

CITY OF LA CROSSE, WISCONSIN

**FEDERAL AND STATE
SINGLE AUDIT REPORTS**

DECEMBER 31, 2018

CITY OF LA CROSSE, WISCONSIN

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE AND SCHEDULES OF EXPENDITURES OF
FEDERAL AND STATE AWARDS AS REQUIRED BY
THE UNIFORM GUIDANCE, FEDERAL AVIATION ADMINISTRATION,
AND STATE SINGLE AUDIT GUIDELINES**

To the Common Council
City of La Crosse, Wisconsin

Report on Compliance for Each Major Federal, State, and PFC Program

We have audited the City of La Crosse, Wisconsin's ("City") compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration ("PFC Guide"), and *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of the City's major federal and state programs and the passenger facility charge program for the year ended December 31, 2018. The City's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned cost.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, and *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, the Uniform Guidance, the PFC Guide, and state guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program and its passenger facility charge program. Our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal and State Programs and the Passenger Facility Charge Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs and its passenger facility charge program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Schedules of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2018, and have issued our report, thereon, dated September 25, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards, Federal Transit Administration Reconciliation, and Schedule of Passenger Facility Charges Collected and Expended are presented for purposes of additional analysis, as required by the Uniform Guidance, Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, and State Single Audit Guidelines, issued by the Wisconsin Department of Administration, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
September 25, 2019

CITY OF LA CROSSE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2018

GRANTOR AGENCY PASS-THROUGH AGENCY GRANT DESCRIPTION <u>GRANT PERIOD AND NUMBER</u>	FEDERAL CATALOG OR STATE I.D. NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES	TOTAL STATE EXPENDITURES
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
COMMUNITY DEVELOPMENT BLOCK GRANT	14.218	N/A	\$ 865,678	\$ 1,192,572	\$ -
HOME INVESTMENT PARTNERSHIP PROGRAM	14.239	N/A	-	612,199	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			865,678	1,804,771	-
<u>U.S. DEPARTMENT OF THE INTERIOR</u>					
<u>US Fish and Wildlife Service</u>					
Partners for Fish and Wildlife	15.631	LAX-17-073	-	10,750	-
<u>U.S. DEPARTMENT OF JUSTICE</u>					
<u>Direct Programs</u>					
OFFICE OF JUSTICE PROGRAMS					
Public Safety Partnerships and Community Policing Grants 2017-UM-WX-0159 11/1/17 - 10/31/2020	16.710		-	75,897	-
Edward Byrne Memorial Justice Assistance Grant Program 2017-DJ-BX-0227 10/1/2016-9/30/2020	16.738		-	8,422	-
Violence Against Women Formula Grant DART	16.588	N/A	-	150,887	-
Bulletproof Vest Partnership Program	16.607	N/A	-	8,120	-
<u>Indirect Programs</u>					
WISCONSIN DEPARTMENT OF ADMINISTRATION - OFFICE OF JUSTICE ASSISTANCE					
Victims of Crime Act (VOCA) 10/1/17-9/30/18	16.575	2016-VO-01-12415	-	51,778	-
10/1/18-9/30/19		2017-VO-01-13335	-	24,132	-
TOTAL 16.575			-	75,910	-
TOTAL U.S. DEPARTMENT OF JUSTICE			-	319,236	-

(Continued on page 6)

CITY OF LA CROSSE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - Continued
YEAR ENDED DECEMBER 31, 2018

GRANTOR AGENCY PASS-THROUGH AGENCY GRANT DESCRIPTION <u>GRANT PERIOD AND NUMBER</u>	FEDERAL CATALOG OR STATE I.D. NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES	TOTAL STATE EXPENDITURES
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
WISCONSIN DEPARTMENT OF TRANSPORTATION					
Federal Transit Formula Grant	20.507	N/A	\$ -	\$ 2,149,133	\$ -
Section 9 Operational Asst Grant	395.104	N/A	-	-	1,341,753
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	2,149,133	1,341,753
<u>U.S. DEPARTMENT OF HOMELAND SECURITIES</u>					
WI Dept of Natural Resources					
Boating Safety Financial Assistance	97.012	EMW-2013-PU-00066-S01	-	9,527	-
WI Dept of Military Affairs					
Disaster Grants - Public assistance	97.036	PA-05-WI-4343-PW-00341	-	86,825	-
Disaster Grants - Public assistance	97.036	PA-05-WI-4343-PW-00181	-	116,429	-
Disaster Grants - Public assistance	465.305	PA-05-WI-4343-PW-00341	-	-	14,471
Disaster Grants - Public assistance	465.305	PA-05-WI-4343-PW-00181	-	-	19,405
TOTAL 97.036/455.305			-	203,254	33,876
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITIES			-	212,781	33,876
<u>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</u>					
Boating Enforcement	370.550	N/A	-	-	20,902
RU Recycling Grant	370.670	N/A	-	-	167,264
RU Consolidation Grant	370.673	N/A	-	-	13,548
TOTAL WISCONSIN DEPARTMENT OF NATURAL RESOURCES			-	-	201,714
TOTAL AWARDS			\$ 865,678	\$ 4,496,671	\$ 1,577,343

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CITY OF LA CROSSE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - Continued
YEAR ENDED DECEMBER 31, 2018

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of La Crosse, Wisconsin and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. City of La Crosse, Wisconsin has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - Disclosure of Other Forms of Assistance

The City of La Crosse, Wisconsin received no federal awards of non-monetary assistance that are required to be disclosed for the year end December 31, 2018.

The City of La Crosse, Wisconsin had no federal loans or loan guarantees required to be disclosed for the year ended December 31, 2018.

CITY OF LA CROSSE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal and state programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Yes No

Identification of federal major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
20.507	Federal Transit Formula Grant

Identification of state major program:

395.104	Section 9 Operational Assistance Grant
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Dollar threshold used to distinguish between
 Type A and Type B federal and state programs: \$750,000
 Type A and Type B state programs: \$250,000

Auditee qualified as low-risk auditee? Yes No

CITY OF LA CROSSE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
DECEMBER 31, 2018

Section II - Financial Statement Findings

2018-001 - Material Audit Adjustments

Program: City-wide

Criteria: Generally accepted accounting principles

Condition: Material audit adjustments were required to prevent the City's financial statements from being materially misstated.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that adjustments should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Systematic problem.

Prior Year Finding: This was not a prior year finding.

Recommendation: Improve the City's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect material adjustments.

Management's Response: The City will incorporate financial reporting internal controls to detect material adjustments, prevent materially misstated financial statements and increase the accuracy of the interim financial reports used by management.

Section III - Federal Award Findings and Questioned Costs - NONE

Section IV - Status of Prior Year Findings - NONE

Section V - Other Issues

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*
Department of Health and Human Services No
Department of Workforce Development No
Department of Corrections N/A

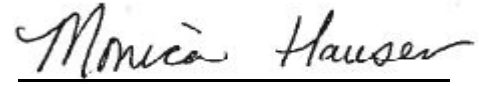
CITY OF LA CROSSE, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
DECEMBER 31, 2018

Section V - Other Issues - Continued

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? (Yes/No)

No

4. Name and signature of partner



Monica Hauser, CPA
Partner

5. Date of report

September 25, 2019

CITY OF LA CROSSE, WISCONSIN
FEDERAL TRANSIT ADMINISTRATION RECONCILIATION
YEAR ENDED DECEMBER 31, 2018

ACCRUED BASIS REVENUE PER FINANCIAL STATEMENT/SINGLE AUDIT

Operating revenue	\$ 788,721
Damage income	12,905
Intergovernmental grants	3,723,086
Transfer from other funds	506,573
Other income	31,280
Intergovernmental charges	<u>631,532</u>

REVENUE PER FINANCIAL STATEMENT/SINGLE AUDIT 5,694,097

Less: Other revenue (contra expense) 14,398

REVENUE PER NTD REPORT \$ 5,679,699

Expenses per single audit \$ 5,694,097

Add: Depreciation expense 791,125

EXPENSES PER FINANCIAL STATEMENT 6,485,222

Less: Contra expenses 14,398

EXPENSES PER NTD REPORT \$ 6,470,824

CITY OF LA CROSSE, WISCONSIN
SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED
YEAR ENDED DECEMBER 31, 2018

In accordance with the "Passenger Facility Charge Audit Compliance and Reporting Guide for Public Agencies", issued by the Federal Aviation Administration, the Passenger Facility Charges (PFC) program of the La Crosse Municipal Airport (LSE) has been included in the City of La Crosse's federal single audit. The following is a detailed schedule of PFC Collected and Expended:

		<u>ACTUAL</u>
BALANCE OF UNLIQUIDATED PFC REVENUE AS OF JANUARY 1, 2018		\$ 515,253
REVENUE		
PFC collected		391,574
Interest earned		11,230
TOTAL REVENUE		<u>402,804</u>
EXPENDITURES	<u>BUDGET</u>	
Planning studies	\$ 31,192	-
Runway safety project	29,253	-
Security access system	15,213	-
Taxiway safety improvements	80,351	-
Runway safety improvements	63,244	-
Land acquisitions	174,117	-
ARFF building and other safety items	94,695	-
ARFF vehicle replacement	16,134	-
PFC administrative costs	418,954	-
Snow removal equipment	2,944,642	-
Pavement evaluation and management system	10,259	-
Airfield sealcoating	64,507	-
Reconstruct runway 18/36 Phase I	144,454	-
Construct airport entrance sign	29,987	-
Reconstruct runway 18/36 Phases II & III	323,461	-
Approach lighting system	72,195	-
Airport master plan update	226,436	-
Ground level passenger loading bridges	48,161	-
Environmental assessment	100,000	-
Reconstruction of runway 13/31	38,844	-
Baggage handling system	400,000	-
Airport electrical upgrades - Phase I	44,500	-
Terminal development	75,000	-
Reconstruct taxiway B and east apron	70,027	-
Airfield electrical improvements	26,922	-
Aircraft rescue/firefighting	500,000	-
Taxiway G, H, F Reconstruction	380,000	-
Taxiway A Reconstruction, Phase I & II	49,026	-
Land use compatibility plan	115,000	-
Security enhancements	10,857	-
Non revenue producing parking lot	56,272	-
Access road reconstruction	691,288	-
Reconstruct perimeter road	69,234	-
Extension of Taxiway F	356,299	-
Runway 3/36 Reconfiguration	81,091	-
Mobile ADA lift	41,327	-
Commercial terminal bldg upgrades	4,983	-
Finger print equipment	7,605	-
Runway 18/36 pavement maintenance	71,240	-
Commercial terminal Bldg Upgrades-PH II	129,657	-
Commercial terminal Bldg Upgrades-PH III	3,715,313	282,983
Emergency Radio System Upgrade	236,000	-
Acquire Land for Runway Protection Zone	65,000	-
Wildlife Hazard assessment Management	1,849	-
Runway Lighting Rehab	70,000	32,821
Taxiway Lighting Rehab	100,000	49,645
Taxiway F Pavement Rehab	35,681	-
Perimeter Gate/Fencing Replacement	156,050	64,661
Terminal Apron Expansion & Rehab	150,000	-
Roof Rehabilitation, SRE Building	105,505	40,038
TOTAL EXPENDITURES	<u>\$ 12,741,825</u>	<u>470,148</u>
BALANCE OF UNLIQUIDATED PFC REVENUE AS OF DECEMBER 31, 2018		<u>\$ 447,909</u>