

CITY OF EAU CLAIRE

Eau Claire, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2016

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 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 (City) as of and for the year ended December 31, 2016, 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 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 as item 2016-001 that we consider to be a material weakness.

To the City Council
City of Eau Claire

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City'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.



Eau Claire, Wisconsin
June 30, 2017

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND 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's (City) 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's major federal and major state programs for the year ended December 31, 2016. The City's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance, and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or a major state program occurred. An audit includes examining, on a test basis, evidence about the City'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's compliance.

To the City Council
City of Eau Claire

Opinion on Each Major Federal and Major State Program

In our opinion, the City 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, 2016.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City'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 or 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'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

To the City Council
City of Eau Claire

Report on the Schedule of Expenditures of Federal and State Awards and 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, 2016, 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 30, 2017, 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 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 DHS cost reimbursement award schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Eau Claire, Wisconsin
September 18, 2017

CITY OF EAU CLAIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2016

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)	\$ -	\$ -	\$ 21,028	\$ -	\$ 20,820	\$ 20,820	\$ -	
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS	154710, 154760	(10,053)	-	446,135	5,003	(41,303)	399,782	441,085	-	
Cooperative Forestry Assistance	10.664	DNR	FFP-17SF-045	-	-	-	3,943	(3,943)	-	3,943	-	
Total U.S. Department of Agriculture				(10,261)	-	446,135	29,974	(45,246)	420,602	465,848	-	
U.S. Department of Commerce												
Economic Development Cluster												
Economic Adjustment Assistance	11.307	N/A	N/A	-	-	-	-	-	-	462,696	-	
U.S. Department of Housing and Urban Development												
CDBG - Entitlement Grants Cluster												
Community Development Block Grants/Entitlement Grants	14.218	N/A	N/A	(650)	-	778,668	47,472	-	825,490	825,490	177,743	
Home Investment Partnerships Program	14.239	N/A	N/A	(69,098)	-	241,631	113,232	-	285,765	285,765	57,075	
Total U.S. Department of Housing and Urban Development				(69,748)	-	1,020,299	160,704	-	1,111,255	1,111,255	234,818	
U.S. Department of Interior												
Historic Preservation Fund Grants-In-Aid	15.904	Historical Society	WI-15-018	(14,538)	-	19,000	-	-	4,462	4,462	-	
U.S. Department of Justice												
Bulletproof Vest Partnership Program	16.607	N/A	N/A	(1,366)	-	18,018	7,024	-	23,676	23,676	-	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	OJA	2015-DJ-BX-0312	(11,544)	-	12,894	-	-	1,350	1,350	-	
Total U.S. Department of Justice				(12,910)	-	30,912	7,024	-	25,026	25,026	-	
U.S. Department of Transportation												
Highway Planning and Construction Cluster												
Highway Planning and Construction	20.205	DOT	7995-02-28/29	(480,000)	(12,000)	-	492,000	-	-	-	-	
Highway Planning and Construction	20.205	DOT	7995-02-23	(170,953)	-	170,953	-	-	-	-	-	
Total Highway Planning and Construction				(650,953)	(12,000)	170,953	492,000	-	-	-	-	
Recreational Trails Program	20.219	DNR	RTA-666-14	(11,434)	-	11,434	33,566	-	33,566	33,566	-	
Total Highway Planning and Construction Cluster				(662,387)	(12,000)	182,387	525,566	-	33,566	33,566	-	
Federal Transit Cluster												
Federal Transit - Formula Grants	20.507	N/A	N/A	(475,244)	-	1,962,204	203,791	-	1,690,751	1,690,751	-	
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	DOT	N/A	(15,015)	-	-	41,854	-	26,839	26,839	-	
Highway Safety Cluster												
National Priority Safety Programs	20.616	DOT	0956-25-72	-	-	-	3,909	-	3,909	3,909	-	
Total U.S. Department of Transportation				(1,152,646)	(12,000)	2,144,591	775,120	-	1,755,065	1,755,065	-	

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

CITY OF EAU CLAIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2016

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	150321	\$ (5,236)	\$ -	\$ 12,300	\$ 3,731	\$ (1,248)	\$ 9,547	\$ 10,795	\$ -	
U.S. Department of Administration												
State Energy Program	81.041	PSC WI	16-09	-	-	75,000	-	-	75,000	75,000	-	
U.S. Department of Health and Human Services												
Medical Reserve Corps Small Grant Program	93.008	NACCHO	MRC 16-2025	-	-	15,000	(13,746)	-	1,254	1,254	-	
Medical Reserve Corps Small Grant Program	93.008	NACCHO	MRC 15-2025C	1,120	-	-	-	-	1,120	1,120	-	
Total Medical Reserve Corps Small Grant Program				1,120	-	15,000	(13,746)	-	2,374	2,374	-	
Environmental Public Health and Emergency Response Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.070	DHS	150500	-	-	11,303	-	-	11,303	11,303	-	
Affordable Care Act (ACA) Personal Responsibility Education Program	93.074	DHS	11111, 155015, 155050	9,392	-	81,032	6,698	(1,987)	95,135	97,122	-	
Food and Drug Administration - Research Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.092	DHS	159354	-	-	33,474	14,796	(3,408)	44,862	48,270	-	
Immunization Cooperative Agreements	93.103	N/A	N/A	-	-	6,000	-	-	6,000	6,000	-	
Drug-Free Communities Support Program Grants	93.243	MCRF	25179	-	-	-	146	(146)	-	146	-	
NON-ACA/PPHF-Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.268	DHS	155032, 155020	(2,268)	-	27,838	1,808	(811)	26,567	27,378	-	
Affordable Care Act - National Environmental Public Health Tracking Program - Network Implementation	93.276	DHS	25046	(25,174)	-	100,809	30,197	(194)	105,638	105,832	-	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.424	NACCHO	2016-041311	-	-	24,953	-	-	24,953	24,953	-	
Medicaid Cluster Medical Assistance Program	93.538	DHS	155078	-	-	10,500	-	-	10,500	10,500	-	
HIV Care Formula Grants	93.758	DHS	159220	-	-	9,978	1,532	(1,532)	9,978	11,510	-	
HIV Prevention Activities - Health Department Based	93.778	DHS	159320	(1,004)	-	2,892	688	818	3,394	2,576	-	
Maternal and Child Health Services Block Grant to the States	93.917	DHS	155957	(3,050)	-	21,034	-	1,600	19,584	17,984	-	
Total U.S. Department of Health and Human Services	93.940	DHS	155957	(1,900)	-	30,693	-	(181)	28,612	28,793	-	
	93.994	DHS	159320, 159321, 159354	(21,479)	-	90,838	45,690	8,349	123,398	115,049	-	
				(44,363)	-	466,344	87,809	2,508	512,298	509,790	-	
U.S. Department of Homeland Security												
Assistance to Firefighters Grant	97.044	DEM	EMW-2014-FO-01081	(322,408)	-	-	341,547	-	19,139	19,139	-	
Homeland Security Grant Program	97.067	DEM	2014-HSW-02A-10729	-	-	56,826	-	-	56,826	56,826	-	
Total U.S. Department of Homeland Security				(322,408)	-	56,826	341,547	-	75,965	75,965	-	
TOTAL FEDERAL AWARDS				\$ (1,632,110)	\$ (12,000)	\$ 4,271,407	\$ 1,405,909	\$ (43,986)	\$ 3,989,220	\$ 4,495,902	\$ 234,818	

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

CITY OF EAU CLAIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2016

State Grantor/ Pass-Through Grantor/ Program or Cluster Title	State ID Number	Revenue					Total Revenues	State Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Returned)	Accrued (Deferred) Ending Balance	Deferred Revenue			
STATE AWARDS								
Wisconsin Department of Natural Resources								
Forest Fire Protection	370.545	\$ (3,068)	\$ 3,068	\$ -	\$ -	\$ -	\$ -	\$ -
Aquatic Invasive Species Control	370.678	(36,250)	36,250	78,493	(78,493)	-	-	78,493
Knowles-Nelson Stewardship Program	370.TZ1	(180,705)	26,135	180,705	-	26,135	26,135	26,135
Urban Wildlife Damage Abatement Program	370.580	-	-	5,000	(5,000)	-	-	5,000
Total Wisconsin Department of Natural Resources		<u>(220,023)</u>	<u>65,453</u>	<u>264,198</u>	<u>(83,493)</u>	<u>26,135</u>	<u>109,628</u>	
Wisconsin Department of Transportation								
Transit Operating Aids - 2016	395.104	-	1,181,613	122,613	-	1,304,226	1,304,226	
Transit Operating Aids - 2015	395.104	(125,180)	-	125,180	-	-	-	
Transit Operating Aids - 2014	395.104	(130,444)	-	130,444	-	-	-	
Paratransit Aids - 2016	395.104	-	61,889	-	-	61,889	61,889	
Total Transit Operating Aids		<u>(255,624)</u>	<u>1,243,502</u>	<u>378,237</u>	<u>-</u>	<u>1,366,115</u>	<u>1,366,115</u>	
Total Wisconsin Department of Transportation		<u>(255,624)</u>	<u>1,243,502</u>	<u>378,237</u>	<u>-</u>	<u>1,366,115</u>	<u>1,366,115</u>	
Wisconsin Department of Health Services								
Fluoride Rinse Program	435.151735	-	1,519	-	78	1,597	1,519	
WIC - Farmers Market	435.154720	(611)	2,550	446	-	2,385	2,385	
HIV Prevention Partner Services	435.155957	-	28,223	-	(1,891)	26,332	28,223	
Consolidated Contracts-Well Women GPR	435.157010	(4,377)	40,190	34,098	(4,720)	65,191	69,911	
Consolidated Contracts-CHHD LD	435.157720	(4,699)	13,835	700	1,042	10,878	9,836	
Consolidated Contracts-MCH	435.159320	(1,004)	2,892	688	818	3,394	2,576	
Reproductive Health	435.159321	(2,658)	27,809	24,826	(4,590)	45,387	49,977	
WI Wins	435.181005	25	4,443	-	(198)	4,270	4,468	
Total Wisconsin Department of Health Services		<u>(13,324)</u>	<u>121,461</u>	<u>60,758</u>	<u>(9,461)</u>	<u>159,434</u>	<u>168,895</u>	
Wisconsin Department of Military Affairs								
Regional Emergency Response Teams	465.306	(28,989)	115,964	28,979	-	115,954	115,954	
TOTAL STATE AWARDS		<u>\$ (517,960)</u>	<u>\$ 1,546,380</u>	<u>\$ 732,172</u>	<u>\$ (92,954)</u>	<u>\$ 1,667,638</u>	<u>\$ 1,760,592</u>	

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

EAU CLAIRE CITY-COUNTY HEALTH DEPARTMENT

DHS Cost Reimbursement Award Schedule

For the Audit Period Ended December 31, 2016

DHS Identification Number:	CARS Profile 154720 WIC - Farmers Market	CARS Profile 154760 WIC - Peer Counseling	CARS Profile 154710 WIC	CARS Profile 159321 Reproductive Health	CARS Profile 159220 Prevention	CARS Profile 181005 WI WINS	CARS Profile 155015 Bio-Terrorism
Award Amount:	\$ 2,385	\$ 13,771	\$ 427,314	\$ 114,785	\$ 9,978	\$ 4,468	\$ 52,710
Award Period:	1/1/16 - 12/31/16	1/1/16 - 12/31/16	1/1/16 - 12/31/16	1/1/16 - 12/31/16	10/1/14 - 8/31/16	1/1/16 - 12/31/16	7/1/15 - 6/30/16
Period of Award within Audit Period:	1/1/16 - 12/31/16	1/1/16 - 12/31/16	1/1/16 - 12/31/16	1/1/16 - 12/31/16	1/1/16 - 8/31/16	1/1/16 - 12/31/16	1/1/16 - 6/30/16
A. Expenditures Reported to DHS for Payment	\$ 2,513	\$ 14,346	\$ 434,498	\$ 116,175	\$ 10,021	\$ 4,535	\$ 44,101
B. Total Costs of Award							
1. Employee Salaries and Wages	1,459	13,073	271,513	83,340	6,682	4,025	26,253
2. Employee Fringe Benefits	829	281	111,633	26,946	2,152	128	9,772
3. Payroll Taxes	80	992	18,238	5,889	476	308	1,863
4. Rent of Occupancy	-	-	18,060	-	-	-	300
5. Professional Services	-	-	-	-	-	-	2,767
6. Employee Travel	-	-	1,033	-	135	40	-
7. Conferences, Meetings or Education	-	-	-	-	66	-	-
8. Employee Licenses and Dues	-	-	-	-	-	-	-
9. Supplies	35	-	4,129	-	-	4	1,671
10. Telephone	-	-	-	-	-	-	-
11. Equipment	-	-	-	-	-	-	-
12. Depreciation	-	-	-	-	-	-	-
13. Utilities	-	-	-	-	-	-	-
14. Bad Debts	-	-	-	-	-	-	-
15. Postage and Shipping	-	-	-	-	-	-	-
16. Insurance	-	-	-	-	-	-	-
17. Interest	-	-	-	-	-	-	-
18. Bank Fees and Charges	-	-	-	-	-	-	-
19. Advertising and Marketing	-	-	1,080	-	-	-	-
20. Other	110	-	8,812	-	510	30	1,475
Total Operating Costs of Award	2,513	14,346	434,498	116,175	10,021	4,535	44,101
C. Less Disallowed Costs	-	-	-	-	-	-	-
D. Less Program Revenue and Other Offsets to Costs	-	-	-	-	-	-	-
E. Net Allowable Operating Costs Before Profit	-	-	-	-	-	-	-
F. Add Allowable Profit	-	-	-	-	-	-	-
G. Total Allowable Costs	\$ 2,513	\$ 14,346	\$ 434,498	\$ 116,175	\$ 10,021	\$ 4,535	\$ 44,101

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

EAU CLAIRE CITY-COUNTY HEALTH DEPARTMENT

DHS Cost Reimbursement Award Schedule

For the Audit Period Ended December 31, 2016

DHS Identification Number:	CARS Profile 155015	CARS Profile 155050	CARS Profile 11111	CARS Profile 155957	CARS Profile 150500	CARS Profile 155032	CARS Profile 157720
	Bio-Terrorism	PHEP Mini Grant	PHEP Ebola	HIV Prevention	BRACE	Adult Imm	Childhood Lead
Award Amount:	\$ 49,292	\$ 8,345	\$ 23,512	\$ 75,000	\$ 11,303	\$ 8,021	\$ 9,836
Award Period:	7/1/16 - 6/30/17	7/1/15 - 6/30/16	7/1/14 - 9/30/16	1/1/16 - 12/31/16	10/1/15 - 9/30/16	5/1/16 - 6/30/17	1/1/16 - 12/31/16
Period of Award within Audit Period:	7/1/16 - 12/31/16	1/1/16 - 6/30/16	1/1/16 - 9/30/16	1/1/16 - 12/31/16	1/1/16 - 9/30/16	5/1/16 - 12/31/16	1/1/16 - 12/31/16
A. Expenditures Reported to DHS for Payment	\$ 10,275	\$ 8,345	\$ 24,107	\$ 76,445	\$ 13,674	\$ 3,228	\$ 10,545
B. Total Costs of Award							
1. Employee Salaries and Wages	6,419	2,930	14,694	53,185	9,125	1,565	3,829
2. Employee Fringe Benefits	2,108	1,078	2,677	16,849	1,611	604	1,384
3. Payroll Taxes	473	208	1,097	3,834	679	105	252
4. Rent of Occupancy	300	-	-	804	-	-	-
5. Professional Services	-	-	-	-	-	-	-
6. Employee Travel	24	-	-	2	-	-	-
7. Conferences, Meetings or Education	1,190	4,129	1,475	652	-	98	-
8. Employee Licenses and Dues	-	-	-	-	-	-	-
9. Supplies	-	-	-	1,046	-	856	-
10. Telephone	-	-	-	-	-	-	-
11. Equipment	-	-	-	-	-	-	-
12. Depreciation	-	-	-	-	-	-	-
13. Utilities	-	-	-	-	-	-	-
14. Bad Debts	-	-	-	-	-	-	-
15. Postage and Shipping	-	-	-	-	-	-	-
16. Insurance	-	-	-	-	-	-	-
17. Interest	-	-	-	-	-	-	-
18. Bank Fees and Charges	-	-	-	-	-	-	-
19. Advertising and Marketing	681	-	-	-	-	-	-
20. Other	719	-	4,164	113	2,259	-	5,080
Total Operating Costs of Award	11,914	8,345	24,107	76,485	13,674	3,228	10,545
C. Less Disallowed Costs	-	-	-	-	-	-	-
D. Less Program Revenue and Other Offsets to Costs	-	-	-	-	-	-	-
E. Net Allowable Operating Costs Before Profit	-	-	-	-	-	-	-
F. Add Allowable Profit	-	-	-	-	-	-	-
G. Total Allowable Costs	\$ 11,914	\$ 8,345	\$ 24,107	\$ 76,485	\$ 13,674	\$ 3,228	\$ 10,545

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

EAU CLAIRE CITY-COUNTY HEALTH DEPARTMENT

DHS Cost Reimbursement Award Schedule

For the Audit Period Ended December 31, 2016

DHS Identification Number:	CARS Profile 155020	CARS Profile 159320	CARS Profile 150321	CARS Profile 151735	CARS Profile 159354	CARS Profile 155078
	Immunization	MCH	Radon RICS	Oral Health Mouthrinse	Pers Resp Educ Prog Prep	Env Ph Tracking Network
Award Amount:	\$ 24,150	\$ 53,664	\$ 10,795	\$ 1,519	\$ 50,000	\$ 10,500
Award Period:	1/1/16 - 12/31/16	1/1/16 - 12/31/16	1/1/16 - 12/31/16	1/1/16 - 12/31/16	1/1/16 - 12/31/16	11/1/15 - 7/31/16
Period of Award within Audit Period:	1/1/16 - 12/31/16	1/1/16 - 12/31/16	1/1/16 - 12/31/16	1/1/16 - 12/31/16	1/1/16 - 12/31/16	1/1/16 - 7/31/16
A. Expenditures Reported to DHS for Payment	\$ 24,492	\$ 54,419	\$ 11,001	\$ 1,849	\$ 50,088	\$ 11,708
B. Total Costs of Award						
1. Employee Salaries and Wages	16,263	37,518	6,790	650	31,058	8,816
2. Employee Fringe Benefits	6,284	12,884	3,016	240	8,683	633
3. Payroll Taxes	1,134	2,666	479	47	2,260	682
4. Rent of Occupancy	-	600	-	-	-	-
5. Professional Services	-	-	-	-	3,000	800
6. Employee Travel	-	22	-	-	216	243
7. Conferences, Meetings or Education	-	256	-	-	2,737	534
8. Employee Licenses and Dues	-	-	-	-	-	-
9. Supplies	27	443	83	-	-	-
10. Telephone	-	-	-	-	-	-
11. Equipment	-	-	-	-	-	-
12. Depreciation	-	-	-	-	-	-
13. Utilities	-	-	-	-	-	-
14. Bad Debts	-	-	-	-	-	-
15. Postage and Shipping	-	-	-	-	-	-
16. Insurance	-	-	-	-	-	-
17. Interest	-	-	-	-	-	-
18. Bank Fees and Charges	-	-	-	-	-	-
19. Advertising and Marketing	511	-	633	-	-	-
20. Other	403	30	-	1,196	3,052	-
Total Operating Costs of Award	24,622	54,419	11,001	2,133	51,006	11,708
C. Less Disallowed Costs	-	-	-	-	-	-
D. Less Program Revenue and Other Offsets to Costs	-	-	-	-	-	-
E. Net Allowable Operating Costs Before Profit	-	-	-	-	-	-
F. Add Allowable Profit	-	-	-	-	-	-
G. Total Allowable Costs	\$ 24,622	\$ 54,419	\$ 11,001	\$ 2,133	\$ 51,006	\$ 11,708

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

CITY OF EAU CLAIRE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND DHS COST REIMBURSEMENT AWARD SCHEDULES For the Year Ended December 31, 2016

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, 2016. 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 either the Uniform Guidance or the Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* OMB Circular A-87, 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 May 1, 2017 (expected payment date) Community Aids Reporting System (CARS) reports and the December 2016 CORE reports.

NOTE 4 – INDIRECT COST RATE

The City of Eau Claire has 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 DHS COST REIMBURSEMENT AWARD SCHEDULES For the Year Ended December 31, 2016

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, 2016	\$ 159,096
Cash and investment balance at December 31, 2016	541,478
Administrative expenses paid out of income during the year	488
Interest due to federal government at December 31, 2016	<u>(8)</u>
	701,054
Federal share of the fund	<u>66%</u>
	<u>\$ 462,696</u>

The balance of loans outstanding at December 31, 2016 was \$159,096.

NOTE 6 – ADJUSTMENTS COLUMN

The adjustments column presents differences between estimated accrued/deferred ending balances as of December 31, 2015 and actual reimbursements received by the grantee in 2016.

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
- DEM – Wisconsin Department of Military Affairs – Division of Emergency Management
- Historical Society – Wisconsin Historical Society
- PSC WI – Wisconsin Public Service Commission
- NACCHO – National Association for City County Health Organizations
- MCRF – Marshfield Clinic Research Foundation

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? yes X no

FEDERAL AND STATE AWARDS

Internal control over major programs:

- | | Federal Programs | State Programs |
|--|--|--|
| > Material weakness(es) identified? | <u> </u> yes <u> X </u> no | <u> </u> yes <u> X </u> no |
| > Significant deficiencies identified that are not considered to be material weakness(es)? | <u> </u> yes <u> X </u> none reported | <u> </u> yes <u> X </u> none reported |

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

unmodified	unmodified
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Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?

<u> </u> yes	<u> X </u> no	<u> </u> yes	<u> X </u> no
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Auditee qualified as low-risk auditee?

<u> </u> yes	<u> X </u> no	<u> </u> yes	<u> X </u> no
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Dollar threshold used to distinguish between type A and type B programs:

\$750,000	\$250,000
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Dollar threshold used to distinguish between DHS type A and type B programs:

	\$62,500
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CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.) For the Year Ended December 31, 2016

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

FEDERAL AND STATE AWARDS (cont.)

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Development Cluster – Economic Adjustment Assistance
20.507	Federal Transit Cluster – Federal Transit – Formula Grants

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 2016-001: 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 2016 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. A secondary review should be performed to ensure that formulas are calculating properly and backup documentation ties to final capital asset spreadsheets. In addition, contractor invoices should be reviewed at year end for retainages.

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 condition and determine whether additional controls 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.

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.)
For the Year Ended December 31, 2016

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

FINDING 2016-001: INTERNAL CONTROL ENVIRONMENT (cont.)

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 contractor invoices to ensure proper retainage amounts are recorded at year-end.

SECTION III – FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

None.

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 noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines: Department of Health Services, Department of Natural Resources, Department of Transportation, Department of Administration – OJA, Department of Military Affairs. Yes X 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 September 18, 2017