

# **CITY OF MADISON**

Madison, Wisconsin

## **REPORT ON FEDERAL AND STATE AWARDS**

For the Year Ended December 31, 2018

# CITY OF MADISON

## TABLE OF CONTENTS For the Year Ended December 31, 2018

---

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 – 2
Report on Compliance for Each Major Federal and Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the <i>State Single Audit Guidelines</i>	3 – 5
Schedule of Expenditures of Federal Awards	6 – 9
Schedule of Expenditures of State Awards	10
Notes to Schedules of Expenditures of Federal and State Awards	11
Schedule of Findings and Questioned Costs	12 – 15

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Madison  
Madison, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Madison, Wisconsin as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Madison's basic financial statements, and have issued our report thereon dated June 19, 2019. Our report includes a reference to other auditors who audited the financial statements of the Olbrich Botanical Society and Olbrich Botanical Society Foundation, Library Foundation, and Madison Parks Foundation, component units of the city, the limited liability corporations (LLCs) presented as component units of the Community Development Authority of the City of Madison (CDA), and Monona Shores, a major fund of the CDA, as described in our report on the City of Madison's financial statements. The financial statements of the Olbrich Botanical Society and Olbrich Botanical Society Foundation, Library Foundation, Madison Parks Foundation, the LLCs of the CDA, and Monona Shores of the CDA were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those entities.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Madison's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Madison's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Madison's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Madison's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The City of Madison's Response to Findings**

The City of Madison's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Madison's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin  
June 19, 2019

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES*

INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Madison  
Madison, Wisconsin

**Report on Compliance for Each Major Federal and Major State Program**

We have audited the City of Madison's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the City of Madison's major federal and major state programs for the year ended December 31, 2018. The City of Madison's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Madison's major federal and major state 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance and the *State Single Audit 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 or a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Madison'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 major state program. However, our audit does not provide a legal determination of the City of Madison's compliance.

### ***Opinion on Each Major Federal and Major State Program***

In our opinion, the City of Madison complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2018.

### **Report on Internal Control Over Compliance**

Management of the City of Madison 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 of compliance, we considered the City of Madison's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, 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 of Madison's internal control over compliance.

*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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 or state 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 or state 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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 the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the *State Single Audit Guidelines***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Madison, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Madison's basic financial statements. We issued our report thereon dated June 19, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our report includes a reference to other auditors who audited the financial statements of the Olbrich Botanical Society and Olbrich Botanical Society Foundation, Library Foundation, and Madison Parks Foundation, component units of the city, the limited liability corporations (LLCs) presented as component units of the Community Development Authority of the City of Madison (CDA), and Monona Shores, a major fund of the CDA, as described in our report on the City of Madison's financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the *State Single Audit Guidelines* and is 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
June 19, 2019

**CITY OF MADISON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2018**

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Agency	Direct Grant Number/Pass-Through Grantor's Number	Program or Award Amount	Expenditures	Payments to Subrecipients
<b>FEDERAL AWARDS</b>						
<b>U. S. Department of Agriculture</b>						
Wisconsin Gypsy Moth Suppression Program	10.331	WI DNR	GM11417	18,738	\$ 12,628	\$ -
Total U.S. Department of Agriculture					<u>12,628</u>	<u>-</u>
<b>U.S. Department of Housing and Urban Development</b>						
Multifamily Housing Service Coordinators	14.191					
Service Coordinator Multifamily		N/A	WI39HS02009	947,012	80,690	-
Service Coordinator Multifamily		N/A	WI39HS03002	900,610	65,094	-
					<u>145,784</u>	<u>-</u>
Section 8 Project-Based Cluster						
Section 8 Housing Assistance Payments Program						
New Construction/Substantial Rehabilitation	14.195					
Housing Assistance Payments - Karabis		WHEDA	N/A	N/A	138,284	-
Housing Assistance Payments - Parkside		WHEDA	N/A	N/A	418,855	-
Total Section 8 Project -Based Cluster					<u>557,139</u>	<u>-</u>
CDBG - Entitlement Grants Cluster						
Community Development Block Grants/Entitlement Grants (CDBG)	14.218					
Community Development Block Grants/Entitlement Grants		N/A	B**-MC-55-0005	N/A	1,942,257	1,417,670
Community Development Block Grants - Program Income		N/A	N/A	N/A	3,284,368	1,944,440
Total CDBG - Entitlement Grants Cluster					<u>5,226,625</u>	<u>3,362,110</u>
Emergency Solutions Grants Program (ESG)	14.231					
Emergency Solutions Grant		N/A	E**-MC-55-0005	N/A	181,041	166,170
Emergency Solutions Grant		WI DOA	ETH **-11	N/A	459,651	440,890
					<u>640,692</u>	<u>607,060</u>
HOME Investment Partnerships Program (HOME)	14.239					
HOME Investment Partnerships Program		N/A	M**-MC-55-0201	N/A	172,436	94,945
HOME Investment Partnerships Program - Program Income		N/A	N/A	N/A	423,791	400,000
					<u>596,227</u>	<u>494,945</u>
Continuum of Care Program (CoC)	14.267					
Continuum of Care Program Grant FY15		N/A	WI0170L5I031500	94,546	7,175	-
Continuum of Care Program Grant FY16		N/A	WI0194L5I031600	91,940	89,608	-
Continuum of Care Program Grant FY17		N/A	WI0210L5I031700	91,940	8,202	-
					<u>104,985</u>	<u>-</u>
Public and Indian Housing	14.850					
Low Income Assistance Program - Operating Subsidy		N/A	N/A	N/A	1,299,001	-
					<u>1,299,001</u>	<u>-</u>
Resident Opportunity & Self Sufficiency	14.870	N/A	WI003RPS083A015	216,264	96,445	-
					<u>96,445</u>	<u>-</u>
Housing Voucher Cluster						
Section 8 Housing Choice Vouchers	14.871					
Housing Choice Voucher Program		N/A	WI003VO0119 (2010)	N/A	14,018,592	-
Total Housing Voucher Cluster					<u>14,018,592</u>	<u>-</u>
Public Housing Capital Fund	14.872					
Capital Fund Program FY14		N/A	WI39P00350114	913,769	14,613	-
Capital Fund Program FY15		N/A	WI39P00350115	934,240	57,858	-
Capital Fund Program FY16		N/A	WI39P00350116	1,050,702	75,264	-
Capital Fund Program FY17		N/A	WI39P00350117	1,116,675	585,003	-
					<u>732,738</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development					<u>23,418,228</u>	<u>4,464,115</u>

See notes to the schedule of expenditures of federal and state awards.



**CITY OF MADISON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2018**

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Agency	Direct Grant Number/Pass-Through Grantor's Number	Program or Award Amount	Expenditures	Payments to Subrecipients
<b>FEDERAL AWARDS (cont.)</b>						
<b>U.S. Department of Interior</b>						
Outdoor Recreation, Acquisition, Development and Planning	15.916	WI DNR	55-01885	295,308	\$ 26,896	\$ -
Total U.S. Department of Interior					<u>26,896</u>	<u>-</u>
<b>U.S. Department of Justice</b>						
OJJDP FY 2016 Safe and Thriving Communities Madison's Northside: A Safe and Thriving Community Grant	16.123	N/A	2016-MU-MU-K010	750,000	<u>221,900</u>	<u>134,537</u>
					<u>221,900</u>	<u>134,537</u>
Juvenile Justice and Delinquency Prevention Internet Crimes Against Children (ICAC) Task Force Invited	16.543	WI DOJ	2015-MC-FX-K029	35,000	<u>9,506</u>	<u>-</u>
					<u>9,506</u>	<u>-</u>
Public Safety Partnership and Community Policing Grants	16.710					
COPS Community Policing Development (CPD)		N/A	2017-CK-WX-0017	39,231	33,110	1,042
COPS Community Policing Development (CPD)		N/A	2016-CK-WX-0020	37,880	13,864	12,913
COPS Hiring		N/A	2015-UL-WX-0025	500,000	165,069	-
COPS Hiring		N/A	2014-UL-WX-0009	375,000	<u>68,222</u>	<u>-</u>
					<u>280,265</u>	<u>13,955</u>
Edward Byrne Memorial Justice Assistance Grant Program Smart Policing Initiative: Smart Policing Innovation	16.738	N/A	2016-WY-BX-0004	700,000	188,384	181,802
E. Byrne Memorial Justice Assistance		N/A	2017-DJ-BX-0104	91,240	74,684	16,375
E. Byrne Memorial Justice Assistance		N/A	2016-DJ-BX-1018	96,148	35,251	-
E. Byrne Memorial Justice Assistance TRGT		Dane Co	2015-DJ-01-12792	79,000	<u>73,752</u>	<u>-</u>
					<u>372,071</u>	<u>198,177</u>
Byrne Criminal Justice Innovation Program Byrne Criminal Justice Innovation: Implementation	16.817	N/A	2017-AJ-BX-0010	850,000	<u>33,348</u>	<u>25,851</u>
					<u>33,348</u>	<u>25,851</u>
Equitable Sharing Program Asset Forfeiture Program - Task Force	16.922	Dane Co	WI0132700	N/A	406,155	-
Asset Forfeiture Program - Police Department		Dane Co	WI0130100	N/A	<u>12,050</u>	<u>-</u>
					<u>418,205</u>	<u>-</u>
Total U.S. Department of Justice					<u>1,335,295</u>	<u>372,520</u>
<b>U.S. Department of Transportation</b>						
Federal Transit - Metropolitan Planning Grants	20.505					
Federal Highway Planning Grant		WI DOT	0095-75-75	741,602	57,247	-
State Highway Planning Grant		WI DOT	W095-75-75	47,020	3,630	-
Federal Highway Planning Grant		WI DOT	0095-85-75	745,581	586,917	-
Federal STP Rideshare Grant		WI DOT	5992-08-28	86,440	86,440	-
State Highway Planning Grant		WI DOT	W095-85-75	47,020	37,015	-
Federal Highway Planning Grant		Dane Co	0403-84-48	9,000	<u>4,249</u>	<u>-</u>
					<u>775,498</u>	<u>-</u>
Federal Transit Cluster Federal Transit - Formula Grants	20.507					
Section 5307 - Capital and Planning		N/A	90-X765	7,710,316	401,536	-
Section 5307 - Capital and Planning		N/A	90-X595	7,120,494	4,052	-
Section 5307 - Capital and Planning		N/A	WI-2016-003	7,493,023	266,229	-
Section 5307 - Capital and Planning		N/A	WI-2016-028	8,126,877	830,886	-
Section 5307 - Capital and Planning		N/A	WI-2017-030	7,661,814	1,438,543	-
Section 5307 - Capital and Planning		N/A	WI-2018-024	7,719,881	<u>6,195,948</u>	<u>-</u>
					<u>9,137,194</u>	<u>-</u>
Federal Transit - State of Good Repair Formula Section 5337 - Capital	20.525	N/A	WI-2017-030	845,834	<u>845,834</u>	<u>-</u>
					<u>845,834</u>	<u>-</u>

See notes to the schedule of expenditures of federal and state awards.

**CITY OF MADISON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2018**

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Agency	Direct Grant Number/Pass-Through Grantor's Number	Program or Award Amount	Expenditures	Payments to Subrecipients
<b>FEDERAL AWARDS (cont.)</b>						
<b>U.S. Department of Transportation (cont.)</b>						
Federal Transit - Bus & Bus Facilities Formula	20.526					
Section 5339 - Capital		N/A	WI-2017-030	1,005,807	\$ 1,005,807	\$ -
Section 5339 - Capital Low or No Emission		N/A	WI-2018-012	1,278,950	63,325	-
					<u>1,069,132</u>	<u>-</u>
Total Federal Transit Cluster					<u>11,052,160</u>	<u>-</u>
Transit Services Programs Cluster						
Federal Transit - Enhanced Mobility Formula	20.513					
Section 5310 - Enhanced Mobility		N/A	WI-2017-010	258,735	16,155	5,088
Section 5310 - Enhanced Mobility		N/A	WI-2018-009	382,231	290,361	204,726
Total Transit Services Programs Cluster					<u>306,516</u>	<u>209,814</u>
Public Transportation Research	20.514					
Section 5314 - Capital & Planning		N/A	26-X012	990,000	42,103	-
					<u>42,103</u>	<u>-</u>
Alternatives Analysis	20.522					
Section 5339 - Capital & Planning		N/A	39-X002	750,000	4,678	-
					<u>4,678</u>	<u>-</u>
Highway Safety Cluster						
State and Community Highway Safety Speed Enforcement 2018	20.600	Dane Co	FG-2018-DANE CO-04373	65,000	55,038	-
					<u>55,038</u>	<u>-</u>
National Priority Safety Program	20.616					
Alcohol Enforcement 2019		Dane Co	FG-2019-DANE CO-04475	100,000	23,629	-
Seatbelt Enforcement 2019		Dane Co	FG-2019-DANE CO-04494	85,000	15,086	-
Alcohol Enforcement 2018		Dane Co	FG-2018-DANE CO-04095	99,696	70,600	-
Pedestrian Safety 2018		WI DOT	FG-2018-MADISON-04384	25,000	19,702	-
Seatbelt Enforcement 2018		Dane Co	FG-2018-DANE CO-04092	79,968	49,704	-
					<u>178,721</u>	<u>-</u>
Total Highway Safety Cluster					<u>233,759</u>	<u>-</u>
National Infrastructure Investments						
TIGER VI Capital & Planning	20.933	N/A	79-1001	300,000	17,311	-
					<u>17,311</u>	<u>-</u>
Total U.S. Department of Transportation					<u>12,432,025</u>	<u>209,814</u>
<b>U.S. Equal Employment Opportunity Commission</b>						
Employment Discrimination - Title VII of the Civil Rights Act of 1964 Title VII Processing Contract	30.001	N/A	2018	46,500	25,870	-
Total U.S. Equal Employment Opportunity Commission					<u>25,870</u>	<u>-</u>
<b>Institute of Museum and Library Services</b>						
LSTA State Grants	45.310	WI DPI	2019-137713-LSTA Connect and Create-251	4,497	4,497	-
Inclusive Internship Initiative (III)	45.313	ALA	RE00-17-0129-17	3,500	3,500	-
Total Institute of Museum and Library Services					<u>7,997</u>	<u>-</u>
<b>U.S. Department of Energy</b>						
ARRA-Energy Efficiency and Conservation Block Grant (EECBG) Wisconsin Energy Efficiency Project	81.128	MKE	N/A	1,674,756	13,257	-
Total U.S. Department of Energy					<u>13,257</u>	<u>-</u>

See notes to the schedule of expenditures of federal and state awards.

**CITY OF MADISON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2018**

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Agency	Direct Grant Number/Pass- Through Grantor's Number	Program or Award Amount	Expenditures	Payments to Subrecipients
<b>FEDERAL AWARDS (cont.)</b>						
<b>U.S. Department of Health and Human Services</b>						
Research and Development Cluster						
Aging Research	93.866	UW-Madison	629K753	294,189	\$ 54,671	\$ -
Total Research and Development Cluster					<u>54,671</u>	<u>-</u>
Total U.S. Department of Health and Human Services					<u>54,671</u>	<u>-</u>
<b>Executive Office of the President</b>						
Office of National Drug Control Policy HIDTA	95.004	Dane Co	G16ML0014A	15,893	<u>15,893</u>	<u>-</u>
Total Executive Office of the President					<u>15,893</u>	<u>-</u>
<b>U.S Department of Homeland Security</b>						
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		N/A	2,353,476	<u>930,461</u>	<u>-</u>
Total U.S. Department of Homeland Security					<u>930,461</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>					<u>\$ 38,273,221</u>	<u>\$ 5,046,449</u>

See notes to the schedule of expenditures of federal and state awards.

**CITY OF MADISON**

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended December 31, 2018

State Grantor/Program Title	State ID Number	Grant Number	Program or Award Amount	Expenditures	Payments to Subrecipients
<b>STATE AWARDS</b>					
<b>Wisconsin Department of Natural Resources</b>					
Aids in Lieu of Taxes	370.503	N/A	N/A	\$ 420	\$ -
Lake Planning Grants Warner Lagoon Study	370.663	LPL-1561-15	25,000	25,000	-
Municipal Flood Control 3629 Marsh Road Acquisition	370.656	MFC-13032-16	83,750	6,556	-
Recycling Grants to Responsible Units	370.670	N/A	N/A	739,094	-
RU Consolidated Grant	370.673	N/A	N/A	<u>64,747</u>	<u>-</u>
Total for Wisconsin Department of Natural Resources				<u>835,817</u>	<u>-</u>
<b>Wisconsin Department of Transportation</b>					
Transit Operating Aids	395.104	2018	17,357,996	<u>17,357,996</u>	<u>-</u>
Total for Wisconsin Department of Transportation				<u>17,357,996</u>	<u>-</u>
<b>Wisconsin Department of Justice</b>					
Beat Patrol	455.275	2016-BP-01-11587-2	126,714	126,714	-
Beat Patrol Overtime	455.275	2018-BP-01-12891	90,000	<u>89,943</u>	<u>-</u>
Total for Wisconsin Department of Justice				<u>216,657</u>	<u>-</u>
<b>Wisconsin Department of Military Affairs</b>					
Regional Emergency Response Teams	465.306	07/01/2017-06/30/2019	320,168	<u>122,411</u>	<u>-</u>
Total for Wisconsin Department of Military Affairs				<u>122,411</u>	<u>-</u>
<b>Wisconsin Department of Administration</b>					
Housing Cost Reduction Initiative (HCRI)	505.703A				
Housing Cost Reduction Initiative		N/A	N/A	439,396	-
Housing Cost Reduction Initiative - Program Income		N/A	N/A	<u>3,100</u>	<u>-</u>
				<u>442,496</u>	<u>-</u>
Homelessness Prevention Program (HPP)	505.703B	ETH **-11	N/A	94,108	94,108
Housing Assistance Program (HAP)	505.707B	ETH **-11	N/A	<u>56,069</u>	<u>56,069</u>
Total for Wisconsin Department of Administration				<u>592,673</u>	<u>150,177</u>
<b>Wisconsin Department of Tourism</b>					
	N/A				
Wisconsin Arts Board		2017	10,510	8,260	-
Wisconsin Arts Board		2018	10,510	1,125	-
Wisconsin Arts Board - Monona Terrace Maker Faire Event		2018	3,860	<u>3,860</u>	<u>-</u>
Total for Wisconsin Department of Tourism				<u>13,245</u>	<u>-</u>
<b>TOTAL STATE AWARDS</b>				<u>\$ 19,138,799</u>	<u>\$ 150,177</u>

See notes to the schedule of expenditures of federal and state awards.

## CITY OF MADISON

### NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2018

---

#### **NOTE 1 – BASIS OF PRESENTATION**

---

The accompanying schedules of expenditures of federal and state awards (the “schedule”) includes the federal and state award activity of the City of Madison (“city”) under programs of the federal and state government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the city, it is not intended to and does not present the financial position, changes in net position or cash flows of the city.

---

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87 when applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

---

#### **NOTE 3 – PASS-THROUGH GRANTORS**

---

Federal funds have been passed through the following grantors:

WHEDA – Wisconsin Housing and Economic  
Development Authority  
WI DOJ – Wisconsin Department of Justice  
WI DOT – Wisconsin Department of  
Transportation  
WI DOA – Wisconsin Department of  
Administration  
WI DPI – Wisconsin Department of Public  
Instruction

MKE – City of Milwaukee, Wisconsin  
Dane Co – Dane County, Wisconsin  
WI DNR – Wisconsin Department of Natural  
Resources  
UW-Madison – University of Wisconsin –  
Madison  
ALA – American Legion Auxillary Department of  
Wisconsin

---

#### **NOTE 4 – INDIRECT COST RATE**

---

The city has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

# CITY OF MADISON

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

### SECTION I – SUMMARY OF AUDITORS’ RESULTS

#### **FINANCIAL STATEMENTS**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *unmodified*

Internal control over financial reporting:

- > Material weakness (es) identified?        X   yes             no
- > Significant deficiency (ies) identified?             yes        X   none reported

Noncompliance material to financial statements noted?             yes        X   no

#### **FEDERAL AND STATE AWARDS**

Internal control over major programs:

- |  | Federal Programs                             | State Programs                               |
|--|--|--|
| > Material weakness(es) identified?  | <u>      </u> yes <u>  X  </u> no            | <u>      </u> yes <u>  X  </u> no            |
| > Significant deficiencies identified that are not considered to be material weakness(es)? | <u>      </u> yes <u>  X  </u> none reported | <u>      </u> yes <u>  X  </u> none reported |

Type of auditor’s report issued on compliance for major programs:

*unmodified*

*unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?

       yes      X   no             yes      X   no

Auditee qualified as low-risk auditee?

       yes      X   no             yes      X   no

Dollar threshold used to distinguish between type A and type B programs:

\$1,148,197

\$250,000

# CITY OF MADISON

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

---

### SECTION I – SUMMARY OF AUDITORS' RESULTS (cont.)

---

#### *FEDERAL AND STATE AWARDS* (cont.)

Identification of major federal programs:

<u>CDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Voucher Cluster Section 8 Housing Choice Vouchers
20.507	Federal Transit Cluster Federal Transit – Formula Grants
20.525	Federal Transit – State of Good Repair Formula Program
20.526	Federal Transit – Bus and Bus Facilities Formula Program

Identification of major state programs:

<u>State I.D. Number</u>	<u>Name of State Program</u>
395.104	Transit Operating Aids

# CITY OF MADISON

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

---

### SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

---

#### **FINDING 2018-001: INTERNAL CONTROL OVER FINANCIAL REPORTING**

##### **Repeat of Finding 2017-001**

**Criteria:** Auditing Standards contained in AU-C Sec. 265 state that the city should have internal control procedures that enable the preparation of financial statements by city personnel that are free from material errors.

**Condition:** Auditing standards require that we perform procedures to obtain an understanding of your government and its internal control environment as part of the annual audit. This includes an analysis of the city's year-end financial reporting process and preparation of your financial statements, including the schedule of expenditures of federal and state awards. A properly designed system of internal control allows for the presentation of year-end financial data and financial statements without material errors. At this time, the city does not have internal controls in place that allow for the preparation of complete and accurate financial statements, including an independent review by someone other than the preparer, and material adjusting entries were found by the auditors.

**Cause:** Due to staffing constraints, the city relies on the auditors to prepare some financial statement disclosures. Errors in the general ledger and financial statements were not identified by city personnel.

**Effect:** The auditors assisted with the preparation of the annual financial statements and identified audit entries or changes to the city-prepared financial statements.

**Recommendation:** The city may consider and implement additional internal control procedures in order to prepare its year-end financial statements.

##### **Management's Response**

Finance staff are currently working on the 2018 CAFR build using software procured earlier in the year. We anticipate rolling forward the 2018 CAFR to begin mapping for 2019. The City's first electronic version of the entity-wide financial statements with reconciliations to the fund statements, cashflow financial statements, footnotes, and other supporting schedules are planned for completion by April of 2019, with the remaining CAFR reports finalized by late June of next year.

Additionally, city management formally reviews the fund financial statements prior to external audit teams' arrival. During these formal reviews, we highlight and discuss significant account variations between years, to help identify material misstatements. In 2018, City management implemented a formal month-end close process citywide, to further assist staff with projections, timely account analysis, and transactional completion for financial statement purposes.

In 2019, accounting supervisors will begin to sample high dollar transactions quarterly, to ensure account propriety, accurate recording within the general ledger, and to promptly identify any required journal entries and/or reclassifications prior to year-end close and external audit team arrival.



