

**CITY OF LA CROSSE,  
WISCONSIN**

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

**DECEMBER 31, 2022**

# CITY OF LA CROSSE, WISCONSIN

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## **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 for the year ended December 31, 2022, and have issued our report thereon dated July 12, 2023. 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 15, 2022, 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 of La Crosse 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 City of La Crosse is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the City changed its method for accounting for leases by adopting Government Accounting Standard Board (GASB) Statement No. 87, Leases. 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:

- 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.
- Management's estimates of the leases receivable are based on the present value of lease payments over the term of the lease, which includes optional periods the lessee is reasonably certain to exercise.
- 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, and the total OPEB liability used to calculate the net LRLIF OPEB liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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 of La Crosse'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 B dated July 12, 2023.

## **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 City of La Crosse, 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 City of La Crosse's auditors.

This report is intended solely for the information and use of the City Council and management of the City of La Crosse, 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 12, 2023

**CITY OF LA CROSSE, WISCONSIN**

**APPENDIX A**  
**ADJUSTING JOURNAL ENTRIES**

**CITY OF LA CROSSE, WISCONSIN**  
**ADJUSTING JOURNAL ENTRIES**  
**DECEMBER 31, 2022**

Account	Description	Debit	Credit
<b>Adjusting Journal Entry #1</b>			
To reclassify prior year WRS contributions made prior to the measurement date (January - December of prior year).			
600 -65-60-6010-513102-	GASB RETIREMENT ALLOCATION	50,914	
610 -70-61-6110-513102-	GASB RETIREMENT ALLOCATION	36,078	
630 -80-63-6310-513102-	GASB RETIREMENT ALLOCATION	79,896	
640 -75-64-6410-513102-P9260	GASB RETIREMENT ALLOCATION	87,140	
650 -85-65-6510-513102-	GASB RETIREMENT ALLOCATION	24,591	
950 -00-00-0000-199003-	AMOUNT TO BE PROVIDED FOR PREMIUM	3,481,532	
600 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS		50,914
610 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS		36,078
630 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS		79,896
640 -00-00-0000-191000-P1860	WRS DEFERRED OUTFLOWS		87,140
650 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS		24,591
950 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS		3,481,532
	<b>TOTAL</b>	<b>3,760,151</b>	<b>3,760,151</b>

**Adjusting Journal Entry #2**

To reclassify current year WRS contributions made after the measurement date (January - December of current year).

600 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS	56,141	
610 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS	40,329	
630 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS	84,448	
640 -00-00-0000-191000-P1860	WRS DEFERRED OUTFLOWS	66,376	
650 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS	26,030	
950 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS	3,453,707	
600 -65-60-6010-513102-	GASB RETIREMENT ALLOCATION		56,141
610 -70-61-6110-513102-	GASB RETIREMENT ALLOCATION		40,329
630 -80-63-6310-513102-	GASB RETIREMENT ALLOCATION		84,448
640 -75-64-6410-513102-P9260	GASB RETIREMENT ALLOCATION		66,376
650 -85-65-6510-513102-	GASB RETIREMENT ALLOCATION		26,030
950 -00-00-0000-199003-	AMOUNT TO BE PROVIDED FOR PREMIUM		3,453,707
	<b>TOTAL</b>	<b>3,727,031</b>	<b>3,727,031</b>

**Adjusting Journal Entry #3**

To record current year changes in net pension accounts.

600 -00-00-0000-190000-	WRS NET PENSION ASSET	112,524	
600 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS	289,552	
610 -00-00-0000-190000-	WRS NET PENSION ASSET	83,383	
610 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS	211,753	
630 -00-00-0000-190000-	WRS NET PENSION ASSET	152,243	
630 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS	410,506	
640 -00-00-0000-191000-P1860	WRS DEFERRED OUTFLOWS	138,526	
650 -00-00-0000-190000-	WRS NET PENSION ASSET	47,111	
650 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS	126,805	
950 -00-00-0000-190000-	WRS NET PENSION ASSET	5,126,364	
950 -00-00-0000-191000-	WRS DEFERRED OUTFLOWS	15,169,933	
600 -00-00-0000-232000-	WRS DEFERRED INFLOWS		307,760
600 -65-60-6010-513102-	GASB RETIREMENT ALLOCATION		94,316
610 -00-00-0000-232000-	WRS DEFERRED INFLOWS		226,669
610 -70-61-6110-513102-	GASB RETIREMENT ALLOCATION		68,467
630 -00-00-0000-232000-	WRS DEFERRED INFLOWS		425,648
630 -80-63-6310-513102-	GASB RETIREMENT ALLOCATION		137,101
640 -00-00-0000-190000-	WRS NET PENSION ASSET		5,465



**CITY OF LA CROSSE, WISCONSIN**  
**ADJUSTING JOURNAL ENTRIES**  
**DECEMBER 31, 2022**

Account	Description	Debit	Credit
<b>Adjusting Journal Entry #3 - Continued</b>			
640 -00-00-0000-232000-P2530	WRS DEFERRED INFLOWS		60,377
640 -75-64-6410-513102-P9260	GASB RETIREMENT ALLOCATION		72,684
650 -00-00-0000-232000-	WRS DEFERRED INFLOWS		131,605
650 -85-65-6510-513102-	GASB RETIREMENT ALLOCATION		42,311
950 -00-00-0000-199003-	AMOUNT TO BE PROVIDED FOR PREMIUM		5,298,710
950 -00-00-0000-232000-	WRS DEFERRED INFLOWS		14,997,587
	<b>TOTAL</b>	<b>21,868,700</b>	<b>21,868,700</b>

**Adjusting Journal Entry #4**

To reclassify prior year LRLIF contributions made prior to the measurement date (January - December of prior year).

600 -65-60-6010-513102-	GASB RETIREMENT ALLOCATION	64	
610 -70-61-6110-513102-	GASB RETIREMENT ALLOCATION	305	
630 -80-63-6310-513102-	GASB RETIREMENT ALLOCATION	5,596	
640 -75-64-6410-513102-	GASB RETIREMENT ALLOCATION	2,773	
650 -85-65-6510-513102-	GASB RETIREMENT ALLOCATION	1,399	
950 -00-00-0000-199003-	AMOUNT TO BE PROVIDED FOR PREMIUM	67,555	
600 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB		64
610 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB		305
630 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB		5,596
640 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB		2,773
650 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB		1,399
950 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB		67,555
	<b>TOTAL</b>	<b>77,692</b>	<b>77,692</b>

**Adjusting Journal Entry #5**

To reclassify current year LRLIF contributions made after the measurement date (January - December of current year).

600 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB	407	
610 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB	1,094	
630 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB	4,298	
640 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB	2,914	
650 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB	1,685	
950 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB	60,211	
600 -65-60-6010-513102-	GASB RETIREMENT ALLOCATION		407
610 -70-61-6110-513102-	GASB RETIREMENT ALLOCATION		1,094
630 -80-63-6310-513102-	GASB RETIREMENT ALLOCATION		4,298
640 -75-64-6410-513102-	GASB RETIREMENT ALLOCATION		2,914
650 -85-65-6510-513102-	GASB RETIREMENT ALLOCATION		1,685
950 -00-00-0000-199003-	AMOUNT TO BE PROVIDED FOR PREMIUM		60,211
	<b>TOTAL</b>	<b>70,609</b>	<b>70,609</b>

**Adjusting Journal Entry #6**

To record current year changes in net LRLIF accounts.

600 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB	11,802	
600 -65-60-6010-513102-	GASB RETIREMENT ALLOCATION	26,975	
610 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB	24,155	
610 -70-61-6110-513102-	GASB RETIREMENT ALLOCATION	67,086	
630 -00-00-0000-231000-	WRS NET PENSION LIABILITY	67,955	
630 -00-00-0000-232100-	WRS DEFERRED INFLOW - PENSION OPEB	3,154	
640 -75-64-6410-513102-	GASB RETIREMENT ALLOCATION	59,642	
650 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB	2,862	
650 -85-65-6510-513102-	GASB RETIREMENT ALLOCATION	46,904	
950 -00-00-0000-199003-	AMOUNT TO BE PROVIDED FOR PREMIUM	609,515	
950 -00-00-0000-231000-	WRS NET PENSION LIABILITY	10,893	

**CITY OF LA CROSSE, WISCONSIN**  
**ADJUSTING JOURNAL ENTRIES**  
**DECEMBER 31, 2022**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b><u>Adjusting Journal Entry #6 - Continued</u></b>			
600 -00-00-0000-231000-	WRS NET PENSION LIABILITY		34,015
600 -00-00-0000-232100-	WRS DEFERRED INFLOW - PENSION OPEB		4,762
610 -00-00-0000-231000-	WRS NET PENSION LIABILITY		79,886
610 -00-00-0000-232100-	WRS DEFERRED INFLOW - PENSION OPEB		11,355
630 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB		67,632
630 -80-63-6310-513102-	GASB RETIREMENT ALLOCATION		3,477
640 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB		8,118
640 -00-00-0000-231000-	WRS NET PENSION LIABILITY		42,572
640 -00-00-0000-232100-	WRS DEFERRED INFLOW - PENSION OPEB		8,952
650 -00-00-0000-231000-	WRS NET PENSION LIABILITY		42,369
650 -00-00-0000-232100-	WRS DEFERRED INFLOW - PENSION OPEB		7,397
950 -00-00-0000-191100-	WRS DEFERRED OUTFLOW - PENSION OPEB		546,845
950 -00-00-0000-232100-	WRS DEFERRED INFLOW - PENSION OPEB		73,563
	<b>TOTAL</b>	<b><u>930,943</u></b>	<b><u>930,943</u></b>

**Adjusting Journal Entry #7**

To record current year changes in net OPEB accounts.

600 -00-00-0000-211090-	POST-EMPLOYEE HEALTH INSURANCE	208,828	
600 -00-00-0000-232200-	CITY DEFERRED INFLOW - OPEB	80,571	
610 -00-00-0000-191200-	CITY DEFERRED OUTFLOW - OPEB	1,924	
610 -00-00-0000-211090-	POST-EMPLOYEE HEALTH INSURANCE	77,967	
610 -00-00-0000-232200-	CITY DEFERRED INFLOW - OPEB	36,101	
630 -00-00-0000-211090-	POST-EMPLOYEE HEALTH INSURANCE	246,571	
630 -00-00-0000-232200-	CITY DEFERRED INFLOW - OPEB	99,486	
640 -00-00-0000-191200-	CITY DEFERRED OUTFLOW - OPEB	9,413	
640 -00-00-0000-211090-P2420	POST-EMPLOYEE HEALTH INSURANCE	184,628	
640 -00-00-0000-232200-	CITY DEFERRED INFLOW - OPEB	90,838	
950 -00-00-0000-191200-	CITY DEFERRED OUTFLOW - OPEB	139,676	
950 -00-00-0000-211090-	POST EMPLOYMENT HEALTH INS	3,364,956	
950 -00-00-0000-232200-	CITY DEFERRED INFLOW - OPEB	1,620,456	
600 -00-00-0000-191200-	CITY DEFERRED OUTFLOW - OPEB		9,489
600 -65-60-6010-513102-	GASB RETIREMENT ALLOCATION		279,910
610 -70-61-6110-513102-	GASB RETIREMENT ALLOCATION		115,992
630 -00-00-0000-191200-	CITY DEFERRED OUTFLOW - OPEB		7,252
630 -80-63-6310-513102-	GASB RETIREMENT ALLOCATION		338,805
640 -75-64-6410-513102-	GASB RETIREMENT ALLOCATION		284,879
950 -00-00-0000-199003-	AMOUNT TO BE PROVIDED FOR PREMIUM		5,125,088
	<b>TOTAL</b>	<b><u>6,161,415</u></b>	<b><u>6,161,415</u></b>

**Adjusting Journal Entry #8**

To remove January lease payments from accounts payable.

290 -00-00-0000-200000-	ACCOUNTS PAYABLE	36,058	
300 -00-00-0000-200000-	ACCOUNTS PAYABLE	6,655	
290 -30-42-4268-563000-	LEASE PRINCIPAL		36,058
300 -99-99-9910-563000-	LEASE PRINCIPAL		6,545
300 -99-99-9910-563100-	LEASE INTEREST		110
	<b>TOTAL</b>	<b><u>42,713</u></b>	<b><u>42,713</u></b>

**Adjusting Journal Entry #9**

To correct compensated absences.

640 -75-64-6410-510025-P9260	COMPENSATED ABSENCES EXPENSE	39,269	
640 -00-00-0000-211000-P2630	ACCRUED LIABILITY- PAYROLL & RELATED TAXES		7,720
640 -00-00-0000-211100-P2630	ACCRUED SICK PAY		28,236
640 -00-00-0000-211105-P2630	ACCRUED COMP PAY		3,313
	<b>TOTAL</b>	<b><u>39,269</u></b>	<b><u>39,269</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**ADJUSTING JOURNAL ENTRIES**  
**DECEMBER 31, 2022**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b><u>Adjusting Journal Entry #10</u></b>			
To record GASB 87 entry.			
100 -00-00-0000-210020-	DEFERRED PRINCIPAL	63,901	
100 -00-00-0000-210000-	DEFERRED REVENUE		63,901
	<b>TOTAL</b>	<b>63,901</b>	<b>63,901</b>
<b><u>Adjusting Journal Entry #11</u></b>			
To record revenue from weber contribution for trane park.			
490 -00-00-0000-210000-	DEFERRED REVENUE	117,000	
490 -30-42-4210-421004-02499	LOCAL CONTRIBUTIONS		117,000
	<b>TOTAL</b>	<b>117,000</b>	<b>117,000</b>
<b><u>Adjusting Journal Entry #12</u></b>			
To correct sewer interest.			
630 -00-00-0000-245050-	ACCRUED INTEREST	154,391	
630 -80-63-6310-562100-	DEBT INTEREST		154,391
	<b>TOTAL</b>	<b>154,391</b>	<b>154,391</b>
<b><u>Adjusting Journal Entry #13</u></b>			
RDA ENTRY - To record CWIP for current year project costs.			
RDA -00-00-0000-180001-	CWIP	284,764	
RDA -00-00-0000-520000-	PAYMENT FOR SERVICES		284,764
	<b>TOTAL</b>	<b>284,764</b>	<b>284,764</b>
<b><u>Adjusting Journal Entry #14</u></b>			
To record transit purchases.			
270 -10-31-3110-520110-	OTHER CONTRACTED SERVICES	49,128	
270 -10-31-3110-520110-	OTHER CONTRACTED SERVICES	55,382	
999 -00-00-0000-101005-	CASH STATE BANK GENERAL CHECKING	49,128	
999 -00-00-0000-101005-	CASH STATE BANK GENERAL CHECKING	55,382	
270 -10-31-3110-421202-	COUNTY PARA TRANSIT		49,128
270 -10-31-3110-421202-	COUNTY PARA TRANSIT		55,382
999 -00-00-0000-101005-	CASH STATE BANK - GENERAL CHECKING		49,128
999 -00-00-0000-101005-	CASH STATE BANK - GENERAL CHECKING		55,382
	<b>TOTAL</b>	<b>209,020</b>	<b>209,020</b>
<b><u>Adjusting Journal Entry #15</u></b>			
To record water CWIP additions.			
640 -00-00-0000-180001-P1070	CONSTRUCTION IN PROGRESS	11,305	
640 -00-00-0000-180001-P1070	CONSTRUCTION IN PROGRESS	6,338	
640 -99-99-9910-589999-	CAPITAL OUTLAY - CONTRA		11,305
640 -99-99-9910-589999-	CAPITAL OUTLAY - CONTRA		6,338
	<b>TOTAL</b>	<b>17,643</b>	<b>17,643</b>
<b><u>Adjusting Journal Entry #16</u></b>			
To record lease inflows in correct accounts.			
100 -00-00-0000-210020-	DEFERRED PRINCIPAL	16,377	
290 -00-00-0000-101001-	EQUITY IN POOLED CASH	17,504	
290 -00-00-0000-210020-	DEFERRED PRINCIPAL	1,132,618	
413 -00-00-0000-210020-	DEFERRED REVENUE	440,425	
600 -00-00-0000-210020-	DEFERRED PRINCIPAL	1,832,662	

**CITY OF LA CROSSE, WISCONSIN**  
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<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b><u>Adjusting Journal Entry #16 - Continued</u></b>			
100 -00-00-0000-261000-	DEFERRED INFLOW OF RESOURCES		16,377
290 -00-00-0000-261000-	DEFERRED INFLOW OF RESOURCES		1,150,122
413 -00-00-0000-101001-	EQUITY IN POOLED CASH		17,504
413 -00-00-0000-261000-	DEFERRED INFLOW OF RESOURCES		422,921
600 -00-00-0000-261000-	DEFERRED INFLOW OF RESOURCES		1,832,662
	<b>TOTAL</b>	<b><u>3,439,586</u></b>	<b><u>3,439,586</u></b>

**Adjusting Journal Entry #17**

To correct accrued revenue year ended 2022 sewer and storm water.

630 -00-00-0000-115310-	ACCRUED REVENUE	4,904	
630 -80-63-6314-452005-W4613	SEWER SERVICE	11,136	
650 -00-00-0000-115310-	ACCRUED REVENUE	17,677	
630 -80-63-6314-452005-W4611	SEWER SERVICE		7,348
630 -80-63-6314-452005-W4612	SEWER SERVICE		4,642
630 -80-63-6314-452005-W4614	SEWER SERVICE		1,197
630 -80-63-6314-452005-W4615	SEWER SERVICE		2,853
650 -85-65-6514-452006-S4611	STORM SERVICE		10
650 -85-65-6514-452006-S4612	STORM SERVICE		17,667
	<b>TOTAL</b>	<b><u>33,717</u></b>	<b><u>33,717</u></b>

**Adjusting Journal Entry #18**

To adjust Fanta Rd lease receivable to match debt book ending receivable. Client entry 130794 used incorrect number .

600 -00-00-0000-151300-	LEASE RECEIVABLE	16,878	
600 -65-60-6020-457100-AMNTW	RENT/LEASE INCOME	16,878	
600 -00-00-0000-261000-	DEFERRED INFLOW OF RESOURCES		16,878
600 -65-60-6020-453000-AMNTW	INTEREST EARNINGS		16,878
	<b>TOTAL</b>	<b><u>33,756</u></b>	<b><u>33,756</u></b>

**Adjusting Journal Entry #19**

To record penalty related to TID 11 developer agreement as general fund revenue.

100 -00-00-0000-121411-	DUE FROM TIF #11	791,746	
411 -45-51-5110-450070-	MISCELLANEOUS FINES & FEES	393,379	
411 -45-51-5110-580250-DVLPR	TIF CAPITAL PROJECT	398,367	
100 -99-99-9910-454000-	MISCELLANEOUS REVENUE		392,349
100 -99-99-9910-454000-	MISCELLANEOUS REVENUE		399,397
411 -00-00-0000-222100-	DUE TO GENERAL		398,367
411 -00-00-0000-222100-	DUE TO GENERAL		393,379
	<b>TOTAL</b>	<b><u>1,583,492</u></b>	<b><u>1,583,492</u></b>

**Adjusting Journal Entry #20**

To record Airport asset contributions.

600 -00-00-0000-180001-	CONSTRUCTION IN PROGRESS	1,532,937	
600 -00-00-0000-310000-	CONTRIBUTED CAPITAL	280,626	
600 -00-00-0000-310000-	CONTRIBUTED CAPITAL	280,626	
600 -00-00-0000-180001-	CONSTRUCTION IN PROGRESS		280,626
600 -00-00-0000-180001-	CONSTRUCTION IN PROGRESS		280,626
600 -65-60-6010-421000-	FEDERAL CONTRIBUTIONS		1,334,535
600 -65-60-6010-421004-	LOCAL CONTRIBUTIONS		198,402
	<b>TOTAL</b>	<b><u>2,094,189</u></b>	<b><u>2,094,189</u></b>

**CITY OF LA CROSSE, WISCONSIN**  
**ADJUSTING JOURNAL ENTRIES**  
**DECEMBER 31, 2022**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b><u>Adjusting Journal Entry #21</u></b>			
To record Airport fixed asset changes.			
600 -00-00-0000-164001-	MACHINERY & EQUIPMENT	280,626	
600 -00-00-0000-164001-	MACHINERY & EQUIPMENT	280,626	
600 -00-00-0000-164999-	ACCUMULATED DEPRECIATION - MACHINERY & EQUIPMENT	585	
600 -65-60-6010-598100-	DEPRECIATION EXPENSE	2,923	
600 -00-00-0000-164999-	ACCUMULATED DEPRECIATION - MACHINERY & EQUIPMENT		2,923
600 -00-00-0000-310000-	CONTRIBUTED CAPITAL		280,626
600 -00-00-0000-310000-	CONTRIBUTED CAPITAL		280,626
600 -65-60-6010-598100-	DEPRECIATION EXPENSE		585
	<b>TOTAL</b>	<b><u>564,760</u></b>	<b><u>564,760</u></b>
<b><u>Adjusting Journal Entry #22</u></b>			
To increase enterprise vehicle lease payments and gain/loss for value gained upon trade in of vehicles.			
480 -99-99-9910-563000-	LEASE PRINCIPAL	323,646	
480 -99-99-9910-598000-	GAIN/LOSS ON DISPOSAL		323,646
	<b>TOTAL</b>	<b><u>323,646</u></b>	<b><u>323,646</u></b>

**CITY OF LA CROSSE, WISCONSIN**

**APPENDIX B**  
**MANAGEMENT REPRESENTATION LETTER**



# GRAND RIVER • GREAT CITY

La Crosse • Wisconsin

July 12, 2023

Hawkins Ash CPAs, LLP  
500 South 2<sup>ND</sup> 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, 2022, 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 City of La Crosse 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 12, 2023.

## Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 15, 2022, 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.
- 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

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



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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.
- 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.

City of La Crosse Finance Department, 400 La Crosse Street, La Crosse WI 54601-3396  
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- 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.



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- 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



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management's plans, and our ability to achieve those plans.

- 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



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which events could occur that would significantly disrupt normal finances within the next year.

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