

2014

Popular Annual Financial
Report



La Crosse County Wisconsin

12/31/2014

Purpose of Report

The Popular Annual Financial Report (PAFR) is an unaudited summary report of the financial activities of the County and is prepared primarily from detailed information contained in the County's 2014 Comprehensive Annual Financial Report (CAFR), with selected information from CAFRs prepared for earlier years.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and includes audited financial statements. As such, it provides much more detail as well as full disclosure of all material events, both financial and non-financial.

The GAAP presentation also includes the County's component unit (a related organization) and information on individual funds.

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

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

The CAFR, the PAFR, and the budget are available on the County's website at: <https://www.lacrossecounty.org/finance/financial-reports>



Community and Demographics

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



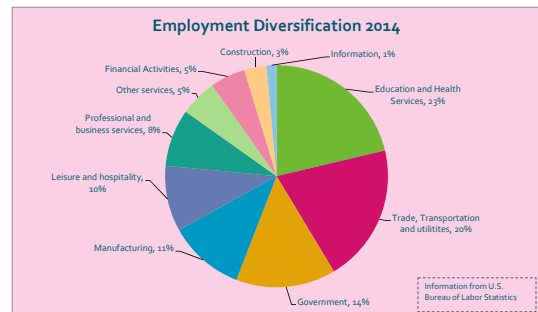
Due in large part to its solid workforce, well diversified economy, and excellent transportation connections, including an airport, major highways, and barge terminals; La Crosse County has



continued its growth as an employment center for the Coulee Region—serving a population of over 400,000. The City of La Crosse owns and operates a municipal airport. There are also 12 barge terminals located on the Black and Mississippi rivers. The County boasts significant natural resources and growing cultural

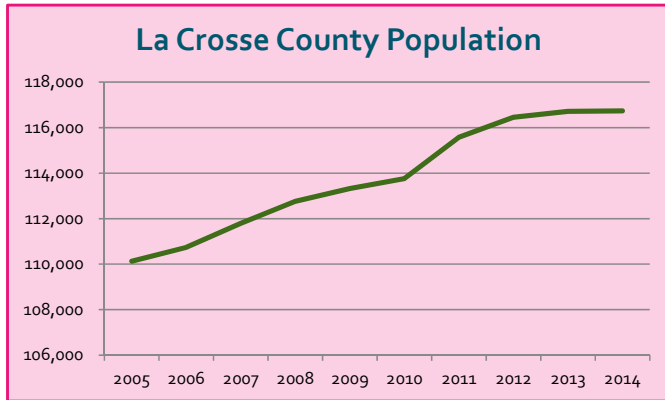
amenities contributing to the continued success of the tourism industry, as well as the attraction of employers to the area.

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

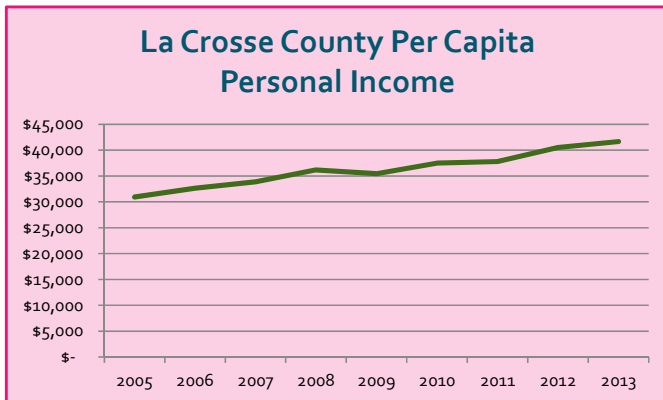


La Crosse County has a well-educated population. Of people 25 years and older, 11% have a graduate or professional degree; the Wisconsin rate is 8.9%. About 29.3% have a bachelors or higher degree; 93.7% have completed high school. In addition, we are home to the University of Wisconsin-La Crosse, Viterbo University, and Western Technical College.

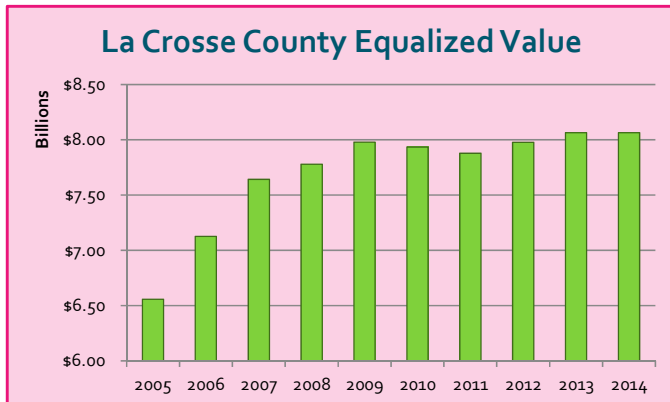
The median income within the County is \$50,771 and is slightly behind the Wisconsin median income of \$52,627. About 7.1% of families were below the poverty level, which is better than the State level of 8.4% and the U.S. level of 15.9%. Total retail sales for the County were \$3.2 Billion for last year, an increase of 42% from 2009. The median household effective buying income for the County is \$43,141.



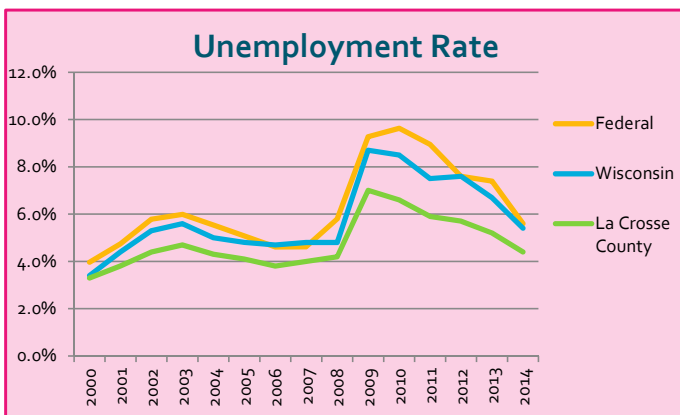
Since 2005, population within the County has risen 6%. The County has an estimated population of 116,740.



Per Capita Personal Income in the County has risen 34.6% in the last 10 years to \$40,514.



Over the past 10 years, the equalized value of taxable property in the County has increased 31.9%, resulting in a taxable equalized value of \$8,063,740,700.



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

La Crosse County also continues to be recognized for its high quality of life by nationally recognized rating organizations. Recently, the City of La Crosse was ranked #2 in the Most Exciting Small Cities in America” by Movoto due to the active nightlife, active lifestyle and young population the area has to offer. In 2013, the City of La Crosse was ranked #17 in Luminosity’s “Smartest Cities in America.”

In 2012 the restoration project of Grandad Bluff Scenic Overlook in La Crosse received “Project of the Year” by the American Public Works Association for the stabilization of the bluff against erosion and for restoring the park to the 1930s era.

The County also received national recognition by the Federal Environmental Protection Agency for the efforts to turn methane gas from the county landfill into electricity and heat for a local medical center.



In 2012, La Crosse ranked 8th in the Nation for high credit scores by Experian Credit Services. In 2011, Forbes.com ranked La Crosse in the top 40 for “Best Places for Business and Careers”. In 2009, U.S. News and World Report magazine listed La Crosse as one of the ten “Best Places to Live.” This ranking is based on the economy, population, cost of living, crime rate, and access to educational, cultural and recreational opportunities. The League of American Bicyclists designated the City of La Crosse as a “Silver Level Bicycle Friendly Community” in 2011.

In 2012, State Highway 35 that stretches through La Crosse County, following the Mississippi River, was named the “most scenic drive” in the U.S. by Huffington Post.



The County’s tourism continues to be a big industry for La Crosse as the county had over half a million visitors in 2014, bringing in more than \$200 million dollars. It shows our area is a destination for activities, festivals, events, and conventions.

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

County Government

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

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

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



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

Financial Highlights

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

Financial Summary			
	2014	2013	2012
Net Position			
Assets and Deferred Outflows	\$ 271,127,027	\$ 275,519,670	\$ 277,037,447
Liabilities and Deferred Inflows	124,382,606	124,527,332	120,803,144
Total Net Position	146,744,421	150,992,338	156,234,303
Revenues			
Governmental Activities	\$ 92,591,862	\$ 86,574,284	\$ 85,755,838
Business-type Activities	31,506,724	31,411,529	30,193,871
Total Revenues	124,098,586	117,985,813	115,949,709
Expenses			
Governmental Activities	\$ 90,557,931	\$ 91,365,697	\$ 85,677,973
Business-type Activities	33,288,572	31,762,081	28,274,061
Total Expenses	123,846,503	123,127,778	113,952,034
Capital Assets			
Governmental Activities	\$ 122,746,512	\$ 121,039,237	\$ 119,880,424
Business-type Activities	22,873,289	22,481,497	23,146,011
Total Capital Assets	145,619,801	143,520,734	143,026,435
Long-Term Obligations			
Governmental Activities	\$ 49,555,212	\$ 49,224,744	\$ 46,430,528
Business-type Activities	28,936,103	30,949,132	32,127,478
Total Long-Term Obligations	78,491,315	80,173,876	78,558,006

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

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

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

Statement of Net Position							
	Governmental Activities		Business-Type Activities		Total		
	2014	2013	2014	2013	2014	2013	
Current and Other Assets	\$ 93,610,426	\$ 96,037,663	\$ 27,209,501	\$ 30,738,283	\$ 120,819,927	\$ 126,775,946	
Capital Assets	122,746,512	121,039,237	22,873,289	22,481,497	145,619,801	143,520,734	
Total Assets	\$ 216,356,938	\$ 217,076,900	\$ 50,082,790	\$ 53,219,780	\$ 266,439,728	\$ 270,296,680	
Deferred Outflows of Resources	-	-	4,687,299	5,222,990	4,687,299	5,222,990	
Current and other liabilities	\$ 10,772,574	\$ 9,971,248	\$ 3,541,862	\$ 3,435,789	\$ 14,314,436	\$ 13,407,037	
Long-Term Liabilities	49,555,212	49,224,744	28,936,103	30,949,132	78,491,315	80,173,876	
Total Liabilities	\$ 60,327,786	\$ 59,195,992	\$ 32,477,965	\$ 34,384,921	\$ 92,805,751	\$ 93,580,913	
Deferred Inflows of Resources	31,445,155	30,830,842	131,700	115,577	31,576,855	30,946,419	
Net Position:	\$ 124,583,997	\$ 127,050,066	\$ 22,160,424	\$ 23,942,272	\$ 146,744,421	\$ 150,992,338	
Investment in Capital Assets, net of Related Debt	\$ 87,083,222	\$ 84,758,287	\$ 10,175,758	\$ 8,655,609	\$ 97,258,980	\$ 93,413,896	
Restricted	5,286,345	12,315,884	-	-	5,286,345	12,315,884	
Unrestricted	32,214,430	29,975,895	11,984,666	15,286,663	44,199,096	45,262,558	
Total Net Position	\$ 124,583,997	\$ 127,050,066	\$ 22,160,424	\$ 23,942,272	\$ 146,744,421	\$ 150,992,338	

The largest portion of the County's net position (66%) reflects the investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Therefore, even though the County's investment in capital assets is reported net of related debt, the resources needed to repay debt cannot come from the capital assets themselves and must be provided from other sources.

An additional portion of the County's net position \$5.2 million, or 4%, represent resources that are subject to external restrictions as to how they may be used. The remaining balance of unrestricted net position, or \$44.1 million, or 30%, may be used to meet the County's ongoing obligations to citizens and creditors.

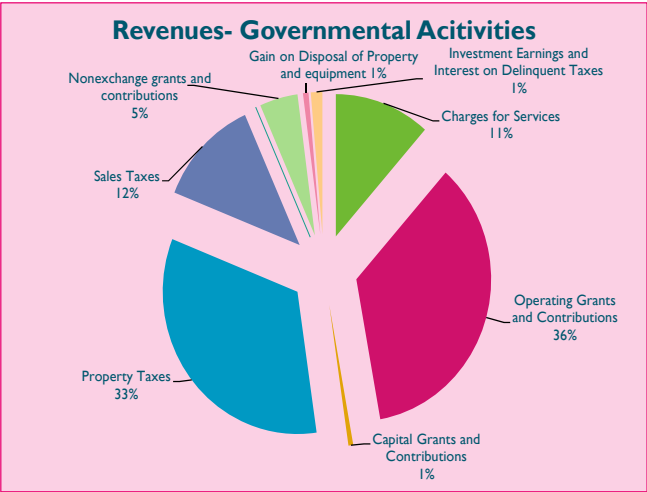
The County's net position increased \$252,083* during the current year. This results from an increase of governmental-type activities due to Human Services grants, increase in sales tax revenues, and investment earnings. A decrease of \$1.7 million of business-type activities was mainly due to Solid Waste closing part of a cell within the landfill. The County purposely used cash to pay for these expenses rather than issuing long-term debt.

*The County restated the beginning Net Position for 2014 by \$4.5m which is explained in detail in the County's CAFR, Note 18.

Revenues

WHERE DOES THE MONEY COME FROM?

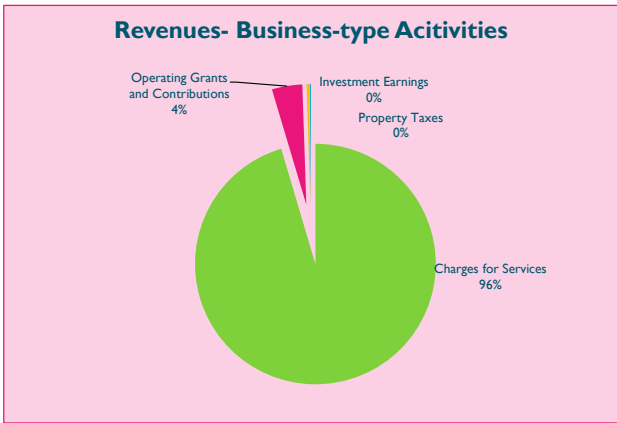
Total Revenues - Governmental Activities		
	2014	2013
Program Revenues		
Charges for Services	\$ 10,649,466	\$ 13,095,713
Operating Grants and Contributions	33,011,418	27,572,884
Capital Grants and Contributions	526,350	599,026
General Revenues		
Property Taxes	30,830,842	29,724,209
Sales Taxes	11,423,778	10,561,246
Other Taxes	7,382	28,541
Nonexchange grants and contributions	4,237,750	4,220,936
Gain on disposal of property & equip.	614,288	-
Investment Earnings and Interest on Delinquent Taxes	1,290,588	871,715
Total Revenues- Governmental Activities	\$ 92,591,862	\$ 86,674,270



Governmental activities charges for services decreased due to a one-time payment received in 2013 for an environmental impact fee paid to the County from the Wisconsin Department of Administration for the construction of the transmission line by Xcel Energy. Additional grants were received in the Human Services department for regionalization of programs and for implementation of the Affordable Care Act. Investment earnings and sales tax revenues increased due to the thriving economy. The gain on disposal of property and equipment was from the sale of 25 acres of the old Lakeview Farm to the West Salem School District.

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

Total Revenues - Business-type Activities		
	2014	2013
Program Revenues		
Charges for Services	\$ 30,058,557	\$ 29,962,546
Operating Grants and Contributions	1,281,998	1,216,899
General Revenues		
Property Taxes	115,577	115,000
Investment Earnings and Interest on Delinquent Taxes	50,592	17,098
Total Revenues- Business-type Activities	\$ 31,506,724	\$ 31,311,543



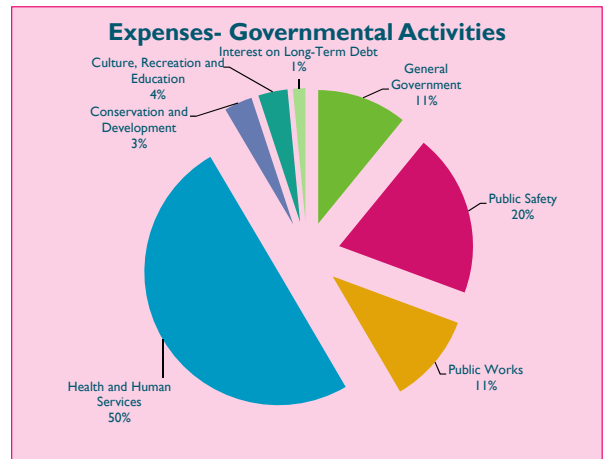
Program revenues include: (1) Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function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

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

Expenses

WHERE DOES THE MONEY GO?

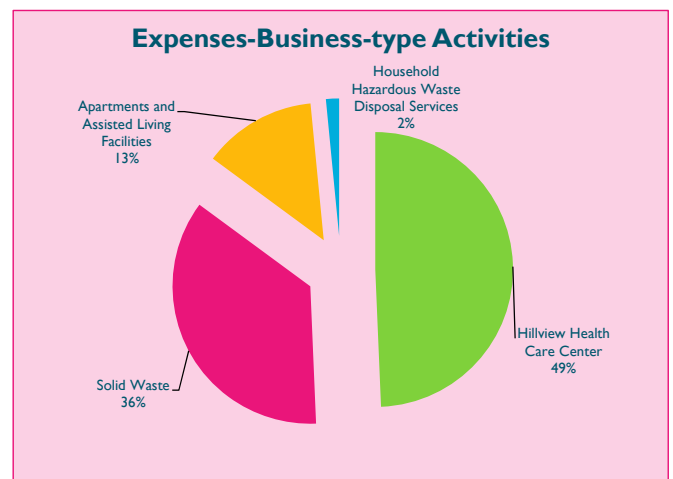
Total Expenses - Governmental Activities		
	2014	2013
General Government	\$ 9,849,340	\$ 10,885,928
Public Safety	17,914,983	18,032,416
Public Works	9,886,390	10,816,398
Health and Human Services	45,248,349	44,556,751
Conservation and Development	3,078,594	3,305,864
Culture, Recreation and Education	3,211,218	2,392,412
Interest on Long-Term Debt	1,369,057	1,375,928
Total Expenses - Governmental Activities	\$ 90,557,931	\$ 91,365,697



Governmental activities expenses decreased partly to a change in the amount allocated to governmental activities from the self-insurance fund. In 2014, the County was awarded a community development block grant from the State to be the fiscal agent of community development block grant funds for an 11-county area in southwestern Wisconsin.

Business-type activities expenses increased in the Solid Waste department due to closure of an approximate six acre portion of the landfill. Additionally, Maplewood and the Lakeview fixed asset fund, contributed monies to the Mississippi Valley Health Services, a component unit of the County.

Total Expenses - Business-type Activities		
	2014	2013
Hillview Health Care Center	\$ 16,423,463	\$ 16,346,777
Solid Waste	11,913,288	11,361,672
Apartments and Assisted Living Facilities	4,440,285	3,574,855
Household Hazardous Waste Disposal Services	511,536	478,777
Total Expenses - Business-type Activities	\$ 33,288,572	\$ 31,762,081



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

Capital Assets

WHAT DO WE OWN?

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

Capital Assets	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
	Capital Assets					
Land	\$ 6,714,515	\$ 5,972,055	\$ 947,300	\$ 987,506	\$ 7,661,815	\$ 6,959,561
Land Improvements	3,895,793	3,842,419	29,351,714	26,537,896	33,247,507	30,380,315
Buildings	70,876,378	70,832,155	17,926,441	17,020,677	88,802,819	87,852,832
Machinery and equipment	29,766,529	28,331,663	9,828,162	9,769,505	39,594,691	38,101,168
Infrastructure	102,803,788	95,653,229	-	-	102,803,788	95,653,229
Construction in progress	1,074,296	3,004,114	6,108,705	7,284,459	7,183,001	10,288,573
Total capital assets	215,131,299	207,635,635	64,162,322	61,600,043	279,293,621	269,235,678
Less:						
Accumulated Depreciation	92,384,787	86,596,398	41,289,033	39,118,546	133,673,820	125,714,944
Total Net Capital Assets	\$ 122,746,512	\$ 121,039,237	\$ 22,873,289	\$ 22,481,497	\$ 145,619,801	\$ 143,520,734

The County's largest increase for 2014 was due to two road projects. The past several years have seen much work in redesigning and removing "S" curves on County Highway OA. This work was finished in 2014. County Highway A had a major culvert and reconstruction project completed in 2014 as well.

A new six acre cell was constructed in the landfill during 2014. At the end of 2014, the County purchased four acres of land near the landfill as part of a future economic development plan to provide access to the industrial park site owned by the City of La Crosse. This will open up more than 20-acres of county land to sell for future development not currently on the tax rolls.



Construction was finished on Monarch Manor in 2014 on the Lakeview campus. This beautiful facility has been at full capacity and is providing the home-like atmosphere intended for developmentally disabled adults.

Long-Term Obligations

WHAT DO WE OWE?

As of December, 31, 2014, the County's long-term obligations totaled \$78,491,315; of which \$60,101,846 was general obligation debt outstanding. Of this amount, \$5,277,581 is due within 1 year.

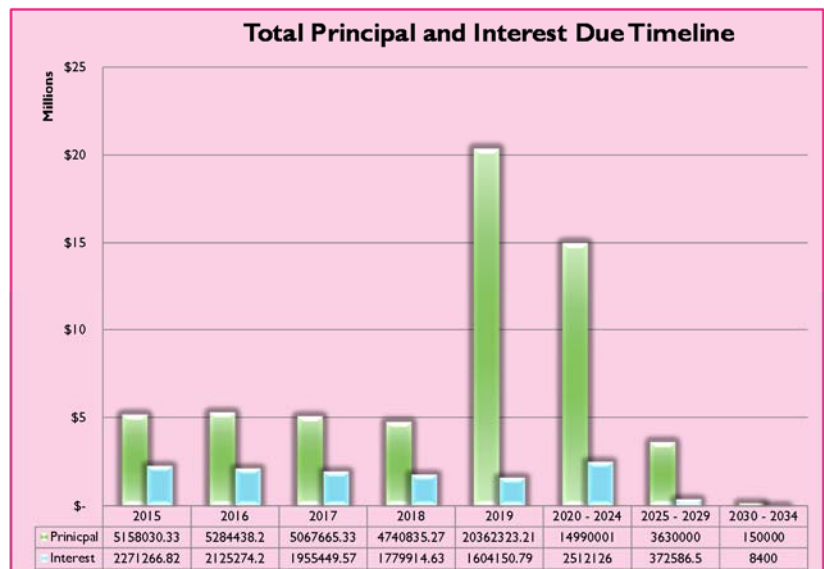
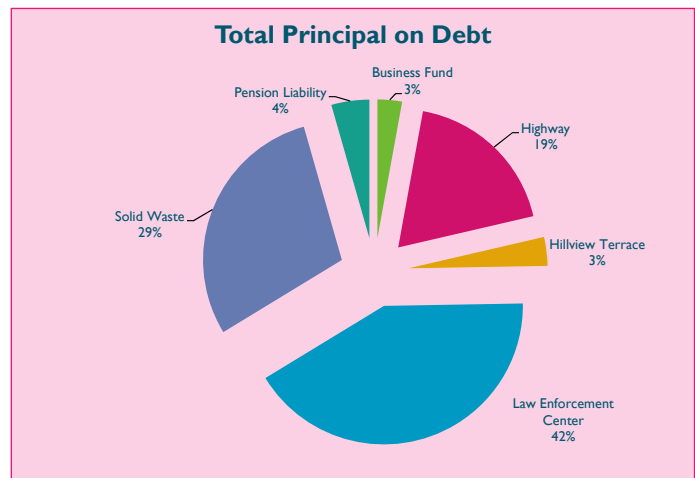
HOW'S OUR CREDIT?

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

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

The County's debt per capita is \$512 and is 1.37% of personal income.

Long-Term Obligations			
	Governmental Activities	Business-Type Activities	Total
Due within 1 year:			
Compensated Absences	\$ 2,300,520	\$ 569,435	\$ 2,869,955
Bonds and Notes Payable	3,730,632	1,546,949	5,277,581
Landfill Post Closure Costs	17,721	13,453	31,174
	<u>6,048,873</u>	<u>2,129,837</u>	<u>8,178,710</u>
Due longer than 1 year:			
Compensated Absences	4,658,430	-	4,658,430
Post Employment Benefit Obligation	1,177,159	-	1,177,159
Bonds and Notes Payable	37,119,324	17,704,941	54,824,265
Landfill Post Closure Costs	551,426	9,101,325	9,652,751
	<u>43,506,339</u>	<u>26,806,266</u>	<u>70,312,605</u>
Total Long-Term Obligations	49,555,212	28,936,103	78,491,315



Investments

HOW SAFE IS OUR MONEY?

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

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

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

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

Finally, the investment portfolio is designed to attain the highest market rate of return, taking into account economic cycles and the investment risk constraints and liquidity needs of the County. The return on investment is of secondary importance compared to the safety and liquidity objectives.

The County’s investment advisor, Dana Investment Advisors, was recently named “The #1 Best Places to Work” among money management firms by Pensions & Investment Magazine. They currently manage over \$5.3 billion in investment assets.

Types of Risk:

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

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

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

Cash and Investments	
Deposits	\$ 23,890,348
Petty Cash	6,222
Investments	40,605,893
Total	\$ 64,502,463

Investments	
Investment Types:	Fair Value
U.S. Treasury Notes	\$ 6,661,082
Treasury Inflation Protected Securities	2,085,966
U.S. Agency Securities	25,001,046
U.S. Small Business Administration	1,050,584
State of WI Local Government	
Investment Pool	1,074,329
Certificates of Deposit	2,000,000
Money Market Funds	2,732,886
Total Investments	\$ 40,605,893

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

General Fund

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

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

Unassigned Fund Balance Compared to Expenditures				
	2014		2013	
	General Fund	Percentage of Expenditures	General Fund	Percentage of Expenditures
Total Expenditures	\$ 32,661,722	-	\$ 31,511,179	-
Unassigned Fund Balance	18,010,105	55.1%	13,569,192	43.1%
Total Fund Balances	28,036,567	85.8%	26,896,793	85.4%

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

The increase from 2013 to 2014 was due to the County reporting sales tax in excess of budget as unassigned fund balance, which was previously reported as restricted fund balance. During 2014 County staff further researched the State requirements of excess sales tax and found it should be shown as unassigned fund balance. At December 31, the amount of excess sales tax in unassigned fund balance was \$3.4 million.

During 2014, sales tax revenues increased by over \$860,000 and was over \$1.1 million higher than was budgeted, indicating the local economy continues to thrive. Investment earnings increased by over \$400,000. The Finance and Personnel departments became more efficient by not filling positions and shifting duties, saving over \$265,000 from original budgeted expenses.

The Court expenditures continue to increase due to court appointed-attorney and legal guardian fees increasing, due to higher-demanding caseloads. County staff are working to monitor and address these increased costs. The Metropolitan Planning department expected increased costs from 2013 due to hiring outside consulting work for the Coulee Vision 2050 plan, which is a long-range regional transportation plan required by the Federal government.

Ratios and Trends

HOW ARE WE DOING?

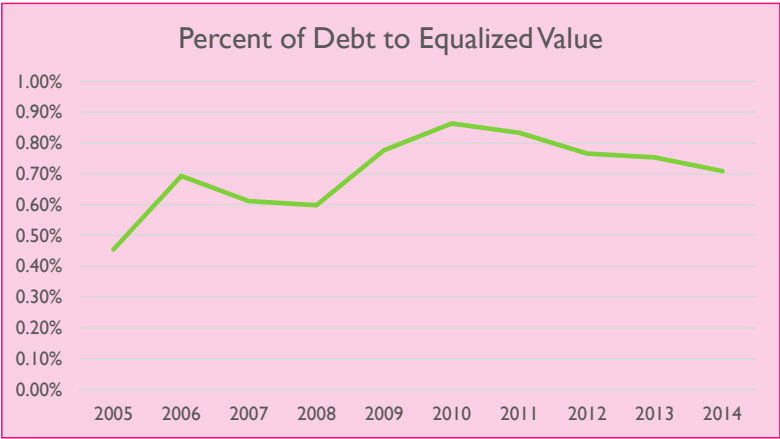
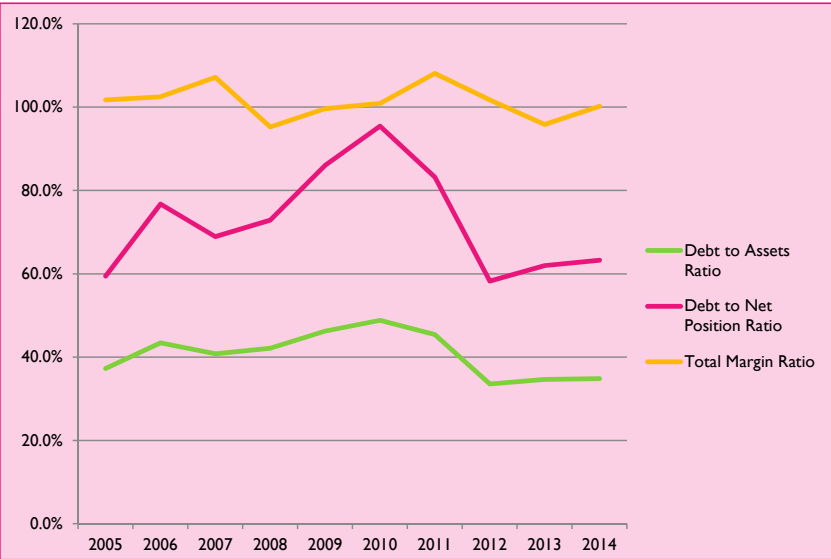
Looking at key financial ratios and trends over several years enables the County to have a clearer picture of where it has been and where it is going.

Primary Government										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt to Assets Ratio	37.3%	43.4%	40.8%	42.2%	46.2%	48.8%	45.4%	33.5%	34.6%	34.8%
Debt to Net Position Ratio	59.4%	76.8%	68.9%	72.9%	86.0%	95.4%	83.2%	58.3%	62.0%	63.2%
Total Margin Ratio	101.8%	102.5%	107.1%	95.3%	99.6%	100.9%	108.1%	101.8%	95.8%	100.2%

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

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

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



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

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

Major Initiatives

Lakeview Campus

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

The study found in order to maximize Federal and State reimbursement amounts the campus should transition from a 140,000 square foot, institutional-style facility to a cluster of smaller, more home-like buildings. A one 8-bed CBRF (community based residential facility) which would serve the current facility for the developmentally disabled; two-16 bed CBRF for special needs clients, one-10 bed State-only nursing home for behavioral health, and one-50 bed nursing home to serve primarily La Crosse County residents.

Construction of the 8-bed CBRF, named Monarch Manor, was completed in June of 2014, with residents moving in the same month. This beautiful facility has been at full capacity and is providing the home-like atmosphere intended. In February of 2015, bids were approved for the construction of the remaining campus buildings. Construction began on the project in April of this year and is expected to be completed in the fall of 2016.

Administrative Center and Lot C

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

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



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

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

Highway 108/ Highway C Swap

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

Schroeder Property

In December 2014 the county purchased 4 acres of land next to the entrance of the Solid Waste campus for a net purchase price of \$375,000 from excess sales tax collections. The purchase allows for a potential redesign to the entrance of the landfill for a safer experience for users coming and leaving the landfill as well as a reconfiguration of the weigh station.

The county is also collaborating with the City of La Crosse on getting a new access road and utility lines extended to the property and expanding the La Crosse International Business Park which is next to the Solid Waste campus. The expansion would create a 24-acre site suitable for a large manufacturer or industrial use. This property is in a city tax incremental financing district which is set to close in 2017.

Park Plaza Property

In January 2015 the county sold the former Holiday Inn site, located on Barron Island, known as "Park Plaza" to a local developer for \$600,000. The county gained title to the land in 2001 through foreclosure. In 2003 the County paid to have the building demolished and developed for resale and setup a receivable and an allowance of \$554,337. Over the years, the County has incurred approximately \$719,000 in development costs in addition to writing off delinquent taxes of approximately \$759,000.

The developer is building a 47-unit housing complex on an adjacent parcel expected to be worth approximately \$7 million. Starting in 2017, the County will be receiving repayment from TIF district #10 and

monies will be applied against the receivable and future payments will be applied as recoupment of property taxes and development costs the County incurred.

Community Development Block Grant Funds

In 2014 the County was awarded \$3,679,370 from the Wisconsin Department of Administration to be the fiscal agent of community development block grant (CDBG) funds for an 11-county area in southwestern Wisconsin. The first phase of this grant in the amount of \$2,080,000 will be completed by the fall of 2015. The second phase of the grant in the amount of \$1,599,370 is expected to be completed by the end of 2016. The grant funds are for rehabilitation of single-unit residential houses and for direct homeownership assistance. The County contracted with Coulee Cap to be the administrators of the grant.



Long-Term Financial Planning

HOW ARE WE PLANNING FOR THE FUTURE?

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

The downtown campus project cost of \$22.5m has been split into 2 debt issues (\$11m issued in 2015 and \$11m in 2016) to spread the debt service impact on tax levy over 3 years. Any premiums paid on the debt issues will be placed in a capital projects fund to help moderate capital debt levy directly. The remaining \$500k for the project in 2017 will be paid with fund balance reserves instead of issuing debt.

The Lakeview project is being financed with general obligation debt, but with the goal of revenues to be sufficient to support the operations and debt payments; therefore protecting against the need for tax levy support. The total cost of the project is \$17.7m and due to the strength of County reserves, the County has already paid over \$800k for design work and will not need to issue debt for these costs. For financing during construction, the County is issuing Bond Anticipation Notes (BAN) in the fall of 2015 at an anticipated true interest cost of approximately 1.2%. In the fall of 2017, after the project has been completed, the County will refinance the BAN with general obligation debt of \$17.7m.

In the past several years, the highway department has regularly issued debt or used fund balance to pay for highway projects as noted in the chart to the right. Starting with 2016, the goal over the next 5 years is to reduce new highway debt by \$300,000 each year. This will be achieved with added levy or other revenues, such as sales tax.

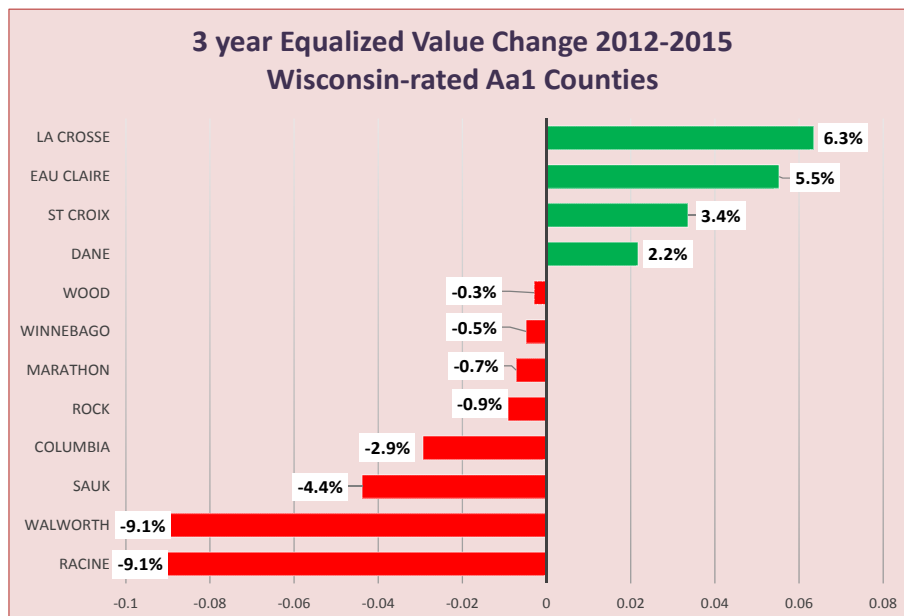
In 2015 and 2016 the County intends to reduce the general obligation debt the Solid Waste department has incurred. Since the Solid Waste department has sufficient cash balances, in the summer of 2015, the County intends to pay-off, the 2005-A solid waste debt issue of \$2.4m. In 2016, the 2006-A and 2006-B solid waste debt issues will be available to refinance. The County is evaluating options to refinance these as revenue bonds and reduce the amount of general obligation debt exposure. The savings in debt payments will allow the landfill to finance future capital projects with cash reserves and reduce the need for borrowing.

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

The following chart summarizes the ratio of G.O. debt to equalized value and debt per capita for the last 10 years as well as what is planned for the next 6 years. Equalized value and the population has been shown with no increase. However, in the graph below, the County's change in equalized value in the last 4 years has grown by 6.3%. And has significantly shown a greater increase than other Aa1-rated counties in Wisconsin.

Ratios of General Bonded Debt to Equalized Valuation and Debt Per Capita					
Last Ten Fiscal Years					
Year	Total	Equalized Value	Percent of Debt		Debt Per Capita
	General Obligation		to Equalized Valuation	Population	
2005	\$ 29,790,546	\$ 6,557,674,600	0.45%	110,128	\$ 270.51
2006	49,360,980	7,126,716,600	0.69%	110,743	445.73
2007	46,738,022	7,642,785,200	0.61%	111,791	418.08
2008	46,514,041	7,779,523,300	0.60%	112,758	412.51
2009	62,009,046	7,978,271,000	0.78%	113,318	547.21
2010	68,508,139	7,935,455,900	0.86%	113,758	602.23
2011	65,621,424	7,879,057,100	0.83%	115,572	567.80
2012	61,129,275	7,977,429,700	0.77%	116,461	524.89
2013	60,764,122	8,063,740,700	0.75%	116,713	520.63
2014	59,776,846	8,428,637,800	0.71%	116,740	512.05
Projected Next 6 years					
2015	65,765,261	8,428,637,800 *	0.78%	116,740 *	563.35
2016	61,335,824	8,428,637,800 *	0.73%	116,740 *	525.41
2017	72,893,722	8,428,637,800 *	0.86%	116,740 *	624.41
2018	67,835,222	8,428,637,800 *	0.80%	116,740 *	581.08
2019	61,484,387	8,428,637,800 *	0.73%	116,740 *	526.68
2020	54,449,387	8,428,637,800 *	0.65%	116,740 *	466.42

* Assumes EQ value & population at 0% growth



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