

**CITY OF LA CROSSE,
WISCONSIN**

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

DECEMBER 31, 2023

CITY OF LA CROSSE, WISCONSIN

TABLE OF CONTENTS

DECEMBER 31, 2023

Page

2-5	Independent Auditors' Report on Communication With Those Charged With Governance
	Appendix A - Adjusted Journal Entries
	Appendix B - Management Representation Letter



INDEPENDENT AUDITORS' REPORT ON COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Common Council
City of La Crosse, Wisconsin

We have audited the financial statements of the City of La Crosse (the "City") for the year ended December 31, 2023, and have issued our report thereon dated July 29, 2024. Professional standards also require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 19, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance With All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- *Management Override of Controls* - Professional standards require the auditor to address the risk that management is in a unique position to override controls that otherwise appear to be operating effectively.
- *Improper Revenue Recognition* - Professional standards require the auditor to presume that risks of material misstatements exist in revenue recognition.

We have designed our audit procedures to adequately address the significant risks identified.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the City adopted Government Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements. This adoption had no effect on beginning net position. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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.
- The net Local Retiree Life Insurance Fund (LRLIF) OPEB liability is based on an actuarial review of the LRLIF. The net LRLIF OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net LRLIF OPEB liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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 LRLIF OPEB liability was based on the City's share of contributions to the LRLIF OPEB plan relative to the contributions of all participating employers.

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

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to: revenue recognition, Wisconsin Retirement System pension, Wisconsin Retirement System, local retiree life insurance fund, and Other Post-Employment Benefits defined benefit plan.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We have not identified any significant unusual transactions during the audit.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements listed under Appendix A that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of La Crosse's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested From Management

We have requested certain written representations from management which are included in the attached management representation letter listed under Appendix A dated July 29, 2024.

Management Consultations With Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

This report is intended solely for the information and 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
July 29, 2024

CITY OF LA CROSSE, WISCONSIN

APPENDIX A
ADJUSTING JOURNAL ENTRIES

CITY OF LA CROSSE, WISCONSIN
ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2023

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entry #1			
To adjust accounts payable and outlay for check that was voided in 2024.			
491 -00-00-0000-200000-	ACCOUNTS PAYABLE	536,044	
491 -99-99-9910-580204-20211	STREET IMPROVEMENTS		536,044
	TOTAL	536,044	536,044
Adjusting Journal Entry #2			
To adjust fuel management fund activity.			
840 -00-00-0000-140008-	INVENTORY-UNLEADED	47,976	
840 -00-00-0000-140008-	INVENTORY-UNLEADED	2,850	
840 -00-00-0000-140008-	INVENTORY-UNLEADED	3,943	
840 -00-00-0000-140009-	INVENTORY-DIESEL	132,087	
840 -00-00-0000-140009-	INVENTORY-DIESEL	944	
840 -00-00-0000-140009-	INVENTORY-DIESEL	20,125	
840 -99-99-9910-532055-	GASOLINE FUEL	54,769	
840 -99-99-9910-532056-	DIESEL FUEL	153,156	
840 -00-00-0000-140008-	INVENTORY-UNLEADED		54,769
840 -00-00-0000-140009-	INVENTORY-DIESEL		153,156
840 -99-99-9910-432015-	FUEL SALES		2,850
840 -99-99-9910-432015-	FUEL SALES		944
840 -99-99-9910-454005-	INTERFUND CHARGES FOR SERVICES		47,976
840 -99-99-9910-454005-	INTERFUND CHARGES FOR SERVICES		132,087
840 -99-99-9910-532055-	GASOLINE FUEL		3,943
840 -99-99-9910-532056-	DIESEL FUEL		20,125
	TOTAL	415,850	415,850
Adjusting Journal Entry #3			
To adjust lease balances to actual.			
290 -00-00-0000-151300-	LEASE RECEIVABLE	1,828	
413 -00-00-0000-261000-	DEFERRED INFLOW OF RESOURCES	161,627	
600 -00-00-0000-151300-	LEASE RECEIVABLE	29,282	
600 -00-00-0000-151300-	LEASE RECEIVABLE	51,371	
290 -00-00-0000-261000-	DEFERRED INFLOW OF RESOURCES		1,828
413 -00-00-0000-151300-	LEASE RECEIVABLE		161,627
600 -00-00-0000-261000-	DEFERRED INFLOW OF RESOURCES		51,371
600 -65-60-6020-457100-BLKOA	RENT/LEASE INCOME		29,282
	TOTAL	244,108	244,108
Adjusting Journal Entry #4			
To adjust fixed assets gl accounts to agree to asset schedules.			
900 -00-00-0000-160001-	LAND	315,461	
900 -00-00-0000-162001-	INFRASTRUCTURE	4,589,209	
900 -00-00-0000-164001-	MACHINERY & EQUIPMENT	6,798,574	
900 -00-00-0000-165001-	FURNITURE & FIXTURES	2,246,860	
900 -00-00-0000-166001-	VEHICLES	1,361,285	
900 -00-00-0000-161001-	BUILDINGS		7,051,818
900 -00-00-0000-163001-	IMPROVE OTHER BUILDINGS		6,421,140
900 -00-00-0000-320000-	INVESTMENT IN GFA		1,838,431
	TOTAL	15,311,389	15,311,389

CITY OF LA CROSSE, WISCONSIN

APPENDIX B
MANAGEMENT REPRESENTATION LETTER



GRAND RIVER • GREAT CITY

La Crosse • Wisconsin

July 29, 2024

Hawkins Ash CPAs, LLP
500 South 2ND Street, Suite 200
La Crosse, WI 54601

This representation letter is provided in connection with your audit of the City of La Crosse (the "City") as of December 31, 2023, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, and results of operations, of the various opinion units of the City in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of July 29, 2024.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 19, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 2) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- 5) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- 6) We have a process to track the status of audit findings and recommendations.

City of La Crosse Finance Department, 400 La Crosse Street, La Crosse WI 54601-3396
Chadwick Hawkins, Director of Finance, Telephone (608) 789-7576 Fax (608) 789-7320



GRAND RIVER • GREAT CITY

La Crosse • Wisconsin

- 7) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 8) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 9) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 10) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 11) We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- 12) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 13) All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- 14) All funds and activities are properly classified.
- 15) All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- 16) All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- 17) Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- 18) All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.



GRAND RIVER • GREAT CITY

La Crosse • Wisconsin

- 19) All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 20) All interfund and intra-entity transactions and balances have been properly classified and reported.
- 21) Special items and extraordinary items have been properly classified and reported.
- 22) Deposit and investment risks have been properly and fully disclosed.
- 23) Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- 24) All required supplementary information is measured and presented within the prescribed guidelines.
- 25) With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 26) With respect to the nonattest services provided, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.
- 27) With respect to the supplementary information accompanying the financial statements:
 - We acknowledge our responsibility for the presentation of the supplementary information with U.S. GAAP.
 - We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.



GRAND RIVER • GREAT CITY

La Crosse • Wisconsin

- We acknowledge our responsibility to include the auditors' report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the City of the supplementary information and the auditors' report thereon.

28) With respect to the required supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Information Provided

29) We have provided you with:

- Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.

30) All transactions have been recorded in the accounting records and are reflected in the financial statements.

31) The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements

32) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

33) We have provided to you our analysis of the City's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.



GRAND RIVER • GREAT CITY

La Crosse • Wisconsin

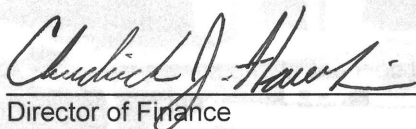
- 34) We have no knowledge of any fraud or suspected fraud that affects the City and involves:
- Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- 35) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the City's financial statements communicated by employees, former employees, vendors, regulators, or others.
- 36) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 37) We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.
- 38) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- 39) The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 40) We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
- 41) We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the City will make a payment on any guarantee.
- 42) For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- 43) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.



GRAND RIVER • GREAT CITY

La Crosse • Wisconsin

- 44) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- 45) There are no:
- Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- 46) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 47) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 48) We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 49) We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.


Director of Finance


Deputy Director of Finance