

CITY OF MADISON

Madison, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2019

CITY OF MADISON

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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, 2019, 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 July 22, 2020. 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), Monona Shores, presented as a major fund of the CDA, and CDA 95-1 presented as a nonmajor 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, Monona Shores, and CDA 95-1 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 2019-001, 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 Finding

The City of Madison's response to the finding 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.



Madison, Wisconsin
July 22, 2020

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, 2019. 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, 2019.

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, Wisconsin as of and for the year ended December 31, 2019, 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 July 22, 2020, which contained an unmodified opinion 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), Monona Shores, a major fund of the CDA, and CDA 95-1, a nonmajor 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 basic 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
July 22, 2020

CITY OF MADISON

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019**

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
FEDERAL AWARDS						
U.S. Department of Housing and Urban Development						
Multifamily Housing Service Coordinators	14.191					
Service Coordinator Multifamily		N/A	MFSC177020	947,012	\$ 75,116	\$ -
Service Coordinator Multifamily		N/A	MFSC170289	900,610	76,283	-
					<u>151,399</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	152,290	-
Housing Assistance Payments - Parkside		WHEDA	N/A	N/A	393,985	-
Total Section 8 Project - Based Cluster					<u>546,275</u>	<u>-</u>
CDBG - Entitlement Grants Cluster						
Community Development Block Grants/Entitlement Grants (CDBG)						
Community Development Block Grants/Entitlement Grants	14.218	N/A	B**-MC-55-0005	N/A	2,627,036	2,154,931
Community Development Block Grants - Program Income		N/A	N/A	N/A	1,521,114	508,541
Total CDBG - Entitlement Grants Cluster					<u>4,148,150</u>	<u>2,663,472</u>
Emergency Solutions Grants Program (ESG)						
Emergency Solutions Grant	14.231	N/A	E**-MC-55-0005	N/A	154,693	139,569
Emergency Solutions Grant		WI DOA	ETH **-10	N/A	405,682	373,038
					<u>560,375</u>	<u>512,607</u>
HOME Investment Partnerships Program (HOME)						
HOME Investment Partnerships Program	14.239	N/A	M**-MC-55-0201	N/A	1,358,886	1,251,539
HOME Investment Partnerships Program - Program Income		N/A	N/A	N/A	264,395	227,892
					<u>1,623,281</u>	<u>1,479,431</u>
Continuum of Care Program (CoC)						
Continuum of Care Program Grant FY15	14.267	N/A	WI0194L5I031600	91,940	2,332	-
Continuum of Care Program Grant FY16		N/A	WI0210L5I031700	91,940	83,738	-
Continuum of Care Program Grant FY17		N/A	WI0226L5I031800	93,891	18,963	-
					<u>105,033</u>	<u>-</u>
Public and Indian Housing						
Low Income Assistance Program - Operating Subsidy	14.850	N/A	N/A	N/A	1,358,420	-
					<u>1,358,420</u>	<u>-</u>
Resident Opportunity & Self Sufficiency						
Resident Opportunity & Self Sufficiency	14.870	N/A	WI003RPS083A015	216,264	25,867	-
Resident Opportunity & Self Sufficiency	14.870	N/A	ROSS191299	239,250	68,723	-
					<u>94,590</u>	<u>-</u>
Housing Voucher Cluster						
Section 8 Housing Choice Vouchers	14.871					
Housing Choice Voucher Program		N/A	WI003VO0119 (2010)	N/A	15,353,342	-
Total Housing Voucher Cluster					<u>15,353,342</u>	<u>-</u>
Public Housing Capital Fund						
Capital Fund Program FY15	14.872	N/A	WI39P00350115	934,240	24,310	-
Capital Fund Program FY16		N/A	WI39P00350116	1,050,702	156,254	-
Capital Fund Program FY17		N/A	WI39P00350117	1,116,675	443,267	-
Capital Fund Program FY18		N/A	WI39P00350118	1,598,267	499,055	-
					<u>1,122,886</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development					<u>25,063,751</u>	<u>4,655,510</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, 2019**

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
FEDERAL AWARDS (cont.)						
U.S. Department of Justice						
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	\$ 391,626	\$ 343,383
					<u>391,626</u>	<u>343,383</u>
Juvenile Justice and Delinquency Prevention Internet Crimes Against Children (ICAC) Task Force Invited	16.543	WI DOJ	2015-MC-FX-K029	35,000	19,007	-
					<u>19,007</u>	<u>-</u>
National Criminal History Improvement Program Livescan System District Implantation Livescan	16.554	WI DOJ	2018-NC-01-14932	17,285	17,285	-
					<u>17,285</u>	<u>-</u>
Project Safe Neighborhoods National Training and Technical Assistance Program Project Safe Neighborhoods Madison Safe Neighborhoods Project	16.609	WI DOJ	281D-MW-C44708	175,245	20,775	-
					<u>20,775</u>	<u>-</u>
Public Safety Partnership and Community Policing Grants	16.710					
COPS Ant-Heroin Task Force		Dane Co.	2018-HP-WX-0017	65,000	27,917	-
COPS Community Policing Development (CPD)		N/A	2017-CK-WX-0017	39,231	6,121	-
COPS Hiring		N/A	2015-UL-WX-0025	500,000	49,893	-
					<u>83,931</u>	<u>-</u>
Edward Byrne Memorial Justice Assistance Grant Program Smart Policing Initiative: Smart Policing Innovation	16.738	N/A	2016-WY-BX-0004	700,000	164,031	152,960
E. Byrne Memorial Justice Assistance		N/A	2018-DJ-BX-0479	87,781	49,668	21,437
E. Byrne Memorial Justice Assistance		N/A	2017-DJ-BX-0104	91,240	17,790	6,100
E. Byrne Memorial Justice Assistance		N/A	2016-DJ-BX-1018	96,148	1,039	-
E. Byrne Memorial Justice Assistance TRGT		Dane Co	2017-DJ-01-14984	76,383	76,373	-
					<u>308,901</u>	<u>180,497</u>
Byrne Criminal Justice Innovation Program Byrne Criminal Justice Innovation: Implementation	16.817	N/A	2017-AJ-BX-0010	850,000	314,847	234,168
					<u>314,847</u>	<u>234,168</u>
STOP School Violence STOP School Violence Prevention and Mental Health Training Program	16.839	N/A	2018-YS-BX-0099	250,000	37,977	-
					<u>37,977</u>	<u>-</u>
Equitable Sharing Program Asset Forfeiture Program - Task Force	16.922	Dane Co	WI0132700	N/A	163,372	-
					<u>163,372</u>	<u>-</u>
Total U.S. Department of Justice					<u>1,357,721</u>	<u>758,048</u>
U.S. Department of Transportation						
Highway Planning and Construction Cluster Highway Planning and Construction Ped/Bike Safety	20.205	WI DOT	5992-08-44	76,400	28,863	-
Total Highway Planning and Construction Cluster					<u>28,863</u>	<u>-</u>
Federal Transit - Metropolitan Planning Grants	20.505					
Federal Highway Planning Grant - Extension		WI DOT	0095-85-75	N/A	155,393	-
State Highway Planning Grant - Extension		WI DOT	W095-85-75	N/A	9,800	-
Federal Highway Planning Grant		WI DOT	8/23/4024	776,012	647,981	-
Federal STP Rideshare Grant		WI DOT	12/6/2140	88,000	39,263	-
State Highway Planning Grant		WI DOT	9/24/2028	47,020	63,047	-
Federal Highway Planning Grant		Dane Co	12/9/1914	5,457	1,114	-
					<u>916,598</u>	<u>-</u>
Federal Transit Cluster						
Federal Transit - Formula Grants	20.507					
Section 5307 - Capital and Planning		N/A	90-X765	7,710,316	41,144	-
Section 5307 - Capital and Planning		N/A	WI-2016-003	7,493,023	229,427	-
Section 5307 - Capital and Planning		N/A	WI-2017-030	7,661,814	147,296	-
Section 5307 - Capital and Planning		N/A	WI-2018-024	7,719,881	825,067	-
Section 5307 - Capital and Planning		N/A	WI-2019-022	7,997,095	6,100,000	-
					<u>7,342,934</u>	<u>-</u>
Federal Transit - State of Good Repair Formula Section 5337 - Capital	20.525	N/A	WI-2018-024	984,363	984,363	-
					<u>984,363</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, 2019

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
FEDERAL AWARDS (cont.)						
U.S. Department of Transportation (cont.)						
Federal Transit - Bus & Bus Facilities Formula	20.526					
Section 5339 - Capital		N/A	WI-2018-024	1,521,503	\$ 1,521,503	\$ -
Section 5339 - Capital Low or No Emission		N/A	WI-2018-012	1,278,950	55,455	-
					<u>1,576,958</u>	<u>-</u>
Total Federal Transit Cluster					<u>9,904,255</u>	<u>-</u>
Transit Services Programs Cluster						
Federal Transit - Enhanced Mobility Formula	20.513					
Section 5310 - Enhanced Mobility		N/A	WI-2018-009	382,231	91,870	44,672
Section 5310 - Enhanced Mobility		N/A	WI-2019-019	245,264	232,125	193,462
Total Transit Services Programs Cluster					<u>323,995</u>	<u>238,134</u>
Public Transportation Research	20.514					
Section 5314 - Capital & Planning		N/A	26-X012	990,000	428,644	-
					<u>428,644</u>	<u>-</u>
Alternatives Analysis	20.522					
Section 5339 - Capital & Planning		N/A	39-X002	750,000	35,300	-
					<u>35,300</u>	<u>-</u>
Highway Safety Cluster						
State and Community Highway Safety	20.600					
Speed Enforcement 2018		Dane Co	FG-2018-DANE CO-04373	65,000	60,009	-
					<u>60,009</u>	<u>-</u>
National Priority Safety Program	20.616					
Alcohol Enforcement 2019		Dane Co	FG-2019-DANE CO-04475	100,000	76,371	-
Seatbelt Enforcement 2019		Dane Co	FG-2019-DANE CO-04494	85,000	41,614	-
Pedestrian Safety 2019		WI DOT	FG-2019-MADISON -04816	27,976	27,974	4,721
Alcohol Enforcement 2020		Dane Co	FG-2020-DANE CO-05019	99,991	26,067	-
Seatbelt Enforcement 2020		Dane Co	FG-2020-DANE-CO-05020	56,700	18,531	-
TRaCs/Mobilization Equipment 2019-1		WI DOT	FG-2019-MADISON-04647	4,000	4,000	-
TRaCs/Mobilization Equipment 2019-2		WI DOT	FG-2019-MADISON -04837	4,000	3,959	-
					<u>198,516</u>	<u>4,721</u>
Total Highway Safety Cluster					<u>258,525</u>	<u>4,721</u>
Total U.S. Department of Transportation					<u>11,896,180</u>	<u>242,855</u>
U.S. Equal Employment Opportunity Commission						
Employment Discrimination - Title VII of the Civil Rights Act of 1964	30.001					
Title VII Processing Contract		N/A	2018	46,500	8,727	-
Title VII Processing Contract		N/A	2019	44,420	44,465	-
Title VII Processing Contract		N/A	2020	N/A	1,046	-
Total U.S. Equal Employment Opportunity Commission					<u>54,238</u>	<u>-</u>
Institute of Museum and Library Services						
Inclusive Internship Initiative (III)	45.313	ALA	RE00-17-0129-17	3,500	3,500	-
Total Institute of Museum and Library Services					<u>3,500</u>	<u>-</u>
U.S. Environmental Protection Agency						
Brownfields Assessment Grant	66.818	N/A	RE00-17-0129-17	300,000	1,483	-
Total U.S. Environmental Protection Agency					<u>1,483</u>	<u>-</u>
U.S. Department of Energy						
State Energy Program	81.041					
Energy Innovation Grant		PSC-WI	9709-FG-2018	129,300	103,440	-
ARRA-Energy Efficiency and Conservation Block Grant (EECBG)	81.128					
Wisconsin Energy Efficiency Project		MKE	N/A	1,674,756	6,721	-
Total U.S. Department of Energy					<u>110,161</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, 2019**

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
FEDERAL AWARDS (cont.)						
U.S. Department of Health and Human Services						
Research and Development Cluster						
Aging Research	93.866	UW-Madison	629K753	242,209	\$ 21,869	\$ -
Total Research and Development Cluster					<u>21,869</u>	<u>-</u>
Total U.S. Department of Health and Human Services					<u>21,869</u>	<u>-</u>
U.S. Department of Homeland Security						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	WI DMA	465.305	N/A	1,086,126	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	N/A	2,353,476	<u>1,022,046</u>	<u>-</u>
Total U.S. Department of Homeland Security					<u>2,108,172</u>	<u>-</u>
TOTAL FEDERAL AWARDS					<u>\$ 40,617,075</u>	<u>\$ 5,656,413</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, 2019

State Grantor/Program Title	State ID Number	Grant Number	Program or Award Amount	Expenditures	Payments to Subrecipients
STATE AWARDS					
Wisconsin Department of Natural Resources					
Municipal Flood Control	370.678				
Surface Water Grant - Aquatic Invasive Species Control		AIRR25220	20,000	\$ 6,111	\$ -
Recycling Grants to Responsible Units	370.670	N/A	N/A	740,285	-
RU Consolidated Grant	370.673	N/A	N/A	<u>64,253</u>	<u>-</u>
Total for Wisconsin Department of Natural Resources				<u>810,649</u>	<u>-</u>
Wisconsin Department of Transportation					
Transit Operating Aids	395.104	2018	17,357,996	<u>17,352,591</u>	<u>-</u>
Total for Wisconsin Department of Transportation				<u>17,352,591</u>	<u>-</u>
Wisconsin Department of Justice					
Beat Patrol	455.275	2019-BP01-14891	126,714	126,714	-
Beat Patrol Overtime	455.275	2019-BP-01-14893	90,000	<u>90,000</u>	<u>-</u>
Total for Wisconsin Department of Justice				<u>216,714</u>	<u>-</u>
Wisconsin Department of Military Affairs					
Regional Emergency Response Teams	465.306	07/01/2017-06/30/2019	320,168	120,064	-
Regional Emergency Response Teams	465.306	07/01/2019-06/30/2021	320,168	<u>77,354</u>	<u>-</u>
Total for Wisconsin Department of Military Affairs				<u>197,418</u>	<u>-</u>
Wisconsin Department of Administration					
Housing Cost Reduction Initiative (HCRI)	505.703A				
Housing Cost Reduction Initiative		HCRI **-06	N/A	484,703	-
Housing Cost Reduction Initiative - Program Income		N/A	N/A	<u>308,903</u>	<u>-</u>
				<u>793,606</u>	<u>-</u>
Homelessness Prevention Program (HPP)	505.703B	ETH **-11	N/A	121,263	121,263
Housing Assistance Program (HAP)	505.707B	ETH **-11	N/A	<u>72,587</u>	<u>72,587</u>
Total for Wisconsin Department of Administration				<u>987,456</u>	<u>193,850</u>
Wisconsin Department of Tourism					
Wisconsin Arts Board	N/A	2018	10,510	9,385	-
Wisconsin Arts Board - Monona Terrace Maker Faire Event		2018	3,860	<u>750</u>	<u>-</u>
Total for Wisconsin Department of Tourism				<u>10,135</u>	<u>-</u>
TOTAL STATE AWARDS				<u>\$ 19,574,963</u>	<u>\$ 193,850</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, 2019

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, 2019. 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	MKE – City of Milwaukee, Wisconsin
WI DOJ – Wisconsin Department of Justice	Dane Co – Dane County, Wisconsin
WI DOT – Wisconsin Department of Transportation	UW-Madison – University of Wisconsin – Madison
WI DOA – Wisconsin Department of Administration	ALA – American Legion Auxiliary Department of Wisconsin
WI DMA – Wisconsin Department of Military Affairs	PSC-WI – Public Service Commission 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

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2019

NOTE 5 – SUBSEQUENT EVENTS

In March 2020, comprehensive stay at home orders were issued by the State of Wisconsin and the Public Health Department of Madison and Dane County in response to the public health emergency caused by the global outbreak of COVID-19. The world-wide public health emergency has resulted in unprecedented impacts to the global, national, state, regional and local economies. In May 2020, the City of Madison projected a deficit of \$30 million compared to adopted 2020 budgeted levels across the city's general, library and enterprise funds due to reduced revenues and increased costs associated with these impacts.

As of June 2020, city costs due to COVID-19 response actions totaled approximately \$5.5 million. These deficits and response costs are anticipated to be addressed through a series of measures, including cost containment and cost reductions, a city-wide hiring freeze, limits on non-essential nonpersonnel spending, utilization of federal CARES Act funding, and new appropriations from the city's general fund balance. CARES Act funding available to the city includes approximately \$25 million for transit-related purposes, \$4.1 million of State of Wisconsin Coronavirus Relief Fund (CRF) monies allocated to the city through the state's Routes to Recovery program, and Federal Emergency Management Agency (FEMA) cost reimbursements.

CITY OF MADISON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

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:

\$1,218,512

\$250,000

CITY OF MADISON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019**

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>
14.218	CDBG – Entitlements Grant Cluster
14.239	Community Development Block Grants/Entitlement Grants
14.850	HOME Investment Partnerships Program (HOME)
	Public and Indian Housing
	Federal Transit Cluster
20.507	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
505.703A	Housing Cost Reduction Initiative (HCRI)

CITY OF MADISON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2019

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

FINDING 2019-001: INTERNAL CONTROL OVER FINANCIAL REPORTING - COMMUNITY DEVELOPMENT AUTHORITY

Repeat of Finding 2018-001

Criteria: Auditing Standards contained in AU-C Sec. 265 state that the auditees should have internal control procedures that enable the preparation of financial statements by auditee's 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 Community Development Authority 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.

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

Effect: The auditors assisted with the preparation of the annual financial statements of the Community Development Authority-prepared financial statements.

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

Management's Response

Finance Department staff prepared the entire 2019 Comprehensive Annual Report without any material misstatements, and has resolved the 2018 material weakness over financial reporting. However, staff did not prepare a complete set of financial statements for Community Development Authority, in their entirety, but did provide draft fund statements, conversion entries, and some footnote disclosures. Staff will continue into fiscal year 2020, to use third party software to map/build the CDA financial statements for next year's external audits. No material misstatements were identified during management's review process nor through external audit testing.

CITY OF MADISON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION III – FEDERAL OR STATE AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – OTHER ISSUES


Does the auditor’s report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee’s ability to continue as a going concern? _____ yes X no

Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Natural Resources	_____ yes	<u> X </u> no
Department of Tourism	_____ yes	<u> X </u> no
Department of Justice	_____ yes	<u> X </u> no
Department of Transportation	_____ yes	<u> X </u> no
Department of Military Affairs	_____ yes	<u> X </u> no
Department of Administration	_____ yes	<u> X </u> no

Was a Management Letter or other document conveying audit comments issued as a result of this audit? X yes _____ no

Name and signature of firm director


Amanda Blomberg, CPA, Firm Director

Date of report

July 22, 2020