

**CITY OF LA CROSSE, WISCONSIN**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS'  
REPORT**

**DECEMBER 31, 2019**

# CITY OF LA CROSSE, WISCONSIN

## TABLE OF CONTENTS

DECEMBER 31, 2019

Page

3-4 Independent Auditors' Report

5-18 Management's Discussion and Analysis

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

19 Statement of Net Position

20 Statement of Activities

**FUND FINANCIAL STATEMENTS**

21 Balance Sheet - Governmental Funds

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

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

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

25-26 Statement of Net Position - Proprietary Funds

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

28-29 Statement of Cash Flows - Proprietary Funds

30 Statement of Net Position - Fiduciary Funds

31 Statement of Changes in Net Position - Fiduciary Funds

32-63 Notes to the Basic Financial Statements

# CITY OF LA CROSSE, WISCONSIN

## TABLE OF CONTENTS - Continued

DECEMBER 31, 2019

Page

**REQUIRED SUPPLEMENTARY INFORMATION**

64	Budgetary Comparison Schedule - General Fund
65	Notes to Required Supplementary Information on Budgetary Accounting and Control
66	OPEB Healthcare Defined Benefit Schedules
67	Wisconsin Retirement System Schedules
68	Wisconsin Retirement System Local Retiree Life Insurance Fund Schedules

**OTHER SUPPLEMENTARY INFORMATION**

69	Combining Balance Sheet - Nonmajor Governmental Funds
70	Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
71	Combining Balance Sheet - Nonmajor Special Revenue Funds
72	Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds
73-74	Combining Balance Sheet - Nonmajor Capital Projects Funds
75-76	Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds
77	Combining Statement of Net Position - Internal Service Funds
78	Combining Statement of Revenue, Expenses, and Changes in Net Position - Internal Service Funds
79	Combining Statement of Cash Flows - Internal Service Funds
80	Combining Statement of Net Position - Custodial Funds
81	Combining Statement of Changes in Net Position - Custodial Funds

**OTHER REPORT**

82-83	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>
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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, 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As described in Note 17 to the financial statements, in 2019, the City adopted new accounting guidance, GASB No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18, 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 September 17, 2020, on our consideration of the City of La Crosse's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of La Crosse's internal control over financial reporting and compliance.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
September 17, 2020

**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, 2019**

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, 2019. 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, 2019 by \$421,223,062 (net position).
- The City of La Crosse's total net position of Governmental Funds and Proprietary Funds increased by \$5,531,894.
- As of December 31, 2019, the City of La Crosse's governmental funds reported combined ending fund balances of \$69,362,905 a decrease of \$4,985,628 in comparison with the prior year. As of December 31, 2019, the unassigned fund balance for the general fund was \$12,491,729 or approximately 22.38% of total general fund expenditures.
- The City of La Crosse's total general obligation debt increased by \$3,726,600, or 5.26% during 2019. This increase is attributable to the City's financing of additional energy and sustainability improvements and the continued implementation of the City's debt model, which assists the City with planning and financing of future capital

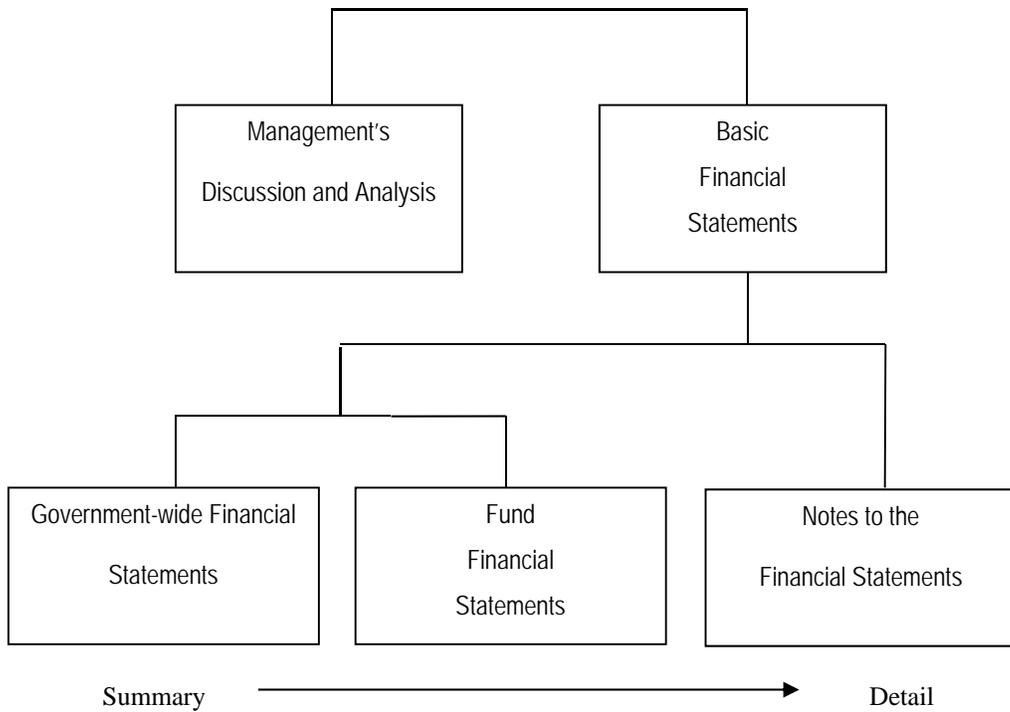
improvement projects. The City funded \$8,183,326 in capital improvement projects and new equipment purchases as listed in the City’s five-year Capital Improvement Budget with new borrowed funds. Those projects included various street, streetscaping, alley, bridge, civic center, fire, library, park, storm sewer, transit, airport, and water projects.

**Overview of the Financial Statements**

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

**Required Components of the Annual Financial Report**

**Figure 1**



**Basic Financial Statements**

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

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

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

### **Government-wide Financial Statements**

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

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

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

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

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

## **Fund Financial Statements**

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

### **Governmental Funds**

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

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

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

## **Proprietary Funds**

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

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

## **Fiduciary Funds**

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

## **Notes to the Financial Statements**

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

## **Other Information**

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

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of La Crosse exceeded liabilities by \$421,223,062 as of December 31, 2019. The City's net position increased by \$5,531,894 for the fiscal year ended December 31, 2019. However, the largest portion of the City's net position (86.87%) 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	
	2019	2018	2019	2018	2019	2018
Assets, net of Capital Assets	\$ 158,569	\$ 171,731	\$ 32,197	\$ 31,196	\$ 190,766	\$ 202,927
Capital Assets not Depreciated	54,104	39,003	45,518	34,201	99,622	73,204
Capital Assets, net of Depreciation	184,204	199,442	145,932	143,339	330,136	342,781
<b>TOTAL ASSETS</b>	<b>\$ 396,877</b>	<b>\$ 410,176</b>	<b>\$ 223,647</b>	<b>\$ 208,736</b>	<b>\$ 620,524</b>	<b>\$ 618,912</b>
DEFERRED OUTFLOWS OF RESOURCES						
Wisconsin Retirement System Pension	43,040	23,771	3,470	1,914	46,510	25,685
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 439,917</b>	<b>\$ 433,947</b>	<b>\$ 227,117</b>	<b>\$ 210,650</b>	<b>\$ 667,034</b>	<b>\$ 644,597</b>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET						
LIABILITIES						
<b>TOTAL LIABILITIES</b>	<b>\$ 128,338</b>	<b>\$ 113,598</b>	<b>\$ 29,506</b>	<b>\$ 29,893</b>	<b>\$ 157,844</b>	<b>\$ 143,491</b>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue-Tax Roll	\$ 46,263	\$ 46,938	\$ 168	\$ 116	\$ 46,431	\$ 47,054
Wisconsin Retirement System Pension	37,786	34,694	3,750	3,666	41,536	38,360
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 84,049</b>	<b>\$ 81,632</b>	<b>\$ 3,918</b>	<b>\$ 3,782</b>	<b>\$ 87,967</b>	<b>\$ 85,414</b>
NET POSITION						
Net Investment in Capital Assets	\$ 194,457	\$ 190,612	\$ 171,450	\$ 156,420	\$ 365,907	\$ 347,032
Restricted For:						
Special Revenue	758	1,630	-	-	758	1,630
Debt Service	11,551	6,472	-	-	11,551	6,472
Capital Projects	28,802	35,080	1,880	2,806	30,682	37,886
Other Activities	-	7,930	-	630	-	8,560
Unrestricted	(8,038)	(3,007)	20,362	17,118	12,324	14,111
<b>TOTAL NET POSITION</b>	<b>\$ 227,530</b>	<b>\$ 238,717</b>	<b>\$ 193,692</b>	<b>\$ 176,974</b>	<b>\$ 421,222</b>	<b>\$ 415,691</b>

An additional portion of the City's net position of \$42,991,968 (10.21%) represents resources that are subject to external restrictions on how they may be used. The

remaining balance of unrestricted net position or \$12,324,005 (2.93%) may be used to meet the government's ongoing obligations to citizens or creditors.

The City's total net position increased \$5,531,894 during the year. This increase was comprised of an increase in business type activities of \$16,717,716 and a decrease in the governmental type activities of \$11,185,822 during the year. This change was 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 decreased the City of La Crosse's net position by \$11,185,822. Key elements of this decrease are:

- Revenues were on a comparable level in 2019 versus 2018, although Capital Grants declined, there was an increase in Operating Grants and Charges for Service.
- Departments were required to keep 2019 budgets at 2018 levels unless increases were justified and approved by the Council. Minimal increases were granted for 2019 in various departments, mostly due to increases related to external factors such as utilities, supplies and collective bargaining agreements.
- Expenditures were at a higher level for 2019 compared to 2018, generally due to an increase of \$2.9 million in Public Safety.
- Plan design changes, insurance co-pays and a change in health insurance networks are having a positive impact on the City's self-insurance health fund and allowed for no increase in the funding for health insurance even though the national trend continues to rise. The City offers annual health risk assessment (HRA) opportunities to its employees and families as a proactive measure to curb potential future health insurance costs. Employees and their spouses are encouraged to participate in the health risk assessment program and are able to receive reduced monthly premium costs as an incentive to participate.

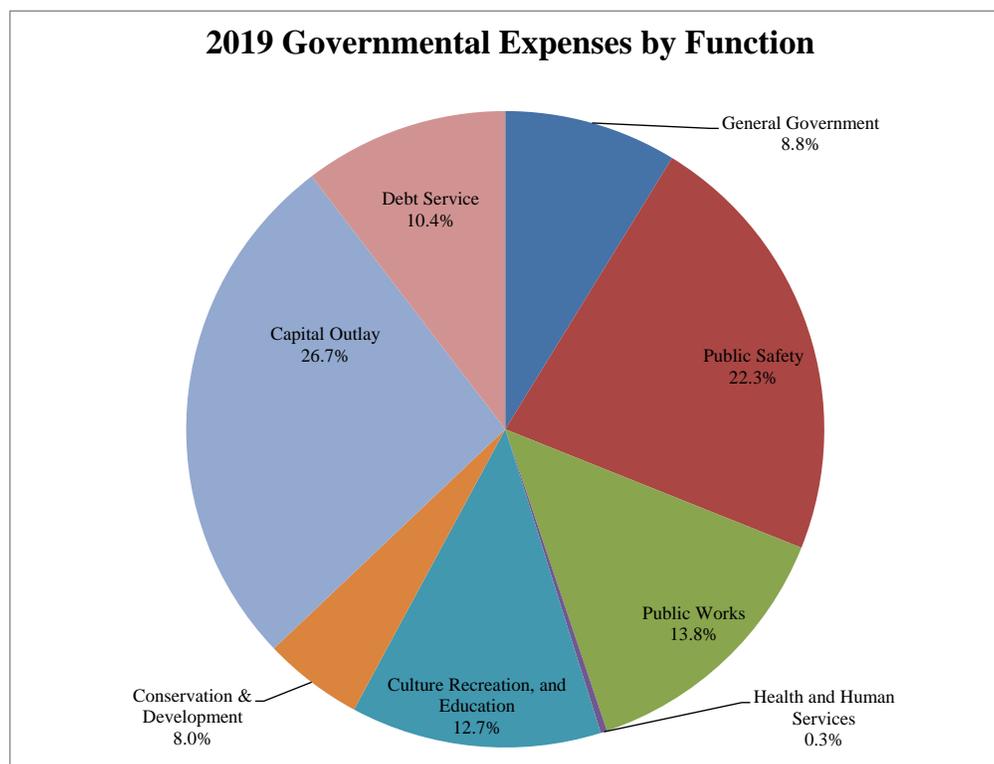
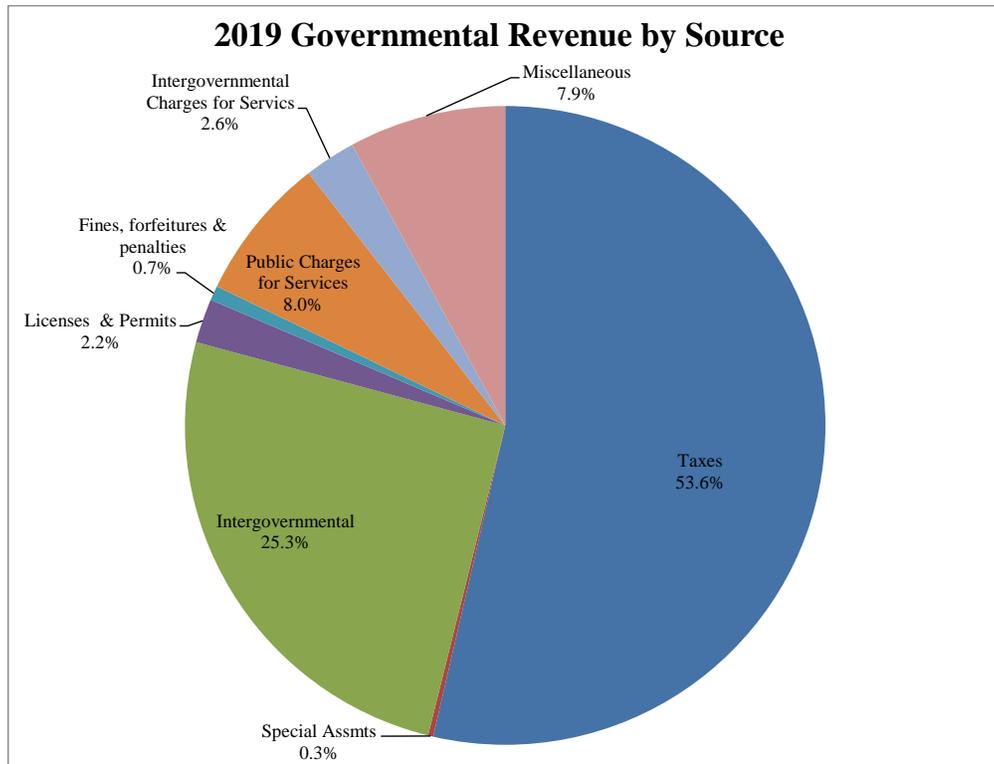
The following table represents the City's summarized operating results and their impact on net assets.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 14,353	\$ 14,764	\$ 21,500	\$ 20,441	\$ 35,853	\$ 35,205
Grants & Contributions	12,722	13,748	4,411	4,908	17,133	18,656
General Revenues:						
Taxes	51,067	50,814	-	-	51,067	50,814
State Shared Revenue	13,567	13,058	-	-	13,567	13,058
Interest and investment income	2,758	1,837	639	653	3,397	2,490
Miscellaneous	419	925	179	114	598	1,039
<b>Total Revenues</b>	<b>\$ 94,886</b>	<b>\$ 95,146</b>	<b>\$ 26,729</b>	<b>\$ 26,116</b>	<b>\$ 121,615</b>	<b>\$ 121,262</b>
<b>Expenses:</b>						
General Government	\$ 8,345	\$ 10,267		\$ -	\$ 8,345	\$ 10,267
Public Safety	26,492	23,536		-	26,492	23,536
Public Works	17,981	17,812		-	17,981	17,812
Health and Human Services	237	236		-	237	236
Culture, Recreation and Education	15,826	15,517		-	15,826	15,517
Conservation & Development	13,676	12,587		-	13,676	12,587
Principal, Interest & Fiscal Charges	2,222	2,184		-	2,222	2,184
Airport	-	-	4,708	4,544	4,708	4,544
Parking	-	-	3,026	2,844	3,026	2,844
Water	-	-	4,387	4,458	4,387	4,458
Sanitary Sewer	-	-	6,837	6,351	6,837	6,351
Storm Water	-	-	1,170	942	1,170	942
Other Business-type Activities	-	-	74	77	74	77
<b>Total Expenses</b>	<b>\$ 84,779</b>	<b>\$ 82,139</b>	<b>\$ 20,202</b>	<b>\$ 19,216</b>	<b>\$ 104,981</b>	<b>\$ 101,355</b>
Change in Net Position before Transfers	\$ 10,107	\$ 13,007	\$ 6,527	\$ 6,900	\$ 16,634	\$ 19,907
Transfers	803	4,386	(801)	(4,386)	2	-
Change in Net Position	\$ 10,910	\$ 17,393	\$ 5,726	\$ 2,514	\$ 16,636	\$ 19,907
Net Position, beginning of year	238,716	265,162	176,975	182,323	415,691	447,485
Prior Period Adjustment	(17,151)	(89)	6,047	265	(11,104)	176
Equity Transfers	(4,946)	-	4,946	-	-	-
Change in Accounting Principle	-	(43,750)	-	(8,126)	-	(51,876)
<b>Net Position, end of year</b>	<b>\$ 232,475</b>	<b>\$ 238,716</b>	<b>\$ 188,748</b>	<b>\$ 176,976</b>	<b>\$ 421,223</b>	<b>\$ 415,692</b>

Governmental Activities expenditures were at a higher level for 2019 compared to 2018, generally due to an increase of \$2.9 million in Public Safety.

The following two charts represent revenues by source and expenses by function for the City's Governmental Activities for 2019.



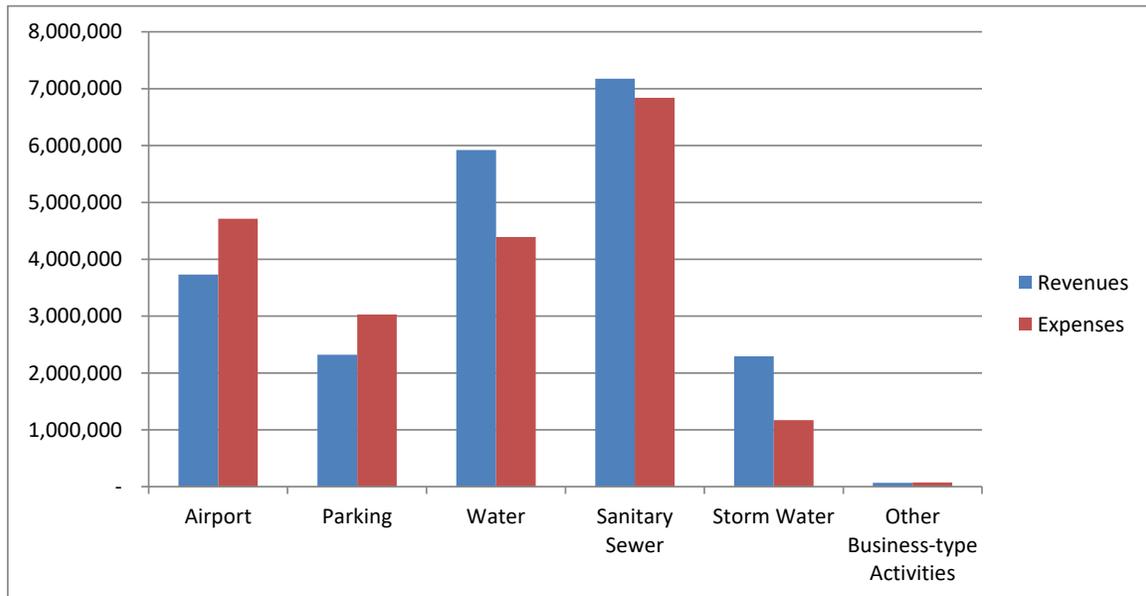
## Business-type Activities

Business-type activities increased the City's net position by \$16,717,716. 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 rate base. The Common Council now requires that 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 2019 for the City's Business-Type Activities.

### City of La Crosse, Wisconsin – 2019 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, 2019, the City of La Crosse's governmental funds reported combined ending fund balances of \$69,362,905. Of this amount \$14,975,278 is attributable to the General Fund balance and is designated as follows: \$2,123,549 or approximately is designated as Nonspendable; \$360,000 or approximately 2.4% is designated as Committed and \$12,491,729 or approximately 82.42% is designated as Unassigned.

The General Fund is the chief operating fund of the City of La Crosse, Wisconsin. As of December 31, 2019, the total fund balance of the general fund was \$14,975,278 of which \$12,491,729 is designated as Unassigned. This Unassigned fund balance represents approximately 26.81% of total general fund expenditures for 2019. The general fund balance decreased by \$1,133,051 in fiscal year 2019. Actual expenditures were more than final amended budgeted expenditures by approximately 0.53% or \$292,606. Actual revenue sources were more than the final amended budgeted revenues in the general fund by \$1,993,778 or approximately 3.37%.

The budgeted revenues were higher primarily due to:

- Miscellaneous revenues due to a land sale.
- The city received \$230,196 more than budgeted intergovernmental revenues.
- Higher than budgeted revenues in the public charges for services category.

The budget expenditures were higher primarily due to:

- Public Safety overtime expenses being higher than budgeted.

## 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	
	2019	2018	2019	2018
Airport	\$ 70,218	\$ 64,941	\$ 5,277	\$ 1,528
Parking	35,919	31,360	4,559	821
Water Utility	31,629	32,663	(1,034)	1,866
Sewer Utility	37,634	39,022	(1,388)	3,304
Storm Water Utility	14,767	11,031	3,736	(2,179)
Sanitary Sewer District	620	618	2	-
Total	<u>\$190,787</u>	<u>\$179,635</u>	<u>\$ 11,152</u>	<u>\$ 5,340</u>

## General Fund Budgetary Highlights

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

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

Actual revenues and other sources were more than budgeted revenues by \$1,993,778. Actual expenditures were more than budgeted expenditures by \$292,606.

Revenues exceeded budgetary estimates and expenditures came in over budget; the City's General Fund "Unassigned" balance increased by \$208,383. The City's General Fund combined fund balance is 22.39% of 2019 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, 2019, amounts to \$365,907,089 (net of accumulated depreciation), an increase of \$18,875,207 (5.44%). This investment in capital assets includes land, buildings, building improvements, improvements other than buildings, machinery & equipment, infrastructure, and construction work in progress. The total increase in the City's investment in capital assets for the current fiscal year consisted of a \$3,845,230 (2.02%) increase for governmental activities and a \$15,029,977 (9.61%) increase for business-type activities.

The following capital improvement projects for 2019 are contained and financed in the City's 2019-2023 five-year Capital Improvement Program budget:

- Airport facility and runway upgrades – approximately \$1,575,000.
- Capital Equipment purchases for various departments - approximately \$568,326.
- Various Park projects - approximately \$2,095,000.
- Continuing upgrades to the Sanitary Sewer infrastructure - approximately \$1,635,000.
- Storm water improvement projects - approximately \$3,105,831.
- Various street and streetscaping improvement projects - approximately \$7,094,600.
- Various Tax Incremental Financing District projects - approximately \$13,354,000.
- Miscellaneous Water projects - approximately \$960,000.

**The City of La Crosse, Wisconsin's Capital Assets**

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and Land Improvements	\$ 11,842	\$ 11,431	\$ 8,692	\$ 8,692	\$ 20,534	\$ 20,123
Buildings and Improvements	84,618	85,128	34,135	28,862	118,753	113,990
Machinery and Equipment	45,014	41,824	26,537	25,601	71,551	67,425
Infrastructure/systems	156,109	167,951	153,214	151,772	309,323	319,723
Construction in Progress	42,262	27,571	40,812	29,495	83,074	57,066
Less: Accumulated Depreciation	(101,537)	(95,461)	(71,940)	(66,881)	(173,477)	(162,342)
<b>Total</b>	<b>\$238,308</b>	<b>\$238,444</b>	<b>\$191,450</b>	<b>\$177,541</b>	<b>\$429,758</b>	<b>\$415,985</b>

**Long-Term Debt**

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

At the end of the 2019 fiscal year, the City of La Crosse had total general obligation debt outstanding of \$74,552,395 entirely backed by the full faith and credit of the government. This represents an increase of \$3,726,600 compared to the total general obligation debt outstanding as of the end of fiscal year 2018. This decrease is due primarily to scheduled borrowing and structured repayment of principle and interest in accordance with the City's debt model.

In 2019, the City sold two bond issues. The issues were dated September 5, 2019. Issue A was for 15-year Corporate Purpose Bonds for \$6,160,000 at a net interest rate of 1.946%. Issue B was for 10-year Promissory Notes for \$1,405,000 at a net interest rate of 1.599%. Issues A and B funded a portion of the City's \$33,479,008 annual capital improvement program budget and the various projects: Street and Streetscaping projects, Bridge projects, Storm Sewer projects, Fire projects, Water Projects, Library projects, Park projects, and Miscellaneous Tax Incremental Financing projects. The issues were rated AA by Standard & Poor's.

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 \$201,135,665 and its outstanding debt subject to State statutory limit at December 31, 2019 is \$74,552,395 or approximately 37.07%.

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

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation bonds/notes	\$ 57,422	\$ 51,941	\$ 20,000	\$ 21,121	\$ 77,422	\$ 73,062
Mortgage revenue bonds					-	-
Other long-term obligations	59,188	49,747	8,799	8,153	67,987	57,900
<b>Total</b>	<b>\$116,610</b>	<b>\$101,688</b>	<b>\$ 28,799</b>	<b>\$ 29,274</b>	<b>\$145,409</b>	<b>\$130,962</b>

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

- The 2019 unadjusted unemployment rate for the La Crosse MSA was 2.9% compared to the State average of 3.5% and compared to the National average of 3.5%.
- Inflationary trends in the region are comparable to national indices.
- The total value of building permits in 2019 was \$24,171,995 as compared to 2018 with \$82,300,320 and 2017 with \$105,929,494.

**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, 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and investments	\$ 97,570,229	\$ 20,837,364	\$ 118,407,593
Restricted cash and investments	-	2,219,252	2,219,252
Receivables			
Taxes	46,334,515	690,188	47,024,703
Accounts and other	1,875,919	4,324,725	6,200,644
Special assessments	263,061	-	263,061
Current portion of loans receivable	238,347	38,775	277,122
Internal balances	(3,188,667)	3,188,667	-
Due from other governments	356,400	-	356,400
Inventories	290,031	421,812	711,843
Prepaid items	71,311	466,097	537,408
Special assessments	395,156	6,096	401,252
Loans receivable	14,363,186	-	14,363,186
Other property	-	3,375	3,375
Capital assets not being depreciated	54,103,747	45,518,155	99,621,902
Capital assets, net of accumulated depreciation	<u>184,204,126</u>	<u>145,932,252</u>	<u>330,136,378</u>
<b>TOTAL ASSETS</b>	<b><u>396,877,361</u></b>	<b><u>223,646,758</u></b>	<b><u>620,524,119</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Healthcare OPEB	626,145	100,372	726,517
Wisconsin Retirement System LRLIF	383,356	94,706	478,062
Wisconsin Retirement System pension	<u>42,030,377</u>	<u>3,274,585</u>	<u>45,304,962</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>43,039,878</u></b>	<b><u>3,469,663</u></b>	<b><u>46,509,541</u></b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 439,917,239</u></b>	<b><u>\$ 227,116,421</u></b>	<b><u>\$ 667,033,660</u></b>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
<b>LIABILITIES</b>			
Accounts payable	\$ 8,471,885	\$ 421,288	\$ 8,893,173
Accrued liabilities			
Payroll, payroll taxes	2,196,713	254,361	2,451,074
Interest	522,212	30,893	553,105
Other	48,885	-	48,885
Due to other governments	33,736	-	33,736
Due to others	236,070	-	236,070
Unearned revenue	218,255	-	218,255
Current portion of long-term obligations	14,240,349	1,670,451	15,910,800
Noncurrent portion of long-term obligations	<u>102,369,440</u>	<u>27,128,557</u>	<u>129,497,997</u>
<b>TOTAL LIABILITIES</b>	<b><u>128,337,545</u></b>	<b><u>29,505,550</u></b>	<b><u>157,843,095</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - tax roll	46,263,085	167,874	46,430,959
Healthcare OPEB	8,418,601	1,349,518	9,768,119
Wisconsin Retirement System LRLIF	668,122	165,057	833,179
Wisconsin Retirement System pension	<u>28,699,286</u>	<u>2,235,960</u>	<u>30,935,246</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>84,049,094</u></b>	<b><u>3,918,409</u></b>	<b><u>87,967,503</u></b>
<b>NET POSITION</b>			
Net investment in capital assets	194,456,976	171,450,113	365,907,089
Restricted for:			
Special revenue	758,162	-	758,162
Debt service	11,550,548	-	11,550,548
Capital projects	28,802,686	1,880,572	30,683,258
Unrestricted	<u>(8,037,772)</u>	<u>20,361,777</u>	<u>12,324,005</u>
<b>TOTAL NET POSITION</b>	<b><u>227,530,600</u></b>	<b><u>193,692,462</u></b>	<b><u>421,223,062</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b><u>\$ 439,917,239</u></b>	<b><u>\$ 227,116,421</u></b>	<b><u>\$ 667,033,660</u></b>

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

**CITY OF LA CROSSE, WISCONSIN**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 8,345,058	\$ 2,861,442	\$ 1,119,518	\$ 79,630	\$ (4,284,468)		\$ (4,284,468)
Public safety							
Law enforcement	14,875,635	1,062,756	515,427	7,262	(13,290,190)		(13,290,190)
Fire protection	10,467,008	243,719	127,689	-	(10,095,600)		(10,095,600)
Other public safety	1,149,459	-	-	-	(1,149,459)		(1,149,459)
Public works							
Transportation	15,503,210	2,366,050	6,209,051	1,422,486	(5,505,623)		(5,505,623)
Storm sewer	69,812	33,173	14,025	-	(22,614)		(22,614)
Docks and harbors	17,938	59,361	-	-	41,423		41,423
Sanitation	2,389,545	9,909	180,854	-	(2,198,782)		(2,198,782)
Health and human services	237,138	168,438	1,358	-	(67,342)		(67,342)
Culture, recreation, and education							
Library	6,054,142	44,732	450,783	-	(5,558,627)		(5,558,627)
Auditorium	3,895,722	3,756,925	-	2,715	(136,082)		(136,082)
Parks and recreation	5,876,125	2,510,891	195,014	472,930	(2,697,290)		(2,697,290)
Conservation and development	13,676,353	1,235,182	1,324,279	599,161	(10,517,731)		(10,517,731)
Interest and fiscal charges	2,221,512	-	-	-	(2,221,512)		(2,221,512)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>84,778,657</b>	<b>14,352,578</b>	<b>10,137,998</b>	<b>2,584,184</b>	<b>(57,703,897)</b>		<b>(57,703,897)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Municipal Airport	4,708,175	3,728,233	-	4,261,315		\$ 3,281,373	3,281,373
Parking Utility	3,025,632	2,320,046	-	-		(705,586)	(705,586)
Water Utility	4,386,777	5,917,848	-	149,322		1,680,393	1,680,393
Sewer Utility	6,837,612	7,172,204	-	-		334,592	334,592
Storm Water Utility	1,170,171	2,292,315	-	-		1,122,144	1,122,144
Sanitary Sewer District	73,864	68,979	-	-		(4,885)	(4,885)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>20,202,231</b>	<b>21,499,625</b>	<b>-</b>	<b>4,410,637</b>		<b>5,708,031</b>	<b>5,708,031</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 104,980,888</b>	<b>\$ 35,852,203</b>	<b>\$ 10,137,998</b>	<b>\$ 6,994,821</b>	<b>(57,703,897)</b>	<b>5,708,031</b>	<b>(51,995,866)</b>
<b>GENERAL REVENUE</b>							
Taxes							
Property taxes, levied for general purposes					34,330,637	-	34,330,637
Tax increments					12,343,748	-	12,343,748
Other taxes					4,393,763	-	4,393,763
Intergovernmental revenue not restricted to specific programs					13,567,272	-	13,567,272
Interest and investment income					2,757,736	639,024	3,396,760
Miscellaneous					418,735	179,365	598,100
<b>TRANSFERS</b>					802,667	(801,091)	1,576
<b>TOTAL GENERAL REVENUE AND TRANSFERS</b>					<b>68,614,558</b>	<b>17,298</b>	<b>68,631,856</b>
CHANGE IN NET POSITION					10,910,661	5,725,329	16,635,990
NET POSITION - BEGINNING					238,716,422	176,974,746	415,691,168
PRIOR PERIOD ADJUSTMENT					(17,150,835)	6,046,739	(11,104,096)
EQUITY TRANSFERS					(4,945,648)	4,945,648	-
<b>NET POSITION - ENDING</b>					<b>\$ 227,530,600</b>	<b>\$ 193,692,462</b>	<b>\$ 421,223,062</b>

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

**CITY OF LA CROSSE, WISCONSIN**  
**FUND FINANCIAL STATEMENTS**

**CITY OF LA CROSSE, WISCONSIN**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>HUD PROGRAMS</u>	<u>BONDED CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and investments	\$ 14,365,951	\$ 312,611	\$ 18,069,498	\$ 11,565,256	\$ 28,360,629	\$ 72,673,945
Receivables						
Taxes	34,023,641	-	-	-	12,310,874	46,334,515
Accounts and other	1,060,580	3,922	45,000	-	744,492	1,853,994
Special assessments	-	-	-	-	658,217	658,217
Loans	-	9,490,846	-	1,850,242	3,260,445	14,601,533
Due from other funds	1,034,942	-	-	-	-	1,034,942
Due from other governments	31,298	60,164	-	-	264,938	356,400
Inventories	38,091	-	-	-	129,329	167,420
Prepaid items	30,839	-	-	-	40,450	71,289
Advances to other funds	1,924,211	-	-	1,400,000	127,802	3,452,013
<b>TOTAL ASSETS</b>	<b><u>\$ 52,509,553</u></b>	<b><u>\$ 9,867,543</u></b>	<b><u>\$ 18,114,498</u></b>	<b><u>\$ 14,815,498</u></b>	<b><u>\$ 45,897,176</u></b>	<b><u>\$ 141,204,268</u></b>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
<b>LIABILITIES</b>						
Accounts payable	\$ 1,342,171	\$ 63,655	\$ 241,980	\$ 14,708	\$ 961,699	\$ 2,624,213
Accrued liabilities	2,022,773	-	-	-	215,455	2,238,228
Due to other governments	-	-	-	-	33,736	33,736
Due to others	234,770	1,300	-	-	61,571	297,641
Unearned revenue	43,921	9,490,846	-	1,850,242	3,627,674	15,012,683
Advances from other funds	-	-	-	-	4,769,837	4,769,837
<b>TOTAL LIABILITIES</b>	<b><u>3,643,635</u></b>	<b><u>9,555,801</u></b>	<b><u>241,980</u></b>	<b><u>1,864,950</u></b>	<b><u>9,669,972</u></b>	<b><u>24,976,338</u></b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue						
Tax roll	33,890,640	-	-	-	12,310,874	46,201,514
Special assessments	-	-	-	-	663,511	663,511
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>33,890,640</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>12,974,385</u></b>	<b><u>46,865,025</u></b>
 <b>FUND BALANCES</b>						
Nonspendable	2,123,549	-	-	1,400,000	297,581	3,821,130
Restricted	-	311,742	17,872,518	11,550,548	11,376,588	41,111,396
Committed	360,000	-	-	-	12,955,283	13,315,283
Unassigned	12,491,729	-	-	-	(1,376,633)	11,115,096
<b>TOTAL FUND BALANCES</b>	<b><u>14,975,278</u></b>	<b><u>311,742</u></b>	<b><u>17,872,518</u></b>	<b><u>12,950,548</u></b>	<b><u>23,252,819</u></b>	<b><u>69,362,905</u></b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	 <b><u>\$ 52,509,553</u></b>	 <b><u>\$ 9,867,543</u></b>	 <b><u>\$ 18,114,498</u></b>	 <b><u>\$ 14,815,498</u></b>	 <b><u>\$ 45,897,176</u></b>	 <b><u>\$ 141,204,268</u></b>

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

**CITY OF LA CROSSE, WISCONSIN**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

Fund balances - total governmental funds		\$ 69,362,905
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund.		238,307,873
Some revenue is unavailable in the funds because they are not available to pay current period expenditures.		15,515,527
Wisconsin Retirement System pension deferred outflows of resources and deferred inflows of resources are not current financial resources and are not reported in fund statements.		13,331,091
Other post-employment benefits deferred inflows of resources and deferred outflows of resources are not current financial resources and are not reported in the fund statements.		(8,077,222)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets.		
Accrued interest payable	\$ (522,212)	
Bonds and notes payable, including premium	(52,129,645)	
Lease direct placement	(5,292,619)	
Compensated absences	(2,540,525)	
OPEB liability	(44,277,992)	
Wisconsin Retirement System LRLIF	(2,497,754)	
Wisconsin Retirement System net pension liability	<u>(9,871,254)</u>	(117,132,001)
Internal service funds assets and liabilities	\$ 19,128,212	
Receivable from business-type funds for internal service activity	<u>(2,905,785)</u>	<u>16,222,427</u>
<b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$227,530,600</u></b>

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

**CITY OF LA CROSSE, WISCONSIN**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	GENERAL FUND	HUD PROGRAMS	BONDED CAPITAL PROJECTS	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUE</b>						
Taxes	\$ 37,743,666	\$ -	\$ -	\$ 297,005	\$ 13,027,477	\$ 51,068,148
Special assessments	-	-	-	-	249,831	249,831
Intergovernmental	15,633,098	770,190	2,715	-	7,717,459	24,123,462
Licenses and permits	1,911,705	-	-	-	212,791	2,124,496
Fines, forfeits, and penalties	731	-	-	-	696,241	696,972
Public charges for services	2,167,575	-	-	-	4,808,273	6,975,848
Intergovernmental charges for services	2,130,440	-	-	-	324,774	2,455,214
Miscellaneous	1,619,008	1,147,949	565,549	894,172	3,334,251	7,560,929
<b>TOTAL REVENUE</b>	<u>61,206,223</u>	<u>1,918,139</u>	<u>568,264</u>	<u>1,191,177</u>	<u>30,371,097</u>	<u>95,254,900</u>
<b>EXPENDITURES</b>						
Current						
General government	9,509,460	-	-	-	242,018	9,751,478
Public safety	23,832,443	-	-	-	1,002,921	24,835,364
Public works	9,480,608	-	-	-	5,843,363	15,323,971
Health and human services	157,542	-	-	-	209,627	367,169
Culture, recreation, and education	9,809,117	-	44,089	-	4,283,451	14,136,657
Conservation and development	2,509,131	2,153,395	86,710	-	865,452	5,614,688
Capital outlay	498,159	134,882	14,220,260	-	14,888,401	29,741,702
Debt service						
Principal	-	-	-	9,033,855	-	9,033,855
Interest and other fiscal charges	-	-	-	2,438,937	78,974	2,517,911
<b>TOTAL EXPENDITURES</b>	<u>55,796,460</u>	<u>2,288,277</u>	<u>14,351,059</u>	<u>11,472,792</u>	<u>27,414,207</u>	<u>111,322,795</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>5,409,763</u>	<u>(370,138)</u>	<u>(13,782,795)</u>	<u>(10,281,615)</u>	<u>2,956,890</u>	<u>(16,067,895)</u>
<b>OTHER FINANCING (USES) SOURCES</b>						
Operating transfers in	11,790,405	386,254	5,621,950	15,900,000	4,346,560	38,045,169
Operating transfers out	(18,333,219)	(386,288)	(3,830,498)	(47,784)	(13,221,615)	(35,819,404)
Issuance of long-term debt	-	-	12,300,455	51,674	593,326	12,945,455
Premium on long-term debt	-	-	-	856,695	-	856,695
<b>TOTAL OTHER FINANCING (USES) SOURCES</b>	<u>(6,542,814)</u>	<u>(34)</u>	<u>14,091,907</u>	<u>16,760,585</u>	<u>(8,281,729)</u>	<u>16,027,915</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(1,133,051)</u>	<u>(370,172)</u>	<u>309,112</u>	<u>6,478,970</u>	<u>(5,324,839)</u>	<u>(39,980)</u>
<b>FUND BALANCES - BEGINNING</b>	16,108,329	681,914	22,102,022	6,471,578	28,984,690	74,348,533
<b>EQUITY TRANSFER</b>	-	-	(4,538,616)	-	(407,032)	(4,945,648)
<b>FUND BALANCES - ENDING</b>	<u>\$ 14,975,278</u>	<u>\$ 311,742</u>	<u>\$ 17,872,518</u>	<u>\$ 12,950,548</u>	<u>\$ 23,252,819</u>	<u>\$ 69,362,905</u>

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

**CITY OF LA CROSSE, WISCONSIN**  
**RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

Net change in fund balances - total governmental funds		\$ (39,980)
<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	\$ 29,741,702	
Less noncapitalized outlay	(6,455,768)	
Depreciation expense reported in the statement of activities	<u>(6,129,855)</u>	
Amount by which capital outlays are greater than depreciation in the current period:		17,156,079
The net effect of various miscellaneous transactions involving capital assets (i.e., loss on disposal of assets) is to decrease net position:		(142,131)
Some capital assets acquired during the year were financed with long-term debt. The amount of the long-term debt is reported in the governmental funds as a source of financing. In the statement of net position, however, long-term debt is not reported as a financing source, but rather constitutes a long-term liability. The amount of long-term debt issued in the governmental funds statement is:		(12,945,455)
Wisconsin Retirement System net pension liability and deferred outflows of resources changes.		(3,658,136)
Wisconsin Retirement System LRLIF liability, deferred inflows and inflows of resources, and deferred outflows of resources changes:		46,658
Net change due to internal services funds incorporated into the statement of activities.	\$ 461,046	
Transfers from business-type funds for internal service fund activity.	<u>(226,033)</u>	235,013
Certain employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
This year the accrual of these benefits increased by:		(34,629)
OPEB expense is not reported in the governmental funds.		2,453,099
Certain revenue is unavailable in the governmental funds because they are not available to pay current period expenditures. In the statement of activities, these are recorded as revenue in the current year, primarily special assessments.		322,578
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:	\$ 9,033,855	
Less amount for business-type activities:	<u>(895,683)</u>	8,138,172
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:		(674,124)
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.		
The amount of interest paid during the current period	\$ 2,366,846	
The amount of interest accrued during the current period	<u>(2,313,329)</u>	
Interest paid is greater than interest accrued by:		<u>53,517</u>
<b>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 10,910,661</u></b>

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

**CITY OF LA CROSSE, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2019**

	BUSINESS-TYPE ACTIVITIES						INTERNAL SERVICE	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>								
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash and investments	\$ 4,624,179	\$ 2,931,104	\$ 3,931,871	\$ 1,924,058	\$ 7,167,415	\$ 258,737	\$ 20,837,364	\$ 24,896,284
Restricted cash	68,002	-	750,123	1,401,127	-	-	2,219,252	-
Taxes receivable	-	128,979	272,049	194,850	94,310	-	690,188	-
Accounts receivable	304,566	792,217	1,298,156	1,419,644	450,519	59,623	4,324,725	21,925
Loans	-	-	20,725	18,050	-	-	38,775	-
Inventories	9,992	-	411,814	6	-	-	421,812	122,611
Prepaid items	464,019	376	634	785	283	-	466,097	22
<b>TOTAL CURRENT ASSETS</b>	<b>5,470,758</b>	<b>3,852,676</b>	<b>6,685,372</b>	<b>4,958,520</b>	<b>7,712,527</b>	<b>318,360</b>	<b>28,998,213</b>	<b>25,040,842</b>
<b>NONCURRENT ASSETS</b>								
<b>CAPITAL ASSETS</b>								
Property, plant, and equipment	59,934,938	61,586,657	47,146,597	50,275,439	3,010,013	624,934	222,578,578	-
Construction in progress	30,229,105	162,317	1,050,900	5,127,109	4,242,359	-	40,811,790	-
<b>TOTAL CAPITAL ASSETS</b>	<b>90,164,043</b>	<b>61,748,974</b>	<b>48,197,497</b>	<b>55,402,548</b>	<b>7,252,372</b>	<b>624,934</b>	<b>263,390,368</b>	<b>-</b>
Less accumulated depreciation	19,686,950	14,398,947	17,685,958	19,658,236	186,211	323,659	71,939,961	-
<b>NET CAPITAL ASSETS</b>	<b>70,477,093</b>	<b>47,350,027</b>	<b>30,511,539</b>	<b>35,744,312</b>	<b>7,066,161</b>	<b>301,275</b>	<b>191,450,407</b>	<b>-</b>
<b>OTHER ASSETS</b>								
Advances to other funds	-	1,000,000	202,364	82,966	32,494	-	1,317,824	-
Special assessments	-	-	6,096	-	-	-	6,096	-
Other property	-	-	3,375	-	-	-	3,375	-
<b>TOTAL OTHER ASSETS</b>	<b>-</b>	<b>1,000,000</b>	<b>211,835</b>	<b>82,966</b>	<b>32,494</b>	<b>-</b>	<b>1,327,295</b>	<b>-</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>70,477,093</b>	<b>48,350,027</b>	<b>30,723,374</b>	<b>35,827,278</b>	<b>7,098,655</b>	<b>301,275</b>	<b>192,777,702</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>75,947,851</b>	<b>52,202,703</b>	<b>37,408,746</b>	<b>40,785,798</b>	<b>14,811,182</b>	<b>619,635</b>	<b>221,775,915</b>	<b>25,040,842</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Healthcare OPEB	18,362	11,224	42,300	28,486	-	-	100,372	-
Wisconsin Retirement System LRLIF	5,869	5,367	18,432	57,412	7,626	-	94,706	-
Wisconsin Retirement System pension	619,453	295,932	885,074	1,114,057	360,069	-	3,274,585	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>643,684</b>	<b>312,523</b>	<b>945,806</b>	<b>1,199,955</b>	<b>367,695</b>	<b>-</b>	<b>3,469,663</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 76,591,535</b>	<b>\$ 52,515,226</b>	<b>\$ 38,354,552</b>	<b>\$ 41,985,753</b>	<b>\$ 15,178,877</b>	<b>\$ 619,635</b>	<b>\$ 225,245,578</b>	<b>\$ 25,040,842</b>

(Continued on page 26)

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

**CITY OF LA CROSSE, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS - Continued**  
**DECEMBER 31, 2019**

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL	
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	INTERNAL SERVICE	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET NET POSITION</b>						TOTALS		
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable	\$ 93,817	\$ 37,136	\$ 62,014	\$ 226,508	\$ 1,679	\$ 134	\$ 421,288	\$ 5,847,672
Accrued liabilities	55,666	30,906	72,227	78,674	16,888	-	254,361	7,370
Interest	30,893	-	-	-	-	-	30,893	-
Due to other funds	-	-	1,034,942	-	-	-	1,034,942	-
Compensated absences	21,816	20,469	137,528	134,926	-	-	314,739	-
Unearned revenue	-	-	-	-	-	-	-	57,588
Current portion of general obligation bonds	382,212	627,662	117,764	-	-	-	1,127,638	-
Current portion of post-employment benefits	48,475	23,158	69,261	87,180	-	-	228,074	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>632,879</u>	<u>739,331</u>	<u>1,493,736</u>	<u>527,288</u>	<u>18,567</u>	<u>134</u>	<u>3,411,935</u>	<u>5,912,630</u>
<b>NONCURRENT LIABILITIES</b>								
Net pension liability	145,485	69,503	207,868	261,647	84,566	-	769,069	-
General obligation bonds	3,626,547	14,490,258	755,851	-	-	-	18,872,656	-
Post-employment benefits	1,288,214	805,515	3,042,118	2,301,296	49,689	-	7,486,832	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>5,060,246</u>	<u>15,365,276</u>	<u>4,005,837</u>	<u>2,562,943</u>	<u>134,255</u>	<u>-</u>	<u>27,128,557</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>5,693,125</u>	<u>16,104,607</u>	<u>5,499,573</u>	<u>3,090,231</u>	<u>152,822</u>	<u>134</u>	<u>30,540,492</u>	<u>5,912,630</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - tax roll	-	129,099	20,725	18,050	-	-	167,874	-
Healthcare OPEB	246,875	150,907	568,735	383,001	-	-	1,349,518	-
Wisconsin Retirement System LRLIF	10,229	9,354	32,124	100,059	13,291	-	165,057	-
Wisconsin Retirement System pension	422,977	202,069	604,348	760,703	245,863	-	2,235,960	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>680,081</u>	<u>491,429</u>	<u>1,225,932</u>	<u>1,261,813</u>	<u>259,154</u>	<u>-</u>	<u>3,918,409</u>	<u>-</u>
<b>NET POSITION</b>								
Net investment in capital assets	66,468,334	32,232,107	29,637,924	35,744,312	7,066,161	301,275	171,450,113	-
Restricted for capital improvement	68,002	-	750,123	933,335	129,112	-	1,880,572	-
Unrestricted	3,681,993	3,687,083	1,241,000	956,062	7,571,628	318,226	17,455,992	19,128,212
<b>TOTAL NET POSITION</b>	<u>70,218,329</u>	<u>35,919,190</u>	<u>31,629,047</u>	<u>37,633,709</u>	<u>14,766,901</u>	<u>619,501</u>	<u>190,786,677</u>	<u>19,128,212</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 76,591,535</u>	<u>\$ 52,515,226</u>	<u>\$ 38,354,552</u>	<u>\$ 41,985,753</u>	<u>\$ 15,178,877</u>	<u>\$ 619,635</u>	<u>\$ 225,245,578</u>	<u>\$ 25,040,842</u>
							\$ 190,786,677	
							2,905,785	
							<u>\$ 193,692,462</u>	

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

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

**CITY OF LA CROSSE, WISCONSIN**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	BUSINESS-TYPE ACTIVITIES						TOTALS	GOVERNMENTAL ACTIVITIES
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	TOTALS	INTERNAL SERVICE
<b>OPERATING REVENUE</b>								
Charges for services	\$ 3,612,488	\$ 1,053,877	\$ 4,772,221	\$ 6,783,493	\$ 2,271,325	\$ 68,979	\$ 18,562,383	\$ -
Fines, forfeits, and penalties	-	1,195,813	-	-	20,990	-	1,216,803	-
Interfund charges for services	-	-	786,470	-	-	-	786,470	12,420,222
Intergovernmental charges for services	-	-	285,772	384,151	-	-	669,923	-
Miscellaneous	124,700	113,563	82,867	67,530	7,751	-	396,411	969,336
<b>TOTAL OPERATING REVENUE</b>	<u>3,737,188</u>	<u>2,363,253</u>	<u>5,927,330</u>	<u>7,235,174</u>	<u>2,300,066</u>	<u>68,979</u>	<u>21,631,990</u>	<u>13,389,558</u>
<b>OPERATING EXPENSES</b>								
Operations	2,014,202	1,194,774	690,257	4,315,511	903,776	62,320	9,180,840	12,564,828
Maintenance	395,907	399,372	1,455,957	1,028,153	204,629	8,404	3,492,422	-
General and administrative	89,762	163,548	1,000,656	383,790	34,587	1,156	1,673,499	-
Depreciation	1,750,743	1,275,149	1,183,082	1,052,312	44,264	1,984	5,307,534	-
Taxes	62,439	30,146	94,820	93,589	-	-	280,994	-
<b>TOTAL OPERATING EXPENSES</b>	<u>4,313,053</u>	<u>3,062,989</u>	<u>4,424,772</u>	<u>6,873,355</u>	<u>1,187,256</u>	<u>73,864</u>	<u>19,935,289</u>	<u>12,564,828</u>
<b>OPERATING (LOSS) INCOME</b>	<u>(575,865)</u>	<u>(699,736)</u>	<u>1,502,558</u>	<u>361,819</u>	<u>1,112,810</u>	<u>(4,885)</u>	<u>1,696,701</u>	<u>824,730</u>
<b>NONOPERATING (EXPENSES) REVENUE</b>								
Insurance recoveries	-	47,000	-	-	-	-	47,000	-
Intergovernmental grants	265,570	-	-	-	-	-	265,570	-
Interest income	153,237	79,372	118,195	110,911	171,046	6,263	639,024	489,414
Gain (loss) on disposal of capital assets	(351,352)	(27,902)	-	(31,278)	-	-	(410,532)	-
Interest expense	(94,605)	-	(27,712)	-	-	-	(122,317)	-
Amortization of premium	2,212	37,662	-	-	-	-	39,874	-
<b>TOTAL NONOPERATING REVENUE</b>	<u>(24,938)</u>	<u>136,132</u>	<u>90,483</u>	<u>79,633</u>	<u>171,046</u>	<u>6,263</u>	<u>458,619</u>	<u>489,414</u>
<b>(LOSS) INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>(600,803)</u>	<u>(563,604)</u>	<u>1,593,041</u>	<u>441,452</u>	<u>1,283,856</u>	<u>1,378</u>	<u>2,155,320</u>	<u>1,314,144</u>
<b>TRANSFER IN</b>	-	-	5,655	-	163,811	-	169,466	-
<b>TRANSFER (OUT)</b>	(237,907)	(135,034)	(1,063,527)	(83,995)	(20,094)	-	(1,540,557)	(853,098)
<b>CAPITAL CONTRIBUTIONS</b>	<u>3,995,745</u>	<u>570,000</u>	<u>149,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,715,067</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>3,157,035</u>	<u>(128,638)</u>	<u>684,491</u>	<u>357,457</u>	<u>1,427,573</u>	<u>1,378</u>	<u>5,499,296</u>	<u>461,046</u>
<b>NET POSITON - BEGINNING</b>	63,412,812	30,539,228	30,796,927	35,717,688	13,210,216	618,123	174,294,994	18,667,166
<b>PRIOR PERIOD ADJUSTMENT</b>	-	5,421,510	-	625,229	-	-	6,046,739	-
<b>EQUITY TRANSFER</b>	<u>3,648,482</u>	<u>87,090</u>	<u>147,629</u>	<u>933,335</u>	<u>129,112</u>	<u>-</u>	<u>4,945,648</u>	<u>-</u>
<b>NET POSITION - ENDING</b>	<u><b>\$ 70,218,329</b></u>	<u><b>\$ 35,919,190</b></u>	<u><b>\$ 31,629,047</b></u>	<u><b>\$ 37,633,709</b></u>	<u><b>\$ 14,766,901</b></u>	<u><b>\$ 619,501</b></u>	<u><b>\$190,786,677</b></u>	<u><b>\$ 19,128,212</b></u>

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

**CITY OF LA CROSSE, WISCONSIN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL	
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	INTERNAL SERVICE	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						<b>TOTALS</b>		
Receipts from customers	\$ 3,759,610	\$ 2,146,018	\$ 5,040,938	\$ 7,070,950	\$ 2,272,358	\$ 70,404	\$ 20,360,278	\$ 1,360,765
Receipts from municipality	-	-	1,225,104	-	-	-	1,225,104	-
Receipts from quasi-external transactions	-	-	-	-	-	-	-	12,761,815
Payments to suppliers for goods and services	(1,295,529)	(933,459)	(1,482,900)	(3,578,471)	(489,852)	(71,880)	(7,852,091)	(884,370)
Payments for employees for services	(797,639)	(567,910)	(1,107,044)	(1,369,373)	(431,691)	-	(4,273,657)	(117,819)
Payments for employee benefits	(607,982)	(234,495)	(671,010)	(1,084,724)	(190,304)	-	(2,788,515)	(10,907,438)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,058,460</u>	<u>410,154</u>	<u>3,005,088</u>	<u>1,038,382</u>	<u>1,160,511</u>	<u>(1,476)</u>	<u>6,671,119</u>	<u>2,212,953</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Operating grants received	265,570	-	-	-	-	-	265,570	-
Advance to other funds	-	-	109,740	76,001	-	-	185,741	-
Operating transfers from other funds	-	-	5,655	-	163,811	-	169,466	(853,098)
Operating transfers to other funds	(237,907)	(135,034)	(1,063,527)	(83,995)	(20,094)	-	(1,540,557)	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>27,663</u>	<u>(135,034)</u>	<u>(948,132)</u>	<u>(7,994)</u>	<u>143,717</u>	<u>-</u>	<u>(919,780)</u>	<u>(853,098)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition of property, plant, and equipment	(3,173,022)	(47,654)	(1,460,623)	(3,324,493)	(1,203,462)	-	(9,209,254)	-
Sale of capital assets	-	-	64,475	-	-	-	64,475	-
Proceeds from insurance	-	47,000	-	-	-	-	47,000	-
Retirement of capital related advance	-	1,124,158	-	-	-	-	1,124,158	-
Retirement of bonds and loans	(375,000)	-	(135,683)	-	-	-	(510,683)	-
Interest paid	(96,455)	-	(27,712)	-	-	-	(124,167)	-
NET CASH FLOWS (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,644,477)</u>	<u>1,123,504</u>	<u>(1,559,543)</u>	<u>(3,324,493)</u>	<u>(1,203,462)</u>	<u>-</u>	<u>(8,608,471)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest received	153,237	79,372	118,195	110,911	171,046	6,263	639,024	489,414
NET (DECREASE) INCREASE IN CASH AND INVESTMENTS	(2,405,117)	1,477,996	615,608	(2,183,194)	271,812	4,787	(2,218,108)	1,849,269
CASH AND INVESTMENTS - BEGINNING	<u>7,097,298</u>	<u>1,453,108</u>	<u>4,066,386</u>	<u>5,508,379</u>	<u>6,895,603</u>	<u>253,950</u>	<u>25,274,724</u>	<u>23,047,015</u>
<b>CASH AND INVESTMENTS - ENDING</b>	<u><b>\$ 4,692,181</b></u>	<u><b>\$ 2,931,104</b></u>	<u><b>\$ 4,681,994</b></u>	<u><b>\$ 3,325,185</b></u>	<u><b>\$ 7,167,415</b></u>	<u><b>\$ 258,737</b></u>	<u><b>\$ 23,056,616</b></u>	<u><b>\$ 24,896,284</b></u>

(Continued on page 29)

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

**CITY OF LA CROSSE, WISCONSIN**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	BUSINESS-TYPE ACTIVITIES						GOVERNMENTAL ACTIVITIES	
	MUNICIPAL AIRPORT	PARKING UTILITY	WATER UTILITY	SEWER UTILITY	NONMAJOR STORM WATER UTILITY	NONMAJOR SANITARY SEWER DISTRICT	INTERNAL SERVICE	
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>						TOTALS		
Operating (loss) income	\$ (575,865)	\$ (699,736)	\$ 1,502,558	\$ 361,819	\$ 1,112,810	\$ (4,885)	\$ 1,696,701	\$ 824,730
Adjustments to reconcile operating (loss) income to net cash flows from operating activities								
Depreciation	1,750,743	1,275,149	1,183,082	1,052,312	44,264	1,984	5,307,534	-
Depreciation charged to clearing	-	-	313,381	(166,710)	-	-	146,671	-
Changes in assets and liabilities								
Decrease (increase) in assets								
Receivables	22,422	(230,011)	(120,647)	(182,274)	(27,708)	1,425	(536,793)	728,934
Due from other funds	-	-	443,950	-	-	-	443,950	-
Inventories	1,403	-	(80,997)	-	-	-	(79,594)	(3,693)
WRS pension and OPEB obligations	(35,730)	16,597	(41,137)	(27,630)	15,981	-	(71,919)	-
Prepaid items	-	(3)	(66)	(158)	(10)	-	(237)	(1)
Increase (decrease) in liabilities								
Accounts payable	29,948	6,033	(208,102)	33,307	(1,221)	-	(140,035)	656,147
Accrued liabilities	6,154	(1,937)	(28,160)	(583)	7,085	-	(17,441)	2,748
Due to other funds	-	-	(5,316)	-	-	-	(5,316)	-
Unavailable revenue	-	12,776	20,725	18,050	-	-	51,551	4,088
Compensated absences	(8,584)	(11,707)	(11,451)	12,353	-	-	(19,389)	-
OPEB obligations	(132,031)	42,993	37,268	(62,104)	9,310	-	(104,564)	-
Total adjustments	<u>1,634,325</u>	<u>1,109,890</u>	<u>1,502,530</u>	<u>676,563</u>	<u>47,701</u>	<u>3,409</u>	<u>4,974,418</u>	<u>1,388,223</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b><u>\$ 1,058,460</u></b>	<b><u>\$ 410,154</u></b>	<b><u>\$ 3,005,088</u></b>	<b><u>\$ 1,038,382</u></b>	<b><u>\$ 1,160,511</u></b>	<b><u>\$ (1,476)</u></b>	<b><u>\$ 6,671,119</u></b>	<b><u>\$ 2,212,953</u></b>
<b>RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</b>								
Cash and investments	\$ 4,624,179	\$ 2,931,104	\$ 3,931,871	\$ 1,924,058	\$ 7,167,415	\$ 258,737	\$20,837,364	\$ 24,896,284
Restricted cash	68,002	-	750,123	1,401,127	-	-	2,219,252	-
<b>TOTAL</b>	<b><u>\$ 4,692,181</u></b>	<b><u>\$ 2,931,104</u></b>	<b><u>\$ 4,681,994</u></b>	<b><u>\$ 3,325,185</u></b>	<b><u>\$ 7,167,415</u></b>	<b><u>\$ 258,737</u></b>	<b><u>\$23,056,616</u></b>	<b><u>\$ 24,896,284</u></b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>								
Capital contributions	<u>\$ 3,995,745</u>	<u>\$ 570,000</u>	<u>\$ 149,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,715,067</u>	<u>\$ -</u>

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

**CITY OF LA CROSSE, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2019**

<u>ASSETS</u>	<u>CUSTODIAL FUNDS</u>
Cash and investments	\$ 28,593,260
Taxes receivable	28,302,690
Accounts receivable	<u>10,326</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 56,906,276</u></b>
<u>LIABILITIES AND NET POSITION</u>	
<b>LIABILITIES</b>	
Accounts payable	\$ 33,310
Due to other governments	27,772,303
Due to others	<u>78,767</u>
<b>TOTAL LIABILITIES</b>	<b>27,884,380</b>
<b>NET POSITION</b>	
Restricted for individuals and other governments	<u>29,021,896</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 56,906,276</u></b>

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

**CITY OF LA CROSSE, WISCONSIN**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	CUSTODIAL FUNDS
<b>ADDITIONS</b>	
Collections for other governments	\$ 56,074,993
Contributions	949,315
Interest	6,426
Other	<u>14,670</u>
<b>TOTAL ADDITIONS</b>	<u>57,045,404</u>
 <b>DEDUCTIONS</b>	
Payments to other governments	59,187,522
Benefits paid	385,736
Administrative expenses	8,334
Forfeiture transfers	448,768
Other	<u>16,192</u>
<b>TOTAL DEDUCTIONS</b>	<u>60,046,552</u>
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>	(3,001,148)
<b>TRANSFERS (OUT)</b>	<u>(1,576)</u>
<b>CHANGE IN NET POSITION</b>	(3,002,724)
<b>NET POSITION - BEGINNING</b>	609,401
<b>CHANGE IN ACCOUNTING PRINCIPLE</b>	<u>31,415,219</u>
<b>NET POSITION - ENDING</b>	<u><b>\$ 29,021,896</b></u>

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

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

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - Summary of Significant Accounting Policies**

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

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

**Reporting Entity**

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

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

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

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

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

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

**CITY OF LA CROSSE, WISCONSIN**  
NOTES TO BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019

**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, 2019

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

**Fiduciary 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, 2019

**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, 2019

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

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

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

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

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

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

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

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

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

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

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

**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, 2019

**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, 2019

**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.

**Change in Accounting Principle** - The City has implemented GASB Statement No. 84 *Fiduciary Activities* in 2019.

**NOTE 2 - Cash and Investments**

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

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

**NOTE 2 - Cash and Investments - Continued**

As of December 31, 2019, 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	\$ 55,638,520
Government Securities	More than one year	31,484,879
Repurchase Agreements	Less than one year	17,372,385
Corporate Bonds	More than one year	21,792,309
Bond Mutual Funds	Less than one year	1,341,589
Equity Mutual Funds	Less than one year	599,718
<b>TOTAL</b>		<b><u>\$ 128,229,400</u></b>

**Determining Fair Value** - The City categorizes its fair value measurements within 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, Corporate Bonds, and Bond and Equity Mutual Funds.
- 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, 2019, 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 A3 or higher as of December 31, 2019. The State of Wisconsin Investment Pool is not rated, however, the investments at all times consist solely of securities and instruments in which municipalities are permitted to invest.

**Custodial Credit Risk - Deposits** - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of December 31, 2019, \$19,436,380 of the City's bank balance of \$21,181,266, was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name	\$ 19,206,921
Uninsured and uncollateralized	229,459
	<b><u>\$ 19,436,380</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

**NOTE 2 - Cash and Investments - Continued**

**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, 2019, \$17,372,385 of the City's investments subject to custodial credit risk of \$17,372,385 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name	\$ 13,701,808
Uninsured and uncollateralized	3,670,577
	<b><u>\$ 17,372,385</u></b>

**NOTE 3 - Property Taxes**

Property taxes attach as an enforceable lien on property in December when the tax roll is certified. Taxes are levied on December 1 and are payable in four installments in January, March, May, and July, or are payable in full on January 31. Special assessments, charges, and personal property taxes are payable in full on January 31. The City bills and collects its own property taxes and also taxes for the State, County, Area Technical College, and Area Public Schools until August 12, at which time all uncollected real estate taxes are turned over to the county for collection. Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Property Tax Agency Fund. City property tax revenue is recognized in the year it is levied for and available for use. The 2019 tax roll (levied for 2020) has been set up as a receivable and offset by the amounts due to other governmental units and deferred tax roll revenue for the City's portion. Advance tax collections are offset against the receivable.

**NOTE 4 - Rehabilitation Loans**

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

The loans activity for the year was as follows:

	BALANCES 1/1/19	ADDITIONS	PAYMENTS, FOREGIVENESS & FORECLOSURES	CHANGE IN ACCRUED INTEREST	ADJUSTMENTS	BALANCES 12/31/19
Housing Rehabilitation	\$ 69,692	\$ -	\$ (3,000)	\$ -	\$ -	\$ 66,692
HOME Program	1,255,898	125,900	(84,350)	37,996	165,228	1,500,672
NSP Program	33,300	-	-	-	-	33,300
Replacement Housing	1,015,922	235,155	(30,827)	51,863	-	1,272,113
TID #14	194,034	10,000	(40,620)	-	-	163,414
Economic Development	5,477,052	250,000	(200,078)	(4,396)	-	5,522,578
TID #13	115,000	-	(15,000)	-	-	100,000
Residential Rehabilitation	6,106,743	465,627	(464,378)	-	(165,228)	5,942,764
<b>TOTAL</b>	<b><u>\$ 14,267,641</u></b>	<b><u>\$ 1,086,682</u></b>	<b><u>\$ (838,253)</u></b>	<b><u>\$ 85,463</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,601,533</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

**NOTE 5 - Capital Assets**

Capital asset activity for the year ended December 31, 2019, was as follows:

**GOVERNMENTAL ACTIVITIES**

	<u>BALANCES</u> <u>1/1/19</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> <u>12/31/19</u>
<i>Capital assets not being depreciated:</i>					
Land	\$ 11,431,434	\$ -	\$ -	\$ 410,214	\$ 11,841,648
Construction in progress	<u>27,571,434</u>	<u>21,470,073</u>	<u>-</u>	<u>(6,779,408)</u>	<u>42,262,099</u>
Total capital assets not being depreciated	<u>39,002,868</u>	<u>21,470,073</u>	<u>-</u>	<u>(6,369,194)</u>	<u>54,103,747</u>
<i>Capital assets being depreciated</i>					
Buildings	85,127,885	-	-	(509,867)	84,618,018
Infrastructure	142,109,068	-	-	(11,774,284)	130,334,784
Improvements other than buildings	25,842,111	-	-	(67,695)	25,774,416
Machinery and equipment	<u>41,824,117</u>	<u>1,815,861</u>	<u>196,364</u>	<u>1,570,205</u>	<u>45,013,819</u>
Total capital assets being depreciated	<u>294,903,181</u>	<u>1,815,861</u>	<u>196,364</u>	<u>(10,781,641)</u>	<u>285,741,037</u>
Less accumulated depreciation for:					
Buildings	19,135,469	1,174,625	-	-	20,310,094
Infrastructure	49,689,821	2,088,744	-	-	51,778,565
Improvements other than buildings	6,023,086	574,169	-	-	6,597,255
Machinery and equipment	<u>20,612,913</u>	<u>2,292,317</u>	<u>54,233</u>	<u>-</u>	<u>22,850,997</u>
Total accumulated depreciation	<u>95,461,289</u>	<u>6,129,855</u>	<u>54,233</u>	<u>-</u>	<u>101,536,911</u>
Total capital assets being depreciated, net	<u>199,441,892</u>	<u>(4,313,994)</u>	<u>142,131</u>	<u>(10,781,641)</u>	<u>184,204,126</u>
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
<b>CAPITAL ASSETS, NET</b>	<b><u>\$ 238,444,760</u></b>	<b><u>\$ 17,156,079</u></b>	<b><u>\$ 142,131</u></b>	<b><u>\$ (17,150,835)</u></b>	<b><u>\$ 238,307,873</u></b>

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

General Government	\$ 1,577,718
Law Enforcement	146,482
Fire Protection	329,377
Transportation/Highway	1,846,965
Transit	636,233
Storm Sewer	285,754
Docks and Harbors	17,938
Sanitation	8,630
Health and Human Services	15,697
Library	127,065
La Crosse Center	394,258
Parks and Recreation	548,970
Conservation and Development	194,768
<b>Total</b>	<b><u>\$ 6,129,855</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

**NOTE 5 - Capital Assets - Continued**

**BUSINESS-TYPE ACTIVITIES**

	<u>BALANCES</u> <u>1/1/19</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>ADJUSTMENTS/ TRANSFERS</u>	<u>BALANCES</u> <u>12/31/19</u>
<i>Capital assets not being depreciated:</i>					
Land	\$ 4,706,365	\$ -	\$ -	\$ -	\$ 4,706,365
Construction in progress	<u>29,494,856</u>	<u>12,083,625</u>	<u>-</u>	<u>(766,691)</u>	<u>40,811,790</u>
Total capital assets not being depreciated	<u>34,201,221</u>	<u>12,083,625</u>	<u>-</u>	<u>(766,691)</u>	<u>45,518,155</u>
<i>Capital assets being depreciated</i>					
Land improvements	3,986,194	-	-	-	3,986,194
Buildings	28,861,908	34,805	-	5,238,451	34,135,164
Equipment	25,601,052	1,255,919	340,306	20,000	26,536,665
Infrastructure	<u>151,772,025</u>	<u>619,974</u>	<u>572,412</u>	<u>1,394,604</u>	<u>153,214,191</u>
Total capital assets being depreciated	<u>210,221,179</u>	<u>1,910,698</u>	<u>912,718</u>	<u>6,653,855</u>	<u>217,872,214</u>
Less accumulated depreciation for:					
Land improvements	2,567,522	120,009	-	-	2,687,531
Buildings	10,740,811	838,596	-	-	11,579,407
Equipment	9,995,778	1,118,018	207,218	-	10,906,578
Infrastructure	<u>43,577,302</u>	<u>3,377,582</u>	<u>193,724</u>	<u>5,286</u>	<u>46,766,446</u>
Total accumulated depreciation	<u>66,881,413</u>	<u>5,454,205</u>	<u>400,942</u>	<u>5,286</u>	<u>71,939,962</u>
Total capital assets being depreciated, net accumulated depreciation	<u>143,339,766</u>	<u>(3,543,507)</u>	<u>511,776</u>	<u>6,647,769</u>	<u>145,932,252</u>

**BUSINESS-TYPE ACTIVITIES**

<b>CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b><u>\$ 177,540,987</u></b>	<b><u>\$ 8,540,118</u></b>	<b><u>\$ 511,776</u></b>	<b><u>\$ 5,881,078</u></b>	<b><u>\$ 191,450,407</u></b>
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Depreciation expense was charged to functions as follows:

Business-type activities	
Municipal Airport	\$ 1,750,743
Parking Utility	1,275,149
Water Utility	1,496,463
Sewer Utility	885,602
Storm Utility	44,264
Sanitary Sewer Utility	<u>1,984</u>
	5,454,205
Less: Water Utility joint metering and clearing	<u>(146,671)</u>
<b>TOTAL</b>	<b><u>\$ 5,307,534</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

**NOTE 6 - Long-Term Obligations**

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

**Summary of Long-Term Obligations**

	<u>BALANCES</u> <u>1/1/19</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>AMOUNTS</u> <u>BALANCES</u> <u>12/31/19</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
Bonds payable	\$ 52,795,000	\$ 6,160,000	\$ 5,130,000	\$ 53,825,000	\$ 5,115,000
Notes payable - direct borrowing	1,730,795	-	201,019	1,529,776	156,188
Notes payable - direct placement	16,300,000	1,405,000	3,800,000	13,905,000	2,870,000
Loan - direct placement	-	5,380,455	87,836	5,292,619	214,461
Premium	2,235,913	856,695	222,445	2,870,163	285,105
Net OPEB obligation	51,456,790	-	80,951	51,375,839	4,414,782
Wisconsin retirement system:					
Net pension liability	-	10,640,323	-	10,640,323	-
Net OPEB liability - LRLIF	3,604,360	-	489,547	3,114,813	-
Employee benefits:					
Vacation pay	1,440,135	7,039	-	1,447,174	1,447,174
Sick pay	1,226,025	3,308	-	1,229,333	1,229,333
Comp pay	173,863	4,894	-	178,757	178,757
TOTAL	<u>130,962,881</u>	<u>234,457,714</u>	<u>10,011,798</u>	<u>145,408,797</u>	<u>15,910,800</u>
Less business-type debt	<u>(29,274,448)</u>	<u>(914,693)</u>	<u>(1,390,133)</u>	<u>(28,799,008)</u>	<u>(1,670,451)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b><u>\$101,688,433</u></b>	<b><u>\$23,543,021</u></b>	<b><u>\$ 8,621,665</u></b>	<b><u>\$116,609,789</u></b>	<b><u>\$14,240,349</u></b>
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>					
Bonds/Notes Payable - direct placement					
Airport	\$ 4,355,000	\$ -	\$ 375,000	\$ 3,980,000	\$ 380,000
Parking	15,010,000	-	570,000	14,440,000	590,000
Water Utility	1,009,298	-	135,683	873,615	117,764
Premium	746,553	-	39,874	706,679	39,874
Net OPEB Obligation	7,343,773	-	245,926	7,097,847	228,074
Wisconsin retirement system:					
Net pension liability	-	769,069	-	769,069	-
Net OPEB liability - LRLIF	475,697	141,362	-	617,059	-
Employee benefits:					
Vacation pay	169,557	-	17,951	151,606	151,606
Sick pay	144,016	-	5,699	138,317	138,317
Comp pay	20,554	4,262	-	24,816	24,816
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b><u>\$ 29,274,448</u></b>	<b><u>\$ 914,693</u></b>	<b><u>\$ 1,390,133</u></b>	<b><u>\$ 28,799,008</u></b>	<b><u>\$ 1,670,451</u></b>

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, 2019**

**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, 2019, is comprised of the following individual issues:

<u>DESCRIPTION</u>	<u>ISSUE DATES</u>	<u>INTEREST RATES (%)</u>	<u>FINAL MATURITY</u>	<u>BALANCE 12/31/19</u>
<b>Bonds Payable</b>				
GO Bonds Payable A	2007	4.000 - 4.125	2020	\$ 470,000
GO Bonds Payable A	2010	0.750 - 5.050	2024	2,435,000
GO Bonds Payable A	2011	3.000 - 4.375	2025	2,620,000
GO Bonds Payable C	2011	2.000 - 4.000	2031	8,155,000
GO Bonds Payable A	2012	2.000 - 3.000	2026	2,455,000
GO Bonds Payable A	2013	2.000 - 2.200	2027	2,900,000
GO Bonds Payable A	2015	2.000 - 3.000	2029	1,215,000
GO Bonds Payable B	2015	2.000 - 3.000	2024	1,025,000
GO Bonds Payable A	2017	3.000 - 5.000	2032	4,960,000
GO Bonds Payable B	2017	3.000 - 5.000	2032	2,955,000
GO Bonds Payable D	2017	3.000 - 3.500	2037	14,440,000
GO Bonds Payable A	2018	3.000 - 5.000	2033	4,035,000
GO Bonds Payable A	2019	2.125 - 5.000	2034	6,160,000
TOTAL BONDS PAYABLE				<u>53,825,000</u>
<b>Notes Payable</b>				
GO Notes Payable B - direct placement	2011	2.000 - 4.000	2020	445,000
GO Notes Payable B - direct placement	2012	2.000 - 2.750	2021	440,000
GO Notes Payable B - direct placement	2013	2.000	2021	535,000
GO Notes Payable C - direct placement	2013	0.400 - 2.250	2021	130,000
GO Note Payable C - direct placement	2015	2.000	2024	2,430,000
State Trust Fund Loan 2015D - direct borrowing	2015	3.250	2025	222,366
State Trust Fund Loan 2015E - direct borrowing	2015	3.750	2030	630,468
GO Notes Payable A - direct placement	2016	2.000	2026	4,030,000
GO Notes Payable B - direct placement	2016	0.800 - 4.000	2022	895,000
GO Notes Payable C - direct placement	2017	2.000 - 3.000	2027	1,510,000
State Trust Fund Loan 2017E - direct borrowing	2017	3.500	2027	676,942
GO Notes Payable B - direct placement	2018	3.000	2028	2,085,000
GO Notes Payable B - direct placement	2019	2.000 - 5.000	2029	1,405,000
TOTAL NOTES PAYABLE				<u>15,434,776</u>
<b>Loan Payable - direct placement</b>				
Financed purchase - BOA Phase I & Phase II	2019	2.4000	2039	5,292,619
<b>TOTAL GENERAL OBLIGATION DEBT</b>				<b><u>\$ 74,552,395</u></b>

**General Obligation Debt Limit Calculation**

The 2019 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$4,022,713,300. The legal debt limit and margin of indebtedness as of December 31, 2019, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5 percent of \$4,022,713,300)	\$ 201,135,665
Applicable long-term debt	(74,552,395)
Amount available in debt service fund	<u>12,950,548</u>
<b>MARGIN OF INDEBTEDNESS</b>	<b><u>\$ 139,533,818</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

**NOTE 6 - Long-Term Obligations - Continued**

Maturities of Long-Term Obligations

Maturities of the long-term obligations at December 31, 2019, are:

YEARS	GENERAL OBLIGATION DEBT					
	BONDS		NOTES PAYABLE DIRECT BORROWING AND PLACEMENT		LOANS DIRECT PLACEMENT	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2020	\$ 5,115,000	\$ 1,863,303	\$ 3,026,188	\$ 381,788	\$ 214,461	\$ 124,672
2021	4,170,000	1,694,894	2,616,836	307,788	219,666	119,467
2022	4,245,000	1,551,529	2,047,535	246,459	224,997	114,138
2023	4,350,000	1,394,417	1,773,436	199,964	230,456	108,677
2024	4,440,000	1,232,328	1,814,458	154,417	236,048	103,086
2025-2029	16,750,000	3,922,824	4,087,877	234,686	1,268,989	426,677
2030-2034	11,735,000	1,298,344	68,446	2,567	1,430,611	265,058
2035-2039	3,020,000	197,194	-	-	1,467,391	83,671
<b>TOTAL</b>	<b><u>\$ 53,825,000</u></b>	<b><u>\$ 13,154,833</u></b>	<b><u>\$ 15,434,776</u></b>	<b><u>\$ 1,527,669</u></b>	<b><u>\$ 5,292,619</u></b>	<b><u>\$ 1,345,446</u></b>

**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, 2019 is \$6,410,093.

**NOTE 8 - Wisconsin Retirement System**

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

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

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

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

**NOTE 8 - Wisconsin Retirement System - Continued**

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

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

During the reporting period, the WRS recognized \$3,168,907 in contributions from the employer.

**CITY OF LA CROSSE, WISCONSIN**  
NOTES TO BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019

**NOTE 8 - Wisconsin Retirement System - Continued**

Contribution rates as of December 31, 2019 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the City reported a liability of \$10,640,323 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the City's proportion was 0.29907982%, which was an increase of 0.01077425% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$7,148,734.

At December 31, 2019, 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	\$8,287,200	\$14,648,789
Net differences between projected and actual earnings on pension plan investments	31,669,300	16,129,839
Changes in actuarial assumptions	1,793,569	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,576	156,618
Employer contributions subsequent to the measurement date	3,545,317	-
<b>Total</b>	<b>\$45,304,962</b>	<b>\$30,935,246</b>

\$3,545,317 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow of Resources	Deferred Inflows of Resources
2020	\$15,045,470	\$(11,128,618)
2021	9,920,805	(8,974,853)
2022	9,727,231	(8,010,918)
2023	7,066,139	(2,820,857)

**CITY OF LA CROSSE, WISCONSIN**  
NOTES TO BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019

**NOTE 8 - Wisconsin Retirement System - Continued**

**Actuarial Assumptions** - The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
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.

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. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

**Asset Allocation Targets and Expected Returns (as of December 31, 2018)**

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<b><u>Core Fund Asset Class</u></b>			
Global Equities	49	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

**NOTE 8 - Wisconsin Retirement System - Continued**

	<b>Current Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %</b>
<b><u>Variable Fund Asset Class</u></b>			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4
New England Pension Consultants Long-Term US CPI (Inflation) Forecast : 2.5%			
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, as opposed to a discount rate of 7.20% for the 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 3.71%. 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.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent, as well as what the District'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:

	<b>1% Decrease to Discount Rate (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase To Discount Rate (8.0%)</b>
City of La Crosse's proportionate share of the net pension liability (asset)	\$42,285,756	\$10,640,323	(\$12,890,511)

*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, 2019, the City reported a payable of \$470,845 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

**CITY OF LA CROSSE, WISCONSIN**  
NOTES TO BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019

**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>.

**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 employee 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.

Contribution rates as of December 31, 2019 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees 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, 2017 are as listed below:

Life Insurance Employee Contribution Rates For the year ended December 31, 2018	
Attained Age	Basic
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

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

During the reporting period, the LRLIF recognized \$23,257 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, 2019, the City reported a liability of \$3,114,813 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the City's proportion was 1.207134%, which was an increase of 0.0091707% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$313,836.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$158,012
Net differences between projected and actual earnings on OPEB investments	74,439	-
Changes in assumptions	297,201	675,167
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,434	-
Employer contributions subsequent to the measurement date	79,988	-
<b>Total</b>	<b>\$478,062</b>	<b>\$833,179</b>

\$79,998 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, 2019. 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 of Resources	Deferred Inflows of Resources
2020	\$ 79,359	\$ 136,266
2021	79,359	136,266
2022	79,359	136,266
2023	68,904	136,266
2024	58,135	136,266
2025	32,441	132,583
2026	519	19,266

**CITY OF LA CROSSE, WISCONSIN**  
NOTES TO BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019

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

**Actuarial Assumptions** - The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rated of Return:	5.00%
Discount Rate:	4.22%
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. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

**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, 2018

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40%	2.69%
US Long Credit Bonds	Barclays Long Credit	4%	3.01%
US Mortgages	Barclays MBS	54%	2.25%
US Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

**CITY OF LA CROSSE, WISCONSIN**  
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2019

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

**Single Discount Rate** - A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. 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.

**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 4.22 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 (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase To Discount Rate (5.22%)
City of La Crosse's proportionate share of the net pension liability (asset)	\$4,431,028	\$3,114,813	\$2,099,652

**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 January 1, 2018 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	166
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>295</u>
<b>Total</b>	<b><u>461</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
NOTES TO BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019

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

**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, 2019, the City paid \$4,414,782 in premium benefits.

**Actuarial Assumptions** - The net OPEB healthcare liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date:	December 31, 2018
Actuarial Cost Method:	Entry Age Normal - Level %
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	N/A
Discount Rate:	3.26%
Salary Increases:	4%
Mortality:	WRS December 31, 2017 Valuation
Medical Care Cost Trend:	7% decreasing by .31% 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, 2018. Actuarial assumptions are based upon the Wisconsin Retirement System December 31, 2017 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 3.26% 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 Net OPEB Healthcare Liability**

	TOTAL OPEB HEALTHCARE LIABILITY (a)	FIDUCIARY NET POSITION (b)	NET OPEB HEALTHCARE LIABILITY (a) - (b)
BEGINNING BALANCE	\$ 51,456,790	\$ -	\$ 51,456,790
Changes for the year:			
Service	1,665,034	-	1,665,034
Interest	1,792,678	-	1,792,678
Changes of assumption and other inputs	879,410	-	879,410
Benefit payments	(4,414,782)	-	(4,414,782)
Other adjustments	(3,291)	-	(3,291)
NET CHANGES	<u>(80,951)</u>	<u>-</u>	<u>(80,951)</u>
<b>ENDING BALANCE</b>	<b><u>\$ 51,375,839</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 51,375,839</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
NOTES TO BASIC FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019

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

**Sensitivity of the Net OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate** - The following presents the net OPEB healthcare liability calculated using the healthcare cost trend rate of 7 percent decreasing to 4.5 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6 percent decreasing to 3.5 percent) or 1-percentage-point higher (8 percent decreasing to 5.5 percent) than the current rate:

	1% Decrease to Healthcare Cost Rate (6.5% decreasing to 4%)	Current Healthcare Cost Rate (7% decreasing to 4.5%)	1% Increase to Healthcare Cost Rate (8.5% decreasing to 6%)
Net OPEB healthcare liability	\$47,486,452	\$51,375,839	\$55,829,405

**Sensitivity of the Net OPEB Healthcare Liability to Changes in the Discount Rate** - The following presents the net OPEB healthcare liability calculated using the discount rate of 3.64 percent, as well as what the net OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease to Discount Rate (2.26%)	Current Discount Rate (3.26%)	1% Increase to Discount Rate (4.26%)
Net OPEB healthcare liability	\$54,422,843	\$51,375,839	\$48,527,249

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

For the year ended December 31, 2019, the City recognized OPEB healthcare expense of \$1,231,798.

At December 31, 2019, 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	\$ -	\$5,955,487
Changes in assumptions	726,517	3,812,632
Net differences between projected and actual earnings on pension plan investments	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$726,517	\$9,768,119

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

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

\$-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, 2020. 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 of Resources	Deferred Inflows of Resources
2020	\$ 152,895	\$ 2,378,809
2021	152,895	2,378,809
2022	152,895	2,378,809
2023	152,895	2,378,809
2024	114,934	252,884

**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, 2019.

**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	<b><u>\$ 1,034,942</u></b>
Advances To/From Other Funds:		
General Fund	TIF District #17	\$ 595,621
General Fund	TIF District #12	65,585
General Fund	TIF District #13	518,576
General Fund	TIF District #16	34,429
General Fund	Other Special Revenue Funds	360,000
Parking Utility	TIF District #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
Budget Carryover	TIF District #12	127,802
General Fund	Other Special Revenue Funds	<u>350,000</u>
		<b><u>\$ 4,769,837</u></b>

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

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

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

Individual fund transfers during 2019 are as follows:

TRANSFER OUT:	TRANSFER IN:				
	GENERAL FUND	HUD PROGRAMS	DEBT SERVICE	BONDED CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS
General Fund	\$ -	\$ -	\$ 15,900,000	\$ -	\$ 2,407,819
HUD Programs	-	386,254	-	34	-
Debt Service	47,784	-	-	-	-
Bonded Capital Projects	-	-	-	2,021,370	1,809,128
Nonmajor Governmental Funds	9,531,554	-	-	3,517,645	-
Municipal Airport	222,600	-	-	-	15,307
Parking Utility	73,815	-	-	-	61,219
Water Utility	1,004,482	-	-	42,788	16,257
Sewer Utility	30,460	-	-	40,113	13,422
Storm Utility	-	-	-	-	20,094
Fiduciary	-	-	-	-	1,576
Internal Service	879,710	-	-	-	1738
<b>TOTAL</b>	<b>\$ 11,790,405</b>	<b>\$ 386,254</b>	<b>\$ 15,900,000</b>	<b>\$ 5,621,950</b>	<b>\$ 4,346,560</b>

TRANSFER OUT:	TRANSFER IN:			
	WATER UTILITY	STORM UTILITY	INTERNAL SERVICES	TOTAL
General Fund	\$ -	\$ -	\$ 25,400	\$18,333,219
HUD Programs	-	-	-	386,288
Debt Service	-	-	-	47,784
Bonded Capital Projects	-	-	-	3,830,498
Nonmajor Governmental Funds	5,655	163,811	2,950	13,221,615
Municipal Airport	-	-	-	237,907
Parking Utility	-	-	-	135,034
Water Utility	-	-	-	1,063,527
Sewer Utility	-	-	-	83,995
Storm Utility	-	-	-	20,094
Fiduciary	-	-	-	1,576
Internal Service	-	-	-	881,448
<b>TOTAL</b>	<b>\$ 5,655</b>	<b>\$ 163,811</b>	<b>\$ 28,350</b>	<b>\$38,242,985</b>

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:

FUND	PURPOSE/REASON	AMOUNT
<b>Deficits</b>		
TIF District #10	Awaiting future TIF levies	\$ 117,599
TIF District #11	Awaiting future TIF levies	781,765
TIF District #12	Awaiting future TIF levies	62,537
TIF District #16	Awaiting future TIF levies	130,769
TIF District #17	Awaiting future TIF levies	440,983
Liability Self Insurance	Awaiting future revenue	388,911
Other Custodial Fund	Awaiting future revenue	2,860
	<b>Total Deficits</b>	<b>\$ 1,925,424</b>

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

**NOTE 12 - Net Position and Fund Balances - Continued**

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>
<b><u>Nonspendable</u></b>		
General Fund	Inventory and prepaid expenses	\$ 68,930
General Fund	Advances to other funds	1,924,211
General Fund	Delinquent personal property tax	130,408
Budget Carryover	Prepaid expenses	4,925
Budget Carryover	Advances to other funds	127,802
Auditorium	Inventory	21,311
Transit	Inventory and prepaid expenses	143,543
Debt Service	Advances to other funds	1,400,000
	<b>Total Nonspendable</b>	<b><u>\$ 3,821,130</u></b>
<b><u>Restricted</u></b>		
Special Revenue	Other	\$ 347,986
Special Revenue	Police grants	98,434
Debt Service	Future debt repayment	11,550,548
Bonded Capital Projects	Unspent bond monies	17,872,518
Capital Projects	TIF District #6	53,551
Capital Projects	TIF District #7	375,694
Capital Projects	TIF District #13	623,979
Capital Projects	TIF District #14	5,047,729
Capital Projects	TIF District #15	1,520,318
Capital Projects	Capital equipment	1,563,665
Capital Projects	Special assessments	966,673
Capital Projects	State highway land	766,964
Capital Projects	Bluffland preservation	11,595
HUD Programs	Future loan payments	311,742
	<b>Total Restricted</b>	<b><u>\$ 41,111,396</u></b>
<b><u>Committed</u></b>		
General Fund	Capital projects	\$ 360,000
Special Revenue	Grant programs, inventory, and restricted revenue	12,955,283
	<b>Total Committed</b>	<b><u>\$ 13,315,284</u></b>
<b><u>Restricted - Governmental Activities</u></b>		
Special Revenue	Various projects	\$ 758,162
Debt Service	Future debt repayment	11,550,548
Capital Projects	Various projects	28,802,686
	<b>Total Restricted - Governmental Activities</b>	<b><u>\$ 41,111,396</u></b>
<b><u>Restricted - Proprietary Funds and Business-Type Activities</u></b>		
Sewer Utility	Restricted asset - DNR replacement fund	\$ 933,335
Municipal Airport	Restricted for future projects	68,002
Water Utility	Replacement fund	750,123
Storm Water Utility	Restricted for future projects	129,112
	<b>Total Restricted - Proprietary Funds and Business-Type Activities</b>	<b><u>\$ 1,880,572</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

**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.

All of the Bonded Capital Projects fund balance of \$17,872,518 has been restricted for future projects.

**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, 2019:

	<u>#6</u>	<u>#7</u>	<u>#9</u>	<u>#10</u>
<b>SOURCES OF FUNDS</b>				
TIF tax collections	\$ 25,629,838	\$ 3,773,326	\$ 6,075,177	\$ 339,109
Exempt computer aids	1,245,164	69,750	108,311	85,410
Payment from other government	-	-	724,555	688,807
Sale of assets	237,347	418,534	1,982,999	26,806
Grants	441,015	985,445	225,000	-
Economic development proceeds	-	10,000	-	-
Loan repayments	-	8,067	618,159	-
Proceeds from long-term debt	33,692,804	2,724,981	2,241,343	240,750
Transfers from other TIF's	18,413,128	-	67,943	-
<b>TOTAL SOURCES</b>	<u>79,659,296</u>	<u>7,990,103</u>	<u>12,043,487</u>	<u>1,380,882</u>
<b>USES OF FUNDS</b>				
Capital expenditures	36,883,996	4,399,155	8,718,720	1,299,633
Principal and interest on long-term debt	41,880,087	3,208,783	3,282,927	171,629
Interest on advances	138,075	6,471	41,840	27,219
Transfers to other TIF's	703,587	-	-	-
<b>TOTAL USES</b>	<u>79,605,745</u>	<u>7,614,409</u>	<u>12,043,487</u>	<u>1,498,481</u>
<b>FUND BALANCES (DEFICIT) AS OF</b>				
<b>DECEMBER 31, 2019</b>	<u>\$ 53,551</u>	<u>\$ 375,694</u>	<u>\$ -</u>	<u>\$ (117,599)</u>
<b>FUTURE REQUIREMENTS</b>				
Debt service	\$ 1,720,887	\$ -	\$ -	\$ 114,901
Advances from other funds	-	-	-	202,364
Interest on advances	-	-	-	40,599
Proceeds from other governments	-	-	-	688,806
Estimated payable (developer's agreement)	-	-	-	844,595
Less receivables/plus payables	-	-	-	-
<b>TOTAL FUTURE REQUIREMENTS</b>	<u>1,720,887</u>	<u>-</u>	<u>-</u>	<u>1,891,265</u>
Less cash on hand (deficit)	<u>(53,551)</u>	<u>(375,694)</u>	<u>-</u>	<u>(84,765)</u>
<b>BALANCE TO BE COLLECTED ON TIF DISTRICT</b>	<u>\$ 1,667,336</u>	<u>\$ (375,694)</u>	<u>\$ -</u>	<u>\$ 1,806,500</u>
<b>DISTRICT TERMINATION DATE</b>				
	2021	2020	2019	2030
<b>2019 Tax Increment</b>	<u>\$ 1,619,417</u>	<u>\$ 296,020</u>	<u>\$ -</u>	<u>\$ 170,133</u>

**CITY OF LA CROSSE, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019**

**NOTE 14 - Tax Incremental Finance Districts - Continued**

	TIF DISTRICT						
	#11	#12	#13	#14	#15	#16	#17
<b>SOURCES OF FUNDS</b>							
TIF tax collections	\$ 26,788,823	\$ 6,962,183	\$ 8,764,263	\$ 11,466,539	\$ 3,105,230	\$ 376,652	\$ 2,346,819
Exempt computer aids	4,074,815	104,159	1,333,359	10,129,190	318,142	8,785	51,111
Payment from other government	-	-	-	-	-	-	1,003,448
Sale of assets	828,002	42,200	303,776	306,051	-	-	-
Grants	5,432,773	42,640	375,000	-	-	-	2,722
Economic development proceeds	640	-	128	-	-	30,000	-
DNR loan	-	-	216,657	-	-	-	-
Judgment/liquidated damages	2,000,000	-	200,000	-	4,670	-	-
Loan repayments	153,851	-	50,000	-	-	-	-
Interest income	-	-	-	13,657	-	-	-
Proceeds from long-term debt	37,440,490	8,104,428	4,351,767	1,185,993	-	1,736,875	15,600,000
Proceeds from entity	-	-	-	2,771,438	272,935	-	-
<b>TOTAL SOURCES</b>	<b><u>76,719,394</u></b>	<b><u>15,255,610</u></b>	<b><u>15,594,950</u></b>	<b><u>25,872,868</u></b>	<b><u>3,700,977</u></b>	<b><u>2,152,312</u></b>	<b><u>19,004,100</u></b>
<b>USES OF FUNDS</b>							
Capital expenditures	54,511,850	9,344,931	9,281,911	11,696,453	1,441,747	2,257,803	16,294,616
Principal and interest on long-term debt	21,837,713	5,941,660	5,495,470	450,823	24	-	3,150,039
Interest on advances	880,446	31,556	43,590	8,781	-	25,278	428
Incentives for reverse TIF	271,150	-	150,000	8,669,082	738,888	-	-
<b>TOTAL USES</b>	<b><u>77,501,159</u></b>	<b><u>15,318,147</u></b>	<b><u>14,970,971</u></b>	<b><u>20,825,139</u></b>	<b><u>2,180,659</u></b>	<b><u>2,283,081</u></b>	<b><u>19,445,083</u></b>
<b>FUND BALANCES (DEFICIT) AS OF</b>							
<b>DECEMBER 31, 2019</b>	<b><u>\$ (781,765)</u></b>	<b><u>\$ (62,537)</u></b>	<b><u>\$ 623,979</u></b>	<b><u>\$ 5,047,729</u></b>	<b><u>\$ 1,520,318</u></b>	<b><u>\$ (130,769)</u></b>	<b><u>\$ (440,983)</u></b>
<b>FUTURE REQUIREMENTS</b>							
Debt service	\$ 23,310,963	\$ 6,576,891	\$ -	\$ 575,000	\$ -	\$ 759,827	\$ 19,291,599
Advances from other funds	2,400,000	214,115	518,576	-	-	129,161	595,621
Interest on advances	588,500	52,503	57,800	-	-	43,188	9,491
DNR loan	-	-	-	-	-	50,000	-
Estimated payable (developer's agreement)	4,308,161	-	1,025,000	11,987,943	6,261,112	-	-
Less receivables/plus payables	315	8,190	33,475	33,372	21,829	-	-
<b>TOTAL FUTURE REQUIREMENTS</b>	<b><u>30,607,939</u></b>	<b><u>6,851,699</u></b>	<b><u>1,634,851</u></b>	<b><u>12,596,315</u></b>	<b><u>6,282,941</u></b>	<b><u>982,176</u></b>	<b><u>19,896,711</u></b>
Less cash on hand (deficit)	<b><u>(1,618,550)</u></b>	<b><u>(159,768)</u></b>	<b><u>(1,176,030)</u></b>	<b><u>(5,081,101)</u></b>	<b><u>(1,542,147)</u></b>	<b><u>1,608</u></b>	<b><u>(164,129)</u></b>
<b>BALANCE TO BE COLLECTED OF TIF</b>							
<b>DISTRICT</b>	<b><u>\$ 28,989,389</u></b>	<b><u>\$ 6,691,931</u></b>	<b><u>\$ 458,821</u></b>	<b><u>\$ 7,515,214</u></b>	<b><u>\$ 4,740,794</u></b>	<b><u>\$ 983,784</u></b>	<b><u>\$ 19,732,582</u></b>
<b>DISTRICT TERMINATION DATE</b>							
	2031	2032	2026	2026	2033	2034	2035
<b>2019- Tax Increment</b>	<b><u>\$ 2,781,743</u></b>	<b><u>\$ 519,397</u></b>	<b><u>\$ 1,730,827</u></b>	<b><u>\$ 1,477,480</u></b>	<b><u>\$ 820,696</u></b>	<b><u>\$ 169,231</u></b>	<b><u>\$ 1,582,741</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued  
 DECEMBER 31, 2019

**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, 2018 to December 31, 2019:

	<u>Health Care</u>	<u>Workers' Compensation</u>	<u>Liability</u>
Liability Balance, January 1, 2018	\$ 4,042,060	\$ 434,049	\$ 175,925
Claims and changes in estimates	13,350,372	1,618,468	302,448
Claim payments	<u>(13,499,621)</u>	<u>(960,841)</u>	<u>(271,880)</u>
Liability Balance, January 1, 2019	3,892,811	1,091,676	206,493
Claims and changes in estimates	11,365,572	810,919	1,013,181
Claim payments	<u>(11,270,454)</u>	<u>(644,258)</u>	<u>(622,715)</u>
<b>LIABILITY BALANCE, DECEMBER 31, 2019</b>	<b><u>\$ 3,987,929</u></b>	<b><u>\$ 1,258,337</u></b>	<b><u>\$ 598,959</u></b>

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, 2019

**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 \$4,945,648 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 are to transfer bonded capital project activity that has previously been recorded in the governmental funds to the appropriate proprietary funds.

The prior period adjustment of \$6,046,739 on the proprietary funds statement of revenue, expenses, and change of net position is the sum of a \$163,864 adjustment to restore parking ticket citations from prior years that were erroneously written off and a \$5,882,175 adjustment to move capital assets originally recorded as governmental activities to the appropriate proprietary funds.

On the statement of activities, the business-type activities adjustment of \$6,046,739 is described above. The governmental activities adjustment of \$17,150,835 is to transfer assets to business-type activities and remove and adjust the values of assets that were previously capitalized that should have been expensed.

**NOTE 17 - Change in Accounting Principle**

The change in accounting principle adjustments of \$31,415,219 on the statement of changes in net position - fiduciary funds is due to the adoption of GASB Statement No. 84 Fiduciary Activities.

**NOTE 18 - Subsequent Events**

Subsequent to year-end, the coronavirus pandemic caused economic interruptions that will result in revenue loss for the City. To address the revenue loss, the City approved a budget reduction plan in May 2020 to reduce spending in the amount of projected revenue loss. While the full impact on the City's financial position is not known, the City is closely monitoring its operations and actively working to minimize the impacts of the coronavirus pandemic.

**CITY OF LA CROSSE, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LA CROSSE, WISCONSIN**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUE</b>				
Taxes	\$ 37,577,911	\$ 37,577,911	\$ 37,743,666	\$ 165,755
Intergovernmental	15,402,902	15,402,902	15,633,098	230,196
Licenses and permits	1,937,499	1,937,499	1,911,705	(25,794)
Fines, forfeits, and penalties	-	-	731	731
Public charges for services	1,752,806	1,752,806	2,167,575	414,769
Intergovernmental charges for services	1,813,026	1,813,026	2,130,440	317,414
Miscellaneous	728,301	728,301	1,619,008	890,707
<b>TOTAL REVENUE</b>	<u>59,212,445</u>	<u>59,212,445</u>	<u>61,206,223</u>	<u>1,993,778</u>
<b>EXPENDITURES</b>				
Current				
General government	9,965,251	9,645,390	9,509,460	135,930
Public safety	22,637,795	23,589,894	23,832,443	(242,549)
Public works	9,849,120	9,775,199	9,480,608	294,591
Health and human services	148,000	148,000	157,542	(9,542)
Culture, recreation, and education	10,516,698	10,249,761	9,809,117	440,644
Conservation and development	1,606,337	1,573,110	2,509,131	(936,021)
Capital outlay	520,000	522,500	498,159	24,341
<b>TOTAL EXPENDITURES</b>	<u>55,243,201</u>	<u>55,503,854</u>	<u>55,796,460</u>	<u>(292,606)</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>3,969,244</u>	<u>3,708,591</u>	<u>5,409,763</u>	<u>1,701,172</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	13,155,975	13,155,975	11,790,405	(1,365,570)
Operating transfers (out)	(17,125,219)	(17,702,720)	(18,333,219)	(630,499)
<b>TOTAL OTHER FINANCING (USES)</b>	<u>(3,969,244)</u>	<u>(4,546,745)</u>	<u>(6,542,814)</u>	<u>(1,996,069)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(838,154)	(1,133,051)	(294,897)
<b>FUND BALANCE - BEGINNING</b>	<u>16,108,329</u>	<u>16,108,329</u>	<u>16,108,329</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><b>\$ 16,108,329</b></u>	<u><b>\$ 15,270,175</b></u>	<u><b>\$ 14,975,278</b></u>	<u><b>\$ (294,897)</b></u>

The accompanying notes are an integral part of these statements.

**CITY OF LA CROSSE, WISCONSIN**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
ON BUDGETARY ACCOUNTING AND CONTROL  
YEAR ENDED DECEMBER 31, 2019

**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 \$238,154.
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 \$242,549, health and human services by \$9,542, and conservation and development by \$936,021 for the year ended December 31, 2019. 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, 2019**

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

	2018	2019
<b>Total OPEB Healthcare Liability</b>		
Service cost	\$ 1,512,531	\$ 1,665,034
Interest	2,161,436	1,792,678
Changes of benefit terms	-	-
Differences between expected and actual experience	(8,856,250)	-
Changes of assumptions or other input	(3,448,173)	879,410
Benefit payments	(4,449,578)	(4,414,782)
Administrative expense	-	-
Other changes	(2,208,450)	(3,291)
Net Changes in Total OPEB Healthcare Liability	(15,288,484)	(80,951)
Total OPEB Healthcare Liability - Beginning	66,745,274	51,456,790
<b>Total OPEB Healthcare Liability - Ending (a)</b>	<b><u>\$ 51,456,790</u></b>	<b><u>\$ 51,375,839</u></b>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ -	\$ -
Contributions - employee	-	-
Net investment income	-	-
Benefit payments	-	-
Administrative expense	-	-
Other changes	-	-
Net Changes in Plan Fiduciary Net Position	-	-
Plan Fiduciary Net Position - Beginning	-	-
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Net OPEB Healthcare Liability - Ending (a) - (b)</b>	<b><u>\$ 51,456,790</u></b>	<b><u>\$ 51,375,839</u></b>
Plan fiduciary net position as a percentage of the total OPEB healthcare liability	0.00%	0.00%
<b>Covered payroll</b>	<b><u>\$ 20,440,991</u></b>	<b><u>\$ 20,440,991</u></b>
<b>Net OPEB healthcare liability as a percentage of covered payroll</b>	<b><u>251.73%</u></b>	<b><u>251.34%</u></b>

SCHEDULE OF CONTRIBUTIONS  
Last 10 Fiscal Years

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

The City implemented the Government Accounting Standards Board Statement No. 75 for the year ended December 31, 2019. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 8 preceding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2019**

Methods and assumptions used to determine actuarially calculations - entry age normal cost, 30 year level % open amortization, fair market value asset valuation, 3.62% discount rate, 4% salary increases, mortality rates from WRS December 31, 2017 actuarial valuation report.

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 SCHEDULES**  
**DECEMBER 31, 2019**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	0.27001724%	0.27169553%	0.27955334%	0.28830557%	0.29907982%
City's proportionate share of the net pension liability (asset)	\$ (6,632,361)	\$ 4,414,500	\$ 2,304,187	\$ (8,560,134)	\$ 10,640,323
City's covered employee payroll	\$ 29,513,033	\$ 30,422,348	\$ 31,820,938	\$ 32,414,141	\$ 33,894,372
Proportionate share of the net pension liability (asset) as a percentage of its	-22.47%	14.51%	7.24%	-26.41%	31.39%
Plan fiduciary net position as a percentage of the total pension liability	102.74%	98.20%	99.12%	102.93%	96.45%

**SCHEDULE OF CONTRIBUTIONS**  
**Last 10 Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2018</u>
Contractually required contribution	\$ 2,689,659	\$ 2,661,909	\$ 2,755,204	\$ 3,030,212	\$ 3,168,907
Contributions in relation to the contractually required contribution	<u>2,689,659</u>	<u>2,661,909</u>	<u>2,755,204</u>	<u>3,030,212</u>	<u>3,168,907</u>
<b>Contribution deficiency (excess)</b>	<b><u>\$ -</u></b>				
City's covered employee payroll	<u>\$ 29,513,033</u>	<u>\$ 30,422,348</u>	<u>\$ 31,820,938</u>	<u>\$ 32,414,141</u>	<u>\$ 33,894,372</u>
Contributions as a percentage of covered employee payroll	9.11%	8.75%	8.66%	9.35%	9.35%

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 5 preceding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2019**

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

**CITY OF LA CROSSE, WISCONSIN**  
**WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES**  
**DECEMBER 31, 2019**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**

Last 10 Fiscal Years

	2018	2019
Proportion of the net OPEB liability (asset)	1.19802700%	1.20713400%
Proportionate share of the net OPEB liability (asset)	\$ 3,604,360	\$ 3,114,813
Covered payroll	\$50,380,462	\$30,307,000
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	7.15%	10.28%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%	48.69%

**SCHEDULE OF CONTRIBUTIONS**

Last 10 Fiscal Years

	2018	2019
Contractually required contribution	\$ 22,750	\$ 23,257
Contributions in relation to the contractually required contribution	<u>(22,750)</u>	<u>(23,257)</u>
<b>Contribution deficiency (excess)</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
Covered employee payroll	<u>\$50,380,462</u>	<u>\$30,307,000</u>
Contributions as a percentage of covered employee payroll	0.05%	0.08%

The City implemented the Government Accounting Standards Board Statement No. 75 for the year ended December 31, 2019. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 8 proceeding years.

**Notes to Required Supplementary Information for the Year Ended December 31, 2019**

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. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 –2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

**CITY OF LA CROSSE, WISCONSIN**  
**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

<u>ASSETS</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
Cash and investments	\$ 14,944,266	\$ 13,416,363	\$ 28,360,629
Receivable			
Taxes	-	12,310,874	12,310,874
Accounts and other	597,417	147,075	744,492
Special assessments	-	658,217	658,217
Loans	2,168,561	1,091,884	3,260,445
Due from other governments	238,738	26,200	264,938
Inventories	129,329	-	129,329
Prepaid items	40,450	-	40,450
Advance to other funds	127,802	-	127,802
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 18,246,563</u></b>	<b><u>\$ 27,650,613</u></b>	<b><u>\$ 45,897,176</u></b>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
<b>LIABILITIES</b>			
Accounts payable	\$ 833,707	\$ 127,992	\$ 961,699
Accrued liabilities	215,455	-	215,455
Due to other governments	33,736	-	33,736
Due to others	61,571	-	61,571
Unearned revenue	2,535,790	1,091,884	3,627,674
Advances from other funds	710,000	4,059,837	4,769,837
TOTAL LIABILITIES	<u>4,390,259</u>	<u>5,279,713</u>	<u>9,669,972</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue			
Tax roll	-	12,310,874	12,310,874
Special assessments	-	663,511	663,511
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>12,974,385</u>	<u>12,974,385</u>
 <b>FUND BALANCES</b>			
Nonspendable	297,581	-	297,581
Restricted	446,420	10,930,168	11,376,588
Committed	12,955,283	-	12,955,283
Unassigned	157,020	(1,533,653)	(1,376,633)
TOTAL FUND BALANCES	<u>13,856,304</u>	<u>9,396,515</u>	<u>23,252,819</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b><u>\$ 18,246,563</u></b>	<b><u>\$ 27,650,613</u></b>	<b><u>\$ 45,897,176</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUE			
Taxes	\$ 351,290	\$ 12,676,187	\$ 13,027,477
Special assessments	-	249,831	249,831
Intergovernmental	5,516,530	2,200,929	7,717,459
Licenses and permits	212,791	-	212,791
Fines, forfeits, and penalties	696,241	-	696,241
Public charges for services	4,764,119	44,154	4,808,273
Intergovernmental charges for services	324,774	-	324,774
Miscellaneous	3,078,116	256,135	3,334,251
TOTAL REVENUE	14,943,861	15,427,236	30,371,097
EXPENDITURES			
Current			
General government	242,018	-	242,018
Public safety	1,002,921	-	1,002,921
Public works	5,767,619	75,744	5,843,363
Health and human services	209,627	-	209,627
Culture, recreation, and education	4,273,017	10,434	4,283,451
Conservation and development	655,790	209,662	865,452
Capital outlay	2,592,213	12,296,188	14,888,401
Debt service			
Interest and other fiscal charges	-	78,974	78,974
TOTAL EXPENDITURES	14,743,205	12,671,002	27,414,207
EXCESS OF REVENUE OVER EXPENDITURES	200,656	2,756,234	2,956,890
OTHER FINANCING SOURCES (USES)			
Operating transfers in	2,784,755	1,561,805	4,346,560
Operating transfers (out)	(6,482,957)	(6,738,658)	(13,221,615)
Issuance of long-term debt	-	593,326	593,326
TOTAL OTHER FINANCING (USES)	(3,698,202)	(4,583,527)	(8,281,729)
NET CHANGE IN FUND BALANCE	(3,497,546)	(1,827,293)	(5,324,839)
FUND BALANCES - BEGINNING	17,760,882	11,223,808	28,984,690
EQUITY TRANSFER	(407,032)	-	(407,032)
<b>FUND BALANCES - ENDING</b>	<b>\$ 13,856,304</b>	<b>\$ 9,396,515</b>	<b>\$ 23,252,819</b>

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2019**

ASSETS	GREEN ISLAND	AUDITORIUM	INDUSTRIAL PARK	COUNTY CONTRIBUTION FOR AIRPORT	POLICE GRANTS	LIBRARY SPECIAL GRANTS	MUNICIPAL COURT	TRANSIT	BUDGET CARRYOVER	OTHER	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Cash and investments	\$390,232	\$ 1,243,669	\$ 160,022	\$ 26,823	\$ 540,131	\$ 2,197,748	\$ 95,741	\$ 660,189	\$ 3,941,781	\$ 5,687,930	\$ 14,944,266
Receivables											
Accounts and other	1,288	163,107	-	-	46,320	-	-	264,106	1,648	120,948	597,417
Loans	-	-	400,000	-	-	-	-	-	-	1,768,561	2,168,561
Due from other governments	-	-	-	-	205,100	-	-	-	-	33,638	238,738
Inventories	-	21,311	-	-	-	-	-	108,018	-	-	129,329
Prepaid items	-	-	-	-	-	-	-	35,525	4,925	-	40,450
Advance to other funds	-	-	-	-	-	-	-	-	127,802	-	127,802
<b>TOTAL ASSETS</b>	<b>\$391,520</b>	<b>\$ 1,428,087</b>	<b>\$ 560,022</b>	<b>\$ 26,823</b>	<b>\$ 791,551</b>	<b>\$ 2,197,748</b>	<b>\$ 95,741</b>	<b>\$1,067,838</b>	<b>\$ 4,076,156</b>	<b>\$ 7,611,077</b>	<b>\$ 18,246,563</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>											
<b>LIABILITIES</b>											
Accounts payable	\$ 2,382	\$ 130,059	\$ -	\$ -	\$ 2,992	\$ -	\$ 1,559	\$ 576,034	\$ 3,383	\$ 117,298	\$ 833,707
Accrued liabilities	-	21,344	-	-	1,004	-	-	191,241	-	1,866	215,455
Due to other governments	-	-	-	-	-	-	33,736	-	-	-	33,736
Due to others	-	-	-	-	-	-	-	-	-	61,571	61,571
Unearned revenue	-	41,003	400,000	-	224,177	-	-	-	-	1,870,610	2,535,790
Advances from other funds	-	-	-	-	-	-	-	-	-	710,000	710,000
<b>TOTAL LIABILITIES</b>	<b>2,382</b>	<b>192,406</b>	<b>400,000</b>	<b>-</b>	<b>228,173</b>	<b>-</b>	<b>35,295</b>	<b>767,275</b>	<b>3,383</b>	<b>2,761,345</b>	<b>4,390,259</b>
<b>FUND BALANCES</b>											
Nonspendable	-	21,311	-	-	-	-	-	143,543	132,727	-	297,581
Restricted	-	-	-	-	98,434	-	-	-	-	347,986	446,420
Committed	389,138	1,214,370	160,022	26,823	464,944	2,197,748	60,446	-	3,940,046	4,501,746	12,955,283
Unassigned	-	-	-	-	-	-	-	157,020	-	-	157,020
<b>TOTAL FUND BALANCES</b>	<b>389,138</b>	<b>1,235,681</b>	<b>160,022</b>	<b>26,823</b>	<b>563,378</b>	<b>2,197,748</b>	<b>60,446</b>	<b>300,563</b>	<b>4,072,773</b>	<b>4,849,732</b>	<b>13,856,304</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$391,520</b>	<b>\$ 1,428,087</b>	<b>\$ 560,022</b>	<b>\$ 26,823</b>	<b>\$ 791,551</b>	<b>\$ 2,197,748</b>	<b>\$ 95,741</b>	<b>\$1,067,838</b>	<b>\$ 4,076,156</b>	<b>\$ 7,611,077</b>	<b>\$ 18,246,563</b>

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	GREEN ISLAND	AUDITORIUM	INDUSTRIAL PARK	PASSENGER FACILITY CHARGE	COUNTY CONTRIBUTION FOR AIRPORT	POLICE GRANTS	LIBRARY SPECIAL GRANTS	MUNICIPAL COURT	TRANSIT	BUDGET CARRYOVER	OTHER	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
<b>REVENUE</b>												
Taxes	\$ -	\$ -	\$ 4,529	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 346,761	\$ 351,290
Intergovernmental	-	-	-	-	-	436,155	-	-	5,024,431	-	55,944	5,516,530
Licenses and permits	-	-	-	-	-	-	-	-	-	-	212,791	212,791
Fines, forfeits, and penalties	-	-	-	-	-	6,041	-	684,378	-	5,822	-	696,241
Public charges for services	27,431	2,457,585	-	-	-	30,279	-	-	1,284,155	-	964,669	4,764,119
Intergovernmental charges for services	-	-	-	-	3,724	226,500	-	-	-	-	94,550	324,774
Miscellaneous	5	-	24,937	-	-	232,293	549,271	-	82,643	20	2,188,947	3,078,116
<b>TOTAL REVENUE</b>	<b>27,436</b>	<b>2,457,585</b>	<b>29,466</b>	<b>-</b>	<b>3,724</b>	<b>931,268</b>	<b>549,271</b>	<b>684,378</b>	<b>6,391,229</b>	<b>5,842</b>	<b>3,863,662</b>	<b>14,943,861</b>
<b>EXPENDITURES</b>												
Current												
General government	-	-	-	-	-	-	-	-	-	204,065	37,953	242,018
Public safety	-	-	-	-	-	804,193	-	-	-	52,932	145,796	1,002,921
Public works	-	-	-	-	-	-	-	-	5,762,932	1,299	3,388	5,767,619
Health and human services	-	-	-	-	-	-	-	-	-	-	209,627	209,627
Culture, recreation, and education	36,810	1,700,077	-	-	-	-	432,448	-	-	-	2,103,682	4,273,017
Conservation and development	-	-	-	-	-	-	-	-	-	90,293	565,497	655,790
Capital outlay	25,837	-	-	-	-	376,660	-	-	1,815,862	191,752	182,102	2,592,213
<b>TOTAL EXPENDITURES</b>	<b>62,647</b>	<b>1,700,077</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,180,853</b>	<b>432,448</b>	<b>-</b>	<b>7,578,794</b>	<b>540,341</b>	<b>3,248,045</b>	<b>14,743,205</b>
<b>EXCESS OF REVENUE (UNDER) OVER EXPENDITURES</b>	<b>(35,211)</b>	<b>757,508</b>	<b>29,466</b>	<b>-</b>	<b>3,724</b>	<b>(249,585)</b>	<b>116,823</b>	<b>684,378</b>	<b>(1,187,565)</b>	<b>(534,499)</b>	<b>615,617</b>	<b>200,656</b>
<b>OTHER FINANCING SOURCES (USES)</b>												
Operating transfers in	-	110,545	-	-	-	-	-	-	1,397,429	1,274,487	2,294	2,784,755
Operating transfers (out)	-	(1,233,756)	(22,153)	-	-	(117,833)	-	(678,392)	(429,521)	(3,192,112)	(809,190)	(6,482,957)
<b>TOTAL OTHER FINANCING (USES) SOURCES</b>	<b>-</b>	<b>(1,123,211)</b>	<b>(22,153)</b>	<b>-</b>	<b>-</b>	<b>(117,833)</b>	<b>-</b>	<b>(678,392)</b>	<b>967,908</b>	<b>(1,917,625)</b>	<b>(806,896)</b>	<b>(3,698,202)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(35,211)</b>	<b>(365,703)</b>	<b>7,313</b>	<b>-</b>	<b>3,724</b>	<b>(367,418)</b>	<b>116,823</b>	<b>5,986</b>	<b>(219,657)</b>	<b>(2,452,124)</b>	<b>(191,279)</b>	<b>(3,497,546)</b>
<b>FUND BALANCES - BEGINNING</b>	<b>424,349</b>	<b>1,601,384</b>	<b>152,709</b>	<b>833,603</b>	<b>23,099</b>	<b>930,796</b>	<b>2,080,925</b>	<b>54,460</b>	<b>93,649</b>	<b>6,524,897</b>	<b>5,041,011</b>	<b>17,760,882</b>
<b>EQUITY TRANSFER</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(833,603)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>426,571</b>	<b>-</b>	<b>-</b>	<b>(407,032)</b>
<b>FUND BALANCES - ENDING</b>	<b>\$389,138</b>	<b>\$1,235,681</b>	<b>\$ 160,022</b>	<b>\$ -</b>	<b>\$ 26,823</b>	<b>\$ 563,378</b>	<b>\$2,197,748</b>	<b>\$ 60,446</b>	<b>\$ 300,563</b>	<b>\$ 4,072,773</b>	<b>\$ 4,849,732</b>	<b>\$ 13,856,304</b>

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**DECEMBER 31, 2019**

<u>ASSETS</u>	TIF DISTRICT #6	TIF DISTRICT #7	TIF DISTRICT #10	TIF DISTRICT #11	TIF DISTRICT #12	TIF DISTRICT #13	TIF DISTRICT #14
Cash and investments	\$ 53,551	\$ 375,694	\$ 84,765	\$1,618,550	\$ 159,768	\$1,176,030	\$5,081,101
Receivable							
Taxes	1,619,417	296,020	170,133	3,781,743	519,397	1,730,827	1,477,480
Accounts and other	-	-	-	-	-	13,156	-
Special assessments	-	-	-	-	-	-	-
Loans	-	247,637	-	580,833	-	100,000	163,414
Due from other governments	-	-	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<b><u>\$1,672,968</u></b>	<b><u>\$ 919,351</u></b>	<b><u>\$ 254,898</u></b>	<b><u>\$5,981,126</u></b>	<b><u>\$ 679,165</u></b>	<b><u>\$3,020,013</u></b>	<b><u>\$6,721,995</u></b>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>							
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 315	\$ 8,190	\$ 46,631	\$ 33,372
Unearned revenue	-	247,637	-	580,833	-	100,000	163,414
Advances from other funds	-	-	202,364	2,400,000	214,115	518,576	-
TOTAL LIABILITIES	<u>          </u>	<u>247,637</u>	<u>202,364</u>	<u>2,981,148</u>	<u>222,305</u>	<u>665,207</u>	<u>196,786</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue							
Tax roll	1,619,417	296,020	170,133	3,781,743	519,397	1,730,827	1,477,480
Special assessments	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,619,417</u>	<u>296,020</u>	<u>170,133</u>	<u>3,781,743</u>	<u>519,397</u>	<u>1,730,827</u>	<u>1,477,480</u>
 <b>FUND BALANCES (DEFICITS)</b>							
Restricted	53,551	375,694	-	-	-	623,979	5,047,729
Unassigned	-	-	(117,599)	(781,765)	(62,537)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>53,551</u>	<u>375,694</u>	<u>(117,599)</u>	<u>(781,765)</u>	<u>(62,537)</u>	<u>623,979</u>	<u>5,047,729</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$1,672,968</u></b>	<b><u>\$ 919,351</u></b>	<b><u>\$ 254,898</u></b>	<b><u>\$5,981,126</u></b>	<b><u>\$ 679,165</u></b>	<b><u>\$3,020,013</u></b>	<b><u>\$6,721,995</u></b>

(Continued on page 74)

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS - Continued**  
**DECEMBER 31, 2019**

<u>ASSETS</u>	TIF DISTRICT #15	TIF DISTRICT #16	TIF DISTRICT #17	CAPITAL EQUIPMENT	SPECIAL ASSESSMENTS	STATE HIGHWAY LAND	BLUFFLAND PRESERVATION	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
Cash and investments	\$1,542,147	\$ (1,608)	\$ 164,129	\$1,571,719	\$ 838,158	\$ 740,764	\$ 11,595	\$ 13,416,363
Receivable								
Taxes	820,696	169,231	1,582,741	-	143,189	-	-	12,310,874
Accounts and other	-	-	-	-	133,919	-	-	147,075
Special assessments	-	-	-	-	658,217	-	-	658,217
Loans	-	-	-	-	-	-	-	1,091,884
Due from other governments	-	-	-	-	-	26,200	-	26,200
<b>TOTAL ASSETS</b>	<b><u>\$2,362,843</u></b>	<b><u>\$ 167,623</u></b>	<b><u>\$1,746,870</u></b>	<b><u>\$1,571,719</u></b>	<b><u>\$ 1,773,483</u></b>	<b><u>\$ 766,964</u></b>	<b><u>\$ 11,595</u></b>	<b><u>\$ 27,650,613</u></b>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>								
LIABILITIES								
Accounts payable	\$ 21,829	\$ -	\$ 9,491	\$ 8,054	\$ 110	\$ -	\$ -	\$ 127,992
Unearned revenue	-	-	-	-	-	-	-	1,091,884
Advances from other funds	-	129,161	595,621	-	-	-	-	4,059,837
TOTAL LIABILITIES	<u>21,829</u>	<u>129,161</u>	<u>605,112</u>	<u>8,054</u>	<u>110</u>	<u>-</u>	<u>-</u>	<u>5,279,713</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue								
Tax roll	820,696	169,231	1,582,741	-	143,189	-	-	12,310,874
Other	-	-	-	-	663,511	-	-	663,511
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>820,696</u>	<u>169,231</u>	<u>1,582,741</u>	<u>-</u>	<u>806,700</u>	<u>-</u>	<u>-</u>	<u>12,974,385</u>
FUND BALANCES (DEFICITS)								
Restricted	1,520,318	-	-	1,563,665	966,673	766,964	11,595	10,930,168
Unassigned	-	(130,769)	(440,983)	-	-	-	-	(1,533,653)
	<u>1,520,318</u>	<u>(130,769)</u>	<u>(440,983)</u>	<u>1,563,665</u>	<u>966,673</u>	<u>766,964</u>	<u>11,595</u>	<u>9,396,515</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$2,362,843</u></b>	<b><u>\$ 167,623</u></b>	<b><u>\$1,746,870</u></b>	<b><u>\$1,571,719</u></b>	<b><u>\$ 1,773,483</u></b>	<b><u>\$ 766,964</u></b>	<b><u>\$ 11,595</u></b>	<b><u>\$ 27,650,613</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	TIF DISTRICT #6	TIF DISTRICT #7	TIF DISTRICT #9	TIF DISTRICT #10	TIF DISTRICT #11	TIF DISTRICT #12	TIF DISTRICT #13	TIF DISTRICT #14
<b>REVENUE</b>								
Taxes	\$ 1,710,862	\$ 291,678	\$ 480,349	\$ 76,663	\$ 4,027,333	\$ 620,383	\$ 1,413,872	\$ 1,920,701
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental	50,903	3,867	18,054	4,956	495,845	9,488	208,099	733,821
Public charges for services	-	4,400	-	-	-	-	37,032	-
Miscellaneous	-	43,000	-	-	31,000	-	-	70,444
<b>TOTAL REVENUE</b>	<u>1,761,765</u>	<u>342,945</u>	<u>498,403</u>	<u>81,619</u>	<u>4,554,178</u>	<u>629,871</u>	<u>1,659,003</u>	<u>2,724,966</u>
<b>EXPENDITURES</b>								
Current								
Public works	-	-	-	-	-	-	-	-
Culture, recreation, and education	-	-	10,434	-	-	-	-	-
Conservation and development	7,882	3,238	-	3,238	20,779	3,238	17,373	126,487
Capital outlay	347	448,669	630,211	347	1,751,164	1,000,231	1,300,605	2,640,246
Debt service - interest	-	-	-	4,511	53,500	4,923	12,161	-
<b>TOTAL EXPENDITURES</b>	<u>8,229</u>	<u>451,907</u>	<u>640,645</u>	<u>8,096</u>	<u>1,825,443</u>	<u>1,008,392</u>	<u>1,330,139</u>	<u>2,766,733</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>1,753,536</u>	<u>(108,962)</u>	<u>(142,242)</u>	<u>73,523</u>	<u>2,728,735</u>	<u>(378,521)</u>	<u>328,864</u>	<u>(41,767)</u>
<b>OTHER FINANCING (USES) SOURCES</b>								
Operating transfers in	-	-	7,631	-	81,507	748,500	-	1,845
Operating transfers (out)	(2,000,000)	-	(450,823)	(6,000)	(2,051,041)	(600,000)	(221,904)	-
Issuance of long-term debt	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING (USES) SOURCES</b>	<u>(2,000,000)</u>	<u>-</u>	<u>(443,192)</u>	<u>(6,000)</u>	<u>(1,969,534)</u>	<u>148,500</u>	<u>(221,904)</u>	<u>1,845</u>
<b>NET CHANGE IN FUND BALANCES</b>	(246,464)	(108,962)	(585,434)	67,523	759,201	(230,021)	106,960	(39,922)
<b>FUND BALANCES (DEFICIT) - BEGINNING</b>	<u>300,015</u>	<u>484,656</u>	<u>585,434</u>	<u>(185,122)</u>	<u>(1,540,966)</u>	<u>167,484</u>	<u>517,019</u>	<u>5,087,651</u>
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 53,551</u>	<u>\$ 375,694</u>	<u>\$ -</u>	<u>\$ (117,599)</u>	<u>\$ (781,765)</u>	<u>\$ (62,537)</u>	<u>\$ 623,979</u>	<u>\$ 5,047,729</u>

(Continued on page 76)

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - Continued**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	TIF DISTRICT #15	TIF DISTRICT #16	TIF DISTRICT #17	CAPITAL EQUIPMENT	SPECIAL ASSESSMENTS	STATE HIGHWAY LAND	BLUFFLAND PRESERVATION	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
<b>REVENUE</b>								
Taxes	\$ 780,687	\$ 179,299	\$ 1,174,360	\$ -	\$ -	\$ -	\$ -	\$12,676,187
Special assessments	-	-	-	-	249,831	-	-	249,831
Intergovernmental	77,240	2,102	17,393	-	-	579,161	-	2,200,929
Public charges for services	-	-	2,722	-	-	-	-	44,154
Miscellaneous	-	-	-	99,298	10,996	-	1,397	256,135
<b>TOTAL REVENUE</b>	<u>857,927</u>	<u>181,401</u>	<u>1,194,475</u>	<u>99,298</u>	<u>260,827</u>	<u>579,161</u>	<u>1,397</u>	<u>15,427,236</u>
<b>EXPENDITURES</b>								
Current								
Public works	-	-	-	-	75,744	-	-	75,744
Culture, recreation, and education	-	-	-	-	-	-	-	10,434
Conservation and development	11,398	5,490	10,539	-	-	-	-	209,662
Capital outlay	1,263,697	275,545	595,968	1,967,724	101,392	204,331	115,711	12,296,188
Debt Service - interest	-	2,879	1,000	-	-	-	-	78,974
<b>TOTAL EXPENDITURES</b>	<u>1,275,095</u>	<u>283,914</u>	<u>607,507</u>	<u>1,967,724</u>	<u>177,136</u>	<u>204,331</u>	<u>115,711</u>	<u>12,671,002</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(417,168)</u>	<u>(102,513)</u>	<u>586,968</u>	<u>(1,868,426)</u>	<u>83,691</u>	<u>374,830</u>	<u>(114,314)</u>	<u>2,756,234</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating transfers in	16,435	-	-	605,887	-	-	100,000	1,561,805
Operating transfers (out)	(590)	-	(1,072,467)	-	(335,833)	-	-	(6,738,658)
Issuance of long-term debt	-	-	-	568,326	-	-	25,000	593,326
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>15,845</u>	<u>-</u>	<u>(1,072,467)</u>	<u>1,174,213</u>	<u>(335,833)</u>	<u>-</u>	<u>125,000</u>	<u>(4,583,527)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(401,323)</u>	<u>(102,513)</u>	<u>(485,499)</u>	<u>(694,213)</u>	<u>(252,142)</u>	<u>374,830</u>	<u>10,686</u>	<u>(1,827,293)</u>
<b>FUND BALANCES (DEFICIT) - BEGINNING</b>	<u>1,921,641</u>	<u>(28,256)</u>	<u>44,516</u>	<u>2,257,878</u>	<u>1,218,815</u>	<u>392,134</u>	<u>909</u>	<u>11,223,808</u>
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 1,520,318</u>	<u>\$ (130,769)</u>	<u>\$ (440,983)</u>	<u>\$ 1,563,665</u>	<u>\$ 966,673</u>	<u>\$ 766,964</u>	<u>\$ 11,595</u>	<u>\$ 9,396,515</u>

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2019**

<u>ASSETS</u>	LIABILITY SELF INSURANCE	WORKERS' COMPENSATION SELF INSURANCE	STOCK ROOM	EMPLOYEES' HEALTH SELF INSURANCE	HEALTH CARE COST CONTAINMENT	FUEL MANAGEMENT	TOTAL
Cash and investments	\$ 210,048	\$ 1,857,656	\$ 42,927	\$22,033,688	\$ 1,125	\$ 750,840	\$24,896,284
Accounts receivable	-	3,151	-	18,774	-	-	21,925
Inventories	-	-	122,611	-	-	-	122,611
Prepaid items	-	-	-	22	-	-	22
<b>TOTAL ASSETS</b>	<b><u>\$ 210,048</u></b>	<b><u>\$ 1,860,807</u></b>	<b><u>\$ 165,538</u></b>	<b><u>\$22,052,484</u></b>	<b><u>\$ 1,125</u></b>	<b><u>\$ 750,840</u></b>	<b><u>\$25,040,842</u></b>
 <u>LIABILITIES AND NET POSITION</u>							
LIABILITIES							
Accounts payable	\$ 598,959	\$ 1,258,337	\$ 1,322	\$ 3,987,929	\$ 1,125	\$ -	\$ 5,847,672
Accrued payroll	-	-	-	7,370	-	-	7,370
Unearned revenue	-	-	-	57,588	-	-	57,588
TOTAL LIABILITIES	<u>598,959</u>	<u>1,258,337</u>	<u>1,322</u>	<u>4,052,887</u>	<u>1,125</u>	<u>-</u>	<u>5,912,630</u>
NET POSITION							
Unrestricted	<u>(388,911)</u>	<u>602,470</u>	<u>164,216</u>	<u>17,999,597</u>	<u>-</u>	<u>750,840</u>	<u>19,128,212</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 210,048</u></b>	<b><u>\$ 1,860,807</u></b>	<b><u>\$ 165,538</u></b>	<b><u>\$22,052,484</u></b>	<b><u>\$ 1,125</u></b>	<b><u>\$ 750,840</u></b>	<b><u>\$25,040,842</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	LIABILITY SELF INSURANCE	WORKERS' COMPENSATION SELF INSURANCE	STOCK ROOM	EMPLOYEES' HEALTH SELF INSURANCE	HEALTH CARE COST CONTAINMENT	FUEL MANAGEMENT	TOTAL
<b>OPERATING REVENUE</b>							
Interfund charges for services	\$ -	\$ 429,292	\$ -	\$11,962,105	\$ -	\$ 28,825	\$12,420,222
Miscellaneous	125,820	375	407	842,734	-	-	969,336
<b>TOTAL OPERATING REVENUE</b>	<u>125,820</u>	<u>429,667</u>	<u>407</u>	<u>12,804,839</u>	<u>-</u>	<u>28,825</u>	<u>13,389,558</u>
<b>OPERATING EXPENSES</b>							
Operations	22,052	-	-	778,490	23,009	2,657	826,208
Claims	598,663	644,258	3,735	10,491,964	-	-	11,738,620
<b>TOTAL OPERATING EXPENSES</b>	<u>620,715</u>	<u>644,258</u>	<u>3,735</u>	<u>11,270,454</u>	<u>23,009</u>	<u>2,657</u>	<u>12,564,828</u>
<b>OPERATING (LOSS) INCOME</b>	(494,895)	(214,591)	(3,328)	1,534,385	(23,009)	26,168	824,730
<b>NONOPERATING REVENUE</b>							
Interest income	-	-	-	489,414	-	-	489,414
<b>(LOSS) INCOME BEFORE TRANSFERS</b>	(494,895)	(214,591)	(3,328)	2,023,799	(23,009)	26,168	1,314,144
<b>TRANSFERS (OUT) IN</b>	-	-	-	(376,107)	23,009	(500,000)	(853,098)
<b>CHANGE IN NET POSITION</b>	(494,895)	(214,591)	(3,328)	1,647,692	-	(473,832)	461,046
<b>NET POSITION - BEGINNING</b>	105,984	817,061	167,544	16,351,905	-	1,224,672	18,667,166
<b>NET POSITION - ENDING</b>	<u>\$ (388,911)</u>	<u>\$ 602,470</u>	<u>\$ 164,216</u>	<u>\$17,999,597</u>	<u>\$ -</u>	<u>\$ 750,840</u>	<u>\$19,128,212</u>

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	LIABILITY SELF INSURANCE	WORKERS' COMPENSATION SELF INSURANCE	STOCK ROOM	EMPLOYEES' HEALTH SELF INSURANCE	HEALTH COST CONTAINMENT	FUEL MANAGEMENT	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers and users	\$ -	\$ -	\$ -	\$ 1,360,765	\$ -	\$ -	\$ 1,360,765
Receipts from quasi-external transactions	125,820	429,667	557	12,176,946	-	28,825	12,761,815
Payments to suppliers for goods and services	(228,249)	-	(6,121)	(624,929)	(22,414)	(2,657)	(884,370)
Payments for employees for services	-	-	-	(117,819)	-	-	(117,819)
Payments for employee benefits	-	(477,597)	-	(10,429,841)	-	-	(10,907,438)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(102,429)	(47,930)	(5,564)	2,365,122	(22,414)	26,168	2,212,953
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Operating transfers from other funds	-	-	-	(376,107)	23,009	(500,000)	(853,098)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest received	-	-	-	489,414	-	-	489,414
NET (DECREASE) INCREASE IN CASH AND INVESTMENTS	(102,429)	(47,930)	(5,564)	2,478,429	595	(473,832)	1,849,269
CASH AND INVESTMENTS - BEGINNING	312,477	1,905,586	48,491	19,555,259	530	1,224,672	23,047,015
<b>CASH AND INVESTMENTS - ENDING</b>	<b><u>\$ 210,048</u></b>	<b><u>\$ 1,857,656</u></b>	<b><u>\$ 42,927</u></b>	<b><u>\$ 22,033,688</u></b>	<b><u>\$ 1,125</u></b>	<b><u>\$ 750,840</u></b>	<b><u>\$ 24,896,284</u></b>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities							
Operating (loss) income	\$ (494,895)	\$ (214,591)	\$ (3,328)	\$ 1,534,385	\$ (23,009)	\$ 26,168	\$ 824,730
Adjustments to reconcile operating (loss) income to net cash flows from operating activities							
Changes in assets and liabilities							
(Increase) decrease in assets							
Receivables	-	-	150	728,784	-	-	728,934
Prepaid expenses	-	-	-	(1)	-	-	(1)
Inventories	-	-	(3,693)	-	-	-	(3,693)
Increase (decrease) in liabilities							
Accounts payable	392,466	166,661	1,307	95,118	595	-	656,147
Accrued payroll	-	-	-	2,748	-	-	2,748
Unearned revenue	-	-	-	4,088	-	-	4,088
Total adjustments	392,466	166,661	(2,236)	830,737	595	-	1,388,223
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<b><u>\$ (102,429)</u></b>	<b><u>\$ (47,930)</u></b>	<b><u>\$ (5,564)</u></b>	<b><u>\$ 2,365,122</u></b>	<b><u>\$ (22,414)</u></b>	<b><u>\$ 26,168</u></b>	<b><u>\$ 2,212,953</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING STATEMENT OF NET POSITION**  
**CUSTODIAL FUNDS**  
**DECEMBER 31, 2019**

<u>ASSETS</u>	<u>PROPERTY TAX</u>	<u>EMPLOYEE BENEFIT</u>	<u>PRIVATE- PURPOSE</u>	<u>WORKERS' COMPENSATION WMMIC</u>	<u>OTHER</u>	<u>TOTAL</u>
Cash and investments	\$ 27,797,554	\$ 426,529	\$ 283,609	\$ 19,987	\$ 65,581	\$ 28,593,260
Taxes receivable	28,302,690	-	-	-	-	28,302,690
Accounts receivable	-	-	-	-	10,326	10,326
<b>TOTAL ASSETS</b>	<b><u>\$ 56,100,244</u></b>	<b><u>\$ 426,529</u></b>	<b><u>\$ 283,609</u></b>	<b><u>\$ 19,987</u></b>	<b><u>\$ 75,907</u></b>	<b><u>\$ 56,906,276</u></b>
 <u>LIABILITIES AND NET POSITION</u>						
LIABILITIES						
Accounts payable	\$ 25,251	\$ 8,059	\$ -	\$ -	\$ -	\$ 33,310
Due to other governments	27,772,303	-	-	-	-	27,772,303
Due to others	-	-	-	-	78,767	78,767
<b>TOTAL LIABILITIES</b>	<b><u>27,797,554</u></b>	<b><u>8,059</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>78,767</u></b>	<b><u>27,884,380</u></b>
 NET POSITION						
Restricted for individuals and other governments	<u>28,302,690</u>	<u>418,470</u>	<u>283,609</u>	<u>19,987</u>	<u>(2,860)</u>	<u>29,021,896</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 56,100,244</u></b>	<b><u>\$ 426,529</u></b>	<b><u>\$ 283,609</u></b>	<b><u>\$ 19,987</u></b>	<b><u>\$ 75,907</u></b>	<b><u>\$ 56,906,276</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**CUSTODIAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	PROPERTY TAX	EMPLOYEE BENEFIT	PRIVATE- PURPOSE	WORKERS' COMPENSATION WMMIC	OTHER	TOTAL
<b>ADDITIONS</b>						
Collections for other governments	\$ 56,074,993	\$ -	\$ -	\$ -	\$ -	\$56,074,993
Contributions	-	500,783	-	448,532	-	949,315
Interest	-	-	6,426	-	-	6,426
Other	-	-	-	-	14,670	14,670
<b>TOTAL ADDITIONS</b>	<u>56,074,993</u>	<u>500,783</u>	<u>6,426</u>	<u>448,532</u>	<u>14,670</u>	<u>57,045,404</u>
<b>DEDUCTIONS</b>						
Payments to other governments	59,187,522	-	-	-	-	59,187,522
Benefits paid	-	385,736	-	-	-	385,736
Administrative expenses	-	8,334	-	-	-	8,334
Forfeiture transfers	-	-	-	448,768	-	448,768
Other	-	-	-	-	16,192	16,192
<b>TOTAL DEDUCTIONS</b>	<u>59,187,522</u>	<u>394,070</u>	<u>-</u>	<u>448,768</u>	<u>16,192</u>	<u>60,046,552</u>
TRANSFERS (OUT)	-	-	(238)	-	(1,338)	(1,576)
<b>CHANGE IN NET POSITION</b>	(3,112,529)	106,713	6,188	(236)	(2,860)	(3,002,724)
NET POSITION - BEGINNING	-	311,757	277,421	20,223	-	609,401
CHANGE IN ACCOUNTING PRINCIPLE	<u>31,415,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,415,219</u>
<b>NET POSITION - ENDING</b>	<u><b>\$ 28,302,690</b></u>	<u><b>\$ 418,470</b></u>	<u><b>\$ 283,609</b></u>	<u><b>\$ 19,987</b></u>	<u><b>\$ (2,860)</b></u>	<u><b>\$29,021,896</b></u>

**CITY OF LA CROSSE, WISCONSIN**

**OTHER REPORT**

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

To the Common Council  
City of La Crosse, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse (the "City") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 17, 2020.

**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 a deficiency in internal control, described below that we consider to be a material weakness:

## 2019-001 - 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 2018-001.

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.

### **Compliance and Other Matters**

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

### **City of La Crosse, Wisconsin's Response to Findings**

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

### **Purpose of this Report**

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

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
September 17, 2020