

CITY OF EAU CLAIRE

Eau Claire, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2014

CITY OF EAU CLAIRE

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

Independent Auditors' Report

To The City Council
City of Eau Claire
Eau Claire, Wisconsin

We have audited, in accordance with 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 Eau Claire, Wisconsin as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Eau Claire's basic financial statements, and have issued our report thereon dated June 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Eau Claire'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 Eau Claire's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Eau Claire'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 described in the accompanying schedule of findings and questioned costs, 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. 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. These material weaknesses are items 2014-001 and 2014-002.

To The City Council
City of Eau Claire

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Eau Claire'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*.

City of Eau Claire's Response to Findings

The City of Eau Claire's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Eau Claire'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 Vichow Krause, LLP

June 29, 2015

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AND SETTLEMENT OF DHS COST REIMBURSEMENT AWARD SCHEDULES
REQUIRED BY OMB CIRCULAR A-133 AND THE *STATE SINGLE AUDIT GUIDELINES*

Independent Auditors' Report

To The City Council
City of Eau Claire
Eau Claire, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

We have audited the City of Eau Claire, Wisconsin's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the City of Eau Claire's major federal and major state programs for the year ended December, 31, 2014. The City of Eau Claire's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Eau Claire'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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines*. Those standards, OMB Circular A-133, 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 major state program occurred. An audit includes examining, on a test basis, evidence about the City of Eau Claire'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 Eau Claire's compliance.

To The City Council
City of Eau Claire

Opinion on Each Major Federal and Major State Program

In our opinion, the City of Eau Claire 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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-003. Our opinion on the federal major program was not modified with respect to this matter.

City of Eau Claire's Responses to Findings

The City of Eau Claire's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Eau Claire's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City of Eau Claire is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Eau Claire'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 OMB Circular A-133 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 Eau Claire'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-003, which we consider to be a significant deficiency.

To The City Council
City of Eau Claire

City of Eau Claire's Responses to Findings

The City of Eau Claire's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Eau Claire's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards and Settlement of DHS Cost Reimbursement Award Schedules Required by OMB Circular A-133 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 Eau Claire, Wisconsin as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Eau Claire's basic financial statements. We issued our report thereon dated June 29, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards and settlement of DHS cost reimbursement award schedules are presented for purposes of additional analysis as required by OMB Circular A-133 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards and settlement of DHS cost reimbursement award schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly Vichow Krause, LLP

September 25, 2015

CITY OF EAU CLAIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2014

Federal Grantor/ Program or Cluster Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenue						
				(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Returned)	Accrued (Deferred) Ending Balance	Deferred Revenue	Total Revenues	Federal Expenditures
FEDERAL AWARDS										
U.S. Department of Agriculture										
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS	N/A	\$ (111,820)	\$ -	\$ 539,235	\$ 45,985	\$ 28,275	\$ 501,675	\$ 473,400
U.S. Department of Commerce										
Economic Adjustment Assistance	11.307	N/A	N/A	-	-	-	-	-	-	561,215
U.S. Department of Housing and Urban Development										
Community Development Block Grants/Entitlement Grants	14.218	N/A	N/A	(56,923)	-	576,608	111,993	-	631,678	631,678
Home Investment Partnerships Program	14.239	N/A	N/A	(65,471)	-	314,632	84,901	-	334,062	334,062
Total U.S. Department of Housing and Urban Development				(122,394)	-	891,240	196,894	-	965,740	965,740
U.S. Department of Justice										
Bulletproof Vest Partnership Program	16.607	N/A	N/A	-	-	1,305	1,305	(1,305)	1,305	2,610
Public Safety Partnership and Community Policing Grants	16.710	OJA	2011-UMWX0196	(178,176)	-	298,228	48,393	178,176	346,621	168,445
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	OJA	2011-CD-BX-0075	(160,218)	-	170,612	-	23,155	33,549	10,394
Edward Byrne Memorial Justice Assistance Grant Program	16.738	OJA	2014 -DJ-BX-0587	-	-	-	12,116	(12,116)	-	12,116
Edward Byrne Memorial Justice Assistance Grant Program	16.738	OJA	2012-DJ-BX-0498	(13,963)	-	13,963	-	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	OJA	2013-DJ-BX-1185	(3,920)	-	15,679	-	3,920	15,679	11,759
Total Edward Byrne Memorial Justice Assistance Grant				(17,883)	-	29,642	12,116	(8,196)	15,679	23,875
Total U.S. Department of Justice				(356,277)	-	499,787	61,814	191,830	397,154	205,324
U.S. Department of Transportation										
Highway Planning and Construction Cluster										
Highway Planning and Construction	20.205	DOT	7995-02-2829	(117)	-	-	106,531	-	106,414	106,414
Highway Planning and Construction	20.205	DOT	7995-02-23	-	-	-	111,868	(111,868)	-	111,868
Recreational Trails Program	20.219	DNR	RTA-600-14	(26,503)	-	26,503	-	26,503	26,503	-
Recreational Trails Program	20.219	DNR	RTA-612-14	-	-	24,125	-	-	24,125	24,125
Total Highway Planning and Construction Cluster				(26,620)	-	50,628	218,399	(85,365)	157,042	242,407
Federal Transit Cluster										
Federal Transit - Capital Investment Grants	20.500	DOT	WI-80-X005	(33,760)	-	63,520	-	-	29,760	29,760
Federal Transit - Capital Investment Grants	20.500	DOT	WI-03-0091	(47,518)	-	47,518	-	-	-	-
Federal Transit - Capital Investment Grants	20.500	N/A	N/A	(26,145)	26,145	20,436	22,958	-	43,394	43,394
Federal Transit - Formula Grants	20.507	N/A	N/A	(1,761,599)	-	1,761,599	1,730,369	-	1,730,369	1,730,369
Total Federal Transit Cluster				(1,869,022)	26,145	1,893,073	1,753,327	-	1,803,523	1,803,523
Highway Safety Cluster										
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	DOT	0953-31-97	-	-	14,741	-	-	14,741	14,741
Child Safety and Child Booster Seats Incentive Grants	20.613	DOT	0954-24-56	-	-	3,991	-	-	3,991	3,991
Total Highway Safety Cluster				-	-	18,732	-	-	18,732	18,732
Total U.S. Department of Transportation				(1,895,642)	26,145	1,962,433	1,971,726	(85,365)	1,979,297	2,064,662

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

CITY OF EAU CLAIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2014

Federal Grantor/ Program or Cluster Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenue							Federal Expenditures
				(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Returned)	Accrued (Deferred) Ending Balance	Deferred Revenue	Total Revenues		
FEDERAL AWARDS (cont.)											
Environmental Protection Agency											
State Indoor Radon Grants	66.032	DHS	N/A	\$ (4,527)	\$ -	\$ 18,383	\$ 2,639	\$ 1,634	\$ 18,129	\$ 16,495	
Great Lakes Program	66.469	DNR	LPL-1463-12	-	-	-	4,688	-	4,688	4,688	
Total Environmental Protection Agency				(4,527)	-	18,383	7,327	1,634	22,817	21,183	
U.S. Department of Energy											
Conservation Research and Development	81.086	DOA	N/A	-	-	950	-	-	950	950	
U.S. Department of Education											
Special Education-Grants for Infants and Families	84.181	Eau Claire County	N/A	(3,460)	-	3,460	-	-	-	-	
U.S. Department of Health and Human Services											
Medical Reserve Corps Small Grant Program	93.008	DHS	N/A	-	-	3,500	-	-	3,500	3,500	
Public Health Emergency Preparedness	93.069	DHS	N/A	(16,405)	-	56,354	9,140	16,405	65,494	49,089	
Environmental Public Health and Emergency Response Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.070	DHS	N/A	-	-	18,578	3,284	(1,136)	20,726	21,862	
Immunization Cooperative Grants	93.074	DHS	N/A	-	-	36,678	727	-	37,405	37,405	
Drug-Free Communities Support Program Grants	93.268	DHS	N/A	(5,605)	-	28,967	1,804	(156)	25,010	25,166	
National Public Health Improvement Initiative	93.276	DHS	N/A	-	-	23,980	-	-	23,980	23,980	
PPHF National Public Health Improvement Initiative	93.292	DHS	N/A	-	-	6,750	718	-	7,468	7,468	
Medical Assistance Program	93.507	DHS	N/A	-	-	5,000	-	-	5,000	5,000	
HIV Care Formula Grants	93.778	DHS	N/A	(942)	-	3,593	171	42	2,864	2,822	
Preventive Health and Health Services Block Grant	93.917	DHS	N/A	(5,860)	-	80,007	853	1,260	76,260	75,000	
Maternal and Child Health Services Block Grant to the States	93.991	DHS	N/A	-	-	4,100	813	-	4,913	4,913	
Total U.S. Department of Health and Human Services	93.994	DHS	N/A	(24,794)	-	120,429	5,933	(1,047)	100,521	101,568	
				(53,606)	-	387,936	23,443	15,368	373,141	357,773	
U.S. Department of Homeland Security											
Homeland Security Grant Program	97.067	N/A	N/A	-	-	-	11,680	-	11,680	11,680	
Homeland Security Grant Program	97.067	N/A	N/A	-	-	74,066	-	-	74,066	74,066	
Total Homeland Security Grant Program				-	-	74,066	11,680	-	85,746	85,746	
TOTAL FEDERAL AWARDS				\$ (2,547,726)	\$ 26,145	\$ 4,377,490	\$ 2,318,869	\$ 151,742	\$ 4,326,520	\$ 4,735,993	

CITY OF EAU CLAIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2014

State Grantor/ Pass-Through Grantor/ Program or Cluster Title	State ID Number	Revenue						State Expenditures
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Returned)	Accrued (Deferred) Ending Balance	Deferred Revenue	Total Revenues	
STATE AWARDS								
Wisconsin Department of Natural Resources								
Stewardship	370.xxx	\$ -	\$ -	\$ -	\$ 13,750	\$ (13,750)	\$ -	\$ 13,750
Stewardship	370.TZ1	(166,000)	-	166,000	180,705	(14,705)	166,000	180,705
Acquisition and Development of Local Parks	370.TA2	(15,089)	-	82,758	-	15,089	82,758	67,669
Total Wisconsin Department of Natural Resources		(181,089)	-	248,758	194,455	(13,366)	248,758	262,124
Wisconsin Department of Transportation								
Transit Operating Aids - 2014	395.104	-	-	1,174,012	130,444	-	1,304,456	1,304,456
Transit Operating Aids - 2013	395.104	(65,735)	(2,962)	-	68,697	-	-	-
Transit Operating Aids - 2012	395.104	50,701	(186,588)	135,887	-	-	-	-
Transit Operating Aids - 2011	395.104	20,846	(133,322)	112,476	-	-	-	-
Transit Operating Aids - 2008	395.104	27,010	(27,010)	-	-	-	-	-
Transit Operating Aids - 2009	395.104	199,968	2,583	(202,551)	-	-	-	-
Transit Operating Aids - 2010	395.104	75,684	665	(76,349)	-	-	-	-
Total Transit Operating Aids		308,474	(346,634)	1,143,475	199,141	-	1,304,456	1,304,456
Paratransit Aids - 2013	395.xxx	-	-	64,289	-	-	64,289	64,289
Total Wisconsin Department of Transportation		308,474	(346,634)	1,207,764	199,141	-	1,368,745	1,368,745
Wisconsin Department of Health Services								
Fluoride Rinse Program	435.151735	533	-	1,836	-	697	3,066	2,369
WIC - Farmers Market	435.154720	(1,309)	-	3,694	-	-	2,385	2,385
Consolidated Contracts-Well Women GPR	435.157000	(14,675)	-	51,669	-	2,816	39,810	36,994
Consolidated Contracts-CHHD LD	435.157720	(1,719)	-	11,410	900	(1,176)	9,415	10,591
WI Wins	435.158127	(769)	-	4,385	514	(590)	3,540	4,130
Consolidated Contracts-MCH	435.159320	(942)	-	3,593	171	42	2,864	2,822
Reproductive Health	435.159321	(9,783)	-	58,484	2,952	(1,328)	50,325	51,653
Total Wisconsin Department of Health Services		(28,664)	-	135,071	4,537	461	111,405	110,944
Wisconsin Department of Military Affairs								
SERB Hazardous Materials Contract	465.306	(28,487)	-	113,949	(4,071)	4,071	85,462	81,391
TOTAL STATE AWARDS		\$ 70,234	\$ (346,634)	\$ 1,705,542	\$ 394,062	\$ (8,834)	\$ 1,814,370	\$ 1,823,204

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

EAU CLAIRE CITY-COUNTY HEALTH DEPARTMENT

Settlement of DHS Cost Reimbursement Award

For the Year Ended: December 31, 2014

Award Name	WIC - Farmers Market		WIC - Peer Counseling		WIC		Reproductive Health		Prevention	
DHS Identification Number:	CARS Profile #	154720	CARS Profile #	154760	CARS Profile #	154710	CARS Profile #	159321	CARS Profile #	159220
Award Amount:	\$	2,385	\$	14,890	\$	458,510	\$	114,785	\$	12,244
Award Period:	1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		10/1/13-09/30/15	
Period of Award within Audit Period:	<u>1/1/14 - 12/31/14</u>		<u>1/1/14 - 12/31/14</u>		<u>1/1/14 - 12/31/14</u>		<u>1/1/14 - 12/31/14</u>		<u>1/1/14 - 12/31/14</u>	
A. Expenditures Reported to DHS for Payment	\$	2,458	\$	15,297	\$	462,870	\$	116,000	\$	-
B. Actual Allowable Cost of Award										
Program Expenses										
7. Other salaries and wages		1,393		10,640		284,780		89,401		-
8. Pension plan contributions		-		-		-		-		-
9. Other employee benefits		748		3,679		113,856		19,771		-
10. Payroll Taxes		89		768		19,406		6,828		-
12. Advertising and promotion		-		-		2,573		-		-
13. Office Expenses		228		-		15,658		-		-
16. Occupancy		-		-		16,116		-		-
17. Travel		-		-		732		-		-
19. Conferences, conventions and meetings		-		210		5,347		-		-
24 Other Expenses itemize not covered above		-		-		-		-		-
a. Equipment		-		-		1,437		-		-
b. Medical supplies		-		-		2,965		-		-
Total Program Expenses		<u>2,458</u>		<u>15,297</u>		<u>462,870</u>		<u>116,000</u>		<u>-</u>
Management and general expenses allocated to the program		-		-		-		-		-
Total management and general expense allocated to program		-		-		-		-		-
C. Less Program revenue and other offsets to costs		-		-		-		-		-
F. Total Allowable costs	\$	<u><u>2,458</u></u>	\$	<u><u>15,297</u></u>	\$	<u><u>462,870</u></u>	\$	<u><u>116,000</u></u>	\$	<u><u>-</u></u>

EAU CLAIRE CITY-COUNTY HEALTH DEPARTMENT

Settlement of DHS Cost Reimbursement Award

For the Year Ended: December 31, 2014

Award Name	Prevention		HIV Prevention		WI WINS		BRACE		BRACE	
DHS Identification Number:	CARS Profile #	159221	CARS Profile #	155957	CARS Profile #	181005	CARS Profile #	150500	CARS Profile #	150500
Award Amount:	\$	4,100	\$	75,000	\$	4,130	\$	2,200	\$	7,800
Award Period:	1/1/14-8/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		7/1/14-9/30/14		10/1/14-9/30/15	
Period of Award within Audit Period:	<u>1/1/14-8/31/14</u>		<u>1/1/14 - 12/31/14</u>		<u>1/1/14 - 12/31/14</u>		<u>7/1/14 - 9/30/14</u>		<u>10/1/14 - 12/31/14</u>	
A. Expenditures Reported to DHS for Payment	\$	4,320	\$	75,335	\$	4,178	\$	2,648	\$	-
B. Actual Allowable Cost of Award										
Program Expenses										
7. Other salaries and wages		2,710		49,041		3,426		-		-
9. Other employee benefits		692		18,624		277		-		-
10. Payroll Taxes		198		3,541		261		-		-
11. Fees for Services (non-employees)		-		-		-		-		-
g. Other		-		-		-		2,648		-
12. Advertising and promotion		-		-		-		-		-
13. Office Expenses		651		480		144		-		-
16. Occupancy		-		756		-		-		-
17. Travel		43		182		66		-		-
19. Conferences, conventions and meetings		26		1,327		4		-		-
24 Other Expenses itemize not covered above		-		-		-		-		-
a. Equipment		-		1,021		-		-		-
b. Medical supplies		-		363		-		-		-
Total Program Expenses		<u>4,320</u>		<u>75,335</u>		<u>4,178</u>		<u>2,648</u>		<u>-</u>
Management and general expenses allocated to the program		-		-		-		-		-
Total management and general expense allocated to program		-		-		-		-		-
C. Less Program revenue and other offsets to costs		-		-		-		-		-
F. Total Allowable costs	\$	<u>4,320</u>	\$	<u>75,335</u>	\$	<u>4,178</u>	\$	<u>2,648</u>	\$	<u>-</u>

EAU CLAIRE CITY-COUNTY HEALTH DEPARTMENT

Settlement of DHS Cost Reimbursement Award

For the Year Ended: December 31, 2014

Award Name	Bio-Terrorism		Bio-Terrorism		PHEP Mini Grant	
DHS Identification Number:	CARS Profile #	155015	CARS Profile #	155015	CARS Profile #	155050
Award Amount:	\$ 52,816		\$ 52,816		\$ 11,500	
Award Period:	7/1/13 - 6/30/14		7/1/14-06/30/15		7/1/13 - 6/30/14	
Period of Award within Audit Period:	<u>1/1/14 - 6/30/14</u>		<u>7/1/14 - 12/31/14</u>		<u>1/1/14 - 6/30/14</u>	
A. Expenditures Reported to DHS for Payment	\$ 23,246		\$ 24,456		\$ 10,592	
B. Actual Allowable Cost of Award						
Program Expenses						
7. Other salaries and wages	19,004		20,363		-	
9. Other employee benefits	1,466		1,675		-	
10. Payroll Taxes	1,426		1,524		-	
13. Office Expenses	575		411		-	
16. Occupancy	305		305		-	
17. Travel	-		58		-	
19. Conferences, conventions and meetings	425		120		491	
24 Other Expenses itemize not covered above	-		-		-	
a. Equipment	45		-		10,101	
Total Program Expenses	<u>23,246</u>		<u>24,456</u>		<u>10,592</u>	
Management and general expenses allocated to the program	-		-		-	
Total management and general expense allocated to program	<u>-</u>		<u>-</u>		<u>-</u>	
C. Less Program revenue and other offsets to costs	-		-		-	
F. Total Allowable costs	<u><u>\$ 23,246</u></u>		<u><u>\$ 24,456</u></u>		<u><u>\$ 10,592</u></u>	

EAU CLAIRE CITY-COUNTY HEALTH DEPARTMENT

Settlement of DHS Cost Reimbursement Award

For the Year Ended: December 31, 2014

Award Name	Childhood Lead		Immunization		MCH		Radon RICS		Oral Health Mouthrinse		Well Women Program		HCR Infrastructure	
	CARS Profile #	157720	CARS Profile #	155020	CARS Profile #	159320	CARS Profile #	150321	CARS Profile #	151735	CARS Profile #	157000	CARS Profile #	72000
DHS Identification Number: 20259	\$ 10,591		\$ 23,238		\$ 44,079		\$ 16,495		\$ 1,519		\$ 35,978		\$ 5,000	
Award Amount:	1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 9/30/14	
Award Period:	1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 9/30/14	
Period of Award within Audit Period:	1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 12/31/14		1/1/14 - 9/30/14	
A. Expenditures Reported to DHS for Payment	\$ 10,707		\$ 27,011		\$ 45,091		\$ 17,171		\$ 2,882		\$ 37,134		\$ 5,145	
B. Actual Allowable Cost of Award														
Program Expenses														
7. Other salaries and wages	7,489		15,937		33,454		6,465		1,183		23,800		2,025	
9. Other employee benefits	2,275		6,395		7,536		2,727		420		10,016		971	
10. Payroll Taxes	477		1,120		2,526		480		87		1,759		149	
11. Fees for Services (non-employees)	-		-		-		-		-		-		-	
g. Other	-		-		-		-		-		-		-	
12. Advertising and promotion	-		470		-		4,593		-		133		-	
13. Office Expenses	31		1,019		809		677		-		1,426		-	
16. Occupancy	-		-		509		-		-		-		-	
17. Travel	-		-		-		338		-		-		-	
19. Conferences, conventions and meetings	112		420		257		1,870		-		-		2,000	
24 Other Expenses itemize not covered above	-		-		-		-		-		-		-	
a. Equipment	323		-		-		21		-		-		-	
b. Medical supplies	-		1,650		-		-		1,192		-		-	
Total Program Expenses	<u>10,707</u>		<u>27,011</u>		<u>45,091</u>		<u>17,171</u>		<u>2,882</u>		<u>37,134</u>		<u>5,145</u>	
Management and general expenses allocated to the program	-		-		-		-		-		-		-	
Total management and general expense allocated to program	-		-		-		-		-		-		-	
C. Less Program revenue and other offsets to costs	-		-		-		-		-		-		-	
F. Total Allowable costs	<u>\$ 10,707</u>		<u>\$ 27,011</u>		<u>\$ 45,091</u>		<u>\$ 17,171</u>		<u>\$ 2,882</u>		<u>\$ 37,134</u>		<u>\$ 5,145</u>	

CITY OF EAU CLAIRE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the “schedule”) includes the federal and state grant activity of the City of Eau Claire under programs of the federal and state government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the City of Eau Claire, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Eau Claire.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, 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 the other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

NOTE 3 – CARS REPORT DATES

The Schedule of Expenditures of Federal and State Awards includes adjustments through the following Community Aids Reporting System (CARS) report:

<u>Agency Number</u>	<u>Expected Payment Date</u>
256321	06/01/2015

CITY OF EAU CLAIRE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2014

NOTE 4 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule of expenditures of federal and state awards, the city provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Home Investment Partnership Program	14.239	\$67,741
Community Development Block Grants/Entitlement Grants	14.218	79,820
Federal Transit – Capital Investment Grants	20.500	21,710

NOTE 5 – ADJUSTMENTS COLUMN

The adjustment column presents differences between estimated accrued/deferred ending balances as of December 31, 2013 and actual reimbursements received by the grantee in 2014.

NOTE 6 – PASS-THROUGH GRANTORS

Federal funds have been passed through the following grantors:

- Eau Claire County – Eau Claire County, Wisconsin
- DHS – Wisconsin Department of Health Services
- DNR – Wisconsin Department of Natural Resources
- DOT – Wisconsin Department of Transportation
- OJA – Wisconsin Department of Administration – Office of Justice Assistance
- DOA – Wisconsin Department of Administration

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.) For the Year Ended December 31, 2014

SECTION I – SUMMARY OF AUDITORS’ RESULTS (cont.)

FEDERAL OR STATE AWARDS (cont.)

Identification of major state programs:

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

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

FINDING 2014-001: INTERNAL CONTROL ENVIRONMENT

Criteria: A system of internal controls should be in place over key transactions cycles to achieve a higher level of reliability that errors or irregularities in your processes would be discovered by the City.

Condition: During the 2014 audit, we noted deficiencies in the internal control environment as follows:

- > All potential capital assets, including intangibles, should be reviewed for proper capitalization prior to the start of the audit.

Since this key control is not currently in place, errors or irregularities could occur as part of the financial process that may not be discovered by the City. Therefore, the absence of this control is considered to be a material weakness.

Cause: The cause of the condition is unknown.

Effect: Because of the lack of internal control described above, it is less likely that errors or irregularities would be discovered internally.

Recommendation: We recommend that a designated City employee review this potential control and determine whether additional controls could be implemented. This determination should take into consideration a cost / benefit analysis. It is very important that the governing body and/or management provide the appropriate level of financial oversight to the City’s day to day activities.

Management’s Response: The City’s share of the public safety facility was not recorded as an intangible asset in the General Fixed Asset Account Group. Prior to the start of audit, the accounting staff concluded from their research that the City’s share of the public safety building, which is owned by Eau Claire County, was an asset to the County and should not be recorded by the City. After discussing this with the auditors, management is in agreement that this should have been recorded as an intangible asset in the General Fixed Asset Account Group. The expenditure for the public safety building remains unchanged in the Land, Buildings and Equipment Fund.

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.) For the Year Ended December 31, 2014

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

FINDING 2014-002: INTERNAL CONTROL OVER FINANCIAL REPORTING

Criteria: Internal controls should be in place to provide reasonable assurance in the reliability of financial reporting.

Condition: Material journal entries were discovered during the course of the audit.

Cause: The cause of the condition is unknown.

Effect: Financial statements may be materially misstated prior to the annual audit.

Recommendation: The city should consider additional internal controls or other procedures to strengthen the internal controls over financial reporting and ensure accurate financial reporting.

Management's Response: The right to use intangible asset valued at \$6,705,311 was not initially capitalized, please see response on previous page for further detail.

Taxes receivable and the corresponding deferred inflow was not recorded in the capital fund for TIF #5. The accounting staff initially recorded the \$1,127,416 for taxes receivable in the debt service fund for TIF #5; however TIF #5 did not transition to a debt service fund until January 1, 2015 so the entry should have been recorded in the capital fund instead. Beginning in 2015, all accounting entries, including the tax settlements were properly recorded in the debt service fund for TIF #5.

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.) For the Year Ended December 31, 2014

SECTION III – FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2014-003: PROGRAM: FEDERAL TRANSIT – CAPITAL INVESTMENT GRANTS (FEDERAL TRANSIT CLUSTER)

CFDA Number: 20.500

Granting Agency: U.S. Department of Transportation

Project ID: WI-04-0060-00

Compliance Requirement: Reporting

Criteria: Federal Financial Reporting is required to be submitted on a quarterly basis.

Condition: Federal Financial Reporting (FFR) on the Veterans Transportation and Community Living Initiative Grant was not performed for 3rd quarter 2014.

Cause: There was turnover in the transit manager position during the timeframe the 3rd quarter report should have been filed.

Effect: The federal funding agency is not obtaining the required data on a timely basis.

Questioned Costs: None noted.

Recommendation: Procedures should be put in place that the required reporting is identified and performed on a timely basis. Care should be taken that these procedures are followed and documented.

Management's Response/Planned Corrective Action: Transit staff has put into place grant management procedures. Under these procedures the Transit Manager monitors the operating expenses and capital projects. Transit staff has been instructed to have a secondary review completed by an Accountant prior to submission. Each quarterly report will be filed within 30 days of the end of the quarter.

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.)
For the Year Ended December 31, 2014

SECTION IV – OTHER ISSUES

1. 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 no

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, 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 Health Services	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> no
Department of Natural Resources	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> no
Department of Transportation	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> no
Department of Administration - OJA	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> no
Department of Military Affairs	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> no

3. Was a management letter or other document conveying audit comments issued as a result of this audit? Yes no

4. Name and signature of partner Kimberly M. Shult
Kimberly M. Shult, CPA, Partner

5. Date of report September 25, 2015