

2015

Popular Annual Financial  
Report



La Crosse County Wisconsin

12/31/2015

# Purpose of Report

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The Popular Annual Financial Report (PAFR) is an unaudited summary report of the financial activities of the County and is prepared primarily from detailed information contained in the County's 2015 Comprehensive Annual Financial Report (CAFR), with selected information from CAFRs prepared for earlier years. Financial amounts noted in this report for 2013 and 2014 have not been restated for the County's implementation of GASB Statement No. 68, which is explained in detail in the County's CAFR, Note 19. Certain amounts in the prior year comparatives noted in this report have been reclassified to conform to the current year's presentation.



The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and includes audited financial statements. As such, it provides much more detail as well as full disclosure of all material events, both financial and non-financial. The GAAP presentation also includes the County's component unit (a related organization) and information on individual funds.

The information in the CAFR by its nature can be technical and complex and as such, not as useful to citizens wishing to gain an overview of the County's finances. The PAFR has been prepared to simplify the information in the CAFR and better inform the public about the overall financial condition of the County, without the heavy use of technical accounting terms or excessive detail. The PAFR is not intended to provide a complete financial picture of the County in accordance with GAAP.

Questions or feedback concerning any of the information provided in this report or requests for additional financial information may be directed to the County Finance Department via telephone at 608-785-9580 or via email at

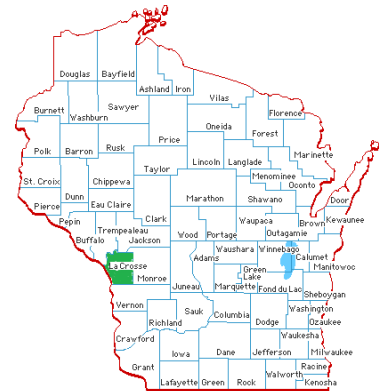
[sdavidson@lacrossecounty.org](mailto:sdavidson@lacrossecounty.org)



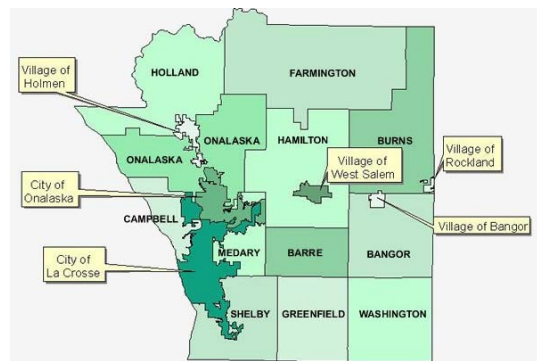
The CAFR, the PAFR, and the budget are available on the County's website at: <http://www.co.la-crosse.wi.us/finance/Docs/Reports.htm>

# Community and Demographics

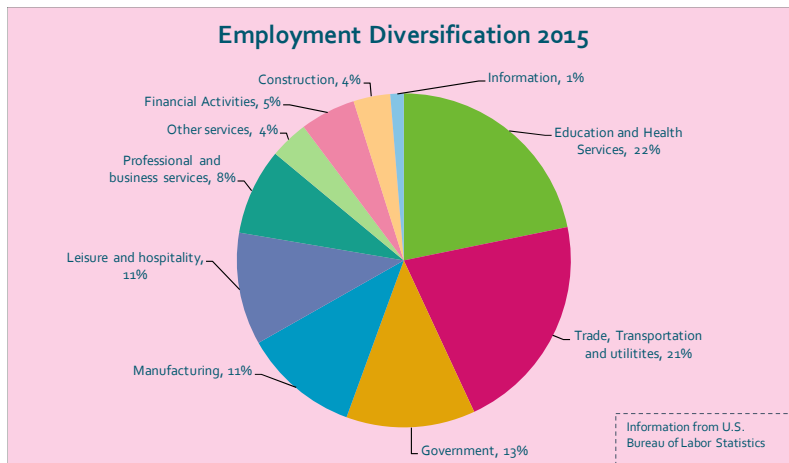
La Crosse County, organized in 1851, is located in southwest Wisconsin, along the Mississippi River to the west and beautiful bluffs and farmland to the east. The area provides excellent year-round recreational opportunities including river recreation, hunting, fishing, downhill skiing, and bike trails. La Crosse hosts the La Crosse Loggers, a semi-professional baseball team and the Coulee Region Chill, a semi-professional hockey team. La Crosse County also hosts the state's only NASCAR-sanctioned track at the La Crosse Fairgrounds Speedway.



The City of La Crosse is the county seat of La Crosse County, which includes two cities, four villages, and twelve townships. The County occupies a land area of 481 square miles and serves a population of 117,054 (2015 estimate).



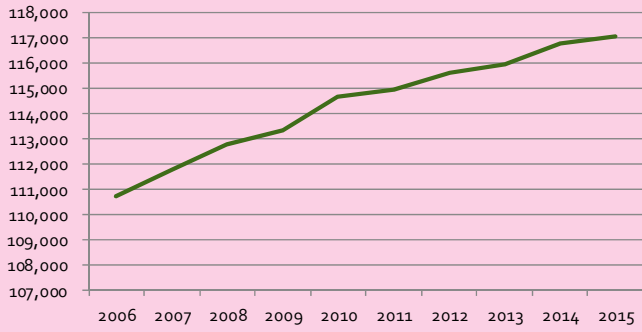
Due in large part to its excellent transportation connections, solid workforce, and well diversified economy, La Crosse County has continued its growth as an employment center for the Coulee Region – serving a regional population of over 400,000. The area also boasts significant natural resources and growing cultural amenities that contribute to the continued success of the tourism industry, as well as the attraction of employers to the area.



La Crosse County is a major employment center drawing people from surrounding areas and is well diversified. Major employers include Gundersen Health System, Mayo Clinic Health System, Kwik Trip, The Trane Company, Univ. of Wisconsin-La Crosse, United Healthcare, CenturyLink, Festival Foods, and the School District of La Crosse.

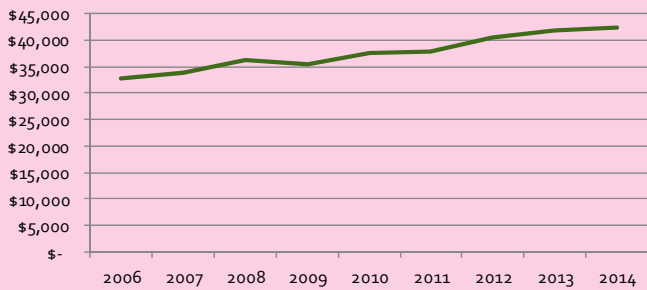
La Crosse County has a well-educated population. Of people 25 years and older, 30.8% have a bachelors or higher degree; 94.0% have completed high school. The Wisconsin education rate of people 25 years and older is 27.4% who have a bachelors or higher degree; 90.8% have completed high school. In addition, we are home to the University of Wisconsin-La Crosse, Viterbo University, and Western Technical College.

### La Crosse County Population



Since 2005, population within the County has risen 5.7%. The County has an estimated population of 117,054.

### La Crosse County Per Capita Personal Income



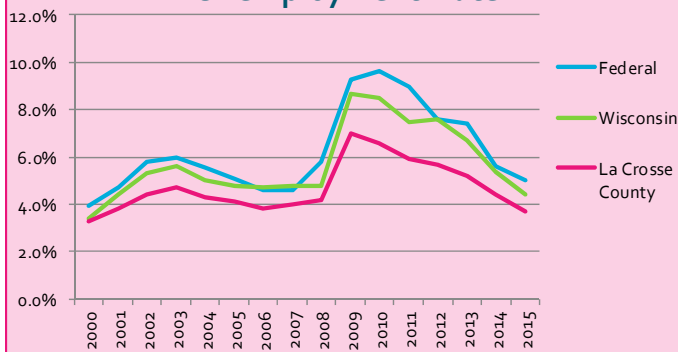
Per Capita Personal Income in the County has risen 29.6% in the last 10 years to \$42,314.

### La Crosse County Equalized Value



Over the past 10 years, the equalized value of taxable property in the County has increased 22.3%, resulting in a taxable equalized value of \$8,717,923,400.

### Unemployment Rate



The County has always maintained a lower unemployment rate than the State and Federal rates.





The median income within the County is \$50,769 and is slightly behind the Wisconsin median income of \$52,738. About 12.6% of families were below the poverty level, which is better than the State level of 13.2% and the U.S. level of 14.8%. Total retail sales for the County were \$3.3 Billion for last year, an increase of 38% from 2012. The median household effective buying income for the County is \$42,504.

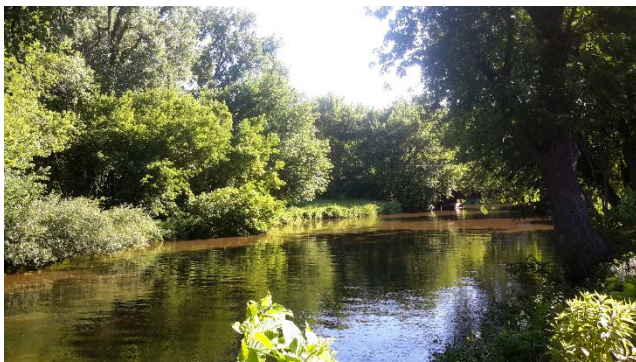
La Crosse County also continues to be recognized for its high quality of life by nationally recognized ratings organizations. In 2015 the Washburn neighborhood within the City of La Crosse was ranked the 5<sup>th</sup> best place to live in the country for people age 50 and older by AARP's Livability Index, based on housing and community services. In 2014 the City of La Crosse was named as the 11<sup>th</sup> best place to live in the country by Outside Magazine, based on access to adventure, healthy eating options, bike lanes, and green spaces. Also, the City of Onalaska was ranked #18 by Livability.com as one of the best small towns to live. Onalaska has more than 300 acres of parks, two quality school districts, and cost-of-living expenses are generally lower than most cities.

In 2015, Entrepreneur Magazine indicated that La Crosse was one of the Best Small Towns to open a business, ranking them #10. In 2014, Business Insider, ranked La Crosse as #2 in the list of Most Exciting Small Cities in America, and Forbes added the city to the Best Small Places for Business and Careers.



The La Crosse County Solid Waste Department has received national attention for its facilities and partnerships. Two articles in a national magazine, "Waste Advantage", highlighted La Crosse County's ability to turn waste into a resource, partnering with environmental organizations and developing land as a natural resource. The articles highlighted a unique public outreach program that has given Boy Scouts and other organizations a firsthand look at operating a landfill and creating sustainable practices. These efforts resulted in the Solid Waste Department receiving

the Bronze Excellence Award in Public Education at the 2015 Annual Solid Waste Association of North America.



La Crosse County is also a healthy place to live, work, learn, and play. The county ranks 15<sup>th</sup> out of 72 counties in Wisconsin for health outcomes and 6<sup>th</sup> for health factors including health behaviors, clinical care, social and economic factors, and physical environment.

These recognitions continue to show how La Crosse County is progressive in its work to maintain healthy growth in the local economy.

# County Government

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La Crosse County is governed by 29 board supervisors, elected to 2-year terms. The County Board serves as the legislative and policymaking body of the County. The Board Chairperson, Tara Johnson, is responsible for providing directives of the Board to the appropriate officials and departments of the County. The County Administrator is Steve O'Malley, and is tasked with carrying out policies of the Board, overseeing the day-to-day operations of the County, and appointing department directors.

County services include the maintenance of public records, a 5-branch circuit court system, public safety and law enforcement, highway maintenance and construction, public health, human services, elderly programs, solid waste management, household hazardous waste center, zoning and conservation, library services, county parks, veteran's affairs and an extension service. The County owns and operates two separate skilled nursing homes as well as an assisted living center, an apartment complex for the aged, 2 adult family homes, and a community based residential facility. The County is self-insured for health, liability and worker's compensation.

The County's fiscal year is from January 1<sup>st</sup> to December 31<sup>st</sup>. In November of each year, the Board passes the budget for the next year. The annual budget serves as the foundation for financial planning and control.



District 1 - Andrea Richmond	District 11 - Patrick Scheller	District 21 - Vicki Burke
District 2 - Ralph Geary	District 12 - Dave Holtze	District 22 - Patrick Barlow
District 3 - Joe Veenstra	District 13 - Brian Logue	District 23 - Matt Nikolay
District 4 - Maureen Freedland	District 14 - Jeffrey Schroeder	District 24 - Leon Pfaff
District 5 - Keyla Jones-Rosa	District 15 - Monica Kruse	District 25 - Ray Ebert
District 6 - Roger Plesha	District 16 - Dan Ferries	District 26 - Dan Hesse
District 7 - Sharon Hampson	District 17 - Mike Giese	District 27 - Tina Hundt Wehrs
District 8 - Peggy Jerome	District 18 - Laurence Berg	District 28 - Robert Keil
District 9 - Nancy Stoll Caucutt	District 19 - Hubert Hoffman	District 29 - Tara Johnson
District 10 - Kim Cable	District 20 - Steve Doyle	

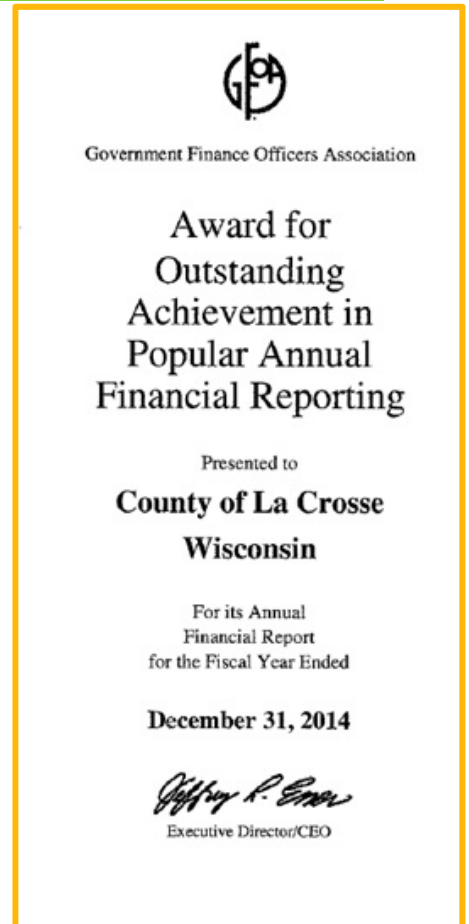
# Awards & Recognition

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the County of La Crosse for its Popular Annual Financial Report for the fiscal year ended December 31, 2014. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

The GFOA has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of La Crosse for its CAFR for the fiscal year ended December 31, 2014. This was the 10<sup>th</sup> consecutive year that the County has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.



In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

# Financial Highlights

The information provided is summarized and represents only selected funds and therefore is not in accordance with generally accepted accounting principles (GAAP) and is not intended to represent all of the County’s funds, component unit, and fiduciary funds. The following table is a summary of select financial data for the past three years.

<b>Financial Summary</b>			
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Net Position</b>			
Assets and Deferred Outflows	\$ 318,573,702	\$ 271,127,027	\$ 275,519,670
Liabilities and Deferred Inflows	154,996,630	124,382,606	124,527,332
<b>Total Net Position</b>	<b>163,577,072</b>	<b>146,744,421</b>	<b>150,992,338</b>
<b>Revenues</b>			
Governmental Activities	\$ 99,755,279	\$ 92,591,862	\$ 86,574,284
Business-type Activities	32,963,740	31,506,724	31,411,529
<b>Total Revenues</b>	<b>132,719,019</b>	<b>124,098,586</b>	<b>117,985,813</b>
<b>Expenses</b>			
Governmental Activities	\$ 98,810,015	\$ 90,557,931	\$ 91,365,697
Business-type Activities	32,918,317	33,288,572	31,762,081
<b>Total Expenses</b>	<b>131,728,332</b>	<b>123,846,503</b>	<b>123,127,778</b>
<b>Capital Assets</b>			
Governmental Activities	\$ 127,764,145	\$ 122,746,512	\$ 121,039,237
Business-type Activities	28,769,664	22,873,289	22,481,497
<b>Total Capital Assets</b>	<b>156,533,809</b>	<b>145,619,801</b>	<b>143,520,734</b>
<b>Long-Term Obligations</b>			
Governmental Activities	\$ 60,591,577	\$ 49,555,212	\$ 49,224,744
Business-type Activities	42,990,406	28,936,103	30,949,132
<b>Total Long-Term Obligations</b>	<b>103,581,983</b>	<b>78,491,315</b>	<b>80,173,876</b>

**Governmental Activities** include: general government; public safety; public works; health and human services; culture, recreation and education; and conservation and development.

**Business-type Activities** include: Hillview Nursing Home, Solid Waste, Lakeview Nursing Home Facility, apartments and assisted living facilities, and household hazardous waste disposal services.



# Net Position

The Balance Sheet, known as the Statement of Net Position in governmental financial statements, presents information concerning the County's assets, liabilities, and deferred inflows/outflows of resources. Increases and decreases in net position serve as an indicator of the County's financial position and the results of the County's operations.

Statement of Net Position							
	Governmental Activities		Business-Type Activities		Total		
	2015	2014	2015	2014	2015	2014	
Current and Other Assets	\$ 111,396,924	\$ 93,610,426	\$ 38,110,265	\$ 27,209,501	\$ 149,507,189	\$ 120,819,927	
Capital Assets	127,764,145	122,746,512	28,769,664	22,873,289	156,533,809	145,619,801	
<b>Total Assets</b>	<b>\$ 239,161,069</b>	<b>\$ 216,356,938</b>	<b>\$ 66,879,929</b>	<b>\$ 50,082,790</b>	<b>\$ 306,040,998</b>	<b>\$ 266,439,728</b>	
Deferred Outflows of Resources	6,320,253	-	6,212,451	4,687,299	12,532,704	4,687,299	
Current and other liabilities	\$ 14,382,152	\$ 10,772,574	\$ 4,355,521	\$ 3,541,862	\$ 18,737,673	\$ 14,314,436	
Long-Term Liabilities	60,591,577	49,555,212	42,990,406	28,936,103	103,581,983	78,491,315	
<b>Total Liabilities</b>	<b>\$ 74,973,729</b>	<b>\$ 60,327,786</b>	<b>\$ 47,345,927</b>	<b>\$ 32,477,965</b>	<b>\$ 122,319,656</b>	<b>\$ 92,805,751</b>	
Deferred Inflows of Resources	32,560,874	31,445,155	116,100	131,700	32,676,974	31,576,855	
<b>Net Position:</b>	<b>\$ 137,946,719</b>	<b>\$ 124,583,997</b>	<b>\$ 25,630,353</b>	<b>\$ 22,160,424</b>	<b>\$ 163,577,072</b>	<b>\$ 146,744,421</b>	
Investment in Capital Assets, net of Related Debt	\$ 83,871,162	\$ 87,083,222	\$ 12,211,780	\$ 10,175,758	\$ 96,082,942	\$ 97,258,980	
Restricted	14,500,096	5,286,345	1,713,201	-	16,213,297	5,286,345	
Unrestricted	39,575,461	32,214,430	11,705,372	11,984,666	51,280,833	44,199,096	
<b>Total Net Position</b>	<b>\$ 137,946,719</b>	<b>\$ 124,583,997</b>	<b>\$ 25,630,353</b>	<b>\$ 22,160,424</b>	<b>\$ 163,577,072</b>	<b>\$ 146,744,421</b>	

The largest portion of the County's net position (59%) reflects the investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Therefore, even though the County's investment in capital assets is reported net of related debt, the resources needed to repay debt cannot come from the capital assets themselves and must be provided from other sources.

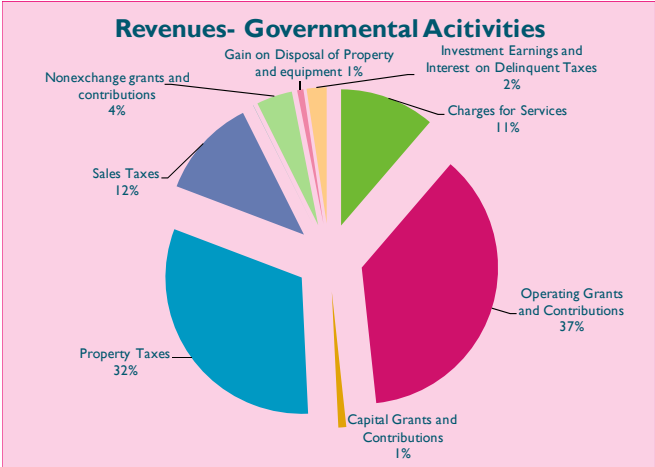
An additional portion of the County's net position \$16.2 million, or 10%, represent resources that are subject to external restrictions as to how they may be used. The remaining balance of unrestricted net position, or \$51.3 million, or 31%, may be used to meet the County's ongoing obligations to citizens and creditors.

The County's net position increased \$990,687 during the current year. This results from an increase of governmental-type activities due to increases in charges for services, Human Services and Community Development grants, increase in sales tax revenues, and gain on disposal of property and equipment. An increase of business-type activities was mainly due to increased demolition waste as the result of new construction in the La Crosse area. Also, expenses were less in 2015 for Solid Waste due to the closing part of a cell within the landfill in 2014.

# Revenues

## WHERE DOES THE MONEY COME FROM?

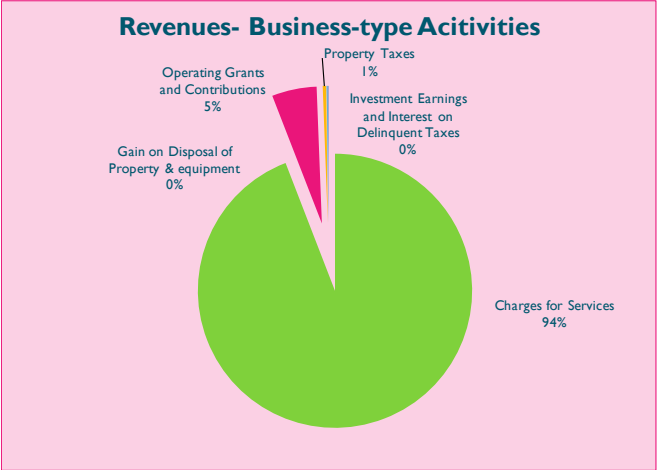
Total Revenues - Governmental Activities		
	2015	2014
<b>Program Revenues</b>		
Charges for Services	\$ 11,257,439	\$ 10,649,466
Operating Grants and Contributions	36,938,214	33,011,418
Capital Grants and Contributions	926,473	526,350
<b>General Revenues</b>		
Property Taxes	31,445,155	30,830,842
Sales Taxes	11,814,918	11,423,778
Other Taxes	20,691	7,382
Nonexchange grants and contributions	4,256,166	4,237,750
Gain on disposal of property & equip.	737,767	614,288
Investment Earnings and Interest on Delinquent Taxes	2,358,456	1,290,588
<b>Total Revenues- Governmental Activities</b>	<b>\$ 99,755,279</b>	<b>\$ 92,591,862</b>



Governmental activities charges for services increased due to the County taking over management of the Goose Island Campground and store, which the County had contracted the management to an outside party in the past. Additional grants were received in the Human Services department for the Comprehensive Community Services (CCS) program. The Community Development Block Grant (CDBG) Small City Housing Program increased in 2015, providing loans to low income residents in an eleven county area for down payment assistance and rehabilitation loans. Sales tax revenues increased due to the thriving economy. The gain on disposal of property and equipment was from the sale of the Park Plaza property and the sale of Lot C.

Business-type activities revenue remained relatively similar to last year.

Total Revenues - Business-type Activities		
	2015	2014
<b>Program Revenues</b>		
Charges for Services	\$ 31,027,633	\$ 30,058,557
Operating Grants and Contributions	1,738,358	1,281,998
<b>General Revenues</b>		
Property Taxes	131,700	115,577
Gain on disposal of property & equip.	31,138	-
Investment Earnings and Interest on Delinquent Taxes	34,911	50,592
<b>Total Revenues- Business-type Activities</b>	<b>\$ 32,963,740</b>	<b>\$ 31,506,724</b>



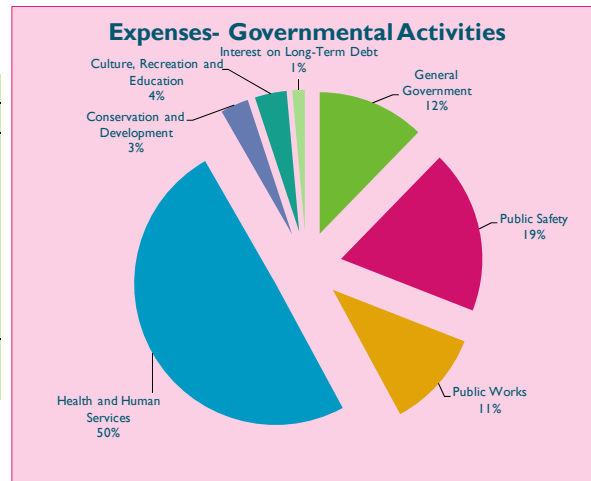
**Program revenues** include: (1) Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

**General Revenues** include all taxes, investment earnings, and grants not restricted to a particular function or segment.

# Expenses

## WHERE DOES THE MONEY GO?

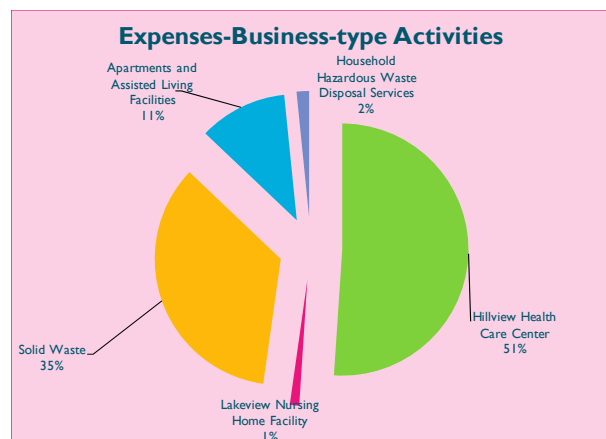
Total Expenses - Governmental Activities		
	2015	2014
General Government	\$ 12,128,660	\$ 10,773,081
Public Safety	18,439,173	17,914,983
Public Works	11,043,214	9,886,390
Health and Human Services	49,003,479	44,324,608
Conservation and Development	3,177,994	3,078,594
Culture, Recreation and Education	3,600,824	3,211,218
Interest on Long-Term Debt	1,416,671	1,369,057
<b>Total Expenses - Governmental Activities</b>	<b>\$98,810,015</b>	<b>\$90,557,931</b>



Governmental activities expenses increased partly due to an increase in clients served within the Comprehensive Community Services (CCS) program, helping people with various mental health services. CCS program expenses (fully funded from the State) increased over \$3.9 million from the previous year. Also, the general fund expenses include a \$650,000 loss on the sale of the administrative center.

Business-type activities expenses decreased mainly as a result of the Solid Waste department. In 2014, a six acre portion of a cell was closed. The closing cost was \$1.3 million, and there was no expense for closure in 2015.

Total Expenses - Business-type Activities		
	2015	2014
Hillview Health Care Center	\$ 16,803,148	\$ 16,423,463
Lakeview Nursing Home Facility	\$ 392,250	\$ 290,046
Solid Waste	\$ 11,472,378	11,913,288
Apartments and Assisted Living Facilities	\$ 3,727,211	4,150,239
Household Hazardous Waste Disposal Services	\$ 523,330	511,536
<b>Total Expenses - Business-type Activities</b>	<b>\$32,918,317</b>	<b>\$33,288,572</b>



**General Government**-Clerk of Courts, Corporation Counsel, County Board, County Clerk, Family Court Commissioner, Mediation, Document and Graphic Services, Register of Deeds, County Administrator, Information Technology, Finance, Personnel, Treasurer, District Attorney, Child Support, and Medical Examiner and other expenses not attributable to other departments  
**Public Safety**-Emergency Services, Central Dispatch, Jail, Law Enforcement  
**Public Works**- Highway maintenance and construction  
**Health and Human Services**- Departments of Health, Human Services, Aging, and payments to MVHS  
**Conservation and Development**-Land Conservation, Economic Development, Metropolitan Planning Organization  
**Culture, Recreation, and Education**-Extension, Library, Parks  
**Hillview Health Care Center**- Skilled nursing facility for aged and disabled residents  
**Solid Waste**-Operations of the solid waste disposal system  
**Apartments and Assisted Living Facilities**-Carroll Heights Apartments; Hillview Terrace; MacIntosh, Regent, and Monarch Manors; Maplewood CBRF, Ravenwood Nursing Home; and Lakeview Nursing Home Facility Fund  
**Household Hazardous Waste Disposal**-Operations of the disposal of hazardous chemicals

# Capital Assets

## WHAT DO WE OWN?

The County needs more than just dollars to provide its citizens with services, and as such, many types of assets are required to keep the county performing and delivering its various services. Capital assets include land, buildings, improvements, highway trucks, sheriff vehicles, machinery and equipment, bridges, culverts, curbs, and traffic signals.

Capital Assets	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
	Capital Assets					
Land	\$ 6,781,852	\$ 6,714,515	\$ 947,300	\$ 947,300	\$ 7,729,152	\$ 7,661,815
Land Improvements	3,835,720	3,895,793	29,354,138	29,351,714	33,189,858	33,247,507
Buildings	69,607,683	70,876,378	17,876,301	17,926,441	87,483,984	88,802,819
Machinery and equipment	30,184,582	29,766,529	9,334,410	9,828,162	39,518,992	39,594,691
Infrastructure	105,218,692	102,803,788	-	-	105,218,692	102,803,788
Construction in progress	4,031,366	1,074,296	13,789,918	6,108,705	17,821,284	7,183,001
Total capital assets	219,659,895	215,131,299	71,302,067	64,162,322	290,961,962	279,293,621
Less:						
Accumulated Depreciation	91,895,750	92,384,787	42,532,403	41,289,033	134,428,153	133,673,820
<b>Total Net Capital Assets</b>	<b>\$ 127,764,145</b>	<b>\$ 122,746,512</b>	<b>\$ 28,769,664</b>	<b>\$ 22,873,289</b>	<b>\$ 156,533,809</b>	<b>\$ 145,619,801</b>

The County's largest increase for 2015 was due to the Downtown Campus Project. The County purchased a former bank building and adjacent parking lot for \$4,600,000 in early 2015. This building is being remodeled to become the new administrative center with completion expected by the end of 2016. As part of this campus project, the Health and Human Services Building is getting a 24,000 square foot addition and partial remodeling of the remainder of the building. In the Law Enforcement Center, a shell was finished for the Child Support and Medical Examiner offices.

Infrastructure increased by over \$2.5 million in 2015 due to road projects. County highway road U and Z were completed in 2015.

The Lakeview Campus Project was started in 2015 and is expected to be completed in the fall of 2016. The cost is projected to be \$17.2 million.



# Long-Term Obligations

## WHAT DO WE OWE?

As of December, 31, 2014, the County's long-term obligations totaled \$103,581,983; of which \$60,375,261 was general obligation debt outstanding. Of this amount, \$5,119,634 is due within 1 year.

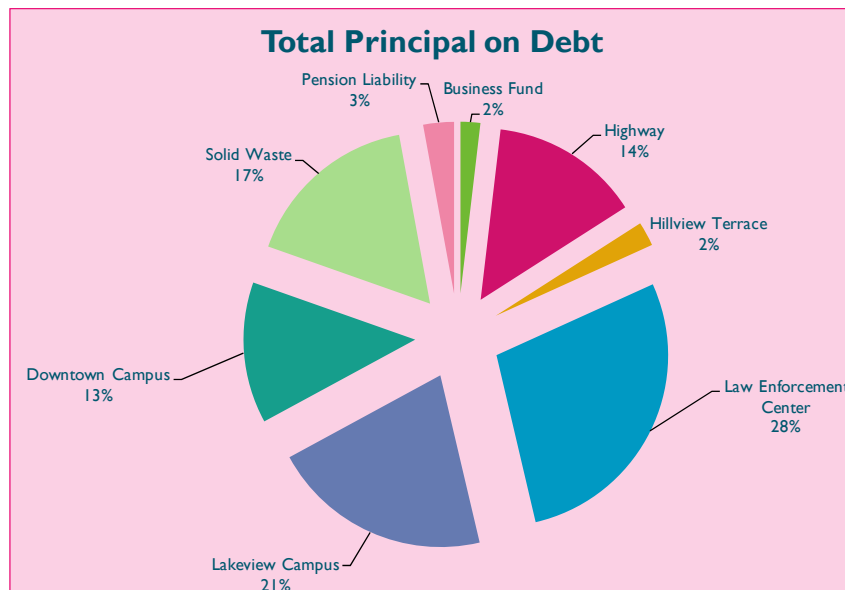
Long-Term Obligations			
	Governmental Activities	Business-Type Activities	Total
<b>Due within 1 year:</b>			
Compensated Absences	\$ 2,367,114	\$ 560,093	\$ 2,927,207
Bonds and Notes Payable	4,430,355	713,524	5,143,879
Landfill Post Closure Costs	19,239	13,453	32,692
	6,816,708	1,287,070	8,103,778
<b>Due longer than 1 year:</b>			
Compensated Absences	4,486,231	-	4,486,231
Post Employment Benefit Obligation	1,319,912	-	1,319,912
Bonds and Notes Payable	47,436,539	32,253,153	79,689,692
Landfill Post Closure Costs	532,187	9,450,183	9,982,370
	53,774,869	41,703,336	95,478,205
<b>Total Long-Term Obligations</b>	<b>60,591,577</b>	<b>42,990,406</b>	<b>103,581,983</b>

## HOW'S OUR CREDIT?

External credit ratings are very important and have a direct influence on the County's ability to (1) minimize borrowing cost (2) successfully borrow money to complete the acquisition and construction of long-lived capital assets.

The County maintains an "Aa1" rating from Moody's Investors Services for general obligation debt. An "Aa1" is graded as high quality and a very low credit risk to investors. This means the County has a proven track record, the financial strength, and the ability to repay short-term debt.

The County's debt per capita is \$509 and is 1.2% of personal income.





# Investments

## HOW SAFE IS OUR MONEY?

The County investment practices and policies are based upon state law and prudent money management. The County’s first priority is to maintain the safety of the principal of the investments, which mitigates credit risk.

The County structures the investment portfolio, with the assistance of our investment advisor, to be sure that securities mature concurrently with cash needs and anticipated demands. This mitigates liquidity risk.

Cash and Investments	
Deposits	\$ 39,898,887
Petty Cash	7,222
Investments	39,797,944
<b>Total</b>	<b>\$ 79,704,053</b>

Investments	
Investment Types:	Fair Value
U.S. Treasury Notes	\$ 8,314,018
U.S. Agency Securities	22,464,680
U.S. Small Business Administration	3,718,649
State of WI Local Government	
Investment Pool	3,534,953
Money Market Funds	1,765,644
<b>Total Investments</b>	<b>\$ 39,797,944</b>

Investment Type:	S&P Rating
U.S. Agency Securities	AA+
Money Market Funds	AAAm

and liquidity needs of the County. The return on investment is of secondary importance compared to the safety and liquidity objectives.

**Types of Risk:**

**Credit Risk** – the risk that the County will not recover its investments due to the inability of the counterparty to fulfill its obligation.

**Liquidity Risk** – the risk that the County will not be able to sell an investment security quickly enough to meet cash flow needs or demands.

**Custodial Credit Risk** – the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party (i.e.

A variety of investments are used to minimize the exposure to the risk of loss. The County policy also requires all funds on deposits with any financial institution be secured with collateral securities. This mitigates the exposure to the risk of loss and custodial credit risk.

The County policy requires only the highest and second highest rated securities may be purchased. As noted in the sidebar, the U.S. Agency Securities and the Money Market Funds are rated AA+, meaning there is a “very strong capacity to meet financial commitments.” In addition, the U.S. Treasury securities and notes are backed by the full faith and credit of the U.S. government and are considered the safest investments in the world.

Finally, the investment portfolio is designed to attain the highest market rate of return, taking into account economic cycles and the investment risk constraints

*The County’s investment advisor, Dana Investment Advisors, was recently named “The #1 Best Places to Work” among money management firms by Pensions & Investment Magazine. They currently manage over \$6.5 billion in investment assets.*

# General Fund

The general fund accounts for the County's main operating activities and is used to account for all financial resources except those which are required to be accounted for in another fund. Citizens, other governments, and rating agencies typically look at a municipality's general fund to determine the health and current trends within it.

As a measure of the General Fund's ability to pay off short-term obligations, it is useful to compare unassigned fund balance and total fund balance to total fund expenditures.

Unassigned Fund Balance Compared to Expenditures				
	2015		2014	
	General Fund	Percentage of Expenditures	General Fund	Percentage of Expenditures
Total Expenditures	\$ 33,173,540	-	\$ 32,661,722	-
Unassigned Fund Balance	19,079,125	57.5%	18,010,105	55.1%
Total Fund Balances	31,250,615	94.2%	28,036,567	85.8%

County policy requires the ratio of unassigned general fund balance to total operating expenditures be maintained at 25 to 50%. As of December 31, 2015 the ratio is 57.5%. County policy limits the use of unassigned fund balance to fund capital expenditures, prepayment of outstanding debt, start-up costs of new programs, other non-recurring expenditures, or emergencies.

The General Fund closed out the year with a profit of \$3.2 million. The positive outcome was mainly the result of the sale of three properties; 1) the Park Plaza property for \$600,000, 2) the current administrative center for \$250,000, and 3) "Lot C" for \$1 million. More information on these sales are discussed in the section labeled "Major Initiatives".

During 2015, sales tax revenues increased by over \$391,000 and was over \$864,000 higher than was budgeted. In 2015, the County took over the operations of the Goose Island campground and store, which increased the overall parks operations profit by approximately \$100,000. Jail and law enforcement expenditures were under budget by \$500,000, as there were savings in gasoline, food preparation and personnel savings due to vacant positions.

Also, several capital outlay projects that were not completed in 2015 carried forward funds for completion in 2016. This includes the \$600,000 Hintgen Island Fleeting project (the County owned fleeting site) to shore up bank protection by shaping and installing geotextile fabric, rock fill and rip rap. A grant from the Wisconsin State Harbor Commission will pay for \$483,640 of this project. Also, \$350k was carried forward for parks projects not completed by the end of 2015, and \$150k was carried forward for maintenance projects in the Law Enforcement Center and Health & Human Services buildings.

# Ratios and Trends

## HOW ARE WE DOING?

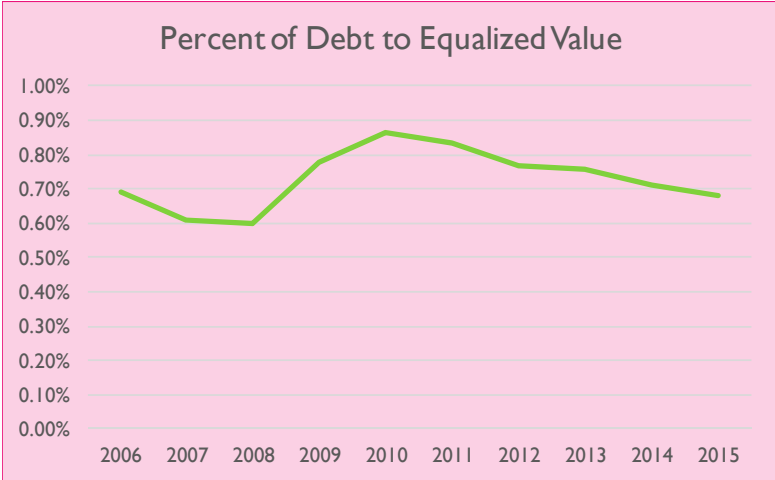
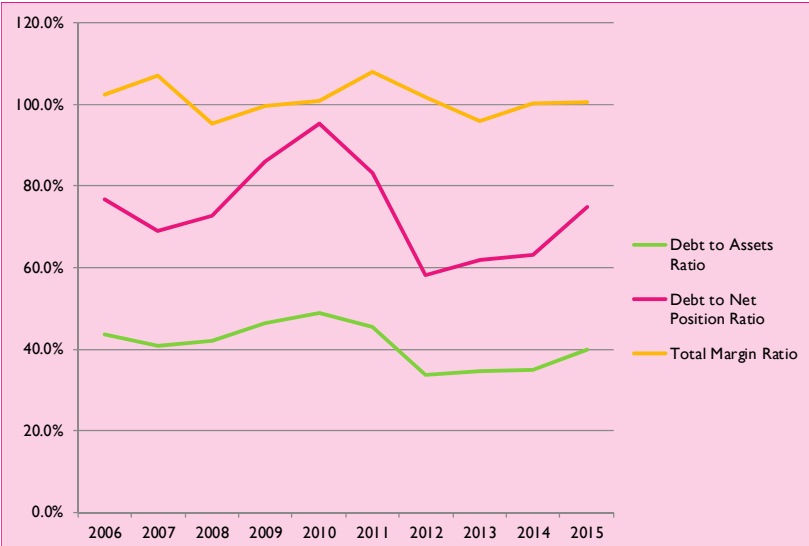
Looking at key financial ratios and trends over several years enables the County to have a clearer picture of where it has been and where it is going.

Primary Government										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt to Assets Ratio	43.4%	40.8%	42.2%	46.2%	48.8%	45.4%	33.5%	34.6%	34.8%	40.0%
Debt to Net Position Ratio	76.8%	68.9%	72.9%	86.0%	95.4%	83.2%	58.3%	62.0%	63.2%	74.8%
Total Margin Ratio	102.5%	107.1%	95.3%	99.6%	100.9%	108.1%	101.8%	95.8%	100.2%	100.8%

**Debt to Assets Ratio** focuses on the extent to which total assets are financed with long-term debt and is a measure of the government’s leverage. A lower ratio is desired as a high ratio implies an over reliance on debt for financing assets.

**Debt to Net Position Ratio** focuses on the ability to meet long-term obligations and is a measure of the government’s solvency. A high ratio is desired.

**Total Margin Ratio** focuses on whether the government lived within its financial means during the fiscal year. A ratio of 100% or higher is desired.



Wisconsin statutes limit the total indebtedness of the County to 5% of equalized value. As noted in the chart to the left, the County has been well under this limit.

**Overall Summary:** The ratios for the past 10 years, show the County has strived to keep debt manageable, taking advantage of historically low interest rates; while still providing quality services and replacing aging facilities and infrastructure for citizens.

# Major Initiatives

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## Lakeview Campus

In 2012, a market study was completed for the Lakeview nursing home campus in regard to replacing buildings and/or consolidation and elimination of one or more programs that are operated by the County nursing homes.

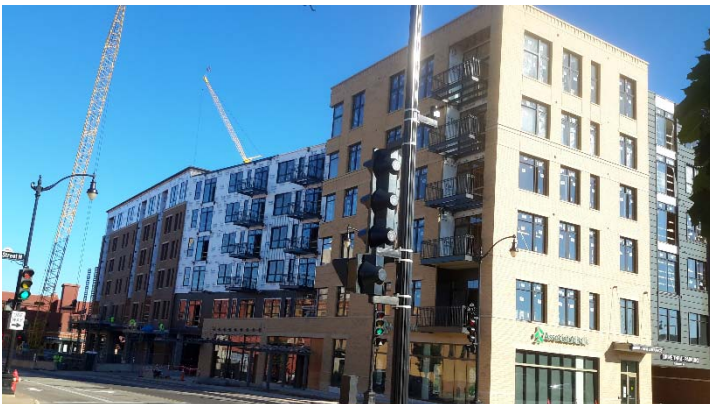
The study found in order to maximize Federal and State reimbursement amounts the campus should transition from a 140,000 square foot, institutional-style facility to a cluster of smaller, more home-like buildings. Two-16 bed CBRF for special needs clients, one-10 bed State-only nursing home for behavioral health, and one-50 bed nursing home will serve primarily La Crosse County residents.

Construction of the new Lakeview Campus began in 2015, with completion expected by the fall of 2016. This facility will accommodate the needs of the elderly and disabled for many years to come, not only for La Crosse County, but also the region. The cost is projected to be \$17.2 million and currently construction is on time and on budget.



## Administrative Center and Lot C

In 2013, the County was approached about selling the county administrative center to a private contractor who plans on converting the building into 206 units of student housing for nearby Western Technical College. The building would have an estimated \$6.8 million value and would be put on the tax rolls. By selling the building to the private contractors, the County would not need to pay for asbestos removal. In February 2015, the County sold the administrative center for \$250,000, with plans to vacate the building by December 2016 so the facility can be cleared of asbestos and ready for tenants by the fall 2017.



In February of 2015 the County sold a 2.3-acre parking site, known as "Lot C" for \$1 million to a local developer. This lot is located just south of the Law Enforcement Center in the heart of downtown La Crosse. The \$68 million development project will include a housing, retail, and office complex on the site that is expected to add an estimated \$35 million of tax base and create 500 new jobs in the downtown area. The plans call for a 115,000 square foot office building, a market, a café, 94 housing units above the retail space and a bank.

To replace the administrative center, the County purchased the Associated Bank building near the downtown campus for \$4,600,000 early in 2015. A new bank will be constructed on the "Lot C" site by the developer and is expected to be open by June of 2016. Remodeling of the bank building will begin in early 2016 and the move to the new administrative center is planned for December of 2016. The campus project also includes the remodeling of space in the Law Enforcement Center building for Child Support and Medical Examiner offices (this was completed in December of 2015) and an addition and remodeling of the Health and Human Services building. Total costs for the purchase, the addition, and remodeling projects are estimated to be approximately \$22,000,000.



As part of the sale and purchase transactions, the County has pledged to contribute the \$1 million purchase price for Lot C to help fund a city parking structure nearby, contingent on the county being provided up to 125 parking spaces within two blocks of county offices, including at least 40 spots on Lot C for the Law Enforcement Center.

### **Highway 108/ Highway C Swap**

The Wisconsin Department of Transportation (DOT) pursued the County to swap 13.1 miles of State Highway 108 and 10.1 miles of County Highway C. The two highways run roughly parallel, with the current Highway C producing more traffic than Highway 108. The DOT plans to resurface the new Highway 108 and make three intersections safer starting in 2017. In exchange, the County is expected to receive \$4.7 million in road funds in 2016 to be used for maintaining and updating Highway C, of which \$600,000 will be put in a reserve for potential erosion problems in the future.

### **Park Plaza Property**

In January 2015 the county sold the former Holiday Inn site, located on Barron Island, known as "Park Plaza" to a local developer for \$600,000. The county gained title to the land in 2001 through foreclosure. The developer is planning on building a multi-unit housing complex, including townhouses, duplexes and triplexes with a projected \$9 million to \$10 million investment. Starting in 2017, the County will be receiving repayment from TIF district #10 and monies will be applied against the receivable and future payments will be applied as recoupment of property taxes and development costs the County incurred.

### **Neighborhood Revitalization**

As part of the 2016 budget, the County Board approved a plan for neighborhood revitalization in two areas within the City of La Crosse, the Powell-Poage-Hamilton and Washburn neighborhoods. The plan would allow grants of up to \$25,000 for a single-family project that would go towards the purchase of a deteriorated home that would be torn down and a new home built with a value of at least \$150,000. There are also guidelines for multi-family projects. Also, as part of this project, the Solid Waste Department has budgeted \$50,000 within their 2016 budget to waive the tipping fees for demolition waste hauled to the landfill as part of this initiative.



# Long-Term Financial Planning

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## HOW ARE WE PLANNING FOR THE FUTURE?

The County Administrator and Finance team meet regularly to discuss long-range planning and project needs. Multi-year steps are taken to moderate the effect on tax levy and using the County's fiscal strength to minimize interest, debt issue costs, and total debt incurred by the County.

The downtown campus project cost of \$22.5 million has been split into 2 debt issues (\$11 million issued in 2015 and \$11 million will be issued in 2016) to spread the debt service impact on tax levy over 3 years. A premium of \$1.1 million was received as a result of the 2015 borrowings and was deposited in the debt service fund to be used to offset future interest costs over the next 3 years. The remaining \$500,000 for the project will most likely be paid with fund balance reserves instead of issuing debt.

The construction of the Lakeview project was financed with Bond Anticipation Notes (BAN) in the amount of \$17.2 million that were issued in 2015. The BANs will be refinanced in 2017 with general obligation debt. The goal of the refinancing is that revenues generated from the facility will be sufficient to support the operations and debt payments; therefore diminishing the need for tax levy support.

Over the past several years, the highway department has regularly issued debt or used fund balance to help fund highway projects. As planned, starting in 2016, the borrowing for highway road construction has been reduced to \$2.4 million and the goal is to continue to reduce the borrowing by \$300,000 each year. The overall amount spent on roads is expected to remain constant, with the funding achieved by additional levy or revenues from sales tax.

Part of the 2014 debt planning for the Solid Waste debt was achieved in 2015 as the 2005-A bond issue was paid off with cash reserves of \$2 million, and the 2006-A issue was refinanced with a revenue loan from the State Trust Fund Loan program in the amount of \$5.475 million. In 2016, the 2006-B issue will also be refinanced with a State Trust Fund Loan in the amount of \$7.82 million. By refinancing the Solid Waste debt with revenue loans, the County's exposure to general obligation (G.O.) debt is reduced and interest rate savings. Also, in 2016 the Solid Waste department will be starting the planning and engineering for the new cell construction and a new site entrance at a cost of approximately \$1.6 million. The goal is to use current cash reserves without having to borrow for these projects.

There are several smaller capital projects planned within the next 3-5 years. These smaller capital projects will not be borrowed for, but paid from fund balance or on a pay-as-you-go basis. These projects include a new financial and payroll system, new 911 shared radios and radio tower, improvements to the facade at the Carroll Heights apartments, new jail locks, and other improvements planned for the County parks.

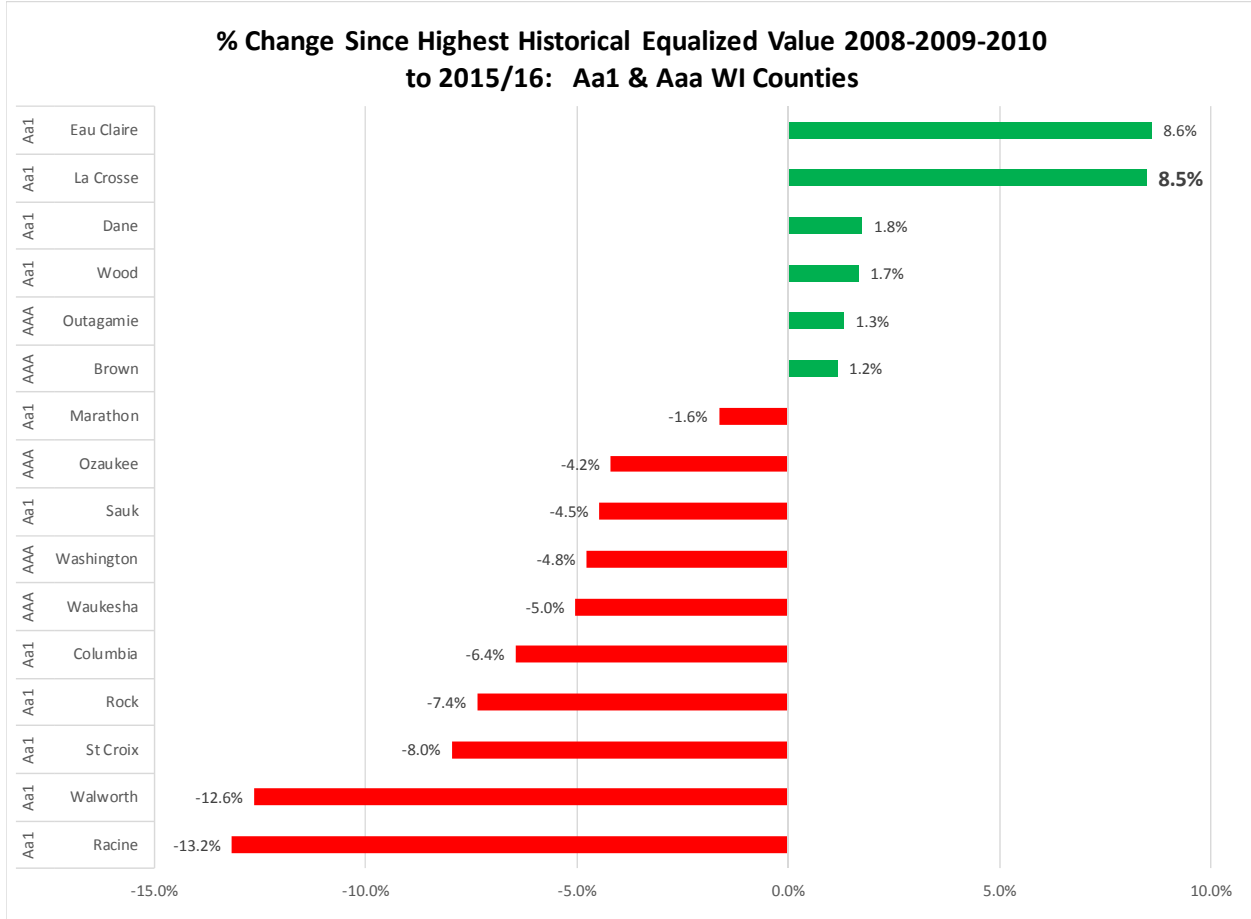
The following chart summarizes the ratio of G.O. debt to equalized value and debt per capita for the last 10 years as well as what is planned for the next 6 years.

<b>Ratios of General Bonded Debt to Equalized Valuation and Debt Per Capita</b>					
<b>Last Ten Fiscal Years</b>					
<b>Year</b>	<b>Total General Obligation</b>	<b>Equalized Value</b>	<b>Percent of Debt to Equalized</b>	<b>Population</b>	<b>Debt Per Capita</b>
2006	\$49,360,980	\$ 7,126,716,600	0.69%	110,743	\$ 445.73
2007	\$46,738,022	7,642,785,200	0.61%	111,791	418.08
2008	\$46,514,041	7,779,523,300	0.60%	112,758	412.51
2009	\$62,009,046	7,978,271,000	0.78%	113,318	547.21
2010	\$68,508,139	7,935,455,900	0.86%	114,638	597.60
2011	\$65,621,424	7,879,057,100	0.83%	114,919	571.02
2012	\$61,129,275	7,977,429,700	0.77%	115,577	528.91
2013	\$61,138,588	8,063,740,700	0.76%	115,928	527.38
2014	\$59,770,807	8,428,637,800	0.71%	116,740	512.00
2015	\$59,541,503	8,717,923,400	0.68%	117,054	508.67
<b>Projected Next 6 years</b>					
2016	60,120,000	8,942,144,178 *	0.67%	117,594 *	511.25
2017	76,360,000 **	9,172,131,807 *	0.83%	118,137 *	646.37
2018	72,780,000	9,408,034,606 *	0.77%	118,682 *	613.24
2019	68,525,000	9,650,004,711 *	0.71%	119,229 *	574.73
2020	63,575,000	9,898,198,170 *	0.64%	119,780 *	530.76
2021	57,965,000	10,152,775,046 *	0.57%	120,332 *	481.71

\* Assumes EQ value growth at 2.6% & population at .5% growth

\*\* In 2017 the BAN's for the Lakeview Campus Project will be refinanced as GO debt

La Crosse County has shown a significantly greater increase in equalized value than most other Aa1 and Aaa-rated counties in Wisconsin. The following chart shows the increase in equalized value for the following counties from each of their highest years between 2009 and 2011 to the 2015/16 year.





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