

CITY OF LA CROSSE, WISCONSIN

**INDEPENDENT AUDITORS' REPORT
ON COMMUNICATIONS WITH THOSE
CHARGED WITH GOVERNANCE**

DECEMBER 31, 2013

CITY OF LA CROSSE, WISCONSIN

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**INDEPENDENT AUDITORS' REPORT ON
COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of La Crosse, Wisconsin, for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 16, 2014. Professional standards also require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- The depreciation is based on using the straight-line method over the estimated useful life of the asset.
- The liability for health care claims, workers compensation claims, and liability claims at year end is based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported, based on historical experience.
- The allowance for doubtful accounts for accounts receivable is based on the status of court penalty collections.
- The other post-employment benefits (OPEB) liability is based on an actuarial review of the City's health benefits plan and employee base.

We evaluated key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The audit adjustments listed on page 4 were detected as a result of audit procedures and have been corrected by management.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 27, 2014.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Others Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Common Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 27, 2014

CITY OF LA CROSSE
ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2013

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<u>Adjusting Journal Entry # 1</u>			
To correctly record DNR loan payable.			
0476-C-000-0-2110-00-02069	CITY'S SEC FOR DNR REUSE GRANT	312,000	
0950-D-000-0-1990-00-00000	AMOUNT TO BE PROVIDED FOR DEBT	202,925	
0476-C-990-5-5799-00-02069	CITY'S SEC FOR DNR REUSE GRANT		312,000
0950-D-000-0-2964-76-00000	DNR LOAN - TIF		202,925
	TOTAL	<u>514,925</u>	<u>514,925</u>

<u>Adjusting Journal Entry # 2</u>			
To adjust transit for post employment health insurance that should be recorded in fund 950.			
0640-E-000-0-2814-00-00000	POST EE HEALTH INSURANCE	1,018,726	
0950-D-000-0-1990-00-00000	AMOUNT TO BE PROVIDED FOR DEBT	1,018,726	
0640-E-640-5-5930-02-00000	ADJ FOR OPEB		1,018,726
0950-D-000-0-2962-03-00000	POST EMPLOYEE HEALTH INSURANCE		1,018,726
	TOTAL	<u>2,037,452</u>	<u>2,037,452</u>