

CITY OF LA CROSSE, WISCONSIN

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

DECEMBER 31, 2015

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, 2015. 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. As described in Note 1 to the financial statements, the City changed accounting principles related to assets and liabilities by adopting Government Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* in 2015. 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.

- The net pension asset (WRS) is based on an actuarial review of the statewide retirement system (WRS). The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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 asset 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 page 5 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 June 30, 2016.

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.

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.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 30, 2016

CITY OF LA CROSSE, WISCONSIN
ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2015

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<u>Adjusting Journal Entry # 1</u>			
To record contra proceeds in bonded debt fund for airport debt.			
0600-E-100-5-5921-00-00000	TSFR TO-GENERAL FUND	1,775,000	
4006-C-195-4-4996-00-00000	AIRPORT PROCEEDS CONTRA	1,975,000	
4006-C-195-5-5996-00-00000	AIRPORT OUTLAY CONTRA	1,975,000	
0600-E-100-4-4861-20-00000	CONTRIBUTIONS FROM OTHER		1,775,000
4006-C-195-4-4996-00-00000	AIRPORT PROCEEDS CONTRA		200,000
4006-C-195-5-5921-00-00000	TSFR TO-GENERAL FUND		1,775,000
4006-C-195-5-5996-00-00000	AIRPORT OUTLAY CONTRA		1,975,000
	TOTAL	<u>5,725,000</u>	<u>5,725,000</u>
<u>Adjusting Journal Entry # 2</u>			
To correct workers compensation activity for 2015.			
0859-X-340-4-4861-00-00000	CONTRIBUTIONS FROM CITY	20,000	
0859-X-000-0-1150-00-00000	RESTRICTED CASH/INVESTMENTS		20,000
	TOTAL	<u>20,000</u>	<u>20,000</u>
<u>Adjusting Journal Entry # 3</u>			
To correct 2015 outstanding activity.			
0200-S-000-0-1150-00-00000	RESTRICTED CASH/INVESTMENTS	6,107	
0200-S-761-4-4890-00-00000	MISCELLANEOUS REVENUE		6,107
	TOTAL	<u>6,107</u>	<u>6,107</u>
<u>Adjusting Journal Entry # 4</u>			
To adjust library cash to actual.			
0289-S-520-4-4810-00-00000	INVESTMENT INCOME	13	
0289-S-520-4-4850-00-00000	CONTRIBUTIONS	60,930	
0289-S-520-5-5390-07-00000	GENERAL EXPENSE	314,760	
0289-S-000-0-1150-00-00000	RESTRICTED CASH/INVESTMENTS		41,978
0289-S-000-0-1150-00-CRTDP	RESTRICTED CASH/INV CERT DEP		60,943
0289-S-520-4-4810-00-00000	INVESTMENT INCOME		138,161
0289-S-520-4-4850-00-00000	CONTRIBUTIONS		134,621
	TOTAL	<u>375,703</u>	<u>375,703</u>
<u>Adjusting Journal Entry # 5</u>			
To correct La Crosse Center deferred revenue.			
0201-S-000-0-2690-00-00000	DEFERRED REVENUE	33,728	
0201-S-000-0-1310-00-00000	ACCOUNTS RECEIVABLE		33,728
	TOTAL	<u>33,728</u>	<u>33,728</u>