

2017

# Popular Annual Financial Report



# La Crosse County, Wisconsin

For the Year Ended  
December 31, 2017



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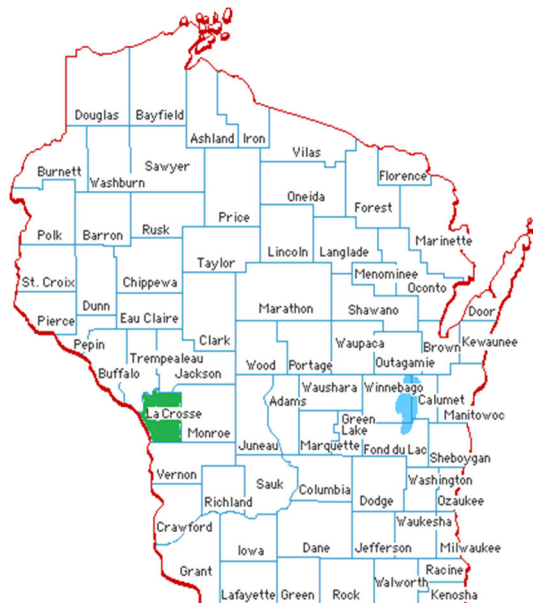
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# Purpose of Report

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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 2017 Comprehensive Annual Financial Report (CAFR), with selected information from CAFRs prepared for earlier years. 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@lacrosecounty.org](mailto:sdavidson@lacrosecounty.org)

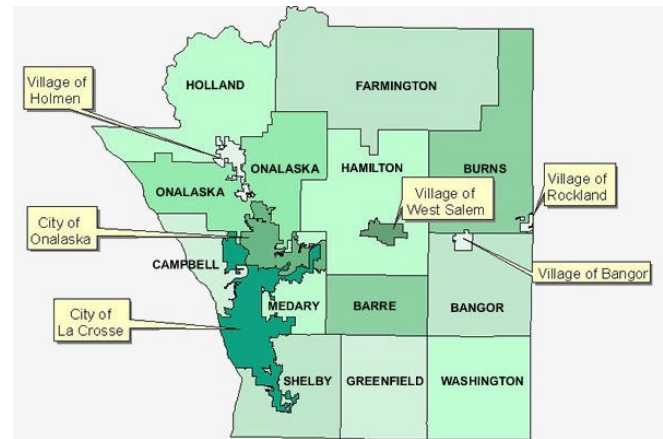


The CAFR, the PAFR, and the budget are available on the County's website at: <http://www.co.la-crosse.wi.us/finance/Docs/Reports.htm>

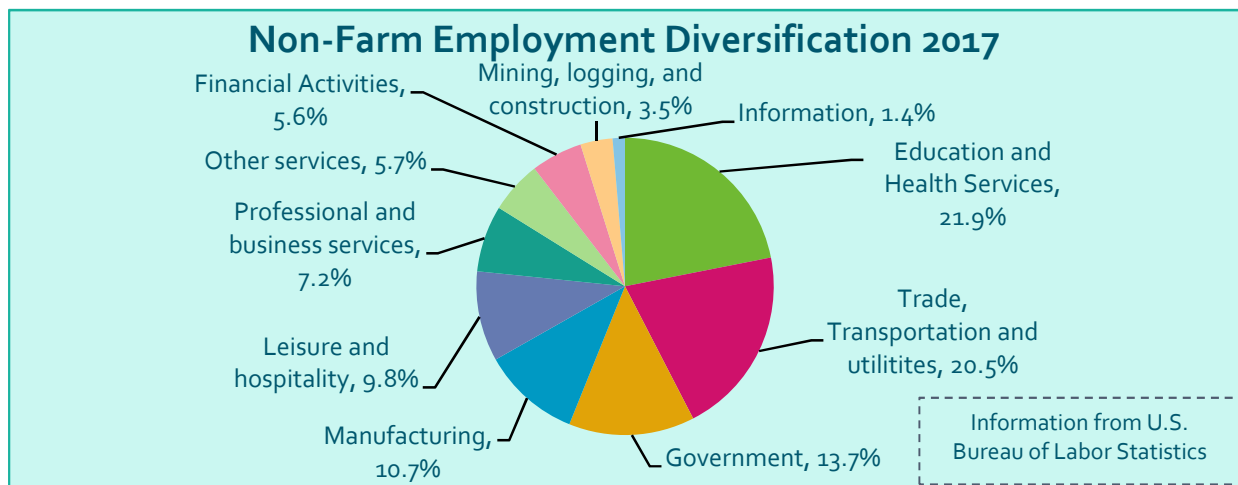
# Community and Demographics

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 118,675 (2017 estimate). Since 2008, population within the County has risen 5.2%.

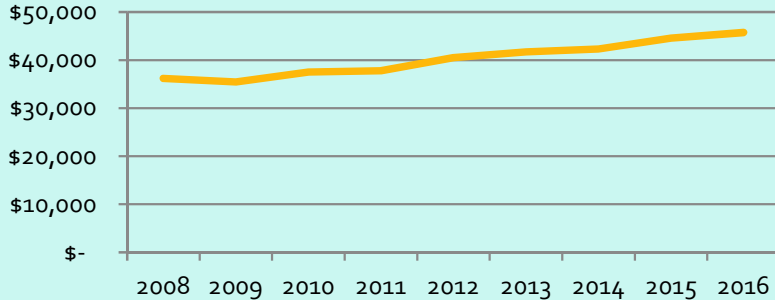


Due in large part to its excellent transportation connections, solid workforce, and well diversified economy, La Crosse County has continued its growth as an employment center for the Coulee Region – serving a regional population of over 400,000. The area also boasts significant natural resources and 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 2017 were Gundersen Health System, Mayo Clinic Health System, Kwik Trip, The Trane Company, and University of Wisconsin-La Crosse.

## La Crosse County Per Capita Personal Income



*Per Capita Personal Income in the County has risen 26.4% since 2008 to \$45,731.*

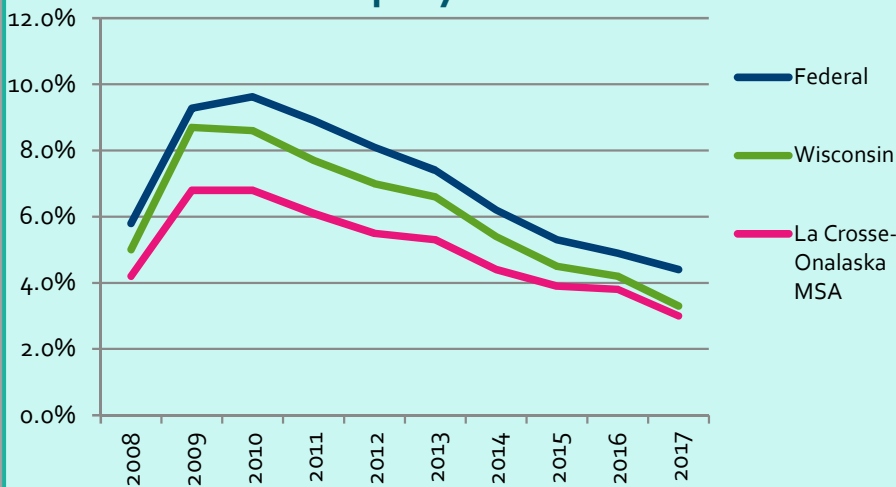
*Note: The data for 2017 is not available at this time.*

*Over the past 10 years, the equalized value of taxable property in the County has increased 23.9%, resulting in a taxable equalized value of \$9,635,009,700.*

## La Crosse County Equalized Value



## 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 County's education rate of people 25 years and older is 32.5% who have a bachelors or higher degree; 94.5% 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 \$51,477 and is slightly behind the Wisconsin median income of \$54,610. About 13.3% of individuals living in La Crosse County were below the poverty level. Total retail sales for the County were \$2.47 billion for last year, an increase of 5% from 2013. The median household effective buying income for the County has increased 11% since then and is currently \$44,413.

La Crosse County also continues to be recognized for its high quality of life by nationally recognized ratings organizations. In 2017, the American Institute for Economic Research ranked the City of La Crosse as the 19th best college town in America. It ranked first for the labor market's capacity to absorb young talent compared to peer communities, third in labor force participation rates and ninth in rent costs.



Also in 2017, Livability.com rated the City of La Crosse number 85 out of 100 in the country as one of the "Top 100 Best Places to Live" for populations between 20,000 and 350,000.

The Lakeview Health Center received a 5 star quality rating from the Centers for Medicare and Medicaid Services (CMS) in 2017. One of the areas that CMS evaluates in their Nursing Home Compare rating is staffing, especially nursing and direct care staff. The average number of hours of care provided to each resident each day by nursing staff is 6.1. These staffing patterns provide the assistance needed to care for residents with challenging behavioral symptoms.



The La Crosse County Health Department continues to receive recognition for their good work in the community, including the Gold Well Workplace recognition as a result of the wellness programs offered. In a continuing effort to develop these beneficial programs, the Health Director and Public Health Nursing Manager were accepted into the national cohort of the Emerging Leaders in Public Health program with funding through the Kresge Foundation. Also, the department received the Great Rivers United Way Advocacy award in 2017.

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, a senior housing apartment complex, 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 - Isaac Tahiri  
District 6 - Roger Plesha  
District 7 - Sharon Hampson  
District 8 - Peggy Isola  
District 9 - Jerome Gundersen Jr.  
District 10 - Kim Cable

District 11 - Patrick Scheller  
District 12 - Dave Holtze  
District 13 - Tina Tryggstad  
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, 2016. 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 3<sup>rd</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 to determine its eligibility for another Award.

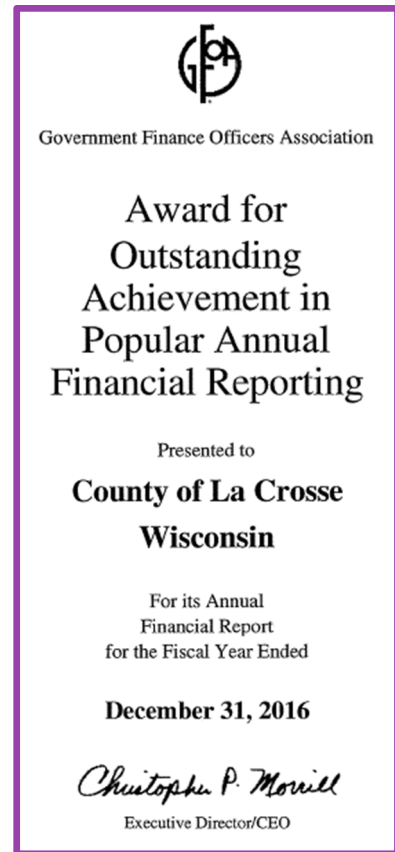
The GFOA has also awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of La Crosse for its CAFR for the fiscal year ended December 31, 2016. This was the 12<sup>th</sup> consecutive year that the County has achieved this prestigious award. The Certificate of Achievement 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.



**LA CROSSE COUNTY**  
Exceptional services. Extraordinary place.

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>2017</b>	<b>2016</b>	<b>2015</b>
<b>Net Position</b>			
Assets and Deferred Outflows	\$ 335,717,928	\$ 361,692,228	\$ 318,573,702
Liabilities and Deferred Inflows	172,910,573	197,193,458	154,996,630
<b>Total Net Position</b>	<b>162,807,355</b>	<b>164,498,770</b>	<b>163,577,072</b>
<b>Revenues</b>			
Governmental Activities	\$ 103,795,173	\$ 105,962,156	\$ 99,755,279
Business-type Activities	34,321,069	32,681,563	32,963,740
<b>Total Revenues</b>	<b>138,116,242</b>	<b>138,643,719</b>	<b>132,719,019</b>
<b>Expenses</b>			
Governmental Activities	\$ 106,229,736	\$ 103,739,051	\$ 98,810,015
Business-type Activities	33,577,921	33,982,970	32,918,317
<b>Total Expenses</b>	<b>139,807,657</b>	<b>137,722,021</b>	<b>131,728,332</b>
<b>Capital Assets</b>			
Governmental Activities	\$ 141,559,523	\$ 139,748,399	\$ 127,764,145
Business-type Activities	38,549,932	36,731,570	28,769,664
<b>Total Capital Assets</b>	<b>180,109,455</b>	<b>176,479,969</b>	<b>156,533,809</b>
<b>Long-Term Obligations</b>			
Governmental Activities	\$ 71,146,396	\$ 88,206,178	\$ 60,591,577
Business-type Activities	41,515,900	44,216,471	42,990,406
<b>Total Long-Term Obligations</b>	<b>112,662,296</b>	<b>132,422,649</b>	<b>103,581,983</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		
	2017	2016	2017	2016	2017	2016	
Current and Other Assets	\$ 106,158,395	\$ 123,954,011	\$ 25,873,539	\$ 28,043,287	\$ 132,031,934	\$ 151,997,298	
Capital Assets	141,559,523	139,748,399	38,549,932	36,731,570	180,109,455	176,479,969	
<b>Total Assets</b>	<b>\$ 247,717,918</b>	<b>\$ 263,702,410</b>	<b>\$ 64,423,471</b>	<b>\$ 64,774,857</b>	<b>\$ 312,141,389</b>	<b>\$ 328,477,267</b>	
Deferred Outflows of Resources	15,779,857	22,879,966	7,796,682	10,334,995	23,576,539	33,214,961	
Current and other liabilities	\$ 14,031,970	\$ 16,026,329	\$ 3,592,833	\$ 4,019,026	\$ 17,624,803	\$ 20,045,355	
Long-Term Liabilities	71,146,396	88,206,178	41,515,900	44,216,471	112,662,296	132,422,649	
<b>Total Liabilities</b>	<b>\$ 85,178,366</b>	<b>\$ 104,232,507</b>	<b>\$ 45,108,733</b>	<b>\$ 48,235,497</b>	<b>\$ 130,287,099</b>	<b>\$ 152,468,004</b>	
Deferred Inflows of Resources	40,639,781	42,153,528	1,983,693	2,571,926	42,623,474	44,725,454	
<b>Net Position:</b>	<b>\$ 137,679,628</b>	<b>\$ 140,196,341</b>	<b>\$ 25,127,727</b>	<b>\$ 24,302,429</b>	<b>\$ 162,807,355</b>	<b>\$ 164,498,770</b>	
Net Investment in Capital Assets	\$ 84,270,778	\$ 82,884,779	\$ 11,935,162	\$ 10,600,932	\$ 96,205,940	\$ 93,485,711	
Restricted	8,763,343	8,373,753	1,359,646	-	10,122,989	8,373,753	
Unrestricted	44,645,507	48,937,809	11,832,919	13,701,497	56,478,426	62,639,306	
<b>Total Net Position</b>	<b>\$ 137,679,628</b>	<b>\$ 140,196,341</b>	<b>\$ 25,127,727</b>	<b>\$ 24,302,429</b>	<b>\$ 162,807,355</b>	<b>\$ 164,498,770</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.

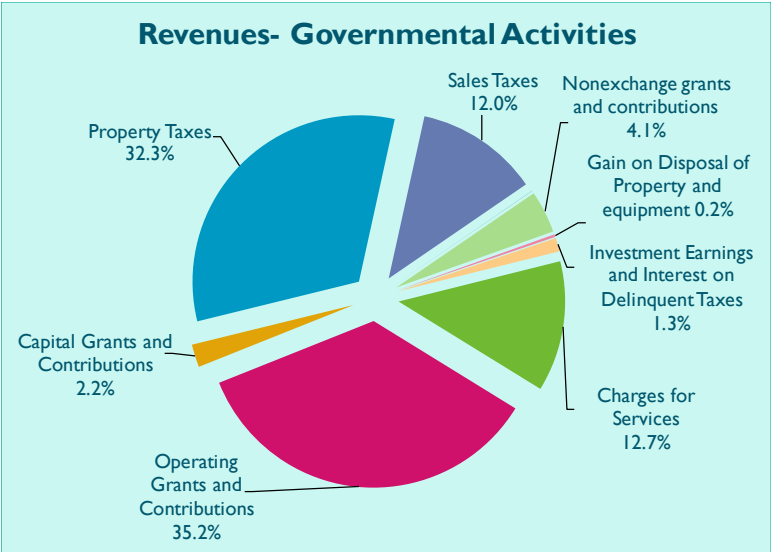
An additional portion of the County's net position of \$10.1 million, or 6%, represents resources that are subject to external restrictions as to how they may be used. The remaining balance of unrestricted net position of \$56.5 million, or 35%, may be used to meet the County's ongoing obligations to citizens and creditors.

The County's net position decreased \$1,691,415 during the current year. This results from a decrease of governmental-type activities due to a one-time payment during the year to the City of La Crosse as a contribution for the new downtown parking ramp and the non-recurrence of funding from the State of Wisconsin for the Highway 108/Highway C Swap that occurred in 2016. An increase of business-type activities was mainly due to an increase in net position for Solid Waste, which had updated long-term care costs and depreciation expense calculations based on a new survey and increased cell volume from new construction.

# Revenues

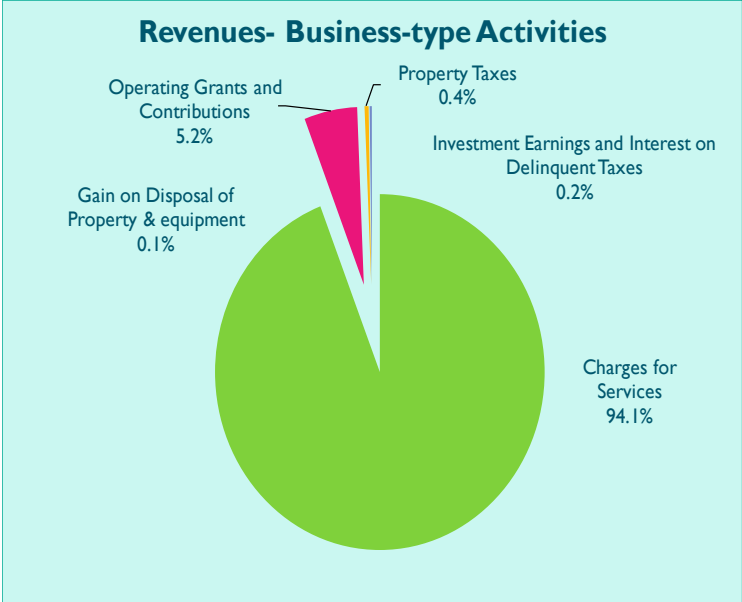
## WHERE DOES THE MONEY COME FROM?

Total Revenues - Governmental Activities		
	2017	2016
<b>Program Revenues</b>		
Charges for Services	\$ 13,171,905	\$ 13,265,391
Operating Grants and Contributions	36,494,901	41,970,637
Capital Grants and Contributions	2,288,401	912,385
<b>General Revenues</b>		
Property Taxes	33,500,501	32,560,874
Sales Taxes	12,447,360	12,044,352
Other Taxes	23,137	14,473
Nonexchange grants and contributions	4,227,260	4,259,677
Gain on disposal of property & equip.	292,726	210,474
Investment Earnings and Interest on Delinquent Taxes	1,348,982	723,893
<b>Total Revenues- Governmental Activities</b>	<b>\$ 103,795,173</b>	<b>\$ 105,962,156</b>



Governmental activities operating grants and contributions decreased because of the one-time payment of \$4.7 million from the State of Wisconsin for the Highway 108/Highway C swap in 2016, which was not repeated in 2017. Capital grants and contributions increased over the previous year, as public works had more county road and bridge projects that were eligible for State funding. Investment earnings and interest on delinquent taxes increased due to higher interest rates overall on investments as well as shifts in the investment mix.

Total Revenues - Business-type Activities		
	2017	2016
<b>Program Revenues</b>		
Charges for Services	\$ 32,309,247	\$ 30,740,771
Operating Grants and Contributions	1,787,887	1,659,439
Capital Grants and Contributions	-	69,820
<b>General Revenues</b>		
Property Taxes	146,363	116,100
Gain on disposal of property & equip.	2,347	578
Investment Earnings and Interest on Delinquent Taxes	75,225	94,855
<b>Total Revenues- Business-type Activities</b>	<b>\$ 34,321,069</b>	<b>\$ 32,681,563</b>



Business-type activities charges for services increased due to a full year of occupancy at the new Lakeview Campus, which also resulted in higher facility rental rates charged from Lakeview Facility Fund to the other campus entities.

**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.

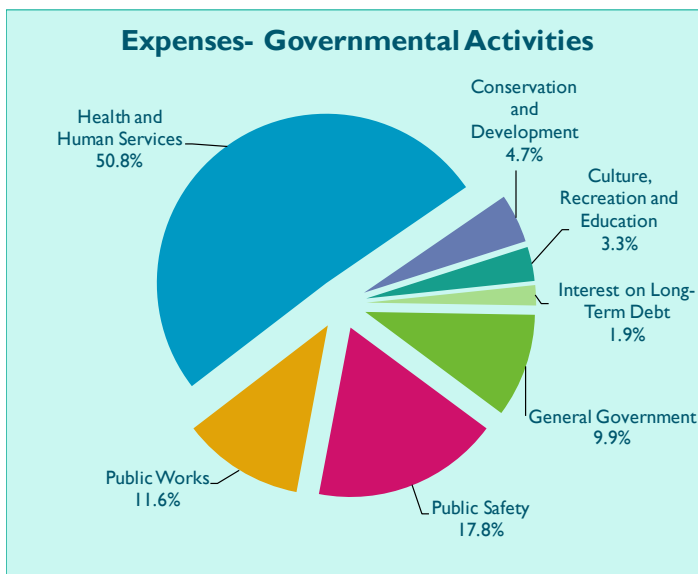
**General Revenues** include all taxes, investment earnings, gain on sales of equipment, and grants not restricted to a particular function or segment.

# Expenses

## WHERE DOES THE MONEY GO?

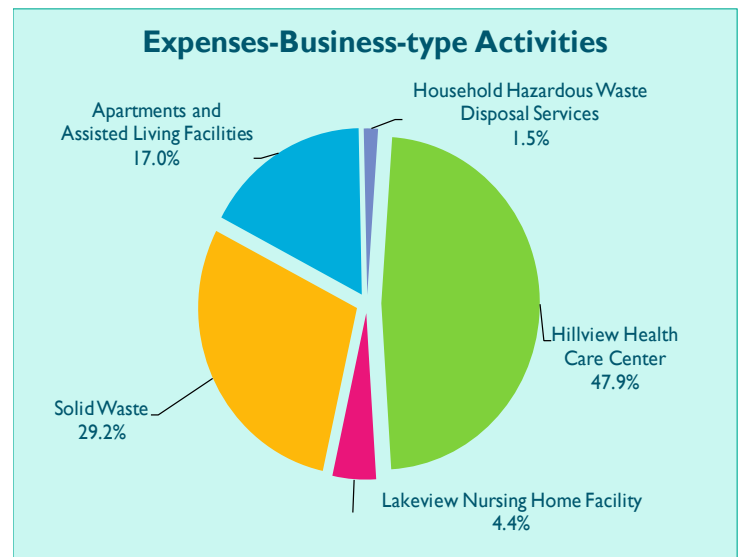
Total Expenses - Governmental Activities		
	2017	2016
General Government	\$ 10,503,901	\$ 10,481,817
Public Safety	18,921,591	19,025,286
Public Works	12,354,525	12,502,920
Health and Human Services	53,978,318	53,200,997
Conservation and Development	4,952,696	3,281,411
Culture, Recreation and Education	3,456,445	3,293,508
Interest on Long-Term Debt	2,062,260	1,953,112
<b>Total Expenses - Governmental Activities</b>	<b>\$ 106,229,736</b>	<b>\$ 103,739,051</b>

Governmental activities expenses increased largely due to the contribution to the City of La Crosse in 2017 for the downtown parking ramp. Additionally, the Harbor Commission project to shore up bank protection for the Hintgen Island Fleeting Site was completed during the year.



Total Expenses - Business-type Activities		
	2017	2016
Hillview Health Care Center	\$ 16,081,900	\$ 16,971,628
Lakeview Nursing Home Facility	1,486,751	522,348
Solid Waste	9,813,787	12,028,325
Apartments and Assisted Living Facilities	5,710,099	3,967,089
Household Hazardous Waste Disposal Services	485,384	493,580
<b>Total Expenses - Business-type Activities</b>	<b>\$ 33,577,921</b>	<b>\$ 33,982,970</b>

Business-type activities expenses overall remained relatively similar to prior year. Solid Waste expenses decreased due to a positive adjustment in long-term care costs and decreased depreciation expense based on a new survey, as discussed earlier. Conversely, Lakeview Campus entities' expenses increased because of a donation to MVHS; loss on sale of property; and operating revenues for Neshonoc and Monarch increasing in 2017, which resulted in additional operating expenses



**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, and curbs.

Capital Assets						
	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Capital Assets						
Land	\$ 4,015,655	\$ 3,717,605	\$ 943,173	\$ 947,300	\$ 4,958,828	\$ 4,664,905
Land Improvements	4,088,929	3,835,720	34,870,870	29,394,712	38,959,799	33,230,432
Buildings	88,322,683	78,081,918	28,387,926	34,324,789	116,710,609	112,406,707
Machinery and equipment	27,072,283	25,954,102	8,713,578	8,382,478	35,785,861	34,336,580
Infrastructure	107,615,508	104,068,827	-	-	107,615,508	104,068,827
Intangibles	8,484,388	8,697,731	370,289	284,206	8,854,677	8,981,937
Construction in progress	3,356,439	11,469,729	3,272,422	5,914,663	6,628,861	17,384,392
Total capital assets	242,955,885	235,825,632	76,558,258	79,248,148	319,514,143	315,073,780
Less:						
Accumulated Depreciation	101,396,362	96,077,233	38,008,326	42,516,578	139,404,688	138,593,811
<b>Total Net Capital Assets</b>	<b>\$ 141,559,523</b>	<b>\$ 139,748,399</b>	<b>\$ 38,549,932</b>	<b>\$ 36,731,570</b>	<b>\$ 180,109,455</b>	<b>\$ 176,479,969</b>

Within the governmental activities, the significant change in capital assets was due to the Downtown Campus Project. Remodeling of the former bank building for the new Administrative Center was completed in late 2016 with County offices moving in late December. Construction in progress at the end of 2016 related to these costs was reclassified to buildings in 2017 and placed in service for depreciation purposes.



Within the business-type activities, the increase in land improvements and decrease in construction in progress was because of the new site entrance and the new cell construction in the Solid Waste department. In addition, the decrease in buildings was due to the sale of the old Lakeview building, which occurred early in 2017.



# Long-Term Obligations

## WHAT DO WE OWE?

As of December 31, 2017, the County's long-term obligations totaled \$112,662,296, of which \$90,979,982 was debt outstanding. During the year, the County issued \$16,130,000 of general obligation bonds to refinance the 2015 \$17,255,000 bond anticipation notes. The County also issued \$2,725,000 of general obligation promissory notes.

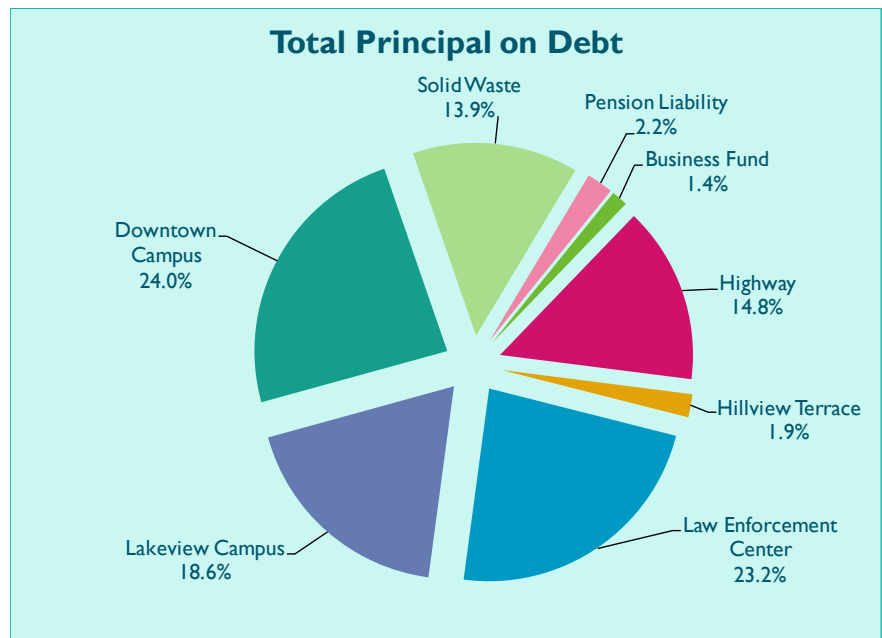
Long-Term Obligations			
	Governmental Activities	Business-Type Activities	Total
<b>Due within 1 year:</b>			
Compensated Absences	\$ 2,325,826	\$ 581,133	\$ 2,906,959
Bonds and Notes Payable	4,992,582	1,395,929	6,388,511
Landfill Post Closure Costs	22,511	13,031	35,542
	<u>7,340,919</u>	<u>1,990,093</u>	<u>9,331,012</u>
<b>Due longer than 1 year:</b>			
Compensated Absences	4,607,372	-	4,607,372
Post Employment Benefit Obligation	1,794,629	-	1,794,629
Bonds and Notes Payable	54,796,361	29,795,110	84,591,471
Landfill Post Closure Costs	488,841	9,152,942	9,641,783
Net Pension Obligation	2,118,274	577,755	2,696,029
	<u>63,805,477</u>	<u>39,525,807</u>	<u>103,331,284</u>
<b>Total Long-Term Obligations</b>	<b>71,146,396</b>	<b>41,515,900</b>	<b>112,662,296</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 \$660.



# 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.

**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).

Cash and Investments	
Deposits	\$ 6,006,876
Petty Cash	6,453
Cash on Hand	452,814
Investments	64,100,430
<b>Total</b>	<b>\$ 70,566,573</b>

Investments	
Investment Types:	Fair Value
U.S. Treasury Notes	\$ 5,260,441
U.S. Agency Securities	20,833,916
U.S. Small Business Administration	5,117,136
Corporate Issues	1,558,646
State of WI Local Government	
Investment Pool	21,571,190
Mutual Funds - other than bond funds	9,759,101
<b>Total Investments</b>	<b>\$ 64,100,430</b>

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

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.

<b>Unassigned Fund Balance Compared to Expenditures</b>				
	<b>2017</b>		<b>2016</b>	
	<b>General Fund</b>	<b>Percentage of Expenditures</b>	<b>General Fund</b>	<b>Percentage of Expenditures</b>
Total Expenditures	\$ 35,419,275	-	\$ 33,491,060	-
Unassigned Fund Balance	19,909,765	56.2%	19,535,110	58.3%
Total Fund Balances	30,947,018	87.4%	32,331,552	96.5%

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.

County policy requires the ratio of unassigned general fund balance to total operating expenditures be maintained at 25 to 50%. As of December 31, 2017 the ratio is 56.2%. County policy limits the use of unassigned fund balance to funding of 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 loss of \$1,384,534. The original budget projected a deficit of \$3,070,327 and the final budget anticipated a loss of \$7,362,249. The actual result was far less due to the realization of \$6,377,284 in total expenditures under final budget.

During 2017, sales tax revenues increased by over \$403,000 and was over \$497,000 higher than was budgeted. Register of Deeds fees continue to be strong as interest rates for mortgages have remained relatively low. Investment earnings were also higher than expected due to slightly higher interest rates and changes in investment mix.

Most projects that were not completed in 2017 carried forward funds for completion in 2018. This includes a contribution of \$150,000 to the Village of Holmen for the community center project, and funds for neighborhood revitalization projects in the amount of just over \$1 million. Also, various capital outlay projects within the General Fund for parks and building improvements totaling \$815,000 were carried forward to 2018.

# Ratios and Trends

## HOW ARE WE DOING?

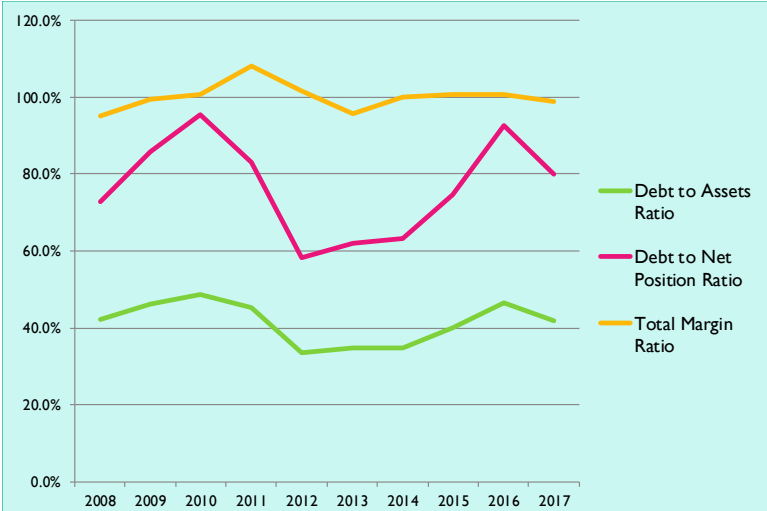
Looking at key financial ratios and trends over several years enables the County to have a clearer picture of where it has been and where it is going.

Primary Government										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt to Assets Ratio	42.2%	46.2%	48.8%	45.4%	33.5%	34.6%	34.8%	40.0%	46.4%	41.7%
Debt to Net Position Ratio	72.9%	86.0%	95.4%	83.2%	58.3%	62.0%	63.2%	74.8%	92.7%	80.0%
Total Margin Ratio	95.3%	99.6%	100.9%	108.1%	101.8%	95.8%	100.2%	100.8%	100.7%	98.8%

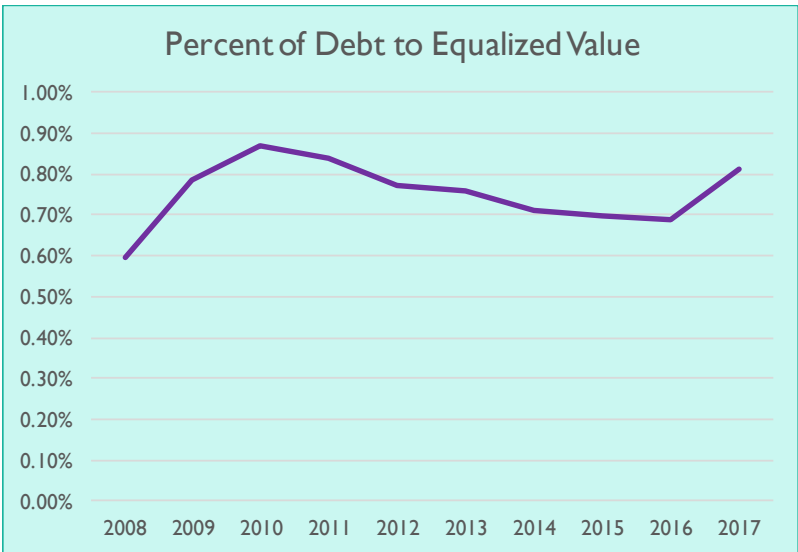
**Debt to Assets Ratio** focuses on the extent to which total assets are financed with long-term debt and is a measure of the government’s leverage. A lower ratio is desired as a high ratio implies an over reliance on debt for financing assets.

**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.



Percent of Debt to Equalized Value



Wisconsin statues 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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## **Restructuring of the Nursing Home Campuses**

During 2017, County Administration, with support of the County Board, merged the Hillview Campus and the Lakeview Campus as one long-term care services department. This has allowed management to develop consistent policies and practices at both nursing homes, which will enhance efficiencies, improve cost effectiveness, and re-align systems while strengthening workforce competitiveness. As part of the 2018 budget, \$50,000 has been allocated to start looking at a plan to remodel the Hillview Health Care Center, which was opened in 1981. Quality of care remains the most important aspect in the plan going forward, which will include private rooms with private bathrooms to enhance the experience for the patient and their family.



## **Enterprise Resource Planning Implementation**

Early in 2014, the County Finance, Human Resources and Information Technology Departments started designing the implementation of an Enterprise Resource Planning (ERP) System. This new system would bring together general ledger financials, budget preparation and human resource/payroll functions and reporting under one integrated software system. The financial and budget portion of the system went live in November of 2016, while the human resource/payroll system went live in November of 2017. This project has truly been a coordinated effort by a multitude of people in each of those departments, resulting in a very successful implementation that has already led to many efficiencies and better, timelier financial reporting. The final phase of this project will be completed during 2018, with the implementation of a new, automated timekeeping system.

### Neighborhood Revitalization

The County continued its work in neighborhood revitalization, with continued funding to the Acquisition and Demolition Grant Program. This program will help prepare sites for housing development projects within the Powell-Poage-Hamilton and Washburn Neighborhoods of the City of La Crosse. As part of this work, the County Solid Waste Department again budgeted \$50,000 to waive tipping fees for demolition debris from projects that have been awarded Acquisition and Demolition Grants. This will provide additional incentive to replace deteriorated housing within these neighborhoods. In 2017, \$333,710 in grants were awarded to 7 projects that will leverage \$2 million in private investment, and result in at least \$3.78 million in new tax base development. In total, between 2016 and 2017, this program has awarded up to \$548,710 in grants to generate at least \$5.89 million in new tax base and 47 new housing units. This program will continue in 2018 and beyond, and may consider making projects in additional neighborhoods eligible for funding.



# 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 annual highway projects, the County will continue to borrow for unmet road needs, with the 2018 borrowing approved at \$2.7 million.

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, 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, keep interest rates as low as possible, minimize debt issuance costs, smooth the debt service payments for the future, and maximize 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>Year</b>	<b>Net General Bonded Debt</b>	<b>Equalized Value</b>	<b>Percent of Debt</b>		<b>Debt Per Capita</b>
			<b>to Equalized Valuation</b>	<b>Population</b>	
<b>Last Ten Fiscal Years</b>					
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
2017	\$ 78,343,422	9,635,009,700	0.81%	118,675	660.15
<b>Projected Next 6 years</b>					
2018	76,215,991	9,875,884,943 *	0.77%	119,268 *	639.03
2019	72,967,542	10,122,782,066 *	0.72%	119,865 *	608.75
2020	69,370,651	10,375,851,618 *	0.67%	120,464 *	575.86
2021	65,398,760	10,635,247,908 *	0.61%	121,066 *	540.19
2022	61,129,246	10,901,129,106 *	0.56%	121,672 *	502.41
2023	56,811,369	11,173,657,334 *	0.51%	122,280 *	464.60

\* Assumes EQ value growth at 2.5% & population at .5% growth





**LA CROSSE COUNTY**  
Exceptional services. Extraordinary place.

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