

City of Madison

Report on Federal and State Awards

December 31, 2020

City of Madison

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**Independent Auditors' 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***

To the City Council of
City of Madison

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, 2020, 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 23, 2021. 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 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 2020-001, 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.

Baker Tilly US, LLP

Madison, Wisconsin
June 23, 2021

**Independent Auditors' 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***

To the City Council of
City of Madison

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, 2020. 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, 2020.

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 Schedules 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, 2020, 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 23, 2021, 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 schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Uniform Guidance and the *State Single Audit Guidelines* and are 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 schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements.

Baker Tilly US, LLP

Madison, Wisconsin
June 23, 2021

City of Madison

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

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	\$ 28,919	\$ -
Service Coordinator Multifamily		N/A	MFSC170289	900,610	77,283	-
					106,202	-
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	151,739	-
Housing Assistance Payments, Parkside		WHEDA	N/A	N/A	356,643	-
Total Section 8 Project Based Cluster					508,382	-
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	1,461,050	1,042,270
Community Development Block Grants, Program Income		N/A	N/A	N/A	425,880	199,499
COVID 19 Community Development Block Grants/Entitlement Grants (CDBG)	14.218					
COVID 19 CDBG/Entitlement Grants, CARES Act Supplemental (CDBG-CV)		N/A	B20-MW-55-0005	2,602,959	129,906	39,036
Total CDBG - Entitlement Grants Cluster					2,016,836	1,280,805
Emergency Solutions Grants Program (ESG)	14.231					
Emergency Solutions Grant		N/A	E**-MC-55-0005	N/A	171,867	158,701
Emergency Solutions Grant		WI DOA	ETH **-10	N/A	235,511	219,879
COVID 19 Emergency Solutions Grants Program (ESG)	14.231					
COVID 19 Emergency Solutions Grant, CARES Act Supplemental (ESG-CV)		N/A	E20-MW-55-0005	2,890,929	144,088	26,387
COVID 19 Emergency Solutions Grant, CARES Act Supplemental (ESG-CV)		WI DOA	ESG-CV 20-09	1,887,265	635,458	635,458
					1,186,924	1,040,425
HOME Investment Partnerships Program (HOME)	14.239					
HOME Investment Partnerships Program		N/A	M**-MC-55-0201	N/A	448,777	313,501
HOME Investment Partnerships Program, Program Income		N/A	N/A	N/A	391,645	272,320
					840,422	585,821
Continuum of Care Program (CoC)	14.267					
Continuum of Care Program Grant FY16		N/A	WI0210L5I031700	93,891	73,801	-
Continuum of Care Program Grant FY17		N/A	WI0226L5I031800	107,086	(901)	-
					72,900	-
Public and Indian Housing	14.850					
Low Income Assistance Program, Operating Subsidy		N/A	N/A	N/A	1,269,343	-
COVID 19 Public and Indian Housing	14.850					
COVID 19 Low Income Assistance Program, Operating Subsidy		N/A	N/A	N/A	195,353	-
					1,464,696	-
Resident Opportunity & Self Sufficiency	14.870					
		N/A	ROSS191299	239,250	83,602	-
					83,602	-
Housing Voucher Cluster						
Section 8 Housing Choice Vouchers	14.871					
Housing Choice Voucher Program		N/A	WI003VO0119 (2010)	N/A	15,391,632	-
COVID 19 Section 8 Housing Choice Vouchers	14.871					
COVID 19 Housing Choice Voucher Program		N/A	N/A	N/A	1,173,523	-
Total Housing Voucher Cluster					16,565,155	-
Public Housing Capital Fund	14.872					
Capital Fund Program FY15		N/A	WI39P00350115	1,050,702	9,398	-
Capital Fund Program FY16		N/A	WI39P00350116	1,116,675	46,782	-
Capital Fund Program FY17		N/A	WI39P00350117	1,598,267	406,681	-
Capital Fund Program FY18		N/A	WI39P00350118	1,684,754	502,905	-
					965,766	-
Total U.S. Department of Housing and Urban Development					23,810,885	2,907,051

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

City of Madison

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

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
U.S. Department of Interior						
Partners for Fish and Wildlife	15.631	N/A	N/A	\$ 13,000	\$ 7,450	\$ -
Total U.S. Department of Interior					7,450	-
U.S. Department of Justice						
COVID 19 Coronavirus Emergency Supplemental Funding Program	16.034					
COVID 19 Coronavirus Emergency Supplemental Funding (CESF)		N/A	2020-VD-BX-0082	279,128	35,672	-
					35,672	-
Juvenile Justice and Delinquency Prevention						
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	WI DOJ	2018-JF-21-15409	25,000	25,000	-
Missing Children's Assistance	16.543	WI DOJ	2015-MC-FX-K029	35,000	10,661	-
					35,661	-
Project Safe Neighborhoods National Training and Technical Assistance Program	16.609					
Dane County Narcotics Task Force PSNTF		Dane Co	2019-PW-01-15801	32,420	540	-
Madison Safe Neighborhoods Project		WI DOJ	281D-MW-C44708	175,245	10,321	-
					10,861	-
Public Safety Partnership and Community Policing Grants	16.710					
COPS Anti-Methamphetamine Program (CAMP)		Dane Co	13929	10,000	9,516	-
COPS Anti-Heroin Task Force (AHTF)		Dane Co	2018-HP-WX-0017	65,000	12,603	-
					22,119	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738					
Smart Policing Initiative: Smart Policing Innovation		N/A	2016-WY-BX-0004	700,000	136,395	109,933
E. Byrne Memorial Justice Assistance		N/A	2020-DJ-BX-0706	83,839	5,231	5,231
E. Byrne Memorial Justice Assistance		N/A	2019-DJ-BX-0616	86,633	56,277	21,228
E. Byrne Memorial Justice Assistance		N/A	2018-DJ-BX-0479	87,781	9,789	-
E. Byrne Memorial Justice Assistance TRGT		Dane Co	2018-DJ-01-15673	73,000	52,935	-
					260,627	136,392
Byrne Criminal Justice Innovation Program	16.817					
Byrne Criminal Justice Innovation: Implementation		N/A	2017-AJ-BX-0010	850,000	443,982	85,508
					443,982	85,508
Comprehensive Opioid, Stimulants and Substance Abuse Program	16.838					
COSSAP First Responder Diversion Program (PTRMDC)		N/A	2019-AR-BX-K032	1,200,000	138,165	31,286
					138,165	31,286
STOP School Violence	16.839					
STOP School Violence Prevention and Mental Health Training Program		N/A	2018-YS-BX-0099	250,000	99,918	99,918
					99,918	99,918
Equitable Sharing Program	16.922					
Asset Forfeiture Program, Task Force		Dane Co	WI0132700	N/A	116,291	-
					116,291	-
Drug Enforcement Administration	16.UNKNOWN					
Organized Crime Drug Enforcement Task Force (OCDETF)		Dane Co	GL-WIW-0086	10,000	2,023	-
					2,023	-
Federal Bureau of Investigation	16.UNKNOWN					
Safet Streets Task Force		N/A	281D-MW-C44708	22,500	10,060	-
					10,060	-
Total U.S. Department of Justice					1,175,379	353,104
U.S. Department of Transportation						
Federal Transit, Metropolitan Planning Grants	20.505					
Federal Highway Planning Grant, Extension		WI DOT	0095-95-75	776,012	122,591	-
Federal STP Rideshare Grant		WI DOT	5992-08-29	88,000	7,428	-
State Highway Planning Grant, Extension		WI DOT	W095-95-75	47,020	25,753	-
Federal Highway Planning Grant		WI DOT	0095-05-75	797,883	715,019	-
Federal STP Rideshare Grant		WI DOT	5992-08-37	84,264	67,760	-
State Highway Planning Grant		WI DOT	W095-05-75	47,020	42,137	-
Federal Highway Planning Grant		Dane Co	0403-84-48	5,457	5,455	-
					986,143	-
Federal Transit Cluster						
Federal Transit, Formula Grants	20.507					
Section 5307, Capital and Planning		N/A	WI-2017-030	7,661,814	26,110	-
Section 5307, Capital and Planning		N/A	WI-2018-024	7,719,881	698,866	-
Section 5307, Capital and Planning		N/A	WI-2020-031	7,776,895	6,000,000	-
COVID 19 Federal Transit, Formula Grants	20.507					
COVID 19 Section 5307, CARES Act Stimulus		N/A	WI-2020-049	24,498,820	11,568,622	10,625
					18,293,598	10,625

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

City of Madison

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

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
U.S. Department of Transportation(cont.)						
Federal Transit, Bus & Bus Facilities Formula	20.526					
Section 5339, Capital		N/A	WI-2019-022	\$ 1,469,525	\$ 47,910	\$ -
Section 5339, Capital Low or No Emission		N/A	WI-2018-012	1,278,950	164,392	-
					<u>212,302</u>	<u>-</u>
Total Federal Transit Cluster					<u>18,505,900</u>	<u>10,625</u>
Transit Services Programs Cluster						
Federal Transit, Enhanced Mobility Formula	20.513					
Section 5310, Enhanced Mobility		N/A	WI-2019-019	245,264	13,139	-
Section 5310, Enhanced Mobility		N/A	WI-2020-025	351,964	276,778	186,957
					<u>289,917</u>	<u>186,957</u>
Total Transit Services Programs Cluster					<u>289,917</u>	<u>186,957</u>
Public Transportation Research						
Section 5314, Capital & Planning	20.514	N/A	26-X012	990,000	735,529	-
					<u>735,529</u>	<u>-</u>
Alternatives Analysis						
Section 5339, Capital & Planning	20.522	N/A	39-X002	750,000	30,022	-
					<u>30,022</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	25,674	-
					<u>25,674</u>	<u>-</u>
National Priority Safety Program						
Alcohol Enforcement 2020	20.616	Dane Co	FG-2020-DANE CO-05019	99,991	57,840	-
Seatbelt Enforcement 2020		Dane Co	FG-2020-DANE-CO-05020	56,700	10,791	-
Alcohol Enforcement 2021		Dane Co	FG-2021-DANE CO-05477	100,000	13,342	-
Seatbelt Enforcement 2021		Dane Co	FG-2021-DANE-CO-05496	56,700	11,033	-
					<u>93,006</u>	<u>-</u>
Total Highway Safety Cluster					<u>118,680</u>	<u>-</u>
Total U.S. Department of Transportation					<u>20,666,191</u>	<u>197,582</u>
U.S. Department of the Treasury						
COVID 19 Coronavirus Relief Fund	21.019					
COVID-19 CARES Act Provider Payments (CAPP)		WI DHS	N/A	18,035	18,035	-
COVID 19 Coronavirus Relief Fund	21.019					
Routes to Recovery:Local Government Aid Grants		WI DOA	N/A	4,657,567	4,675,567	-
					<u>4,675,602</u>	<u>-</u>
Total U.S. Department of Treasury					<u>4,675,602</u>	<u>-</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	2020	44,420	5,085	-
Total U.S. Equal Employment Opportunity Commission					<u>5,085</u>	<u>-</u>
U.S. Environmental Protection Agency						
Feasibility Study for a Regional Food Waste Digester	66.808	N/A	83967101	39,000	39,000	-
Brownfields Assessment Grant	66.818	N/A	N/A	300,000	69,194	-
Total U.S. Environmental Protection Agency					<u>108,194</u>	<u>-</u>
U.S. Department of Energy						
State Energy Program	81.041					
Energy Innovation Grant		PSC-WI	9709-FG-2018	129,300	19,395	-
					<u>19,395</u>	<u>-</u>
ARRA-Energy Efficiency and Conservation Block Grant (EECBG)						
Wisconsin Energy Efficiency Project	81.128	MKE	N/A	1,674,756	21,115	-
					<u>21,115</u>	<u>-</u>
Total U.S. Department of Energy					<u>40,510</u>	<u>-</u>

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

City of Madison

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

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
U.S. Department of Education						
National resource Centers (NRC) Program for Foreign Language and Area Studies	84.015A	UW Madison	P015A180118	\$ 1,000	<u>888</u>	<u>\$ -</u>
Total U.S. Department of Education					<u>888</u>	<u>-</u>
U.S. Election Assistance Commission						
COVID 19 2018 HAVA Elections Security Grant	90.404	WEC	WI20101CARES	196,265	<u>196,265</u>	<u>-</u>
Total U.S. Election Assistance Commission					<u>196,265</u>	<u>-</u>
U.S. Department of Health and Human Services						
COVID 19 Provider Relief Fund	93.498	N/A	N/A	158,105	<u>158,105</u>	<u>-</u>
Total U.S. Department of Health and Human Services					<u>158,105</u>	<u>-</u>
Executive Office of the President						
Anti-Doping Activities	95.004	Dane Co	G16ML0014A	15,893	<u>14,330</u>	<u>-</u>
Total Executive Office of the President					<u>14,330</u>	<u>-</u>
U.S Department of Homeland Security						
Disaster Grants, Public Assistance (Presidentially Declared Disasters)	97.036	WI DMA	465.305	N/A	<u>266,704</u>	<u>-</u>
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	N/A	2,353,476	<u>400,969</u>	<u>-</u>
Total U.S. Department of Homeland Security					<u>667,673</u>	<u>-</u>
Total Federal Awards					<u>\$ 51,526,557</u>	<u>\$ 3,457,737</u>

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

City of Madison

Schedule of Expenditures of State Awards Year Ended December 31, 2020

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	\$ 2,550	\$ -
Recycling Grants to Responsible Units	370.670	N/A	N/A	740,179	-
RU Consolidated Grant	370.673	N/A	N/A	<u>64,527</u>	<u>-</u>
Total for Wisconsin Department of Natural Resources				<u>807,256</u>	<u>-</u>
Wisconsin Department of Transportation					
Transit Operating Aids	395.104	2020	17,758,321	<u>17,758,321</u>	<u>-</u>
Total for Wisconsin Department of Transportation				<u>17,758,321</u>	<u>-</u>
Wisconsin Department of Justice					
Beat Patrol	455.275	2019-BP01-14891	126,714	<u>126,714</u>	<u>-</u>
Total for Wisconsin Department of Justice				<u>126,714</u>	<u>-</u>
Wisconsin Department of Military Affairs					
Regional Emergency Response Teams	465.306	07/01/2017-06/30/2019	320,168	131,568	-
WHMRS Equipment Grant	465.308	2020-HRER-01 11909	170,211	<u>166,395</u>	<u>-</u>
Total for Wisconsin Department of Military Affairs				<u>297,963</u>	<u>-</u>
Wisconsin Department of Administration					
Housing Cost Reduction Initiative (HCRI)	505.703A				
Housing Cost Reduction Initiative		HCRI **-06	N/A	93,865	-
Housing Cost Reduction Initiative, Program Income		N/A	N/A	<u>90,000</u>	<u>-</u>
				<u>183,865</u>	<u>-</u>
Homelessness Prevention Program (HPP)	505.703B	EHH **-09	N/A	133,235	133,235
Housing Assistance Program (HAP)	505.707B	EHH **-09	N/A	<u>41,779</u>	<u>41,779</u>
Total for Wisconsin Department of Administration				<u>358,879</u>	<u>175,014</u>
Wisconsin Department of Tourism					
Wisconsin Arts Board, Monona Terrace Maker Faire Event	N/A	2019-2020	10,510	<u>9,010</u>	<u>9,010</u>
Total for Wisconsin Department of Tourism				<u>9,010</u>	<u>9,010</u>
Total State Awards				<u>\$ 19,358,143</u>	<u>\$ 184,024</u>

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

City of Madison

Notes to Schedules of Expenditures of Federal and State Awards
December 31, 2020

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 (the City) under programs of the federal and state government for the year ended December 31, 2020. 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.

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, 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.

3. Pass-Through Grantors

Federal funds have been passed through the following grantors:

WHEDA – Wisconsin Housing and Economic Development Authority	WI DHS – Wisconsin Department of Health Services
WI DOJ – Wisconsin Department of Justice	MKE – City of Milwaukee, Wisconsin
WI DOT – Wisconsin Department of Transportation	Dane Co – Dane County, Wisconsin
WI DOA – Wisconsin Department of Administration	UW-Madison – University of Wisconsin – Madison
WI DMA – Wisconsin Department of Military Affairs	PSC-WI – Public Service Commission of Wisconsin
	WEC – Wisconsin Elections Commission

4. Indirect Cost Rate

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

5. Subsequent Events

The Federal American Rescue Plan Act (ARPA) was signed into law in early March 2021. Under ARPA, the City is anticipated to receive approximately \$49.0 million under the local government aid provisions of the legislation. That funding will be received in two equal tranches – the first in May 2021 and the second one year later – and is available through December 31, 2024. Funding can be used to address the economic and public health impacts of COVID-19, pay bonuses to essential public and private employees, address local government revenue shortfalls, and for water, sewer and broadband infrastructure. The City has an estimated revenue loss of \$67.0 million through 2021 (general, room tax and key enterprise funds). The City is also anticipated to receive \$30.0 million of transit funding under ARPA. Total additional funding for transit from federal economic recovery legislation (CARES, CAA and ARPA) is anticipated to reach approximately \$70.0 million. The City has formed an internal Funding and Recovery Team to review the various programs under ARPA and other federal legislation, estimate the amount of funding to be received by the City directly or through organizations and businesses in the City, engage the community on these programs and seek partnerships for use of the funds to build back the community better.

City of Madison

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

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?	<u> X </u> yes	<u> </u> no
Significant deficiency (ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal and State Awards

Internal control over major programs:

	<u>Federal Programs</u>		<u>State Programs</u>	
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:	<u>unmodified</u>		<u>unmodified</u>	
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 <i>State Single Audit Guidelines</i> ?	<u> </u> yes	<u> X </u> no	<u> </u> yes	<u> X </u> no
Auditee qualified as low-risk auditee?	<u> </u> yes	<u> X </u> no	<u> </u> yes	<u> X </u> no
Dollar threshold used to distinguish between type A and type B programs:	\$1,545,797		\$250,000	

City of Madison

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID 19 Coronavirus Relief Fund
	Federal Transit Cluster
20.507	Federal Transit – Formula Grant
20.507	COVID 19 Federal Transit – Formula Grant
20.526	Federal Transit – Bus and Bus Facilities Formula Program

Identification of major state programs:

<u>State Number</u>	<u>Name of State Program</u>
370.670	Recycling Grants to Responsible Units
395.104	Transit Operating Aids

Section II – Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

Finding 2020-001: Internal Control Over Financial Statement Close Process

Criteria: Auditing Standards contained in AU-C Sec. 265 state that the City should have internal control procedures that ensures the general ledger is 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 sufficient internal controls in place that allow for the preparation of complete and accurate financial statements.

Cause: Due to staffing constraints, material errors in the general ledger were not identified by city personnel.

Effect: The auditors identified material audit entries.

Recommendation: The City may consider and implement additional internal control procedures in order to prevent material audit entries.

Management's Response

Finance Department staff work closely with our auditors to proactively consult on a variety of complex transactions including those this year of a crossover refunding in order to prevent material misstatements to the financial statements. However, the enterprise premiums were applied and recorded within the general ledger using the modified accrual accounting approach versus the full accrual accounting methodology. Additionally, management staff reviewed the trial balances and financial statements prior to auditor arrival, but did not identify the material misstatement for the enterprise premiums that were reported as revenues during the fiscal year.

City of Madison

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Management staff has implemented additional internal controls that include specifically documenting how premiums and/or discounts should be reported under both accounting treatments. Staff reporting and approving debt transactions will seek further training opportunities, as the newly hired employees performing these work responsibilities this year need to understand and remember differences between reporting transactions under the modified and full accrual accounting methodologies.

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	<u> </u> yes	<u> X </u> no
Department of Tourism	<u> </u> yes	<u> X </u> no
Department of Justice	<u> </u> yes	<u> X </u> no
Department of Transportation	<u> </u> yes	<u> X </u> no
Department of Military Affairs	<u> </u> yes	<u> X </u> no
Department of Administration	<u> </u> 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 partner

Amanda Blomberg, CPA



Date of report

June 23, 2021
