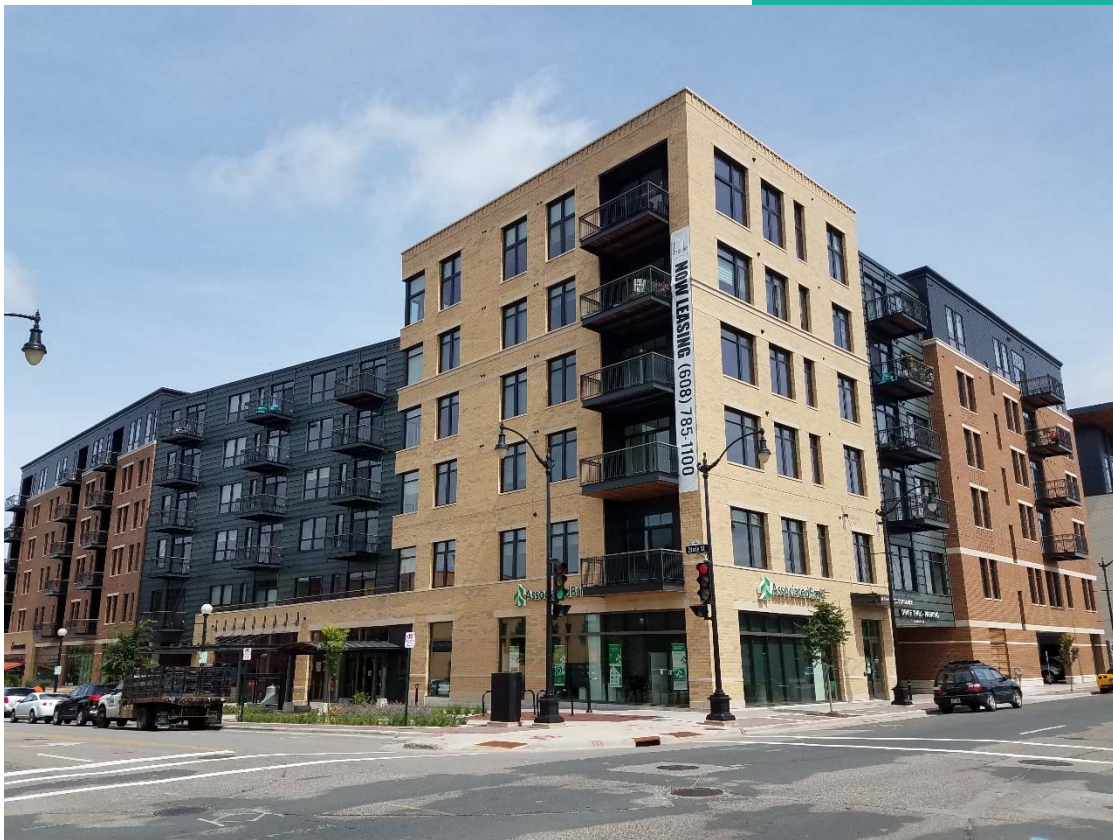


2016

# Popular Annual Financial Report



## La Crosse County, Wisconsin

For the Year Ended  
December 31, 2016

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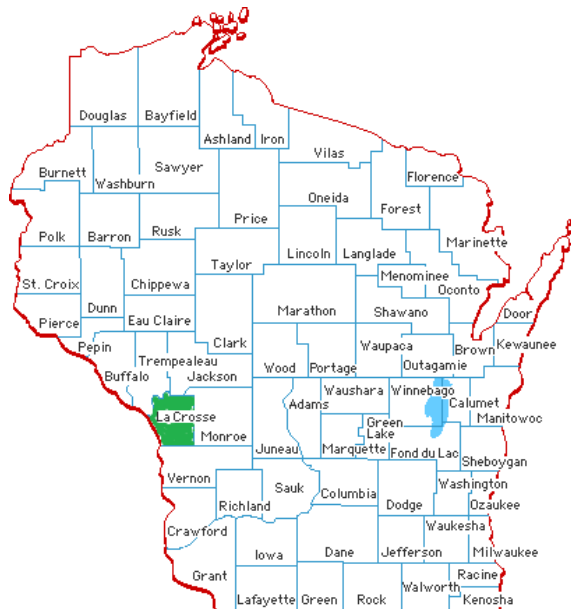
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# Purpose of Report

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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 2016 Comprehensive Annual Financial Report (CAFR), with selected information from CAFRs prepared for earlier years. Financial amounts noted in this report for 2014 have not been restated for the County's implementation of GASB Statement No. 68, which is explained in detail in the County's 2015 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 financial data presented in the PAFR does not include the component unit and fiduciary funds and 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)

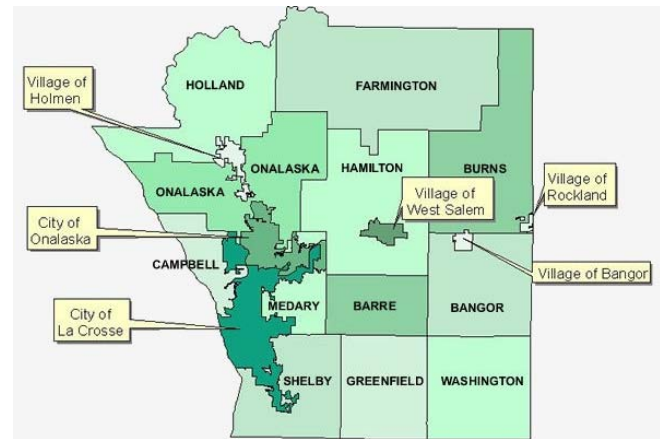


The CAFR, the PAFR, and the budget are available on the County's website at: <http://www.co.la-crosse.wi.us/finance/Docs/Reports.htm>

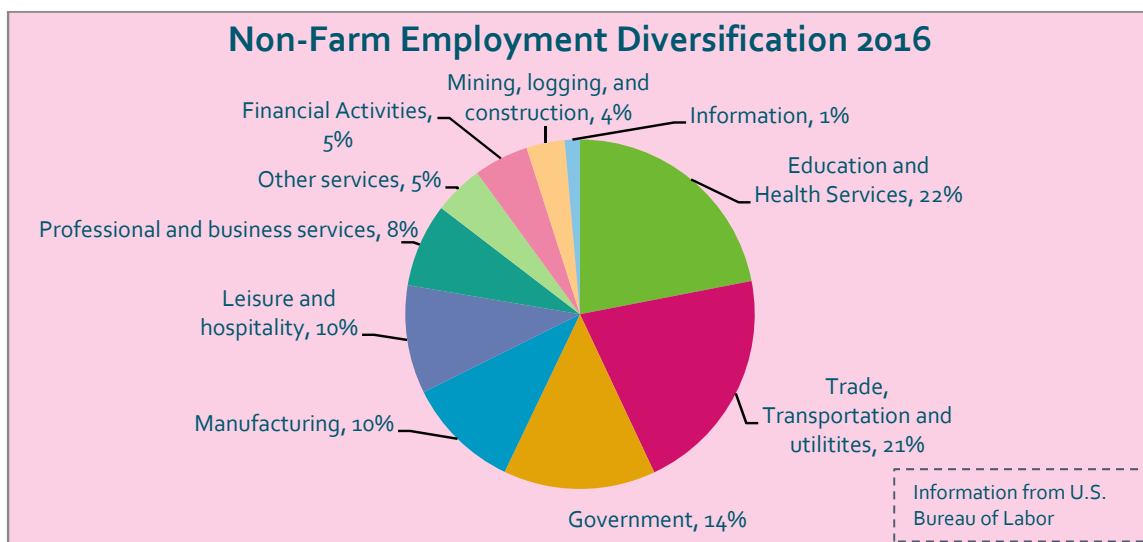
# Community and Demographics

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 118,038 (2016 estimate). Since 2006, population within the County has risen 5.6%.

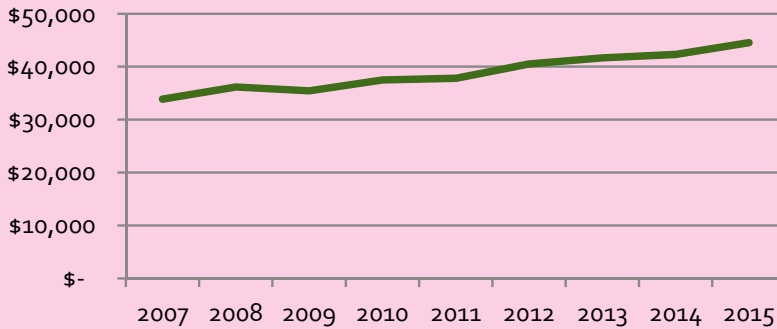


Due in large part to its excellent transportation connections, solid workforce, and well diversified economy, La Crosse County has continued its growth as an employment center for the Coulee Region – serving a regional population of over 400,000. The area also boasts significant natural resources and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



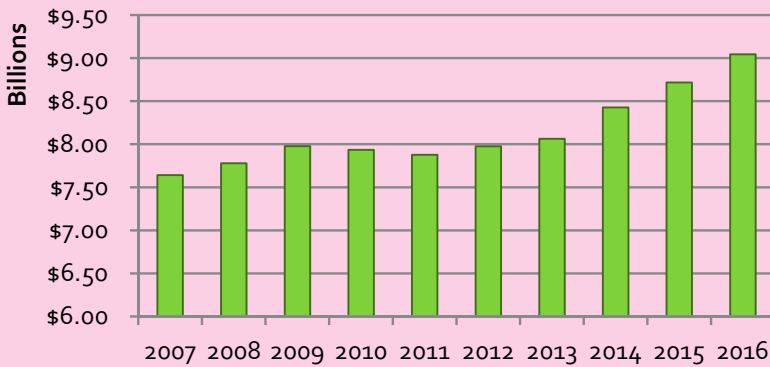
La Crosse County is a major employment center drawing people from surrounding areas and is well diversified. The top 5 employers in La Crosse County in 2016 were Gundersen Health System, Mayo Clinic Health System, Kwik Trip, The Trane Company, and Univ. of Wisconsin-La Crosse.

## La Crosse County Per Capita Personal Income



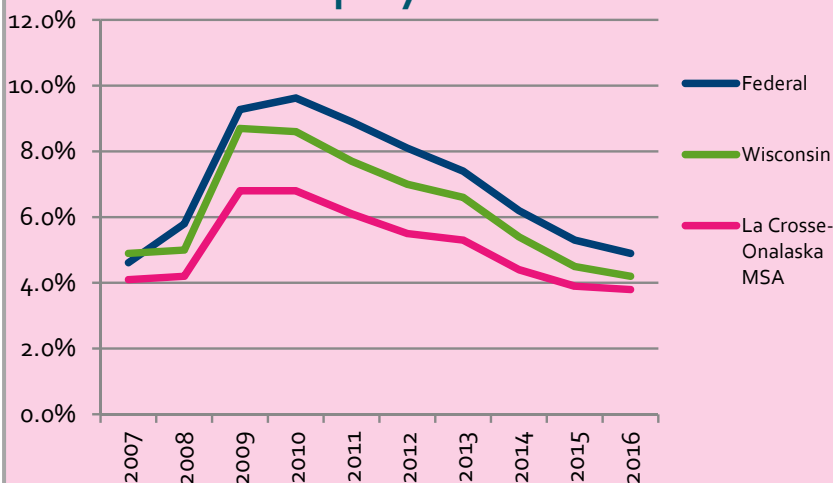
*Per Capita Personal Income in the County has risen 31.6% since 2007 to \$44,557. Note: the data for 2016 is not available at this time.*

## La Crosse County Equalized Value



*Over the past 10 years, the equalized value of taxable property in the County has increased 18.3%, resulting in a taxable equalized value of \$9,044,241,400.*

## Unemployment Rate



*The La Crosse-Onalaska, WI-MN Metropolitan Statistical Area (MSA) has maintained a lower unemployment rate than the State and Federal rates for the last 10 years.*





La Crosse County has a well-educated population. The Wisconsin education rate of people 25 years and older is 30.9% who have a bachelors or higher degree; 94.4% have completed high school. In addition, La Crosse County is home to the University of Wisconsin-La Crosse, Viterbo University, and Western Technical College.

The median income within the County is \$50,539 and is slightly behind the Wisconsin median income of \$53,357. About 14.4% of individuals living in La Crosse County were below the poverty level. Total retail sales for the County were \$3.46 Billion for last year, an increase of 46% from 2012. The median household effective buying income for the County is \$44,087.

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 5th 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 2015, Entrepreneur Magazine indicated that La Crosse was one of the Best Small Towns to open a business, ranking them #10.

The La Crosse County Health Department has recently earned national accreditation through the Public Health Accreditation Board (PHAB), an honor that only nine other Wisconsin counties have earned. The Health Department started this process in 2014, going through a rigorous assessment process showing that the agency meets a list of standards detailed in a 255-page document.



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 and ordinances of the Board, preparing the annual budget, appointing department heads and overseeing the day-to-day operations of the County.

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, an adult family home, and 3 community based residential facilities. 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 2 - Ralph Geary  
District 3 - Doug Weidenbach  
District 4 - Maureen Freedland  
District 5 - Keyla Jones-Rosa  
District 6 - Roger Plesha  
District 7 - Sharon Hampson  
District 8 - Peggy Jerome  
District 9 - Jerome Gundersen Jr.  
District 10 - Kim Cable

District 11 - Patrick Scheller  
District 12 - Dave Holtze  
District 13 - Tina Tryggestad  
District 14 - Margaret Larson  
District 15 - Monica Kruse  
District 16 - Dan Ferries  
District 17 - Mike Giese  
District 18 - Laurence Berg  
District 19 - Rick Cornforth  
District 20 - Steve Doyle

District 21 - Vicki Burke  
District 22 - Patrick Barlow  
District 23 - Matt Nikolay  
District 24 - Leon Pfaff  
District 25 - Ray Ebert  
District 26 - Dan Hesse  
District 27 - Tina Hundt Wehrs  
District 28 - Kathie Tyser  
District 29 - Tara Johnson

# 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, 2015. 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. This was the 2<sup>nd</sup> consecutive year that the County has achieved this award.

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.

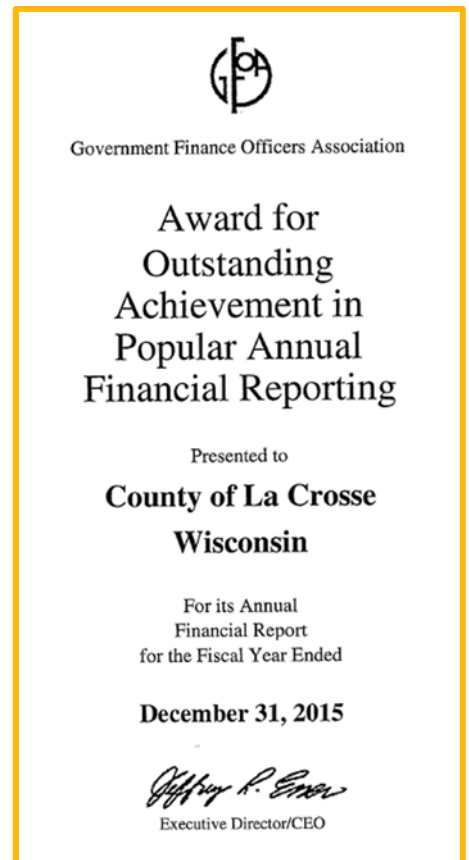
An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

The GFOA has also 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, 2015. This was the 11<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>2016</b>	<b>2015</b>	<b>2014</b>
<b>Net Position</b>			
Assets and Deferred Outflows	\$ 361,692,228	\$ 318,573,702	\$ 271,127,027
Liabilities and Deferred Inflows	197,193,458	154,996,630	124,382,606
<b>Total Net Position</b>	<b>164,498,770</b>	<b>163,577,072</b>	<b>146,744,421</b>
<b>Revenues</b>			
Governmental Activities	\$ 105,962,156	\$ 99,755,279	\$ 92,591,862
Business-type Activities	32,681,563	32,963,740	31,506,724
<b>Total Revenues</b>	<b>138,643,719</b>	<b>132,719,019</b>	<b>124,098,586</b>
<b>Expenses</b>			
Governmental Activities	\$ 103,739,051	\$ 98,810,015	\$ 90,557,931
Business-type Activities	33,982,970	32,918,317	33,288,572
<b>Total Expenses</b>	<b>137,722,021</b>	<b>131,728,332</b>	<b>123,846,503</b>
<b>Capital Assets</b>			
Governmental Activities	\$ 139,748,399	\$ 127,764,145	\$ 122,746,512
Business-type Activities	36,731,570	28,769,664	22,873,289
<b>Total Capital Assets</b>	<b>176,479,969</b>	<b>156,533,809</b>	<b>145,619,801</b>
<b>Long-Term Obligations</b>			
Governmental Activities	\$ 88,206,178	\$ 60,591,577	\$ 49,555,212
Business-type Activities	44,216,471	42,990,406	28,936,103
<b>Total Long-Term Obligations</b>	<b>132,422,649</b>	<b>103,581,983</b>	<b>78,491,315</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 Health Care Center, 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		
	2016	2015	2016	2015	2016	2015	
Current and Other Assets	\$ 123,954,011	\$ 111,396,924	\$ 28,043,287	\$ 38,110,265	\$ 151,997,298	\$ 149,507,189	
Capital Assets	139,748,399	127,764,145	36,731,570	28,769,664	176,479,969	156,533,809	
<b>Total Assets</b>	<b>\$ 263,702,410</b>	<b>\$ 239,161,069</b>	<b>\$ 64,774,857</b>	<b>\$ 66,879,929</b>	<b>\$ 328,477,267</b>	<b>\$ 306,040,998</b>	
Deferred Outflows of Resources	22,879,966	6,320,253	10,334,995	6,212,451	33,214,961	12,532,704	
Current and other liabilities	\$ 16,026,329	\$ 14,382,152	\$ 4,019,026	\$ 4,355,521	\$ 20,045,355	\$ 18,737,673	
Long-Term Liabilities	88,206,178	60,591,577	44,216,471	42,990,406	132,422,649	103,581,983	
<b>Total Liabilities</b>	<b>\$ 104,232,507</b>	<b>\$ 74,973,729</b>	<b>\$ 48,235,497</b>	<b>\$ 47,345,927</b>	<b>\$ 152,468,004</b>	<b>\$ 122,319,656</b>	
Deferred Inflows of Resources	42,153,528	32,560,874	2,571,926	116,100	44,725,454	32,676,974	
<b>Net Position:</b>	<b>\$ 140,196,341</b>	<b>\$ 137,946,719</b>	<b>\$ 24,302,429</b>	<b>\$ 25,630,353</b>	<b>\$ 164,498,770</b>	<b>\$ 163,577,072</b>	
Net Investment in Capital Assets	\$ 82,884,779	\$ 83,871,162	\$ 10,600,932	\$ 12,211,780	\$ 93,485,711	\$ 96,082,942	
Restricted	8,373,753	14,500,096	-	1,713,201	8,373,753	16,213,297	
Unrestricted	48,937,809	39,575,461	13,701,497	11,705,372	62,639,306	51,280,833	
<b>Total Net Position</b>	<b>\$ 140,196,341</b>	<b>\$ 137,946,719</b>	<b>\$ 24,302,429</b>	<b>\$ 25,630,353</b>	<b>\$ 164,498,770</b>	<b>\$ 163,577,072</b>	

The largest portion of the County's net position (57%) 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.

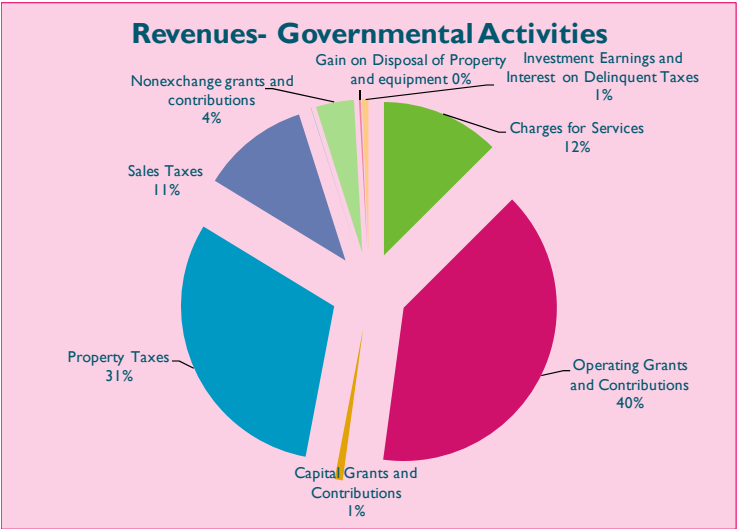
An additional portion of the County's net position \$8.4 million, or 5%, represent resources that are subject to external restrictions as to how they may be used. The remaining balance of unrestricted net position, or \$62.6 million, or 38%, may be used to meet the County's ongoing obligations to citizens and creditors.

The County's net position increased \$921,698 during the current year. This results from an increase of governmental-type activities due to increases in Human Services grants, increase in investment earnings, increase in sales tax revenues, and a one-time payment from the State of Wisconsin for the Highway 108/Highway C Swap. A decrease of business-type activities was mainly due to a decrease in net position for the Hillview Health Care Center, which had lower census numbers than in previous years.

# Revenues

## WHERE DOES THE MONEY COME FROM?

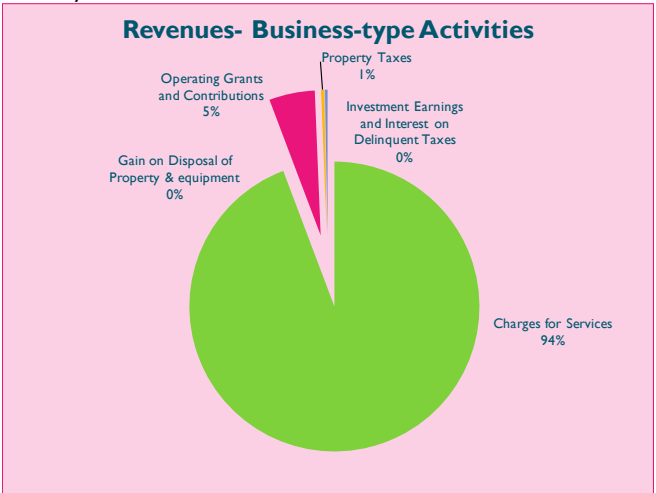
Total Revenues - Governmental Activities		
	2016	2015
<b>Program Revenues</b>		
Charges for Services	\$ 13,265,391	\$ 11,257,439
Operating Grants and Contributions	41,970,637	36,938,214
Capital Grants and Contributions	912,385	926,473
<b>General Revenues</b>		
Property Taxes	32,560,874	31,445,155
Sales Taxes	12,044,352	11,814,918
Other Taxes	14,473	20,691
Nonexchange grants and contributions	4,259,677	4,256,166
Gain on disposal of property & equip.	210,474	737,767
Investment Earnings and Interest on Delinquent Taxes	723,893	2,358,456
<b>Total Revenues- Governmental Activities</b>	<b>\$ 105,962,156</b>	<b>\$ 99,755,279</b>



Governmental activities charges for services increased due to the increase in the Comprehensive Community Services (CCS) program that serves adults and children with mental health needs. Operating grants and contributions increased as a result of a one-time payment of \$4.7 million that was received from the State of Wisconsin for the Highway 108/Highway C swap. Investment earnings and interest on delinquent taxes decreased by \$1,634,563 from the previous year due to a one-time adjustment in recording \$1,346,944 for interest and penalty on delinquent property taxes in 2015.

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

Total Revenues - Business-type Activities		
	2016	2015
<b>Program Revenues</b>		
Charges for Services	\$ 30,740,771	\$ 31,027,633
Operating Grants and Contributions	1,659,439	1,738,358
Capital Grants and Contributions	69,820	-
<b>General Revenues</b>		
Property Taxes	116,100	131,700
Gain on disposal of property & equip.	578	31,138
Investment Earnings and Interest on Delinquent Taxes	94,855	34,911
<b>Total Revenues- Business-type Activities</b>	<b>\$ 32,681,563</b>	<b>\$ 32,963,740</b>



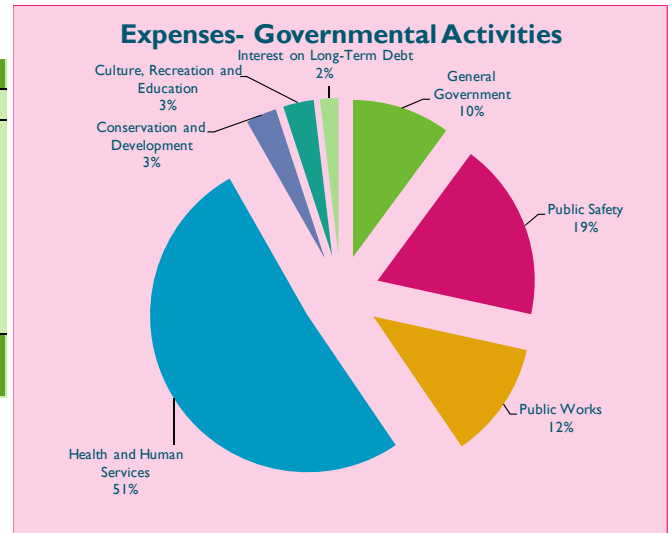
**Program revenues** include: (1) Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular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

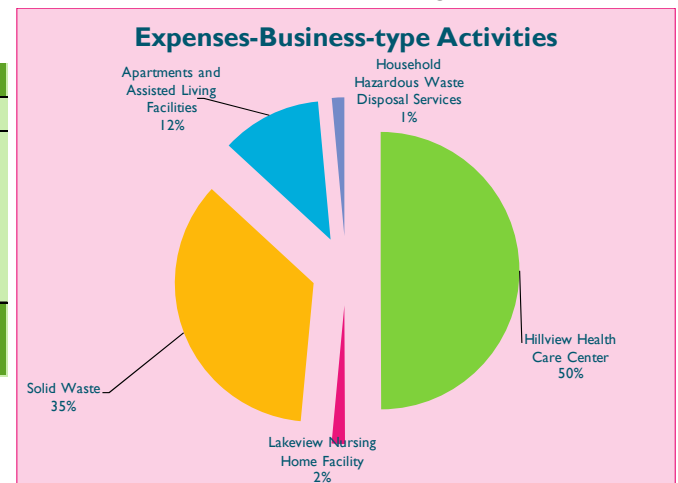
Total Expenses - Governmental Activities		
	2016	2015
General Government	\$ 10,481,817	\$ 12,128,660
Public Safety	19,025,286	18,439,173
Public Works	12,502,920	11,043,214
Health and Human Services	53,200,997	49,003,479
Conservation and Development	3,281,411	3,600,824
Culture, Recreation and Education	3,293,508	3,177,994
Interest on Long-Term Debt	1,953,112	1,416,671
<b>Total Expenses - Governmental Activities</b>	<b>\$ 103,739,051</b>	<b>\$ 98,810,015</b>



Governmental activities expenses increased partly due to an increase in the family and children’s programs, including children with special needs, and mental health services for children and adults; decreases in expenditures for the community development block grant (CDBG). An additional interest payment was made for the refinancing of debt.

Business-type activities expenses increased mainly as a result of the Solid Waste department. The operating revenues for Solid Waste increased in 2016, which resulted in additional operating expenses.

Total Expenses - Business- type Activities		
	2016	2015
Hillview Health Care Center	\$ 16,971,628	\$ 16,803,148
Lakeview Nursing Home Facility	\$ 522,348	\$ 392,250
Solid Waste	\$ 12,028,325	\$ 11,472,378
Apartments and Assisted Living Facilities	\$ 3,967,089	\$ 3,727,211
Household Hazardous Waste Disposal Services	\$ 493,580	\$ 523,330
<b>Total Expenses - Business-type Activities</b>	<b>\$ 33,982,970</b>	<b>\$ 32,918,317</b>



**General Government**-Clerk of Courts, Corporation Counsel, County Board, County Clerk, Elections, Family Court Commissioner, Mediation, Document and Graphic Services, Register of Deeds, County Administrator, Information Technology, Finance, Personnel, Treasurer, District Attorney, 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/ADRC, Child Support, Veterans, and payments to MVHS  
**Conservation and Development**-Land Conservation, Economic Development, Metropolitan Planning Organization, and Zoning  
**Culture, Recreation, and Education**-Extension, Library, Parks, Historical Society, Historical Sites  
**Hillview Health Care Center**- Skilled nursing facility for aged and disabled residents  
**Solid Waste**-Operations of the solid waste disposal system  
**Lakeview Nursing Home Facility**- Capital assets of the Lakeview Nursing Home Facility  
**Apartments and Assisted Living Facilities**-Carroll Heights Apartments; Hillview Terrace; Neshonoc, Regent, and Monarch Manors; Maplewood CBRF, and Ravenwood Nursing Home  
**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. Intangible assets have been independently stated in current year financials as a separate asset category.

Capital Assets						
	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Capital Assets						
Land	\$ 3,717,605	\$ 3,719,467	\$ 947,300	\$ 947,300	\$ 4,664,905	\$ 4,666,767
Land Improvements	3,835,720	3,835,720	29,394,712	29,354,138	33,230,432	33,189,858
Buildings	78,081,918	69,607,683	34,324,789	17,876,301	112,406,707	87,483,984
Machinery and equipment	25,954,102	25,230,494	8,382,478	9,019,063	34,336,580	34,249,557
Infrastructure	104,068,827	105,218,692	-	-	104,068,827	105,218,692
Intangibles	8,697,731	8,016,473	284,206	315,347	8,981,937	8,331,820
Construction in progress	11,469,729	4,031,366	5,914,663	13,789,918	17,384,392	17,821,284
Total capital assets	235,825,632	219,659,895	79,248,148	71,302,067	315,073,780	290,961,962
Less:						
Accumulated Depreciation	96,077,233	91,895,750	42,516,578	42,532,403	138,593,811	134,428,153
<b>Total Net Capital Assets</b>	<b>\$ 139,748,399</b>	<b>\$ 127,764,145</b>	<b>\$ 36,731,570</b>	<b>\$ 28,769,664</b>	<b>\$ 176,479,969</b>	<b>\$ 156,533,809</b>

Within the governmental activities, the significant changes in capital assets were due to the Downtown Campus Project. The 24,000 square foot addition and remodeling of the Health and Human Services building was completed in 2016, and was depreciated for a partial year. Remodeling of the former bank building for the new administrative center was also completed in late 2016 with county offices moving in late December. Construction in progress at the end of 2016 is primarily the cost of the administrative center remodel, as this will be considered to be placed in service for depreciation purposes for 2017.

Infrastructure decreased by over \$1 million in 2016 due to the jurisdictional transfer agreement with the



State of Wisconsin, which transferred 13.1 miles of State Highway 108 to the County, and the County transferring 10.8 miles of County Highway C to the State.

Within the business-type activities, the largest increase was in buildings, as the \$17.2 million Lakeview Campus Project was completed, with residents moving into the facilities in October of 2016.

# Long-Term Obligations

## WHAT DO WE OWE?

As of December, 31, 2016, the County's long-term obligations totaled \$132,422,649; of which \$107,510,895 was debt outstanding. \$13,045,000 of refunding bonds issued in 2016 are currently being held in escrow to be used to pay off the 2009A bonds when they are callable in the fall of 2017. The \$17,255,000 bond anticipation notes will be refinanced in 2017 with general obligation debt.

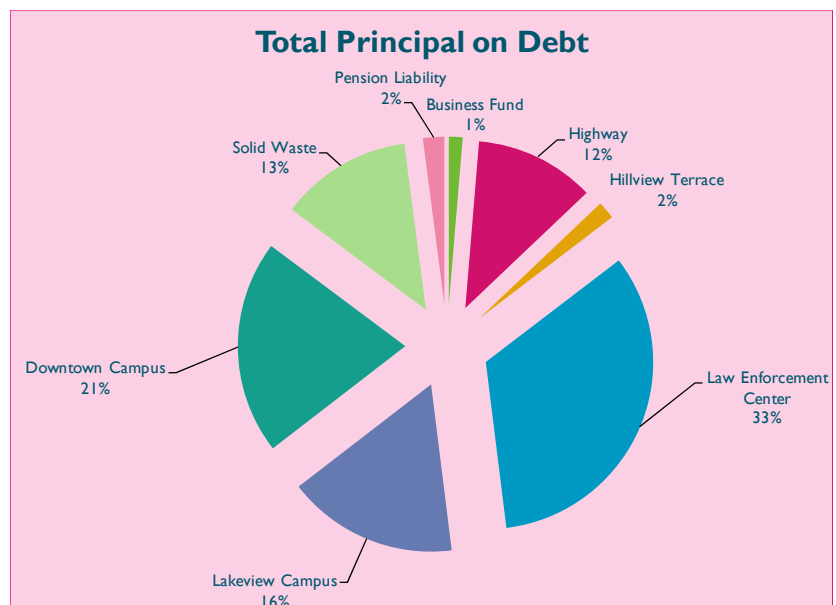
Long-Term Obligations			
	Governmental Activities	Business-Type Activities	Total
<b>Due within 1 year:</b>			
Compensated Absences	\$ 2,417,406	\$ 576,128	\$ 2,993,534
Bonds and Notes Payable	18,376,076	18,599,978	36,976,054
Landfill Post Closure Costs	20,835	13,031	33,866
	<u>20,814,317</u>	<u>19,189,137</u>	<u>40,003,454</u>
<b>Due longer than 1 year:</b>			
Compensated Absences	4,435,765	-	4,435,765
Post Employment Benefit Obligation	1,525,456	-	1,525,456
Bonds and Notes Payable	56,807,577	13,727,264	70,534,841
Landfill Post Closure Costs	511,352	10,147,500	10,658,852
Net Pension Obligation	4,111,711	1,152,570	5,264,281
	<u>67,391,861</u>	<u>25,027,334</u>	<u>92,419,195</u>
<b>Total Long-Term Obligations</b>	<b>88,206,178</b>	<b>44,216,471</b>	<b>132,422,649</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 and (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 \$529.



# 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	\$ 17,390,871
Petty Cash	6,935
Cash on Hand	876,782
Investments	74,050,023
<b>Total</b>	<b>\$ 92,324,611</b>

Investments	
Investment Types:	<b>Fair Value</b>
U.S. Treasury Notes	\$ 20,416,380
U.S. Agency Securities	21,493,088
U.S. Small Business Administration	3,897,267
Corporate Issues	561,197
State of WI Local Government	
Investment Pool	25,780,833
Mutual Funds - other than bond funds	1,901,258
<b>Total Investments</b>	<b>\$ 74,050,023</b>

Investment Type:	S&P Rating
U.S. Agency Securities	AA+

**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. the County’s safekeeping institution).

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

# 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.

<b>Unassigned Fund Balance Compared to Expenditures</b>				
	<b>2016</b>		<b>2015</b>	
	<b>General Fund</b>	<b>Percentage of Expenditures</b>	<b>General Fund</b>	<b>Percentage of Expenditures</b>
Total Expenditures	\$ 33,491,060	-	\$ 33,173,540	-
Unassigned Fund Balance	19,535,110	58.3%	19,079,125	57.5%
Total Fund Balances	32,331,552	96.5%	31,250,615	94.2%

County policy requires the ratio of unassigned general fund balance to total operating expenditures be maintained at 25 to 50%. As of December 31, 2016 the ratio is 58.3%. 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 \$938,164. The positive outcome was mainly the result of the realization of \$7,166,870 in total expenditures under final budget.

During 2016, sales tax revenues increased by over \$229,000 and was over \$444,000 higher than was budgeted. Register of Deeds fees continue to be strong as interest rates for mortgages have remained relatively low. Park revenues also continue to increase as the County has taken over the operation of the Goose Island campground.

Also, projects that were not completed in 2016 carried forward funds for completion in 2017. This includes funds for CAP X 2020 projects totaling \$140,000, neighborhood revitalization projects in the amount of \$1.2 million, and the Hintgen Island Fleeting project to shore up bank protection totaling \$600,000. Also various capital outlay projects within the General Fund for parks and building improvements totaling \$725,000 were carried forward to 2017.



# Ratios and Trends

## HOW ARE WE DOING?

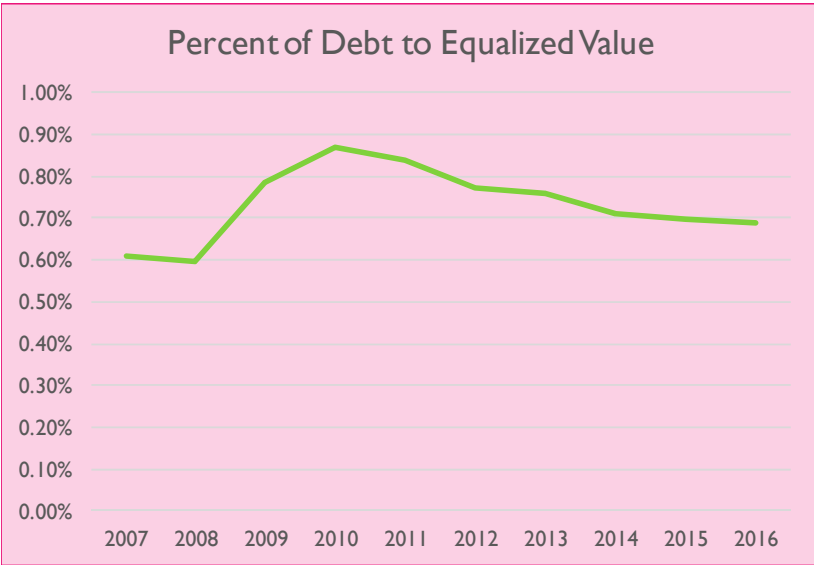
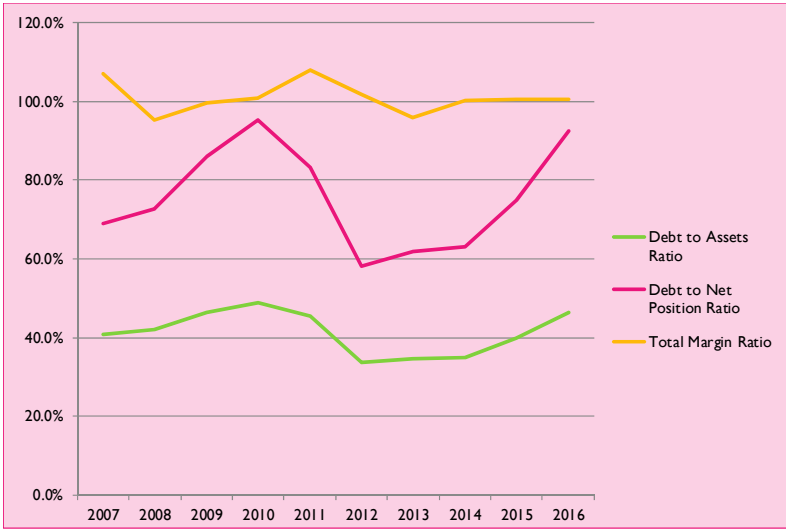
Looking at key financial ratios and trends over several years enables the County to have a clearer picture of where it has been and where it is going.

Primary Government										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt to Assets Ratio	40.8%	42.2%	46.2%	48.8%	45.4%	33.5%	34.6%	34.8%	40.0%	46.4%
Debt to Net Position Ratio	68.9%	72.9%	86.0%	95.4%	83.2%	58.3%	62.0%	63.2%	74.8%	92.7%
Total Margin Ratio	107.1%	95.3%	99.6%	100.9%	108.1%	101.8%	95.8%	100.2%	100.8%	100.7%

**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

The Lakeview Campus construction project was completed in 2016 after several years of planning. A new 50 bed nursing home, two 15 bed community-based residential facilities (CBRFs), and a 10 bed



State only licensed nursing home were built on County owned land in West Salem near Lake Neshonoc. The more family like, neighborhood style of buildings were designed to accommodate elderly and special needs clients in a home-like atmosphere. The \$17.2 million project was completed on time and under budget. This campus will serve La Crosse County and regional residents with specialized needs for many years to come.

## Administrative Center and Lot C

The Downtown Campus project was completed on time and under budget during 2016, which included the remodeling and addition of the Associated Bank building as the new administrative center, and the addition and remodeling of the Health and Human Services (HHS) building. Office moves were completed by late December of 2016, with a few smaller projects remaining, including paving of the HHS parking lot. In 2015 and 2016, the County borrowed a total \$22,105,000 with very favorable interest rates for this project, which will serve the needs of the community for many years to come.



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 be completed in 2017 to 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 include a 115,000 square foot office building, and a medical and dental clinic. The new Associated Bank on the first floor and 94 housing units above the retail space were completed during 2016. This project is featured on the cover of this report.

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) and the County completed the swap of 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 received \$4.7 million in road funds in 2016 to be used for maintaining and updating Highway C, of which \$600,000 was put in a reserve for potential erosion problems in the future.

### **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



budgeted \$50,000 within their 2016 budget to waive the tipping fees for demolition waste hauled to the landfill as part of this initiative. During 2016, the program awarded a total of \$215,000 in grants. This \$215,000 will leverage approximately \$1.7 million in private investment to create 17 new housing units – 2 single-family homes, 8 multi-family rental units, and 7 multi-family owner-occupied units. This will result in at least \$2.1 million in new tax base. This program will continue in 2017 and beyond, using increased funding from proceeds of the sale of some County-owned property for industrial development.

### **Premier Resort Area Tax - Road Needs**

La Crosse County has approximately \$87 million of unmet needs for road maintenance and construction. In 2017, the County held a non-binding referendum on a Premier Resort Area Tax (PRAT) as a possible solution to these unmet road needs. This PRAT tax would generate a half cent retail tax on certain businesses identified by the State legislature using specific industry codes of the North American Industry Classification System (NAICS). The expected revenue of over \$6.6 million generated from this tax would be designated to be used only for road maintenance and construction, with 25% of this revenue to be shared with local municipalities based on a formula yet to be determined. The advisory referendum passed with a margin of a 55 percent yes vote. There are three big steps remaining in order to start charging the PRAT tax, 1) state legislation which is expected to be introduced in the fall 2017 session, 2) a two-thirds vote of the County Board, and 3) a binding referendum of approval from the voters of La Crosse County. If this PRAT tax comes to fruition, the County would be able to discontinue the annual borrowing for Highway road projects starting in 2019 or 2020.

# 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 use the County's fiscal strength to minimize interest, debt issue costs, and total debt incurred by the County.

While County Administration and Finance staff expect the county's financial operations to remain healthy due to conservative budgeting and maintaining strong reserve levels, we recognize that our two greatest challenges are: 1) Exposure to enterprise risk through county-owned nursing homes; and 2) Elevated overall debt burden.

In recognition of these challenges, County staff have developed debt planning priorities that protect against future risk of enterprise debt requiring tax levy support, while moderating the impact of additional debt payments on the local tax levy by phasing in the additional payments over several years and planning to reduce the use of debt over the next five years.

For the Lakeview project, the County will refinance the bond anticipation notes by issuing general obligation (G.O.) bonds of \$17.7 million in the fall of 2017. The 2017 issue will be structured so that the new facility will have one year of operations to build up cash reserves before debt principal payments need to be made.

The County's operating projections indicate that Lakeview will be able to support the new debt service without needing additional tax levy support. Approximately 30% of the new debt service will be directly paid by the revenues from the two 16 bed CBRF's and the 10 bed State-only nursing home. The remaining 70% will be paid by a diverse mix of nursing home revenues, including per diem charges through the Mississippi Valley Health Services Commission (referenced in Note 13 to the Basic Financial Statements). In addition to further protect against possible reductions in current revenue assumptions, the County has reserved proceeds from prior sales of land adjacent to the campus and will be able to access the Lakeview Nursing Home Facility Fund to assist with debt payments, if necessary. Finally, the County owns an additional 100 acres adjacent to the campus that could be sold for future development that could assist with debt service as well, if it became necessary.

For the annual highway projects, the County will continue to borrow for unmet road needs, with the 2017 borrowing approved at \$2.7 million. The future of borrowing for road projects depends on what will happen with the PRAT tax in the coming months.

Finally, over the next five years the County will minimize the use of additional debt for any smaller capital projects through use of excess sales tax, utilizing anticipated environmental impact fees from approved power-line construction, a small amounts of reserves, or spreading implementation over several years without incurring debt.



The goal of these financing and funding strategies is to release bond issues when project drawdowns are needed, keeping interest rates as low as possible, minimizing debt issuance costs, smoothing the debt service payments for the future, and maximizing any investment earnings within compliance with federal arbitrage rules.

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>Net General Bonded Debt</b>	<b>Equalized Value</b>	<b>Percent of Debt to Equalized Valuation</b>	<b>Population</b>	<b>Debt Per Capita</b>
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	\$ 62,574,616	7,978,271,000	0.78%	113,318	552.20
2010	\$ 69,097,567	7,935,455,900	0.87%	114,638	602.75
2011	\$ 66,150,158	7,879,057,100	0.84%	114,919	575.62
2012	\$ 61,503,429	7,977,429,700	0.77%	115,577	532.14
2013	\$ 61,138,588	8,063,740,700	0.76%	115,928	527.38
2014	\$ 59,776,846	8,428,637,800	0.71%	116,740	512.05
2015	\$ 60,983,513	8,717,923,400	0.70%	117,054	520.99
2016	\$ 62,483,726	9,044,241,400	0.69%	118,038	529.35
<b>Projected Next 6 years</b>					
2017	76,175,000 **	9,270,347,435 *	0.82%	118,628 *	642.13
2018	73,020,000	9,502,106,121 *	0.77%	119,221 *	612.47
2019	69,500,000	9,739,658,774 *	0.71%	119,817 *	580.05
2020	65,805,000	9,983,150,243 *	0.66%	120,417 *	546.48
2021	61,660,000	10,232,728,999 *	0.60%	121,019 *	509.51
2022	57,640,000	10,488,547,224 *	0.55%	121,624 *	473.92

\* Assumes EQ value growth at 2.5% & population at .5% growth  
 \*\* In 2017 the BAN's for the Lakeview Campus Project will be refinanced as GO debt



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