

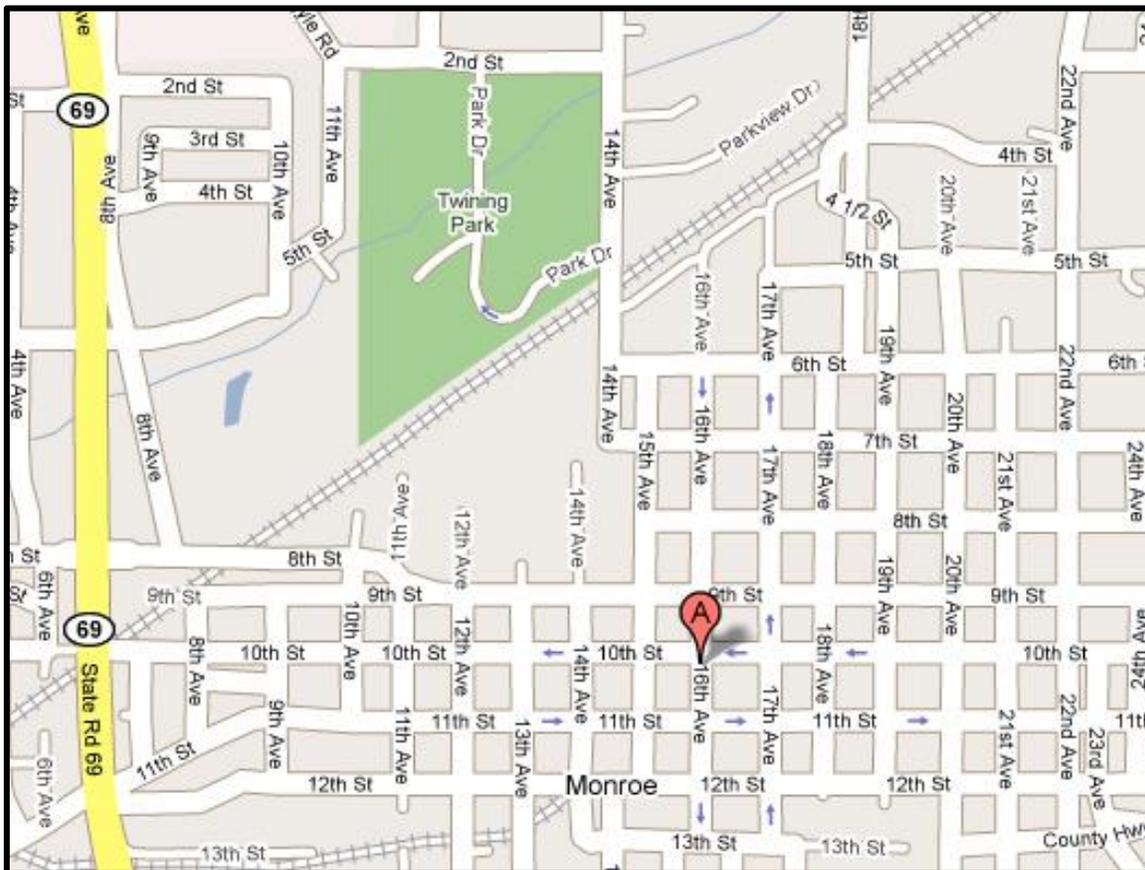
PECATONICA RAIL TRANSIT COMMISSION

20 S Court Street • PO Box 262 • Platteville, Wisconsin 53818
MEMBER COUNTIES: GREEN • IOWA • LAFAYETTE • ROCK

TO: Pecatonica Rail Transit Commissioners & Other Interested Persons
FROM: Matthew Honer, PRTC Administrator
RE: Friday, July 23rd, 2021 PRTC Meeting

Pecatonica Rail Transit Commission Courthouse, 2nd Floor Courtroom 1:00 pm Friday, July 23rd, 2021

Green Co. Courthouse • 1016 16th Ave • Monroe, WI



Meetings are typically held on the fourth Friday of each quarter at 1 PM in Monroe. 2021 meeting dates are January 22nd, April 23rd, July 23rd, and October 22nd.

NOTICE is sent to: County Clerks in PRTC's Region for Posting and to Local News Media as an FYI.

If you have any questions regarding the Agenda, please email m.honer@swwrpc.org or call (608) 342-1637

Thank you for your interest and assistance.

Pecatonica Rail Transit Commission

1:00pm • Friday, July 23rd, 2021.

Green Co. Courthouse, 2nd Floor Courtroom, 1016 16th Ave • Monroe, WI

1. 1:00 PM **Call to Order** – *Harvey Kubly, Chair*
2. Roll Call. **Establishment of Quorum** – *Matthew Honer, PRTC Administrator*
3. Action Item. **Certification of Meeting's Public Notice** – *Noticed by Honer*
4. Action Item. **Approval of Agenda** – *Prepared by Honer*
5. Action Item. **Approval of draft April 2021 meeting minutes** – *Prepared by Honer*
6. Updates. **Public Comment** – *Time for public comment may be limited by the Chair*
7. Updates. **Announcements by Commissioners** – *Discussion may be limited by the Chair.*

REPORTS & COMMISSION BUSINESS

- 5 *minutes estimated | Update & Action*
8. **PRTC Financial Report** – *Admin, Treasurer*
 - Treasurer's Report and Payment of Bills
 - Action on Certificate of Deposit.

- 10 *minutes estimated | Update*
9. **WSOR Operation's Report** – *WSOR*
 - Update on Maintenance Activities
 - Update on Capital Projects
 - Report of Business Development
 - Other Continuing Issues/Topics

- 10 *minutes estimated | Update*
10. **WisDOT Report** – *WisDOT*

- 5 *minutes estimated | Update*
11. **Tri-County Trail Commission Report** –
 - Update on Trail Usage and Conditions
 - Update on Maintenance Activities
 - Other Continuing Issues/Topics

- 5 *minutes estimated | Update*
12. **PRTC Administrator's Report** – *Matthew Honer, PRTC Admin.*
 - Update on Communications
 - Other Topics/Issues
 - Administrative Projects

- 5 *minutes estimated | Possible Action Item*
13. **Update and Possible Action on PRTC Capital Contribution to Janesville Connection and Bridge Rehabilitation Project** – *Honer, Lucht, and Stern.*

- 10 *minutes estimated | Possible Action Item*
14. **Discussion and Possible Action on Trail Use in Calamine** – *Honer, Admin.*

- 5 *minutes estimated | Action Item*
15. **Discussion and Action on 2022 Staff Services Agreement** – *Honer, Admin.*

- 5 *minutes estimated | Action Item*
16. **Discussion and Action to acknowledge 2022 Draft Audit** – *Honer, Admin.*

- 5 *minutes estimated | Action Item*
17. **Discussion and Action on 2022 Budget** – *Honer, Admin.*

- Action Item*
18. **Adjournment**

PECATONICA RAIL TRANSIT COMMISSION

20 S Court Street • PO Box 262 • Platteville, Wisconsin 53818
 MEMBER COUNTIES: GREEN • IOWA • LAFAYETTE • ROCK

1:00 PM • Friday, April 23rd, 2021 • Green Co. Courthouse, 2nd Floor Courtroom • 1016 16th Ave, Monroe, WI

1. 1:00 PM **Call to Order** – *Harvey Kubly, Chair*
2. Roll Call. **Establishment of Quorum** – *Matthew Honer, Administrator*

Commissioners present for all or part of the meeting:

Commissioner		Position	Present	Commissioner		Position	Present
Green	Harvey W. Kubly	Chair	X	Iowa	Charles Anderson	Secretary	Excused
	Oscar Olson		X		Bill Ladewig		X
	John Buol		Absent		Ricky Rolfsmeyer		X
Lafayette	Nancy Fisker		X	Rock	Wayne Gustina		Excused
	Eric Stauffacher		Absent		Alan Sweeney	Vice Chair	X
	Donna Flannery	Vice Secretary	X		Russ Podzilni		X
	John Reichling	Alternate	-		*indicates zoom attendance.		

Commission achieved quorum.

Other present for all or some of the meeting:

• Matthew Honer – Admin.	• Ken Lucht – WSOR
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3. Action Item. **Certification of Meeting’s Public Notice** – *Noticed by Honer*
 - *Motion to approve certification of public meeting – Sweeney/Ladewig. Passed Unanimously.*
4. Action Item. **Approval of Agenda** – *Prepared by Honer*
 - *Motion to approve the agenda – Podzilni/Olson. Passed Unanimously.*
5. Action Item. **Approval of draft January and March 2021 Minutes** – *Prepared by Honer*
 - *Motion to approve draft January and March 2021 minutes – Sweeney/Rolfsmeyer. Passed Unanimously.*
6. Updates. **Public Comment** – *Time for public comment may be limited by the Chair*
None.
7. Updates. **Announcements by Commissioners** – *Discussion may be limited by the Chair*
8. Action Item. **Election of Treasurer** - *Kubly, Chair*
 - *Motion to nominate John Buol as Commission Treasurer – Olson/Ladewig. Passed Unanimously.*

REPORTS & COMMISSION BUSINESS

9. PRTC Financial Report – *Kubly, Acting Treasurer*

Kubly explained the Greenwood account is now closed. Kubly explained receipts and disbursements. Checking Balance of \$105,126.43. There are four \$25k CDs at Woodford State Bank. Olson asked what the CDs were earning. Kubly stated that he is not aware of the top of his head. Ladewig asked if the SWWRPC invoice included the additional work. Rolfsmeyer asked CD 41879 was renewed. Kubly Confirmed

- *Motion to approve Treasurer's report. –Rolfsmeyer/Ladewig. Approved Unanimously.*

Two bills for approval from SWWRPC for \$1650 and the other from Kubly for postage and copies from the audit.

- *Motion to pay the bills. Ladewig/Olson. Approved Unanimously.*

10. WSOR Operation's Report – Lucht, WSOR

Lucht stated the 2021 maintenance plan is ongoing. Between Monroe and Janesville, there will be two crossings near Orfordville being reconstructed and State Hwy 11 in Juda will be rebuilt this summer. Spraying will take place in May as well. Bridge inspections are ongoing throughout the network. Rail testing is planned for this spring and is done on an annual basis above and beyond the maintenance agreement. The Monroe Sub is in good condition. 85 – 90# rail and good ties. The next upgrade on the Monroe Sub. will be to Continuous Welded Rail (CWR).

Lucht stated funding was received from WisDOT for bridge replacements on the Monroe Sub. in 2022. Lucht expects to go out to bid this year. Service remains solid in Monroe and local business expansions have increased rail traffic. Network wide, Lucht expects carloads to fall this year. WSOR is focused on finishing up the CWR project on the Waukesha Subdivision and a CWR project will start between Prairie du Chien and Wauzeka.

Sweeney asked about the status of Hillside Rd bridge outside of Zenda. Lucht and Honer gave an update and stated that it is likely that the Milwaukee Road sold the bridge to the township in 1930.

Ladewig asked about the use of concrete slabs being used for crossings. Lucht stated they are used because they help quickly fix the crossing and only make sense in certain areas. Kubly asked if there is money for freight railroads in the federal bills that have been passed recently. Lucht stated that much of the money goes to the states so it is up to the states where they would like to spend it. Lucht received a letter from Amtrack that they are targeting the line between Milwaukee and Madison and from Madison to Portage. Lucht stated WSOR will watch how it plays out and always needs to consider politics. Lucht did state that WSOR has an intercity passenger rail agreement with the WRTC.

11. WisDOT Report –

No one available for the report.

12. Tri-County Trail Commission Report – Trails Representative.

Flannery reported the grant for the rip-rap project is ongoing. Paperwork is done and they are awaiting bid returns. Kiosks are being worked on. Trail is open and in good shape for riding.

13. PRTC Administrator's Report – Honer, PRTC Admin.

Honer reported things have been quiet, up until the prior two days, since the Special March meeting. He did receive returned signed private crossing agreements from the permits that were sent out after the January meeting. He also received evidence of a crossing easement. Honer stated he is currently working to address crossing issues with the Wisconsin River Rail Transit Commission and the results of these discussion will be brought to the PRTC at a future meeting. Honer stated he was contacted just in the past two days regarding the 2020 audit and about an ongoing property issue on the Cheese Country Trail. He will likely be bringing these issues to the Commission in July.

14. Discussion and Action on PRTC Capital Contribution to Janesville Connection and Bridge Rehabilitation Project – Lucht, WSOR.

Lucht presented the issue in Janesville and the history of rail operations over the bridges in Janesville. Lucht explained that WisDOT submitted an INFRA grant for the Janesville Bridge project. The project costs are expected to be \$10.4M. Lucht stated WSOR is looking for PRTC support of the application and two years of funding for the project.

Sweeney asked if the grant is awarded when the project is expected to be completed. Lucht stated that he expects it to be completed within three years.

Fisker asked if there are other capital projects that the Commission would want to commit its capital funding to. Honer responded that the Commission adopts a balanced budget every year with a capital contribution. In years past, the Commission has contributed its capital contribution to projects where its money can be most effective such as with grant applications such as this. Other than the Capital Contributions, the Commission does not undertake a lot of capital projects. Ladewig asked what year's capital budgets would

be submitted. Honer stated that the 2020- and 2021-years capital project budget amount was \$33,050/year and he believes these two years would be beneficial contributions.

- *Motion to commit two years, determined by the administrator, of PRTC capital funding to the Janesville Bridge – Sweeney/Podzilni. Passed Unanimously.*

15. Adjournment

- *Motion to adjourn at 1:57 pm – Olson/Fisker. Passed Unanimously.*

DRAFT

PRTC - Cash Flow Statement
4/1/2021 -6/30/2021

CHECKING	Checking	Savings/Investment	Total
Beginning Balance	\$ 105,126.43	\$	105,126.43
Check# DISBURSEMENTS:			
		\$	-
		\$	-
Total Disbursements	\$ -	\$	-
RECEIPTS:			
WSOR Quarterly Payment	\$ 3,000.00	\$	3,000.00
WI Bank and Trust Interest	\$ 206.90	\$	206.90
April Checking Interest	\$ 4.36	\$	4.36
May Checking Interest	\$ 4.60	\$	4.60
June Checking Interest	\$ 4.45	\$	4.45
		\$	-
Total Receipts	\$ 3,220.31	\$	3,220.31
Ending Balance	\$ 108,346.74	\$ -	\$ 108,346.74

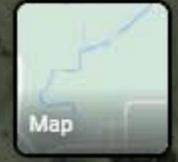
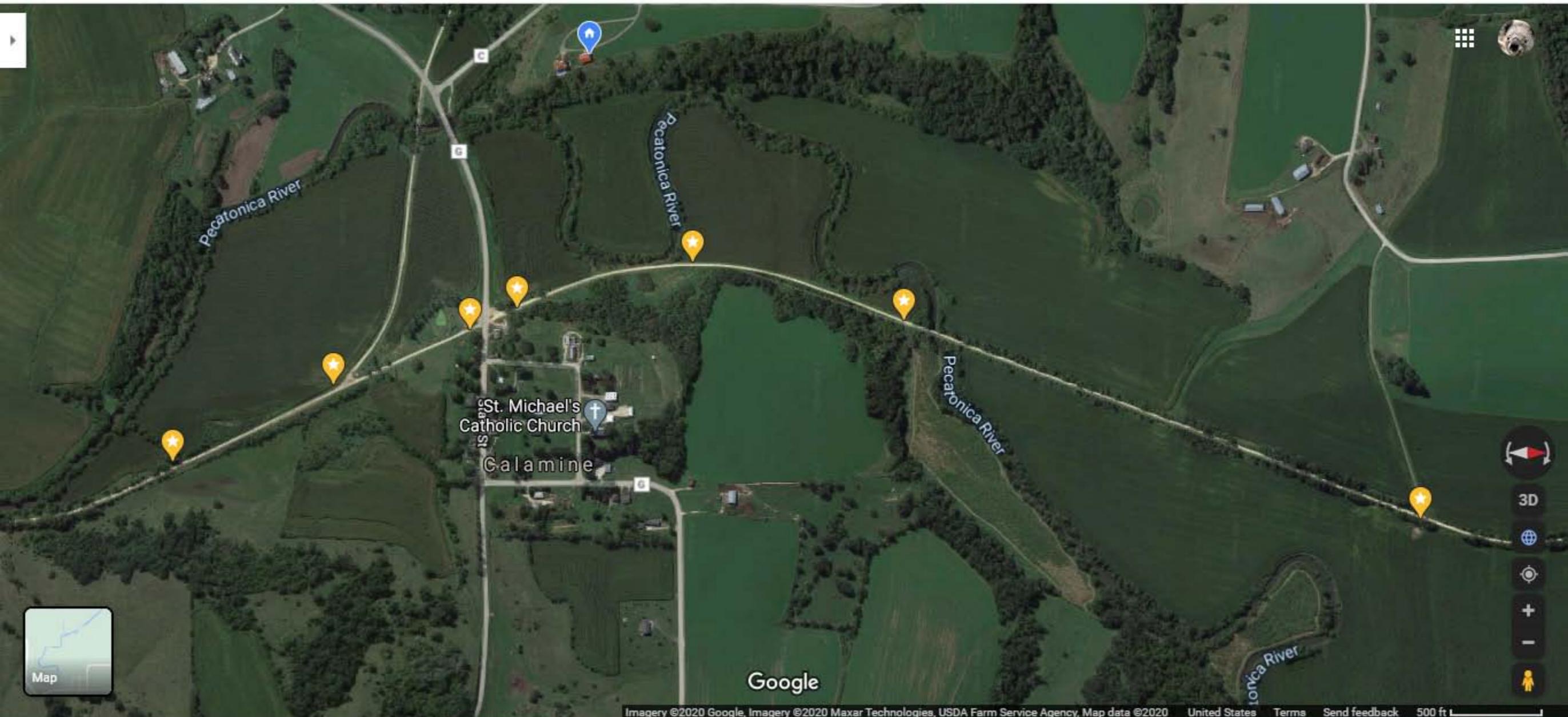
#	Certificates of Deposit	Checking	Savings/Investment	Total
41478	Woodford State Bank (due 8/12/21)		\$ 25,000.00	\$ 25,000.00
41605	Woodford State Bank (due 3/5/22)		\$ 25,000.00	\$ 25,000.00
41879	Woodford State Bank (due 8/12/22)		\$ 25,000.00	\$ 25,000.00
41880	Woodford State Bank (due 8/12/22)		\$ 25,000.00	\$ 25,000.00
	Ending CD Balance	\$ -	\$ 100,000.00	\$ 100,000.00
	Ending Balance of Checking and CDs			\$ 208,346.74

Payments Outstanding		
29-Apr	SWWRPC - Approved 4/23	1,650.00 Not Cleared
29-Apr	Harvey Kubly - Approved 4/23	12.50 Not Cleared
23-Jul	Johnson Block Audit	1,700.00 For Approval
23-Jul	SWWRPC	1,770.00 For Approval

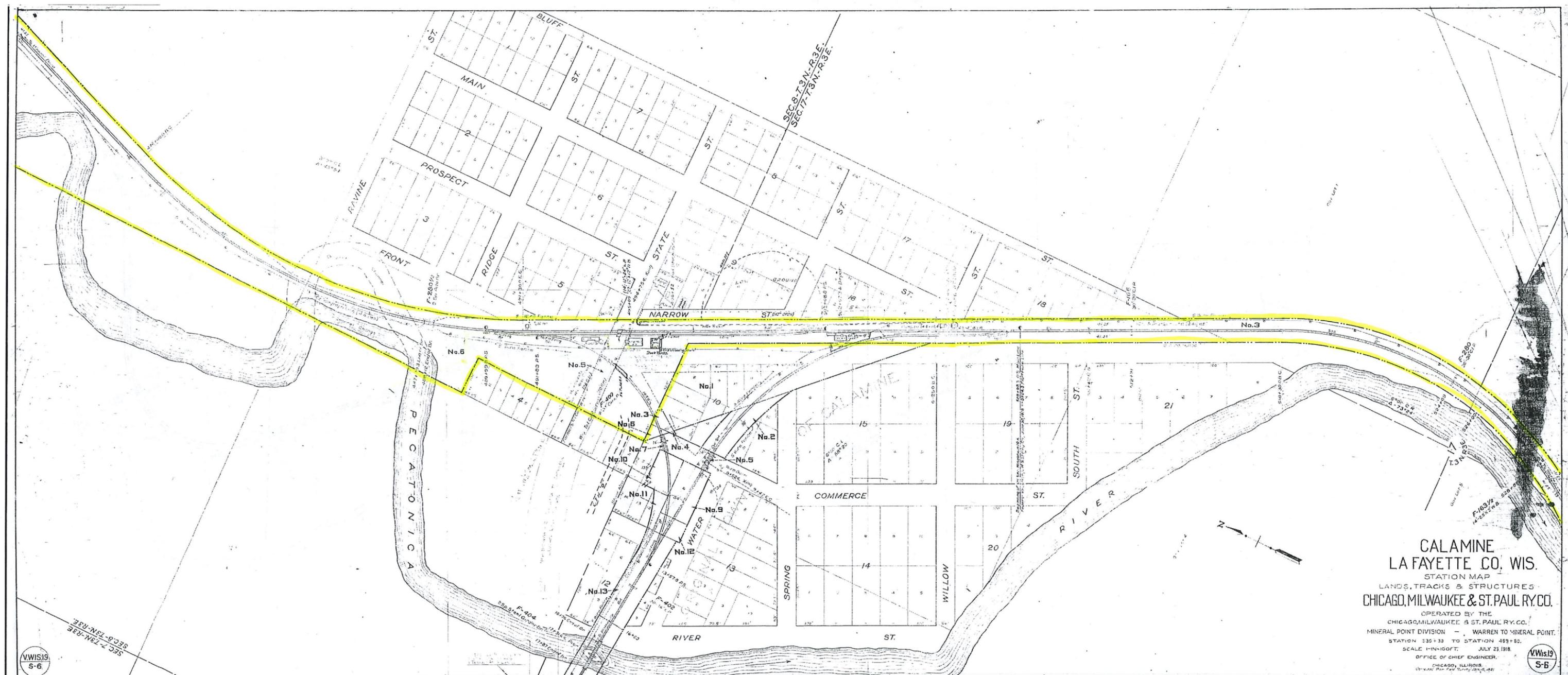
PRTC - Balance Sheet
1/1/2021 -6/30/2021

Revenues	Total Funds	Budget 2021	Difference
County Contributions	31,500.00	30,500.00	(1,000.00)
WSOR Rent	6,000.00	12,000.00	6,000.00
Leases	0.00	250.00	250.00
Permits	900.00	-	(900.00)
Interest	507.93	400.00	(107.93)
Total	38,907.93	43,150.00	4,242.07
Expenses			
Staff Services	2,497.86	6,600.00	4,102.14
Legal Services	2,777.50	1,700.00	(1,077.50)
Audit	0.00	1,600.00	1,600.00
Capital Improvements	0.00	33,050.00	33,050.00
Misc	0.00	200.00	200.00
Total	5,275.36	43,150.00	37,874.64





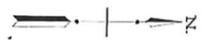
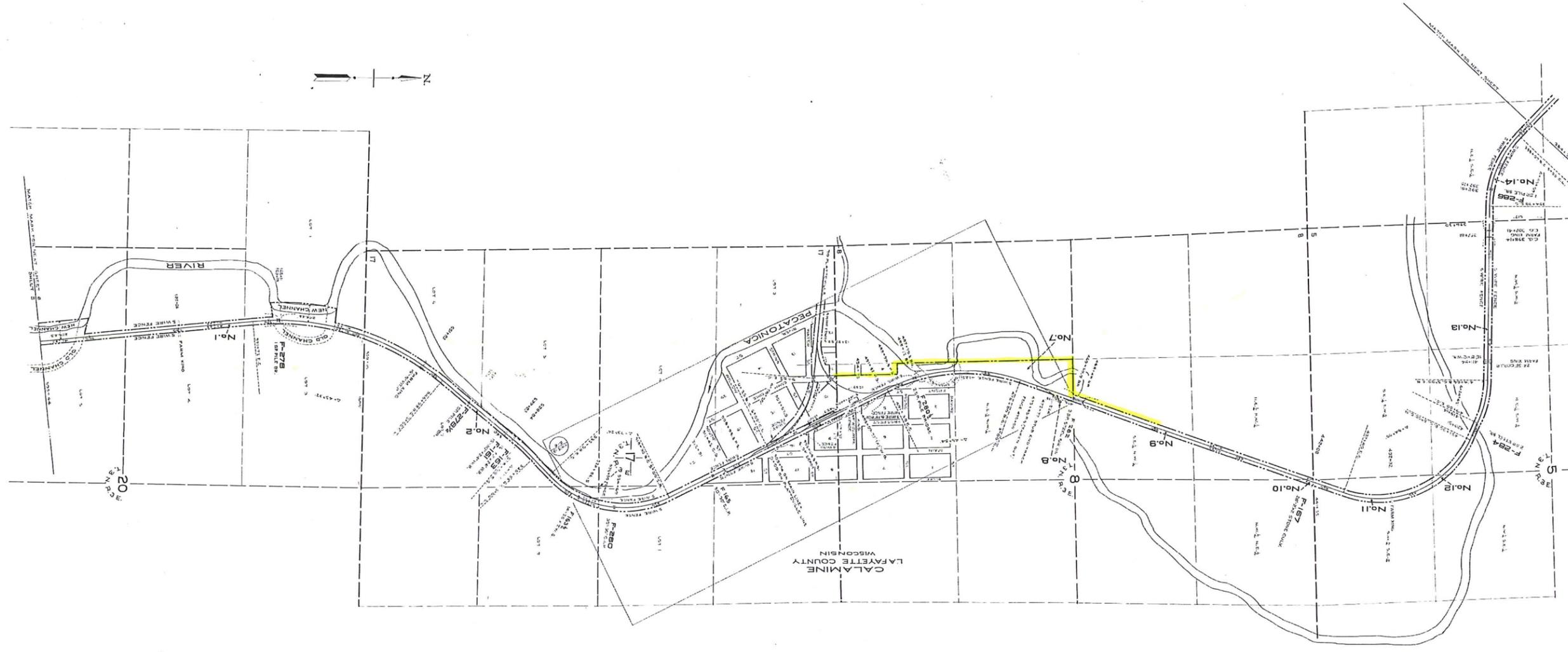
Google



CALAMINE
LA FAYETTE CO., WIS.
 STATION MAP
 LANDS, TRACKS & STRUCTURES
CHICAGO, MILWAUKEE & ST. PAUL RY. CO.
 OPERATED BY THE
 CHICAGO, MILWAUKEE & ST. PAUL RY. CO.
 MINERAL POINT DIVISION - WARREN TO MINERAL POINT.
 STATION 435+30 TO STATION 499+50.
 SCALE 1"=100 FT. JULY 23 1918.
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 CHICAGO, ILLINOIS.
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V.W. 1918
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CALAMINE
LAFAYETTE COUNTY
WISCONSIN

20
FEET

RENEWAL OF STAFF and ACCOUNTING SERVICES AGREEMENT
Between
Pecatonica Rail Transit Commission (PRTC)
And
Southwestern Wisconsin Regional Planning Commission (SWWRPC)

As authorized by the PRTC at its July 23rd, 2021 meeting, the SWWRPC agrees to provide staff and accounting services to PRTC for a period of twelve (12) months from January 1st, 2022 through December 31st, 2022.

Staff support services are defined to include personnel costs related to staffing the Commission and other direct and indirect costs related to travel, office supplies, printing, postage, records management, and mileage at the prevailing IRS rate. The total approved contract will not exceed \$7,200.00 without authorization by the PRTC.

Duties such as project management, grant writing, and grant administration are excluded from this contract and will be invoiced separately at a rate of \$60.00 per hour. No such work shall commence without PRTC authorization and approval of these services by both parties.

This agreement is executed by the PRTC and SWWRPC on July 23rd, 2021.

Pecatonica Rail Transit Commission

Harvey W. Kubly, Chair

Charles Anderson, Secretary

Southwestern Wisconsin Regional Planning Commission



Troy Maggied, Executive Director

RENEWAL OF STAFF and ACCOUNTING SERVICES AGREEMENT
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As authorized by the PRTC at its July 23rd, 2021 meeting, the SWWRPC agrees to provide staff and accounting services to PRTC for a period of twelve (12) months from January 1st, 2022 through December 31st, 2022.

Staff support services are defined to include personnel costs related to staffing the Commission and other direct and indirect costs related to travel, office supplies, printing, postage, records management, and mileage at the prevailing IRS rate. The total approved contract will not exceed \$6,600.00 without authorization by the PRTC.

The PRTC agrees to pay SWWRPC for the work associated with bookkeeping and accounting outside of the annual staff services agreement. SWWRPC will invoice the PRTC at a rate of \$60.00 per hour.

Duties such as project management, grant writing, and grant administration are excluded from this contract and will be invoiced separately at a rate of \$60.00 per hour. No such work shall commence without PRTC authorization and approval of these services by both parties.

This agreement is executed by the PRTC and SWWRPC on July 23rd, 2021.

Pecatonica Rail Transit Commission

Harvey W. Kubly, Chair

Charles Anderson, Secretary

Southwestern Wisconsin Regional Planning Commission



Troy Maggied, Executive Director

**PECATONICA RAIL TRANSIT COMMISSION
PLATTEVILLE, WISCONSIN**

**REQUIRED AUDIT COMMUNICATIONS
TO THE BOARD OF COMMISSIONERS**

Year Ended December 31, 2020

DRAFT

**Johnson Block & Company, Inc.
Certified Public Accountants
9701 Brader Way, Suite 202
Middleton, Wisconsin 53562
(608) 274-2002**

**PECATONICA RAIL TRANSIT COMMISSION
PLATTEVILLE, WISCONSIN**

Year Ended December 31, 2020

Index

	<u>Page</u>
Audit Matters Requiring Communication to the Governing Body.....	1 – 3
Communication of Material Weaknesses	4 – 5

DRAFT

**AUDIT MATTERS REQUIRING COMMUNICATION
TO THE GOVERNING BODY**

Board of Commissioners
Pecatonica Rail Transit Commission
Platteville, Wisconsin

We have audited the financial statements of the General Fund of Pecatonica Rail Transit Commission (the “Commission”) for the year ended December 31, 2020 and have issued our report thereon dated July 23, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 3, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 23, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on these statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the General Fund budget and actual schedule, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This information is intended solely for the use of the Board of Commissioners and management of the Pecatonica Rail Transit Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Johnson Block & Company, Inc.
July 23, 2021

DRAFT

COMMUNICATION OF MATERIAL WEAKNESSES

Board of Commissioners
Pecatonica Rail Transit Commission
Platteville, Wisconsin

In planning and performing our audit of the financial statements of the general fund of Pecatonica Rail Transit Commission (the "Commission") as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing auditing 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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in internal control to be material weaknesses:

2020-1 **Condition:** The Commission does not have management personnel with the necessary expertise to prepare the financial statements and related notes in accordance with generally accepted accounting principles. Due to limited resources, management has decided to accept certain risks relevant to financial reporting and relies on the auditor to assist with the preparation of the Commission's financial statements.

Criteria: Internal controls over preparation of the financial statements, including footnote disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

Effect: Since management relies on the auditor to assist with the preparation of the financial statements, the Commission's system of internal control may not prevent, detect, or correct misstatements in the financial statements.

Auditor's Recommendation: The auditor will continue to work with the Commission, providing information and training where needed, to make the Commission's personnel more knowledgeable about its responsibility for the financial statements.

Management's Response: Due to the technical nature of preparing the financial statements, the Commission has requested the assistance of the auditor to draft the financial statements and the required disclosures. The Commission accepts responsibility for the financial statements.

2020-2

Condition: The Commission has a control deficiency in that overlapping duties are concentrated within a small number of accounting and administrative staff.

Criteria: Internal controls should be in place which provides reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Effect: Failure to properly segregate duties may allow for errors or irregularities to occur and not be detected in a timely manner by employees in the normal course of performing their assigned functions.

Auditor's Recommendation: We recommend that the Commissioners continue to take an active part in monitoring matters related to the Commission's operations.

Management's Response: The Commission is aware of the lack of segregation of duties issue, but is unable to clear the deficiency due to limited resources.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the administration, and is not intended to be and should not be used by anyone other than these specified parties.

Johnson Block & Company, Inc.
July 23, 2021

PECATONICA RAIL TRANSIT COMMISSION

20 S. Court Street

P.O. Box 262

Platteville, Wisconsin 53818

July 23, 2021

Johnson Block & Company, Inc.
9701 Brader Way, Suite 202
Middleton, Wisconsin 53562

This representation letter is provided in connection with your audit of the financial statements of Pecatonica Rail Transit Commission, which comprise the respective financial position of the General Fund as of December 31, 2020, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of July 23, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 3, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which Pecatonica Rail Transit Commission is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Commission from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Pecatonica Rail Transit Commission or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Commission's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 17) We have disclosed to you the names of the Commission's related parties and all the related party relationships and transactions, including any side agreements.

Government—specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have a process to track the status of audit findings and recommendations.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- 21) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 22) The Pecatonica Rail Transit Commission has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, and fund balance or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The Pecatonica Rail Transit Commission has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Pecatonica Rail Transit Commission has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.

- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) We have appropriately disclosed the Commission's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 43) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 44) In regards to the financial statements preparation service performed by you, we have—
 - a) Assumed all management responsibilities.
 - b) Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the results of the services.

Signature: _____

Title: _____

**PECATONICA RAIL
TRANSIT COMMISSION
GENERAL FUND**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

For the Year Ended December 31, 2020

DRAFT

**PECATONICA RAIL TRANSIT COMMISSION
GENERAL FUND**

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT i-ii

FINANCIAL STATEMENTS

Balance Sheet – General Fund 1

Statement of Revenues, Expenditures and Changes in Fund Balance –
General Fund..... 2

Notes to Financial Statements.....3-6

REQUIRED SUPPLEMENTARY INFORMATION

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual -
General Fund 7

DRAFT

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Pecatonica Rail Transit Commission
Platteville, Wisconsin

We have audited the accompanying financial statements of the General Fund of Pecatonica Rail Transit Commission as of and for the year ended December 31, 2020, which collectively comprise the Commission's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund of Pecatonica Rail Transit Commission as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Emphasis of Matter

As discussed in note 1, the financial statements present only the general fund and do not purport to, and do not present fairly the financial position of Pecatonica Rail Transit Commission as of December 31, 2020, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

Johnson Block & Company, Inc.
July 23, 2021

PECATONICA RAIL TRANSIT COMMISSION
Platteville, Wisconsin

BALANCE SHEET - GENERAL FUND

December 31, 2020

	<u>General Fund</u>
<u>Assets</u>	
Cash	\$ 74,744
Investments	100,000
	<hr/>
Total Assets	<u>\$ 174,744</u>
<u>Liabilities and Fund Balance</u>	
Liabilities:	
Accounts Payable	\$ 6,876
	<hr/>
Total Liabilities	<u>6,876</u>
Fund Balance:	
Committed for Capital Improvements	33,050
Unassigned	134,818
	<hr/>
Total Fund Balance	<u>167,868</u>
	<hr/>
Total Liabilities and Fund Balance	<u>\$ 174,744</u>

The accompanying notes are an integral part of the financial statements.

PECATONICA RAIL TRANSIT COMMISSION
Platteville, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GENERAL FUND

For the Year Ended December 31, 2020

<u>Revenues</u>	<u>General Fund</u>
Interest	\$ 754
Rent	12,000
County Appropriations	30,500
Leases	250
Utility Permits	1,100
Miscellaneous	8
Total Revenues	44,612
<u>Expenditures</u>	
Legal Expenses	2,778
Staff Services	7,448
Accounting	1,600
Miscellaneous	53
Total Expenditures	11,879
Excess of Revenues Over (Under) Expenditures	32,733
Fund Balance, January 1, 2020	135,135
Fund Balance, December 31, 2020	<u><u>\$ 167,868</u></u>

The accompanying notes are an integral part of the financial statements.

PECATONICA RAIL TRANSIT COMMISSION
Notes To Financial Statements
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pecatonica Rail Transit Commission (the “Commission”) was organized in 1979 to continue rail service on the branch line running between Janesville, Wisconsin and Monroe, Wisconsin. It was organized by Green, Iowa, Lafayette and Rock counties under Section 66.30 of the Wisconsin Statutes. The Commission is governed by two representatives from each member county.

The Commission derives its revenues from the Wisconsin Department of Transportation, member counties and lease of the rail corridor.

A. Reporting Entity

This report only includes the general fund of the Pecatonica Rail Transit Commission. The accounting policies of the Commission conform to accounting principles generally accepted in the United States of America as applicable to government entities.

B. Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounting which constitutes its assets, liabilities, net position/fund balance, revenues, and expenditure/expenses. This report consists only of the General fund of the Commission.

The Commission’s General fund is its only major governmental fund. The General fund accounts for the Commission’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the Commission considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

D. Investments

Investments consist of certificates of deposit and are stated at cost which approximates market. At December 31, 2020, the Commission had \$100,000 in investments.

PECATONICA RAIL TRANSIT COMMISSION
Notes To Financial Statements
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Equity Classifications

The Commission follows GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The categories of fund balance presented in the Commission’s financial statements have changed as a result of implementing this Statement.

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has stated intended use as established by the Commission board to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

F. Grants

Reimbursement type grants are recorded as revenues when the related expenditures are incurred.

G. County Appropriations

Appropriations from Rock, Green, Lafayette and Iowa counties are recorded as revenues at the earlier of when the amounts are assessed to the Counties or when the funds are received.

H. Risk Management

The Commission is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. The Commission maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission.

PECATONICA RAIL TRANSIT COMMISSION
Notes To Financial Statements
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Budgets

Operating budgets are adopted each year for the General fund. The original budget was adopted in July 2019. Changes to the overall budget must be approved by a two-thirds Commission board action.

2. CASH AND INVESTMENTS

Investment of Commission funds is restricted by state statutes. Available investments are limited to:

1. Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State;
2. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
3. Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
5. Bonds or securities issued under the authority of the municipality;
6. The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
7. Agreements in which a public depository agrees to repay funds advanced to it by the Board, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government;
8. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options;
9. Repurchase agreements with public depositories, with certain conditions;
10. Bonds issued by the University of Wisconsin Hospital and Clinics Authority and Wisconsin Aerospace Authority.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Commission has no investment policy that would limit its investments choices beyond the statutory limits listed above.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Commission would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Commission would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The Board does not have an investment policy for custodial credit risk.

PECATONICA RAIL TRANSIT COMMISSION
Notes To Financial Statements
December 31, 2020

2. CASH AND INVESTMENTS, (Continued)

Custodial Credit Risk, (Continued)

Deposits in banks are insured by the FDIC in the amount of \$250,000 for demand accounts and \$250,000 for time and savings accounts. As of December 31, 2020, the Commission had no deposits that were in excess of federal and state depository insurance/guarantees.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

3. RENTAL INCOME/ACCOUNTS RECEIVABLE

The Commission receives rental income from Wisconsin and Southern Railroad (“WSR”) in the amount of \$12,000 per year for rail use. The rental agreement is to remain in effect for the term of the operating agreement between the Commission and WSR which has a term of 50 years.

4. CONTRACTS AND COMMITMENTS

Management Services Contract

The Commission contracts management services on an annual basis. Annual expenditures are approximately \$6,600. These services have been contracted annually for the fiscal year of 2021.

5. CONTINGENCY

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

6. SUBSEQUENT EVENTS

In April 2021, the Commission approved contributing of \$66,100 to a capital improvement project.

REQUIRED SUPPLEMENTARY INFORMATION

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PECATONICA RAIL TRANSIT COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2020**

	General Fund			Variance
	Actual	Original Budget	Final Budget	Favorable (Unfavorable)
Revenues				
Interest	\$ 754	\$ 400	\$ 400	\$ 354
Rent	12,000	12,000	12,000	-
County Appropriations	30,500	30,500	30,500	-
Leases	250	250	250	-
Utility Permits	1,100	-	-	1,100
Total Revenues	44,612	43,150	43,150	1,462
Expenditures				
Current:				
Legal Expenses	2,778	1,700	1,700	(1,078)
Capital Improvements	-	33,050	33,050	33,050
Staff Services	7,448	6,600	6,600	(848)
Accounting	1,600	1,600	1,600	-
Miscellaneous	53	200	200	147
Total Expenditures	11,879	43,150	43,150	31,271
Excess of Revenues Over (Under) Expenditures	32,733	-	-	32,733
Fund Balance, January 1, 2020	135,135	135,135	135,135	-
Fund Balance, December 31, 2020	\$ 167,868	\$ 135,135	\$ 135,135	\$ 32,733

**Pecatonica Rail Transit
Commission
Proposed 2022 Budget
7/23/2021**

	2020 Actual	2021 Budget	2021 Current	% Current	2022 Budget	Budget Change
REVENUE						
Green County Contribution	26,500	26,500	27,500	104%	30,000	3,500
Lafayette County Contribution	4,000	4,000	4,000	100%	4,000	-
Wisconsin Southern Lease	12,000	12,000	6,000	50%	12,000	-
Lane Lumber (Butson -Burbach)	250	250	-	0%	250	-
Permits	1,100	-	900	-	-	-
Interest	441	400	12	3%	300	(100)
Total Income	44,291	43,150	38,412	89%	46,550	3,400
EXPENDITURES						
SWWRPC Staff and Accounting Services	6,600	6,600	3,300	50%	7,200	600
Legal Services	2,778	1,700	-	0%	2,250	550
Project Management	848	-	-	-	700	700
Audit Services	1,600	1,600	-	0%	2,300	700
Reimbursements, Bonding	63	200	-	0%	100	(100)
Capital Expenses:						
Rail Project	33,050	33,050	-	0%	34,000	950
Total Expenses	44,939	43,150	3,300	8%	46,550	3,400
Net Income	(648)	0	35,112	-	0	

Honer, Matthew:
Annual County Contributions in WRRTC = \$30k/yr. This is what Rock and Iowa pay. Green is part of WRRTC and PRTC, its payment should match that of Iowa and Rock.

Honer, Matthew:
Reflects the addition of accounting services billed at \$60/hr

Honer, Matthew:
2020 and 2021 Capital Projects are dedicated to matching WisDOT Infra Grant for the Janesville Bridges.