

**CITY OF LA CROSSE, WISCONSIN**

**FEDERAL AND STATE  
SINGLE AUDIT REPORTS**

**DECEMBER 31, 2012**

# 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 OMB CIRCULAR A-133,  
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 U.S. Office of Management and Budget ("OMB") Circular A-133 *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 programs for the year ended December 31, 2012. The City's major federal 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 the requirement of laws, regulations, contracts and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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, OMB Circular A-133, 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 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 programs and its passenger facility charge program. Our audit does not provide a legal determination on the City's compliance with those requirements.

## ***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 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, 2012.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-1. Our opinion on each major federal program is not modified with respect to these matters. The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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 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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*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 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 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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-1 to be a significant deficiency.

## 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, 2012, and have issued our report, thereon, dated July 1, 2013, which contained unmodified opinions on those financial statements. Our audit was performed 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, Urban Mass Transportation Program Reconciliation, and Schedule of Passenger Facility Charges Collected and Expended are presented for purposes of additional analysis, as required by the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
July 1, 2013

**CITY OF LA CROSSE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED DECEMBER 31, 2012**

GRANTOR AGENCY PASS-THROUGH AGENCY GRANT DESCRIPTION GRANT PERIOD AND NUMBER	FEDERAL CATALOG OR STATE I.D. NUMBER	AWARD AMOUNT	RECEIVABLE (DEFERRED REVENUE) JANUARY 1, 2012		
			FEDERAL	STATE	LOCAL
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>					
COMMUNITY DEVELOPMENT BLOCK GRANT	14.218				
B04-MC-55-0004		\$ 1,204,000	\$ -	\$ -	\$ -
B08-MC-55-0004		1,009,683	-	-	-
B09-MC-55-0004		1,021,702	446	-	-
B10-MC-55-0004		1,108,107	3,280	-	-
B11-MC-55-0004		925,494	78,161	-	-
B12-MC-55-0004		856,187	-	-	-
Small Business Development Loan		-	1,380	-	-
Housing Rehabilitation		-	-	-	-
Replacement Housing		-	5,937	-	-
Riverside Redevelopment		-	446	-	-
COULEECAP INC.	14.218				
NSP 09-07		336,040	41,628	-	-
TOTAL 14.218			<u>131,278</u>	<u>-</u>	<u>-</u>
ARRA COMMUNITY PLANNING AND DEVELOPMENT	14.253				
B09-MY-55-0004		274,048	325	-	-
HOME INVESTMENT PARTNERSHIP PROGRAM	14.239				
M01-MC550208		502,000	-	-	-
M05-MC550208		396,774	-	-	-
M06-MC550208		372,589	-	-	-
M07-MC550208		370,572	(31)	-	-
M08-MC550208		358,146	50,030	-	-
M09-MC550208		399,514	39,393	-	-
M10-MC550208		397,449	4,789	-	-
M11-MC550208		349,000	42,502	-	-
TOTAL 14.239			<u>136,683</u>	<u>-</u>	<u>-</u>
ARRA LEAD BASED PAINT HAZARD CONTROL PROGRAM	14.900				
LHC09.03 7/1/09-2/15/12		260,000	47,323	-	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>315,609</u>	<u>-</u>	<u>-</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>					
<b><u>Direct Programs</u></b>					
OFFICE OF JUSTICE PROGRAMS					
Byrne Justice Assistance Grant Program	16.579				
2011-DJ-BX-3273 10/1/10-9/30/14		27,285	3,973	-	-
2012-DJ-BX-1018 10/1/11-9/30/15		22,577	-	-	-
TOTAL 16.579			<u>3,973</u>	<u>-</u>	<u>-</u>
ARRA Byrne Justice Assistance Grant Program	16.804				
2009-SB-B9-1570 - 3/1/09 - 2/28/13		146,561	-	-	-
Violence Against Women Formula Grant					
DART	16.588				
2005-WE-AX-0043 9/1/05-8/31/09		1,189,021	42,541	-	-
2011-WE-AX-0015 10/1/11-9/30/13		393,716	44,555	-	-
TOTAL 16.588			<u>87,096</u>	<u>-</u>	<u>-</u>
BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS					
Gang Resistance Education and Training	16.737				
GRTC (G.R.E.A.T.) Regional					
2010-JV-FX-K002 10/1/10-9/30/12		710,000	153,130	-	-
WI DEPT OF ADMIN - OFFICE OF JUSTICE ASSISTANCE					
Victims of Crime Act (VOCA)	16.575				
2010-045-15 10/1/11-9/30/12		85,505	14,525	-	-
2011-045-15 10/1/12-9/30/13		87,250	-	-	-
TOTAL 16.575			<u>14,525</u>	<u>-</u>	<u>-</u>

GRANT RECEIVED			RECEIVABLE (DEFERRED REVENUE) DECEMBER 31, 2012			EXPENDITURES
FEDERAL	STATE	LOCAL	FEDERAL	STATE	LOCAL	
\$ -	\$ -	\$ -	\$ 2,714	\$ -	\$ -	\$ 2,714
13,497	-	-	-	-	-	13,497
3,231	-	-	-	-	-	2,785
118,959	-	-	7,208	-	-	122,887
294,339	-	-	23,060	-	-	239,238
134,255	-	-	35,935	-	-	170,190
12,494	-	-	-	-	-	11,114
16,745	-	-	-	-	-	16,745
265,046	-	-	15,174	-	-	274,283
446	-	-	-	-	-	-
<u>83,595</u>	<u>-</u>	<u>-</u>	<u>301</u>	<u>-</u>	<u>-</u>	<u>42,268</u>
<u>942,607</u>	<u>-</u>	<u>-</u>	<u>84,392</u>	<u>-</u>	<u>-</u>	<u>895,721</u>
<u>39,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,007</u>
1,377	-	-	-	-	-	1,377
6,211	-	-	-	-	-	6,211
18,775	-	-	-	-	-	18,775
4,547	-	-	6,915	-	-	11,493
108,479	-	-	734	-	-	59,183
69,607	-	-	-	-	-	30,214
40,550	-	-	49,460	-	-	85,221
254,295	-	-	-	-	-	211,793
<u>503,841</u>	<u>-</u>	<u>-</u>	<u>57,109</u>	<u>-</u>	<u>-</u>	<u>424,267</u>
<u>55,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,268</u>
<u>1,541,371</u>	<u>-</u>	<u>-</u>	<u>141,501</u>	<u>-</u>	<u>-</u>	<u>1,367,263</u>
18,423	-	-	-	-	-	14,450
-	-	-	11,289	-	-	11,289
<u>18,423</u>	<u>-</u>	<u>-</u>	<u>11,289</u>	<u>-</u>	<u>-</u>	<u>25,739</u>
<u>1,013</u>	<u>-</u>	<u>-</u>	<u>8,719</u>	<u>-</u>	<u>-</u>	<u>9,732</u>
42,541	-	-	-	-	-	-
164,589	-	-	44,420	-	-	164,454
<u>207,130</u>	<u>-</u>	<u>-</u>	<u>44,420</u>	<u>-</u>	<u>-</u>	<u>164,454</u>
<u>260,158</u>	<u>-</u>	<u>-</u>	<u>85,501</u>	<u>-</u>	<u>-</u>	<u>192,529</u>
64,064	-	-	-	-	-	49,539
-	-	-	17,071	-	-	17,071
<u>64,064</u>	<u>-</u>	<u>-</u>	<u>17,071</u>	<u>-</u>	<u>-</u>	<u>66,610</u>

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**CITY OF LA CROSSE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED DECEMBER 31, 2012**

GRANTOR AGENCY PASS-THROUGH AGENCY GRANT DESCRIPTION GRANT PERIOD AND NUMBER	FEDERAL CATALOG OR STATE I.D. NUMBER	AWARD AMOUNT	RECEIVABLE (DEFERRED REVENUE) JANUARY 1, 2012		
			FEDERAL	STATE	LOCAL
<b><u>U.S. DEPARTMENT OF JUSTICE - Continued</u></b>					
<u>Direct Programs - Continued</u>					
OFFICE OF JUSTICE PROGRAMS - Continued					
<u>Indirect Programs</u>					
WI DEPT OF ADMIN - OFFICE OF JUSTICE ASSISTANCE - Continued					
Bulletproof Vest Partnership Program	16.607	\$ 16,925	\$ 1,291	\$ -	\$ -
Wisconsin Bureau of Transportation Safety Alcohol Enforcement Project	16.727				
Alcohol Enforcement Project 0951-37-37 10/19/10-9/30/11		17,965	2,708	-	-
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>262,723</b>	<b>-</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>					
WI DOT					
Transportation Enhancement #5991-07-02	20.205	87,160	13,118	-	-
<u>FEDERAL HIGHWAY ADMINISTRATION</u>					
LA CROSSE COUNTY HEATH DEPARTMENT					
Safe Routes to Schools - WI DOT 1009-00-30	20.205	3,091	-	-	-
WISCONSIN DEPARTMENT OF TRANSPORTATION					
National Scenic Byways Program	20.205	52,000	-	-	-
TOTAL 20.205			13,118	-	-
ARRA Transit Formula Grant					
MN-96-X010-00	20.507	92,720	-	-	-
WI-96-X019-00		1,127,000	-	-	-
TOTAL 20.507			-	-	-
WISCONSIN DEPARTMENT OF TRANSPORTATION					
Federal Transit Capital Investment Grant	20.500				
Section 3 Capital Grant					
WI-03-0087 2004		3,700,000	-	-	-
WI-04-0032-00		3,052,616	-	-	-
TOTAL 20.500			-	-	-
Federal Transit Formula Grant	20.507/395.104				
Section 9 Operational Asst Grant					
WI-90-X647-00		1,829,724	-	-	-
MN-90-X281-00		95,000	-	-	-
Paratransit		55,476	-	-	-
2012 WI-XX02008 La Crosse, WI		1,395,420	-	244	-
2011 WI-XX02008 La Crosse, WI		1,579,212	-	157,921	-
2010 WI-XX02008 La Crosse, WI		1,555,968	-	(37,220)	-
2009 WI-XX02008 La Crosse, WI		1,841,599	-	(43,838)	-
TOTAL 20.507/395.104			-	77,107	-
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>					
WISCONSIN DEPARTMENT OF TRANSPORTATION					
Pedestrian Safety Enforcement Project	20.600				
0952-80-16 10/1/11-9/30/12		2,100	-	-	-
Bicycle Safety Grant	20.600				
0952-80-15 10/1/11-9/30/12		4,000	-	-	-
TOTAL 20.600			-	-	-
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>13,118</b>	<b>77,107</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>					
LA CROSSE MEDICAL HEALTH SCIENCE CONSORTIUM					
Substance Abuse Grant (Binge Drinking)	93.243				
1/31/12 - 6/30/12		1,200	-	-	-
9/15/12 - 11/15/12		1,000	-	-	-
<b>TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>-</b>	<b>-</b>	<b>-</b>



GRANT RECEIVED			RECEIVABLE (DEFERRED REVENUE) DECEMBER 31, 2012			EXPENDITURES
FEDERAL	STATE	LOCAL	FEDERAL	STATE	LOCAL	
\$ 1,291	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	2,708	-	-	-
<u>552,079</u>	<u>-</u>	<u>-</u>	<u>169,708</u>	<u>-</u>	<u>-</u>	<u>459,064</u>
-	-	-	86,362	-	-	73,244
1,544	-	-	-	-	-	1,544
52,000	-	-	-	-	-	52,000
<u>53,544</u>	<u>-</u>	<u>-</u>	<u>86,362</u>	<u>-</u>	<u>-</u>	<u>126,788</u>
5,000	-	-	-	-	-	5,000
1,248	-	-	-	-	-	1,248
<u>6,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,248</u>
1,045,054	-	38,063	-	-	-	1,083,117
675,816	-	-	-	-	-	675,816
<u>1,720,870</u>	<u>-</u>	<u>38,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,758,933</u>
1,669,940	-	-	-	-	-	1,669,940
95,000	-	-	-	-	-	95,000
-	55,476	-	-	-	-	55,476
-	1,256,122	2,419,683	-	139,542	-	3,815,103
-	-	-	-	157,921	-	-
-	-	-	-	(37,220)	-	-
-	-	-	-	(43,838)	-	-
<u>1,764,940</u>	<u>1,311,598</u>	<u>2,419,683</u>	<u>-</u>	<u>216,405</u>	<u>-</u>	<u>5,635,519</u>
1,812	-	-	-	-	-	1,812
3,898	-	-	-	-	-	3,898
<u>5,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,710</u>
<u>3,551,312</u>	<u>1,311,598</u>	<u>2,457,746</u>	<u>86,362</u>	<u>216,405</u>	<u>-</u>	<u>7,533,198</u>
1,062	-	-	-	-	-	1,062
971	-	-	-	-	-	971
<u>2,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,033</u>

**CITY OF LA CROSSE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED DECEMBER 31, 2012**

GRANTOR AGENCY PASS-THROUGH AGENCY GRANT DESCRIPTION GRANT PERIOD AND NUMBER	FEDERAL CATALOG OR STATE I.D. NUMBER	AWARD AMOUNT	RECEIVABLE (DEFERRED REVENUE) JANUARY 1, 2012		
			FEDERAL	STATE	LOCAL
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITIES</u></b>					
<b><u>Direct Programs</u></b>					
FEDERAL EMERGENCY MANAGEMENT AGENCY Homeland Security/AFG EMW-2010-FO-02159	97.044	\$ 21,920	\$ (57)	\$ -	\$ -
<b><u>US DEPT OF ENVIRONMENTAL PROTECTION AGENCY</u></b>					
WISCONSINI DEPARTMENT OF NATURAL RESOURCES ARRA - Brownfields Assessment and Cleanup Cooperative Agreement RRG-029	66.818	250,000	-	-	-
<b><u>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</u></b>					
Urban Wildlife Damage Abatement UW08-071	370.658	5,000	-	522	-
Acquisition and Development of Local Parks Program S-ADPL3-1077 (Grandad Bluff Park Renovation)	370.TA1	417,000	-	208,500	-
Acquisition and Development of Local Parks Program S-ADPL2-977 (Isle la Plume Riverfront Trail Development)	370.TA20	284,436	-	127,654	-
S-ADLP3-12-1144 (Black River Trail Outdoor Rec)		183,649	-	-	-
S-ADLP3-1095 (RTA-438-09) (North Bank Trail)		16,530	-	-	-
TOTAL 370.TA20			-	127,654	-
Municipal Flood Control Grant Program MFC-32246-10	370.TH1	262,710	-	145,237	-
<b>TOTAL WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>			-	<b>481,913</b>	-
<b><u>WISCONSIN DEPARTMENT OF JUSTICE</u></b>					
Internet Crimes Against Children	455.321	2,490	-	(95)	-
<b><u>WISCONSIN DEPARTMENT OF TRANSPORTATION</u></b>					
TEA Grant	395.510	500,000	-	500,000	-
<b><u>WISCONSIN DEPARTMENT OF ADMINISTRATION</u></b>					
OFFICE OF JUSTICE ASSISTANCE Beat Patrol Grant 2012-BP-01-7472-3 1/1/12 - 12/31/12	505.603	161,912	-	-	-
<b>TOTAL AWARDS</b>			<b>\$ 591,393</b>	<b>\$ 1,058,925</b>	<b>\$ -</b>

**Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *State Single Audit Guidelines*. Several state aid programs are not subject to state single audit requirements and therefore, are not included in this schedule. Some amounts presented in this schedule may differ from amounts presented in or used in the presentation of, the basic financial statements.

GRANT RECEIVED			RECEIVABLE (DEFERRED REVENUE) DECEMBER 31, 2012			EXPENDITURES
FEDERAL	STATE	LOCAL	FEDERAL	STATE	LOCAL	
\$ -	\$ -	\$ -	\$ (57)	\$ -	\$ -	\$ -
-	-	-	174	-	-	174
-	-	-	-	522	-	-
-	-	-	-	208,500	-	-
-	-	-	-	142,218	-	14,564
-	91,825	-	-	(91,825)	-	-
-	-	-	-	366	-	366
-	91,825	-	-	50,759	-	14,930
-	10,485	-	-	134,752	-	-
-	<b>102,310</b>	-	-	<b>394,533</b>	-	<b>14,930</b>
-	-	-	-	(95)	-	-
-	-	-	-	500,000	-	-
-	121,434	-	-	-	-	121,434
<b>\$ 5,646,795</b>	<b>\$ 1,535,342</b>	<b>\$ 2,457,746</b>	<b>\$ 397,688</b>	<b>\$ 1,110,843</b>	<b>\$ -</b>	<b>\$ 9,498,096</b>

**CITY OF LA CROSSE, WISCONSIN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2012**

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?   X   Yes \_\_\_\_\_ No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?   X   Yes \_\_\_\_\_ No

Identification of federal major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
<u>Cluster</u>	
20.500	Federal Transit Capital Investment Grant
20.507	Federal Transit Formula Grant
20.507	ARRA Federal Transit Formula Grant
<u>Cluster</u>	
14.218	Community Development Block Grant
14.218	Community Development Block Grant - NSP
14.253	ARRA Community Development Block Grant
14.239	HOME Investment Partnerships Program

**CITY OF LA CROSSE, WISCONSIN**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
DECEMBER 31, 2012

**Section I - Summary of Auditors' Results - Continued**

Identification of state major programs:

395.104                      Section 9 Operational Assistance Grant

Dollar threshold used to distinguish between

Type A and Type B federal programs:

\$300,000

Type A and Type B state programs:

\$100,000

Auditee qualified as low-risk auditee?

  X   Yes           No

**Section II - Financial Statement Findings**

NONE

**Section III - Federal Award Findings and Questioned Costs**

**Item 2012-1 – Subrecipient Monitoring**

Program:                      HOME Investment Partnerships Program and Community Development Block Grant

Requirement:                HUD requires monitoring of subrecipient agencies on an annual basis.

Condition:                    The City did not monitor their subrecipient agencies during the fiscal year.

Questionable Costs:        Not applicable

Effect:                        The City's subrecipient programs may have ineligible participants receiving grant money.

Recommendations:        We recommend that the City creates a monitoring process for subrecipients and ensures this is done at least on an annual basis.

Management's Response:    The City is in the process of drafting and approving an internal policies and procedures manual. This manual will include detailed guidance on the monitoring of HUD subrecipients. The City has also scheduled training for all its subrecipients. After the training, the City will conduct monitoring of its subrecipients.



**GRAND RIVER • GREAT CITY**  
La Crosse • Wisconsin

COMMUNITY DEVELOPMENT  
BLOCK GRANT PROGRAM

Monica Hauser, Partner  
Hawkins Ash CPAs  
500 South Second St, Suite 200  
La Crosse, WI 54601-4029

July 23, 2013

Dear Ms. Monica Hauser,

This letter is in response to **Response to Audit Finding Item 2012-1**. The City of La Crosse Planning Department is in the process of drafting and approving an internal policies and procedures manual. This manual will include detailed guidance on the monitoring of HUD sub-recipients annually- how often, what will be monitored, how the sub-recipients will be chosen.

The City of La Crosse has also scheduled training for all of its sub-recipients in August. After the training, the City of La Crosse will conduct monitoring visits of its sub-grantees.

June 24th – June 26th, the City of La Crosse was monitored by Housing and Urban and Development (HUD). As part of that process, monitoring of sub-recipients was conducted to five different sub-recipients. The HUD monitoring trip also resulted in a finding by HUD that the City of La Crosse had not done sub-recipient monitoring. So in addition to this audit, this matter has been documented by HUD and the City of La Crosse Planning Department is undertaking actions to immediately remedy this issue.

Finally, the City Planning Department has undergone a high degree of staffing shortages and transition which led to this issue. The individual responsible for this (the CDBG Community Development Administrator) was on paid leave for eight months, then resigned, and only then could the Planning Department undergo a recruitment process. Therefore, there was no dedicated staff person for one year. Additionally, the Planning Department was forced to cut an additional staff person in the Planning Department and the former Mayor would not allow several fully funded Federal positions to be filled.

In summary, this matter is being addressed, as a result of this position being staffed once again and due to a HUD monitoring visit which brought this problem to light. Please do not hesitate to contact me with any further questions.

Sincerely,

Caroline Nielsen  
Community Development Administrator



  
**GRAND RIVER • GREAT CITY**  
 La Crosse • Wisconsin  
 COMMUNITY DEVELOPMENT

July 31, 2013

**Corrective Action Plan**

**1.) Responsible Staff Member for Correcting the Finding:**

Caroline Neilsen, Community Development Administrator (Implementation)  
 Larry Kirch, Director for Planning and Development (Oversight)

2) Action To Correct Finding	3) Date
Six CDBG sub-recipients were monitored by Caroline Neilsen and Michael Martin (Department of Housing and Urban Development) for regulatory compliance with National Objectives.	June 25, 2013
Off-site monitoring of grantee performance goals and financial reports. Grantees contacted for performance reporting deficiencies.	June, 2013
Sub-recipient oversight meeting with all 2013 sub-recipients at 10 am in City Hall at our 3rd floor conference room. Training on regulations will be conducted and new sub-recipient oversight forms explained.	August 21, 2013
Formal on-site sub-recipient monitoring visits conducted for 2012/2013 Program Year.	September/October 2013
La Crosse CDBG Policies and Procedures manual adopted by CDBG Committee. Manual will detail policies and procedures for sub-recipient monitoring.	October, 2013

All corrective actions will be completed by October 31, 2013.

**4) Contact person:**

Caroline Neilsen, Community Development Administrator  
 (608) 789-7393  
[neilsenc@cityoflacrosse.org](mailto:neilsenc@cityoflacrosse.org)

Signed:

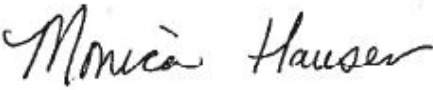
A handwritten signature in black ink, appearing to read "Larry Kirch". The signature is fluid and cursive, with the first name "Larry" and last name "Kirch" clearly distinguishable.

Larry Kirch  
Director of Planning and Development



**CITY OF LA CROSSE, WISCONSIN**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued  
DECEMBER 31, 2012

**Section IV - 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 <i>State Single Audit Guidelines</i><br>Department of Health and Human Services<br>Department of Workforce Development<br>Department of Corrections | No<br>No<br>N/A  |
| 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   | <br>_____<br>Monica Hauser, CPA<br>Partner |
| 5. | Date of report  | _____<br>July 1, 2013  |

**CITY OF LA CROSSE, WISCONSIN**  
**FEDERAL TRANSIT ADMINISTRATION RECONCILIATION**  
**YEAR ENDED DECEMBER 31, 2012**

ACCRUED BASIS REVENUE PER FINANCIAL STATEMENT/SINGLE AUDIT

Operating revenue	\$ 796,098
Damage income	4,064
Dividends	18,136
Intergovernmental grants	3,380,556
Transfer from other funds	328,451
Intergovernmental charges	<u>1,052,982</u>

REVENUE PER FINANCIAL STATEMENT/SINGLE AUDIT 5,580,287

Less: Other revenue (contra expense) 13,560

**REVENUE PER NTD REPORT \$ 5,566,727**

Expenses per single audit \$ 5,580,287

Add: Depreciation expense 563,563  
Loss on disposal of assets 50,347

EXPENSES PER FINANCIAL STATEMENT 6,194,197

Less: Contra expenses 13,560

**EXPENSES PER NTD REPORT \$ 6,180,637**

**CITY OF LA CROSSE, WISCONSIN**  
**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED**  
**YEAR ENDED DECEMBER 31, 2012**

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, 2012		\$ 121,170
REVENUE		
PFC collected		365,151
Interest earned		447
TOTAL REVENUE		<u>365,598</u>
	<u>BUDGET</u>	
EXPENDITURES		
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	174,116	-
ARFF building and other safety items	94,696	-
ARFF vehicle replacement	16,134	-
PFC administrative costs	235,226	33,226
Snow removal equipment	2,649,356	70,849
Pavement evaluation and management system	10,259	-
Relocate runway 13/31	33,728	-
Airfield seal coating	64,507	-
Reconstruct runway 18/36 Phase I	144,455	-
Construct airport entrance sign	29,987	-
Reconstruct runway 18/36 Phases II & III	323,461	-
Approach lighting system	72,195	-
Airport master plan update	193,936	-
Ground level passenger loading bridges	48,161	-
Environmental assessment	100,000	-
Reconstruction of runway 13/31	152,545	-
Baggage handling system	400,000	-
Airport electrical upgrades - Phase I	44,500	-
Terminal development	75,000	-
Reconstruct taxiway B and east apron	144,471	-
Airfield electrical improvements	39,526	-
Aircraft rescue/firefighting	500,000	-
Taxiway G, H, F Reconstruction	380,000	(12,604)
Taxiway A Reconstruction, Phase I & II	42,361	-
Land use compatibility plan	115,000	-
Security enhancements	6,304	-
Non revenue producing parking lot	120,000	-
Access road reconstruction	1,510,000	-
Reconstruct perimeter road	420,000	-
Extension of Taxiway F	250,000	23,466
Runway 3/36 Reconfiguration	81,091	-
Mobile ADA lift	41,327	-
Commercial terminal bldg upgrades	9,499	246,520
Finger print equipment	30,000	6,670
Runway 18/36 pavement maintenance	140,000	37,737
Runway 13/31 pavement maintenance	35,000	-
TOTAL EXPENDITURES	<u>\$ 8,946,094</u>	<u>405,864</u>
<b>BALANCE OF UNLIQUIDATED PFC REVENUE AS OF DECEMBER 31, 2012</b>		<b><u>\$ 80,904</u></b>