

CITY OF LA CROSSE, WISCONSIN

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2022

CITY OF LA CROSSE, WISCONSIN

TABLE OF CONTENTS

DECEMBER 31, 2022

Page

| | |
|-------|---|
| 3-5 | Independent Auditors' Report |
| 6-19 | Management's Discussion and Analysis |
| | <u>BASIC FINANCIAL STATEMENTS</u> |
| | GOVERNMENT-WIDE FINANCIAL STATEMENTS |
| 20 | Statement of Net Position |
| 21 | Statement of Activities |
| | FUND FINANCIAL STATEMENTS |
| 22 | Balance Sheet - Governmental Funds |
| 23 | Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position |
| 24 | Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds |
| 25 | Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities |
| 26-27 | Statement of Net Position - Proprietary Funds |
| 28 | Statement of Revenue, Expenses, and Changes in Net Position - Proprietary Funds |
| 29 | Statement of Cash Flows - Proprietary Funds |
| 30 | Statement of Net Position - Fiduciary Funds |
| 31 | Statement of Changes in Net Position - Fiduciary Funds |
| 32-65 | Notes to the Basic Financial Statements |

CITY OF LA CROSSE, WISCONSIN

TABLE OF CONTENTS - Continued

DECEMBER 31, 2022

Page

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|-------|---|
| 66 | Budgetary Comparison Schedule - General Fund |
| 67 | Notes to Required Supplementary Information on Budgetary Accounting and Control |
| 68 | OPEB Healthcare Defined Benefit Schedules |
| 69-71 | Wisconsin Retirement System Pension Schedules |
| 72 | Wisconsin Retirement System Local Retiree Life Insurance Fund Schedules |

SUPPLEMENTARY INFORMATION

| | |
|-------|--|
| 73 | Combining Balance Sheet - Nonmajor Governmental Funds |
| 74 | Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds |
| 75 | Combining Balance Sheet - Nonmajor Special Revenue Funds |
| 76 | Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds |
| 77-78 | Combining Balance Sheet - Nonmajor Capital Projects Funds |
| 79-80 | Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds |
| 81 | Combining Statement of Net Position - Internal Service Funds |
| 82 | Combining Statement of Revenue, Expenses, and Changes in Net Position - Internal Service Funds |
| 83 | Combining Statement of Cash Flows - Internal Service Funds |

OTHER REPORT

| | |
|-------|---|
| 84-85 | Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> |
|-------|---|



INDEPENDENT AUDITORS' REPORT

To the Common Council
City of La Crosse, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of La Crosse, Wisconsin, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of La Crosse's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of La Crosse, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of La Crosse and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City of La Crosse's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of La Crosse's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of La Crosse's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of La Crosse's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2023 on our consideration of the City of La Crosse's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of La Crosse's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
July 12, 2023

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



The City of La Crosse, Wisconsin - Management's Discussion and Analysis for the year ended December 31, 2022

As management of the City of La Crosse, Wisconsin we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of La Crosse for the fiscal year ended December 31, 2022. We encourage the reader to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this narrative.

The Financial Highlights

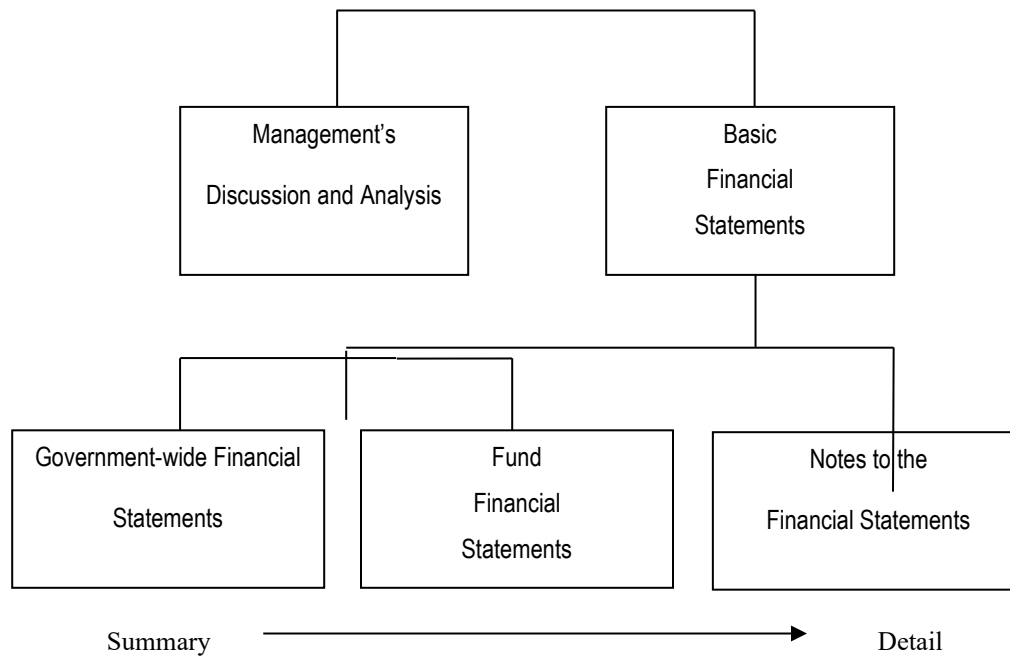
When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. This relationship between revenues and expenses can be considered the City's operating results. The City's net position as measured in the Statement of Net Position is one measure of the City's financial position, or financial health. Over time, increases or decreases in the City's net position, as measured in the Statement of Activities are one indicator of whether the City's financial health is improving or deteriorating. However, the City's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads, the traffic and business generated by having a City owned and maintained airport, the revitalized historic downtown area, and the overall quality of life in assessing the overall health of our City.

- The assets of the City of La Crosse exceeded its liabilities as of December 31, 2022 by \$522,609,695 (net position).
- The City of La Crosse's total net position of Governmental Funds and Proprietary Funds increased by \$38,385,458.
- As of December 31, 2022, the City of La Crosse's governmental funds reported combined ending fund balances of \$96,723,103 an increase of \$3,596,636 in comparison with the prior year. As of December 31, 2022, the unassigned fund balance for the general fund was \$15,851,525 or approximately 27.38% of total general fund expenditures.
- The City of La Crosse's total general obligation debt increased by \$3,980,737 or 3.00% during 2022. This increase is attributable to the planning and financing of future capital improvement projects. The City funded \$14,475,000 in capital improvement projects and new equipment purchases as listed in the City's five-year Capital Improvement Budget and through approved Council resolutions utilizing new borrowed funds. Those projects included various street, streetscaping, alley, bridge, civic center, fire, library, park, storm sewer, transit, airport, and water projects.

Overview of the Financial Statements

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

Required Components of the Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

The City of La Crosse maintains approximately 45 individual governmental funds. Information is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, HUD Programs, and the Debt Service Fund, each of which is considered to be a major fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as one of the useful indicators of a government's financial condition. The assets of the City of La Crosse exceeded liabilities by \$522,609,695 as of December 31, 2022. The City's net position increased by \$38,385,458 for the fiscal year ended December 31, 2022. However, the largest portion of the City's net position (84.05%) reflects the City's investment in capital assets (e.g., land, land improvements, buildings, and equipment); less any related debt still outstanding that was issued to acquire those items. The City of La Crosse uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of La Crosse's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

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

| ASSETS | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Assets, net of Capital Assets | \$ 233,003 | \$ 217,735 | \$ 26,169 | \$ 94,764 | \$ 259,172 | \$ 312,499 |
| Capital Assets not Depreciated | 114,080 | 102,313 | 91,561 | 55,013 | 205,641 | 157,326 |
| Capital Assets, net of Depreciation | 217,817 | 210,923 | 157,120 | 157,712 | 374,937 | 368,635 |
| TOTAL ASSETS | \$ 564,900 | \$ 530,971 | \$ 274,850 | \$ 307,489 | \$ 839,750 | \$ 838,460 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Wisconsin Retirement System Pension | 49,145 | 34,418 | 4,146 | 3,016 | 53,291 | 37,434 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 614,045 | \$ 565,389 | \$ 278,996 | \$ 310,505 | \$ 893,041 | \$ 875,894 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET | | | | | | |
| LIABILITIES | | | | | | |
| TOTAL LIABILITIES | \$ 196,650 | \$ 184,987 | \$ 50,743 | \$ 97,870 | \$ 247,393 | \$ 282,857 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable Revenue-Tax Roll | \$ 49,589 | \$ 51,541 | \$ 1,996 | \$ 144 | \$ 51,585 | \$ 51,685 |
| Wisconsin Retirement System Pension/OPEB | 65,826 | 52,375 | 5,627 | 4,753 | 71,453 | 57,128 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | \$ 115,415 | \$ 103,916 | \$ 7,623 | \$ 4,897 | \$ 123,038 | \$ 108,813 |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | \$ 233,077 | \$ 217,824 | \$ 206,172 | \$ 185,387 | \$ 439,249 | \$ 403,211 |
| Restricted For: | | | | | | |
| Special Revenue | 1,224 | 606 | - | - | 1,224 | 606 |
| Debt Service | 6,986 | 16,269 | - | - | 6,986 | 16,269 |
| Capital Projects | 43,116 | 41,012 | 2,926 | 2,948 | 46,042 | 43,960 |
| Other Activities | 23,023 | 17,897 | 1,822 | 1,432 | 24,845 | 19,329 |
| Unrestricted | (5,446) | (17,122) | 9,710 | 17,971 | 4,264 | 849 |
| TOTAL NET POSITION | \$ 301,980 | \$ 276,486 | \$ 220,630 | \$ 207,738 | \$ 522,610 | \$ 484,224 |

An additional portion of the City's net position of \$79,097,353 (15.14%) represents resources that are subject to external restrictions on how they may be used.

The City's total net position increased \$38,385,458 during the year. This increase was comprised of an increase in governmental type activities of \$25,493,902 and an increase in the business type activities of \$12,891,556 during the year. This change is generally due to the application of GASB Statement 75, Other post-employment benefits and the increased investment in capital assets.

Governmental Activities

Governmental activities increased the City of La Crosse's net position by \$25,493,902. Key elements of this increase are:

- Charges for Services increased over \$5,000,000 and accounted for a quarter of the growth in revenue from 2022 versus 2021. There was also an increase in tax revenue of over \$3,500,000. Net Investment in Capital Assets increased by over \$15,000,000 due to increased investment in capital assets.
- Departments were required to keep 2022 budgets at 2021 levels unless increases were justified and approved by the Council.
- Actual expenditures for 2022 increased over \$6,300,000 compared to 2021, while the revenue was over \$4,800,000 higher when compared to 2021.
- Plan design changes, insurance co-pays and a change in health insurance networks have had a positive impact on the City's self-insured health fund and its fund balance which allows for no increase in the funding for internal health insurance premiums even though the national trend continues to rise.

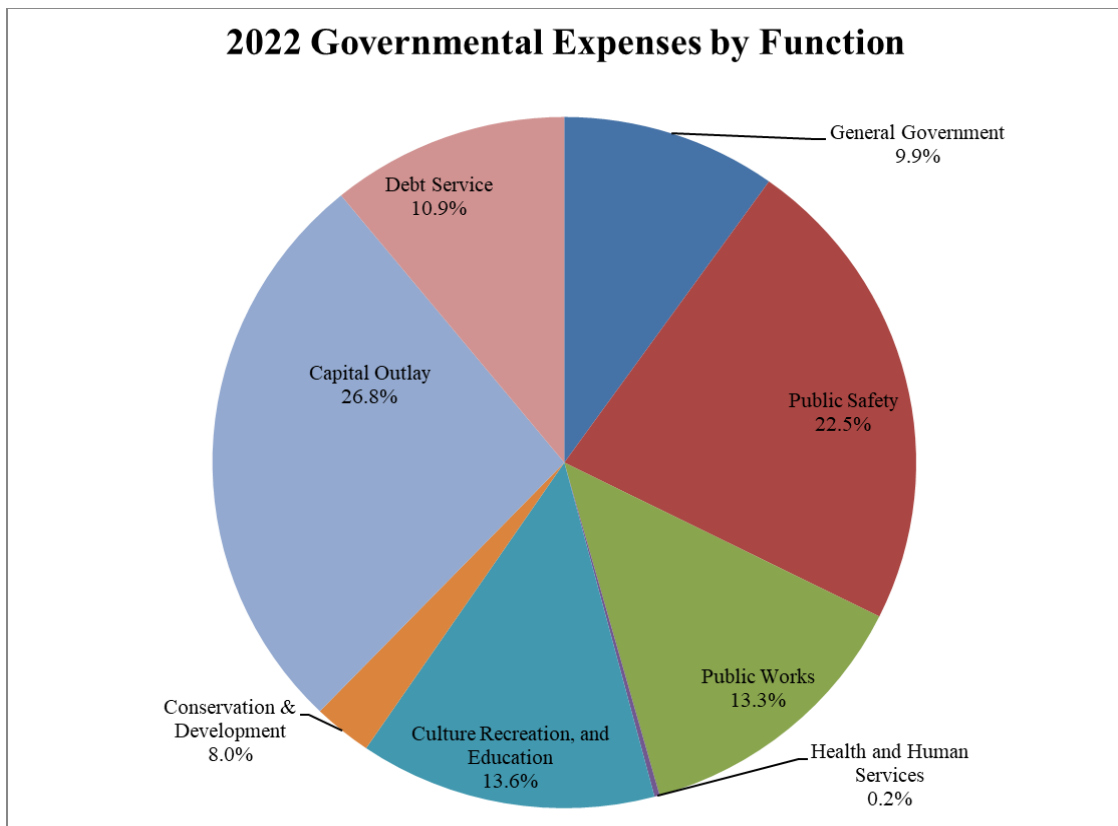
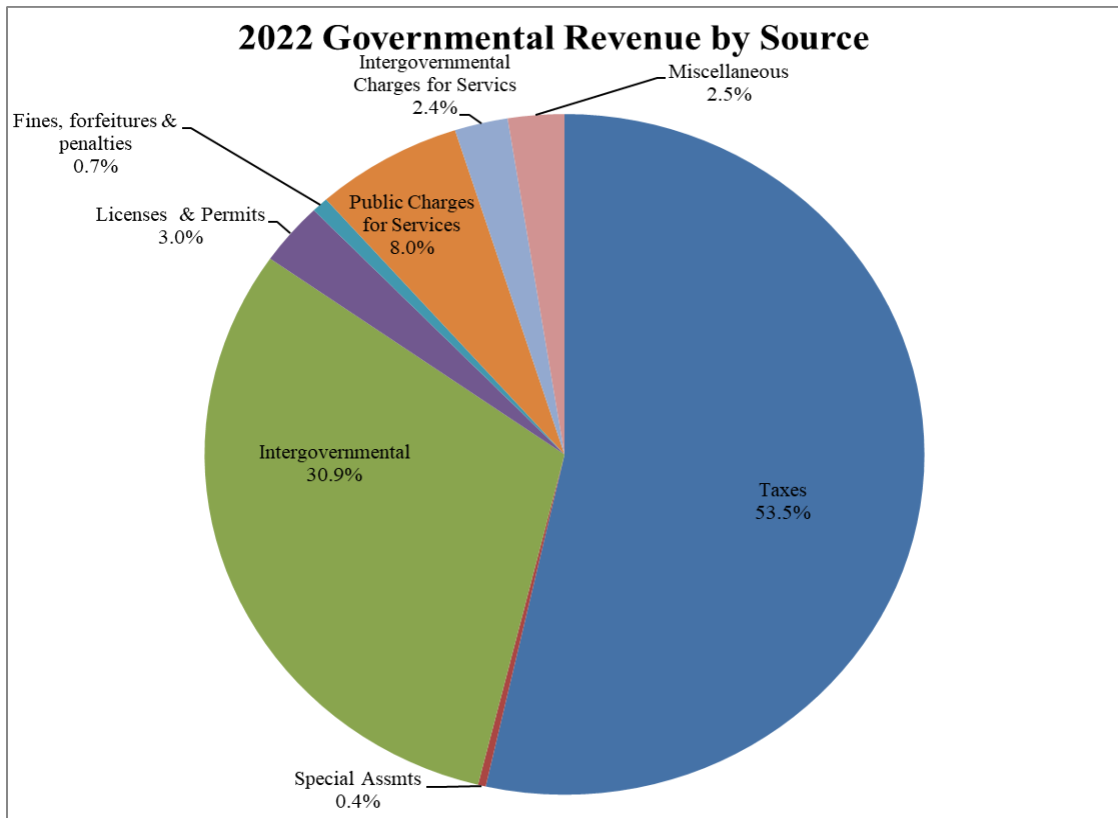
The following table represents the City's summarized operating results and their impact on net assets.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 16,288 | \$ 10,702 | \$ 24,657 | \$ 23,809 | \$ 40,945 | \$ 34,511 |
| Grants & Contributions | 19,652 | 23,645 | 7,468 | 2,943 | 27,120 | 26,588 |
| General Revenues: | | | | | | |
| Taxes | 56,445 | 52,805 | - | - | 56,445 | 52,805 |
| State Shared Revenue | 13,601 | 13,773 | - | - | 13,601 | 13,773 |
| Interest and investment income | (1,664) | 456 | 457 | 296 | (1,207) | 752 |
| Miscellaneous | 4,733 | 2,867 | 20 | 133 | 4,753 | 3,000 |
| Total Revenues | <u>\$ 109,055</u> | <u>\$ 104,248</u> | <u>\$ 32,602</u> | <u>\$ 27,181</u> | <u>\$ 141,657</u> | <u>\$ 131,429</u> |
| Expenses: | | | | | | |
| General Government | \$ 13,124 | \$ 12,088 | \$ - | \$ - | \$ 13,124 | \$ 12,088 |
| Public Safety | 23,346 | 22,744 | - | - | 23,346 | 22,744 |
| Public Works | 23,736 | 20,762 | - | - | 23,736 | 20,762 |
| Health and Human Services | 197 | 190 | - | - | 197 | 190 |
| Culture, Recreation and Education | 16,953 | 14,767 | - | - | 16,953 | 14,767 |
| Conservation & Development | 3,464 | 3,910 | - | - | 3,464 | 3,910 |
| Principal, Interest & Fiscal Charges | 2,509 | 2,471 | - | - | 2,509 | 2,471 |
| Airport | - | - | 4,021 | 4,147 | 4,021 | 4,147 |
| Parking | - | - | 3,302 | 3,282 | 3,302 | 3,282 |
| Water | - | - | 4,344 | 4,246 | 4,344 | 4,246 |
| Sanitary Sewer | - | - | 6,683 | 7,360 | 6,683 | 7,360 |
| Storm Water | - | - | 1,513 | 1,091 | 1,513 | 1,091 |
| Other Business-type Activities | - | - | 79 | 68 | 79 | 68 |
| Total Expenses | <u>\$ 83,329</u> | <u>\$ 76,932</u> | <u>\$ 19,942</u> | <u>\$ 20,194</u> | <u>\$ 103,271</u> | <u>\$ 97,126</u> |
| Change in Net Position before Transfers | \$ 25,726 | \$ 27,316 | \$ 12,660 | \$ 6,987 | \$ 38,386 | \$ 34,303 |
| Transfers | (232) | (53) | 232 | 53 | - | - |
| Change in Net Position | \$ 25,494 | \$ 27,263 | \$ 12,892 | \$ 7,040 | \$ 38,386 | \$ 34,303 |
| Net Position, beginning of year | 276,486 | 249,223 | 207,738 | 200,698 | 484,224 | 449,921 |
| Prior Period Adjustment | - | - | - | - | - | - |
| Equity Transfers | - | - | - | - | - | - |
| Net Position, end of year | <u>\$ 301,980</u> | <u>\$ 276,486</u> | <u>\$ 220,630</u> | <u>\$ 207,738</u> | <u>\$ 522,610</u> | <u>\$ 484,224</u> |

Governmental Activities expenditures were higher for 2022 compared to 2021 by over \$6,300,000, generally due to high inflationary costs, salary increases, and facilities and programs continuing to return to pre pandemic levels.

The following two charts represent revenues by source and expenses by function for the City's Governmental Activities for 2022.



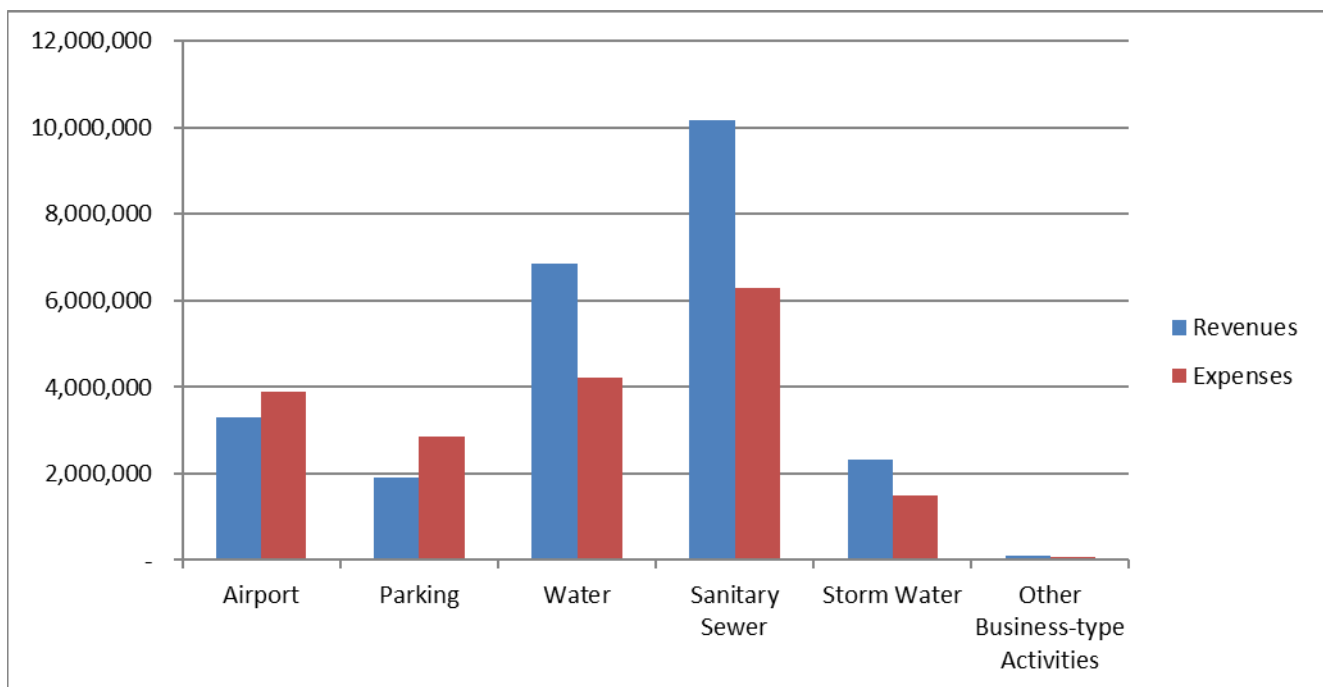
Business-Type Activities

Business-type activities increased the City’s net position by \$12,891,556. The major contributing factors to this increase for the business-type activities are as follows:

- An increase in net investment in capital assets due to finalizing several large projects.
- The Water Utility is self-supporting, operating on revenues from the sales of water and from private and public fire protection. The current water rate is designed to provide a 4.0% return on the rate base. The Common Council requires future water rates be reviewed every two years with the next review scheduled to take place in 2023.
- The current Sanitary Sewer Utility and Storm Water Utility rates are designed to meet cash requirements, be consistent with existing rate design structure to maintain equitability between different sizes and classes of customers, fund capital projects, and meet debt coverage requirements.

The following chart represents the operating revenues and expenses for 2022 for the City’s Business-Type Activities.

City of La Crosse, Wisconsin – 2022 Business-Type Activities Expense & Revenue



Financial Analysis of the Governmental Funds

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

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

As of December 31, 2022, the City of La Crosse's governmental funds reported combined ending fund balances of \$96,723,103. Of this amount, \$19,346,222 is attributable to the General Fund balance and is designated as follows: \$3,494,697 or approximately 18.06% is designated as Nonspendable; \$15,851,525 or approximately 81.94% is designated as Unassigned.

This Unassigned fund balance represents approximately 27.38% of total general fund expenditures for 2022. The total general fund balance decreased by \$167,607 in fiscal year 2022. Actual expenditures failed to meet final amended budgeted expenditures by approximately \$1,560,274 (2.62%). Actual revenue sources failed to meet the final amended budgeted revenues in the general fund by (\$1,727,881) (-2.91%).

The actual revenues were lower than budgeted primarily due to:

- There was a loss in FMV of investments of \$3,174,665.
- The La Crosse Center's revenue was outperformed budget by \$450,000 due to increased activity and increased room tax collected.
- Building related permits exceeded budget figures by over \$500,000.

The major budget variances in the expenditure category are:

- Public Safety underspent its budget by \$186,037.
- Public Works underspent its budget by \$276,117.
- General Government underspent its collective departmental budgets by \$1,305,117.
- Capital outlay underspent its budget by \$61,527.
- Culture, recreation, and education exceeded its collective budget by \$377,172.

Proprietary Funds

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

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

| | Net Position | | Change in Net Position | |
|-------------------------|-------------------|-------------------|------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Airport | \$ 76,123 | \$ 74,200 | \$ 1,923 | \$ 3,982 |
| Parking | 34,551 | 34,833 | (282) | (1,086) |
| Water Utility | 38,107 | 36,122 | 1,985 | 4,493 |
| Sewer Utility | 46,265 | 40,807 | 5,458 | 3,173 |
| Storm Water Utility | 22,590 | 18,448 | 4,142 | 3,681 |
| Sanitary Sewer District | 663 | 646 | 17 | 26 |
| Total | <u>\$ 218,299</u> | <u>\$ 205,056</u> | <u>\$ 13,243</u> | <u>\$ 14,269</u> |

General Fund Budgetary Highlights

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

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

Actual revenues and other sources including transfers in and out were less than budgeted revenues by \$1,727,881 with a primary driver of that increase driven by an unbudgeted loss on the fair market value of the City's investments. Actual expenditures were less than budgeted expenditures by \$1,560,274.

Revenues were less than budgetary estimates and expenditures also came in under budget; the City's General Fund "Unassigned" balance decreased by \$217,208. The City's General Fund-fund balance is 33.42% of 2022 General Fund actual expenditures.

Capital Assets and Debt Administration

Capital Assets

The City of La Crosse's net investment in capital assets for its governmental and business-type activities as of December 31, 2022, is \$439,248,728 (net of accumulated depreciation), an increase of \$36,037,789 (8.94%). This investment in capital assets includes land, buildings, building improvements, improvements other than buildings, machinery & equipment, infrastructure, and construction work in progress. The total increase in the City's investment in capital assets for the current fiscal year consisted of a \$15,253,215 (7.00%) increase for governmental activities and a \$20,784,574 (11.21%) increase for business-type activities.

The following capital improvement projects for 2022 are contained and financed in the City's 2022-2026 five-year Capital Improvement Program budget:

- Airport facility and runway upgrades – approximately \$6,924,000.
- Capital Equipment purchases for various departments - approximately \$4,837,973.
- Various Park projects - approximately \$3,968,000.
- Sanitary Sewer infrastructure improvement projects - approximately \$5,784,000.
- Storm water improvement projects - approximately \$2,542,000.
- Water improvement projects – approximately \$3,146,000
- Various street and streetscaping improvement projects - approximately \$23,976,000. Major projects include the reconstruction of 5 roads (South Ave., La Crosse St., Causeway Blvd., Green Bay St., and Kramer St.)
- Various Economic Development and Housing projects – approximately \$854,000.
- Various City Facilities Improvement projects – approximately \$6,180,000. Major projects including funding towards the construction of a new fire station \$3,800,000, funding towards a remodel of the Police Department \$1,300,000, and the renovation of a park building \$500,000.

The City of La Crosse, Wisconsin's Capital Assets (in thousands of dollars)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------|----------------------------|------------------|-----------------------------|------------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land and Land Improvements | \$ 13,029 | \$ 13,029 | \$ 7,823 | \$ 7,822 | \$ 20,852 | \$ 20,851 |
| Buildings and Improvements | 90,777 | 89,517 | 45,029 | 44,938 | 135,806 | 134,455 |
| Machinery and Equipment | 70,761 | 67,308 | 18,233 | 17,133 | 88,994 | 84,441 |
| Infrastructure/systems | 172,768 | 164,585 | 177,021 | 173,459 | 349,789 | 338,044 |
| Construction in Progress | 101,051 | 89,284 | 87,725 | 51,176 | 188,776 | 140,460 |
| Less: Accumulated Depreciation | (116,488) | (110,487) | (87,150) | (81,803) | (203,638) | (192,290) |
| Total | \$331,898 | \$313,236 | \$248,681 | \$212,725 | \$580,579 | \$525,961 |

Long-Term Debt

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

At the end of the 2022 fiscal year, the City of La Crosse had total general obligation debt outstanding of \$136,604,422 entirely backed by the full faith and credit of the government. This represents an increase of \$3,980,737 compared to the total general obligation debt outstanding as of the end of fiscal year 2021. This increase is due primarily to scheduled borrowing for equipment and capital projects.

In 2022, the City sold four new debt instruments. Issues A and B were dated August 11, 2022. Issue A was for 15-year Corporate Purpose Bonds for \$11,710,000 at a net interest rate of 3.300%. Issue B was for 10-year Promissory Notes for \$2,765,000 at a net interest rate of 2.855%. Series A and B funded a portion of the City's \$59,879,075 annual capital improvement program budget and its various projects: Street and Streetscaping projects, Bridge projects, Storm Sewer projects, Fire projects, Water Projects, Library projects, Park projects, and Miscellaneous Tax Incremental Financing projects. The issues were rated AA by Standard & Poor's.

The third issue was a 5-year Note for \$470,200 at a net interest rate of 2.500% dated April 1, 2022. This issue was to fund floodplain and energy efficiency projects.

The fourth debt issue was a 5-year Note for \$650,000 at a net interest rate of 3.000% dated April 1, 2022. This issue was to fund neighborhood improvement projects.

Wisconsin State Statutes limit the amount of general obligation debt a governmental entity may issue up to 5% of its total equalized valuation. The City of La Crosse has adopted a more stringent debt borrowing policy that states that its outstanding debt will not exceed 75% of the 5% State Statute allowable legal debt margin unless authorized by a 2/3 vote of the City Council. In addition, the City will not borrow a larger amount than is retired in the current year unless overridden by a 2/3 vote of the City Council. The current legal debt limitation for the City of La Crosse is \$256,563,940 and its outstanding debt subject to State statutory limit as of December 31, 2022 is \$136,604,422 or approximately 53.24% of the statutory limit. After calculating the amounts available in the Debt Service Fund of \$18,086,098 which results in a net margin of indebtedness of \$138,045,616.

State Statutory Debt Limit

| | 2022 | 2021 |
|--|----------------|----------------|
| State Debt Limit (5% of equalized value) | \$ 256,563,940 | \$ 233,628,745 |
| Applicable long-term debt | (136,604,422) | (132,623,685) |
| Amount available in debt service fund | 18,086,098 | 17,269,070 |
| Margin of Indebtness | 138,045,616 | 118,274,130 |

City Policy Debt Limit

| | 2022 | 2021 |
|---------------------------------------|----------------|----------------|
| City Debt Limit (75% of State Limit) | \$ 192,422,955 | \$ 175,221,559 |
| Applicable long-term debt | (136,604,422) | (132,623,685) |
| Amount available in debt service fund | 18,086,098 | 17,269,070 |
| Margin of Indebtness | 73,904,631 | 59,866,944 |

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

- The 2022 unadjusted unemployment rate for the La Crosse MSA was 2.5% compared to the State average of 2.9% and compared to the National average of 3.6%.
- Inflationary trends in the region are comparable to national indices.
- There were 1066 building permits issued in 2022 with a value of \$111,542,890 as compared to 876 building permits issued in 2021 with a value of \$156,065,859 and 970 permits issued in 2020 with a value of \$59,001,464.

Requests for Information

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

CITY OF LA CROSSE, WISCONSIN

BASIC FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2022

| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | PRIMARY GOVERNMENT | | | COMPONENT UNIT |
|---|----------------------------|-----------------------------|-----------------------|----------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | |
| ASSETS | | | | |
| Cash and investments | \$ 111,810,193 | \$ 19,710,028 | \$ 131,520,221 | \$ 4,718,749 |
| Receivables | | | | |
| Taxes | 48,522,093 | 646,341 | 49,168,434 | - |
| Accounts and other | 4,902,921 | 5,540,137 | 10,443,058 | - |
| Special assessments | 604,650 | 4,528 | 609,178 | - |
| Loans | 12,881,288 | - | 12,881,288 | 350,000 |
| Internal balances | 7,360,518 | (7,360,518) | - | - |
| Due from other governments | 3,183,265 | 247 | 3,183,512 | - |
| Inventories | 362,225 | 531,224 | 893,449 | - |
| Prepays | 99,017 | 495,259 | 594,276 | - |
| Leases receivable | 1,589,419 | 1,849,540 | 3,438,959 | - |
| Restricted assets | | | | |
| Cash and investments | 18,663,902 | 2,926,287 | 21,590,189 | - |
| Other assets | - | 3,375 | 3,375 | - |
| Wisconsin Retirement System net pension | 23,023,060 | 1,822,029 | 24,845,089 | - |
| Capital assets (net of accumulated depreciation) | | | | |
| Capital assets not being depreciated | 114,079,893 | 91,561,254 | 205,641,147 | 12,425,526 |
| Capital assets being depreciated | 217,817,114 | 157,119,919 | 374,937,033 | - |
| TOTAL ASSETS | 564,899,558 | 274,849,650 | 839,749,208 | 17,494,275 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Wisconsin Retirement System pension | 44,959,362 | 3,558,053 | 48,517,415 | - |
| Wisconsin Retirement System LRLIF | 2,010,012 | 347,115 | 2,357,127 | - |
| OPEB healthcare | 2,175,956 | 241,123 | 2,417,079 | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 49,145,330 | 4,146,291 | 53,291,621 | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 614,044,888 | \$ 278,995,941 | \$ 893,040,829 | \$ 17,494,275 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 11,296,813 | \$ 3,211,027 | \$ 14,507,840 | \$ - |
| Accrued liabilities | | | | |
| Payroll | 1,700,697 | 178,093 | 1,878,790 | - |
| Interest | 888,526 | 198,985 | 1,087,511 | - |
| Other | 421,658 | 133 | 421,791 | - |
| Due to other governments | 1,102,231 | - | 1,102,231 | - |
| Deposit payable | 300,782 | - | 300,782 | - |
| Unearned revenue - other | 19,129,077 | - | 19,129,077 | - |
| Current portion of long-term obligations | 16,463,976 | 2,069,731 | 18,533,707 | - |
| Noncurrent portion of long-term obligations | 145,346,207 | 45,085,404 | 190,431,611 | 6,890,000 |
| TOTAL LIABILITIES | 196,649,967 | 50,743,373 | 247,393,340 | 6,890,000 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - tax roll | 47,999,352 | 146,030 | 48,145,382 | - |
| Leases | 1,589,420 | 1,849,540 | 3,438,960 | - |
| Wisconsin Retirement System pension | 54,212,827 | 4,290,366 | 58,503,193 | - |
| Wisconsin Retirement System LRLIF | 807,294 | 139,413 | 946,707 | - |
| OPEB healthcare | 10,806,099 | 1,197,453 | 12,003,552 | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 115,414,992 | 7,622,802 | 123,037,794 | - |
| NET POSITION | | | | |
| Net investment in capital assets | 233,077,009 | 206,171,719 | 439,248,728 | 5,535,526 |
| Restricted for | | | | |
| Special revenue | 1,224,070 | - | 1,224,070 | - |
| Debt service | 6,986,098 | - | 6,986,098 | - |
| Capital projects | 43,115,809 | 2,926,287 | 46,042,096 | - |
| Other activities | 23,023,060 | 1,822,029 | 24,845,089 | - |
| Unrestricted | (5,446,117) | 9,709,731 | 4,263,614 | 5,068,749 |
| TOTAL NET POSITION | 301,979,929 | 220,629,766 | 522,609,695 | 10,604,275 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | \$ 614,044,888 | \$ 278,995,941 | \$ 893,040,829 | \$ 17,494,275 |

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUE | | | NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION | | | COMPONENT UNIT |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|----------------------|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTALS | |
| PRIMARY GOVERNMENT | | | | | | | | |
| GOVERNMENTAL ACTIVITIES | | | | | | | | |
| General government | \$ 13,124,160 | \$ 2,204,052 | \$ 3,497,042 | \$ - | \$ (7,423,066) | | \$ (7,423,066) | |
| Public safety | 23,345,790 | 2,083,753 | 1,884,626 | - | (19,377,411) | | (19,377,411) | |
| Public works | 23,736,384 | 1,854,494 | 11,922,442 | - | (9,959,448) | | (9,959,448) | |
| Health and human services | 196,916 | - | - | - | (196,916) | | (196,916) | |
| Culture, recreation and education | 16,952,994 | 5,966,946 | 552,862 | - | (10,433,186) | | (10,433,186) | |
| Conservation and development | 3,464,060 | 4,178,855 | 1,794,586 | - | 2,509,381 | | 2,509,381 | |
| Interest and fiscal charges | 2,508,869 | - | - | - | (2,508,869) | | (2,508,869) | |
| TOTAL GOVERNMENTAL ACTIVITIES | 83,329,173 | 16,288,100 | 19,651,558 | - | (47,389,515) | | (47,389,515) | |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | |
| Airport | 4,021,392 | 3,311,740 | - | 2,456,469 | | \$ 1,746,817 | 1,746,817 | |
| Parking | 3,301,550 | 1,902,486 | - | - | | (1,399,064) | (1,399,064) | |
| Water | 4,344,343 | 6,865,716 | - | - | | 2,521,373 | 2,521,373 | |
| Sewer | 6,682,560 | 10,168,100 | - | 1,750,000 | | 5,235,540 | 5,235,540 | |
| Storm | 1,513,289 | 2,317,254 | - | 3,261,965 | | 4,065,930 | 4,065,930 | |
| Sanitary Sewer District | 78,657 | 91,215 | - | - | | 12,558 | 12,558 | |
| TOTAL BUSINESS-TYPE ACTIVITIES | 19,941,791 | 24,656,511 | - | 7,468,434 | | 12,183,154 | 12,183,154 | |
| TOTAL PRIMARY GOVERNMENT | \$ 103,270,964 | \$ 40,944,611 | \$ 19,651,558 | \$ 7,468,434 | (47,389,515) | 12,183,154 | (35,206,361) | |
| COMPONENT UNIT | | | | | | | | |
| Redevelopment Authority | \$ 193,013 | \$ - | \$ 56,385 | \$ - | | | | \$ (136,628) |
| GENERAL REVENUE | | | | | | | | |
| Taxes | | | | | | | | |
| Property taxes | | | | | 51,369,491 | - | 51,369,491 | - |
| Other taxes | | | | | 5,075,917 | - | 5,075,917 | - |
| Intergovernmental revenues not restricted to specific programs | | | | | 13,600,921 | - | 13,600,921 | - |
| Interest and investment income | | | | | (1,663,818) | 456,629 | (1,207,189) | 56,593 |
| Miscellaneous | | | | | 4,733,054 | 19,625 | 4,752,679 | 29,000 |
| TRANSFERS | | | | | (232,148) | 232,148 | - | - |
| TOTAL GENERAL REVENUE AND TRANSFERS | | | | | 72,883,417 | 708,402 | 73,591,819 | 85,593 |
| CHANGE IN NET POSITION | | | | | 25,493,902 | 12,891,556 | 38,385,458 | (51,035) |
| NET POSITION - BEGINNING OF YEAR | | | | | 276,486,027 | 207,738,210 | 484,224,237 | 10,655,310 |
| NET POSITION - END OF YEAR | | | | | \$ 301,979,929 | \$ 220,629,766 | \$ 522,609,695 | \$ 10,604,275 |

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN

FUND FINANCIAL STATEMENTS

CITY OF LA CROSSE, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

| <u>ASSETS</u> | <u>GENERAL FUND</u> | <u>FEDERAL GRANTS</u> | <u>HUD GRANTS</u> | <u>DEBT SERVICE FUND</u> | <u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|---|-------------------------|---------------------------|-----------------------|----------------------------------|--|---|
| Cash and investments | \$ 16,338,707 | \$ 18,569,932 | \$ 1,265,115 | \$ 6,992,243 | \$ 65,374,046 | \$ 108,540,043 |
| Receivables | | | | | | |
| Taxes | 37,595,003 | - | - | - | 10,732,060 | 48,327,063 |
| Accounts and other | 741,992 | 84,600 | 2,822,126 | 231,306 | 653,975 | 4,533,999 |
| Special assessments | - | - | - | - | 604,650 | 604,650 |
| Loan | - | - | 10,150,347 | 1,675,000 | 1,055,941 | 12,881,288 |
| Due from other funds | 2,022,490 | - | - | - | 195,030 | 2,217,520 |
| Due from other governments | 14,679 | 13,071 | 205,285 | - | 2,950,230 | 3,183,265 |
| Inventories | 32,770 | - | - | - | 235,597 | 268,367 |
| Prepays | 78,349 | - | 384 | - | 8,044 | 86,777 |
| Leases receivable | 16,377 | - | - | - | 1,573,042 | 1,589,419 |
| Advances to other funds | 3,047,626 | - | - | 11,100,000 | 127,802 | 14,275,428 |
| TOTAL ASSETS | \$ 59,887,993 | \$ 18,667,603 | \$ 14,443,257 | \$ 19,998,549 | \$ 83,510,417 | \$ 196,507,819 |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u> | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 1,299,944 | \$ 83,572 | \$ 77,650 | \$ 6,145 | \$ 3,162,507 | \$ 4,629,818 |
| Accrued expenses | | | | | | |
| Payroll | 1,553,119 | - | - | - | 147,578 | 1,700,697 |
| Other | 94,556 | - | - | - | - | 94,556 |
| Due to other funds | - | 413,413 | - | - | 794,794 | 1,208,207 |
| Due to other governments | 63 | - | - | - | 1,102,168 | 1,102,231 |
| Deposit payable | 234,770 | - | 4,290 | - | 61,722 | 300,782 |
| Unearned revenue - other | 83,891 | 18,087,313 | 12,970,168 | 1,906,306 | 2,122,583 | 35,170,261 |
| Advances from other funds | - | - | 250,000 | - | 5,148,520 | 5,398,520 |
| TOTAL LIABILITIES | 3,266,343 | 18,584,298 | 13,302,108 | 1,912,451 | 12,539,872 | 49,605,072 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - tax roll | 37,259,051 | - | - | - | 10,740,301 | 47,999,352 |
| Unavailable revenue - special assessments | - | - | - | - | 590,872 | 590,872 |
| Leases | 16,377 | - | - | - | 1,573,043 | 1,589,420 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 37,275,428 | - | - | - | 12,904,216 | 50,179,644 |
| FUND BALANCES | | | | | | |
| Nonspendable | 3,494,697 | - | 384 | 11,100,000 | 371,443 | 14,966,524 |
| Restricted | - | 83,305 | 1,140,765 | 6,986,098 | 43,115,809 | 51,325,977 |
| Committed | - | - | - | - | 15,021,469 | 15,021,469 |
| Unassigned | 15,851,525 | - | - | - | (442,392) | 15,409,133 |
| TOTAL FUND BALANCES | 19,346,222 | 83,305 | 1,141,149 | 18,086,098 | 58,066,329 | 96,723,103 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 59,887,993 | \$ 18,667,603 | \$ 14,443,257 | \$ 19,998,549 | \$ 83,510,417 | \$ 196,507,819 |

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

| | | |
|--|----------------------|------------------------------|
| Fund balances - total governmental funds | | \$ 96,723,103 |
| <i>Amounts reported for governmental activities in the statement of net position are different because:</i> | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are: | | |
| Governmental capital asset | \$ 448,384,660 | |
| Governmental accumulated depreciation | <u>(116,487,653)</u> | 331,897,007 |
| Some revenue is unearned in the funds because it is not available to pay current period's expenditures: | | |
| Special assessments to be collected after year end | | 16,685,143 |
| Wisconsin Retirement System asset, deferred outflows of resources, and deferred inflows of resources are not current financial resources and are not reported in fund statements. | | |
| | | 14,972,313 |
| Other post employment benefits deferred outflows of resources and deferred inflows of resources are not current financial resources and are not reported in fund statements. | | |
| | | (8,630,143) |
| The assets, liabilities and net position of the internal service fund are included with governmental activities on the statement of net position. | | |
| Adjustment to reflect the consolidation to business-type activities | | 13,031,215 |
| Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Long term liabilities reported in the statement of net position that are not reported in the funds balance sheet are: | | |
| General obligation debt | \$ (119,791,209) | |
| Premium | (3,647,899) | |
| Accrued interest | (888,526) | |
| Vested employee benefits | (2,227,546) | |
| Wisconsin Retirement System OPEB liability | (5,854,140) | |
| Net OPEB liability | <u>(30,289,389)</u> | <u>(162,698,709)</u> |
| TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES | | <u>\$ 301,979,929</u> |

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

| | GENERAL FUND | FEDERAL GRANTS | HUD GRANTS | DEBT SERVICE FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|----------------------|-------------------|---------------------|-------------------------|--|--------------------------------|
| REVENUE | | | | | | |
| Taxes | \$ 39,739,519 | \$ - | \$ - | \$ 1,571,381 | \$ 15,134,508 | \$ 56,445,408 |
| Special assessment | - | - | - | - | 371,063 | 371,063 |
| Intergovernmental | 17,021,005 | 3,022,022 | 1,367,778 | - | 11,166,595 | 32,577,400 |
| Licenses and permits | 2,238,860 | - | - | - | 901,522 | 3,140,382 |
| Fines, forfeits, and penalties | 1,131 | - | - | - | 780,788 | 781,919 |
| Public charges for services | 1,614,161 | - | 998,184 | - | 4,352,809 | 6,965,154 |
| Intergovernmental charges for services | 2,028,506 | - | - | - | 494,288 | 2,522,794 |
| Miscellaneous | 3,676,104 | 44,229 | 58,628 | 318,772 | 2,055,041 | 6,152,774 |
| Change in fair value of investments | (3,174,665) | - | - | - | (309,231) | (3,483,896) |
| TOTAL REVENUE | <u>63,144,621</u> | <u>3,066,251</u> | <u>2,424,590</u> | <u>1,890,153</u> | <u>34,947,383</u> | <u>105,472,998</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | 8,546,264 | 2,708,619 | - | 52,127 | 561,337 | 11,868,347 |
| Public safety | 26,408,664 | 76,899 | - | - | 505,589 | 26,991,152 |
| Public works | 9,771,582 | - | - | - | 6,187,478 | 15,959,060 |
| Health and human services | 108,938 | - | - | - | 181,691 | 290,629 |
| Culture, recreation, and education | 12,358,493 | - | - | - | 4,037,093 | 16,395,586 |
| Conservation and development | 488,402 | 8,180 | 2,089,460 | - | 660,926 | 3,246,968 |
| Debt service | | | | | | |
| Principal | - | - | - | 9,670,641 | 834,292 | 10,504,933 |
| Interest | - | - | - | 2,210,636 | 171,356 | 2,381,992 |
| Other | - | - | - | 253,124 | - | 253,124 |
| Capital outlay | 210,673 | 110,373 | - | - | 31,924,231 | 32,245,277 |
| TOTAL EXPENDITURES | <u>57,893,016</u> | <u>2,904,071</u> | <u>2,089,460</u> | <u>12,186,528</u> | <u>45,063,993</u> | <u>120,137,068</u> |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES | <u>5,251,605</u> | <u>162,180</u> | <u>335,130</u> | <u>(10,296,375)</u> | <u>(10,116,610)</u> | <u>(14,664,070)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Operating transfers in | 2,667,698 | - | - | 10,370,858 | 3,962,340 | 17,000,896 |
| Operating transfers (out) | (8,235,583) | - | - | - | (8,997,461) | (17,233,044) |
| Sale of capital assets | 148,673 | - | - | 157,863 | 854,311 | 1,160,847 |
| Issuance of long-term debt | - | - | 200,000 | 72,804 | 16,547,325 | 16,820,129 |
| Premium on long-term debt | - | - | - | 511,878 | - | 511,878 |
| TOTAL OTHER FINANCING (USES) SOURCES | <u>(5,419,212)</u> | <u>-</u> | <u>200,000</u> | <u>11,113,403</u> | <u>12,366,515</u> | <u>18,260,706</u> |
| NET CHANGE IN FUND BALANCE | (167,607) | 162,180 | 535,130 | 817,028 | 2,249,905 | 3,596,636 |
| FUND BALANCE - BEGINNING OF YEAR | <u>19,513,829</u> | <u>(78,875)</u> | <u>606,019</u> | <u>17,269,070</u> | <u>55,816,424</u> | <u>93,126,467</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 19,346,222</u> | <u>\$ 83,305</u> | <u>\$ 1,141,149</u> | <u>\$ 18,086,098</u> | <u>\$ 58,066,329</u> | <u>\$ 96,723,103</u> |

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

| | | |
|--|--------------------|-----------------------------|
| Net change in fund balances - total governmental funds | | \$ 3,596,636 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. | | |
| Capital outlay reported in governmental fund statements | \$ 32,245,277 | |
| Less noncapitalized outlay | (4,949,347) | |
| Depreciation expense reported in the statement of activities | (7,502,366) | |
| Less cost of capital assets disposed | <u>(1,132,514)</u> | |
| Amount by which capital outlays are greater than depreciation in the current period: | | 18,661,050 |
| The proceeds from long-term obligations are reported in the governmental funds as a source of financing. In the statement of net position however, long-term obligations are not reported as a financing source, but rather constitute a long-term liability. | | |
| | | (16,820,129) |
| Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. | | |
| This year the accrual of these benefits increased by: | | (67,938) |
| Certain revenue is unavailable in the governmental funds because it is not available to pay current period expenditures. In the statement of activities these are recorded as revenue in the current year: | | |
| | | 2,421,378 |
| Wisconsin Retirement System pension asset, deferred outflows of resources, and deferred inflows of resources changes: | | |
| | | 5,270,885 |
| Wisconsin Retirement System LRLIF deferred outflows of resources, liability, and deferred inflows of resources changes: | | |
| | | (616,859) |
| Other post-employment benefits deferred outflows of resources, liability, and deferred inflows of resources changes: | | |
| | | 5,125,088 |
| Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. | | |
| The amount of long-term debt principal payments in the current year is: | | 10,504,933 |
| Governmental funds report the effect of debt discounts and premiums when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. | | |
| The net effect of these differences in the current year: | | (177,356) |
| Net change due to internal services funds incorporated into the statement of activities: | \$ (2,546,996) | |
| Transfers from business-type funds for internal service fund activity: | <u>351,485</u> | (2,195,511) |
| In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues. | | |
| The amount of interest and other debt costs paid during the current period | \$ 2,209,973 | |
| The amount of interest and other debt costs accrued during the current period | <u>(2,418,248)</u> | |
| Interest paid is less than interest accrued by: | | <u>(208,275)</u> |
| CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES | | <u>\$ 25,493,902</u> |

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2022

| <u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u> | BUSINESS-TYPE ACTIVITIES | | | | | | NONMAJOR SANITARY DISTRICT | TOTALS | GOVERNMENTAL ACTIVITIES |
|--|--------------------------|----------------------|----------------------|----------------------|----------------------|-------------------|----------------------------------|----------------------|----------------------------|
| | AIRPORT | PARKING | SEWER | WATER | STORM | | | INTERNAL SERVICE | |
| ASSETS | | | | | | | | | |
| CURRENT ASSETS | | | | | | | | | |
| Cash and investments | \$ 5,112,525 | \$ 2,752,223 | \$ 72,101 | \$ 8,862,624 | \$ 2,610,046 | \$ 300,509 | \$ 19,710,028 | \$ 21,916,418 | |
| Accounts receivable | | | | | | | | - | |
| Customer | 201,432 | 842,802 | 2,040,020 | 1,382,381 | 881,747 | 67,163 | 5,415,545 | 368,922 | |
| Other | - | 4,244 | 44,750 | 58,643 | 16,955 | - | 124,592 | - | |
| Taxes | - | 146,030 | 185,329 | 241,075 | 73,907 | - | 646,341 | - | |
| Inventories | 8,289 | - | 6 | 522,929 | - | - | 531,224 | 93,858 | |
| Prepays | 492,852 | 422 | 771 | 884 | 330 | - | 495,259 | 12,240 | |
| Restricted cash | | | | | | | | | |
| Cash | 823,629 | - | 1,908,626 | 136,655 | 57,377 | - | 2,926,287 | 17,634 | |
| TOTAL CURRENT ASSETS | <u>6,638,727</u> | <u>3,745,721</u> | <u>4,251,603</u> | <u>11,205,191</u> | <u>3,640,362</u> | <u>367,672</u> | <u>29,849,276</u> | <u>22,409,072</u> | |
| NONCURRENT ASSETS | | | | | | | | | |
| Capital assets (net of accumulated depreciation) | | | | | | | | | |
| Capital assets not being depreciated | 32,330,792 | 3,774,886 | 44,613,416 | 1,641,314 | 9,200,846 | - | 91,561,254 | - | |
| Capital assets being depreciated | 40,627,463 | 40,387,442 | 36,587,382 | 29,390,328 | 9,831,981 | 295,323 | 157,119,919 | - | |
| NET CAPITAL ASSETS | <u>72,958,255</u> | <u>44,162,328</u> | <u>81,200,798</u> | <u>31,031,642</u> | <u>19,032,827</u> | <u>295,323</u> | <u>248,681,173</u> | <u>-</u> | |
| Other assets | | | | | | | | | |
| Special assessments receivable | - | - | - | 4,528 | - | - | 4,528 | - | |
| Wisconsin Retirement System net pension | 374,246 | 268,841 | 562,946 | 442,475 | 173,521 | - | 1,822,029 | - | |
| Other property | - | - | - | 3,375 | - | - | 3,375 | - | |
| Leases receivable | 1,849,540 | - | - | - | - | - | 1,849,540 | - | |
| Advances to other funds | - | 1,000,000 | 20,728 | 202,364 | - | - | 1,223,092 | - | |
| TOTAL OTHER ASSETS | <u>2,223,786</u> | <u>1,268,841</u> | <u>583,674</u> | <u>652,989</u> | <u>173,521</u> | <u>-</u> | <u>4,902,811</u> | <u>-</u> | |
| TOTAL NONCURRENT ASSETS | <u>75,182,041</u> | <u>45,431,169</u> | <u>81,784,472</u> | <u>31,684,631</u> | <u>19,206,348</u> | <u>295,323</u> | <u>253,583,984</u> | <u>-</u> | |
| TOTAL ASSETS | <u>81,820,768</u> | <u>49,176,890</u> | <u>86,036,075</u> | <u>42,889,822</u> | <u>22,846,710</u> | <u>662,995</u> | <u>283,433,260</u> | <u>22,409,072</u> | |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | | |
| Wisconsin Retirement System pension | 730,827 | 524,991 | 1,099,320 | 864,064 | 338,851 | - | 3,558,053 | - | |
| Wisconsin Retirement System LRLIF | 13,587 | 36,521 | 143,479 | 97,278 | 56,250 | - | 347,115 | - | |
| OPEB healthcare | 19,942 | 42,095 | 48,603 | 130,483 | - | - | 241,123 | - | |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>764,356</u> | <u>603,607</u> | <u>1,291,402</u> | <u>1,091,825</u> | <u>395,101</u> | <u>-</u> | <u>4,146,291</u> | <u>-</u> | |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 82,585,124</u> | <u>\$ 49,780,497</u> | <u>\$ 87,327,477</u> | <u>\$ 43,981,647</u> | <u>\$ 23,241,811</u> | <u>\$ 662,995</u> | <u>\$ 287,579,551</u> | <u>\$ 22,409,072</u> | |

(Continued on page 27)

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS - Continued
DECEMBER 31, 2022

| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u> | BUSINESS-TYPE ACTIVITIES | | | | | | NONMAJOR SANITARY DISTRICT | TOTALS | GOVERNMENTAL ACTIVITIES |
|--|--------------------------|----------------------|----------------------|----------------------|----------------------|-------------------|----------------------------------|----------------------|----------------------------|
| | AIRPORT | PARKING | SEWER | WATER | STORM | | | INTERNAL SERVICE | |
| LIABILITIES | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | |
| Accounts payable | \$ 219,522 | \$ 119,682 | \$ 2,587,210 | \$ 239,496 | \$ 45,117 | \$ - | \$ 3,211,027 | \$ 6,666,995 | |
| Accrued liabilities | | | | | | | | | |
| Payroll | 41,495 | 29,377 | 43,398 | 51,451 | 12,372 | - | 178,093 | - | |
| Interest | 26,256 | 106,058 | 66,671 | - | - | - | 198,985 | - | |
| Other | - | - | - | - | - | 133 | 133 | 327,102 | |
| Due to other funds | - | - | - | 814,283 | - | - | 814,283 | - | |
| Unearned revenue - other | - | - | - | - | - | - | - | 53,087 | |
| Current portion of long-term obligations | 566,329 | 775,758 | 304,463 | 423,181 | - | - | 2,069,731 | - | |
| TOTAL CURRENT LIABILITIES | 853,602 | 1,030,875 | 3,001,742 | 1,528,411 | 57,489 | 133 | 6,472,252 | 7,047,184 | |
| NONCURRENT LIABILITIES | | | | | | | | | |
| Long-term obligations | 2,772,777 | 13,195,602 | 26,335,898 | 2,617,299 | 163,828 | - | 45,085,404 | - | |
| Advances from other funds | - | - | 10,100,000 | - | - | - | 10,100,000 | - | |
| TOTAL NONCURRENT LIABILITIES | 2,772,777 | 13,195,602 | 36,435,898 | 2,617,299 | 163,828 | - | 55,185,404 | - | |
| TOTAL LIABILITIES | 3,626,379 | 14,226,477 | 39,437,640 | 4,145,710 | 221,317 | 133 | 61,657,656 | 7,047,184 | |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | |
| Unavailable revenue - tax roll | - | 146,030 | - | - | - | - | 146,030 | - | |
| Leases | 1,849,540 | - | - | - | - | - | 1,849,540 | - | |
| Wisconsin Retirement System pension | 881,245 | 633,044 | 1,325,580 | 1,041,904 | 408,593 | - | 4,290,366 | - | |
| Wisconsin Retirement System LRLIF | 5,457 | 14,668 | 57,626 | 39,070 | 22,592 | - | 139,413 | - | |
| OPEB healthcare | 99,035 | 209,049 | 241,370 | 647,999 | - | - | 1,197,453 | - | |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 2,835,277 | 1,002,791 | 1,624,576 | 1,728,973 | 431,185 | - | 7,622,802 | - | |
| NET POSITION | | | | | | | | | |
| Net investment in capital assets | 69,963,400 | 30,895,452 | 55,771,193 | 30,213,524 | 19,032,827 | 295,323 | 206,171,719 | - | |
| Restricted for other | 1,197,875 | 268,841 | 2,471,572 | 579,130 | 230,898 | - | 4,748,316 | 17,634 | |
| Unrestricted | 4,962,193 | 3,386,936 | (11,977,504) | 7,314,310 | 3,325,584 | 367,539 | 7,379,058 | 15,344,254 | |
| TOTAL NET POSITION | 76,123,468 | 34,551,229 | 46,265,261 | 38,106,964 | 22,589,309 | 662,862 | 218,299,093 | 15,361,888 | |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 82,585,124 | \$ 49,780,497 | \$ 87,327,477 | \$ 43,981,647 | \$ 23,241,811 | \$ 662,995 | \$ 287,579,551 | \$ 22,409,072 | |
| | | | | | | | \$ 218,299,093 | | |
| | | | | | | | 2,330,673 | | |
| | | | | | | | \$ 220,629,766 | | |

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

NET POSITION OF BUSINESS-TYPE ACTIVITIES

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

| | BUSINESS-TYPE ACTIVITIES | | | | | | GOVERNMENTAL | |
|---|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------------------|----------------------|----------------------|
| | AIRPORT | PARKING | SEWER | WATER | STORM | NONMAJOR SANITARY DISTRICT | TOTALS | INTERNAL SERVICE |
| OPERATING REVENUE | | | | | | | | |
| Charges for services | \$ 3,290,629 | \$ 1,876,063 | \$ 10,035,715 | \$ 6,631,743 | \$ 2,317,115 | \$ 91,215 | \$ 24,242,480 | \$ - |
| Interdepartmental Sales | - | - | - | - | - | - | - | 11,993,140 |
| Forfeited discounts | - | - | - | 53,962 | - | - | 53,962 | - |
| Other revenue | 21,111 | 26,423 | 131,071 | 177,475 | 41 | - | 356,121 | 626,849 |
| TOTAL OPERATING REVENUE | <u>3,311,740</u> | <u>1,902,486</u> | <u>10,166,786</u> | <u>6,863,180</u> | <u>2,317,156</u> | <u>91,215</u> | <u>24,652,563</u> | <u>12,619,989</u> |
| OPERATING EXPENSES | | | | | | | | |
| Plant and maintenance expenses: | | | | | | | | |
| Salaries and wages | 959,161 | 862,286 | 1,151,186 | 1,269,456 | 614,054 | - | 4,856,143 | 887,133 |
| Power | - | - | - | 375,839 | - | - | 375,839 | - |
| Chemicals | - | - | - | 68,481 | - | - | 68,481 | - |
| Supplies and expenses | 303,698 | 114,491 | 2,396,679 | 559,121 | 321,938 | 41,205 | 3,737,132 | 3,320 |
| Repairs and maintenance | 348,253 | 153,405 | 469,255 | 70,908 | 39,005 | 11,203 | 1,092,029 | - |
| TOTAL PLANT AND MAINTENANCE EXPENSES | <u>1,611,112</u> | <u>1,130,182</u> | <u>4,017,120</u> | <u>2,343,805</u> | <u>974,997</u> | <u>52,408</u> | <u>10,129,624</u> | <u>890,453</u> |
| General expenses: | | | | | | | | |
| Office supplies and other expenses | 14,906 | 9,747 | 6,702 | 28,111 | 1,369 | 184 | 61,019 | 24,088 |
| Outside services employed | 362,477 | 267,901 | 728,773 | 361,552 | 249,867 | 24,081 | 1,994,651 | 50,914 |
| Insurance expense | 60,145 | 64,189 | 127,314 | 22,336 | 10,324 | - | 284,308 | 2,041,906 |
| Employee benefits | - | - | - | 71,337 | - | - | 71,337 | 12,395,411 |
| Miscellaneous general expenses | 702 | 21,875 | 112,627 | 66,536 | 62,123 | - | 263,863 | - |
| Transportation | 79,503 | 26,220 | 11,901 | 370 | 4,667 | - | 122,661 | - |
| TOTAL GENERAL EXPENSES | <u>517,733</u> | <u>389,932</u> | <u>987,317</u> | <u>550,242</u> | <u>328,350</u> | <u>24,265</u> | <u>2,797,839</u> | <u>14,512,319</u> |
| Depreciation | 1,692,413 | 1,308,609 | 1,201,492 | 1,222,507 | 159,180 | 1,984 | 5,586,185 | - |
| Taxes | 56,597 | 39,571 | 95,492 | 88,358 | 27,839 | - | 307,857 | - |
| TOTAL OPERATING EXPENSES | <u>3,877,855</u> | <u>2,868,294</u> | <u>6,301,421</u> | <u>4,204,912</u> | <u>1,490,366</u> | <u>78,657</u> | <u>18,821,505</u> | <u>15,402,772</u> |
| OPERATING (LOSS) INCOME | <u>(566,115)</u> | <u>(965,808)</u> | <u>3,865,365</u> | <u>2,658,268</u> | <u>826,790</u> | <u>12,558</u> | <u>5,831,058</u> | <u>(2,782,783)</u> |
| NONOPERATING REVENUE (EXPENSES) | | | | | | | | |
| Interest income | 112,585 | 54,964 | 92,593 | 139,430 | 52,591 | 4,466 | 456,629 | 234,208 |
| Miscellaneous revenue | - | - | 1,314 | 2,536 | 98 | - | 3,948 | 1,579 |
| Sale of capital assets | 22,598 | 14,018 | 73,838 | - | - | - | 110,454 | - |
| Interest expense | (102,460) | (445,903) | (320,566) | (27,363) | - | - | (896,292) | - |
| Amortization | - | 36,662 | - | - | - | - | 36,662 | - |
| TOTAL NONOPERATING REVENUE (EXPENSES) | <u>32,723</u> | <u>(340,259)</u> | <u>(152,821)</u> | <u>114,603</u> | <u>52,689</u> | <u>4,466</u> | <u>(288,599)</u> | <u>235,787</u> |
| (LOSS) INCOME BEFORE TRANSFERS AND CONTRIBUTIONS | <u>(533,392)</u> | <u>(1,306,067)</u> | <u>3,712,544</u> | <u>2,772,871</u> | <u>879,479</u> | <u>17,024</u> | <u>5,542,459</u> | <u>(2,546,996)</u> |
| OPERATING TRANSFER IN (OUT) | - | 1,024,431 | (4,414) | (787,869) | - | - | 232,148 | - |
| CAPITAL CONTRIBUTIONS | 2,456,469 | - | 1,750,000 | - | 3,261,965 | - | 7,468,434 | - |
| CHANGE IN NET POSITION | <u>1,923,077</u> | <u>(281,636)</u> | <u>5,458,130</u> | <u>1,985,002</u> | <u>4,141,444</u> | <u>17,024</u> | <u>13,243,041</u> | <u>(2,546,996)</u> |
| NET POSITION - BEGINNING OF YEAR | <u>74,200,391</u> | <u>34,832,865</u> | <u>40,807,131</u> | <u>36,121,962</u> | <u>18,447,865</u> | <u>645,838</u> | <u>205,056,052</u> | <u>17,908,884</u> |
| NET POSITION - END OF YEAR | <u>\$ 76,123,468</u> | <u>\$ 34,551,229</u> | <u>\$ 46,265,261</u> | <u>\$ 38,106,964</u> | <u>\$ 22,589,309</u> | <u>\$ 662,862</u> | <u>\$218,299,093</u> | <u>\$ 15,361,888</u> |

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

| | BUSINESS-TYPE ACTIVITIES | | | | | | GOVERNMENTAL | |
|---|--------------------------|---------------------|---------------------|---------------------|---------------------|----------------------------------|----------------------|-----------------------|
| | AIRPORT | PARKING | SEWER | WATER | STORM | NONMAJOR SANITARY DISTRICT | TOTALS | INTERNAL SERVICE |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | |
| Receipts from customers | \$ 3,312,006 | \$ 1,821,674 | \$ 9,253,392 | \$ 5,695,934 | \$ 2,876,584 | \$ 83,496 | \$ 23,043,086 | \$ 631,517 |
| Receipts from municipality | - | - | 487,436 | 1,002,813 | - | - | 1,490,249 | 12,153,585 |
| Payments to suppliers for goods and services | (1,061,374) | (591,908) | (4,561,027) | (1,740,626) | (1,388,862) | (76,674) | (9,420,471) | (2,159,933) |
| Payments for employees wages and benefits | (1,295,609) | (969,716) | (1,650,701) | (1,587,723) | (619,052) | - | (6,122,801) | (13,282,544) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>955,023</u> | <u>260,050</u> | <u>3,529,100</u> | <u>3,370,398</u> | <u>868,670</u> | <u>6,822</u> | <u>8,990,063</u> | <u>(2,657,375)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | |
| Transfer from (to) governmental funds | - | 1,024,431 | (4,414) | (787,869) | - | - | 232,148 | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | | |
| Acquisition of property, plant and equipment | (2,489,837) | (231,504) | (31,024,335) | (1,193,087) | (6,566,972) | - | (41,505,735) | - |
| Retirement of long-term debt | (491,394) | (687,728) | (69,584,307) | (175,935) | - | - | (70,939,364) | - |
| Issuance of long-term debt | 106,729 | 79,039 | 25,172,197 | 53,250 | - | - | 25,411,215 | - |
| Interest paid | (104,922) | (452,203) | (386,804) | (27,363) | - | - | (971,292) | - |
| Contributed capital | 2,456,469 | - | 1,750,000 | - | 3,261,965 | - | 7,468,434 | - |
| Advances from other funds, net | - | - | 10,100,000 | - | - | - | 10,100,000 | - |
| NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(522,955)</u> | <u>(1,292,396)</u> | <u>(63,973,249)</u> | <u>(1,343,135)</u> | <u>(3,305,007)</u> | <u>-</u> | <u>(70,436,742)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Interest received | 112,585 | 91,626 | 92,593 | 139,430 | 52,591 | 4,466 | 493,291 | 234,208 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | <u>544,653</u> | <u>83,711</u> | <u>(60,355,970)</u> | <u>1,378,824</u> | <u>(2,383,746)</u> | <u>11,288</u> | <u>(60,721,240)</u> | <u>(2,423,167)</u> |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>5,391,501</u> | <u>2,668,512</u> | <u>62,336,697</u> | <u>7,620,455</u> | <u>5,051,169</u> | <u>289,221</u> | <u>83,357,555</u> | <u>24,357,219</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 5,936,154</u> | <u>\$ 2,752,223</u> | <u>\$ 1,980,727</u> | <u>\$ 8,999,279</u> | <u>\$ 2,667,423</u> | <u>\$ 300,509</u> | <u>\$ 22,636,315</u> | <u>\$ 21,934,052</u> |
| Reconciliation of operating (loss) income to net cash provided by (used in) operating activities | | | | | | | | |
| Operating (loss) income | \$ (566,115) | \$ (965,808) | \$ 3,865,365 | \$ 2,658,268 | \$ 826,790 | \$ 12,558 | \$ 5,831,058 | \$ (2,782,783) |
| Adjustments to reconcile operating (loss) income to net cash flows from operating activities | | | | | | | | |
| Depreciation | 1,692,413 | 1,308,609 | 1,201,492 | 1,222,507 | 159,180 | 1,984 | 5,586,185 | - |
| Changes in assets and liabilities | | | | | | | | |
| Decrease (increase) in assets | | | | | | | | |
| Receivables - customers | 266 | (79,583) | (439,496) | (45,335) | 557,339 | (7,719) | (14,528) | (44,063) |
| Receivables - other | - | (1,229) | 13,538 | 31,612 | 2,089 | - | 46,010 | - |
| Due from other governments | - | - | - | (247) | - | - | (247) | - |
| Inventories | 3,315 | - | - | (146,887) | - | - | (143,572) | 28,216 |
| Prepaid expenses | 4,450 | (21) | 243 | 38 | (11) | - | 4,699 | 758 |
| Leases receivable | (1,849,540) | - | - | - | - | - | - | - |
| Wisconsin Retirement System pension | (99,543) | (72,718) | (141,653) | (51,920) | (43,750) | - | (409,584) | - |
| Wisconsin Retirement System LRLIF | 26,632 | 66,297 | (2,179) | 59,501 | 46,618 | - | 196,869 | - |
| OPEB healthcare | (279,910) | (115,992) | (338,805) | (284,879) | - | - | (1,019,586) | - |
| Decrease (increase) in liabilities | | | | | | | | |
| Accounts payable | 157,142 | 105,512 | (612,527) | 47,835 | (671,719) | - | (973,757) | 101,255 |
| Payroll payable | 11,855 | 11,946 | (8,815) | 10,734 | (7,866) | - | 17,854 | - |
| Other accrued expenses | 4,518 | 3,037 | (8,063) | 19,634 | - | (1) | 19,125 | 39,242 |
| Due to other funds | - | - | - | (150,463) | - | - | (150,463) | - |
| Deferred inflows of resources - leases | 1,849,540 | - | - | - | - | - | 1,849,540 | - |
| Total adjustments | <u>1,521,138</u> | <u>1,225,858</u> | <u>(336,265)</u> | <u>712,130</u> | <u>41,880</u> | <u>(5,736)</u> | <u>3,159,005</u> | <u>125,408</u> |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>\$ 955,023</u> | <u>\$ 260,050</u> | <u>\$ 3,529,100</u> | <u>\$ 3,370,398</u> | <u>\$ 868,670</u> | <u>\$ 6,822</u> | <u>\$ 8,990,063</u> | <u>\$ (2,657,375)</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | | | | | | | |
| Cash and investments | \$ 5,112,525 | \$ 2,752,223 | \$ 72,101 | \$ 8,862,624 | \$ 2,610,046 | \$ 300,509 | \$ 19,710,028 | \$ 21,916,418 |
| Restricted cash | 823,629 | - | 1,908,626 | 136,655 | 57,377 | - | 2,926,287 | 17,634 |
| TOTAL CASH AND CASH EQUIVALENTS | <u>\$ 5,936,154</u> | <u>\$ 2,752,223</u> | <u>\$ 1,980,727</u> | <u>\$ 8,999,279</u> | <u>\$ 2,667,423</u> | <u>\$ 300,509</u> | <u>\$ 22,636,315</u> | <u>\$ 21,934,052</u> |

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2022

| <u>ASSETS</u> | <u>CUSTODIAL FUNDS</u> |
|---|-----------------------------|
| Cash and investments | \$ 29,947,769 |
| Taxes receivable | 23,159,455 |
| Accounts receivable | <u>8,470</u> |
| TOTAL ASSETS | <u>\$ 53,115,694</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u> | |
| LIABILITIES | |
| Accounts payable | \$ 33,821 |
| Due to other governments | 29,812,448 |
| Due to others | <u>122,280</u> |
| TOTAL LIABILITIES | <u>29,968,549</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Property taxes levied for subsequent year | <u>23,159,455</u> |
| NET POSITION | |
| Restricted for other governments | <u>(12,310)</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | <u>\$ 53,115,694</u> |

The accompanying notes are an integral part of these statements.

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2022

| | CUSTODIAL FUNDS |
|-----------------------------------|---------------------------|
| ADDITIONS | |
| Collections for other governments | <u>\$ 57,783,632</u> |
| DEDUCTIONS | |
| Payments to other governments | 57,783,632 |
| Payments to others | <u>5,124</u> |
| TOTAL DEDUCTIONS | <u>57,788,756</u> |
| CHANGE IN NET POSITION | (5,124) |
| NET POSITION - BEGINNING OF YEAR | <u>(7,186)</u> |
| NET POSITION - END OF YEAR | <u>\$ (12,310)</u> |

The accompanying notes are an integral part of these statements.

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies

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

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

Reporting Entity

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

The City’s basic financial statements include one component unit, as defined in GASB 14 and amended by GASB 39 and GASB 61.

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

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

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

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

This report includes all of the funds of the City of La Crosse, Wisconsin. The reporting entity for the City is based upon criteria established by Governmental Accounting Standards Board. All functions of the City for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and special financing relationships. The report contains the La Crosse Public Library, La Crosse Center, La Crosse Municipal Airport, La Crosse Water Utility, Tax Incremental Districts No. 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20 and other funds and departments which are part of the City.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

Basis of Presentation

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

The City reports the following major governmental funds:

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

Federal Grant Fund - The Federal Grant Fund is used to account for revenue and expenditures of various federal grants.

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

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

The City reports the following major proprietary funds:

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

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

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

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

Storm Utility - This fund is used to account for storm water fees, collected from consumers based on equivalent run-off units, and for all expenses of operating the system.

Additionally, the City reports the following fund types:

Internal Service Funds - Internal Service Funds are used to account for funds that provide goods and services to other funds and departments within the City. The City has established seven internal service funds that are used to provide liability self-insurance, workers' compensation self-insurance, stockroom services, health self-insurance, Section 125 flex spending, fuel management, and payroll liabilities.

Fiduciary Custodial Fund Types - Custodial Funds are used to account for assets held by the City in a trustee capacity, or as an agent for individual, private organizations, other governments, and/or other funds.

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

Measurement and Basis of Accounting

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

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

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

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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

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

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

Airport - Passenger facility charges collections.

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

Water - Proceeds from bonds.

Storm - Proceeds from bonds.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

Other Post-Employment Benefits (OPEB) LRLIF - The fiduciary net position of the local retiree life insurance fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) Healthcare - The fiduciary net position of the OPEB healthcare has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB healthcare, OPEB healthcare expense, and information about the fiduciary net position of the OPEB healthcare and additions to/deductions from OPEB healthcare's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualify for reporting in this category. They are the Wisconsin Retirement System pension, Wisconsin Retirement System Local Retire Life Insurance Fund (LRLIF), and OPEB healthcare and result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has five items that qualify for reporting in this category: Unavailable revenue, leases, Wisconsin Retirement System pension, LRLIF OPEB, and Healthcare OPEB. The unavailable revenue is from two sources: property taxes and special assessments. The unavailable revenue and leases are deferred and recognized as an inflow in the period the amount becomes available. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare result from changes in their actuarial studies and are amortized over the average expected remaining service lives of participants.

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

Subsequent Events - The City evaluated subsequent events through July 12, 2023, the date which the financial statements were available to be issued.

Changes in Accounting Principle - The City has implemented GASB Statement No. 87, Leases, in 2022. At the beginning of the period, where the City was the lessor, leases recorded as operating leases under previous guidance were recorded as deferred inflows of resources and corresponding lease receivables in the governmental activities and business-type activities in the amounts of \$1,771,211 and \$2,119,359, respectively. The change resulted in no adjustments to fund balance or net position.

NOTE 2 - Cash and Investments

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 2 - Cash and Investments -Continued

As of December 31, 2022, the City had the following investments:

| <u>INVESTMENT</u> | <u>WEIGHTED AVERAGE MATURITIES</u> | <u>FAIR VALUE</u> |
|------------------------------------|--|------------------------------|
| State of Wisconsin Investment Pool | Less than one year | \$ 71,894,993 |
| Government Securities | More than one year | 34,226,191 |
| Repurchase Agreements | Less than one year | 8,170,241 |
| Corporate Bonds | More than one year | 17,924,583 |
| Bond Mutual Funds | Less than one year | 1,205,121 |
| Equity Mutual Funds | Less than one year | 515,254 |
| TOTAL | | <u>\$ 133,936,383</u> |

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

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

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the City's position in the Pool is the same as the value of the Pool shares. At December 31, 2022, the Pool's fair value was 100 percent of book value.

Income Allocation - Investment income is generally allocated to the fund that owns the investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to mature or may be tendered for purchase at the option of the holder within not more than seven years of the date acquired. The City has a formal investment policy that would further limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not further limit its investment choices. All investments subject to credit risk had an S&P Rating of A- or higher and a Moody's Rating of A2 or higher as of December 31, 2022. The State of Wisconsin Investment Pool is not rated, however, the investments at all times consist solely of securities and instruments in which municipalities are permitted to invest.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the City's and the Component Unit's deposits may not be returned to it. As of December 31, 2022, \$37,582,206 of the City's and the Component Unit's bank balance of \$50,061,111 was exposed to custodial credit risk as follows:

| | |
|---|-----------------------------|
| Uninsured, collateral pledged by bank in City's and the Component Unit's name | \$ 14,918,966 |
| Uninsured, uncollateralized | 22,676,716 |
| | <u>\$ 37,595,682</u> |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 2 - Cash and Investments - Continued

Custodial Credit Risk - Investments - Custodial credit is the risk that, in the event the failure of the counterparty, the City's investments may not be returned to it. As of December 31, 2022, \$8,170,241 of the City's investments subject to custodial credit risk of \$8,170,241 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank in City's name **\$ 8,170,241**

NOTE 3 - Property Taxes

Property taxes attach as an enforceable lien on property in December when the tax roll is certified. Taxes are levied on December 1 and are payable in four installments in January, March, May, and July, or are payable in full on January 31. The Component Unit has outstanding economic development loans. Special assessments, charges, and personal property taxes are payable in full on January 31. The City bills and collects its own property taxes and also taxes for the State, County, Area Technical College, and Area Public Schools until August 12, at which time all uncollected real estate taxes are turned over to the county for collection. Collection of the taxes and remittance of them to the appropriate entities are accounted for in the Property Tax Agency Fund. City property tax revenue is recognized in the year it is levied for and available for use. The 2022 tax roll (levied for 2023) has been set up as a receivable and offset by the amounts due to other governmental units and deferred tax roll revenue for the City's portion. Advance tax collections are offset against the receivable.

NOTE 4 - Rehabilitation Loans

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

The loans activity for the year was as follows:

| | <u>BALANCES</u> <u>1/1/22</u> | <u>ADDITIONS</u> | <u>PAYMENTS,</u> <u>FOREGIVENESS &</u> <u>FORECLOSURES</u> | <u>BALANCES</u> <u>12/31/22</u> |
|----------------------------|----------------------------------|----------------------------|--|------------------------------------|
| <u>PRIMARY GOVERNMENT</u> | | | | |
| Housing Rehabilitation | \$ 33,000 | \$ - | \$ (3,000) | \$ 30,000 |
| HOME Program | 735,921 | - | (1,000) | 734,921 |
| NSP Program | 33,300 | - | - | 33,300 |
| Replacement Housing | 1,289,677 | 2,687,381 | (22,200) | 3,954,858 |
| TID #11 | - | 73,805 | - | 73,805 |
| TID #14 | 213,721 | 34,073 | - | 247,794 |
| TID #15 | 252,973 | 75,000 | (32,681) | 295,292 |
| Economic Development | 3,714,433 | - | (126,180) | 3,588,253 |
| TID #13 | 39,050 | - | - | 39,050 |
| Residential Rehabilitation | 4,179,249 | 27,576 | (322,810) | 3,884,015 |
| TOTAL | <u>\$ 10,491,324</u> | <u>\$ 2,897,835</u> | <u>\$ (507,871)</u> | <u>\$ 12,881,288</u> |

Interest receivable of \$3,121,541 associated with these loans is included in the Accounts Receivable and other line of the balance sheet.

COMPONENT UNIT

| | | | | |
|----------------------|--------------------------|--------------------|---------------------------|--------------------------|
| Economic Development | <u>\$ 444,000</u> | <u>\$ -</u> | <u>\$ (94,000)</u> | <u>\$ 350,000</u> |
|----------------------|--------------------------|--------------------|---------------------------|--------------------------|

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 5 - Leases Receivable

The City is the lessor in various noncancellable leases of land and buildings. The initial lease receivable is recorded using the rate stated in the lease or the City's incremental borrowing rate at the time of lease inception. The term of the lease includes all optional periods in which the City believes the lessee is reasonably certain to exercise the option. Leases with periodic percentage rent increases or flat rate rent increases that are specified in the lease terms are included in the measurement of the lease receivable. As of December 31, 2022, the City's leases receivable and deferred inflows of resources balances of \$3,438,959 was comprised of the following:

GOVERNMENTAL ACTIVITIES

| | |
|--|----------------------------|
| Two building or structure leases for which the City recognized \$82,413 of lease revenue and \$1,719 of interest revenue during the year, at interest rates ranging from 0.47 percent to 1.17 percent, with remaining lease terms ranging from 3 to 9 years. | \$ 186,475 |
| Six land leases for which the City recognized \$99,379 of lease revenue and \$16,155 of interest revenue during the year, at interest rates ranging from .83 percent to 1.50 percent, with remaining lease terms ranging from 5 to 18 years. | <u>1,402,944</u> |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>\$ 1,589,419</u> |

BUSINESS-TYPE ACTIVITIES

| | |
|--|----------------------------|
| Five building leases for which the City recognized \$261,214 of lease revenue and \$3,131 of interest revenue during the year, at interest rates ranging from .21 percent to 0.77 percent, with remaining lease terms ranging from 1 to 5 years. | \$ 425,485 |
| Two land leases for which the City recognized \$8,605 of lease revenue and \$23,054 of interest revenue during the year, at interest rates ranging from 0.33 percent to 1.75 percent, with remaining lease terms ranging from 2 to 35 years. | <u>1,424,055</u> |
| TOTAL BUSINESS-TYPE ACTIVITIES | <u>\$ 1,849,540</u> |

The leases receivable are expected to be received in subsequent years as follows:

| <u>YEARS</u> | <u>GOVERNMENTAL ACTIVITIES</u> | | <u>BUSINESS-TYPE ACTIVITIES</u> | |
|--------------|--------------------------------|--------------------------|---------------------------------|--------------------------|
| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> |
| 2023 | \$ 133,412 | \$ 19,779 | \$ 204,371 | \$ 26,879 |
| 2024 | 138,204 | 17,736 | 110,667 | 26,025 |
| 2025 | 142,354 | 16,077 | 64,963 | 25,333 |
| 2026 | 141,614 | 14,379 | 52,040 | 24,803 |
| 2027 | 146,658 | 12,634 | 42,880 | 24,282 |
| 2028-2032 | 693,685 | 36,059 | 74,651 | 117,413 |
| 2033-2037 | 169,051 | 4,717 | 119,076 | 109,037 |
| 2038-2042 | 24,441 | 559 | 174,618 | 96,308 |
| 2043-2047 | - | - | 243,620 | 78,155 |
| 2048-2052 | - | - | 328,885 | 53,283 |
| 2053-2057 | - | - | 433,769 | 20,127 |
| | <u>\$ 1,589,419</u> | <u>\$ 121,940</u> | <u>\$ 1,849,540</u> | <u>\$ 601,645</u> |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 6 - Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

GOVERNMENTAL ACTIVITIES

| | BALANCES <u>1/1/22</u> | ADDITIONS | RETIREMENTS | ADJUSTMENTS/ TRANSFERS | BALANCES 12/31/22 |
|--|------------------------------|-----------------------------|----------------------------|---------------------------|------------------------------|
| <i>Capital assets not being depreciated:</i> | | | | | |
| Land | \$ 13,028,660 | \$ - | \$ - | \$ - | \$ 13,028,660 |
| Construction in progress | <u>89,284,440</u> | <u>26,002,050</u> | - | <u>(14,235,257)</u> | <u>101,051,233</u> |
| Total capital assets not being depreciated | <u>102,313,100</u> | <u>26,002,050</u> | - | <u>(14,235,257)</u> | <u>114,079,893</u> |
| <i>Capital assets being depreciated</i> | | | | | |
| Buildings | 89,516,901 | - | 52,292 | 1,312,038 | 90,776,647 |
| Infrastructure | 146,722,822 | - | - | 8,182,722 | 154,905,544 |
| Improvements other than buildings | 17,861,903 | - | - | - | 17,861,903 |
| Machinery and equipment | <u>67,308,235</u> | <u>1,293,880</u> | <u>2,581,939</u> | <u>4,740,497</u> | <u>70,760,673</u> |
| Total capital assets being depreciated | <u>321,409,861</u> | <u>1,293,880</u> | <u>2,634,231</u> | <u>14,235,257</u> | <u>334,304,767</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 21,813,981 | 426,889 | 25,570 | - | 22,215,300 |
| Infrastructure | 57,998,180 | 4,658,309 | 683,163 | - | 61,973,326 |
| Improvements other than buildings | 6,795,160 | 27,845 | - | - | 6,823,005 |
| Machinery and equipment | <u>23,879,683</u> | <u>2,389,323</u> | <u>792,984</u> | - | <u>25,476,022</u> |
| Total accumulated depreciation | <u>110,487,004</u> | <u>7,502,366</u> | <u>1,501,717</u> | - | <u>116,487,653</u> |
| Total capital assets being depreciated, net | <u>210,922,857</u> | <u>(6,208,486)</u> | <u>1,132,514</u> | <u>14,235,257</u> | <u>217,817,114</u> |
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | | |
| CAPITAL ASSETS, NET | <u>\$ 313,235,957</u> | <u>\$ 19,793,564</u> | <u>\$ 1,132,514</u> | <u>\$ -</u> | <u>\$ 331,897,007</u> |

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

| | |
|------------------------------------|----------------------------|
| General Government | \$ 1,257,675 |
| Public Safety | 1,042,586 |
| Public Works | 2,750,143 |
| Transit | 831,718 |
| Health and Human Services | 15,225 |
| Culture, Recreation, and Education | 1,381,179 |
| Conservation and Development | <u>223,840</u> |
| Total | <u>\$ 7,502,366</u> |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 6 - Capital Assets - Continued

BUSINESS-TYPE ACTIVITIES

| | <u>BALANCES</u> <u>1/1/22</u> | <u>ADDITIONS</u> | <u>RETIREMENTS</u> | <u>ADJUSTMENTS/ TRANSFERS</u> | <u>BALANCES</u> <u>12/31/22</u> |
|--|----------------------------------|--------------------|--------------------|-----------------------------------|------------------------------------|
| <i>Capital assets not being depreciated:</i> | | | | | |
| Land | \$ 3,836,692 | \$ - | \$ - | \$ - | \$ 3,836,692 |
| Construction in progress | <u>51,176,224</u> | <u>38,838,111</u> | <u>-</u> | <u>(2,289,773)</u> | <u>87,724,562</u> |
| Total capital assets not being depreciated | <u>55,012,916</u> | <u>38,838,111</u> | <u>-</u> | <u>(2,289,773)</u> | <u>91,561,254</u> |
| <i>Capital assets being depreciated</i> | | | | | |
| Land improvements | 3,986,194 | - | - | - | 3,986,194 |
| Buildings | 44,937,910 | 75,779 | 1,000 | 16,295 | 45,028,984 |
| Equipment | 17,132,714 | 808,667 | 451,854 | 743,953 | 18,233,480 |
| Infrastructure | <u>173,458,620</u> | <u>2,325,375</u> | <u>292,326</u> | <u>1,529,525</u> | <u>177,021,194</u> |
| Total capital assets being depreciated | <u>239,515,438</u> | <u>3,209,821</u> | <u>745,180</u> | <u>2,289,773</u> | <u>244,269,852</u> |
| <i>Less accumulated depreciation for:</i> | | | | | |
| Land improvements | 3,158,800 | 103,996 | - | - | 3,262,796 |
| Buildings | 15,041,945 | 1,018,416 | 1,000 | - | 16,059,361 |
| Equipment | 11,373,176 | 694,610 | 163,239 | - | 11,904,547 |
| Infrastructure | <u>52,229,425</u> | <u>3,936,413</u> | <u>242,609</u> | <u>-</u> | <u>55,923,229</u> |
| Total accumulated depreciation | <u>81,803,346</u> | <u>5,753,435</u> | <u>406,848</u> | <u>-</u> | <u>87,149,933</u> |
| Total capital assets being depreciated, net accumulated depreciation | <u>157,712,092</u> | <u>(2,543,614)</u> | <u>338,332</u> | <u>2,289,773</u> | <u>157,119,919</u> |

BUSINESS-TYPE ACTIVITIES

| | | | | | |
|--|------------------------------|-----------------------------|--------------------------|--------------------|------------------------------|
| CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION | <u>\$ 212,725,008</u> | <u>\$ 36,294,497</u> | <u>\$ 338,332</u> | <u>\$ -</u> | <u>\$ 248,681,173</u> |
|--|------------------------------|-----------------------------|--------------------------|--------------------|------------------------------|

Depreciation expense was charged to functions as follows:

| | | |
|---|--|----------------------------|
| Business-type activities | | |
| Airport | | \$ 1,692,413 |
| Parking Utility | | 1,308,609 |
| Water Utility | | 1,560,351 |
| Sewer Utility | | 1,030,898 |
| Storm Utility | | 159,180 |
| Sanitary Sewer Utility | | <u>1,984</u> |
| | | 5,753,435 |
| Less: Water Utility joint metering and clearing | | <u>(167,250)</u> |
| TOTAL | | <u>\$ 5,586,185</u> |

COMPONENT UNIT

| | <u>BALANCES</u> <u>1/1/22</u> | <u>ADDITIONS</u> | <u>RETIREMENTS</u> | <u>BALANCES</u> <u>12/31/22</u> |
|---|----------------------------------|--------------------------|--------------------|------------------------------------|
| <i>Capital assets not being depreciated:</i> | | | | |
| Land | \$ 10,000,000 | \$ - | \$ - | \$ 10,000,000 |
| Construction in progress | <u>2,140,762</u> | <u>284,764</u> | <u>-</u> | <u>2,425,526</u> |
| TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED | <u>\$ 12,140,762</u> | <u>\$ 284,764</u> | <u>\$ -</u> | <u>\$ 12,425,526</u> |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 7 - Long-Term Obligations

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

Summary of Long-Term Obligations

| | <u>BALANCES</u> 1/1/22 | <u>ADDITIONS</u> | <u>PAYMENTS</u> | <u>AMOUNTS</u> <u>BALANCES</u> 12/31/22 | <u>DUE WITHIN</u> <u>ONE YEAR</u> |
|--|-----------------------------|----------------------------|-------------------------------|---|--------------------------------------|
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | | |
| Bonds payable | \$ 77,730,711 | \$14,475,000 | \$ (5,000,751) | \$ 87,204,960 | \$ 6,139,145 |
| Notes payable - direct borrowing | 3,743,416 | 1,120,200 | (1,875,534) | 2,988,082 | 688,702 |
| Notes payable - direct placement | 25,730,118 | - | (2,628,547) | 23,101,571 | 3,607,422 |
| Loan - direct placement | 6,271,768 | 1,224,929 | (1,000,101) | 6,496,596 | 1,004,594 |
| Premium | 3,470,543 | 511,878 | (334,522) | 3,647,899 | 372,262 |
| Net OPEB obligation | 33,654,345 | - | (3,364,956) | 30,289,389 | 2,424,305 |
| Wisconsin retirement system: | | | | | |
| Net OPEB liability - LRLIF | 5,865,033 | - | (10,893) | 5,854,140 | - |
| Employee benefits: | | | | | |
| Vacation pay | 1,335,341 | - | (23,928) | 1,311,413 | 1,311,413 |
| Sick pay | 665,827 | 90,226 | - | 756,053 | 756,053 |
| Comp pay | 158,440 | 1,640 | - | 160,080 | 160,080 |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>\$158,625,542</u> | <u>\$17,423,873</u> | <u>\$ (14,239,232)</u> | <u>\$161,810,183</u> | <u>\$16,463,976</u> |
| <u>BUSINESS-TYPE ACTIVITIES</u> | | | | | |
| Bonds payable - Airport | \$ 3,210,000 | \$ - | \$ (400,000) | \$ 2,810,000 | \$ 410,000 |
| Bonds payable - Parking | 13,245,000 | - | (630,000) | 12,615,000 | 655,000 |
| Bonds payable - Water Utility | 504,289 | - | (84,249) | 420,040 | 85,855 |
| Notes payable - Water Utility - direct placement | 140,527 | - | (27,098) | 113,429 | 27,578 |
| Notes payable - Sewer Utility - direct placement | 1,254,355 | - | (1,254,355) | - | - |
| Revenue bonds payable - Sewer Utility | 68,263,000 | 25,109,184 | (68,263,000) | 25,109,184 | - |
| Loan - direct placement | 793,501 | 302,031 | (240,788) | 854,744 | 325,862 |
| Premium | 626,931 | - | (39,874) | 587,057 | 39,874 |
| Net OPEB Obligation | 4,074,440 | - | (717,994) | 3,356,446 | 247,294 |
| Wisconsin retirement system: | | | | | |
| Net OPEB liability - LRLIF | 880,080 | 130,887 | - | 1,010,967 | - |
| Employee benefits: | | | | | |
| Vacation pay | 143,252 | 20,158 | - | 163,410 | 163,410 |
| Sick pay | 90,559 | - | (1,033) | 89,526 | 89,526 |
| Comp pay | 25,330 | 2 | - | 25,332 | 25,332 |
| TOTAL BUSINESS-TYPE ACTIVITIES | <u>\$ 93,251,264</u> | <u>\$25,562,262</u> | <u>\$ (71,658,391)</u> | <u>\$ 47,155,135</u> | <u>\$ 2,069,731</u> |
| <u>COMPONENT UNIT</u> | | | | | |
| Revenue bond payable - RDA | <u>\$ 3,000,000</u> | <u>\$ 3,890,000</u> | <u>\$ -</u> | <u>\$ 6,890,000</u> | <u>\$ -</u> |

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 7 - Long-Term Obligations - Continued

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the City. The general obligation debt is expected to be repaid with general property taxes, special assessments, proprietary fund revenue, and tax increments (TIF). General obligation debt at December 31, 2022, is comprised of the following individual issues:

| <u>DESCRIPTION</u> | <u>ISSUE DATES</u> | <u>INTEREST RATES (%)</u> | <u>FINAL MATURITY</u> | <u>BALANCE 12/31/22</u> |
|--|------------------------|-------------------------------|---------------------------|------------------------------|
| Bonds Payable | | | | |
| GO Bonds Payable A | 2012 | 2.000 - 3.000 | 2026 | \$ 1,450,000 |
| GO Bonds Payable A | 2013 | 2.000 - 2.200 | 2027 | 1,860,000 |
| GO Bonds Payable A | 2015 | 2.000 - 3.000 | 2029 | 875,000 |
| GO Bonds Payable B | 2015 | 2.000 - 3.000 | 2024 | 425,000 |
| GO Bonds Payable A | 2017 | 3.000 - 5.000 | 2032 | 3,880,000 |
| GO Bonds Payable B | 2017 | 3.000 - 5.000 | 2032 | 2,385,000 |
| GO Bonds Payable D | 2017 | 3.000 - 3.500 | 2037 | 12,615,000 |
| GO Bonds Payable A | 2018 | 3.000 - 5.000 | 2033 | 2,800,000 |
| GO Bonds Payable A | 2019 | 2.125 - 5.000 | 2034 | 5,175,000 |
| GO Bonds Payable A | 2020 | 1.125 - 2.000 | 2035 | 5,690,000 |
| GO Bonds Payable C | 2020 | 0.750 - 2.350 | 2040 | 32,945,000 |
| GO Refunding Bonds Payable D | 2020 | 0.300 - 1.400 | 2031 | 6,440,000 |
| GO Bonds Payable A | 2021 | 1.670 - 4.000 | 2036 | 12,035,000 |
| GO Bonds Payable A | 2022 | 3.000 - 4.000 | 2037 | 11,710,000 |
| GO Bonds Payable B | 2022 | 3.000 - 4.000 | 2032 | <u>2,765,000</u> |
| TOTAL BONDS PAYABLE | | | | <u>103,050,000</u> |
| Notes Payable | | | | |
| GO Note Payable C - direct placement | 2015 | 2.000 | 2024 | 1,000,000 |
| State Trust Fund Loan 2015D - direct borrowing | 2015 | 3.250 | 2025 | 116,520 |
| State Trust Fund Loan 2015E - direct borrowing | 2015 | 3.750 | 2030 | 483,031 |
| GO Notes Payable A - direct placement | 2016 | 2.000 | 2026 | 2,365,000 |
| GO Notes Payable C - direct placement | 2017 | 2.000 - 3.000 | 2027 | 890,000 |
| State Trust Fund Loan 2017E - direct borrowing | 2017 | 3.500 | 2027 | 444,667 |
| GO Notes Payable B - direct placement | 2018 | 3.000 | 2028 | 1,435,000 |
| GO Notes Payable B - direct placement | 2019 | 2.000 - 5.000 | 2029 | 1,010,000 |
| GO Notes Payable B - direct placement | 2020 | 1.125 - 2.000 | 2030 | 3,475,000 |
| State Trust Fund Loan - TID 17 | 2020 | 2.500 | 2025 | 359,521 |
| GO Anticipation Notes Payable - direct placement | 2021 | 0.950 | 2026 | 4,235,000 |
| GO Notes Payable B - direct placement | 2021 | 1.000 - 2.000 | 2031 | 6,330,000 |
| GO Notes Payable C - direct placement | 2021 | 2.000 - 5.000 | 2031 | 2,475,000 |
| GO Notes Payable - TID 17 | 2021 | 3.500 | 2026 | 464,143 |
| State Trust Fund Loan | 2022 | 2.500 | 2027 | 470,200 |
| State Trust Fund Loan A | 2022 | 3.000 | 2032 | <u>650,000</u> |
| TOTAL NOTES PAYABLE | | | | <u>26,203,082</u> |
| Loan Payable - direct placement | | | | |
| Financed purchase - BOA Phase I & Phase II | 2019 | 2.400 | 2039 | 4,633,497 |
| Financial purchase - Fleet vehicles | 2021 | 8.340 | 2026 | <u>2,717,843</u> |
| TOTAL LOANS PAYABLE | | | | <u>7,351,340</u> |
| TOTAL GENERAL OBLIGATION DEBT | | | | <u>\$ 136,604,422</u> |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 7 - Long-Term Obligations - Continued

General Obligation Debt Limit Calculation

The 2022 equalized valuation of the City as certified by the Wisconsin Department of Revenue is \$5,131,278,800. The legal debt limit and margin of indebtedness as of December 31, 2022, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

| | |
|---|------------------------------|
| Debt limit (5 percent of \$5,131,278,800) | \$ 256,563,940 |
| Applicable long-term debt | (136,604,422) |
| Amount available in debt service fund | <u>18,086,098</u> |
| MARGIN OF INDEBTEDNESS | <u>\$ 138,045,616</u> |

Proprietary Fund Debt

Proprietary fund debt is expected to be repaid by fund revenue and is compromised of the following individual issue at December 31, 2022:

| <u>DESCRIPTION</u> | <u>ISSUE DATES</u> | <u>INTEREST RATES (%)</u> | <u>FINAL MATURITY</u> | <u>BALANCE 12/31/22</u> |
|------------------------------------|------------------------|-------------------------------|---------------------------|-----------------------------|
| Revenue Bond Anticipation Notes | 2022 | 1.576% | 2041 | <u>\$ 25,109,184</u> |

Component Unit Debt

Component unit debt is expected to be repaid by revenue of the entity and contributions from the City pursuant the contribution and cooperative agreement. Component unit debt at December 31, 2022, is compromised of the following individual issue:

| <u>DESCRIPTION</u> | <u>ISSUE DATES</u> | <u>INTEREST RATES (%)</u> | <u>FINAL MATURITY</u> | <u>BALANCE 12/31/22</u> |
|--|------------------------|-------------------------------|---------------------------|-----------------------------|
| Taxable Interim Redevelopment Revenue Bond | 2021 | 1.890% | 2026 | \$ 3,000,000 |
| Taxable Interim Redevelopment Revenue Bond | 2022 | 2.520% | 2027 | <u>3,890,000</u> |
| | | | | <u>\$ 6,890,000</u> |

Maturities of Long-Term Obligations

Maturities of the long-term obligations at December 31, 2022, are:

| <u>YEARS</u> | <u>GENERAL OBLIGATION DEBT</u> | | | | | |
|--------------|--------------------------------|-----------------------------|---|----------------------------|----------------------------|----------------------------|
| | <u>NOTES PAYABLE</u> | | | | <u>LOANS</u> | |
| | <u>BONDS</u> | | <u>DIRECT BORROWING AND PLACEMENT</u> | | <u>DIRECT PLACEMENT</u> | |
| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> |
| 2023 | \$ 7,290,000 | \$ 2,555,080 | \$ 4,323,702 | \$ 574,531 | \$ 1,330,456 | \$ 208,930 |
| 2024 | 7,115,000 | 2,323,475 | 4,362,292 | 488,595 | 1,139,704 | 195,614 |
| 2025 | 7,115,000 | 2,115,228 | 3,192,643 | 381,729 | 778,417 | 159,584 |
| 2026 | 7,315,000 | 1,913,120 | 6,849,128 | 265,337 | 396,966 | 112,676 |
| 2027 | 7,135,000 | 1,723,843 | 2,058,823 | 162,668 | 281,875 | 90,489 |
| 2028-2032 | 34,985,000 | 6,131,034 | 5,416,494 | 218,481 | 1,363,628 | 332,039 |
| 2033-2036 | 21,555,000 | 2,260,158 | - | - | 1,214,925 | 141,610 |
| 2037-2040 | 10,540,000 | 552,852 | - | - | 845,369 | 27,428 |
| TOTAL | <u>\$103,050,000</u> | <u>\$ 19,574,790</u> | <u>\$ 26,203,082</u> | <u>\$ 2,091,341</u> | <u>\$ 7,351,340</u> | <u>\$ 1,268,370</u> |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 7 - Long-Term Obligations - Continued

| YEARS | PROPRIETARY FUND DEBT | | COMPONENT UNIT DEBT | |
|-----------|-----------------------------|----------------------------|----------------------------|--------------------------|
| | REVENUE BONDS | | REVENUE BONDS | |
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST |
| 2023 | \$ - | \$ 397,873 | \$ - | \$ 151,460 |
| 2024 | 1,217,328 | 386,128 | - | 154,728 |
| 2025 | 1,236,513 | 366,792 | - | 154,728 |
| 2026 | 1,256,000 | 347,151 | 3,000,000 | 154,728 |
| 2027 | 1,275,795 | 327,200 | 3,890,000 | 98,028 |
| 2028-2032 | 6,686,984 | 1,325,564 | - | - |
| 2033-2036 | 5,739,055 | 667,914 | - | - |
| 2037-2041 | 7,697,509 | 307,075 | - | - |
| | <u>\$ 25,109,184</u> | <u>\$ 4,125,697</u> | <u>\$ 6,890,000</u> | <u>\$ 713,672</u> |

NOTE 8 - Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The outstanding balance at December 31, 2022 is \$4,531,082.

NOTE 9 - Wisconsin Retirement System

Plan Description - The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issued a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 9 - Wisconsin Retirement System - Continued

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

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

The WRS also provides death and disability benefits for employees.

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

| Year | Core Fund Adjustment (%) | Variable Fund Adjustment (%) |
|------|--------------------------|------------------------------|
| 2012 | (7.0) | (7.0) |
| 2013 | (9.6) | 9.0 |
| 2014 | 4.7 | 25.0 |
| 2015 | 2.9 | 2.0 |
| 2016 | 0.5 | (5.0) |
| 2017 | 2.0 | 4.0 |
| 2018 | 2.4 | 17.0 |
| 2019 | 0.0 | (10.0) |
| 2020 | 1.7 | 21.0 |
| 2021 | 5.1 | 13.0 |

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

During the reporting period, the WRS recognized \$3,540,369 in contributions from the employer.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 9 - Wisconsin Retirement System - Continued

Contribution rates as of December 31, 2021 are:

| Employee Category | Employee | Employer |
|---|-----------------|-----------------|
| General (including teachers, executives, and elected officials) | 6.75% | 6.75% |
| Protective with Social Security | 6.75% | 11.75% |
| Protective without Social Security | 6.75% | 16.35% |

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

At December 31, 2022, the City reported a liability (asset) of (\$24,845,089) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 0.00135803%, which was a decrease of 0.30824469% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized pension expense of \$2,167,697.

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$40,135,985 | \$ 2,894,238 |
| Net differences between projected and actual earnings on pension plan investments | - | 55,580,531 |
| Changes in assumptions | 4,635,244 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 19,155 | 28,424 |
| Employer contributions subsequent to the measurement date | 3,727,031 | - |
| Total | \$48,517,415 | \$58,503,193 |

\$3,727,031 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year ended December 31: | Deferred Outflows/ (Inflows) of Resources |
|--------------------------------|--|
| 2023 | \$(1,165,674) |
| 2024 | (6,734,528) |
| 2025 | (2,967,579) |
| 2026 | (2,845,028) |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 9 - Wisconsin Retirement System - Continued

Actuarial Assumptions - The total pension liability (asset) in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--|
| Actuarial Valuation Date: | December 31, 2020 |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2021 |
| Experience Study: | January 1, 2018 - December 31, 2020 Published November 19, 2021 |
| Actuarial Cost Method: | Entry Age Normal |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 6.8% |
| Discount Rate: | 6.8% |
| Salary Increases: | |
| Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | 2020 WRS Experience Mortality Table |
| Post-retirement Adjustments* | 1.7% |

* No Post-Retirement Adjustment is Guaranteed - Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

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

Asset Allocation Targets and Expected Returns (as of December 31, 2021)

| | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|------------------------------|--------------------|---|--|
| Core Fund Asset Class | | | |
| Global Equities | 52 | 6.8 | 4.2 |
| Fixed Income | 25 | 4.3 | 1.8 |
| Inflation Sensitive Assets | 19 | 2.7 | 0.2 |
| Real Estate | 7 | 5.6 | 3 |
| Private Equity/Debt | 12 | 9.7 | 7 |
| Total Core Fund | 115 | 6.6 | 4 |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 9 - Wisconsin Retirement System - Continued

| | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|---|-------------------------------|--|---|
| <u>Variable Fund Asset Class</u> | | | |
| U.S. Equities | 70 | 6.3 | 3.7 |
| International Equities | 30 | 7.2 | 4.6 |
| Total Variable Fund | 100 | 6.8 | 4.2 |
| New England Pension Consultants Long-Term US CPI (Inflation) Forecast : 2.5% | | | |
| Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations | | | |
| The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%. | | | |

Single Discount Rate - A single discount rate of 6.8% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax- exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current rate:

| | 1% Decrease to Discount Rate (5.8%) | Current Discount Rate (6.8%) | 1% Increase To Discount Rate (7.8%) |
|--|--|---|--|
| City of La Crosse's proportionate share of the net pension liability (asset) | \$17,629,352 | (\$24,845,089) | (\$55,418,783) |

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

Payables to the Pension Plan

At December 31, 2022, the City reported a payable of \$716,405 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2022.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 10 - Local Retiree Life Insurance Fund - OPEB

General Information about the Other Post-Employment Benefits

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

OPEB Plan Fiduciary Net Position - ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

Contributions

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

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

Contribution rates as of December 31, 2022 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2021 are as listed below:

| Life Insurance Employee Contribution Rates For the year ended December 31, 2021 | | |
|---|--------|--------------|
| Attained Age | Basic | Supplemental |
| Under 30 | \$0.05 | \$0.05 |
| 30-34 | 0.06 | 0.06 |
| 35-39 | 0.07 | 0.07 |
| 40-44 | 0.08 | 0.08 |
| 45-49 | 0.12 | 0.12 |
| 50-54 | 0.22 | 0.22 |
| 55-59 | 0.39 | 0.39 |
| 60-64 | 0.49 | 0.49 |
| 65-69 | 0.57 | 0.57 |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 10 - Local Retiree Life Insurance Fund - OPEB - Continued

During the reporting period, the LRLIF recognized \$23,773 contributions from the employer.

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

At December 31, 2022, the City reported a liability (asset) of \$6,865,107 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the City's proportion was 1.6153600%, which was a decrease of 0.064687% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized OPEB expense of \$831,409.

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 349,225 |
| Net differences between projected and actual earnings on OPEB investments | 89,320 | - |
| Changes in assumptions | 2,074,186 | 332,755 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 123,012 | 264,727 |
| Employer contributions subsequent to the measurement date | 70,609 | - |
| Total | \$2,357,127 | \$ 946,707 |

\$70,609 reported as deferred outflows related to OPEB resulting from the City's Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended December 31: | Deferred Outflows/ (Inflows) of Resources |
|------------------------------------|--|
| 2023 | \$314,566 |
| 2024 | 304,204 |
| 2025 | 272,483 |
| 2026 | 343,007 |
| 2027 | 139,438 |
| 2028 | (33,887) |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 10 - Local Retiree Life Insurance Fund - OPEB - Continued

Actuarial Assumptions - The total OPEB liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial Valuation Date: | January 1, 2021 |
| Measurement Date of Net OPEB Liability (Asset) | December 31, 2021 |
| Actuarial Cost Method: | Entry Age Normal |
| 0 Year Tax-Exempt Municipal Bond Yield: | 2.06% |
| Long-Term Expected Rated of Return: | 4.25% |
| Discount Rate: | 2.17% |
| Salary Increases | |
| Inflation: | 3.00% |
| Seniority/Merit: | 0.10% - 5.60% |
| Mortality: | Wisconsin 2020 Mortality Table |

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2021

| <u>Asset Class</u> | <u>Index</u> | <u>Target Allocation</u> | <u>Long-Term Expected Geometric Real Rate of Return</u> |
|-----------------------------------|----------------------------|--------------------------|---|
| US Intermediate Credit Bonds | Bloomberg US Interm Credit | 45% | 1.68% |
| US Long Credit Bonds | Bloomberg US Long Credit | 5% | 1.82% |
| US Mortgages | Bloomberg US MBS | 50% | 1.94% |
| Inflation | | | 2.30% |
| Long-Term Expected Rate of Return | | | 4.25% |

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2022

NOTE 10 - Local Retiree Life Insurance Fund - OPEB - Continued

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate - A single discount rate of 2.17% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.17 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current rate:

| | 1% Decrease to Discount Rate (1.17%) | Current Discount Rate (2.17%) | 1% Increase To Discount Rate (3.17%) |
|--|---|--|---|
| City of La Crosse's proportionate share of the net pension liability (asset) | \$9,313,476 | \$6,865,107 | \$5,022,811 |

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

Payables to the OPEB Plan

At December 31, 2022, the City reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2022.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 11 - Post-Employment Benefits Other Than Pensions

General Information about the Post-Employment Benefits Other Than Pensions

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

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

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

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

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 153 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active employees | <u>183</u> |
| Total | <u>336</u> |

Contributions - The City Council has the authority to establish the contribution requirements for the plan. Under the current plan, no contributions are made directly, rather the eligible retirees continue to be covered under the City's healthcare plan and the City pays a portion of the premium. The Council establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended December 31, 2022, the City paid \$2,671,599 in premium benefits.

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

| | |
|------------------------------------|--|
| Actuarial Valuation Date: | January 1, 2020 |
| Measurement Date: | December 31, 2020 |
| Actuarial Cost Method: | Entry Age Normal |
| Long-Term Expected Rate of Return: | N/A |
| Discount Rate: | 1.93% |
| Salary Increases: | 4.31% |
| Mortality: | WRS December 31, 2019 Valuation |
| Medical Care Cost Trend: | 5% decreasing by .40% per year to 4.5%, and level thereafter |

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

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 11 - Post-Employment Benefits Other Than Pensions - Continued

Discount Rate - A discount rate of 4.31% was used to measure the total OPEB healthcare liability. This discount rate was based on a 20-year municipal bond rate. Based on these assumptions, the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability.

Changes in the OPEB Healthcare Liability

| | OPEB HEALTHCARE LIABILITY |
|---|---------------------------------|
| BEGINNING BALANCE | <u>\$37,728,785</u> |
| Changes for the year: | |
| Service | 1,134,196 |
| Interest | 818,843 |
| Difference between expected and actual experience | 422,812 |
| Changes of assumption and other inputs | (3,787,202) |
| Benefit payments | <u>(2,671,599)</u> |
| NET CHANGES | <u>(4,082,950)</u> |
| ENDING BALANCE | <u>\$33,645,835</u> |

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

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

| | 1% Decrease to Healthcare Cost Rate (4% decreasing to 3.5%) | Current Healthcare Cost Rate (5% decreasing to 4.5%) | 1% Increase to Healthcare Cost Rate (6% decreasing to 5.5%) |
|---------------------------|--|---|--|
| OPEB healthcare liability | \$31,153,629 | \$33,645,835 | \$36,474,832 |

Sensitivity of the OPEB Healthcare Liability to Changes in the Discount Rate -

The following presents the OPEB healthcare liability calculated using the discount rate of 4.31 percent, as well as what the OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

| | 1% Decrease to Discount Rate (3.31%) | Current Discount Rate (4.31%) | 1% Increase to Discount Rate (5.31%) |
|---------------------------|--|----------------------------------|--|
| OPEB healthcare liability | \$35,775,983 | \$33,645,835 | \$31,681,841 |

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

For the year ended December 31, 2022, the City recognized OPEB healthcare expense of \$3,473,075.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 11 - Post-Employment Benefits Other Than Pensions - Continued

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB healthcare from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 326,797 | \$ 6,889,603 |
| Changes in assumptions | 2,090,282 | 5,113,949 |
| Net differences between projected and actual earnings on pension plan investments | - | - |
| Employer contributions subsequent to the measurement date | - | - |
| Total | \$2,417,079 | \$12,003,552 |

\$-0- reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net OPEB healthcare liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

| Year ending December 31 | Deferred Outflows/ (Inflows) of Resources |
|----------------------------|--|
| 2023 | \$(5,426,113) |
| 2024 | (2,992,505) |
| 2025 | (859,504) |
| 2026 | (308,351) |

Payables to the OPEB Healthcare Plan - The City reported a payable of zero for the outstanding amount of contributions to the OPEB Healthcare plan required for the year ended December 31, 2022.

NOTE 12 - Interfund Receivables, Payables, and Transfers

| <u>RECEIVABLE FUND</u> | <u>PAYABLE FUND</u> | <u>AMOUNT</u> |
|-------------------------------|---------------------|-----------------------------|
| Due To/From Other Funds | | |
| General | Water Utility | \$ 814,283 |
| General | Federal Grants | 413,413 |
| General | TIF District #8 | 2,719 |
| General | TIF District #11 | 791,746 |
| General | TIF District #19 | 329 |
| | | <u>\$ 2,022,490</u> |
| Advances To/From Other Funds: | | |
| General Fund | Transit | \$ 2,572,041 |
| General Fund | TIF District #12 | 65,585 |
| General Fund | Special Assigned | 160,000 |
| Parking Utility | TIF District #11 | 1,000,000 |
| Water Utility | TIF District #10 | 202,364 |
| Sewer Utility | TIF District #12 | 20,728 |
| Debt Service Fund | TIF District #11 | 1,000,000 |
| Special Assigned | TIF District #12 | 127,802 |
| General Fund | HUD Grants | 250,000 |
| Debt Service Fund | Sewer Utility | 10,100,000 |
| | | <u>\$ 15,498,520</u> |

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

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 12 - Interfund Receivables, Payables, and Transfers - Continued

Individual fund transfers during 2022 are as follows:

| <u>TRANSFER OUT</u> | <u>TRANSFER IN:</u> | | | | <u>TOTAL</u> |
|-----------------------------|----------------------------|-----------------------------|------------------------------------|----------------------------|----------------------------|
| | <u>GENERAL FUND</u> | <u>DEBT SERVICE</u> | <u>NONMAJOR GOVERNMENTAL FUNDS</u> | <u>PARKING UTILITY</u> | |
| General Fund | \$ - | \$ 8,235,583 | \$ - | \$ - | \$ 8,235,583 |
| Nonmajor Governmental Funds | 1,873,898 | 2,135,275 | 3,962,340 | 1,024,431 | 8,995,944 |
| Water Utility | 787,869 | - | - | - | 787,869 |
| Sewer Utility | 4,414 | - | - | - | 4,414 |
| TOTAL | <u>\$ 2,666,181</u> | <u>\$ 10,370,858</u> | <u>\$ 3,962,340</u> | <u>\$ 1,024,431</u> | <u>\$18,023,810</u> |

Generally, transfers are used to move revenue from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 13 - Net Position and Fund Balances

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

| <u>FUND</u> | <u>PURPOSE/REASON</u> | <u>AMOUNT</u> |
|------------------|----------------------------|--------------------------|
| <u>Deficits</u> | | |
| TIF District #8 | Awaiting future TIF levies | \$ 14,754 |
| TIF District #10 | Awaiting future TIF levies | 88,884 |
| TIF District #12 | Awaiting future TIF levies | 177,273 |
| TIF District #19 | Awaiting future TIF levies | 329 |
| | Total Deficits | <u>\$ 281,240</u> |

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

| <u>FUND</u> | <u>PURPOSE/REASON</u> | <u>AMOUNT</u> |
|---------------------|----------------------------------|-----------------------------|
| <u>Nonspendable</u> | | |
| General Fund | Inventory and prepaid expenses | \$ 111,119 |
| General Fund | Advances to other funds | 3,047,626 |
| General Fund | Delinquent personal property tax | 335,952 |
| HUD Grants | Prepaid expenses | 384 |
| La Crosse Center | Inventory and prepaids | 14,614 |
| Transit | Prepaid expenses and inventory | 226,269 |
| Special Assigned | Prepaid expenses | 2,758 |
| Special Assigned | Advances to other funds | 127,802 |
| Debt Service | Advances to other funds | 11,100,000 |
| | Total Nonspendable | <u>\$ 14,966,524</u> |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 13 - Net Position and Fund Balances - Continued

| <u>FUND</u> | <u>PURPOSE/REASON</u> | <u>AMOUNT</u> |
|--|--|-----------------------------|
| <u>Restricted</u> | | |
| Debt Service | Future debt repayment | \$ 6,986,098 |
| Building and Land Capital Projects | Unspent bond monies | 8,691,631 |
| Capital Projects | Unspent bond monies | 1,990,900 |
| TIF District #11 | Future TIF expenditures | 2,216,121 |
| TIF District #13 | Future TIF expenditures | 9,559,527 |
| TIF District #14 | Future TIF expenditures | 3,699,452 |
| TIF District #15 | Future TIF expenditures | 604,142 |
| TIF District #16 | Future TIF expenditures | 174,354 |
| TIF District #17 | Future TIF expenditures | 1,605,687 |
| TIF District #20 | Future TIF expenditures | 22,578 |
| Capital Equipment | Unspent bond monies | 1,981,653 |
| Flood Plan Control | Unspent bond monies | 39,020 |
| Parks and Recreation | Unspent bond monies | 2,190,040 |
| Roadway and Infrastructure | Unspent bond monies | 10,328,649 |
| HUD Grants | Future loan payments | 1,140,765 |
| Housing | Future payments | 3,625 |
| Federal Grants | Future payments | 83,305 |
| | Total Restricted | <u>\$ 51,317,547</u> |
| <u>Committed</u> | | |
| State Grants | Future grant expenditures | \$ 397,504 |
| Library | Future library expenditures | 2,050,149 |
| La Crosse Center | Future La Crosse Center expenditures | 302,812 |
| Special Assessments | Future special assessment expenditures | 313,480 |
| Special Assigned | Expenditures related to prior year budget commitments | 9,369,473 |
| Room Tax | Future room tax expenditures | 2,588,051 |
| | Total Committed | <u>\$ 15,021,469</u> |
| <u>Restricted - Governmental Activities</u> | | |
| Capital Projects | Various projects | \$ 43,107,379 |
| Debt Service | Future debt repayment | 6,986,098 |
| Special Revenue | Unspent bond monies (HUD & Federal) | 1,224,070 |
| Other Activities | Wisconsin Retirement System pension asset | 23,023,060 |
| | Total Restricted - Governmental Activities | <u>\$ 74,340,607</u> |
| <u>Restricted - Proprietary Funds and Business-Type Activities</u> | | |
| Airport | Restricted for future projects | \$ 823,629 |
| Airport | Wisconsin Retirement System pension asset | 374,246 |
| Parking | Wisconsin Retirement System pension asset | 268,841 |
| Sewer | DNR replacement reserve | 1,908,626 |
| Sewer | Wisconsin Retirement System pension asset | 562,946 |
| Water | Replacement fund | 136,655 |
| Water | Wisconsin Retirement System pension asset | 442,475 |
| Storm | Restricted for future projects | 57,377 |
| Storm | Wisconsin Retirement System pension asset | 173,521 |
| | Total Restricted - Proprietary Funds and Business-Type Activities | <u>\$ 4,748,316</u> |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 14 - Contingent Liabilities and Commitments

The City is a defendant in several lawsuits. In the opinion of the City Attorney and the City's management, resolution of these cases will not result in any material adverse effect on the City's operations or financial position. During 2020 and subsequent to year end, notices of injury were filed by a neighboring township's property owners regarding alleged private well contamination. As of the financial statement date, the dollar amount of a potential liability could not be reasonably determined as it is not yet probable that a liability will be incurred.

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

The Component Unit has contracted with a master developer for a development project. The contract includes performance incentives with a maximum of \$825,000. The Component Unit also has a construction contract for the same development with \$10,703,721 remaining to be completed as of year-end.

NOTE 15 - Tax Incremental Finance Districts

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

The City has eleven active Tax Incremental Financing Districts. The following are project summaries of the activity and status of the districts through December 31, 2022:

| | #10 | #11 | #12 | #13 | #14 |
|--|--------------------|----------------------|---------------------|-----------------------|---------------------|
| SOURCES OF FUNDS | | | | | |
| TIF tax collections | \$ 1,059,130 | \$ 39,349,008 | \$ 8,626,554 | \$ 17,185,397 | \$ 16,075,313 |
| Exempt computer aids | 688,807 | 5,562,350 | 132,623 | 1,957,656 | 12,330,653 |
| Payment from other government | 100,278 | - | - | - | - |
| Sale of assets | 26,806 | 828,002 | 42,200 | 354,206 | 427,933 |
| Grants | - | 5,432,773 | 42,640 | 375,000 | 1,238,367 |
| Economic development proceeds | - | 640 | - | 128 | - |
| DNR loan | - | - | - | 216,657 | - |
| Judgment/liquidated damages | - | 2,000,000 | - | 200,000 | - |
| Loan repayments | - | 699,910 | - | 51,250 | - |
| Interest income | 2,588 | 156,946 | 8,514 | 151,211 | 134,022 |
| Proceeds from long-term debt | 240,750 | 37,061,983 | 7,355,928 | 8,586,767 | 1,185,993 |
| Settlement from private | - | - | - | - | 3,673,737 |
| Transfers from other TIF's | - | 400,608 | 748,500 | 2,036 | 5,000 |
| TOTAL SOURCES | 2,118,359 | 91,492,220 | 16,956,959 | 29,080,308 | 35,071,018 |
| USES OF FUNDS | | | | | |
| Capital expenditures | 1,989,165 | 58,651,436 | 9,529,410 | 12,029,047 | 18,989,499 |
| Principal and interest on long-term debt | 186,530 | 27,329,330 | 7,568,685 | 5,595,868 | 450,823 |
| Interest on advances | 31,548 | 925,209 | 36,137 | 46,157 | 8,781 |
| Incentives for reverse TIF | - | 2,370,124 | - | 188,685 | 11,922,463 |
| Transfers to other TIF's | - | - | - | 1,661,024 | - |
| TOTAL USES | 2,207,243 | 89,276,099 | 17,134,232 | 19,520,781 | 31,371,566 |
| FUND (DEFICIT) BALANCES AS OF DECEMBER 31, 2021 | \$ (88,884) | \$ 2,216,121 | \$ (177,273) | \$ 9,559,527 | \$ 3,699,452 |
| FUTURE REQUIREMENTS | | | | | |
| Debt service | - | \$ 16,576,111 | \$ 3,958,659 | \$ 4,550,767 | \$ 25,823 |
| Advances from other funds | 202,364 | 2,000,000 | 214,115 | - | - |
| Interest on advances | 19,245 | 253,600 | 27,150 | - | - |
| Proceeds from other governments | 708,011 | - | - | - | - |
| Estimated payable (developer's agreement) | - | 3,860,000 | - | - | 5,575,000 |
| Less receivables/plus payables | - | 803,258 | - | 37,120 | (30,000) |
| TOTAL FUTURE REQUIREMENTS | 929,620 | 23,492,969 | 4,199,924 | 4,587,887 | 5,570,823 |
| Less cash on hand (deficit) | (113,480) | (5,019,379) | (36,842) | (9,596,647) | (3,669,452) |
| BALANCE TO BE COLLECTED ON TIF DISTRICT | \$ 816,140 | \$ 18,473,590 | \$ 4,163,082 | \$ (5,008,760) | \$ 1,901,371 |
| DISTRICT TERMINATION DATE | 2030 | 2031 | 2032 | 2026 | 2026 |
| 2022 Tax Increment | \$ 271,620 | \$ 3,074,050 | \$ 451,659 | \$ 2,729,672 | \$ 1,396,364 |

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 15 - Tax Incremental Finance Districts - Continued

| | <u>#15</u> | <u>#16</u> | <u>#17</u> | <u>#18</u> | <u>#19</u> | <u>#20</u> |
|--|---------------------|-------------------|----------------------|--------------------|-----------------|--------------------|
| SOURCES OF FUNDS | | | | | | |
| TIF tax collections | \$ 5,731,317 | \$ 1,148,262 | \$ 7,874,723 | \$ 14,415 | \$ - | \$ 22,581 |
| Exempt computer aids | 549,862 | 15,091 | 103,290 | - | - | - |
| Payment from other government | - | - | 1,003,448 | - | - | - |
| Sale of assets | 30,704 | - | 138,609 | - | - | - |
| Grants | - | - | 2,722 | - | - | - |
| Economic development proceeds | - | 30,000 | - | - | - | - |
| Judgment/liquidated damages | 4,670 | - | - | - | - | - |
| Loan repayments | 53,542 | - | - | - | - | - |
| Interest income | 12,941 | 10,610 | 50,876 | 1,876 | 1 | 327 |
| Proceeds from long-term debt | - | 1,736,875 | 16,190,000 | - | - | - |
| Proceeds from entity | 272,935 | 803,739 | - | - | - | - |
| Transfers from other TIF's | - | - | - | 1,661,024 | 10,000 | 10,000 |
| TOTAL SOURCES | <u>6,655,971</u> | <u>3,744,577</u> | <u>25,363,668</u> | <u>1,677,315</u> | <u>10,001</u> | <u>32,908</u> |
| USES OF FUNDS | | | | | | |
| Capital expenditures | 4,535,946 | 3,204,710 | 17,128,447 | 1,692,069 | 10,330 | 10,330 |
| Principal and interest on long-term debt | - | 339,596 | 6,629,106 | - | - | - |
| Interest on advances | 24 | 25,917 | 428 | - | - | - |
| Incentives for reverse TIF | 1,515,859 | - | - | - | - | - |
| TOTAL USES | <u>6,051,829</u> | <u>3,570,223</u> | <u>23,757,981</u> | <u>1,692,069</u> | <u>10,330</u> | <u>10,330</u> |
| FUND (DEFICIT) BALANCES AS OF DECEMBER 31, 2021 | <u>\$ 604,142</u> | <u>\$ 174,354</u> | <u>\$ 1,605,687</u> | <u>\$ (14,754)</u> | <u>\$ (329)</u> | <u>\$ 22,578</u> |
| FUTURE REQUIREMENTS | | | | | | |
| Debt service | \$ - | \$ 470,839 | \$ 10,893,009 | \$ - | \$ - | \$ - |
| Estimated payable (developer's agreement) | 4,125,000 | - | 840,000 | - | - | - |
| Less receivables/plus payables | 11,644 | 35,925 | (6,034) | 14,754 | 329 | - |
| TOTAL FUTURE REQUIREMENTS | <u>4,136,644</u> | <u>506,764</u> | <u>11,726,975</u> | <u>14,754</u> | <u>329</u> | <u>-</u> |
| Less cash on hand (deficit) | (615,786) | (210,279) | (1,599,653) | - | - | (22,578) |
| BALANCE TO BE COLLECTED OF TIF DISTRICT | <u>\$ 3,520,858</u> | <u>\$ 296,485</u> | <u>\$ 10,127,322</u> | <u>\$ 14,754</u> | <u>\$ 329</u> | <u>\$ (22,578)</u> |
| DISTRICT TERMINATION DATE | 2033 | 2034 | 2035 | 2042 | 2042 | 2042 |
| 2022 Tax Increment | <u>\$ 840,997</u> | <u>\$ 276,716</u> | <u>\$ 1,504,193</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,414</u> |

CITY OF LA CROSSE, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2022

NOTE 16 - Risk Management

Self-Insured Programs

Effective 1986, the City began to self-insure its liability and workers' compensation exposures. The Liability Claims Fund is to be used solely for settling liability claims. The Workers' Compensation Fund is to be used only to meet any compensation claims under the Wisconsin Workers' Compensation Act. Funding comes from the City's annual operating budgets of the general and enterprise funds. The City must provide for 100 percent of any claims awarded by the funds.

The City also established a self-funded health plan for its employees. The plan administrators, Customer Benefit Administrators and Quartz (formerly Gundersen Lutheran Health Plan), are responsible for the approval, processing, and payment of claims, after which they bill the City for reimbursement. The City is also responsible for a monthly administrative fee. The plan reports on a fiscal year ending December 31.

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

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

Unpaid Claims Liabilities - The following represent the changes in approximate aggregate liabilities for the City from January 1, 2021 to December 31, 2022:

| | <u>Health Care</u> | <u>Workers' Compensation</u> | <u>Liability</u> |
|---|----------------------------|----------------------------------|--------------------------|
| Liability Balance, January 1, 2021 | \$ 3,326,424 | \$ 933,371 | \$ 536,970 |
| Claims and changes in estimates | 11,999,378 | (42,638) | 40,189 |
| Claim payments | <u>(10,317,539)</u> | <u>(38,911)</u> | <u>(128,649)</u> |
| Liability Balance, January 1, 2022 | 5,008,263 | 851,822 | 448,510 |
| Claims and changes in estimates | 8,966,642 | 469,193 | 228,442 |
| Claim payments | <u>(9,190,159)</u> | <u>(255,657)</u> | <u>(278,309)</u> |
| LIABILITY BALANCE, DECEMBER 31, 2022 | <u>\$ 4,784,746</u> | <u>\$ 1,065,358</u> | <u>\$ 398,643</u> |

Claim payments are primarily funded through charges to the other funds.

Participation in Risk Pool

On January 1, 2014, the City joined Wisconsin Municipal Mutual Insurance Company (WMMIC). The WMMIC was organized as a non-assessable mutual insurance company on November 1, 1987. WMMIC is comprised on nineteen members, three cities, fifteen counties, and one special-use district. Members purchase general liability (including law enforcement professional), auto liability, cyberliability, and public official's errors and omissions liability insurance. Members also purchase workers compensation reinsurance through WMMIC. WMMIC provides claims administration for members for their self-funded liability and workers compensation programs.

CITY OF LA CROSSE, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 16 - Risk Management - Continued

The WMMIC provides the City with \$10,000,000 of liability coverage for losses over their self-insured retention level of \$150,000 per occurrence with a \$600,000 aggregate stop loss. An annual premium is charged to cover expected claims and administrative costs. The claims component of the premium is determined by independent actuaries and allocated among the participating members based on payroll and loss history.

The WMMIC is a policy driven organization and as such, all WMMIC policies are approved by the Board of Directors. WMMIC members control the company through a strong committee structure that meets at least quarterly and makes recommendations to the Board of Directors. The Board of Directors and its Officers are comprised of official representatives of their respective member municipality.

The City is exposed to various risks of loss to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the previous year. There have been no settlements in excess of coverage in any of the prior three fiscal years.

CITY OF LA CROSSE, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA CROSSE, WISCONSIN
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-----------------------------|-----------------------------|-----------------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUE | | | | |
| Taxes | \$ 38,721,079 | \$ 38,721,079 | \$ 39,739,519 | \$ 1,018,440 |
| Intergovernmental | 17,803,032 | 17,803,032 | 17,021,005 | (782,027) |
| Licenses and permits | 1,290,255 | 1,290,255 | 2,238,860 | 948,605 |
| Fines, forfeits, and penalties | 1,100 | 1,100 | 1,131 | 31 |
| Public charges for services | 1,929,115 | 1,929,115 | 1,614,161 | (314,954) |
| Intergovernmental charges for services | 1,946,333 | 1,946,333 | 2,028,506 | 82,173 |
| Miscellaneous | 816,654 | 816,654 | 3,676,104 | 2,859,450 |
| Change in FMV of investments | - | - | (3,174,665) | (3,174,665) |
| TOTAL REVENUE | <u>62,507,568</u> | <u>62,507,568</u> | <u>63,144,621</u> | <u>637,053</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 10,022,004 | 9,851,381 | 8,546,264 | 1,305,117 |
| Public safety | 26,577,199 | 26,594,701 | 26,408,664 | 186,037 |
| Public works | 10,047,699 | 10,047,699 | 9,771,582 | 276,117 |
| Health and human services | 149,000 | 149,000 | 108,938 | 40,062 |
| Culture, recreation, and education | 11,963,561 | 11,981,321 | 12,358,493 | (377,172) |
| Conservation and development | 436,988 | 556,988 | 488,402 | 68,586 |
| Capital outlay | 272,200 | 272,200 | 210,673 | 61,527 |
| TOTAL EXPENDITURES | <u>59,468,651</u> | <u>59,453,290</u> | <u>57,893,016</u> | <u>1,560,274</u> |
| EXCESS OF REVENUE OVER EXPENDITURES | <u>3,038,917</u> | <u>3,054,278</u> | <u>5,251,605</u> | <u>2,197,327</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | 5,047,559 | 5,047,559 | 2,667,698 | (2,379,861) |
| Operating transfers (out) | (8,121,476) | (8,136,837) | (8,235,583) | (98,746) |
| Sale of capital assets | 35,000 | 35,000 | 148,673 | 113,673 |
| TOTAL OTHER FINANCING (USES) | <u>(3,038,917)</u> | <u>(3,054,278)</u> | <u>(5,419,212)</u> | <u>(2,364,934)</u> |
| NET CHANGE IN FUND BALANCE | - | - | (167,607) | (167,607) |
| FUND BALANCE - BEGINNING OF YEAR | <u>19,513,829</u> | <u>19,513,829</u> | <u>19,513,829</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 19,513,829</u> | <u>\$ 19,513,829</u> | <u>\$ 19,346,222</u> | <u>\$ (167,607)</u> |

The accompanying notes are an integral part of this schedule.

CITY OF LA CROSSE, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
YEAR ENDED DECEMBER 31, 2022

Budgets and Budgetary Accounting - The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Finance Committee recommends to the Common Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted in the Council Chambers to obtain taxpayer comments.
3. Prior to December 1, the budget is legally enacted through passage of a resolution.
4. The Director of Finance is authorized to transfer budget amounts within departments; however, any revisions that alter the total expenditures of any department must be approved by the Common Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. Capital Projects Funds are budgeted on a project basis, rather than an annual basis. Formal budgets are not adopted for the Special Revenue Funds since they are not supported by property taxes, and effective control is achieved through alternative methods. Since all general obligation debt is secured by the full faith and credit of the City, budgetary control of the Debt Service Fund is achieved in the General Fund (which budgets an operating transfer to Debt Service for payment of principal and interest).
6. Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgetary expenditure control is exercised at the department level within the Fund.
8. Budgeted amounts are as authorized in the original budget resolution and subsequent revisions are authorized by the Common Council.
9. The supplementary appropriations to decrease the total General Fund budget during the year were \$15,361.
10. Appropriations lapse at year end, except those identified as designated for carry over budget items.

Excess of Actual Expenditures Over Budget

General Fund expenditures exceeded budget in culture, recreation, and education by \$377,172 for the year ended December 31, 2022. The over expenditures were financed by under expenditures in other functions and greater than anticipated revenue.

CITY OF LA CROSSE, WISCONSIN
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED DECEMBER 31, 2022

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

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total OPEB Healthcare Liability | | | | | |
| Service cost | \$ 1,134,196 | \$ 1,353,237 | \$ 1,039,468 | \$ 1,665,034 | \$ 1,512,531 |
| Interest | 818,843 | 732,355 | 1,618,378 | 1,792,678 | 2,161,436 |
| Changes of benefit terms | - | - | - | - | - |
| Differences between expected and actual experience | 422,812 | - | (13,863,827) | - | (8,856,250) |
| Changes of assumptions or other input | (3,787,202) | (726,246) | 2,816,961 | 879,410 | (3,448,173) |
| Benefit payments | (2,671,599) | (3,152,716) | (3,464,664) | (4,414,782) | (4,449,578) |
| Administrative expense | - | - | - | - | - |
| Other changes | - | - | - | (3,291) | (2,208,450) |
| Net Changes in Total OPEB Healthcare Liability | (4,082,950) | (1,793,370) | (11,853,684) | (80,951) | (15,288,484) |
| Total OPEB Healthcare Liability - Beginning | <u>37,728,785</u> | <u>39,522,155</u> | <u>51,375,839</u> | <u>51,456,790</u> | <u>66,745,274</u> |
| Total OPEB Healthcare Liability - Ending | <u>\$ 33,645,835</u> | <u>\$ 37,728,785</u> | <u>\$ 39,522,155</u> | <u>\$ 51,375,839</u> | <u>\$ 51,456,790</u> |
| | | | | | |
| Covered payroll | \$ 14,454,692 | \$ 19,887,610 | \$ 19,122,675 | \$ 20,440,991 | \$ 20,440,991 |
| Net OPEB healthcare liability as a percentage of covered payroll | 251.25% | 189.71% | 206.68% | 251.34% | 251.73% |

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contributions | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the actuarially determined contributions | - | - | - | - | - |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | | |
| Covered payroll | \$ 14,454,692 | \$ 19,887,610 | \$ 19,122,675 | \$ 20,440,991 | \$ 20,440,991 |
| Contributions as a percentage of covered payroll | - | - | - | - | - |
| | | | | | |
| Actuarial valuation date | 1/1/2022 | 1/1/2020 | 1/1/2020 | 1/1/2018 | 1/1/2018 |
| Measurement date | 12/31/2022 | 12/31/2020 | 12/31/2020 | 12/31/2018 | 12/31/2018 |

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

Notes to Required Supplementary Information for the Year Ended December 31, 2022

Methods and assumptions used to determine actuarially calculations - entry age normal cost, 30 year level % open amortization, fair market value asset valuation, 2.25% discount rate, 4% salary increases, Wisconsin 2019 mortality table.

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

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

CITY OF LA CROSSE, WISCONSIN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED DECEMBER 31, 2022

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

| Pension Plan Fiscal Year | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Covered Payroll | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) |
|-----------------------------|---|---|-----------------|--|--|
| 2021 | 0.30824469% | \$ (24,845,089) | \$ 35,303,238 | -70.38% | 106.02% |
| 2020 | 0.30960272% | (19,328,927) | 36,278,721 | -53.28% | 105.26% |
| 2019 | 0.30594952% | (9,865,210) | 35,174,534 | -28.05% | 102.96% |
| 2018 | 0.29907982% | 10,640,823 | 33,894,372 | 31.39% | 96.45% |
| 2017 | 0.28830557% | (8,560,134) | 32,414,141 | -26.41% | 102.93% |
| 2016 | 0.27955334% | 2,304,187 | 31,820,938 | 7.24% | 99.12% |
| 2016 | 0.27169553% | 4,414,500 | 30,422,348 | 14.51% | 98.20% |
| 2014 | 0.27001724% | (6,632,361) | 29,513,033 | -22.47% | 102.74% |

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

| City Fiscal Year End | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------------------|--|---|--|-----------------|--|
| 2022 | \$ 3,540,369 | \$ (3,540,369) | \$ - | \$ 35,303,238 | 10.03% |
| 2021 | 3,505,883 | (3,505,883) | - | 36,278,721 | 9.66% |
| 2020 | 3,250,304 | (3,250,304) | - | 35,174,534 | 9.24% |
| 2019 | 3,168,907 | (3,168,907) | - | 33,894,372 | 9.35% |
| 2018 | 3,030,212 | (3,030,212) | - | 32,414,141 | 9.35% |
| 2017 | 2,755,204 | (2,755,204) | - | 31,820,938 | 8.66% |
| 2017 | 2,661,909 | (2,661,909) | - | 30,422,348 | 8.75% |
| 2015 | 2,689,659 | (2,689,659) | - | 29,513,033 | 9.11% |

The City implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the preceding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2022

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

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

CITY OF LA CROSSE, WISCONSIN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES - Continued
YEAR ENDED DECEMBER 31, 2022

SIGNIFICANT METHODS AND ASSUMPTIONS USED IN CALCULATING WISCONSIN RETIREMENT SYSTEM ACTUARIALLY DETERMINED CONTRIBUTIONS:

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------------------------|--|--|--|--|--|
| Valuation Date: | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| Amortization Cost Method: | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age |
| Amortization Method: | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period |
| Amortization Period: | 30-year closed from date of participation in WRS | 30-year closed from date of participation in WRS | 30-year closed from date of participation in WRS | 30-year closed from date of participation in WRS | 30-year closed from date of participation in WRS |
| Asset Valuation Method: | Five-Year Smoothed Market (Closed) | Five-Year Smoothed Market (Closed) | Five-Year Smoothed Market (Closed) | Five-Year Smoothed Market (Closed) | Five-Year Smoothed Market (Closed) |
| Actuarial Assumptions | | | | | |
| Net Investment Rate of Return: | 5.4% | 5.4% | 5.5% | 5.5% | 5.5% |
| Weighted Based on Assumed Rate for; | | | | | |
| Pre-retirement: | 7.0% | 7.0% | 7.2% | 7.2% | 7.2% |
| Post-retirement: | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Salary Increases | | | | | |
| Wage Inflation: | 3.0% | 3.0% | 3.2% | 3.2% | 3.2% |
| Seniority/Merit: | 0.1 - 5.6% | 0.1 - 5.6% | 0.1 - 5.6% | 0.1 - 5.6% | 0.1 - 5.6% |
| Post-retirement Benefit Adjustments*: | 1.9% | 1.9% | 2.1% | 2.1% | 2.1% |
| | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017 | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017 | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014 | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014 | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014 |
| Retirement Age: | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%) | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%) | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%) | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%) | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%) |

Mortality:

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

(Continued on page 71)

CITY OF LA CROSSE, WISCONSIN
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES - Continued
YEAR ENDED DECEMBER 31, 2022

SIGNIFICANT METHODS AND ASSUMPTIONS USED IN CALCULATING WISCONSIN RETIREMENT SYSTEM ACTUARIALLY DETERMINED CONTRIBUTIONS:

| | 2016 | 2015 | 2014 | 2013 |
|---------------------------------------|---|---|---|---|
| Valuation Date: | December 31, 2014 | December 31, 2013 | December 31, 2012 | December 31, 2011 |
| Amortization Cost Method: | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age |
| Amortization Method: | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period |
| Amortization Period: | 30-year closed from date of participation in WRS | 30-year closed from date of participation in WRS | 30-year closed from date of participation in WRS | 30-year closed from date of participation in WRS |
| Asset Valuation Method: | Five-Year Smoothed Market (Closed) | Five-Year Smoothed Market (Closed) | Five-Year Smoothed Market (Closed) | Five-Year Smoothed Market (Closed) |
| Actuarial Assumptions | | | | |
| Net Investment Rate of Return: | 5.5% | 5.5% | 5.5% | 5.5% |
| Weighted Based on Assumed Rate for; | | | | |
| Pre-retirement: | 7.2% | 7.2% | 7.2% | 7.2% |
| Post-retirement: | 5.0% | 5.0% | 5.0% | 5.0% |
| Salary Increases | | | | |
| Wage Inflation: | 3.2% | 3.2% | 3.2% | 3.2% |
| Seniority/Merit: | 0.1 - 5.6% | 0.1 - 5.6% | 0.1 - 5.6% | 0.1 - 5.6% |
| Post-retirement Benefit Adjustments*: | 2.1% | 2.1% | 2.1% | 2.1% |
| | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011 | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011 | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011 | Experience - based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006-2008 |
| Retirement Age: | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality. | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality. | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality. | Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men. |

Mortality:

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. Value is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

CITY OF LA CROSSE, WISCONSIN
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED DECEMBER 31, 2022

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

| OPEB Plan Fiscal Year | Proportion of the Net OPEB Liability (Asset) | Proportionate Share of the Net OPEB Liability (Asset) | Covered Payroll | Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) |
|-----------------------|--|---|-----------------|--|---|
| 2021 | 1.16153600% | \$ 6,865,107 | \$ 33,183,000 | 20.69% | 29.57% |
| 2020 | 1.22622300% | 6,745,112 | 32,350,000 | 20.85% | 31.36% |
| 2019 | 1.17931200% | 5,021,740 | 31,321,000 | 16.03% | 37.58% |
| 2018 | 1.20713400% | 3,114,813 | 30,307,000 | 10.28% | 48.69% |
| 2017 | 1.19802700% | 3,604,360 | 50,380,462 | 7.15% | 44.81% |

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

| City Fiscal Year End | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|----------------------|--------------------------------------|---|----------------------------------|-----------------|--|
| 2022 | \$ 23,773 | (23,773) | \$ - | \$ 33,183,000 | 0.07% |
| 2021 | 24,451 | (24,451) | - | 32,350,000 | 0.08% |
| 2020 | 21,319 | (21,319) | - | 31,321,000 | 0.07% |
| 2019 | 23,257 | (23,257) | - | 30,307,000 | 0.08% |
| 2018 | 22,750 | (22,750) | - | 50,380,462 | 0.05% |

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

Notes to Required Supplementary Information for the Year Ended December 31, 2022

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

Changes of assumptions - The Single Discount Rate assumption used to develop Total OPEB Liability changed from the prior year.

CITY OF LA CROSSE, WISCONSIN

SUPPLEMENTARY INFORMATION

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

| <u>ASSETS</u> | <u>SPECIAL REVENUE FUNDS</u> | <u>CAPITAL PROJECT FUNDS</u> | <u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u> |
|--|--------------------------------------|--------------------------------------|--|
| Cash and investments | \$ 16,609,598 | \$ 48,764,448 | \$ 65,374,046 |
| Receivable | | | |
| Taxes | 186,789 | 10,545,271 | 10,732,060 |
| Accounts and other | 542,049 | 111,926 | 653,975 |
| Special assessments | 604,650 | - | 604,650 |
| Loan | 400,000 | 655,941 | 1,055,941 |
| Due from other funds | 188,616 | 6,414 | 195,030 |
| Due from other governments | 2,782,653 | 167,577 | 2,950,230 |
| Inventories | 235,597 | - | 235,597 |
| Prepays | 8,044 | - | 8,044 |
| Leases receivable | 1,150,122 | 422,920 | 1,573,042 |
| Advances to other funds | 127,802 | - | 127,802 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL ASSETS | <u>\$ 22,835,920</u> | <u>\$ 60,674,497</u> | <u>\$ 83,510,417</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u> | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 329,351 | \$ 2,833,156 | \$ 3,162,507 |
| Accrued expenses | | | |
| Payroll | 147,578 | - | 147,578 |
| Due to other funds | - | 794,794 | 794,794 |
| Due to other governments | 1,026,298 | 75,870 | 1,102,168 |
| Deposit payable | 61,722 | - | 61,722 |
| Unearned revenue - other | 1,377,560 | 745,023 | 2,122,583 |
| Advances from other funds | 2,732,041 | 2,416,479 | 5,148,520 |
| TOTAL LIABILITIES | <u>5,674,550</u> | <u>6,865,322</u> | <u>12,539,872</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - tax roll | 188,616 | 10,551,685 | 10,740,301 |
| Unavailable revenue - special assessments | 590,872 | - | 590,872 |
| Leases | 1,150,122 | 422,921 | 1,573,043 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>1,929,610</u> | <u>10,974,606</u> | <u>12,904,216</u> |
| FUND BALANCES | | | |
| Nonspendable | 371,443 | - | 371,443 |
| Restricted | - | 43,115,809 | 43,115,809 |
| Committed | 15,021,469 | - | 15,021,469 |
| Unassigned | (161,152) | (281,240) | (442,392) |
| TOTAL FUND BALANCES | <u>15,231,760</u> | <u>42,834,569</u> | <u>58,066,329</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 22,835,920</u> | <u>\$ 60,674,497</u> | <u>\$ 83,510,417</u> |

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

| | SPECIAL REVENUE FUNDS | CAPITAL PROJECT FUNDS | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|---|-----------------------------|-----------------------------|--|
| REVENUE | | | |
| Taxes | \$ 397,563 | \$ 14,736,945 | \$ 15,134,508 |
| Special assessment | 371,063 | - | 371,063 |
| Intergovernmental | 5,508,467 | 5,658,128 | 11,166,595 |
| Licenses and permits | 901,522 | - | 901,522 |
| Fines, forfeits, and penalties | 780,788 | - | 780,788 |
| Public charges for services | 4,317,368 | 35,441 | 4,352,809 |
| Intergovernmental charges for services | 494,288 | - | 494,288 |
| Miscellaneous | 1,205,609 | 849,432 | 2,055,041 |
| Change in fair value of investments | (309,231) | - | (309,231) |
| TOTAL REVENUE | 13,667,437 | 21,279,946 | 34,947,383 |
| EXPENDITURES | | | |
| Current | | | |
| General government | 481,418 | 79,919 | 561,337 |
| Public safety | 505,589 | - | 505,589 |
| Public works | 6,135,931 | 51,547 | 6,187,478 |
| Health and human services | 181,691 | - | 181,691 |
| Culture, recreation, and education | 4,037,093 | - | 4,037,093 |
| Conservation and development | 418,641 | 242,285 | 660,926 |
| Debt service | | | |
| Principal | 6,015 | 828,277 | 834,292 |
| Interest | 793 | 170,563 | 171,356 |
| Other | - | - | - |
| Capital outlay | 454,598 | 31,469,633 | 31,924,231 |
| TOTAL EXPENDITURES | 12,221,769 | 32,842,224 | 45,063,993 |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES | 1,445,668 | (11,562,278) | (10,116,610) |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | 1,961,921 | 2,000,419 | 3,962,340 |
| Operating transfers (out) | (3,559,404) | (5,438,057) | (8,997,461) |
| Sale of capital assets | 6,605 | 847,706 | 854,311 |
| Issuance of long-term debt | - | 16,547,325 | 16,547,325 |
| TOTAL OTHER FINANCING (USES) SOURCES | (1,590,878) | 13,957,393 | 12,366,515 |
| EXCESS OF REVENUE AND OTHER SOURCES (UNDER) OVER EXPENDITURES AND OTHER USES | (145,210) | 2,395,115 | 2,249,905 |
| FUND BALANCE - BEGINNING OF YEAR | 15,376,970 | 40,439,454 | 55,816,424 |
| FUND BALANCE - END OF YEAR | \$ 15,231,760 | \$ 42,834,569 | \$ 58,066,329 |

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEETS
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2022

| <u>ASSETS</u> | STATE GRANTS | LOCAL GRANTS | LIBRARY | LA CROSSE CENTER | TRANSIT | SPECIAL ASSESSMENTS | SPECIAL ASSIGNED | ROOM TAX | TOTAL NONMAJOR SPECIAL REVENUE FUNDS |
|--|-------------------|------------------|---------------------|---------------------|---------------------|------------------------|----------------------|---------------------|--|
| Cash and investments | \$ 549,447 | \$ 67,379 | \$ 2,050,149 | \$ 826,952 | \$ 748,579 | \$ 117,014 | \$ 9,662,027 | \$ 2,588,051 | \$ 16,609,598 |
| Receivable | | | | | | | | | |
| Taxes | - | - | - | - | - | 186,789 | - | - | 186,789 |
| Accounts and other | 61,230 | - | - | 149,742 | 198,415 | 3,315 | 129,347 | - | 542,049 |
| Special assessments | - | - | - | - | - | 604,650 | - | - | 604,650 |
| Loan | - | - | - | - | - | - | 400,000 | - | 400,000 |
| Due from other funds | - | - | - | - | - | 188,616 | - | - | 188,616 |
| Due from other governments | 81,915 | - | - | - | 2,694,038 | - | 6,700 | - | 2,782,653 |
| Inventories | - | - | - | 12,614 | 222,983 | - | - | - | 235,597 |
| Prepays | - | - | - | 2,000 | 3,286 | - | 2,758 | - | 8,044 |
| Leases receivable | - | - | - | - | - | - | 1,150,122 | - | 1,150,122 |
| Advances to other funds | - | - | - | - | - | - | 127,802 | - | 127,802 |
| TOTAL ASSETS | \$ 692,592 | \$ 67,379 | \$ 2,050,149 | \$ 991,308 | \$ 3,867,301 | \$ 1,100,384 | \$ 11,478,756 | \$ 2,588,051 | \$ 22,835,920 |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u> | | | | | | | | | |
| <u>LIABILITIES</u> | | | | | | | | | |
| Accounts payable | \$ 13,257 | \$ 10,000 | \$ - | \$ 76,568 | \$ 49,701 | \$ 7,416 | \$ 172,409 | \$ - | \$ 329,351 |
| Accrued expenses | | | | | | | | | |
| Payroll | - | - | - | 15,807 | 131,771 | - | - | - | 147,578 |
| Due to other governments | - | - | - | - | 1,002,635 | - | 23,663 | - | 1,026,298 |
| Deposit payable | - | - | - | - | - | - | 61,722 | - | 61,722 |
| Unearned revenue - other | 281,831 | 57,379 | - | 581,507 | 46,036 | - | 410,807 | - | 1,377,560 |
| Advances from other funds | - | - | - | - | 2,572,041 | - | 160,000 | - | 2,732,041 |
| TOTAL LIABILITIES | 295,088 | 67,379 | - | 673,882 | 3,802,184 | 7,416 | 828,601 | - | 5,674,550 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | | | | |
| Unavailable revenue - tax roll | - | - | - | - | - | 188,616 | - | - | 188,616 |
| Unavailable revenue - special assessments | - | - | - | - | - | 590,872 | - | - | 590,872 |
| Leases | - | - | - | - | - | - | 1,150,122 | - | 1,150,122 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | - | - | - | - | - | 779,488 | 1,150,122 | - | 1,929,610 |
| <u>FUND BALANCES</u> | | | | | | | | | |
| Nonspendable | - | - | - | 14,614 | 226,269 | - | 130,560 | - | 371,443 |
| Committed | 397,504 | - | 2,050,149 | 302,812 | - | 313,480 | 9,369,473 | 2,588,051 | 15,021,469 |
| Unassigned | - | - | - | - | (161,152) | - | - | - | (161,152) |
| TOTAL FUND BALANCES | 397,504 | - | 2,050,149 | 317,426 | 65,117 | 313,480 | 9,500,033 | 2,588,051 | 15,231,760 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 692,592 | \$ 67,379 | \$ 2,050,149 | \$ 991,308 | \$ 3,867,301 | \$ 1,100,384 | \$ 11,478,756 | \$ 2,588,051 | \$ 22,835,920 |

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2022

| | STATE GRANTS | LOCAL GRANTS | LIBRARY | LA CROSSE CENTER | TRANSIT | SPECIAL ASSESSMENTS | SPECIAL ASSIGNED | ROOM TAX | TOTAL NONMAJOR SPECIAL REVENUE FUNDS |
|---|-------------------|-----------------|---------------------|---------------------|------------------|------------------------|---------------------|---------------------|--|
| REVENUE | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 397,563 | \$ 397,563 |
| Special assessment | - | - | - | - | - | 371,063 | - | - | 371,063 |
| Intergovernmental | 927,424 | 50,214 | - | - | 4,337,072 | - | 193,757 | - | 5,508,467 |
| Licenses and permits | - | - | - | - | - | - | 901,522 | - | 901,522 |
| Fines, forfeits, and penalties | - | - | - | - | - | - | 780,788 | - | 780,788 |
| Public charges for services | - | - | - | 2,500,314 | 440,101 | - | 1,366,619 | 10,334 | 4,317,368 |
| Intergovernmental charges for services | - | - | - | - | 368,006 | - | 126,282 | - | 494,288 |
| Miscellaneous | 15,988 | - | 226,828 | 29,109 | 264,665 | 32,312 | 593,304 | 43,403 | 1,205,609 |
| Change in fair value of investments | - | - | (309,231) | - | - | - | - | - | (309,231) |
| TOTAL REVENUE | <u>943,412</u> | <u>50,214</u> | <u>(82,403)</u> | <u>2,529,423</u> | <u>5,409,844</u> | <u>403,375</u> | <u>3,962,272</u> | <u>451,300</u> | <u>13,667,437</u> |
| EXPENDITURES | | | | | | | | | |
| Current | | | | | | | | | |
| General government | - | 11,309 | - | - | - | 10,261 | 459,848 | - | 481,418 |
| Public safety | 344,075 | - | - | - | - | - | 161,514 | - | 505,589 |
| Public works | - | - | - | - | 6,073,265 | 62,666 | - | - | 6,135,931 |
| Health and human services | - | - | - | - | - | - | 181,691 | - | 181,691 |
| Culture, recreation, and education | 30,422 | 38,905 | 238,143 | 1,779,805 | - | - | 1,949,818 | - | 4,037,093 |
| Conservation and development | 308,851 | - | - | - | - | - | 109,790 | - | 418,641 |
| Debt service | | | | | | | | | |
| Principal | - | - | - | - | 6,015 | - | - | - | 6,015 |
| Interest | - | - | - | - | 793 | - | - | - | 793 |
| Capital outlay | 60,299 | - | - | 42,680 | 80,850 | 73,088 | 197,681 | - | 454,598 |
| TOTAL EXPENDITURES | <u>743,647</u> | <u>50,214</u> | <u>238,143</u> | <u>1,822,485</u> | <u>6,160,923</u> | <u>146,015</u> | <u>3,060,342</u> | <u>-</u> | <u>12,221,769</u> |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES | <u>199,765</u> | <u>-</u> | <u>(320,546)</u> | <u>706,938</u> | <u>(751,079)</u> | <u>257,360</u> | <u>901,930</u> | <u>451,300</u> | <u>1,445,668</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Operating transfers in | 42,752 | - | - | 110,000 | 800,925 | - | 1,008,244 | - | 1,961,921 |
| Operating transfers (out) | - | - | - | (1,713,657) | (55,000) | (200,000) | (945,403) | (645,344) | (3,559,404) |
| Sale of capital assets | - | - | - | - | - | - | 6,605 | - | 6,605 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>42,752</u> | <u>-</u> | <u>-</u> | <u>(1,603,657)</u> | <u>745,925</u> | <u>(200,000)</u> | <u>69,446</u> | <u>(645,344)</u> | <u>(1,590,878)</u> |
| EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | <u>242,517</u> | <u>-</u> | <u>(320,546)</u> | <u>(896,719)</u> | <u>(5,154)</u> | <u>57,360</u> | <u>971,376</u> | <u>(194,044)</u> | <u>(145,210)</u> |
| FUND BALANCE - BEGINNING OF YEAR | <u>154,987</u> | <u>-</u> | <u>2,370,695</u> | <u>1,214,145</u> | <u>70,271</u> | <u>256,120</u> | <u>8,528,657</u> | <u>2,782,095</u> | <u>15,376,970</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 397,504</u> | <u>\$ -</u> | <u>\$ 2,050,149</u> | <u>\$ 317,426</u> | <u>\$ 65,117</u> | <u>\$ 313,480</u> | <u>\$ 9,500,033</u> | <u>\$ 2,588,051</u> | <u>\$ 15,231,760</u> |

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEETS
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2022

| ASSETS | CAPITAL PROJECTS | TIF 10 | TIF 11 | TIF 12 | TIF 13 | TIF 14 | TIF 15 | TIF 16 | TIF 17 |
|--|---------------------|-------------------|---------------------|-------------------|----------------------|---------------------|---------------------|-------------------|---------------------|
| Cash and investments | \$ 1,990,900 | \$ 113,480 | \$ 5,019,379 | \$ 36,842 | \$ 9,596,647 | \$ 3,669,452 | \$ 615,786 | \$ 210,279 | \$ 1,599,653 |
| Receivable | | | | | | | | | |
| Taxes | - | 271,620 | 3,074,050 | 451,659 | 2,729,672 | 1,396,364 | 840,997 | 276,716 | 1,504,193 |
| Accounts and other | - | - | 7,381 | - | 4,353 | 54,349 | 29,529 | - | 7,251 |
| Loan | - | - | 73,805 | - | 39,050 | 247,794 | 295,292 | - | - |
| Due from other funds | - | - | - | - | - | - | - | - | - |
| Due from other governments | - | - | - | - | - | - | - | - | - |
| Leases receivable | - | - | - | - | 422,920 | - | - | - | - |
| TOTAL ASSETS | \$ 1,990,900 | \$ 385,100 | \$ 8,174,615 | \$ 488,501 | \$ 12,792,642 | \$ 5,367,959 | \$ 1,781,604 | \$ 486,995 | \$ 3,111,097 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | | | |
| LIABILITIES | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 11,512 | \$ - | \$ 35,573 | \$ - | \$ 11,644 | \$ 35,925 | \$ 1,217 |
| Accrued expenses | - | - | - | - | - | - | - | - | - |
| Due to other funds | - | - | 791,746 | - | - | - | - | - | - |
| Due to other governments | - | - | - | - | - | - | - | - | - |
| Unearned revenue - other | - | - | 81,186 | - | 44,949 | 272,143 | 324,821 | - | - |
| Advances from other funds | - | 202,364 | 2,000,000 | 214,115 | - | - | - | - | - |
| TOTAL LIABILITIES | - | 202,364 | 2,884,444 | 214,115 | 80,522 | 272,143 | 336,465 | 35,925 | 1,217 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | |
| Unavailable revenue - tax roll | - | 271,620 | 3,074,050 | 451,659 | 2,729,672 | 1,396,364 | 840,997 | 276,716 | 1,504,193 |
| Leases | - | - | - | - | 422,921 | - | - | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | - | 271,620 | 3,074,050 | 451,659 | 3,152,593 | 1,396,364 | 840,997 | 276,716 | 1,504,193 |
| FUND BALANCES | | | | | | | | | |
| Restricted | 1,990,900 | - | 2,216,121 | - | 9,559,527 | 3,699,452 | 604,142 | 174,354 | 1,605,687 |
| Unassigned | - | (88,884) | - | (177,273) | - | - | - | - | - |
| TOTAL FUND BALANCES | 1,990,900 | (88,884) | 2,216,121 | (177,273) | 9,559,527 | 3,699,452 | 604,142 | 174,354 | 1,605,687 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 1,990,900 | \$ 385,100 | \$ 8,174,615 | \$ 488,501 | \$ 12,792,642 | \$ 5,367,959 | \$ 1,781,604 | \$ 486,995 | \$ 3,111,097 |

(Continued on page 78)

CITY OF LA CROSSE, WISCONSIN
COMBINING BALANCE SHEETS
NONMAJOR CAPITAL PROJECT FUNDS - Continued
DECEMBER 31, 2022

| ASSETS | TIF 18 | TIF 19 | TIF 20 | CAPITAL EQUIPMENT | BUILDINGS AND LAND CAPITAL PROJECTS | FLOODPLAIN CONTROL | HOUSING | PARKS AND RECREATION | ROADWAY AND INFRA- STRUCTURE | TOTAL NONMAJOR CAPITAL PROJECT FUNDS |
|---|-----------------|--------------|------------------|----------------------|---|-----------------------|-----------------|-------------------------|---------------------------------------|--|
| Cash and investments | \$ - | \$ - | \$ 22,578 | \$ 2,779,897 | \$ 9,460,364 | \$ 39,020 | \$ 4,625 | \$ 2,390,092 | \$ 11,215,454 | \$ 48,764,448 |
| Receivable | | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | - | 10,545,271 |
| Accounts and other | - | - | - | 9,063 | - | - | - | - | - | 111,926 |
| Loan | - | - | - | - | - | - | - | - | - | 655,941 |
| Due from other funds | - | - | 6,414 | - | - | - | - | - | - | 6,414 |
| Due from other governments | - | - | - | 167,577 | - | - | - | - | - | 167,577 |
| Leases receivable | - | - | - | - | - | - | - | - | - | 422,920 |
| TOTAL ASSETS | \$ - | \$ - | \$ 28,992 | \$ 2,956,537 | \$ 9,460,364 | \$ 39,020 | \$ 4,625 | \$ 2,390,092 | \$ 11,215,454 | \$ 60,674,497 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | |
| Accounts payable | \$ 12,035 | \$ - | \$ - | \$ 890,584 | \$ 746,809 | \$ - | \$ 1,000 | \$ 200,052 | \$ 886,805 | \$ 2,833,156 |
| Accrued expenses | | | | | | | | | | |
| Due to other funds | 2,719 | 329 | - | - | - | - | - | - | - | 794,794 |
| Due to other governments | - | - | - | 75,870 | - | - | - | - | - | 75,870 |
| Unearned revenue - other | - | - | - | - | 21,924 | - | - | - | - | 745,023 |
| Advances from other funds | - | - | - | - | - | - | - | - | - | 2,416,479 |
| TOTAL LIABILITIES | 14,754 | 329 | - | 966,454 | 768,733 | - | 1,000 | 200,052 | 886,805 | 6,865,322 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | |
| Unavailable revenue - tax roll | - | - | 6,414 | - | - | - | - | - | - | 10,551,685 |
| Unavailable revenue - special assessments | - | - | - | - | - | - | - | - | - | 422,921 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | - | - | 6,414 | - | - | - | - | - | - | 10,974,606 |
| FUND BALANCES | | | | | | | | | | |
| Restricted | - | - | 22,578 | 1,990,083 | 8,691,631 | 39,020 | 3,625 | 2,190,040 | 10,328,649 | 43,115,809 |
| Unassigned | (14,754) | (329) | - | - | - | - | - | - | - | (281,240) |
| TOTAL FUND BALANCES | (14,754) | (329) | 22,578 | 1,990,083 | 8,691,631 | 39,020 | 3,625 | 2,190,040 | 10,328,649 | 42,834,569 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ - | \$ - | \$ 28,992 | \$ 2,956,537 | \$ 9,460,364 | \$ 39,020 | \$ 4,625 | \$ 2,390,092 | \$ 11,215,454 | \$ 60,674,497 |

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2022

| | CAPITAL PROJECTS | TIF 10 | TIF 11 | TIF 12 | TIF 13 | TIF 14 | TIF 15 | TIF 16 | TIF 17 |
|---|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|
| REVENUE | | | | | | | | | |
| Taxes | \$ - | \$ 301,342 | \$ 4,718,465 | \$ 602,955 | \$ 3,716,862 | \$ 1,987,917 | \$ 920,533 | \$ 340,314 | \$ 2,111,561 |
| Intergovernmental | - | 4,956 | 495,845 | 9,488 | 208,099 | 733,821 | 77,240 | 2,102 | 17,393 |
| Public charges for services | - | - | - | - | - | 2,215 | 33,226 | - | - |
| Miscellaneous | - | 1,742 | 96,662 | 3,243 | 117,841 | 66,307 | 10,241 | 7,834 | 99,961 |
| TOTAL REVENUE | <u>-</u> | <u>308,040</u> | <u>5,310,972</u> | <u>615,686</u> | <u>4,042,802</u> | <u>2,790,260</u> | <u>1,041,240</u> | <u>350,250</u> | <u>2,228,915</u> |
| EXPENDITURES | | | | | | | | | |
| Current | | | | | | | | | |
| General government | 3,017 | - | - | - | - | - | - | - | 45,807 |
| Public works | - | - | - | - | - | - | - | - | - |
| Conservation and development | - | 25,030 | 62,907 | 25,030 | 26,181 | 25,030 | 25,135 | 25,030 | 26,533 |
| Debt service | | | | | | | | | |
| Principal | - | - | - | 50,987 | - | - | - | 339,596 | 114,048 |
| Interest | - | 3,207 | 31,700 | 23,419 | 100,398 | - | - | - | 11,839 |
| Capital outlay | - | 118,978 | 2,795,457 | 28,060 | 1,165,845 | 3,141,534 | 339,568 | 511,022 | 241,974 |
| TOTAL EXPENDITURES | <u>3,017</u> | <u>147,215</u> | <u>2,890,064</u> | <u>127,496</u> | <u>1,292,424</u> | <u>3,166,564</u> | <u>364,703</u> | <u>875,648</u> | <u>440,201</u> |
| EXCESS OF REVENUE (UNDER) OVER EXPENDITURES | <u>(3,017)</u> | <u>160,825</u> | <u>2,420,908</u> | <u>488,190</u> | <u>2,750,378</u> | <u>(376,304)</u> | <u>676,537</u> | <u>(525,398)</u> | <u>1,788,714</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Operating transfers in | - | - | 295 | - | - | - | - | - | - |
| Operating transfers (out) | (20,298) | (2,901) | (1,912,062) | (485,000) | (1,184,185) | (212,690) | - | - | (1,079,431) |
| Sale of capital assets | - | - | - | - | - | 19,279 | 30,409 | - | - |
| Issuance of long-term debt | - | - | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING (USES) SOURCES | <u>(20,298)</u> | <u>(2,901)</u> | <u>(1,911,767)</u> | <u>(485,000)</u> | <u>(1,184,185)</u> | <u>(193,411)</u> | <u>30,409</u> | <u>-</u> | <u>(1,079,431)</u> |
| EXCESS OF REVENUE AND OTHER SOURCES (UNDER) OVER EXPENDITURES AND OTHER USES | <u>(23,315)</u> | <u>157,924</u> | <u>509,141</u> | <u>3,190</u> | <u>1,566,193</u> | <u>(569,715)</u> | <u>706,946</u> | <u>(525,398)</u> | <u>709,283</u> |
| FUND BALANCE - BEGINNING OF YEAR | <u>2,014,215</u> | <u>(246,808)</u> | <u>1,706,980</u> | <u>(180,463)</u> | <u>7,993,334</u> | <u>4,269,167</u> | <u>(102,804)</u> | <u>699,752</u> | <u>896,404</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 1,990,900</u> | <u>\$ (88,884)</u> | <u>\$ 2,216,121</u> | <u>\$ (177,273)</u> | <u>\$ 9,559,527</u> | <u>\$ 3,699,452</u> | <u>\$ 604,142</u> | <u>\$ 174,354</u> | <u>\$ 1,605,687</u> |

(Continued on page 80)

CITY OF LA CROSSE, WISCONSIN
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS - Continued
YEAR ENDED DECEMBER 31, 2022

| | TIF 18 | TIF 19 | TIF 20 | CAPITAL EQUIPMENT | BUILDINGS AND LAND CAPITAL PROJECTS | FLOODPLAIN CONTROL | HOUSING | PARKS AND RECREATION | ROADWAY AND INFRA- STRUCTURE | TOTAL NONMAJOR CAPITAL PROJECT FUNDS |
|---|--------------------|-----------------|------------------|----------------------|---|-----------------------|-----------------|-------------------------|---------------------------------------|--|
| REVENUE | | | | | | | | | | |
| Taxes | \$ 14,415 | \$ - | \$ 22,581 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,736,945 |
| Intergovernmental | - | - | - | 1,858,892 | 295 | - | - | - | 2,249,997 | 5,658,128 |
| Public charges for services | - | - | - | - | - | - | - | - | - | 35,441 |
| Miscellaneous | 1,319 | - | 326 | 31,993 | 126,696 | 587 | 75 | 148,493 | 136,112 | 849,432 |
| TOTAL REVENUE | <u>15,734</u> | <u>-</u> | <u>22,907</u> | <u>1,890,885</u> | <u>126,991</u> | <u>587</u> | <u>75</u> | <u>148,493</u> | <u>2,386,109</u> | <u>21,279,946</u> |
| EXPENDITURES | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | - | - | - | - | - | - | 3,500 | - | 27,595 | 79,919 |
| Public works | - | - | - | - | - | - | - | - | 51,547 | 51,547 |
| Conservation and development | 469 | 470 | 470 | - | - | - | - | - | - | 242,285 |
| Debt service | | | | | | | | | | |
| Principal | - | - | - | 323,646 | - | - | - | - | - | 828,277 |
| Interest | - | - | - | - | - | - | - | - | - | 170,563 |
| Capital outlay | 1,571,658 | - | - | 7,331,334 | 9,427,688 | - | - | 1,242,272 | 3,554,243 | 31,469,633 |
| TOTAL EXPENDITURES | <u>1,572,127</u> | <u>470</u> | <u>470</u> | <u>7,654,980</u> | <u>9,427,688</u> | <u>-</u> | <u>3,500</u> | <u>1,242,272</u> | <u>3,633,385</u> | <u>32,842,224</u> |
| EXCESS OF REVENUE (UNDER) OVER EXPENDITURES | <u>(1,556,393)</u> | <u>(470)</u> | <u>22,437</u> | <u>(5,764,095)</u> | <u>(9,300,697)</u> | <u>587</u> | <u>(3,425)</u> | <u>(1,093,779)</u> | <u>(1,247,276)</u> | <u>(11,562,278)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Operating transfers in | 1,146,875 | - | - | 541,279 | 111,970 | - | - | - | 200,000 | 2,000,419 |
| Operating transfers (out) | - | - | - | (20,000) | (495,000) | - | - | (4,490) | (22,000) | (5,438,057) |
| Sale of capital assets | - | - | - | 798,018 | - | - | - | - | - | 847,706 |
| Issuance of long-term debt | - | - | - | 4,706,525 | 6,470,200 | - | 50,000 | 2,253,000 | 3,067,600 | 16,547,325 |
| TOTAL OTHER FINANCING SOURCES | <u>1,146,875</u> | <u>-</u> | <u>-</u> | <u>6,025,822</u> | <u>6,087,170</u> | <u>-</u> | <u>50,000</u> | <u>2,248,510</u> | <u>3,245,600</u> | <u>13,957,393</u> |
| EXCESS OF REVENUE AND OTHER SOURCES (UNDER) OVER EXPENDITURES AND OTHER USES | <u>(409,518)</u> | <u>(470)</u> | <u>22,437</u> | <u>261,727</u> | <u>(3,213,527)</u> | <u>587</u> | <u>46,575</u> | <u>1,154,731</u> | <u>1,998,324</u> | <u>2,395,115</u> |
| FUND BALANCE - BEGINNING OF YEAR | <u>394,764</u> | <u>141</u> | <u>141</u> | <u>1,728,356</u> | <u>11,905,158</u> | <u>38,433</u> | <u>(42,950)</u> | <u>1,035,309</u> | <u>8,330,325</u> | <u>40,439,454</u> |
| FUND BALANCE - END OF YEAR | <u>\$ (14,754)</u> | <u>\$ (329)</u> | <u>\$ 22,578</u> | <u>\$ 1,990,083</u> | <u>\$ 8,691,631</u> | <u>\$ 39,020</u> | <u>\$ 3,625</u> | <u>\$ 2,190,040</u> | <u>\$ 10,328,649</u> | <u>\$ 42,834,569</u> |

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
DECEMBER 31, 2022

| <u>ASSETS</u> | <u>STOCK ROOM</u> | <u>SELF INSURED HEALTH</u> | <u>S125 FLEX SPENDING</u> | <u>LIABILITY CLAIMS</u> | <u>WORKER'S COMPENSATION</u> | <u>FUEL MANAGEMENT</u> | <u>PAYROLL LIABILITIES</u> | <u>TOTALS</u> |
|--|--------------------------|--------------------------------|-------------------------------|-----------------------------|----------------------------------|----------------------------|--------------------------------|-----------------------------|
| CURRENT ASSETS | | | | | | | | |
| Cash and investments | \$ 28,433 | \$ 17,656,962 | \$ 609,105 | \$ 137,603 | \$ 2,315,184 | \$ 766,011 | \$ 403,120 | \$ 21,916,418 |
| Accounts receivable | | | | | | | | |
| Customer | - | 29,452 | 9,731 | - | - | - | 329,739 | 368,922 |
| Inventories | 93,858 | - | - | - | - | - | - | 93,858 |
| Prepays | - | 106 | - | - | - | - | 12,134 | 12,240 |
| RESTRICTED ASSETS | | | | | | | | |
| Cash | - | - | - | - | 17,634 | - | - | 17,634 |
| TOTAL ASSETS | <u>\$ 122,291</u> | <u>\$ 17,686,520</u> | <u>\$ 618,836</u> | <u>\$ 137,603</u> | <u>\$ 2,332,818</u> | <u>\$ 766,011</u> | <u>\$ 744,993</u> | <u>\$ 22,409,072</u> |
| <u>LIABILITIES AND NET POSITION</u> | | | | | | | | |
| LIABILITIES | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | |
| Accounts payable | \$ 357 | \$ 4,784,746 | \$ - | \$ 398,643 | \$ 1,065,358 | \$ - | \$ 417,891 | \$ 6,666,995 |
| Other | - | - | - | - | - | - | 327,102 | 327,102 |
| Unearned revenue - other | - | 53,087 | - | - | - | - | - | 53,087 |
| TOTAL LIABILITIES | <u>357</u> | <u>4,837,833</u> | <u>-</u> | <u>398,643</u> | <u>1,065,358</u> | <u>-</u> | <u>744,993</u> | <u>7,047,184</u> |
| NET POSITION | | | | | | | | |
| Restricted for other | - | - | - | - | 17,634 | - | - | 17,634 |
| Unrestricted | 121,934 | 12,848,687 | 618,836 | (261,040) | 1,249,826 | 766,011 | - | 15,344,254 |
| TOTAL NET POSITION | <u>121,934</u> | <u>12,848,687</u> | <u>618,836</u> | <u>(261,040)</u> | <u>1,267,460</u> | <u>766,011</u> | <u>-</u> | <u>15,361,888</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 122,291</u> | <u>\$ 17,686,520</u> | <u>\$ 618,836</u> | <u>\$ 137,603</u> | <u>\$ 2,332,818</u> | <u>\$ 766,011</u> | <u>\$ 744,993</u> | <u>\$ 22,409,072</u> |

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2022

| | STOCK ROOM | SELF INSURED HEALTH | S125 FLEX SPENDING | LIABILITY CLAIMS | WORKER'S COMPENSATION | FUEL MANAGEMENT | TOTALS |
|---|-------------------|------------------------|-----------------------|---------------------|--------------------------|--------------------|----------------------|
| OPERATING REVENUE | | | | | | | |
| Interdepartmental sales | \$ - | \$ 11,019,765 | \$ 383,065 | \$ 132,010 | \$ 454,754 | \$ 3,546 | \$ 11,993,140 |
| Other revenue | 164 | 493,541 | 24,758 | 108,386 | - | - | 626,849 |
| TOTAL OPERATING REVENUE | <u>164</u> | <u>11,513,306</u> | <u>407,823</u> | <u>240,396</u> | <u>454,754</u> | <u>3,546</u> | <u>12,619,989</u> |
| OPERATING EXPENSES | | | | | | | |
| Plant and maintenance expenses: | | | | | | | |
| Salaries and wages | - | 167,260 | 428,167 | - | 291,706 | - | 887,133 |
| Supplies and expenses | - | 3,320 | - | - | - | - | 3,320 |
| TOTAL PLANT AND MAINTENANCE EXPENSES | <u>-</u> | <u>170,580</u> | <u>428,167</u> | <u>-</u> | <u>291,706</u> | <u>-</u> | <u>890,453</u> |
| GENERAL EXPENSES | | | | | | | |
| Office supplies and other expenses | 20,226 | 3,862 | - | - | - | - | 24,088 |
| Outside services employed | - | 47,777 | - | - | - | 3,137 | 50,914 |
| Insurance expense | - | 1,507,940 | - | 278,309 | 255,657 | - | 2,041,906 |
| Employee benefits | - | 12,395,411 | - | - | - | - | 12,395,411 |
| TOTAL GENERAL EXPENSES | <u>20,226</u> | <u>13,954,990</u> | <u>-</u> | <u>278,309</u> | <u>255,657</u> | <u>3,137</u> | <u>14,512,319</u> |
| TOTAL OPERATING EXPENSES | <u>20,226</u> | <u>14,125,570</u> | <u>428,167</u> | <u>278,309</u> | <u>547,363</u> | <u>3,137</u> | <u>15,402,772</u> |
| OPERATING (LOSS) INCOME | (20,062) | (2,612,264) | (20,344) | (37,913) | (92,609) | 409 | (2,782,783) |
| NONOPERATING REVENUE | | | | | | | |
| Interest income | - | 217,001 | 7,419 | - | - | 9,788 | 234,208 |
| Miscellaneous revenue | - | 1,579 | - | - | - | - | 1,579 |
| TOTAL NONOPERATING REVENUE | <u>-</u> | <u>218,580</u> | <u>7,419</u> | <u>-</u> | <u>-</u> | <u>9,788</u> | <u>235,787</u> |
| CHANGE IN NET POSITION | (20,062) | (2,393,684) | (12,925) | (37,913) | (92,609) | 10,197 | (2,546,996) |
| NET POSITION - BEGINNING OF YEAR | 141,996 | 15,242,371 | 631,761 | (223,127) | 1,360,069 | 755,814 | 17,908,884 |
| NET POSITION - END OF YEAR | <u>\$ 121,934</u> | <u>\$ 12,848,687</u> | <u>\$ 618,836</u> | <u>\$ (261,040)</u> | <u>\$ 1,267,460</u> | <u>\$ 766,011</u> | <u>\$ 15,361,888</u> |

CITY OF LA CROSSE, WISCONSIN
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2022

| | STOCK ROOM | SELF INSURED HEALTH | S125 FLEX SPENDING | LIABILITY CLAIMS | WORKER'S COMPENSATION | FUEL MANAGEMENT | PAYROLL LIABILITIES | TOTALS |
|---|------------------|-----------------------|--------------------|--------------------|-----------------------|-------------------|---------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | |
| Receipts from customers | \$ 164 | \$ 500,724 | \$ 22,243 | \$ 108,386 | \$ - | \$ - | \$ - | \$ 631,517 |
| Receipts from municipality | 8,347 | 11,019,765 | 383,065 | 132,010 | 454,754 | 3,546 | 152,098 | 12,153,585 |
| Payments to suppliers for goods and services | - | (1,786,499) | - | (328,176) | (42,121) | (3,137) | - | (2,159,933) |
| Payments for employees wages and benefits | - | (12,562,671) | (428,167) | - | (291,706) | - | - | (13,282,544) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 8,511 | (2,828,681) | (22,859) | (87,780) | 120,927 | 409 | 152,098 | (2,657,375) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Interest received | - | 217,001 | 7,419 | - | - | 9,788 | - | 234,208 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 8,511 | (2,611,680) | (15,440) | (87,780) | 120,927 | 10,197 | 152,098 | (2,423,167) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 19,922 | 20,268,642 | 624,545 | 225,383 | 2,211,891 | 755,814 | 251,022 | 24,357,219 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 28,433 | \$ 17,656,962 | \$ 609,105 | \$ 137,603 | \$ 2,332,818 | \$ 766,011 | \$ 403,120 | \$ 21,934,052 |
| RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | | | | | | |
| Operating (loss) income | \$ (20,062) | \$ (2,612,264) | \$ (20,344) | \$ (37,913) | \$ (92,609) | \$ 409 | \$ - | \$ (2,782,783) |
| Changes in assets and liabilities | | | | | | | | |
| Decrease (increase) in receivables - customers | - | 7,183 | (2,515) | - | - | - | (48,731) | (44,063) |
| Decrease in inventories | 28,216 | - | - | - | - | - | - | 28,216 |
| (Increase) decrease in prepaid expenses | - | (83) | - | - | - | - | 841 | 758 |
| Increase (decrease) in accounts payable | 357 | (223,517) | - | (49,867) | 213,536 | - | 160,746 | 101,255 |
| Increase in other accrued expenses | - | - | - | - | - | - | 39,242 | 39,242 |
| Total adjustments | 28,573 | (216,417) | (2,515) | (49,867) | 213,536 | - | 152,098 | 125,408 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | \$ 8,511 | \$ (2,828,681) | \$ (22,859) | \$ (87,780) | \$ 120,927 | \$ 409 | \$ 152,098 | \$ (2,657,375) |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | | | | | | | |
| Cash and investments | \$ 28,433 | \$ 17,656,962 | \$ 609,105 | \$ 137,603 | \$ 2,315,184 | \$ 766,011 | \$ 403,120 | \$ 21,916,418 |
| Restricted cash | - | - | - | - | 17,634 | - | - | 17,634 |
| TOTAL CASH AND CASH EQUIVALENTS | \$ 28,433 | \$ 17,656,962 | \$ 609,105 | \$ 137,603 | \$ 2,332,818 | \$ 766,011 | \$ 403,120 | \$ 21,934,052 |

CITY OF LA CROSSE, WISCONSIN

OTHER REPORT



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

To the Common Council
City of La Crosse, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of La Crosse (the "City") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 12, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. Therefore, material weaknesses, or significant deficiencies may exist that have not been identified.

Purpose of This Report

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
July 12, 2023