

CITY OF EAU CLAIRE

Eau Claire, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2015

CITY OF EAU CLAIRE

TABLE OF CONTENTS For the Year Ended December 31, 2015

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 – 2
Report on Compliance for Each Major Federal and Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal and State Awards and Settlement of DHS Cost Reimbursement Award Schedules Required by the Uniform Guidance and the <i>State Single Audit Guidelines</i>	3 – 5
Schedule of Expenditures of Federal and State Awards	6 – 8
Settlement of DHS Cost Reimbursement Award Schedules	9 – 12
Notes to Schedule of Expenditures of Federal and State Awards and Settlement of DHS Cost Reimbursement Award Schedules	13 – 14
Schedule of Findings and Questioned Costs	15 – 18

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Eau Claire, Wisconsin as of and for the year ended December 31, 2015, 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, 2016.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, we consider to be a material weakness. This material weakness is item 2015-001.

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 result 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, 2016

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 THE UNIFORM GUIDANCE 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 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, 2015. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance, and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or 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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2015-002. Our opinion on the major federal program is 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 the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the City Council
City of Eau Claire

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards and Settlement of DHS Cost Reimbursement Award Schedules Required by the Uniform Guidance and the *State Single Audit Guidelines*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Eau Claire, Wisconsin as of and for the year ended December 31, 2015, 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, 2016, 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 the Uniform Guidance and the *State Single Audit Guidelines* and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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

July 21, 2016

CITY OF EAU CLAIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Federal Grantor/ Program or Cluster Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenue							Federal Expenditures	Amounts Provided to Subrecipients
				(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Returned)	Accrued (Deferred) Ending Balance	Deferred Revenue	Total Revenues			
FEDERAL AWARDS												
U.S. Department of Agriculture												
Local Food Promotion Program	10.172	N/A	N/A	\$ -	\$ -	\$ -	\$ 208	\$ (208)	\$ -	\$ 208	\$ -	
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS	N/A	(45,985)	-	493,184	10,053	21,005	478,257	457,252	-	
Total U.S. Department of Agriculture				(45,985)	-	493,184	10,261	20,797	478,257	457,460	-	
U.S. Department of Commerce												
Economic Adjustment Assistance	11.307	N/A	N/A	-	-	-	-	-	-	459,123	-	
U.S. Department of Housing and Urban Development												
Community Development Block Grants/Entitlement Grants	14.218	N/A	N/A	(111,993)	-	758,355	650	-	647,012	647,012	118,948	
Home Investment Partnerships Program	14.239	N/A	N/A	(84,901)	-	338,053	69,098	-	322,250	322,250	65,362	
Total U.S. Department of Housing and Urban Development				(196,894)	-	1,096,408	69,748	-	969,262	969,262	184,310	
U.S. Department of Interior												
Historic Preservation Fund Grants-In-Aid	15.904	Historical Society	WI-15-018	-	-	-	14,538	(14,538)	-	14,538	-	
U.S. Department of Justice												
Bulletproof Vest Partnership Program	16.607	N/A	N/A	(1,305)	-	3,635	1,366	(61)	3,635	3,696	-	
Public Safety Partnership and Community Policing Grants	16.710	OJA	2011-UMWX0196	(48,393)	-	163,370	-	-	114,977	114,977	-	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	OJA	2014 -DJ-BX-0587	(12,116)	-	15,776	-	12,116	15,776	3,660	3,462	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	OJA	2015-DJ-BX-0312	-	-	-	11,544	-	11,544	11,544	3,111	
Total Edward Byrne Memorial Justice Assistance Grant				(12,116)	-	15,776	11,544	12,116	27,320	15,204	6,573	
Total U.S. Department of Justice				(61,814)	-	182,781	12,910	12,055	145,932	133,877	6,573	
U.S. Department of Transportation												
Highway Planning and Construction Cluster												
Highway Planning and Construction	20.205	DOT	7995-02-28/29	(106,531)	-	-	480,000	(373,469)	-	373,469	-	
Highway Planning and Construction	20.205	DOT	7995-02-23	(111,868)	-	-	170,953	(59,085)	-	59,085	-	
Total Highway Planning and Construction				(218,399)	-	-	650,953	(432,554)	-	432,554	-	
Recreational Trails Program	20.219	DNR	RTA-666-14	-	-	-	11,434	-	11,434	11,434	-	
Total Highway Planning and Construction Cluster				(218,399)	-	-	662,387	(432,554)	11,434	443,988	-	
Federal Transit Cluster												
Federal Transit - Capital Investment Grants	20.500	N/A	N/A	(22,958)	-	22,958	-	-	-	-	-	
Federal Transit - Formula Grants	20.507	N/A	N/A	(1,730,369)	-	2,954,217	475,244	-	1,699,092	1,699,092	-	
Total Federal Transit Cluster				(1,753,327)	-	2,977,175	475,244	-	1,699,092	1,699,092	-	
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	DOT	N/A	-	-	-	15,015	-	15,015	15,015	-	
Child Safety and Child Booster Seats Incentive Grants	20.613	DOT	0955-25-68	-	-	3,950	-	-	3,950	3,950	-	
Total U.S. Department of Transportation				(1,971,726)	-	2,981,125	1,152,646	(432,554)	1,729,491	2,162,045	-	

See accompanying notes to schedule of expenditures of federal and state awards and settlement of DHS cost reimbursement award schedules.

CITY OF EAU CLAIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Federal Grantor/ Program or Cluster Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenue							Federal Expenditures	Amounts Provided to Subrecipients
				(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	\$ (2,639)	\$ -	\$ 9,698	\$ 5,236	\$ 1,298	\$ 13,593	\$ 12,295	\$ -	
Great Lakes Program	66.469	DNR	LPL-1463-12	(4,688)	-	4,688	-	-	-	-	-	
Total Environmental Protection Agency				(7,327)	-	14,386	5,236	1,298	13,593	12,295	-	
U.S. Department of Administration												
State Energy Program	81.041	DOA	AD-149916	-	-	10,000	-	-	10,000	10,000	-	
Total U.S. Department of Administration				-	-	10,000	-	-	10,000	10,000	-	
U.S. Department of Health and Human Services												
Medical Reserve Corps Small Grant Program	93.008	DHS	N/A	-	-	18,500	(1,120)	-	17,380	17,380	-	
Environmental Public Health and Emergency Response Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.070	DHS	N/A	(3,284)	198	19,200	-	1,136	17,250	16,114	-	
Food and Drug Administration - Research	93.074	DHS	N/A	(9,867)	-	68,387	(9,392)	(1,587)	47,541	49,128	-	
Injury Prevention and Control Research and State and Community Based Programs	93.103	N/A	N/A	-	-	2,500	-	-	2,500	2,500	-	
Immunization Cooperative Agreements	93.136	DHS	N/A	-	-	3,833	-	-	3,833	3,833	-	
Drug-Free Communities Support Program Grants	93.268	DHS	N/A	(1,804)	-	23,607	2,268	(2,473)	21,598	24,071	-	
National Public Health Improvement Initiative	93.276	DHS	N/A	-	(23,978)	115,031	25,174	(108)	116,119	116,227	-	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.292	DHS	N/A	(718)	-	6,750	-	-	6,032	6,032	-	
Medical Assistance Program	93.758	DHS	N/A	-	-	12,244	-	-	12,244	12,244	-	
HIV Care Formula Grants	93.778	DHS	N/A	(171)	27	2,608	1,004	(1,085)	2,383	3,468	-	
HIV Prevention Activities - Health Department Based	93.917	DHS	N/A	(853)	328	43,683	3,050	(2,628)	43,580	46,208	-	
Preventive Health and Health Services Block Grant	93.940	DHS	N/A	-	(328)	27,220	1,900	(1,637)	27,155	28,792	-	
Maternal and Child Health Services Block Grant to the States	93.991	DHS	N/A	(813)	813	-	-	-	-	-	-	
Total U.S. Department of Health and Human Services	93.994	DHS	N/A	(5,933)	(149)	111,690	21,479	(21,790)	105,297	127,087	-	
				(23,443)	(23,089)	455,253	44,363	(30,172)	422,912	453,084	-	
U.S. Department of Homeland Security												
Assistance to Firefighters Grant	97.044	DEM	EMW-2014-FO-01081	-	-	-	322,408	(3,224)	319,184	322,408	-	
Homeland Security Grant Program	97.067	DEM	2013-HSW02B-10404	(11,680)	-	11,680	-	-	-	-	-	
Total U.S. Department of Homeland Security				(11,680)	-	11,680	322,408	(3,224)	319,184	322,408	-	
TOTAL FEDERAL AWARDS				<u>\$ (2,318,869)</u>	<u>\$ (23,089)</u>	<u>\$ 5,244,817</u>	<u>\$ 1,632,110</u>	<u>\$ (446,338)</u>	<u>\$ 4,088,631</u>	<u>\$ 4,994,092</u>	<u>\$ 190,883</u>	

See accompanying notes to schedule of expenditures of federal and state awards and settlement of DHS cost reimbursement award schedules.

CITY OF EAU CLAIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

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									
Forest Fire Protection	370.545	\$ -	\$ -	\$ -	\$ 3,068	\$ -	\$ 3,068	\$ 3,068	\$ 3,068
Aquatic Invasive Species Control	370.678	(13,750)	-	13,750	36,250	13,750	50,000	36,250	36,250
Knowles-Nelson Stewardship Program	370.TZ1	(180,705)	-	-	180,705	-	-	-	-
Total Wisconsin Department of Natural Resources		(194,455)	-	13,750	220,023	13,750	53,068	39,318	39,318
Wisconsin Department of Transportation									
Transit Operating Aids - 2015	395.104	-	-	1,207,206	125,180	-	1,332,386	1,332,386	1,332,386
Transit Operating Aids - 2014	395.104	(130,444)	-	-	130,444	-	-	-	-
Transit Operating Aids - 2013	395.104	(68,697)	-	68,697	-	-	-	-	-
Paratransit Aids - 2015	395.104	-	-	61,909	-	-	61,909	61,909	61,909
Total Transit Operating Aids		(199,141)	-	1,337,812	255,624	-	1,394,295	1,394,295	1,394,295
Total Wisconsin Department of Transportation		(199,141)	-	1,337,812	255,624	-	1,394,295	1,394,295	1,394,295
Wisconsin Department of Health Services									
Fluoride Rinse Program	435.151735	-	-	1,519	-	(78)	1,441	1,519	1,519
WIC - Farmers Market	435.154720	-	-	1,774	611	-	2,385	2,385	2,385
Consolidated Contracts-Well Women GPR	435.157010	-	-	48,580	4,377	-	52,957	52,957	52,957
Consolidated Contracts-CHHD LD	435.157720	(900)	-	6,792	4,699	134	10,725	10,591	10,591
Consolidated Contracts-MCH	435.159320	(171)	27	2,608	1,004	(1,085)	2,383	3,468	3,468
Reproductive Health	435.159321	(2,952)	95	50,175	2,658	(1,739)	48,237	49,976	49,976
WI Wins	435.181005	(514)	-	4,644	(25)	590	4,695	4,105	4,105
Total Wisconsin Department of Health Services		(4,537)	122	116,092	13,324	(2,178)	122,823	125,001	125,001
Wisconsin Department of Military Affairs									
Regional Emergency Response Teams	465.306	4,071	-	114,450	28,989	-	147,510	119,023	119,023
TOTAL STATE AWARDS		\$ (394,062)	\$ 122	\$ 1,582,104	\$ 517,960	\$ 11,572	\$ 1,717,696	\$ 1,677,637	

See accompanying notes to schedule of expenditures of federal and state awards and settlement of DHS cost reimbursement award schedules.

EAU CLAIRE CITY-COUNTY HEALTH DEPARTMENT

Settlement of DHS Cost Reimbursement Award

For the Year Ended: December 31, 2015

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	\$	14,944	\$	442,308	\$	114,785	\$	12,244
Award Period:	1/1/15 - 12/31/15		1/1/15 - 12/31/15		1/1/15 - 12/31/15		1/1/15 - 12/31/15		10/1/13 - 09/30/15	
Period of Award within Audit Period:	<u>1/1/15 - 12/31/15</u>		<u>1/1/15 - 12/31/15</u>		<u>1/1/15 - 12/31/15</u>		<u>1/1/15 - 12/31/15</u>		<u>1/1/15 - 12/31/15</u>	
A. Expenditures Reported to DHS for Payment	\$	2,470	\$	15,418	\$	464,603	\$	117,381	\$	12,524
B. Actual Allowable Cost of Award										
Program Expenses										
7. Other salaries and wages		1,371		11,672		292,801		89,126		7,234
8. Pension plan contributions		93		235		19,519		6,054		282
9. Other employee benefits		677		1,970		97,149		15,291		1,469
10. Payroll Taxes		87		850		19,785		6,716		526
12. Advertising and promotion		-		-		1,460		-		-
13. Office Expenses		192		-		4,347		-		-
16. Occupancy		-		-		17,700		-		-
17. Travel		-		163		1,089		-		75
19. Conferences, conventions and meetings		-		528		777		194		168
24 Other Expenses itemize not covered above										-
a. Equipment		-		-		268		-		2,500
b. Education supplies		50		-		5,471		-		-
c. Medical supplies		-		-		4,237		-		270
Total Program Expenses		<u>2,470</u>		<u>15,418</u>		<u>464,603</u>		<u>117,381</u>		<u>12,524</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>2,470</u></u>	\$	<u><u>15,418</u></u>	\$	<u><u>464,603</u></u>	\$	<u><u>117,381</u></u>	\$	<u><u>12,524</u></u>

See accompanying notes to schedule of expenditures of federal and state awards and settlement of DHS cost reimbursement award schedules.

EAU CLAIRE CITY-COUNTY HEALTH DEPARTMENT

Settlement of DHS Cost Reimbursement Award

For the Year Ended: December 31, 2015

Award Name	HIV Prevention		WI WINS		BRACE		Bio-Terrorism		Bio-Terrorism	
DHS Identification Number:	CARS Profile #	155957	CARS Profile #	181005	CARS Profile #	150500	CARS Profile #	155015	CARS Profile #	155015
Award Amount:	\$	75,000	\$	4,130	\$	7,800	\$	52,816	\$	52,710
Award Period:	1/1/15 - 12/31/15		1/1/15 - 12/31/15		10/1/14 - 9/30/15		7/1/14 - 6/30/15		7/1/15 - 6/30/16	
Period of Award within Audit Period:	<u>1/1/15 - 12/31/15</u>		<u>1/1/15 - 12/31/15</u>		<u>1/1/15 - 9/30/15</u>		<u>1/1/15 - 6/30/15</u>		<u>7/1/15 - 12/31/15</u>	
A. Expenditures Reported to DHS for Payment	\$	75,835	\$	4,105	\$	6,096	\$	26,817	\$	8,616
B. Actual Allowable Cost of Award										
Program Expenses										
7. Other salaries and wages		51,562		3,418		1,958		19,002		3,929
8. Pension plan contributions		-		116		133		1,331		335
9. Other employee benefits		17,416		14		560		50		947
10. Payroll Taxes		3,743		261		145		1,413		1,012
11. Fees for Services (non-employees)										
g. Other		-		-		3,300		-		-
13. Office Expenses		1,253		119		-		1,580		931
16. Occupancy		800		-		-		300		300
17. Travel		513		44		-		-		-
19. Conferences, conventions and meetings		310		103		-		-		-
24 Other Expenses itemize not covered above										
a. Equipment		-		-		-		3,091		1,162
b. Medical supplies		238		30		-		-		-
c. Membership dues								50		
Total Program Expenses		<u>75,835</u>		<u>4,105</u>		<u>6,096</u>		<u>26,817</u>		<u>8,616</u>
Management and general expenses allocated to the program		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
Total management and general expense allocated to program		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
C. Less Program revenue and other offsets to costs		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
F. Total Allowable costs	\$	<u><u>75,835</u></u>	\$	<u><u>4,105</u></u>	\$	<u><u>6,096</u></u>	\$	<u><u>26,817</u></u>	\$	<u><u>8,616</u></u>

See accompanying notes to schedule of expenditures of federal and state awards and settlement of DHS cost reimbursement award schedules.

EAU CLAIRE CITY-COUNTY HEALTH DEPARTMENT

Settlement of DHS Cost Reimbursement Award

For the Year Ended: December 31, 2015

Award Name	PHEP Mini Grant		Childhood Lead		Immunization		MCH		Radon RICS	
DHS Identification Number:	CARS Profile #	155050	CARS Profile #	157720	CARS Profile #	155020	CARS Profile #	159320	CARS Profile #	150321
Award Amount:	\$	7,845	\$	10,591	\$	24,071	\$	69,215	\$	12,295
Award Period:	7/1/14 - 6/30/15		1/1/15 - 12/31/15		1/1/15 - 12/31/15		1/1/15 - 12/31/15		1/1/15 - 12/31/15	
Period of Award within Audit Period:	<u>1/1/15 - 6/30/15</u>		<u>1/1/15 - 12/31/15</u>		<u>1/1/15 - 12/31/15</u>		<u>1/1/15 - 12/31/15</u>		<u>1/1/15 - 12/31/15</u>	
A. Expenditures Reported to DHS for Payment	\$	7,845	\$	10,721	\$	24,771	\$	69,249	\$	13,639
B. Actual Allowable Cost of Award										
Program Expenses										
7. Other salaries and wages		1,005		6,398		15,767		39,355		7,388
8. Pension plan contributions		-		434		1,065		2,712		502
9. Other employee benefits		608		1,337		5,566		6,672		2,081
10. Payroll Taxes		77		444		1,068		2,892		542
13. Office Expenses		-		-		-		-		50
16. Occupancy		-		-		-		-		-
17. Travel		-		-		-		-		215
19. Conferences, conventions and meetings		6,155		-		49		3,054		1,294
24 Other Expenses itemize not covered above										
a. Equipment		-		-		-		1,771		470
b. Medical supplies		-		2,108		738		-		-
c. Other materials		-		-		120		10,403		-
d. Health Ed supplies		-		-		-		623		-
Total Program Expenses		<u>7,845</u>		<u>10,721</u>		<u>24,771</u>		<u>69,249</u>		<u>13,689</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>7,845</u>	\$	<u>10,721</u>	\$	<u>24,771</u>	\$	<u>69,249</u>	\$	<u>13,689</u>

See accompanying notes to schedule of expenditures of federal and state awards and settlement of DHS cost reimbursement award schedules.

EAU CLAIRE CITY-COUNTY HEALTH DEPARTMENT

Settlement of DHS Cost Reimbursement Award

For the Year Ended: December 31, 2015

Award Name	Oral Health Mouthrinse		Well Women Program		Well Women Program		Well Women Program	
DHS Identification Number: 20259	CARS Profile #	151735	CARS Profile #	157010	CARS Profile #	157010	CARS Profile #	150156
Award Amount:	\$	1,519	\$	20,942	\$	76,650	\$	3,833
Award Period:	1/1/15 - 12/31/15		1/1/15 - 6/30/15		7/1/15 - 06/30/16		7/1/15 - 06/30/16	
Period of Award within Audit Period:	<u>1/1/15 - 12/31/15</u>		<u>1/1/15 - 6/30/15</u>		<u>7/1/15 - 12/31/15</u>		<u>7/1/15 - 12/31/15</u>	
A. Expenditures Reported to DHS for Payment	\$	1,541	\$	21,147	\$	32,015	\$	3,833
B. Actual Allowable Cost of Award								
Program Expenses								
7. Other salaries and wages		580		12,636		20,165		3,000
8. Pension plan contributions		39		859		1,571		-
9. Other employee benefits		172		3,963		7,026		604
10. Payroll Taxes		42		905		1,425		229
11. Fees for Services (non-employees)								
g. Other		-		-		182		-
12. Advertising and promotion		-		-		20		-
13. Office Expenses		-		1,108		645		-
16. Occupancy		-		-		-		-
17. Travel		-		-		271		-
19. Conferences, conventions and meetings		1		217		-		-
24 Other Expenses itemize not covered above								
a. Equipment		-		1,459		710		-
b. Medical supplies		707		-		-		-
c. Other materials		-		-		-		-
c. Health Ed supplies		-		-		-		-
Total Program Expenses		<u>1,541</u>		<u>21,147</u>		<u>32,015</u>		<u>3,833</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>1,541</u>	\$	<u>21,147</u>	\$	<u>32,015</u>	\$	<u>3,833</u>

See accompanying notes to schedule of expenditures of federal and state awards and settlement of DHS cost reimbursement award schedules.

CITY OF EAU CLAIRE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND SETTLEMENT OF DHS COST REIMBURSEMENT AWARD SCHEDULES For the Year Ended December 31, 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the “schedule”) includes the federal and state award activity of the City of Eau Claire under programs of the federal and state government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the City 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 or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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

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>
256321-560	06/01/2016

NOTE 4 – INDIRECT COST RATE

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

CITY OF EAU CLAIRE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND SETTLEMENT OF DHS COST REIMBURSEMENT AWARD SCHEDULES For the Year Ended December 31, 2015

NOTE 5 – LOAN PROGRAM

The loan program listed below is administered by the City of Eau Claire, and balances and transactions relating to this program are included in the City of Eau Claire's basic financial statements. The amount shown on the Schedule of Expenditures of Federal Awards for CFDA number 11.307 is calculated as described in the compliance supplement.

Balance of loans outstanding at December 31, 2015	\$	175,843
Cash and investment balance at December 31, 2015		519,360
Administrative expenses paid out of income during the year		446
Interest due to federal government at December 31, 2015		(8)
		<hr/>
		695,641
Federal share of the fund		<hr/>
		66%
		<hr/>
	\$	<u>459,123</u>

The balance of loans outstanding at December 31, 2015 was \$175,843.

NOTE 6 – ADJUSTMENTS COLUMN

The adjustment column presents differences between estimated accrued/deferred ending balances as of December 31, 2014 and actual reimbursements received by the grantee in 2015.

NOTE 7 – PASS-THROUGH GRANTORS

Federal funds have been passed through the following grantors:

- 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
- DEM – Wisconsin Department of Military Affairs – Division of Emergency Management
- Historical Society – Wisconsin Historical Society

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted?

 yes X no

FEDERAL OR STATE AWARDS

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?

 yes X no

 Federal State

Auditee qualified as low-risk auditee?

 yes X no yes X no

Identification of major federal programs:

CFDA Numbers

Name of Federal Program or Cluster

20.205/20.219
20.507

Highway Planning and Construction Cluster
Federal Transit Cluster – Federal Transit – Formula Grants

 Federal State

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

 \$ 750,000 \$ 250,000

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.) For the Year Ended December 31, 2015

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 2015-001: 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 2015 audit, we noted deficiencies in the internal control environment as follows:

- > All potential capital assets should be reviewed for proper capitalization prior to the start of the audit. Reconciliations of capital outlay and capitalized expenditures should also be reviewed.

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 related to recording of capital assets should 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.

Views of Responsible Officials: To ensure proper capitalization of assets, the accounting staff has been instructed to compare the total amount of assets capitalized with the total expended for the year and to investigate variances. Also, the accounting staff will review the minutes from City Council and RDA meetings to identify any additions or disposals of assets.

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.) For the Year Ended December 31, 2015

SECTION III – FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2015-002: PROGRAM: HIGHWAY PLANNING AND CONSTRUCTION

CFDA Number: 20.205

Granting Agency: U.S. Department of Transportation; Wisconsin Department of Transportation

Project ID: 7995-02-23 (Safe Routes to Schools)

Compliance Requirement: Special Tests and Provisions

Criteria: The compliance supplement for the Highway Planning and Construction Cluster states, "SAFETEA-LU Safe Routes to School Program must comply with wage rate requirements regardless of location."

Condition/Context: The City was not obtaining payroll records from the project contractor to monitor the wage rate requirements for the Safe Routes to Schools project. The sample selected consisted of two of the three projects included in the cluster, however the sample was not statistically valid.

Cause: The City was relying on the project contractor to monitor the wage rate requirements.

Effect: Improper wage rates that do not follow the federal wage rate requirements may be paid to workers.

Questioned Costs: Unknown

Recommendation: The City should review policies and procedures to ensure proper monitoring of wage rate requirements is completed for all applicable programs.

Views of Responsible Officials: The accounting staff will review grant documents and follow up with departments to ensure the requirements of the grant are being followed. Public works staff will verify payroll records for future Safe Routes to Schools projects, along with any other federal project that requires monitoring wages.

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.)
For the Year Ended December 31, 2015

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 X 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	_____	Yes	<u> X </u>	no
Department of Natural Resources	_____	Yes	<u> X </u>	no
Department of Transportation	<u> X </u>	Yes	_____	no
Department of Administration - OJA	_____	Yes	<u> X </u>	no
Department of Military Affairs	_____	Yes	<u> X </u>	no

3. Was a management letter or other document conveying audit comments issued as a result of this audit?

 X Yes _____ no

4. Name and signature of partner



Kimberly M. Shult, CPA, Partner

5. Date of report

July 21, 2016