$ 188,836	\$ 157,844
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue-Tax Roll	\$ 48,718	\$ 46,263	\$ 140	\$ 168	\$ 48,858	\$ 46,431
Wisconsin Retirement System Pension/OPEB	44,793	37,786	4,363	3,750	49,156	41,536
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 93,511	\$ 84,049	\$ 4,503	\$ 3,918	\$ 98,014	\$ 87,967
NET POSITION						
Net Investment in Capital Assets	\$ 187,163	\$ 194,457	\$ 178,523	\$ 171,450	\$ 365,686	\$ 365,907
Restricted For:						
Special Revenue	-	758	-	-	-	758
Debt Service	20,891	11,551	-	-	20,891	11,551
Capital Projects	45,058	28,802	1,648	1,880	46,706	30,682
Other Activities	9,140	-	725	-	9,865	-
Unrestricted	(13,029)	(8,038)	19,801	20,362	6,772	12,324
TOTAL NET POSITION	\$ 249,223	\$ 227,530	\$ 200,697	\$ 193,692	\$ 449,920	\$ 421,222

An additional portion of the City's net position of \$77,462,268 (17.22%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position or \$6,772,990 (1.50%) may be used to meet the government's ongoing obligations to citizens or creditors.

The City's total net position increased \$28,697,886 during the year. This increase was comprised of an increase in business type activities of \$7,005,078 and an increase in the governmental type activities of \$21,692,808 during the year. This change is generally due to the application of GASB Statement 75, Other post-employment benefits.

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 \$21,692,808. Key elements of this increase are:

- Revenues were down in 2020 versus 2019, there was a decrease in Charges for Service revenue of over \$5,000,000 and an increase in Operating Grants and Contributions of over \$8,000,000. This combined with expenditures being lower in 2020 vs 2019 by nearly \$10,000,000 comprises the majority of the increase to net position.
- Departments were required to keep 2020 budgets at 2019 levels unless increases were justified and approved by the Council. Minimal increases were granted for 2020 in various departments, mostly due to increases related to external factors such as utilities, supplies and collective bargaining agreements.
- Expenditures were at a lower level for 2020 compared to 2019, generally due to the implementation of an Economic Recession Plan reducing departmental budgets and decreased expenditures due to facility and program closures during the early stages of the pandemic resulting in an overall decrease of \$10,000,000 across all departments.
- Plan design changes, insurance co-pays and a change in health insurance networks have had a positive impact on the City's self-insured health fund and its fund balance which allows for no increase in the funding for internal health insurance premiums even though the national trend continues to rise.

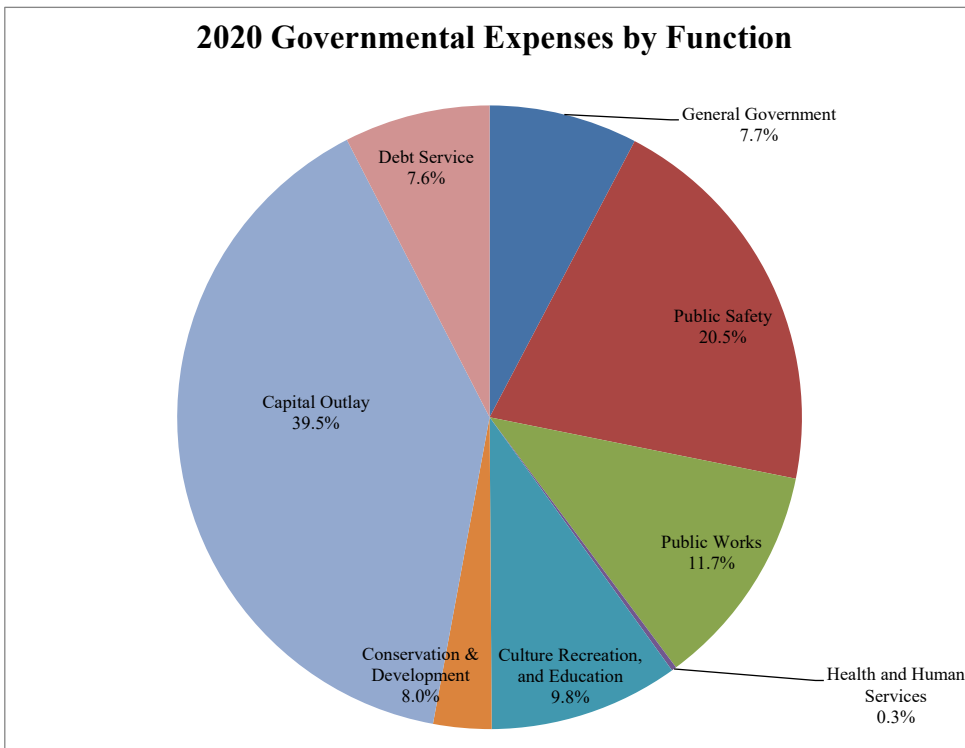
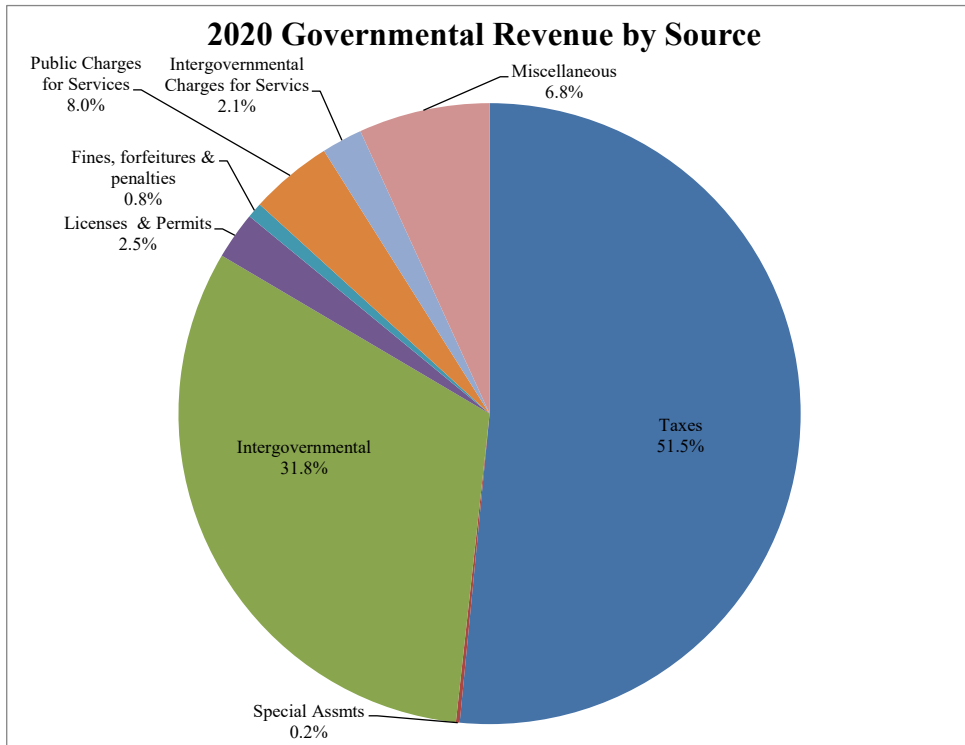
The following table represents the City's summarized operating results and their impact on net assets.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 8,611	\$ 14,353	\$ 21,750	\$ 21,500	\$ 30,361	\$ 35,853
Grants & Contributions	19,554	12,722	5,045	4,411	24,599	17,133
General Revenues:						
Taxes	49,202	51,067	-	-	49,202	51,067
State Shared Revenue	13,696	13,567	-	-	13,696	13,567
Interest and investment income	1,902	2,758	262	639	2,164	3,397
Miscellaneous	3,152	419	112	179	3,264	598
Total Revenues	\$ 96,117	\$ 94,886	\$ 27,169	\$ 26,729	\$ 123,286	\$ 121,615
Expenses:						
General Government	\$ 9,626	\$ 8,345	\$ -	\$ -	\$ 9,626	\$ 8,345
Public Safety	25,374	26,492	-	-	25,374	26,492
Public Works	20,653	17,981	-	-	20,653	17,981
Health and Human Services	192	237	-	-	192	237
Culture, Recreation and Education	12,911	15,826	-	-	12,911	15,826
Conservation & Development	3,866	13,676	-	-	3,866	13,676
Principal, Interest & Fiscal Charges	2,082	2,222	-	-	2,082	2,222
Airport	-	-	4,344	4,708	4,344	4,708
Parking	-	-	3,599	3,026	3,599	3,026
Water	-	-	3,748	4,387	3,748	4,387
Sanitary Sewer	-	-	6,582	6,837	6,582	6,837
Storm Water	-	-	1,663	1,170	1,663	1,170
Other Business-type Activities	-	-	69	74	69	74
Total Expenses	\$ 74,704	\$ 84,779	\$ 20,005	\$ 20,202	\$ 94,709	\$ 104,981
Change in Net Position before Transfers	\$ 21,413	\$ 10,107	\$ 7,164	\$ 6,527	\$ 28,577	\$ 16,634
Transfers	159	803	(159)	(801)	-	2
Change in Net Position	\$ 21,572	\$ 10,910	\$ 7,005	\$ 5,726	\$ 28,577	\$ 16,636
Net Position, beginning of year	227,531	238,716	193,692	176,975	421,223	415,691
Prior Period Adjustment	(602)	(17,151)	-	6,047	(602)	(11,104)
Equity Transfers	722	(4,946)	-	4,946	722	-
Net Position, end of year	\$ 249,223	\$ 227,529	\$ 200,697	\$ 193,694	\$ 449,920	\$ 421,223

Governmental Activities expenditures were at a lower level by \$10,000,000 for 2020 compared to 2019, generally due to budget reductions and facility and program closures resulting from the pandemic.

The following two charts represent revenues by source and expenses by function for the City's Governmental Activities for 2020.



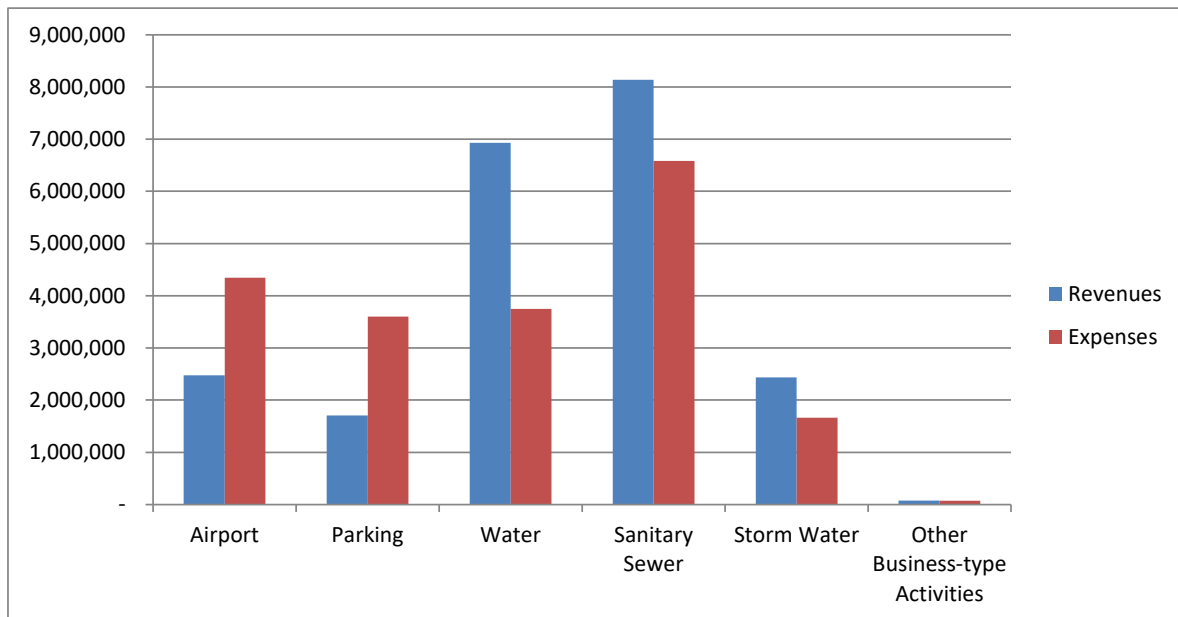
Business-type Activities

Business-type activities increased the City's net position by \$7,005,078. The major contributing factors to this increase for the business-type activities are as follows:

- An increase in net investment in capital assets due to finalizing several large projects.
- The Water Utility is self-supporting, operating on 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 the rate base. The Common Council requires future water rates be reviewed every two years with the next review scheduled to take place in 2021.
- The current Sanitary Sewer Utility and Storm Water Utility rates are designed to meet cash requirements, be consistent with existing rate design structure to maintain equitability between different sizes and classes of customers, fund capital projects, and meet debt coverage requirements.

The following chart represents the operating revenues and expenses for 2020 for the City's Business-Type Activities.

City of La Crosse, Wisconsin – 2020 Business-Type Activities Expense & Revenue



Financial Analysis of the Governmental Funds

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

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

As of December 31, 2020, the City of La Crosse's governmental funds reported combined ending fund balances of \$93,579,334. Of this amount \$18,628,087 is attributable to the General Fund balance and is designated as follows: \$3,852,874 or approximately 20.68% is designated as Nonspendable; \$14,775,213 or approximately 79.32% is designated as Unassigned.

The General Fund is the chief operating fund of the City of La Crosse, Wisconsin. As of December 31, 2020, the total fund balance of the general fund was \$18,628,087 of which \$14,775,213 is designated as Unassigned. This Unassigned fund balance represents approximately 26.45% of total general fund expenditures for 2020. The total general fund balance increased by \$3,652,809 in fiscal year 2020. Actual expenditures were less than final amended budgeted expenditures by approximately \$1,516,159 (2.64%). Actual revenue sources exceeded the final amended budgeted revenues in the general fund by \$422,554 (0.72%)

The budgeted revenues were higher primarily due to:

- The city received \$953,287 more than budgeted intergovernmental revenues.
- Higher than budgeted revenues in the miscellaneous revenue category.

The budget variances in the expenditure category are:

- Public Safety exceeded its budget by \$1,540,116.
- Capital Outlay exceeded budget by \$1,006,898.
- General Government underspent its collective departmental budgets by \$3,928,408.

Proprietary Funds

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

The City of La Crosse, Wisconsin's Net Position
Business-type Funds
(in thousands of dollars)

	Net Position		Change in Net Position	
	2020	2019	2020	2019
Airport	\$ 73,149	\$ 70,218	\$ 2,931	\$ 5,277
Parking	34,982	35,919	(937)	4,559
Water Utility	33,929	31,629	2,300	(1,034)
Sewer Utility	39,195	37,634	1,561	(1,388)
Storm Water Utility	15,660	14,767	893	3,736
Sanitary Sewer District	629	620	9	2
Total	\$197,544	\$190,787	\$ 6,757	\$ 11,152

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 became necessary to maintain services

Actual revenues and other sources including transfers in and out were more than budgeted revenues by \$1,343,757 with a primary driver of that increase driven by unbudgeted land sales of \$1,022,031. Actual expenditures were under expenditure budgets by \$539,007.

Revenues exceeded budgetary estimates and expenditures came in over budget; the City's General Fund "Unassigned" balance increased by \$1,882,764. The City's General Fund-fund balance is 33.35% of 2020 General Fund actual expenditures.

Capital Assets and Debt Administration

Capital Assets

The City of La Crosse's net investment in capital assets for its governmental and business-type activities as of December 31, 2020, is \$365,685,690 (net of accumulated depreciation), a decrease of \$221,399 (-0.06%). This investment in capital assets includes land, buildings, building improvements, improvements other than buildings, machinery & equipment, infrastructure, and construction work in progress. The total decrease in the City's investment in capital assets for the current fiscal year consisted of a \$7,293,840 (-3.75%) decrease for governmental activities and a \$7,072,441 (+4.12%) increase for business-type activities.

The following capital improvement projects for 2020 are contained and financed in the City's 2020-2024 five-year Capital Improvement Program budget:

- Airport facility and runway upgrades – approximately \$3,089,000.
- Capital Equipment purchases for various departments - approximately \$5,568,462.
- Various Park projects - approximately \$1,430,000.
- Continuing upgrades to the Sanitary Sewer infrastructure - approximately \$2,690,500.
- Storm water improvement projects - approximately \$4,743,500.
- Various street and streetscaping improvement projects - approximately \$6,445,000.
- Various Tax Incremental Financing District projects - approximately \$4,377,000.
- Miscellaneous Water projects - approximately \$825,000.

The City of La Crosse, Wisconsin's Capital Assets

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and Land Improvements	\$ 13,029	\$ 11,842	\$ 8,692	\$ 8,692	\$ 21,721	\$ 20,534
Buildings and Improvements	85,847	84,618	43,013	34,135	128,860	118,753
Machinery and Equipment	61,168	45,014	15,302	26,537	76,470	71,551
Infrastructure/systems	156,330	156,109	170,048	153,214	326,378	309,323
Construction in Progress	69,581	42,262	40,524	40,812	110,105	83,074
Less: Accumulated Depreciation	(105,850)	(101,537)	(77,138)	(71,940)	(182,988)	(173,477)
Total	<u>\$280,105</u>	<u>\$238,308</u>	<u>\$200,441</u>	<u>\$191,450</u>	<u>\$480,546</u>	<u>\$429,758</u>

Long-term Debt

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

At the end of the 2020 fiscal year, the City of La Crosse had total general obligation debt outstanding of \$123,653,779 entirely backed by the full faith and credit of the government. This represents an increase of \$49,101,384 compared to the total general obligation debt outstanding as of the end of fiscal year 2019. This increase is due primarily to scheduled borrowing for equipment and capital projects as well as a large project borrowing for the La Crosse Center expansion and remodel of \$35,000,000.

In 2020, the City sold three new debt instruments. The issues were dated October 7, 2020. Issue A was for 15-year Corporate Purpose Bonds for \$6,455,000 at a net interest rate of 1.306%. Issue B was for 10-year Promissory Notes for \$4,270,000 at a net interest rate of 0.872%. Issue C was for 20-year Taxable Corporate Purpose Bonds for \$35,000,000 at a net interest rate of 1.867%. Series A and B funded a portion of the City's \$53,071,462 annual capital improvement program budget and its various projects: Street and Streetscaping projects, Bridge projects, Storm Sewer projects, Fire projects,

Water Projects, Library projects, Park projects, and Miscellaneous Tax Incremental Financing projects. Series C was for major renovations along with an expansion at the La Crosse Center. The issues were rated AA by Standard & Poor's.

In addition, the City sold refunding Issue D as a Taxable General Obligation Parking Crossover Refunding Series, dated October 7, 2020, for \$7,130,000 at a net interest rate of 1.00% for 10 years. This issuance refunded Debt Series 2011-C.

Wisconsin State Statutes limit the amount of general obligation debt a governmental entity may issue up to 5% of its total equalized valuation. The City of La Crosse has adopted a more stringent debt borrowing policy that states that its outstanding debt will not exceed 75% of the 5% State Statute allowable legal debt margin unless authorized by a 2/3 vote of the City Council. In addition, the City will not borrow a larger amount than is retired in the current year unless overridden by a 2/3 vote of the City Council. The current legal debt limitation for the City of La Crosse is \$216,570,335 and its outstanding debt subject to State statutory limit at December 31, 2020 is \$123,653,779 or approximately 57.10%. After calculating the amounts available in the Debt Service Fund of \$22,290,782 for a net margin of indebtedness of \$115,207,338.

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

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation bonds/notes	\$ 105,088	\$ 57,422	\$ 21,919	\$ 20,000	\$ 127,007	\$ 77,422
Other long-term obligations	41,844	59,188	5,402	8,799	47,246	67,987
Total	\$ 146,932	\$ 116,610	\$ 27,321	\$ 28,799	\$ 174,253	\$ 145,409

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

- The 2020 unadjusted unemployment rate for the La Crosse MSA was 2.6% compared to the State average of 3.9% and compared to the National average of 8.3%.
- Inflationary trends in the region are comparable to national indices.
- There were 970 building permits issued in 2020 with a value of \$59,001,464 as compared to 984 permits issued in 2019 with a value of \$153,038,209 and in 2018 there were 933 permits issued with a value of \$82,330,320.

Requests for Information

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

CITY OF LA CROSSE, WISCONSIN

BASIC FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and investments	\$ 119,169,899	\$ 20,010,114	\$ 139,180,013	\$ 577,153
Receivables				
Taxes	48,936,602	264,222	49,200,824	-
Accounts and other	6,147,831	5,069,385	11,217,216	-
Special assessments	642,987	5,088	648,075	-
Loans	11,245,617	-	11,245,617	444,000
Internal balances	(3,551,483)	3,551,483	-	-
Due from other governments	3,405,621	138,006	3,543,627	-
Inventories	276,633	412,945	689,578	-
Prepays	100,034	514,337	614,371	-
Restricted assets				
Cash and investments	-	1,647,925	1,647,925	-
Other assets	-	3,375	3,375	-
Wisconsin Retirement System net pension	9,139,976	725,234	9,865,210	-
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	82,609,611	45,230,182	127,839,793	10,000,000
Capital assets being depreciated	197,495,706	155,210,951	352,706,657	-
TOTAL ASSETS	<u>475,619,034</u>	<u>232,783,247</u>	<u>708,402,281</u>	<u>11,021,153</u>
DEFERRED OUTFLOWS OF RESOURCES				
Wisconsin Retirement System pension	21,522,143	1,707,727	23,229,870	-
Wisconsin Retirement System LRLIF	1,749,687	300,252	2,049,939	-
OPEB healthcare	2,748,587	340,867	3,089,454	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>26,020,417</u>	<u>2,348,846</u>	<u>28,369,263</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 501,639,451</u>	<u>\$ 235,132,093</u>	<u>\$ 736,771,544</u>	<u>\$ 11,021,153</u>
LIABILITIES				
Accounts payable	8,422,920	2,288,333	10,711,253	17,066
Accrued liabilities				
Payroll	1,162,933	142,486	1,305,419	-
Interest	591,793	179,734	771,527	-
Other	32,054	134	32,188	-
Due to other governments	892,391	-	892,391	-
Deposit payable	298,546	-	298,546	-
Unearned revenue - other	572,675	-	572,675	-
Current portion of long-term obligations	13,463,284	3,077,967	16,541,251	-
Noncurrent portion of long-term obligations	133,468,400	24,242,660	157,711,060	-
TOTAL LIABILITIES	<u>158,904,996</u>	<u>29,931,314</u>	<u>188,836,310</u>	<u>17,066</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - tax roll	48,718,118	140,175	48,858,293	-
Wisconsin Retirement System pension	27,455,818	2,178,548	29,634,366	-
Wisconsin Retirement System LRLIF	723,897	124,222	848,119	-
OPEB healthcare	16,613,214	2,060,294	18,673,508	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>93,511,047</u>	<u>4,503,239</u>	<u>98,014,286</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	187,163,136	178,522,554	365,685,690	10,000,000
Restricted for				
Debt service	20,890,782	-	20,890,782	-
Capital projects	45,058,351	1,647,925	46,706,276	-
Other activities	9,139,976	725,234	9,865,210	-
Unrestricted	(13,028,837)	19,801,827	6,772,990	1,004,087
TOTAL NET POSITION	<u>249,223,408</u>	<u>200,697,540</u>	<u>449,920,948</u>	<u>11,004,087</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 501,639,451</u>	<u>\$ 235,132,093</u>	<u>\$ 736,771,544</u>	<u>\$ 11,021,153</u>

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION			COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	\$ 9,625,701	\$ 2,287,101	\$ 1,291,739	\$ -	\$ (6,046,861)		\$ (6,046,861)	
Public safety	25,374,364	1,302,634	1,630,925	-	(22,440,805)		(22,440,805)	
Public works	20,653,337	1,287,933	11,100,162	388,894	(7,876,348)		(7,876,348)	
Health and human services	191,808	-	-	-	(191,808)		(191,808)	
Culture, recreation and education	12,911,087	2,622,203	2,311,104	479,905	(7,497,875)		(7,497,875)	
Conservation and development	3,865,634	1,110,842	2,351,448	-	(403,344)		(403,344)	
Interest and fiscal charges	2,081,509	-	-	-	(2,081,509)		(2,081,509)	
TOTAL GOVERNMENTAL ACTIVITIES	74,703,440	8,610,713	18,685,378	868,799	(46,538,550)		(46,538,550)	
BUSINESS-TYPE ACTIVITIES								
Airport	4,344,102	2,474,080	-	5,008,376		\$ 3,138,354	3,138,354	
Parking	3,598,799	1,705,809	-	453		(1,892,537)	(1,892,537)	
Water	3,747,825	6,928,914	-	15,939		3,197,028	3,197,028	
Sewer	6,582,288	8,133,349	-	3,731		1,554,792	1,554,792	
Storm	1,662,699	2,433,018	-	16,000		786,319	786,319	
Sanitary Sewer District	69,085	74,876	-	-		5,791	5,791	
TOTAL BUSINESS-TYPE ACTIVITIES	20,004,798	21,750,046	-	5,044,499		6,789,747	6,789,747	
TOTAL PRIMARY GOVERNMENT	\$ 94,708,238	\$ 30,360,759	\$ 18,685,378	\$ 5,913,298	(46,538,550)	6,789,747	(39,748,803)	
COMPONENT UNIT								
Redevelopment Authority	\$ 37,635	\$ -	\$ -	\$ -				\$ (37,635)
General revenues								
Taxes								
Property taxes					46,061,226	-	46,061,226	-
Other taxes					3,141,106	-	3,141,106	-
Intergovernmental revenues not restricted to specific programs					13,696,383	-	13,696,383	-
Interest and investment income					1,901,705	262,005	2,163,710	7,040
Miscellaneous					3,151,774	112,413	3,264,187	-
Transfers					159,086	(159,086)	-	-
Total general revenues					68,111,280	215,332	68,326,612	7,040
CHANGE IN NET POSITION					21,572,730	7,005,079	28,577,809	(30,595)
NET POSITION - BEGINNING OF YEAR					227,530,600	193,692,461	421,223,061	11,034,682
EQUITY TRANSFER					722,066	-	722,066	-
PRIOR PERIOD ADJUSTMENT					(601,988)	-	(601,988)	-
NET POSITION - END OF YEAR					\$ 249,223,408	\$ 200,697,540	\$ 449,920,948	\$ 11,004,087

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
FUND FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	GENERAL FUND	HUD GRANTS	DEBT SERVICE FUND	BUILDINGS AND LAND CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and investments	\$ 14,575,529	\$ -	\$ 20,861,506	\$ 22,628,100	\$ 35,028,867	\$ 93,094,002
Receivables						
Taxes	34,557,096	-	-	-	14,379,506	48,936,602
Accounts and other	1,240,955	2,411,531	230,150	-	2,230,474	6,113,110
Special assessments	-	-	-	-	642,987	642,987
Loan	-	8,419,845	1,675,000	-	1,150,772	11,245,617
Due from other funds	1,525,321	-	-	-	-	1,525,321
Due from other governments	28,785	671,981	-	-	2,704,855	3,405,621
Inventories	45,599	-	-	-	90,770	136,369
Prepays	52,804	-	-	-	47,198	100,002
Advances to other funds	3,416,541	-	1,400,000	-	127,802	4,944,343
TOTAL ASSETS	55,442,630	11,503,357	24,166,656	22,628,100	56,403,231	170,143,974
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	1,166,878	32,012	7,130	905,721	1,450,644	3,562,385
Accrued expenses						
Payroll	1,078,988	-	-	-	83,945	1,162,933
Other	32,054	-	-	-	-	32,054
Due to other funds	-	449,606	-	-	155,626	605,232
Due to other governments	653	-	-	-	891,738	892,391
Deposit payable	234,770	2,100	-	-	61,676	298,546
Unearned revenue - other	84,725	10,803,450	1,868,744	21,924	1,606,532	14,385,375
Advances from other funds	-	250,000	-	-	6,012,167	6,262,167
TOTAL LIABILITIES	2,598,068	11,537,168	1,875,874	927,645	10,262,328	27,201,083
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - tax roll	34,216,475	-	-	-	14,501,643	48,718,118
Unavailable revenue - special assessments	-	-	-	-	645,439	645,439
TOTAL DEFERRED INFLOWS OF RESOURCES	34,216,475	-	-	-	15,147,082	49,363,557
FUND BALANCES						
Nonspendable	3,852,874	-	1,400,000	-	265,770	5,518,644
Restricted	-	-	20,890,782	21,700,455	23,357,896	65,949,133
Committed	-	-	-	-	7,966,841	7,966,841
Unassigned	14,775,213	(33,811)	-	-	(596,686)	14,144,716
TOTAL FUND BALANCES	18,628,087	(33,811)	22,290,782	21,700,455	30,993,821	93,579,334
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 55,442,630	\$ 11,503,357	\$ 24,166,656	\$ 22,628,100	\$ 56,403,231	\$ 170,143,974

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Fund balances - total governmental funds	\$	93,579,334
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:		
Governmental capital asset	\$ 385,955,605	
Governmental accumulated depreciation	<u>(105,850,288)</u>	280,105,317
period's expenditures:		
Special assessments to be collected after year end		14,595,023
Wisconsin Retirement System asset, deferred outflows of resources, and deferred inflows of resources are not current financial resources and are not reported in fund statements.		
		4,232,091
Other post employment benefits deferred outflows of resources and deferred inflows of resources are not current financial resources and are not reported in fund statements.		
		(13,864,627)
The assets, liabilities and net position of the internal service fund are included with governmental activities on the statement of net position.		
Adjustment to reflect the consolidation to business-type activities		18,099,747
Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:		
General obligation debt	(102,402,005)	
Premium	(2,685,903)	
Accrued interest	(591,793)	
Vested employee benefits	(2,395,982)	
Wisconsin Retirement System OPEB liability	(4,286,216)	
Net OPEB liability	<u>(35,161,578)</u>	<u>(147,523,477)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 249,223,408</u>

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	GENERAL FUND	HUD GRANTS	DEBT SERVICE FUND	BUILDINGS AND LAND CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE						
Taxes	\$ 35,971,576	\$ -	\$ 736,783	\$ 23,181	\$ 12,470,792	\$ 49,202,332
Special assessment	-	-	-	-	181,917	181,917
Intergovernmental	17,269,385	1,450,514	-	46,162	11,567,050	30,333,111
Licenses and permits	1,720,497	-	-	-	631,834	2,352,331
Fines, forfeits and penalties	3,419	-	-	-	760,297	763,716
Public charges for services	369,611	1,313,905	-	6,668	2,417,311	4,107,495
Intergovernmental charges for services	1,649,648	-	-	-	366,975	2,016,623
Miscellaneous	1,740,165	115,322	426,126	230,742	4,002,556	6,514,911
TOTAL REVENUE	58,724,301	2,879,741	1,162,909	306,753	32,398,732	95,472,436
EXPENDITURES						
Current						
General government	8,913,969	-	13,491	8,650	961,893	9,898,003
Public safety	25,782,871	-	-	-	537,726	26,320,597
Public works	9,176,048	-	-	-	5,822,744	14,998,792
Health and human services	141,149	-	-	-	191,808	332,957
Culture, recreation and education	10,191,383	-	-	-	2,442,330	12,633,713
Conservation and development	5,697	2,776,382	-	-	1,079,475	3,861,554
Debt service						
Principal	-	-	7,429,054	-	6,866	7,435,920
Interest	-	-	1,769,999	-	17,346	1,787,345
Other	-	-	493,341	-	750	494,091
Capital outlay	1,646,832	165,119	-	27,241,299	21,818,704	50,871,954
TOTAL EXPENDITURES	55,857,949	2,941,501	9,705,885	27,249,949	32,879,642	128,634,926
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	2,866,352	(61,760)	(8,542,976)	(26,943,196)	(480,910)	(33,162,490)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	4,199,471	-	9,709,070	550,350	2,749,189	17,208,080
Operating transfers (out)	(5,850,197)	-	-	(326,944)	(10,871,853)	(17,048,994)
Sale of capital assets	1,460,031	-	128,673	61,225	57,264	1,707,193
Issuance of long-term debt	977,152	-	147,817	38,413,683	7,792,729	47,331,381
Issuance of refunding debt	-	-	7,130,000	-	-	7,130,000
Premium on long-term debt	-	-	767,650	-	-	767,650
TOTAL OTHER FINANCING SOURCES (USES)	786,457	-	17,883,210	38,698,314	(272,671)	57,095,310
NET CHANGE IN FUND BALANCE	3,652,809	(61,760)	9,340,234	11,755,118	(753,581)	23,932,820
FUND BALANCE - BEGINNING OF YEAR	14,975,278	27,949	12,950,548	9,945,337	31,463,793	69,362,905
EQUITY TRANSFER	-	-	-	-	283,609	283,609
FUND BALANCE - END OF YEAR	\$ 18,628,087	\$ (33,811)	\$ 22,290,782	\$ 21,700,455	\$ 30,993,821	\$ 93,579,334

The accompanying notes are an integral part of these 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, 2020**

Net change in fund balances - total governmental funds	\$	23,932,820
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay reported in governmental fund statements	\$	50,871,954
Less noncapitalized outlay		(2,476,674)
Depreciation expense reported in the statement of activities		(5,484,188)
Less cost of capital assets disposed		<u>(511,660)</u>
Amount by which capital outlays are greater than depreciation in the current period:		42,399,432
The proceeds from long-term obligations are reported in the governmental funds as a source of financing. In the statement of net position however, long-term obligations are not reported as a financing source, but rather constitute a long-term liability.		
		(54,461,381)
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits decreased by:		
		144,543
Certain revenues are 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:		
		(920,504)
Wisconsin Retirement System pension asset, deferred outflows of resources, and deferred inflows of resources changes:		
		(253,537)
Wisconsin Retirement System LRLIF deferred outflows of resources, liability, and deferred inflows of resources changes:		
		(477,905)
Other post employment benefits deferred outflows of resources, liability, and deferred inflows of resources changes:		
		3,044,243
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 is:	\$	7,435,920
Less amount for business-type activities:		<u>(117,764)</u>
		7,318,156
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:		(522,419)
Net change due to internal services funds incorporated into the statement of activities:	\$	1,686,826
Transfers from business-type funds for internal service fund activity:		<u>(247,962)</u>
		1,438,864
In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues.		
The amount of interest and other debt costs paid during the current period	\$	1,641,106
The amount of interest and other debt costs accrued during the current period		<u>(1,710,688)</u>
Interest paid is less than interest accrued by:		<u>(69,582)</u>
Change in net position - governmental activities	\$	<u>21,572,730</u>

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2020

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	AIRPORT	PARKING	SEWER	WATER	NONMAJOR STORM	NONMAJOR SANITARY DISTRICT		INTERNAL SERVICE
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
ASSETS								
CURRENT ASSETS								
Cash and investments	\$ 3,610,954	\$ 2,771,799	\$ 3,195,114	\$ 4,985,310	\$ 5,175,379	\$ 271,558	\$ 20,010,114	\$ 26,056,954
Accounts receivable								-
Customer	796,210	732,471	1,508,547	1,420,983	429,106	58,049	4,945,366	34,721
Other	-	2,470	45,982	59,295	16,272	-	124,019	-
Taxes	-	55,240	73,475	102,217	33,290	-	264,222	-
Inventories	8,658	-	6	404,281	-	-	412,945	140,264
Prepays	497,237	15,197	965	649	289	-	514,337	32
RESTRICTED ASSETS								
Cash	455,345	-	987,790	204,790	-	-	1,647,925	18,943
TOTAL CURRENT ASSETS	<u>5,368,404</u>	<u>3,577,177</u>	<u>5,811,879</u>	<u>7,177,525</u>	<u>5,654,336</u>	<u>329,607</u>	<u>27,918,928</u>	<u>26,250,914</u>
NONCURRENT ASSETS								
Capital assets (net of accumulated depreciation)								
Capital assets not being depreciated	31,994,819	2,789,849	4,984,756	1,076,502	4,384,256	-	45,230,182	-
Capital assets being depreciated	40,831,100	43,393,786	34,136,224	30,509,056	6,041,494	299,291	155,210,951	-
NET CAPITAL ASSETS	<u>72,825,919</u>	<u>46,183,635</u>	<u>39,120,980</u>	<u>31,585,558</u>	<u>10,425,750</u>	<u>299,291</u>	<u>200,441,133</u>	<u>-</u>
OTHER ASSETS								
Special assessments receivable	-	-	-	5,088	-	-	5,088	-
Due from other governments	-	-	-	-	138,006	-	138,006	-
Wisconsin Retirement System net pension	139,114	65,234	216,876	226,203	77,807	-	725,234	-
Other property	-	-	-	3,375	-	-	3,375	-
Advances to other funds	-	1,000,000	82,966	202,364	32,494	-	1,317,824	-
TOTAL OTHER ASSETS	<u>139,114</u>	<u>1,065,234</u>	<u>299,842</u>	<u>437,030</u>	<u>248,307</u>	<u>-</u>	<u>2,189,527</u>	<u>-</u>
TOTAL NONCURRENT ASSETS	<u>72,965,033</u>	<u>47,248,869</u>	<u>39,420,822</u>	<u>32,022,588</u>	<u>10,674,057</u>	<u>299,291</u>	<u>202,630,660</u>	<u>-</u>
TOTAL ASSETS	<u>78,333,437</u>	<u>50,826,046</u>	<u>45,232,701</u>	<u>39,200,113</u>	<u>16,328,393</u>	<u>628,898</u>	<u>230,549,588</u>	<u>26,250,914</u>
DEFERRED OUTFLOWS OF RESOURCES								
Wisconsin Retirement System pension	327,576	153,608	510,683	532,646	183,214	-	1,707,727	-
Wisconsin Retirement System LRLIF	31,299	28,172	130,993	74,624	35,164	-	300,252	-
OPEB healthcare	40,875	53,830	86,716	159,446	-	-	340,867	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>399,750</u>	<u>235,610</u>	<u>728,392</u>	<u>766,716</u>	<u>218,378</u>	<u>-</u>	<u>2,348,846</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 78,733,187</u>	<u>\$ 51,061,656</u>	<u>\$ 45,961,093</u>	<u>\$ 39,966,829</u>	<u>\$ 16,546,771</u>	<u>\$ 628,898</u>	<u>\$ 232,898,434</u>	<u>\$ 26,250,914</u>

(Continued on page 26)

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - Continued
DECEMBER 31, 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	BUSINESS-TYPE ACTIVITIES							GOVERNMENTAL ACTIVITIES
	AIRPORT	PARKING	SEWER	WATER	STORM	SANITARY DISTRICT	TOTALS	INTERNAL SERVICE
LIABILITIES								
CURRENT LIABILITIES								
Accounts payable	\$ 415,220	\$ 13,869	\$ 1,212,591	\$ 102,491	\$ 544,162	\$ -	\$ 2,288,333	\$ 4,860,535
Accrued liabilities								-
Payroll	24,303	18,598	48,683	42,622	8,280	-	142,486	-
Interest	31,118	116,895	31,721	-	-	-	179,734	-
Other	-	-	-	-	-	134	134	-
Due to other funds	-	-	-	920,089	-	-	920,089	-
Unearned revenue - other	-	-	-	-	-	-	-	136,884
Current portion of long-term obligations	514,113	676,672	1,502,593	384,589	-	-	3,077,967	-
TOTAL CURRENT LIABILITIES	984,754	826,034	2,795,588	1,449,791	552,442	134	6,608,743	4,997,419
NONCURRENT LIABILITIES								
Long-term obligations	3,921,386	14,580,778	2,740,463	2,913,893	86,140	-	24,242,660	-
TOTAL LIABILITIES	4,906,140	15,406,812	5,536,051	4,363,684	638,582	134	30,851,403	4,997,419
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - tax roll	-	140,175	-	-	-	-	140,175	-
Wisconsin Retirement System pension	417,889	195,957	651,479	679,497	233,726	-	2,178,548	-
Wisconsin Retirement System LRLIF	12,949	11,655	54,196	30,874	14,548	-	124,222	-
OPEB healthcare	247,060	325,364	524,133	963,737	-	-	2,060,294	-
TOTAL DEFERRED INFLOWS OF RESOURCES	677,898	673,151	1,229,808	1,674,108	248,274	-	4,503,239	-
NET POSITION								
Net investment in capital assets	69,008,402	31,693,377	36,438,687	30,657,047	10,425,750	299,291	178,522,554	-
Restricted for other	594,459	65,234	1,204,666	430,993	77,807	-	2,373,159	18,943
Unrestricted	3,546,288	3,223,082	1,551,881	2,840,997	5,156,358	329,473	16,648,079	21,234,552
TOTAL NET POSITION	73,149,149	34,981,693	39,195,234	33,929,037	15,659,915	628,764	197,543,792	21,253,495
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 78,733,187	\$ 51,061,656	\$ 45,961,093	\$ 39,966,829	\$ 16,546,771	\$ 628,898	\$ 232,898,434	\$ 26,250,914
							\$ 197,543,792	
							3,153,748	
							\$ 200,697,540	

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL	
	AIRPORT	PARKING	SEWER	WATER	NONMAJOR STORM	NONMAJOR SANITARY DISTRICT	TOTALS	INTERNAL SERVICE
OPERATING REVENUE								
Charges for services	\$ 2,430,900	\$ 1,702,591	\$ 8,049,755	\$ 6,765,953	\$ 2,292,396	\$ 74,876	\$ 21,316,471	\$ -
Interdepartmental Sales	-	-	-	-	-	-	-	12,185,103
Forfeited discounts	-	-	-	32,304	-	-	32,304	-
Other revenue	43,180	3,218	82,502	130,657	140,622	-	400,179	954,801
TOTAL OPERATING REVENUE	2,474,080	1,705,809	8,132,257	6,928,914	2,433,018	74,876	21,748,954	13,139,904
OPERATING EXPENSES								
Plant and maintenance expenses:								
Salaries and wages	375,187	771,938	1,008,130	1,010,854	537,378	-	3,703,487	893,409
Power	-	-	-	302,508	-	-	302,508	-
Chemicals	-	-	-	34,190	-	-	34,190	-
Supplies and expenses	227,661	112,103	2,400,948	572,986	173,137	43,964	3,530,799	3,056
Repairs and maintenance	554,533	322,432	1,006,750	135,522	529,637	11,958	2,560,832	-
TOTAL PLANT AND MAINTENANCE EXPENSES	1,157,381	1,206,473	4,415,828	2,056,060	1,240,152	55,922	10,131,816	896,465
General expenses:								
Office supplies and other expenses	18,739	12,720	2,745	23,066	669	160	58,099	15,402
Outside services employed	1,169,763	303,173	797,424	257,234	311,186	11,019	2,849,799	40,696
Insurance expense	49,840	48,020	87,220	10,364	9,019	-	204,463	1,357,824
Employee benefits	-	-	-	70,746	-	-	70,746	9,430,586
Miscellaneous general expenses	5,372	29,209	4,915	70,171	29,844	-	139,511	5,764
Transportation	46,406	17,760	11,727	-	3,589	-	79,482	-
TOTAL GENERAL EXPENSES	1,290,120	410,882	904,031	431,581	354,307	11,179	3,402,100	10,850,272
Depreciation	1,763,328	1,320,174	1,090,654	1,218,876	60,370	1,984	5,455,386	-
Taxes	59,820	28,064	87,528	93,893	29,799	-	299,104	-
TOTAL OPERATING EXPENSES	4,270,649	2,965,593	6,498,041	3,800,410	1,684,628	69,085	19,288,406	11,746,737
OPERATING (LOSS) INCOME	\$ (1,796,569)	\$ (1,259,784)	\$ 1,634,216	\$ 3,128,504	\$ 748,390	\$ 5,791	\$ 2,460,548	\$ 1,393,167
NONOPERATING REVENUE (EXPENSES)								
Interest income	\$ 55,064	\$ 34,526	\$ 23,703	\$ 76,139	\$ 69,101	\$ 3,472	\$ 262,005	\$ 290,797
Miscellaneous revenue	-	-	19,142	-	-	-	19,142	2,862
Sale of capital assets	7,026	(71,934)	(60,984)	-	-	-	(125,892)	-
Interest expense	(119,276)	(602,176)	(32,090)	(26,696)	-	-	(780,238)	-
Amortization	-	36,137	-	-	-	-	36,137	-
TOTAL NONOPERATING REVENUE (EXPENSES)	(57,186)	(603,447)	(50,229)	49,443	69,101	3,472	(588,846)	293,659
(LOSS) INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	(1,853,755)	(1,863,231)	1,583,987	3,177,947	817,491	9,263	1,871,702	1,686,826
OPERATING TRANSFER IN (OUT)	(223,801)	925,281	(26,193)	(893,896)	59,523	-	(159,086)	-
CAPITAL CONTRIBUTIONS	5,008,376	453	3,731	15,939	16,000	-	5,044,499	-
CHANGE IN NET POSITION	2,930,820	(937,497)	1,561,525	2,299,990	893,014	9,263	6,757,115	1,686,826
NET POSITION - BEGINNING OF YEAR	70,218,329	35,919,190	37,633,709	31,629,047	14,766,901	619,501	190,786,677	19,128,212
EQUITY TRANSFER	-	-	-	-	-	-	-	438,457
NET POSITION - END OF YEAR	\$ 73,149,149	\$ 34,981,693	\$ 39,195,234	\$ 33,929,037	\$ 15,659,915	\$ 628,764	\$ 197,543,792	\$ 21,253,495

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL	
	AIRPORT	PARKING	SEWER	WATER	NONMAJOR STORM	NONMAJOR SANITARY DISTRICT	TOTALS	INTERNAL SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 1,982,436	\$ 1,847,900	\$ 7,719,906	\$ 5,859,908	\$ 2,361,173	\$ 76,450	\$ 19,847,773	\$ 1,024,163
Receipts from municipality	-	-	356,999	941,863	-	-	1,298,862	12,185,103
Payments to suppliers for goods and services	(1,842,615)	(911,569)	(3,413,354)	(1,451,939)	(544,403)	(67,101)	(8,230,981)	(2,442,971)
Payments for employees wages and benefits	(1,189,921)	(753,374)	(2,021,675)	(1,776,221)	(533,471)	-	(6,274,662)	(10,323,995)
Net cash provided by (used in) operating activities	<u>(1,050,100)</u>	<u>182,957</u>	<u>2,641,876</u>	<u>3,573,611</u>	<u>1,283,299</u>	<u>9,349</u>	<u>6,640,992</u>	<u>442,300</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfer (to) from governmental funds	<u>(223,801)</u>	<u>925,281</u>	<u>(26,193)</u>	<u>(893,896)</u>	<u>59,523</u>	<u>-</u>	<u>(159,086)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition of property, plant and equipment	(4,105,128)	(225,716)	(4,467,322)	(2,292,895)	(3,419,959)	-	(14,511,020)	-
Retirement of long-term debt	(382,212)	(627,662)	-	(117,764)	-	-	(1,127,638)	-
Issuance of long-term debt	190,970	-	2,682,293	172,660	-	-	3,045,923	-
Interest paid	(119,051)	(485,281)	(369)	(26,696)	-	-	(631,397)	-
Contributed capital	5,008,376	453	3,731	16,947	16,000	-	5,045,507	-
Net cash provided by (used in) capital and related financing activities	<u>592,955</u>	<u>(1,338,206)</u>	<u>(1,781,667)</u>	<u>(2,247,748)</u>	<u>(3,403,959)</u>	<u>-</u>	<u>(8,178,625)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received	55,064	70,663	23,703	76,139	69,101	3,472	298,142	290,797
Net change in cash and cash equivalents	(625,882)	(159,305)	857,719	508,106	(1,992,036)	12,821	(1,398,577)	733,097
Cash and cash equivalents - beginning of year	4,692,181	2,931,104	3,325,185	4,681,994	7,167,415	258,737	23,056,616	25,342,800
Cash and cash equivalents - end of year	\$ 4,066,299	\$ 2,771,799	\$ 4,182,904	\$ 5,190,100	\$ 5,175,379	\$ 271,558	\$ 21,658,039	\$ 26,075,897
Reconciliation of operating income to net cash (used in) provided by operating activities								
Operating (loss) income	(1,796,569)	(1,259,784)	1,634,216	3,128,504	748,390	5,791	2,460,548	1,393,167
Adjustments to reconcile operating (loss) income to net cash flows from operating activities								
Depreciation	1,763,328	1,320,174	1,090,654	1,218,876	60,370	1,984	5,455,386	-
Changes in assets and liabilities								
(Increase) decrease in assets								
Receivables - customers	(491,644)	59,746	(130,745)	(122,827)	21,413	1,574	(662,483)	69,362
Receivables - other	-	82,345	75,393	110,537	44,748	-	313,023	-
Due from other governments	-	-	-	-	(138,006)	-	(138,006)	-
Inventories	1,334	-	-	7,533	-	-	8,867	(17,653)
Prepaid expenses	(33,218)	(14,821)	(180)	(15)	(6)	-	(48,240)	(10)
Wisconsin Retirement System pension	(230,683)	(142,195)	(381,535)	(546,621)	(3,320)	-	(1,304,354)	-
Wisconsin Retirement System LRLIF	20,083	17,526	(129,971)	18,963	15,835	-	(57,564)	-
OPEB healthcare	(569,366)	166,458	(467,673)	(147,262)	-	-	(1,017,843)	-
Decrease (increase) in liabilities								
Accounts payable	321,403	(23,267)	986,083	40,477	542,483	-	1,867,179	(1,002,566)
Payroll payable	(31,363)	(12,308)	(29,991)	(29,605)	(8,608)	-	(111,875)	-
Other accrued expenses	(3,405)	(10,917)	(4,375)	9,904	-	-	(8,793)	-
Due to other funds	-	-	-	(114,853)	-	-	(114,853)	-
Total adjustments	<u>746,469</u>	<u>1,442,741</u>	<u>1,007,660</u>	<u>445,107</u>	<u>534,909</u>	<u>3,558</u>	<u>4,180,444</u>	<u>(950,867)</u>
Net cash (used in) provided by operating activities	\$ (1,050,100)	\$ 182,957	\$ 2,641,876	\$ 3,573,611	\$ 1,283,299	\$ 9,349	\$ 6,640,992	\$ 442,300
CASH AND CASH EQUIVALENTS AT END OF YEAR								
Cash and investments	3,610,954	2,771,799	3,195,114	4,985,310	5,175,379	271,558	20,010,114	26,056,954
Restricted cash	455,345	-	987,790	204,790	-	-	1,647,925	18,943
Total cash and cash equivalents	\$ 4,066,299	\$ 2,771,799	\$ 4,182,904	\$ 5,190,100	\$ 5,175,379	\$ 271,558	\$ 21,658,039	\$ 26,075,897

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020

	<u>CUSTODIAL FUND</u>
<u>ASSETS</u>	
Cash and investments	\$ 28,301,265
Taxes receivable	26,475,553
Accounts receivable	2,221
TOTAL ASSETS	<u>\$ 54,779,039</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	
LIABILITIES	
Accounts payable	\$ 19,867
Due to other governments	28,196,359
Due to others	92,071
TOTAL LIABILITIES	28,308,297
DEFERRED INFLOWS OF RESOURCES	
Property taxes levied for subsequent year	26,475,553
NET POSITION	
Restricted for other governments	(4,811)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 54,779,039</u>

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2020

	<u>CUSTODIAL FUND</u>
ADDITIONS	
Collections for other governments	\$ <u>56,100,245</u>
DEDUCTIONS	
Payments to other governments	56,100,245
Payments to others	<u>1,951</u>
TOTAL DEDUCTIONS	<u>56,102,196</u>
CHANGE IN NET POSITION	(1,951)
NET POSITION - BEGINNING OF YEAR	29,021,896
EQUITY TRANSFER	(722,066)
PRIOR PERIOD ADJUSTMENT	<u>(28,302,690)</u>
NET POSITION - END OF YEAR	<u>\$ (4,811)</u>

The accompanying notes are an integral part of these statements.

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 include one component unit, as defined in GASB 14 and amended by GASB 39 and GASB 61.

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.

Discretely Presented Component Unit: The Redevelopment Authority of the City of La Crosse carries out blight eliminations, slum clearance, and urban renewal projects. The Authority consists of seven members who service five-year terms, with one member being a common council member. The members must be residents of the City of La Crosse. Members are appointed by the Mayor, subject to approval by four-fifths of the Council. Current audited financial information is included in the City's financial statements. A separate audited financial statement was not issued.

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. 6, 7, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20 and other funds and departments which are part of the City.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

Basis of Presentation

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

The City reports the following major governmental funds:

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

HUD Grants Fund - The HUD Grants 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.

Building and Land Capital Projects Fund - The building and land 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, Section 125 flex spending, and fuel management.

Fiduciary Custodial Fund Types - Custodial 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.

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

Measurement and Basis of Accounting

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

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

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

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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

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

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

Airport - Passenger facility charges collections.

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

Water - Proceeds from bonds.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

Other Post-Employment Benefits (OPEB) LRLIF - The fiduciary net position of the local retiree life insurance fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

Other Post-Employment Benefits (OPEB) Healthcare - The fiduciary net position of the OPEB healthcare has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB healthcare, OPEB healthcare expense, and information about the fiduciary net position of the OPEB healthcare and additions to/deductions from OPEB healthcare's fiduciary net position have been determined on the same basis. For this purpose, benefit payments 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 two items that qualify for reporting in this category. It is the Wisconsin Retirement System pension and results from changes in the pension plan and LRLIF OPEB changes.

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

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

NOTE 2 - Cash and Investments

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

As of December 31, 2020, the City had the following investments:

<u>INVESTMENT</u>	<u>WEIGHTED AVERAGE MATURITIES</u>	<u>FAIR VALUE</u>
State of Wisconsin Investment Pool	Less than one year	\$ 42,227,690
Government Securities	More than one year	37,648,808
Repurchase Agreements	Less than one year	17,320,525
Commercial Paper	Less than one year	8,395,328
Corporate Bonds	More than one year	22,715,880
Bond Mutual Funds	Less than one year	1,219,431
Equity Mutual Funds	Less than one year	698,262
TOTAL		<u>\$ 130,225,924</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the City's position in the Pool is the same as the value of the Pool shares. At December 31, 2020, 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. All investments subject to credit risk had an S&P Rating of BBB+ or higher and a Moody's Rating of A2 or higher as of December 31, 2020. The State of Wisconsin Investment Pool is not rated, however, the investments at all times consist solely of securities and instruments in which municipalities are permitted to invest.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the City's and the Component Unit's deposits may not be returned to it. As of December 31, 2020, \$20,741,883 of the City's and the Component Unit's bank balance of \$38,855,199 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's and the Component Unit's name	<u>\$20,174,883</u>
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Custodial Credit Risk - Investments - Custodial credit is the risk that, in the event the failure of the counterparty, the City's investments may not be returned to it. As of December 31, 2020, \$17,320,525 of the City's investments subject to custodial credit risk of \$17,320,525 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name	<u>\$ 17,320,525</u>
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CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

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. The Component Unit has outstanding economic development loans. 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 2020 tax roll (levied for 2021) 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 Component Unit has outstanding economic development loans. 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:

	<u>BALANCES</u> 1/1/20	<u>ADDITIONS</u>	<u>PAYMENTS,</u> <u>FOREGIVENESS &</u> <u>FORECLOSURES</u>	<u>BALANCES</u> 12/31/20
<u>PRIMARY GOVERNMENT</u>				
Housing Rehabilitation	\$ 66,692	\$ -	\$ (30,692)	\$ 36,000
HOME Program	1,229,465	-	(298,287)	931,178
NSP Program	33,300	-	-	33,300
Replacement Housing	972,950	242,000	(71,533)	1,143,417
TID #14	157,379	149,871	(54,644)	252,606
TID #15	-	179,416	-	179,416
Economic Development	5,013,026	-	(681,731)	4,331,295
TID #13	100,000	-	(1,250)	98,750
Residential Rehabilitation	4,309,289	221,502	(291,136)	4,239,655
TOTAL	<u>\$ 11,825,101</u>	<u>\$ 792,789</u>	<u>\$ (1,429,273)</u>	<u>\$ 11,245,617</u>

Interest receivable of \$2,611,819 associated with these loans is included in the Accounts Receivable and other line of the balance sheet.

COMPONENT UNIT

Economic Development	<u>\$ 444,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,000</u>
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CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 5 - Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

GOVERNMENTAL ACTIVITIES

	<u>BALANCES</u> 1/1/20	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> 12/31/20
<i>Capital assets not being depreciated:</i>					
Land	\$ 11,841,648	\$ -	\$ -	\$ 1,187,012	\$ 13,028,660
Construction in progress	<u>42,262,099</u>	<u>46,253,061</u>	-	<u>(18,934,209)</u>	<u>69,580,951</u>
Total capital assets not being depreciated	<u>54,103,747</u>	<u>46,253,061</u>	-	<u>(17,747,197)</u>	<u>82,609,611</u>
<i>Capital assets being depreciated</i>					
Buildings	84,618,018	-	-	1,229,451	85,847,469
Infrastructure	130,334,784	-	-	9,878,625	140,213,409
Improvements other than buildings	25,774,416	-	-	(9,656,897)	16,117,519
Machinery and equipment	<u>45,013,819</u>	<u>2,142,219</u>	<u>1,682,471</u>	<u>15,694,030</u>	<u>61,167,597</u>
Total capital assets being depreciated	<u>285,741,037</u>	<u>2,142,219</u>	<u>1,682,471</u>	<u>17,145,209</u>	<u>303,345,994</u>
<i>Less accumulated depreciation for:</i>					
Buildings	20,310,094	1,348,245	-	-	21,658,339
Infrastructure	51,778,565	2,028,851	-	-	53,807,416
Improvements other than buildings	6,597,255	318,329	-	-	6,915,584
Machinery and equipment	<u>22,850,997</u>	<u>1,788,763</u>	<u>1,170,811</u>	-	<u>23,468,949</u>
Total accumulated depreciation	<u>101,536,911</u>	<u>5,484,188</u>	<u>1,170,811</u>	-	<u>105,850,288</u>
Total capital assets being depreciated, net	<u>184,204,126</u>	<u>(3,341,969)</u>	<u>511,660</u>	<u>17,145,209</u>	<u>197,495,706</u>
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	<u>\$ 238,307,873</u>	<u>\$ 42,911,092</u>	<u>\$ 511,660</u>	<u>\$ (601,988)</u>	<u>\$ 280,105,317</u>

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

General Government	\$ 585,615
Public Safety	518,151
Public Works	3,407,077
Culture, Recreation, and Education	970,085
Conservation and Development	<u>3,260</u>
Total	<u>\$ 5,484,188</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 5 - Capital Assets - Continued

BUSINESS-TYPE ACTIVITIES

	<u>BALANCES</u> 1/1/20	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> 12/31/20
<i>Capital assets not being depreciated:</i>					
Land	\$ 4,706,365	\$ -	\$ -	\$ -	\$ 4,706,365
Construction in progress	<u>40,811,790</u>	<u>13,652,199</u>	<u>-</u>	<u>(13,940,172)</u>	<u>40,523,817</u>
Total capital assets not being depreciated	<u>45,518,155</u>	<u>13,652,199</u>	<u>-</u>	<u>(13,940,172)</u>	<u>45,230,182</u>
<i>Capital assets being depreciated</i>					
Land improvements	3,986,194	-	-	-	3,986,194
Buildings	34,135,164	-	-	8,878,053	43,013,217
Equipment	26,536,665	741,687	561,802	(11,415,098)	15,301,452
Infrastructure	<u>153,214,191</u>	<u>508,441</u>	<u>145,589</u>	<u>16,470,964</u>	<u>170,048,007</u>
Total capital assets being depreciated	<u>217,872,214</u>	<u>1,250,128</u>	<u>707,391</u>	<u>13,933,919</u>	<u>232,348,870</u>
Less accumulated depreciation for:					
Land improvements	2,687,531	241,064	-	-	2,928,595
Buildings	11,579,407	1,257,469	-	-	12,836,876
Equipment	10,906,578	824,672	245,757	-	11,485,493
Infrastructure	<u>46,766,446</u>	<u>3,288,461</u>	<u>167,952</u>	<u>-</u>	<u>49,886,955</u>
Total accumulated depreciation	<u>71,939,962</u>	<u>5,611,666</u>	<u>413,709</u>	<u>-</u>	<u>77,137,919</u>
Total capital assets being depreciated, net accumulated depreciation	<u>145,932,252</u>	<u>(4,361,538)</u>	<u>293,682</u>	<u>13,933,919</u>	<u>155,210,951</u>

BUSINESS-TYPE ACTIVITIES

CAPITAL ASSETS, NET OF

ACCUMULATED DEPRECIATION \$ 191,450,407 \$ 9,290,661 \$ 293,682 \$ (6,253) \$ 200,441,133

Depreciation expense was charged to functions as follows:

Business-type activities

Airport	\$ 1,763,328
Parking Utility	1,320,174
Water Utility	1,543,800
Sewer Utility	922,010
Storm Utility	60,370
Sanitary Sewer Utility	<u>1,984</u>
	5,611,666
Less: Water Utility joint metering and clearing	<u>(156,280)</u>
TOTAL	<u>\$ 5,455,386</u>

COMPONENT UNIT

The Redevelopment Authority owns land that has been contributed by the City. The land is recorded at acquisition value which is based on a per acre value. As of December 31, 2020, the land value was \$10,000,000.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 6 - Long-Term Obligations

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

Summary of Long-Term Obligations

	BALANCES 1/1/20	ADDITIONS	PAYMENTS	AMOUNTS BALANCES 12/31/20	DUE WITHIN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>					
Bonds payable	\$ 53,825,000	\$48,585,000	\$ (5,115,000)	\$ 97,295,000	\$ 5,055,000
Notes payable - direct borrowing	1,529,776	3,090,000	(156,188)	4,463,588	1,523,912
Notes payable - direct placement	13,905,000	4,270,000	(2,870,000)	15,305,000	2,855,000
Loan - direct placement	5,292,619	1,568,581	(271,009)	6,590,191	647,932
Premium	2,870,163	767,650	(285,105)	3,352,708	292,815
Net OPEB obligation	51,375,839	-	(11,853,684)	39,522,155	3,464,664
Wisconsin retirement system:					
Net pension liability	10,640,323	-	(10,640,323)	-	-
Net OPEB liability - LRLIF	3,114,813	1,906,928	-	5,021,741	-
Employee benefits:					
Vacation pay	1,447,174	-	(104,248)	1,342,926	1,342,926
Sick pay	1,229,333	-	(58,939)	1,170,394	1,170,394
Comp pay	178,757	9,851	-	188,608	188,608
TOTAL	<u>145,408,797</u>	<u>60,198,010</u>	<u>(31,354,496)</u>	<u>174,252,311</u>	<u>16,541,251</u>
Less business-type debt	<u>(28,799,008)</u>	<u>(3,179,648)</u>	<u>4,658,029</u>	<u>(27,320,627)</u>	<u>(3,077,967)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$116,609,789</u>	<u>\$57,018,362</u>	<u>\$(26,696,467)</u>	<u>\$146,931,684</u>	<u>\$13,463,284</u>
<u>BUSINESS-TYPE ACTIVITIES</u>					
Bonds/Notes Payable - direct placement					
Airport	\$ 3,980,000	\$ -	\$ (380,000)	\$ 3,600,000	\$ 390,000
Parking	14,440,000	-	(590,000)	13,850,000	605,000
Water Utility	873,615	-	(117,764)	755,851	111,035
Sewer Utility	-	2,500,000	-	2,500,000	1,245,645
Loan - direct placement	-	552,200	(6,277)	545,923	137,728
Premium	706,679	-	(39,874)	666,805	39,874
Net OPEB Obligation	7,097,847	-	(2,737,270)	4,360,577	242,739
Wisconsin retirement system:					
Net pension liability	769,069	-	(769,069)	-	-
Net OPEB liability - LRLIF	617,059	118,466	-	735,525	-
Employee benefits:					
Vacation pay	151,606	-	(17,107)	134,499	134,499
Sick pay	138,317	8,982	-	147,299	147,299
Comp pay	24,816	-	(668)	24,148	24,148
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 28,799,008</u>	<u>\$ 3,179,648</u>	<u>\$(4,658,029)</u>	<u>\$ 27,320,627</u>	<u>\$ 3,077,967</u>

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 6 - Long-Term Obligations - Continued

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt is expected to be repaid with general property taxes, special assessments, proprietary fund revenue, and tax increments (TIF). General obligation debt at December 31, 2020, is comprised of the following individual issues:

<u>DESCRIPTION</u>	<u>ISSUE DATES</u>	<u>INTEREST RATES (%)</u>	<u>FINAL MATURITY</u>	<u>BALANCE 12/31/20</u>
Bonds Payable				
GO Bonds Payable A	2007	4.000 - 4.125	2020	\$ -
GO Bonds Payable A	2010	0.750 - 5.050	2024	1,985,000
GO Bonds Payable A	2011	3.000 - 4.375	2025	2,225,000
GO Bonds Payable C	2011	2.000 - 4.000	2031	7,590,000
GO Bonds Payable A	2012	2.000 - 3.000	2026	2,125,000
GO Bonds Payable A	2013	2.000 - 2.200	2027	2,560,000
GO Bonds Payable A	2015	2.000 - 3.000	2029	1,105,000
GO Bonds Payable B	2015	2.000 - 3.000	2024	830,000
GO Bonds Payable A	2017	3.000 - 5.000	2032	4,595,000
GO Bonds Payable B	2017	3.000 - 5.000	2032	2,770,000
GO Bonds Payable D	2017	3.000 - 3.500	2037	13,850,000
GO Bonds Payable A	2018	3.000 - 5.000	2033	3,235,000
GO Bonds Payable A	2019	2.125 - 5.000	2034	5,840,000
GO Bonds Payable A	2020	1.125 - 2.000	2035	6,455,000
GO Bonds Payable C	2020	0.750 - 2.350	2040	35,000,000
GO Refunding Bonds Payable D	2020	0.300 - 1.400	2031	7,130,000
TOTAL BONDS PAYABLE				<u>97,295,000</u>
Notes Payable				
GO Notes Payable B - direct placement	2012	2.000 - 2.750	2021	220,000
GO Notes Payable B - direct placement	2013	2.000	2021	270,000
GO Notes Payable C - direct placement	2013	0.400 - 2.250	2021	65,000
GO Note Payable C - direct placement	2015	2.000	2024	1,960,000
State Trust Fund Loan 2015D - direct borrowing	2015	3.250	2025	188,219
State Trust Fund Loan 2015E - direct borrowing	2015	3.750	2030	583,162
GO Notes Payable A - direct placement	2016	2.000	2026	3,485,000
GO Notes Payable B - direct placement	2016	0.800 - 4.000	2022	605,000
GO Notes Payable C - direct placement	2017	2.000 - 3.000	2027	1,285,000
State Trust Fund Loan 2017E - direct borrowing	2017	3.500	2027	602,207
GO Notes Payable B - direct placement	2018	3.000	2028	1,870,000
GO Notes Payable B - direct placement	2019	2.000 - 5.000	2029	1,275,000
GO Notes Payable B - direct placement	2020	1.125 - 2.000	2030	4,270,000
State Trust Fund Loan - sewer	2020	2.500	2022	2,500,000
State Trust Fund Loan - TID 17	2020	2.500	2025	590,000
TOTAL NOTES PAYABLE				<u>19,768,588</u>
Loan Payable - direct placement				
Financed purchase - BOA Phase I & Phase II	2019	2.400	2039	5,078,158
Financial purchase - Fleet vehicles	2020	8.340	2025	1,512,033
TOTAL LOANS PAYABLE				<u>6,590,191</u>
TOTAL GENERAL OBLIGATION DEBT				<u>\$ 123,653,779</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 6 - Long-Term Obligations - Continued

General Obligation Debt Limit Calculation

The 2020 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$4,331,406,700. The legal debt limit and margin of indebtedness as of December 31, 2020, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5 percent of \$4,331,406,700)	\$ 216,570,335
Applicable long-term debt	(123,653,779)
Amount available in debt service fund	<u>22,290,782</u>
MARGIN OF INDEBTEDNESS	<u>\$ 115,207,338</u>

Maturities of Long-Term Obligations

Maturities of the long-term obligations at December 31, 2020, are:

<u>YEARS</u>	GENERAL OBLIGATION DEBT					
	BONDS		NOTES PAYABLE AND PLACEMENT		LOANS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	DIRECT PLACEMENT PRINCIPAL	INTEREST
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2021	\$ 5,055,000	\$ 2,418,853	\$ 4,378,912	\$ 423,450	\$ 647,932	\$ 152,675
2022	6,870,000	2,333,193	3,810,938	355,638	653,263	147,346
2023	7,000,000	2,135,208	2,295,335	266,934	620,020	139,238
2024	7,120,000	1,931,406	2,349,263	210,280	403,411	118,107
2025	6,590,000	1,717,397	1,883,683	151,261	340,350	106,435
2026-2030	30,055,000	6,060,241	5,050,457	214,314	1,299,782	395,885
2031-2035	22,040,000	2,784,226	-	-	1,465,326	230,343
2036-2040	12,565,000	834,771	-	-	1,160,107	51,821
TOTAL	<u>\$ 97,295,000</u>	<u>\$ 20,215,495</u>	<u>\$ 19,768,588</u>	<u>\$ 1,621,877</u>	<u>\$ 6,590,191</u>	<u>\$ 1,341,850</u>

Crossover Refunding - The City issued \$7,130,000 of general obligation refunding bonds, 2020 D, with interest rates from 0.3 to 1.4 percent. The bonds were issued to crossover refund the general obligation 2011 C bonds. The net proceeds of \$7,059,530 (after \$70,470 in underwriting fees and other issuance costs) were deposited into an escrow account and will earn interest at 0.9 percent. The general obligation 2011 C bonds will remain outstanding until the crossover date of October 1, 2021, at which time they will be paid from the escrow account. The effective discount rate is 1.07 percent and the crossover refunding resulted in cash flow savings of \$1,102,595 and an economic gain of \$948,037.

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, 2020 is \$5,777,083.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 8 - Wisconsin Retirement System

Plan Description - The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

Benefits Provided - Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

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:

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 8 - Wisconsin Retirement System - Continued

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$3,250,304 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.35%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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

At December 31, 2020, the City reported a liability (asset) of (\$9,865,210) for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.30594952%, which was an increase of 0.0068697% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$3,678,556.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 8 - Wisconsin Retirement System - Continued

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$18,726,425	\$9,371,323
Net differences between projected and actual earnings on pension plan investments	-	20,167,995
Changes in actuarial assumptions	768,761	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	35,932	95,048
Employer contributions subsequent to the measurement date	3,698,752	-
Total	\$23,229,870	\$29,634,366

\$3,698,752 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflows/ (Inflows) of Resources
2021	\$(3,027,892)
2022	(2,240,504)
2023	346,233
2024	(5,181,086)

Actuarial Assumptions - The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

* No Post-Retirement Adjustment is Guaranteed - Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.91% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 8 - Wisconsin Retirement System - Continued

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns (as of December 31, 2019)

	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9
New England Pension Consultants Long-Term US CPI (Inflation) Forecast : 2.75%			
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations			

Single Discount Rate - A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 8 - Wisconsin Retirement System - Continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase To Discount Rate (8.0%)
City of La Crosse's proportionate share of the net pension liability (asset)	\$25,404,676	(\$9,865,210)	(\$36,233,505)

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

Payables to the Pension Plan

At December 31, 2020, the City reported a payable of \$719,052 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

NOTE 9 - Local Retiree Life Insurance Fund - OPEB

General Information about the Other Post-Employment Benefits

Plan Description - The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

Benefits Provided - The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on member contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 9 - Local Retiree Life Insurance Fund - OPEB - Continued

Contribution rates as of December 31, 2020 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

Life Insurance Member Contribution Rates* For the year ended December 31, 2019		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$21,319 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2020, the City reported a liability of \$5,021,741 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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 OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 1.17931200%, which was a decrease of 0.027822% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$524,609.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 9 - Local Retiree Life Insurance Fund - OPEB - Continued

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$224,965
Net differences between projected and actual earnings on OPEB investments	94,728	-
Changes in assumptions	1,852,543	552,354
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,043	70,800
Employer contributions subsequent to the measurement date	80,625	-
Total	\$2,049,939	\$848,119

\$80,625 reported as deferred outflows related to OPEB resulting from the City's Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	Deferred Outflows/ (Inflows) of Resources
2021	\$ 192,863
2022	192,863
2023	182,649
2024	172,128
2025	139,929
2026	241,806
2027	(1,043)

Actuarial Assumptions - The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rated of Return:	4.25%
Discount Rate:	2.87%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.10% - 5.60%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 9 - Local Retiree Life Insurance Fund - OPEB - Continued

Long-Term Expected Return on Plan Assets - The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2019

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Credit Bonds	Barclays Credit	45%	2.12%
US Long Credit Bonds	Barclays Long Credit	5%	2.90%
US Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return decreased slightly from 5.00 percent in the prior year to 4.25 percent in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30 percent in the prior year to 2.20 percent in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount Rate - A single discount rate of 2.87% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 9 - Local Retiree Life Insurance Fund - OPEB - Continued

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase To Discount Rate (3.87%)
City of La Crosse's proportionate share of the net pension liability (asset)	\$6,934,182	\$5,021,741	\$3,566,744

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

NOTE 10 - Post-Employment Benefits Other Than Pensions

General Information about the Post-Employment Benefits Other Than Pensions

Plan Description - The other post-employment benefits (OPEB) other than pensions is a single-employer defined benefit OPEB plan. Benefit terms are established by employee handbooks and certain employment contracts and may be modified by the City Council. The plan is administered by the City and included in the City's financial statements.

Benefits Provided - Employees covered under the employee handbook hired prior to January 1, 2014 and at least 53-55 years of age (depending on employee category) with 10-20 years of continuous employment with the City (depending on employee category) are eligible to continue receiving medical coverage into retirement until reaching Medicare eligibility provided they pay the current employee portion of the premiums.

Police and fire employees hired prior to July 1, 2013 and at least 53 years of age with 15-20 years of continuous employment with the City (depending on employee category) are eligible to continue receiving medical coverage into retirement until reaching Medicare eligibility provided they pay the current employee portion of the premiums.

Employees Covered - As of the December 31, 2020 measurement date, the following employees were covered by the benefit terms. The plan is closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	157
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>252</u>
Total	<u>409</u>

Contributions - The City Council has the authority to establish the contribution requirements for the plan. Under the current plan, no contributions are made directly, rather the eligible retirees continue to be covered under the City's healthcare plan and the City pays a portion of the premium. The Council establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended December 31, 2020, the City paid \$3,464,664 in premium benefits.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 10 - Post-Employment Benefits Other Than Pensions - Continued

Actuarial Assumptions - The OPEB healthcare liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal - Level %
Long-Term Expected Rate of Return:	N/A
Discount Rate:	1.93%
Salary Increases:	4%
Mortality:	WRS December 31, 2019 Valuation
Medical Care Cost Trend:	5% decreasing by .40% per year to 4.5%, and level thereafter

The actuarial valuation was based upon the data provided by the City and utilized the premium rate history of the City's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of January 1, 2020. Actuarial assumptions are based upon the Wisconsin Retirement System December 31, 2019 Actuarial Valuation Report.

Long-Term Expected Return on Plan Assets - As of the measurement date, there were no plan assets.

Discount Rate - A discount rate of 1.93% was used to measure the total OPEB healthcare liability. This discount rate was based on a 20 year municipal bond rate. Based on these assumptions, the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability.

Changes in the OPEB Healthcare Liability

	<u>OPEB HEALTHCARE LIABILITY</u>
BEGINNING BALANCE	<u>\$51,375,839</u>
Changes for the year:	
Service	1,039,468
Interest	1,618,378
Difference between expected and actual experience	(13,863,827)
Changes of assumption and other inputs	2,816,961
Benefit payments	<u>(3,464,664)</u>
NET CHANGES	<u>(11,853,684)</u>
ENDING BALANCE	<u>\$39,522,155</u>

Sensitivity of the OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate -

The following presents the OPEB healthcare liability calculated using the healthcare cost trend rate of 5 percent decreasing to 4.5 percent, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (4 percent decreasing to 3.5 percent) or 1-percentage-point higher (6 percent decreasing to 5.5 percent) than the current rate:

	1% Decrease to Healthcare Cost Rate (4% decreasing to 3.5%)	Current Healthcare Cost Rate (5% decreasing to 4.5%)	1% Increase to Healthcare Cost Rate (6% decreasing to 5.5%)
OPEB healthcare liability	\$36,381,551	\$39,522,155	\$43,117,022

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 10 - Post-Employment Benefits Other Than Pensions - Continued

Sensitivity of the OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the OPEB healthcare liability calculated using the discount rate of 1.93 percent, as well as what the OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease to Discount Rate (0.93%)	Current Discount Rate (1.93%)	1% Increase to Discount Rate (2.93%)
OPEB healthcare liability	\$41,985,599	\$39,522,155	\$37,226,788

Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB Healthcare

For the year ended December 31, 2020, the City recognized OPEB healthcare expense of \$1,846,569.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB healthcare from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$15,509,410
Changes in assumptions	3,089,454	3,164,098
Net differences between projected and actual earnings on pension plan investments	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$3,089,454	\$18,673,508

\$-0- reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net OPEB healthcare liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

Year ending December 31	Deferred Outflows/ (Inflows) of Resources
2021	\$(4,504,415)
2022	(4,504,415)
2023	(4,504,415)
2024	(2,070,809)

Payables to the OPEB Healthcare Plan - The City reported a payable of zero for the outstanding amount of contributions to the OPEB Healthcare plan required for the year ended December 31, 2020.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 11 - Interfund Receivables, Payables, and Transfers

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Due To/From Other Funds		
General	Water Utility	\$ 920,089
General	CDBG Grants	449,606
General	Housing	18,536
General	TIF District #15	108,863
General	TIF District #18	9,409
General	TIF District #19	9,409
General	TIF District #20	9,409
		<u>\$ 1,525,321</u>
Advances To/From Other Funds:		
General Fund	Transit	\$ 2,387,951
General Fund	TIF District #12	65,585
General Fund	TIF District #13	518,576
General Fund	TIF District #16	34,429
General Fund	Special Assigned	160,000
Parking Utility	TIF District #11	1,000,000
Water Utility	TIF District #10	202,364
Sewer Utility	TIF District #12	20,728
Sewer Utility	TIF District #16	62,238
Storm Water Utility	TIF District #16	32,494
Debt Service Fund	TIF District #11	1,400,000
Special Assigned	TIF District #12	127,802
General Fund	CDBG Grants	250,000
		<u>\$ 6,262,167</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 2020 are as follows:

<u>TRANSFER OUT</u>	<u>TRANSFER IN:</u>			
	<u>GENERAL FUND</u>	<u>DEBT SERVICE</u>	<u>BUILDING AND LAND CAPITAL PROJECTS</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>
General Fund	\$ -	\$ 5,850,197	\$ -	\$ -
Building and Land Capital Projects	-	-	-	326,944
Nonmajor Governmental Funds	3,279,382	3,858,873	550,350	2,048,444
Airport	-	-	-	223,801
Parking Utility	-	-	-	150,000
Water Utility	893,896	-	-	-
Sewer Utility	26,193	-	-	-
TOTAL	<u>\$ 4,199,471</u>	<u>\$ 9,709,070</u>	<u>\$ 550,350</u>	<u>\$ 2,749,189</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 11 - Interfund Receivables, Payables, and Transfers - Continued

	<u>TRANSFER IN:</u>		
	<u>PARKING UTILITY</u>	<u>STORM UTILITY</u>	<u>TOTAL</u>
<u>TRANSFER OUT:</u>			
General Fund	\$ -	\$ -	\$ 5,850,197
Building and Land Capital Projects	-	-	326,944
Nonmajor Governmental Funds	1,075,281	59,523	10,871,853
Airport	-	-	223,801
Parking Utility	-	-	150,000
Water Utility	-	-	893,896
Sewer Utility	-	-	26,193
TOTAL	<u>\$ 1,075,281</u>	<u>\$ 59,523</u>	<u>\$18,342,884</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 12 - Net Position and Fund Balances

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

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Deficits</u>		
TIF District #10	Awaiting future TIF levies	\$ 158,810
TIF District #12	Awaiting future TIF levies	182,523
TIF District #15	Awaiting future TIF levies	113,588
TIF District #16	Awaiting future TIF levies	42,441
TIF District #18	Awaiting future TIF levies	9,409
TIF District #19	Awaiting future TIF levies	9,409
TIF District #20	Awaiting future TIF levies	9,409
Housing	Awaiting future revenue	36,036
HUD Grants	Awaiting future revenue	33,811
	Total Deficits	<u>\$ 595,436</u>

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

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Nonspendable</u>		
General Fund	Inventory and prepaid expenses	\$ 98,403
General Fund	Advances to other funds	3,416,541
General Fund	Delinquent personal property tax	337,930
State Grants	Prepaid expenses	9,000
La Crosse Center	Inventory	9,564
Transit	Prepaid expenses and inventory	116,291
Special Assigned	Prepaid expenses	3,113
Special Project	Advances to other funds	127,802
Debt Service	Advances to other funds	1,400,000
	Total Nonspendable	<u>\$ 5,518,644</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 12 - Net Position and Fund Balances - Continued

<u>FUND</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Restricted</u>		
Debt Service	Future debt repayment	\$ 20,890,782
Building and Land Capital Projects	Unspent bond monies	21,700,455
Capital Projects	Unspent bond monies	2,126,992
TIF District #6	Future TIF expenditures	646,810
TIF District #11	Future TIF expenditures	751,844
TIF District #13	Future TIF expenditures	1,827,923
TIF District #14	Future TIF expenditures	6,047,129
TIF District #17	Future TIF expenditures	581,158
Equipment	Unspent bond monies	2,533,751
Flood Control Plan	Unspent bond monies	38,197
Parks and Recreation	Unspent bond monies	399,106
Roadway and Infrastructure	Unspent bond monies	8,404,986
	Total Restricted	<u>\$ 65,949,133</u>
<u>Committed</u>		
Federal Grants	Future grant expenditures	\$ 354
State Grants	Future grant expenditures	272,974
Library	Future library expenditures	2,228,124
La Crosse Center	Future La Crosse Center expenditures	308,733
Special Assigned	Expenditures related to prior year budget commitments	5,156,656
	Total Committed	<u>\$ 7,966,841</u>
<u>Restricted - Governmental Activities</u>		
Capital Projects	Various projects	\$ 45,058,351
Debt Service	Future debt repayment	20,890,782
Other Activities	Wisconsin Retirement System pension asset	9,139,976
	Total Restricted - Governmental Activities	<u>\$ 75,089,109</u>
<u>Restricted - Proprietary Funds and Business-Type Activities</u>		
Airport	Restricted for future projects	\$ 455,345
Airport	Wisconsin Retirement System pension asset	139,114
Parking	Wisconsin Retirement System pension asset	65,234
Sewer	DNR replacement reserve	987,790
Sewer	Wisconsin Retirement System pension asset	216,876
Water	Replacement fund	204,790
Water	Wisconsin Retirement System pension asset	226,203
Storm	Wisconsin Retirement System pension asset	77,807
	Total Restricted - Proprietary Funds and Business-Type Activities	<u>\$ 2,373,159</u>

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 13 - 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. During 2020, notices of injury were filed by a neighboring township's property owners regarding alleged private well contamination. As of the financial statement date, the dollar amount of a potential liability could not be reasonably determined as it is not yet probable that a liability will be incurred.

All capital projects fund balances consist of unspent bond proceeds which have been restricted for future projects.

The Component Unit has contracted with a master developer for a development project. The contract includes performance incentives with a maximum of \$825,000.

NOTE 14 - Tax Incremental Finance Districts

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

The City has thirteen active Tax Incremental Financing Districts. The following are project summaries of the activity and status of the districts through December 31, 2020:

	#6	#7	#10	#11	#12	#13
SOURCES OF FUNDS						
TIF tax collections	\$ 27,249,255	\$ 4,069,346	\$ 509,242	\$ 30,570,566	\$ 7,481,580	\$ 10,495,090
Exempt computer aids	1,296,067	73,617	90,366	4,570,660	113,647	1,541,458
Payment from other government	-	-	688,807	-	-	-
Sale of assets	237,347	418,534	26,806	828,002	42,200	312,670
Grants	441,015	985,445	-	5,432,773	42,640	375,000
Economic development proceeds	-	10,000	-	640	-	128
DNR loan	-	-	-	-	-	216,657
Judgment/liquidated damages	-	-	-	2,000,000	-	200,000
Loan repayments	-	10,999	-	659,684	-	51,250
Rents - net of costs	-	-	-	-	-	9,216
Interest income	6,082	-	256	21,894	2,306	-
Proceeds from long-term debt	33,692,804	2,724,981	240,750	37,061,983	7,355,928	4,351,797
Transfers from other TIF's	18,413,128	-	-	400,608	748,500	-
TOTAL SOURCES	81,335,698	8,292,922	1,556,227	81,546,810	15,786,801	17,553,266
USES OF FUNDS						
Capital expenditures	36,892,139	4,464,601	1,509,187	55,281,065	9,395,048	10,033,686
Principal and interest on long-term debt	42,955,087	3,208,783	177,629	23,998,830	6,541,660	5,495,470
Interest on advances	138,075	6,471	28,221	892,326	32,616	46,157
Incentives for reverse TIF	-	-	-	622,745	-	150,000
Final distribution	-	613,067	-	-	-	-
Transfers to other TIF's	703,587	-	-	-	-	-
TOTAL USES	80,688,888	8,292,922	1,715,037	80,794,966	15,969,324	15,725,313
FUND BALANCES (DEFICIT) AS OF						
DECEMBER 31, 2020	\$ 646,810	\$ -	\$ (158,810)	\$ 751,844	\$ (182,523)	\$ 1,827,953
FUTURE REQUIREMENTS						
Debt service	\$ 646,810	\$ -	\$ 8,901	\$ 19,906,611	\$ 4,985,685	\$ 66,749
Advances from other funds	-	-	202,364	2,400,000	214,115	518,576
Interest on advances	-	-	8,013	118,800	10,599	10,268
Proceeds from other governments	-	-	688,806	-	-	-
Estimated payable (developer's agreement)	-	-	-	5,330,000	-	250,000
Less receivables/plus payables	-	382,110	-	25,512	-	(72,689)
TOTAL FUTURE REQUIREMENTS	646,810	382,110	908,084	27,780,923	5,210,399	772,904
Less cash on hand (deficit)	(646,810)	(382,110)	(43,554)	(3,177,356)	(31,592)	(2,273,810)
BALANCE TO BE COLLECTED ON TIF DISTRICT	\$ -	\$ -	\$ 864,530	\$ 24,603,567	\$ 5,178,807	\$ (1,500,906)
DISTRICT TERMINATION DATE						
	2021	2020	2030	2031	2032	2026
2020 Tax Increment	\$ 1,728,914	\$ 326,395	\$ 248,546	\$ 4,059,977	\$ 542,019	\$ 2,973,445

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2020

NOTE 14 - Tax Incremental Finance Districts - Continued

	#14	#15	#16	#17	#18	#19	#20
SOURCES OF FUNDS							
TIF tax collections	\$ 12,944,019	\$ 3,925,926	\$ 545,883	\$ 3,929,560	\$ -	\$ -	\$ -
Exempt computer aids	10,863,011	395,382	10,887	68,504	-	-	-
Payment from other government	-	-	-	1,003,448	-	-	-
Sale of assets	365,478	-	-	-	-	-	-
Grants	1,229,905	-	-	2,722	-	-	-
Economic development proceeds	-	-	30,000	-	-	-	-
DNR loan	-	-	-	-	-	-	-
Judgment/liquidated damages	-	4,670	-	-	-	-	-
Interest income	33,434	830	490	6,140	-	-	-
Proceeds from long-term debt	1,185,993	-	1,736,875	16,190,000	-	-	-
Proceeds from entity	3,071,283	272,935	-	-	-	-	-
Transfers from other TIF's	5,000	-	-	-	-	-	-
TOTAL SOURCES	29,698,123	4,599,743	2,324,135	21,200,374	-	-	-
USES OF FUNDS							
Capital expenditures	14,522,308	3,700,343	2,340,659	16,393,468	9,409	9,409	9,409
Principal and interest on long-term debt	450,823	24	-	4,225,320	-	-	-
Interest on advances	8,781	-	25,917	428	-	-	-
Incentives for reverse TIF	8,669,082	1,012,964	-	-	-	-	-
TOTAL USES	23,650,994	4,713,331	2,366,576	20,619,216	9,409	9,409	9,409
FUND BALANCES (DEFICIT) AS OF							
DECEMBER 31, 2020	\$ 6,047,129	\$ (113,588)	\$ (42,441)	\$ 581,158	\$ (9,409)	\$ (9,409)	\$ (9,409)
FUTURE REQUIREMENTS							
Debt service	\$ 25,823	\$ -	\$ -	\$ 12,667,360	\$ -	\$ -	\$ -
Advances from other funds	-	-	129,161	-	-	-	-
Interest on advances	-	-	8,951	-	-	-	-
DNR loan	-	-	-	-	-	-	-
Estimated payable (developer's agreement)	7,805,000	4,675,000	-	905,000	-	-	-
Less receivables/plus payables	(141,068)	(65,828)	-	8,480	(9,409)	(9,409)	(9,409)
TOTAL FUTURE REQUIREMENTS	7,689,755	4,609,172	138,112	13,580,840	(9,409)	(9,409)	(9,409)
Less cash on hand (deficit)	(5,906,061)	-	(86,720)	(589,638)	-	-	-
BALANCE TO BE COLLECTED OF TIF							
DISTRICT	\$ 1,783,694	\$ 4,609,172	\$ 51,392	\$ 12,991,202	\$ (9,409)	\$ (9,409)	\$ (9,409)
DISTRICT TERMINATION DATE							
	2026	2033	2034	2035	2042	2042	2042
2020- Tax Increment	\$ 1,440,486	\$ 884,858	\$ 262,065	\$ 1,833,602	\$ -	\$ -	\$ -

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2020

NOTE 15 - 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 Quartz (formerly Gundersen Lutheran Health Plan), are responsible for the approval, processing, and payment of claims, after which they bill the City for reimbursement. The City is also responsible for a monthly administrative fee. The plan reports on a fiscal year ending December 31.

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

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

Unpaid Claims Liabilities - The following represent the changes in approximate aggregate liabilities for the City from January 1, 2019 to December 31, 2020:

	<u>Health Care</u>	<u>Workers' Compensation</u>	<u>Liability</u>
Liability Balance, January 1, 2019	\$ 3,892,811	\$ 1,091,676	\$ 206,493
Claims and changes in estimates	11,365,572	810,919	1,015,181
Claim payments	<u>(11,270,454)</u>	<u>(644,258)</u>	<u>(622,715)</u>
Liability Balance, January 1, 2020	3,987,929	1,258,337	598,959
Claims and changes in estimates	7,704,848	(318,128)	51,273
Claim payments	<u>(8,366,353)</u>	<u>(6,838)</u>	<u>(113,262)</u>
LIABILITY BALANCE, DECEMBER 31, 2020	<u>\$ 3,326,424</u>	<u>\$ 933,371</u>	<u>\$ 536,970</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, 2020

NOTE 15 - 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.

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 16 - Prior Period Adjustments and Equity Transfers

The equity transfers of \$722,066 on the statement of activities, governmental funds statement of revenue, expenditures, and changes in fund balances, and proprietary funds statement of revenue, expenses, and changes in net position, and statement of changes in net position— fiduciary fund are a result of the City's chart of accounts being restructured during the year.

The prior period adjustment of \$601,988 on the statement of activities is to adjust capital assets for equipment that was previously expensed.

The prior period adjustment of \$26,475,553 on the fiduciary fund statement of changes in net position is to correct the implementation of GASB 84.

CITY OF LA CROSSE, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA CROSSE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUE				
Taxes	\$ 35,868,657	\$ 35,868,657	\$ 35,971,576	\$ 102,919
Intergovernmental	16,316,098	16,316,098	17,269,385	953,287
Licenses and permits	1,994,175	1,994,175	1,720,497	(273,678)
Fines, forfeits and penalties	200	200	3,419	3,219
Public charges for services	1,278,900	1,278,900	369,611	(909,289)
Intergovernmental charges for services	1,788,628	1,788,628	1,649,648	(138,980)
Miscellaneous	1,055,089	1,055,089	1,740,165	685,076
TOTAL REVENUE	<u>58,301,747</u>	<u>58,301,747</u>	<u>58,724,301</u>	<u>422,554</u>
EXPENDITURES				
Current				
General government	9,332,147	12,842,377	8,913,969	3,928,408
Public safety	24,984,706	24,242,755	25,782,871	(1,540,116)
Public works	10,166,860	9,287,630	9,176,048	111,582
Health and human services	149,000	149,000	141,149	7,851
Culture, recreation and education	11,720,088	10,212,412	10,191,383	21,029
Conservation and development	-	-	5,697	(5,697)
Capital outlay	739,934	639,934	1,646,832	(1,006,898)
TOTAL EXPENDITURES	<u>57,092,735</u>	<u>57,374,108</u>	<u>55,857,949</u>	<u>1,516,159</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>1,209,012</u>	<u>927,639</u>	<u>2,866,352</u>	<u>1,938,713</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	10,015,563	10,015,563	4,199,471	(5,816,092)
Operating transfers (out)	(11,662,575)	(11,565,461)	(5,850,197)	5,715,264
Sale of capital assets	438,000	438,000	1,460,031	1,022,031
Issuance of long-term debt	-	-	977,152	(977,152)
TOTAL OTHER FINANCING (USES) SOURCES	<u>(1,209,012)</u>	<u>(1,111,898)</u>	<u>786,457</u>	<u>(55,949)</u>
NET CHANGE IN FUND BALANCE	-	(184,259)	3,652,809	1,882,764
FUND BALANCE - BEGINNING OF YEAR	<u>14,975,278</u>	<u>14,975,278</u>	<u>14,975,278</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 14,975,278</u>	<u>\$ 14,791,019</u>	<u>\$ 18,628,087</u>	<u>\$ 1,882,764</u>

The accompanying notes are an integral part of this schedule.

CITY OF LA CROSSE, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
YEAR ENDED DECEMBER 31, 2020

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 \$281,373.
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 public safety by \$1,540,116, conservation and development by \$5,697, and capital outlay by \$1,006,898 for the year ended December 31, 2020. The over expenditures were financed by under expenditures in other functions and greater than anticipated revenue.

CITY OF LA CROSSE, WISCONSIN
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF CHANGES IN THE OPEB HEALTHCARE LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Healthcare Liability			
Service cost	\$ 1,039,468	\$ 1,665,034	\$ 1,512,531
Interest	1,618,378	1,792,678	2,161,436
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(13,863,827)	-	(8,856,250)
Changes of assumptions or other input	2,816,961	879,410	(3,448,173)
Benefit payments	(3,464,664)	(4,414,782)	(4,449,578)
Administrative expense	-	-	-
Other changes	-	(3,291)	(2,208,450)
Net Changes in Total OPEB Healthcare Liability	(11,853,684)	(80,951)	(15,288,484)
Total OPEB Healthcare Liability - Beginning	51,375,839	51,456,790	66,745,274
Total OPEB Healthcare Liability - Ending	<u>\$ 39,522,155</u>	<u>\$ 51,375,839</u>	<u>\$ 51,456,790</u>
Covered payroll	\$ 19,122,675	\$ 20,440,991	\$ 20,440,991
Net OPEB healthcare liability as a percentage of covered payroll	206.68%	251.34%	251.73%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 19,122,675	\$ 20,440,991	\$ 20,440,991
Contributions as a percentage of covered payroll	-	-	-
Actuarial valuation date	1/1/2020	1/1/2018	1/1/2018
Measurement date	12/31/2020	12/31/2018	12/31/2018

The City implemented the Government Accounting Standards Board Statement No. 75 for the year ended December 31, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2020

Methods and assumptions used to determine actuarially calculations - entry age normal cost, 30 year level % open amortization, fair market value asset valuation, 1.93% discount rate, 4% salary increases, Wisconsin 2019 mortality table.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - there were no changes in the assumptions.

CITY OF LA CROSSE, WISCONSIN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years *

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2020	0.30594952%	\$ (9,865,210)	\$ 35,174,534	-28.05%	102.96%
2019	0.29907982%	10,640,823	33,894,372	31.39%	96.45%
2018	0.28830557%	(8,560,134)	32,414,141	-26.41%	102.93%
2017	0.27955334%	2,304,187	31,820,938	7.24%	99.12%
2016	0.27169553%	4,414,500	30,422,348	14.51%	98.20%
2015	0.27001724%	(6,632,361)	29,513,033	-22.47%	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 3,250,304	\$ (3,250,304)	\$ -	\$ 35,174,534	9.24%
2019	3,168,907	(3,168,907)	-	33,894,372	9.35%
2018	3,030,212	(3,030,212)	-	32,414,141	9.35%
2017	2,755,204	(2,755,204)	-	31,820,938	8.66%
2016	2,661,909	(2,661,909)	-	30,422,348	8.75%
2015	2,689,659	(2,689,659)	-	29,513,033	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 4 proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2020

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - No significant change in assumptions were noted from the prior year.

CITY OF LA CROSSE, WISCONSIN
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Last 10 Fiscal Years *

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2020	1.17931200%	\$ 5,021,740	\$ 31,321,000	16.03%	37.58%
2019	1.20713400%	3,114,813	30,307,000	10.28%	48.69%
2018	1.19802700%	3,604,360	50,380,462	7.15%	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 21,319	(21,319)	\$ -	\$ 31,321,000	0.07%
2019	23,257	(23,257)	-	30,307,000	0.08%
2018	22,750	(22,750)	-	50,380,462	0.05%

The City implemented the Government Accounting Standards Board Statement No. 75 for the year ended December 31, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 7 proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2020

Changes of benefit terms - there were no changes of benefit terms for any participating employer in the local retiree life insurance fund.

Changes of assumptions - Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

CITY OF LA CROSSE, WISCONSIN
OTHER SUPPLEMENTARY INFORMATION

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	SPECIAL REVENUE FUNDS	CAPITAL PROJECT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and investments	\$ 8,724,599	\$ 26,304,268	\$ 35,028,867
Receivable			
Taxes	-	14,379,506	14,379,506
Accounts and other	434,172	1,796,302	2,230,474
Special assessments	-	642,987	642,987
Loan	400,000	750,772	1,150,772
Due from other governments	2,579,381	125,474	2,704,855
Inventories	90,770	-	90,770
Prepays	47,198	-	47,198
Advances to other funds	127,802	-	127,802
TOTAL ASSETS	\$ 12,403,922	\$ 43,999,309	\$ 56,403,231
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND</u>			
<u>FUND BALANCES</u>			
 LIABILITIES			
Accounts payable	\$ 171,425	\$ 1,279,219	\$ 1,450,644
Accrued expenses			
Payroll	83,902	43	83,945
Due to other funds	-	155,626	155,626
Due to other governments	509,628	382,110	891,738
Deposit payable	61,676	-	61,676
Unearned revenue - other	831,790	774,742	1,606,532
Advances from other funds	2,547,951	3,464,216	6,012,167
TOTAL LIABILITES	4,206,372	6,055,956	10,262,328
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - tax roll	-	14,501,643	14,501,643
Unavailable revenue - special assessments	-	645,439	645,439
TOTAL DEFERRED INFLOWS OF RESOURCES	-	15,147,082	15,147,082
 FUND BALANCES			
Nonspendable	265,770	-	265,770
Restricted	-	23,357,896	23,357,896
Committed	7,966,841	-	7,966,841
Unassigned	(35,061)	(561,625)	(596,686)
TOTAL FUND BALANCES	8,197,550	22,796,271	30,993,821
TOTAL LIABILITIES, DEFERRED INFLOWS OF			
RESOURCES AND FUND BALANCES	\$ 12,403,922	\$ 43,999,309	\$ 56,403,231

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUE			
Taxes	\$ 3,262	\$ 12,467,530	\$ 12,470,792
Special assessment	-	181,917	181,917
Intergovernmental	5,536,217	6,030,833	11,567,050
Licenses and permits	631,834	-	631,834
Fines, forfeits and penalties	760,297	-	760,297
Public charges for services	1,849,869	567,442	2,417,311
Intergovernmental charges for services	366,975	-	366,975
Miscellaneous	<u>1,273,740</u>	<u>2,728,816</u>	<u>4,002,556</u>
TOTAL REVENUE	<u>10,422,194</u>	<u>21,976,538</u>	<u>32,398,732</u>
EXPENDITURES			
Current			
General government	729,140	232,753	961,893
Public safety	537,726	-	537,726
Public works	5,812,098	10,646	5,822,744
Health and human services	191,808	-	191,808
Culture, recreation and education	2,364,146	78,184	2,442,330
Conservation and development	213,694	865,781	1,079,475
Debt service			
Principal	6,866	-	6,866
Interest	198	17,148	17,346
Other	-	750	750
Capital outlay	<u>457,373</u>	<u>21,361,331</u>	<u>21,818,704</u>
TOTAL EXPENDITURES	<u>10,313,049</u>	<u>22,566,593</u>	<u>32,879,642</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>109,145</u>	<u>(590,055)</u>	<u>(480,910)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	694,811	2,054,378	2,749,189
Operating transfers (out)	(3,779,321)	(7,092,532)	(10,871,853)
Sale of capital assets	1,130	56,134	57,264
Issuance of long-term debt	<u>39,229</u>	<u>7,753,500</u>	<u>7,792,729</u>
TOTAL OTHER FINANCING (USES) SOURCES	<u>(3,044,151)</u>	<u>2,771,480</u>	<u>(272,671)</u>
EXCESS OF REVENUE AND OTHER SOURCES (UNDER) OVER EXPENDITURES AND OTHER USES	<u>(2,935,006)</u>	<u>2,181,425</u>	<u>(753,581)</u>
FUND BALANCE - BEGINNING OF YEAR	10,848,947	20,614,846	31,463,793
EQUITY TRANSFER	<u>283,609</u>	-	<u>283,609</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,197,550</u>	<u>\$ 22,796,271</u>	<u>\$ 30,993,821</u>

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEETS
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2020

	FEDERAL GRANTS	STATE GRANTS	LOCAL GRANTS	LIBRARY	LA CROSSE CENTER	TRANSIT	SPECIAL ASSIGNED	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS								
Cash and investments	\$ 105,116	\$ 312,684	\$ 42,002	\$ 2,228,124	\$ 122,222	\$ 471,667	\$ 5,442,784	\$ 8,724,599
Receivable								
Accounts and other	-	29,555	-	-	207,987	106,836	89,794	434,172
Loan	-	-	-	-	-	-	400,000	400,000
Due from other governments	-	188,398	-	-	-	2,387,951	3,032	2,579,381
Inventories	-	-	-	-	9,564	81,206	-	90,770
Prepays	-	9,000	-	-	-	35,085	3,113	47,198
Advances to other funds	-	-	-	-	-	-	127,802	127,802
TOTAL ASSETS	\$ 105,116	\$ 539,637	\$ 42,002	\$ 2,228,124	\$ 339,773	\$ 3,082,745	\$ 6,066,525	\$ 12,403,922
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ -	\$ 6,929	\$ -	\$ -	\$ 850	\$ 39,584	\$ 124,062	\$ 171,425
Accrued expenses								
Payroll	-	656	-	-	3,601	79,645	-	83,902
Due to other governments	-	-	-	-	-	494,335	15,293	509,628
Deposit payable	-	-	-	-	-	-	61,676	61,676
Unearned revenue - other	104,762	250,078	42,002	-	17,025	-	417,923	831,790
Advances from other funds	-	-	-	-	-	2,387,951	160,000	2,547,951
TOTAL LIABILITIES	104,762	257,663	42,002	-	21,476	3,001,515	778,954	4,206,372
FUND BALANCES								
Nonspendable	-	9,000	-	-	9,564	116,291	130,915	265,770
Committed	354	272,974	-	2,228,124	308,733	-	5,156,656	7,966,841
Unassigned	-	-	-	-	-	(35,061)	-	(35,061)
TOTAL FUND BALANCES	354	281,974	-	2,228,124	318,297	81,230	5,287,571	8,197,550
TOTAL LIABILITIES AND FUND BALANCES	\$ 105,116	\$ 539,637	\$ 42,002	\$ 2,228,124	\$ 339,773	\$ 3,082,745	\$ 6,066,525	\$ 12,403,922

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2020

	FEDERAL GRANTS	STATE GRANTS	LOCAL GRANTS	LIBRARY	LA CROSSE CENTER	TRANSIT	SPECIAL ASSIGNED	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUE								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,262	\$ 3,262
Intergovernmental	-	665,859	32,262	-	196,317	4,393,300	248,479	5,536,217
Licenses and permits	-	-	-	-	-	-	631,834	631,834
Fines, forfeits and penalties	-	-	-	-	-	-	760,297	760,297
Public charges for services	-	-	-	-	558,813	170,187	1,120,869	1,849,869
Intergovernmental charges for services	-	-	-	-	-	234,828	132,147	366,975
Miscellaneous	354	11,234	-	390,697	3,976	312,130	555,349	1,273,740
TOTAL REVENUE	354	677,093	32,262	390,697	759,106	5,110,445	3,452,237	10,422,194
EXPENDITURES								
Current								
General government	-	74,739	32,262	-	-	-	622,139	729,140
Public safety	-	384,769	-	-	-	-	152,957	537,726
Public works	-	-	-	-	-	5,516,464	295,634	5,812,098
Health and human services	-	-	-	-	-	-	191,808	191,808
Culture, recreation and education	-	-	-	360,321	460,665	-	1,543,160	2,364,146
Conservation and development	-	150,892	-	-	-	-	62,802	213,694
Debt service								
Principal	-	-	-	-	-	6,866	-	6,866
Interest	-	-	-	-	-	198	-	198
Capital outlay	-	138,184	-	-	-	118,806	200,383	457,373
TOTAL EXPENDITURES	-	748,584	32,262	360,321	460,665	5,642,334	3,068,883	10,313,049
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	354	(71,491)	-	30,376	298,441	(531,889)	383,354	109,145
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	5,000	42,161	-	-	479,597	168,053	694,811
Operating transfers (out)	-	(42,161)	-	-	(208,208)	-	(3,528,952)	(3,779,321)
Sale of capital assets	-	-	-	-	-	-	1,130	1,130
Issuance of long-term debt	-	-	-	-	-	39,229	-	39,229
TOTAL OTHER FINANCING (USES) SOURCES	-	(37,161)	42,161	-	(208,208)	518,826	(3,359,769)	(3,044,151)
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	354	(108,652)	42,161	30,376	90,233	(13,063)	(2,976,415)	(2,935,006)
FUND BALANCE - BEGINNING OF YEAR	-	390,626	(42,161)	2,197,748	228,064	94,293	7,980,377	10,848,947
EQUITY TRANSFER	-	-	-	-	-	-	283,609	283,609
FUND BALANCE - END OF YEAR	\$ 354	\$ 281,974	\$ -	\$ 2,228,124	\$ 318,297	\$ 81,230	\$ 5,287,571	\$ 8,197,550

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEETS
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2020

	CAPITAL PROJECTS	TIF 6	TIF 7	TIF 10	TIF 11	TIF 12	TIF 13	TIF 14	TIF 15	TIF 16	TIF 17
ASSETS											
Cash and investments	\$ 2,143,383	\$ 646,810	\$ 382,110	\$ 43,554	\$ 3,177,356	\$ 31,592	\$ 2,273,810	\$ 5,906,061	\$ -	\$ 86,720	\$ 589,638
Receivable											
Taxes	79,199	1,728,914	326,395	248,546	4,059,977	542,019	2,973,445	1,440,486	884,858	262,065	1,833,602
Accounts and other	108,198	-	23,970	-	-	-	72,689	150,000	-	-	-
Special assessments	642,987	-	-	-	-	-	-	-	-	-	-
Loan	-	-	220,000	-	-	-	98,750	252,606	179,416	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>2,973,767</u>	<u>2,375,724</u>	<u>952,475</u>	<u>292,100</u>	<u>7,237,333</u>	<u>573,611</u>	<u>5,418,694</u>	<u>7,749,153</u>	<u>1,064,274</u>	<u>348,785</u>	<u>2,423,240</u>
LIABILITIES											
Accounts payable	-	-	-	-	25,512	-	-	8,932	4,725	-	8,480
Accrued expenses											
Payroll	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	108,863	-	-
Due to other governments	-	-	382,110	-	-	-	-	-	-	-	-
Unearned revenue - other	-	-	243,970	-	-	-	98,750	252,606	179,416	-	-
Advances from other funds	-	-	-	202,364	2,400,000	214,115	518,576	-	-	129,161	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>626,080</u>	<u>202,364</u>	<u>2,425,512</u>	<u>214,115</u>	<u>617,326</u>	<u>261,538</u>	<u>293,004</u>	<u>129,161</u>	<u>8,480</u>
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - tax roll	201,336	1,728,914	326,395	248,546	4,059,977	542,019	2,973,445	1,440,486	884,858	262,065	1,833,602
Unavailable revenue - special assessments	645,439	-	-	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>846,775</u>	<u>1,728,914</u>	<u>326,395</u>	<u>248,546</u>	<u>4,059,977</u>	<u>542,019</u>	<u>2,973,445</u>	<u>1,440,486</u>	<u>884,858</u>	<u>262,065</u>	<u>1,833,602</u>
FUND BALANCES											
Restricted	2,126,992	646,810	-	-	751,844	-	1,827,923	6,047,129	-	-	581,158
Unassigned	-	-	-	(158,810)	-	(182,523)	-	-	(113,588)	(42,441)	-
TOTAL FUND BALANCES	<u>2,126,992</u>	<u>646,810</u>	<u>-</u>	<u>(158,810)</u>	<u>751,844</u>	<u>(182,523)</u>	<u>1,827,923</u>	<u>6,047,129</u>	<u>(113,588)</u>	<u>(42,441)</u>	<u>581,158</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,973,767</u>	<u>\$ 2,375,724</u>	<u>\$ 952,475</u>	<u>\$ 292,100</u>	<u>\$ 7,237,333</u>	<u>\$ 573,611</u>	<u>\$ 5,418,694</u>	<u>\$ 7,749,153</u>	<u>\$ 1,064,274</u>	<u>\$ 348,785</u>	<u>\$ 2,423,240</u>

(Continued on page 74)

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEETS
NONMAJOR CAPITAL PROJECT FUNDS - Continued
DECEMBER 31, 2020

	TIF 18	TIF 19	TIF 20	CAPITAL EQUIPMENT	FLOODPLAIN CONTROL	HOUSING	LIBRARY	PARKS AND RECREATION	ROADWAY AND INFRA- STRUCTURE	TOTAL NONMAJOR CAPITAL PROJECT FUNDS
ASSETS										
Cash and investments	\$ -	\$ -	\$ -	\$ 2,543,132	\$ 38,197	\$ -	\$ -	\$ 105,707	\$ 8,336,198	\$ 26,304,268
Receivable										
Taxes	-	-	-	-	-	-	-	-	-	14,379,506
Accounts and other	-	-	-	738	-	-	-	1,429,877	10,830	1,796,302
Special assessments	-	-	-	-	-	-	-	-	-	642,987
Loan	-	-	-	-	-	-	-	-	-	750,772
Due from other governments	-	-	-	-	-	-	-	-	125,474	125,474
TOTAL ASSETS	-	-	-	2,543,870	38,197	-	-	1,535,584	8,472,502	43,999,309
LIABILITIES										
Accounts payable	-	-	-	10,119	-	17,500	-	1,136,478	67,473	1,279,219
Accrued expenses										
Payroll	-	-	-	-	-	-	-	-	43	43
Due to other funds	9,409	9,409	9,409	-	-	18,536	-	-	-	155,626
Due to other governments	-	-	-	-	-	-	-	-	-	382,110
Unearned revenue - other	-	-	-	-	-	-	-	-	-	774,742
Advances from other funds	-	-	-	-	-	-	-	-	-	3,464,216
TOTAL LIABILITIES	9,409	9,409	9,409	10,119	-	36,036	-	1,136,478	67,516	6,055,956
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue - tax roll	-	-	-	-	-	-	-	-	-	14,501,643
Unavailable revenue - special assessments	-	-	-	-	-	-	-	-	-	645,439
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	15,147,082
FUND BALANCES										
Restricted	-	-	-	2,533,751	38,197	-	-	399,106	8,404,986	23,357,896
Unassigned	(9,409)	(9,409)	(9,409)	-	-	(36,036)	-	-	-	(561,625)
TOTAL FUND BALANCES	(9,409)	(9,409)	(9,409)	2,533,751	38,197	(36,036)	-	399,106	8,404,986	22,796,271
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ -	\$ -	\$ 2,543,870	\$ 38,197	\$ -	\$ -	\$ 1,535,584	\$ 8,472,502	\$ 43,999,309

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2020

	CAPITAL PROJECTS	TIF 6	TIF 7	TIF 10	TIF 11	TIF 12	TIF 13	TIF 14	TIF 15	TIF 16	TIF 17
REVENUE											
Taxes	\$ -	\$ 1,619,417	\$ 296,020	\$ 170,133	\$ 3,781,743	\$ 519,397	\$ 1,730,827	\$ 1,777,325	\$ 820,696	\$ 169,231	\$ 1,582,741
Special assessment	181,917	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	50,903	3,867	4,956	495,845	9,488	208,099	1,213,726	77,240	2,102	17,393
Public charges for services	-	-	2,932	-	505,833	-	1,250	57,427	-	-	-
Miscellaneous	24,315	6,082	-	256	21,894	2,306	18,110	769,777	830	490	6,140
TOTAL REVENUE	206,232	1,676,402	302,819	175,345	4,805,315	531,191	1,958,286	3,818,255	898,766	171,823	1,606,274
EXPENDITURES											
Current											
General government	157,283	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-
Culture, recreation and education	-	-	-	-	-	-	-	-	-	-	-
Conservation and development	-	8,143	397,026	9,554	26,251	9,552	234,501	62,769	25,188	18,501	46,069
Debt service											
Interest	-	-	-	1,002	11,880	1,060	2,567	-	-	639	-
Other	-	-	-	-	-	-	750	-	-	-	-
Capital outlay	437,687	-	50,530	200,000	944,559	40,565	516,524	2,763,086	2,507,484	64,355	52,783
TOTAL EXPENDITURES	594,970	8,143	447,556	210,556	982,690	51,177	754,342	2,825,855	2,532,672	83,495	98,852
EXCESS OF REVENUE (UNDER) OVER EXPENDITURES	(388,738)	1,668,259	(144,737)	(35,211)	3,822,625	480,014	1,203,944	992,400	(1,633,906)	88,328	1,507,422
OTHER FINANCING SOURCES (USES)											
Operating transfers in	125,160	-	-	-	22,101	-	-	5,000	-	-	-
Operating transfers (out)	(1,187,893)	(1,075,000)	(230,957)	(6,000)	(2,311,117)	(600,000)	-	-	-	-	(1,075,281)
Sale of capital assets	-	-	-	-	-	-	-	2,000	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-	590,000
TOTAL OTHER FINANCING (USES) SOURCES	(1,062,733)	(1,075,000)	(230,957)	(6,000)	(2,289,016)	(600,000)	-	7,000	-	-	(485,281)
EXCESS OF REVENUE AND OTHER SOURCES (UNDER) OVER EXPENDITURES AND OTHER USES	(1,451,471)	593,259	(375,694)	(41,211)	1,533,609	(119,986)	1,203,944	999,400	(1,633,906)	88,328	1,022,141
FUND BALANCE - BEGINNING OF YEAR	3,578,463	53,551	375,694	(117,599)	(781,765)	(62,537)	623,979	5,047,729	1,520,318	(130,769)	(440,983)
FUND BALANCE - END OF YEAR	\$ 2,126,992	\$ 646,810	\$ -	\$ (158,810)	\$ 751,844	\$ (182,523)	\$ 1,827,923	\$ 6,047,129	\$ (113,588)	\$ (42,441)	\$ 581,158

(Continued on page 76)

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS - Continued
YEAR ENDED DECEMBER 31, 2020

	TIF 18	TIF 19	TIF 20	CAPITAL EQUIPMENT	FLOODPLAIN CONTROL	HOUSING	LIBRARY	PARKS AND RECREATION	ROADWAY AND INFRA- STRUCTURE	TOTAL NONMAJOR CAPITAL PROJECT FUNDS
REVENUE										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,467,530
Special assessment	-	-	-	-	-	-	-	-	-	181,917
Intergovernmental	-	-	-	17,101	-	-	-	10,000	3,920,113	6,030,833
Public charges for services	-	-	-	-	-	-	-	-	-	567,442
Miscellaneous	-	-	-	1,018	128	-	-	1,517,362	360,108	2,728,816
TOTAL REVENUE	-	-	-	18,119	128	-	-	1,527,362	4,280,221	21,976,538
EXPENDITURES										
Current										
General government	-	-	-	-	-	49,069	-	-	26,401	232,753
Public works	-	-	-	-	-	-	-	-	10,646	10,646
Culture, recreation and education	-	-	-	78,184	-	-	-	-	-	78,184
Conservation and development	9,409	9,409	9,409	-	-	-	-	-	-	865,781
Debt service										
Interest	-	-	-	-	-	-	-	-	-	17,148
Other	-	-	-	-	-	-	-	-	-	750
Capital outlay	-	-	-	2,915,565	17,309	-	-	2,680,606	8,170,278	21,361,331
TOTAL EXPENDITURES	9,409	9,409	9,409	2,993,749	17,309	49,069	-	2,680,606	8,207,325	22,566,593
EXCESS OF REVENUE (UNDER) OVER EXPENDITURES	(9,409)	(9,409)	(9,409)	(2,975,630)	(17,181)	(49,069)	-	(1,153,244)	(3,927,104)	(590,055)
OTHER FINANCING SOURCES (USES)										
Operating transfers in	-	-	-	264,422	-	-	-	813,785	823,910	2,054,378
Operating transfers (out)	-	-	-	(263,610)	-	-	(58,812)	(109,458)	(174,404)	(7,092,532)
Sale of capital assets	-	-	-	54,134	-	-	-	-	-	56,134
Issuance of long-term debt	-	-	-	3,684,500	-	-	-	350,000	3,129,000	7,753,500
TOTAL OTHER FINANCING (USES) SOURCES	-	-	-	3,739,446	-	-	(58,812)	1,054,327	3,778,506	2,771,480
EXCESS OF REVENUE AND OTHER SOURCES (UNDER) OVER EXPENDITURES AND OTHER USES	(9,409)	(9,409)	(9,409)	763,816	(17,181)	(49,069)	(58,812)	(98,917)	(148,598)	2,181,425
FUND BALANCE - BEGINNING OF YEAR	-	-	-	1,769,935	55,378	13,033	58,812	498,023	8,553,584	20,614,846
FUND BALANCE - END OF YEAR	\$ (9,409)	\$ (9,409)	\$ (9,409)	\$ 2,533,751	\$ 38,197	\$ (36,036)	\$ -	\$ 399,106	\$ 8,404,986	\$ 22,796,271

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
DECEMBER 31, 2020

	<u>STOCK ROOM</u>	<u>SELF INSURED HEALTH</u>	<u>S125 FLEX SPENDING</u>	<u>LIABILITY CLAIMS</u>	<u>WORKER'S COMPENSATION</u>	<u>FUEL MANAGEMENT</u>	<u>TOTALS</u>
ASSETS							
CURRENT ASSETS							
Cash and investments	\$ 11,841	\$ 22,490,574	\$ 511,957	\$ 260,551	\$ 2,029,779	\$ 752,252	\$ 26,056,954
Accounts receivable							
Customer	-	18,534	16,187	-	-	-	34,721
Inventories	140,264	-	-	-	-	-	140,264
Prepays	-	32	-	-	-	-	32
RESTRICTED ASSETS							
Cash	-	-	2,026	-	16,917	-	18,943
TOTAL ASSETS	\$ 152,105	\$ 22,509,140	\$ 530,170	\$ 260,551	\$ 2,046,696	\$ 752,252	\$ 26,250,914
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	\$ 357	\$ 3,326,424	\$ 63,413	\$ 536,970	\$ 933,371	\$ -	\$ 4,860,535
Unearned revenue - other	-	136,884	-	-	-	-	136,884
TOTAL LIABILITIES	357	3,463,308	63,413	536,970	933,371	-	4,997,419
NET POSITION							
Restricted for other	-	-	2,026	-	16,917	-	18,943
Unrestricted	151,748	19,045,832	464,731	(276,419)	1,096,408	752,252	21,234,552
TOTAL NET POSITION	151,748	19,045,832	466,757	(276,419)	1,113,325	752,252	21,253,495
TOTAL LIABILITIES AND NET POSITION	\$ 152,105	\$ 22,509,140	\$ 530,170	\$ 260,551	\$ 2,046,696	\$ 752,252	\$ 26,250,914

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2020

	STOCK ROOM	SELF INSURED HEALTH	S125 FLEX SPENDING	LIABILITY CLAIMS	WORKER'S COMPENSATION	FUEL MANAGEMENT	TOTALS
OPERATING REVENUE							
Interdepartmental Sales	\$ -	\$ 11,132,241	\$ 81,721	\$ 125,820	\$ 842,140	\$ 3,181	\$ 12,185,103
Other revenues	425	501,474	28,841	99,335	324,726	-	954,801
TOTAL OPERATING REVENUE	<u>425</u>	<u>11,633,715</u>	<u>110,562</u>	<u>225,155</u>	<u>1,166,866</u>	<u>3,181</u>	<u>13,139,904</u>
OPERATING EXPENSES							
Plant and maintenance expenses:							
Salaries and wages	-	159,207	139,441	-	594,761	-	893,409
Supplies and expenses	-	3,056	-	-	-	-	3,056
TOTAL PLANT AND MAINTENANCE EXPENSES	<u>-</u>	<u>162,263</u>	<u>139,441</u>	<u>-</u>	<u>594,761</u>	<u>-</u>	<u>896,465</u>
General expenses:							
Office supplies and other expenses	12,946	2,456	-	-	-	-	15,402
Outside services employed	14	36,391	-	-	-	4,291	40,696
Insurance expense	-	1,237,724	-	113,262	6,838	-	1,357,824
Employee benefits	-	9,430,586	-	-	-	-	9,430,586
Miscellaneous general expenses	-	-	2,614	-	3,150	-	5,764
TOTAL GENERAL EXPENSES	<u>12,960</u>	<u>10,707,157</u>	<u>2,614</u>	<u>113,262</u>	<u>9,988</u>	<u>4,291</u>	<u>10,850,272</u>
TOTAL OPERATING EXPENSES	<u>12,960</u>	<u>10,869,420</u>	<u>142,055</u>	<u>113,262</u>	<u>604,749</u>	<u>4,291</u>	<u>11,746,737</u>
OPERATING (LOSS) INCOME	<u>(12,535)</u>	<u>764,295</u>	<u>(31,493)</u>	<u>111,893</u>	<u>562,117</u>	<u>(1,110)</u>	<u>1,393,167</u>
NONOPERATING REVENUE							
Interest income	67	279,078	1,773	599	6,758	2,522	290,797
Miscellaneous revenue	-	2,862	-	-	-	-	2,862
TOTAL NONOPERATING REVENUE	<u>67</u>	<u>281,940</u>	<u>1,773</u>	<u>599</u>	<u>6,758</u>	<u>2,522</u>	<u>293,659</u>
(LOSS) INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	<u>(12,468)</u>	<u>1,046,235</u>	<u>(29,720)</u>	<u>112,492</u>	<u>568,875</u>	<u>1,412</u>	<u>1,686,826</u>
OPERATING TRANSFER IN (OUT)	<u>-</u>	<u>-</u>	<u>78,007</u>	<u>-</u>	<u>(78,007)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(12,468)</u>	<u>1,046,235</u>	<u>48,287</u>	<u>112,492</u>	<u>490,868</u>	<u>1,412</u>	<u>1,686,826</u>
NET POSITION - BEGINNING OF YEAR	164,216	17,999,597	-	(388,911)	602,470	750,840	19,128,212
EQUITY TRANSFER	-	-	418,470	-	19,987	-	438,457
NET POSITION - END OF YEAR	<u>\$ 151,748</u>	<u>\$ 19,045,832</u>	<u>\$ 466,757</u>	<u>\$ (276,419)</u>	<u>\$ 1,113,325</u>	<u>\$ 752,252</u>	<u>\$ 21,253,495</u>

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2020

	STOCK ROOM	SELF INSURED HEALTH	S125 FLEX SPENDING	LIABILITY CLAIMS	WORKER'S COMPENSATION	FUEL MANAGEMENT	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 425	\$ 583,872	\$ 431,124	\$ 99,335	\$ (90,593)	\$ -	\$ 1,024,163
Receipts from municipality	-	11,132,241	81,721	125,820	842,140	3,181	12,185,103
Payments to suppliers for goods and services	(31,578)	(1,949,637)	60,799	(175,251)	(343,013)	(4,291)	(2,442,971)
Payments for employees wages and benefits	-	(9,589,793)	(139,441)	-	(594,761)	-	(10,323,995)
Net cash (used in) provided by operating activities	(31,153)	176,683	434,203	49,904	(186,227)	(1,110)	442,300
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfer from (to) governmental funds	-	-	78,007	-	(78,007)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	67	279,078	1,773	599	6,758	2,522	290,797
Net change in cash and cash equivalents	(31,086)	455,761	513,983	50,503	(257,476)	1,412	733,097
Cash and cash equivalents - beginning of year	42,927	22,034,813	-	210,048	2,304,172	750,840	25,342,800
Cash and cash equivalents - end of year	\$ 11,841	\$ 22,490,574	\$ 513,983	\$ 260,551	\$ 2,046,696	\$ 752,252	\$ 26,075,897
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities							
Operating (loss) income	\$ (12,535)	\$ 764,295	\$ (31,493)	\$ 111,893	\$ 562,117	\$ (1,110)	\$ 1,393,167
Adjustments to reconcile operating (loss) income to net cash flows from operating activities							
Changes in assets and liabilities							
Decrease (increase) in receivables - customers	-	82,398	402,283	-	(415,319)	-	69,362
(Increase) in inventories	(17,653)	-	-	-	-	-	(17,653)
(Increase) in prepaid expenses	-	(10)	-	-	-	-	(10)
(Decrease) increase in accounts payable	(965)	(670,000)	63,413	(61,989)	(333,025)	-	(1,002,566)
Total adjustments	(18,618)	(587,612)	465,696	(61,989)	(748,344)	-	(950,867)
Net cash (used in) provided by operating activities	\$ (31,153)	\$ 176,683	\$ 434,203	\$ 49,904	\$ (186,227)	\$ (1,110)	\$ 442,300
CASH AND CASH EQUIVALENTS AT END OF YEAR							
Cash and investments	\$ 11,841	\$ 22,490,574	\$ 511,957	\$ 260,551	\$ 2,029,779	\$ 752,252	\$ 26,056,954
Restricted cash	-	-	2,026	-	16,917	-	18,943
Total cash and cash equivalents	\$ 11,841	\$ 22,490,574	\$ 513,983	\$ 260,551	\$ 2,046,696	\$ 752,252	\$ 26,075,897

CITY OF LA CROSSE, WISCONSIN

OTHER REPORT

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

To the Common Council
City of La Crosse, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 15, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify deficiencies in internal control, described below that we consider to be material weaknesses:

2020-001 - Material Audit Adjustments

Program: City-wide

Criteria: Generally accepted accounting principles

Condition: Material audit adjustments were required to prevent the City's financial statements from being materially misstated.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that adjustments should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Systematic problem.

Prior Year Finding: Prior year finding 2019-001.

Recommendation: Improve the City's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect material adjustments.

Management's Response: The City will incorporate financial reporting internal controls to detect material adjustments, prevent materially misstated financial statements and increase the accuracy of the interim financial reports used by management.

2020-002 - Account Reconciliations

Program: City-wide

Criteria: Generally accepted accounting principles

Condition: Account reconciliations are not being done during the year or at year end for various accounts.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that account reconciliations are not being done.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Systematic problem.

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

Recommendation: Improve the City's financial reporting internal controls to prevent audit adjustments from occurring in the future. Account reconciliations should be done throughout the year and at year end to determine the ending balances in accounts are proper.

Management's Response: The City will incorporate monthly reconciliations for significant accounts which will require a supervisory review.

2020-003 - ATM Cash

Program: La Crosse Center and Airport

Criteria: At all times, the balance of the ATM cash general ledger accounts should accurately reflect the physical cash that is currently in each City controlled ATM.

Condition: ATM cash general ledger accounts had credit (negative) balances at year end that required adjusting. There was no record of ATM balances at December 31, 2020, so the cash accounts were adjusted using other, less precise, methods. The ATM cash general ledger accounts were not reconciled throughout the year.

Questioned Costs: Not applicable.

Context: The ATMs at the La Crosse Center and Airport are being used by customers and they are being refilled by City staff, but the accounting for ATM fills and reimbursements does not accurately reflect the cash activity.

Effect: This weakness could result misappropriated cash.

Information: Systematic problem.

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

Recommendation: Improve controls around ATM cash transactions including regular reconciliation of the general ledger accounts.

Management's Response: The City will incorporate monthly reconciliations of the ATM cash accounts which will require a supervisory review.

Compliance and Other Matters

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

City of La Crosse, Wisconsin's Response to Findings

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

Purpose of this Report

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
November 15, 2021