

**CITY OF LA CROSSE, WISCONSIN**

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

**DECEMBER 31, 2016**

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, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Grant Guidance, 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 7, 2016. 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 2016. We noted no transactions entered into by the City 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.

- The net pension liability (WRS) is based on an actuarial review of the statewide retirement system (WRS). The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. 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 was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers.

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. Management has corrected all such misstatements. The misstatements listed on pages 5-8 were detected as a result of audit procedures and were 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 July 17, 2017.

#### *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 City'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 City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Other Matters**

We applied certain limited procedures to the management's discussion and analysis, schedule of funding progress - post-employment healthcare benefits, budgetary comparison information, and Wisconsin Retirement System Schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining nonmajor fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, 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.

## **Restriction on Use**

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

*Hawthorn Ash CPAs, LLP*

La Crosse, Wisconsin  
July 17, 2017

**CITY OF LA CROSSE, WISCONSIN**  
**ADJUSTING JOURNAL ENTRIES**  
**DECEMBER 31, 2016**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b><u>Adjusting Journal Entry # 1</u></b>			
To record insurance receivable.			
0640-E-000-0-1310-00-00000	ACCOUNTS RECEIVABLE	45,134	
0640-E-640-4-4840-03-00000	DIVIDENDS		45,134
	<b>TOTAL</b>	<b><u>45,134</u></b>	<b><u>45,134</u></b>
<b><u>Adjusting Journal Entry # 2</u></b>			
To correct excess city subsidy.			
0100-G-000-0-1110-00-00000	WORKING CASH	45,134	
0640-E-640-4-4890-23-00000	CITY BUS SUBIDY	45,134	
0100-G-400-4-4890-23-00000	BUS SUBSIDY RETURNED		45,134
0640-E-000-0-1110-00-00000	WORKING CASH		45,134
	<b>TOTAL</b>	<b><u>90,268</u></b>	<b><u>90,268</u></b>
<b><u>Adjusting Journal Entry # 3</u></b>			
To record interfund advances.			
0100-G-000-0-1716-40-00000	ADVANCE TO TRANSIT UTILITY	531	
0640-E-000-0-1110-00-00000	WORKING CASH	531	
0100-G-000-0-1110-00-00000	WORKING CASH		531
0640-E-000-0-2711-00-00000	ADVANCE FROM GENERAL FUND		531
	<b>TOTAL</b>	<b><u>1,062</u></b>	<b><u>1,062</u></b>
<b><u>Adjusting Journal Entry # 4</u></b>			
To reverse JE #122784 and properly record HUD - Accounts Receivable as of December 31, 2016.			
2020-S-821-4-4325-01-00000	FEDERAL GRANTS HUD	508	
2254-S-000-0-1410-01-00000	DUE FROM HUD	2,956	
2256-S-000-0-1410-01-00000	DUE FROM HUD	48,669	
2257-S-000-0-1410-01-00000	DUE FROM HUD	6,121	
2258-S-000-0-1410-01-00000	DUE FROM HUD	12,076	
2259-S-000-0-1410-01-00000	DUE FROM HUD	8,743	
2259-S-000-0-1410-01-00000	DUE FROM HUD	10,021	
2725-S-000-0-1410-01-00000	DUE FROM HUD	56,672	
2726-S-000-0-1410-01-00000	DUE FROM HUD	18,468	
2726-S-000-0-1410-01-00000	DUE FROM HUD	18,468	
2020-S-000-0-1110-00-00000	WORKING CASH		508
2254-S-000-0-1110-00-00000	WORKING CASH		2,956
2256-S-000-0-1110-00-00000	WORKING CASH		48,669
2257-S-000-0-1110-00-00000	WORKING CASH		6,121
2258-S-000-0-1110-00-00000	WORKING CASH		12,076
2259-S-000-0-1110-00-00000	WORKING CASH		8,743
2259-S-000-0-1110-00-00000	WORKING CASH		10,021
2725-S-000-0-1110-00-00000	WORKING CASH		56,672
2726-S-000-0-1110-00-00000	WORKING CASH		18,468
2726-S-000-0-1410-00-00000	DUE FROM FEDERAL		18,468
	<b>TOTAL</b>	<b><u>182,702</u></b>	<b><u>182,702</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**ADJUSTING JOURNAL ENTRIES**  
**DECEMBER 31, 2016**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b><u>Adjusting Journal Entry # 5</u></b>			
To record addition HOME & CDBG Federal revenue and due from HUD as of year end.			
2020-S-000-0-1410-01-00000	DUE FROM HUD	241	
2254-S-000-0-1410-01-00000	DUE FROM HUD	183	
2257-S-000-0-1410-01-00000	DUE FROM HUD	85,256	
2259-S-000-0-1410-01-00000	DUE FROM HUD	33,030	
2725-S-000-0-1410-01-00000	DUE FROM HUD	19,446	
2726-S-000-0-1410-01-00000	DUE FROM HUD	51,129	
2727-S-000-0-1410-01-00000	DUE FROM HUD	20,244	
2020-S-821-4-4325-01-00000	FEDERAL GRANTS HUD		241
2254-S-821-4-4325-01-00000	FEDERAL GRANTS HUD		183
2257-S-821-4-4325-01-00000	FEDERAL GRANTS HUD		85,256
2259-S-821-4-4325-01-00000	2016 CDBG FED GRANTS HUD		33,030
2725-S-825-4-4325-01-00000	FEDERAL GRANTS HUD		19,446
2726-S-825-4-4325-01-00000	FEDERAL GRANTS HUD		51,129
2727-S-825-4-4325-01-00000	FEDERAL GRANTS HUD		20,244
	<b>TOTAL</b>	<b><u>209,529</u></b>	<b><u>209,529</u></b>
<b><u>Adjusting Journal Entry # 6</u></b>			
To adjust CDBG grant revenue to actual.			
2258-S-821-4-4890-00-00000	MISCELLANEOUS REVENUE	5,848	
2258-S-821-4-4325-01-00000	2015 CDBG FED GRANTS HUD		5,848
	<b>TOTAL</b>	<b><u>5,848</u></b>	<b><u>5,848</u></b>
<b><u>Adjusting Journal Entry # 7</u></b>			
To correct storm water advance.			
0630-E-887-4-4861-20-00000	CONTRIBUTIONS FROM OTHER	12,627	
0630-E-000-0-1594-00-00000	RESERVED DUE FROM CAPITAL FUND		12,627
	<b>TOTAL</b>	<b><u>12,627</u></b>	<b><u>12,627</u></b>
<b><u>Adjusting Journal Entry # 8</u></b>			
To correct fixed asset retirement accounts.			
0600-E-100-5-5910-04-00000	LOSS ON SALE OF FA	88,725	
0630-E-887-5-5910-04-00000	LOSS ON SALE OF FIXED ASSETS	5,195	
0600-E-000-0-1870-00-00000	CONSTRUCTION WORK IN PROGRESS		10,513
0600-E-100-4-4861-10-00000	CONTRIBUTIONS FROM FEDERAL		78,212
0630-E-000-0-1870-00-00000	CONSTRUCTION WORK IN PROGRESS		5,195
	<b>TOTAL</b>	<b><u>93,920</u></b>	<b><u>93,920</u></b>
<b><u>Adjusting Journal Entry # 9</u></b>			
To record current year fixed asset transfers from CWIP.			
0600-E-000-0-1880-07-00000	AIRPORT FACILITY	14,409,978	
0600-E-000-0-1870-00-00000	CONSTRUCTION WORK IN PROGRESS		14,409,978
	<b>TOTAL</b>	<b><u>14,409,978</u></b>	<b><u>14,409,978</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
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**DECEMBER 31, 2016**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b><u>Adjusting Journal Entry # 10</u></b>			
To record airport fixed asset additions.			
0600-E-000-0-1870-00-00000	CONSTRUCTION WORK IN PROGRESS	463,090	
0600-E-000-0-1870-00-00000	CONSTRUCTION WORK IN PROGRESS	537,430	
0603-E-100-5-5926-00-00000	TRANSFER TO AIRPORT	4,723	
0604-E-100-5-5810-25-15001	AIRPORT TERMINAL IT UPGRADES	862	
0604-E-100-5-5926-00-00000	TRANSFER TO AIRPORT	723,021	
0600-E-000-0-1870-00-00000	CONSTRUCTION WORK IN PROGRESS		216,211
0600-E-100-4-4926-00-00000	TSFR FR AIRPORT FUNDS		727,744
0600-E-100-5-5860-00-EQP15	2015 CAPITAL EQUIPMENT		17,507
0600-E-100-5-5860-00-EQP16	2016 CAPTIAL EQUIPMENT		39,058
0603-E-100-5-5810-35-17001	CNSLDTD CAR RNTL SRVCNG FCLTY		4,723
0604-E-100-5-5810-05-15010	MAINT FUEL FARM RELOC/TANK		363,000
0604-E-100-5-5810-05-15012	TERMINAL PARKING LOT REHAB		85,000
0604-E-100-5-5810-05-15015	AIRPORT LED LIGHTING CONVERSIO		13,818
0604-E-100-5-5810-05-15016	ARPRT LIGHTNING PROTECTION SYS		14,205
0604-E-100-5-5810-10-15005	STATION REPAIRS (AIRPORT)		120,618
0604-E-100-5-5810-10-37102	AIRPORT TERMINAL PROJECT		35,568
0604-E-100-5-5810-25-15006	MIS PROGRAM		22,950
0604-E-100-5-5810-25-15014	ARPRT GRD HANDLING SUPPORT EQP		68,723
0604-E-100-5-5810-25-99104	PUBLIC SAFETY RADIO SYSTEM		1
	<b>TOTAL</b>	<b><u>1,729,126</u></b>	<b><u>1,729,126</u></b>
<b><u>Adjusting Journal Entry # 11</u></b>			
To record airport current year depreciation expense.			
0600-E-100-5-5540-01-00000	DEPRECIATION	1,477,412	
0600-E-000-0-1869-03-00000	ACCUMULATED DEPRECIATION - AIRPORT		1,477,412
	<b>TOTAL</b>	<b><u>1,477,412</u></b>	<b><u>1,477,412</u></b>
<b><u>Adjusting Journal Entry # 12</u></b>			
To correct July 2016 JE for Section 125.			
0858-X-000-0-1110-00-00000	WORKING CASH	4,390	
0858-X-340-5-5191-20-00000	EMPLOYEE SECTION 125 REIMBURSMENTS		4,390
	<b>TOTAL</b>	<b><u>4,390</u></b>	<b><u>4,390</u></b>
<b><u>Adjusting Journal Entry # 13</u></b>			
To record Airport contributions in the current year.			
0600-E-000-0-1870-00-00000	CONSTRUCTION WORK IN PROGRESS	216,211	
0600-E-100-4-4861-10-00000	CONTRIBUTIONS FROM FEDERAL		216,211
	<b>TOTAL</b>	<b><u>216,211</u></b>	<b><u>216,211</u></b>
<b><u>Adjusting Journal Entry # 14</u></b>			
To adjust fixed asset vehicles to the appropriate account.			
0900-F-000-0-1861-60-00000	VEHICLES	41,480	
0900-F-000-0-1856-00-00000	VEHICLES		41,480
	<b>TOTAL</b>	<b><u>41,480</u></b>	<b><u>41,480</u></b>



**CITY OF LA CROSSE, WISCONSIN**  
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**DECEMBER 31, 2016**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b><u>Adjusting Journal Entry # 15</u></b>			
To record current year general fixed asset depreciation.			
0900-F-000-0-3200-01-00000	CONTRA - DEPRECIATION EXPENSE	4,456,442	
0900-F-000-0-1891-00-00000	DEPRECIATION - GENERAL GOVERNMENT		495,635
0900-F-000-0-1891-50-00000	DEPRECIATION - LAW ENFORCEMENT		148,539
0900-F-000-0-1892-00-00000	DEPRECIATION - FIRE PROTECTION		350,410
0900-F-000-0-1892-50-00000	DEPRECIATION - OTHER PUBLIC SAFETY		6,246
0900-F-000-0-1893-00-00000	DEPRECIATION - TRANSPORTATION/HWY		1,861,682
0900-F-000-0-1893-50-00000	DEPRECIATION - STORM SEWER		285,754
0900-F-000-0-1893-75-00000	DEPRECIATION - DOCKS & HARBORS		20,086
0900-F-000-0-1894-00-00000	DEPRECIATION - SANITATION(REF/RECYLNG)		8,630
0900-F-000-0-1894-50-00000	DEPRECIATION - HEALTH & HUMAN SVCES		15,262
0900-F-000-0-1894-75-00000	DEPRECIATION - LIBRARY		143,191
0900-F-000-0-1895-00-00000	DEPRECIATION - LA CROSSE CENTER		410,617
0900-F-000-0-1895-25-00000	DEPRECIATION - PARKS & RECREATION		563,283
0900-F-000-0-1895-75-00000	DEPRECIATION - CONSERVATION & DEVELOPMENT		147,107
	<b>TOTAL</b>	<b><u>4,456,442</u></b>	<b><u>4,456,442</u></b>
<b><u>Adjusting Journal Entry # 16</u></b>			
To record current year fixed asset adjustments.			
0900-F-000-0-1861-60-00000	VEHICLES	82,034	
0900-F-000-0-3200-00-00000	INVESTMENT IN GFA		82,034
	<b>TOTAL</b>	<b><u>82,034</u></b>	<b><u>82,034</u></b>
<b><u>Adjusting Journal Entry # 17</u></b>			
To record current year fixed asset adjustments.			
0900-F-000-0-3200-00-00000	INVESTMENT IN GFA	138,187	
0900-F-000-0-1861-60-00000	VEHICLES		138,187
	<b>TOTAL</b>	<b><u>138,187</u></b>	<b><u>138,187</u></b>
<b><u>Adjusting Journal Entry # 18</u></b>			
To record current year fixed asset adjustments.			
0900-F-000-0-1861-60-00000	VEHICLES	138,187	
0900-F-000-0-1861-25-00000	CONTRACTOR'S EQUIPMENT		138,187
	<b>TOTAL</b>	<b><u>138,187</u></b>	<b><u>138,187</u></b>
<b><u>Adjusting Journal Entry # 19</u></b>			
To record current year fixed asset adjustments.			
0900-F-000-0-1861-25-00000	CONTRACTOR'S EQUIPMENT	82,499	
0900-F-000-0-3200-00-00000	INVESTMENT IN GFA		82,499
	<b>TOTAL</b>	<b><u>82,499</u></b>	<b><u>82,499</u></b>