

CITY OF EAU CLAIRE

Eau Claire, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2013

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, 2013, 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 27, 2014.

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 a deficiency in internal control that we consider to be a material weakness.

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 2013-001 and 2013-002.

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 27, 2014

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, 2013. 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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 or the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2013-003 through 2013-005. Our opinion on each major federal and major state program is not modified with respect to these matters.

City of Eau Claire's Responses to Findings

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

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 certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-003 through 2013-005, that we consider to be significant deficiencies.

To The City Council
City of Eau Claire

City of Eau Claire's Responses to Findings

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

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, 2013, 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 27, 2014, 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 5, 2014

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2013

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? X yes 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 510(a) of Circular A-133?

 X yes no

 Federal State

Auditee qualified as low-risk auditee?

 yes X no yes X no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
20.500	Federal Transit Cluster – Federal Transit – Capital Investment Grants
20.507	Federal Transit Cluster – Federal Transit – Formula Grants

Federal State

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

 Federal State

 \$ 300,000 \$ 100,000

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.)
For the Year Ended December 31, 2013

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
370.xxx	Stewardship

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

FINDING 2013-001: 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 2013 audit, we noted deficiencies in the internal control environment as follows:

- > All capital asset work papers and reconciliations should be reviewed by a second individual prior to the start of the audit. In addition, contractor invoices should be reviewed at year end for retainages. For enterprise funds, controls should also be in place to ensure that any interest expense that should be capitalized is properly allocated to the project(s).

Since these key controls are not currently in place, errors or irregularities could occur as part of the financial process that may not be discovered by the City.

Cause: The cause of the condition is unknown.

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

Recommendation: We recommend that a designated City employee review these potential controls 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 has implemented a revised procedure for recording retainage on invoices for construction projects that includes recording the retainage in the financial system at the time the invoice is entered for payment. Accounting staff members assigned to recording capitalized interest have been instructed to review all funds for interest payments that may need to be capitalized.

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.) For the Year Ended December 31, 2013

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

FINDING 2013-002: 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 and the schedule of expenditures of federal and state awards required material adjustments.

Cause: The cause of the condition is unknown.

Effect: Financial statements and the schedule of expenditures of federal and state awards may be materially misstated.

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 Accounting staff has a grant summary report for all of the grants that will be compared to the single audit spreadsheet to ensure all of the grants are on the single audit. An item has been added to the year-end checklist to ensure that all accrual entries are completed.

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.) For the Year Ended December 31, 2013

SECTION III – FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2013-003: PROGRAM: COMMUNITY DEVELOPMENT BLOCK GRANTS

CFDA Number: 14.218

Granting Agency: U.S. Department of Housing and Urban Development

Compliance Requirement: Reporting

Criteria: The Federal Funding Accountability and Transparency Act (FFATA) directs federal agencies to collect data regarding the spending of federal awards and contracts. Governmental units receiving direct federal grants and contracts have additional reporting requirements. This includes accurate reporting of grant subawards of \$25,000 or more on the usaspending.gov website on a timely basis, and maintaining adequate supporting documentation.

Condition: The required FFATA reporting for the CDBG Grant which the city passed through to a sub-recipient, was not performed.

Cause: The city was unaware of its reporting responsibilities for this grant.

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 will identify when federal grant or contract subawards of \$25,000 or more are made, 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: CDBG staff is aware of this reporting requirement and has entered the information for this grant on usaspending.gov. Staff will continue to enter all future sub awards over \$25,000 on this website.

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.) For the Year Ended December 31, 2013

SECTION III – FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2013-004: PROGRAM: FEDERAL TRANSIT – CAPITAL INVESTMENT GRANTS (FEDERAL TRANSIT CLUSTER)

CFDA Number: 20.500

FTA Project Number: W1-04-0060-00

Granting Agency: U.S. Department of Transportation

Compliance Requirement: Reporting

Criteria: The Federal Funding Accountability and Transparency Act (FFATA) directs federal agencies to collect data regarding the spending of federal awards and contracts. Governmental units receiving direct federal grants and contracts have additional reporting requirements. This includes accurate reporting of grant subawards of \$25,000 or more on the usaspending.gov website on a timely basis, and maintaining adequate supporting documentation. Additionally, Federal Financial Reporting is required to be submitted on a quarterly basis.

Condition: The required FFATA reporting for the Veterans Transportation and Community Living Initiative Grant which the city passed through to a sub-recipient, was not performed. Additionally, Federal Financial Reporting (FFR) on this grant was not performed on a timely basis. The quarterly FFR for 2013 was all completed in April 2014.

Cause: The city was unaware of its reporting responsibilities for this grant.

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 will identify when federal grant or contract subawards of \$25,000 or more are made, 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: City staff has completed the registration process and Transit staff has been instructed to enter monthly information for sub awards of \$25,000 or more on usaspending.gov.

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.) For the Year Ended December 31, 2013

SECTION III – FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2013-005: PROGRAM: FEDERAL TRANSIT – CAPITAL INVESTMENT GRANTS (FEDERAL TRANSIT CLUSTER)

CFDA Number: 20.500

Granting Agency: U.S. Department of Transportation

Pass Through Agency: Wisconsin Department of Transportation

Pass Through Agency ID: WI-04-0048, WI-04-0058

Compliance Requirement: Procurement

Criteria: Contract files should document the method of procurement, basis of contract price, provide full and open competition, and include cost analysis in connection with the procurement. The city purchased buses by piggybacking on a State of Connecticut contract. The city utilized the Piggybacking Worksheet from Federal Transit Administration's Best Practices Procurement Manual to ensure that purchasing determinations are documented. The Piggybacking Worksheet states that a cost or price analysis must be performed by the original contracting agency to document the reasonableness of the price.

Condition: The city lacked documentation to support that a cost or price analysis was performed prior to the city's recommendation of purchase was signed in October 2012. The price analysis provided during the audit listed prices from four manufacturers with estimated prices solicited in November 2013.

Cause: The cause is unknown.

Effect: The best price for the buses may not have been received.

Questioned Costs: None noted.

Recommendation: Care should be taken that procedures listed in the Piggybacking Worksheet are followed and documentation is maintained.

Management's Response/Planned Corrective Action: Transit will not be piggybacking on contracts going forward.

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont.)
For the Year Ended December 31, 2013

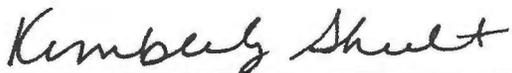
SECTION IV – OTHER ISSUES

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 checked="" type="checkbox"/> Yes	<input 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, CPA, Partner

5. Date of report
September 5, 2014

CITY OF EAU CLAIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

Federal Grantor/ Program or Cluster Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	(Accrued) Deferred Beginning Balance	Revenue			Deferred Revenue	Total Revenues	Federal Expenditures
					Cash Received (Returned)	Accrued (Deferred) Ending Balance				
FEDERAL AWARDS										
U.S. Department of Agriculture										
Women, Infants and Children Supplemental Food Program	10.557	DHS	N/A	\$ (25,941)	\$ 348,768	\$ 111,820	\$ (37,319)	\$ 397,328	\$ 434,647	
Total U.S. Department of Agriculture				(25,941)	348,768	111,820	(37,319)	397,328	434,647	
U.S. Department of Commerce										
Economic Adjustment Assistance	11.307	N/A	N/A	-	-	-	-	-	451,119	
U.S. Department of Housing and Urban Development										
Community Development Block Grants/Entitlement Grants	14.218	N/A	N/A	(80,416)	916,834	56,923	-	893,341	893,341	
Home Investment Partnership Program	14.239	N/A	N/A	(46,783)	443,822	65,471	-	462,510	462,510	
Total U.S. Department of Housing and Urban Development				(127,199)	1,360,656	122,394	-	1,355,851	1,355,851	
U.S. Department of Justice										
Bulletproof Vests Partnership Program	16.607	N/A	N/A	-	3,676	-	-	3,676	3,676	
Public Safety Partnership and Community Policing Grant	16.710	OJA	2011-UJMWX0196	(65,174)	57,400	178,176	(113,436)	57,400	170,836	
Paul Coverdell Forensic Sciences Improvement Grant	16.742	OJA	2011-CD-BX-0075	(102,483)	-	160,218	79,328	137,063	57,735	
Edward Byrne Memorial Justice Assistance Grant	16.738	OJA	2011-DJ-BX-2752	(14,542)	14,542	-	-	-	-	
Edward Byrnes Memorial Justice Assistance Grant	16.738	OJA	2009-DJ-01-9576	(41,450)	41,450	-	-	-	-	
Edward Byrnes Memorial Justice Assistance Grant	16.738	OJA	2012-DJ-BX-0498	(11,419)	-	13,963	11,419	13,963	2,544	
Edward Byrnes Memorial Justice Assistance Grant	16.738	OJA	2013-DJ-BX-1185	-	-	3,920	(3,920)	-	3,920	
Total Edward Byrne Memorial Justice Assistance Grant				(67,411)	55,992	17,883	7,499	13,963	6,464	
Total U.S. Department of Justice				(235,068)	117,068	356,277	(26,609)	212,102	238,711	
U.S. Department of Transportation										
Highway Planning and Construction	20.205	DOT	7995-02-2829	(117)	-	117	-	-	-	
Recreational Trails Program	20.219	DNR	RTA-600-14	-	-	26,503	(26,503)	-	26,503	
Federal Transit Cluster										
Federal Transit - Capital Investment Grants	20.500	DOT	WI-80-X005	-	-	33,760	-	33,760	33,760	
Federal Transit - Capital Investment Grants	20.500	DOT	WI-03-0091	(54,761)	7,243	47,518	-	-	-	
Federal Transit - Capital Investment Grants	20.500	DOT	WI-04-0058	-	873,775	-	-	873,775	873,775	
Federal Transit - Capital Investment Grants	20.500	N/A	N/A	-	105,025	26,145	-	131,170	131,170	
Federal Transit - Capital Investment Grants	20.500	DOT	WI-04-0048	-	438,087	-	-	438,087	438,087	
Federal Transit: Formula Grants	20.507	N/A	N/A	(1,626,201)	1,626,201	1,761,599	-	1,761,599	1,761,599	
Total Federal Transit Cluster				(1,680,962)	3,043,088	1,869,022	-	3,238,391	3,238,391	
Highway Safety Cluster										
State and Community Highway Safety	20.600	DOT	0952-24-40	-	4,000	-	-	4,000	4,000	
State and Community Highway Safety	20.600	DOT	0953-40-65	(61)	13,510	-	61	13,510	13,449	
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	DOT	0953-31-97	(61)	22,970	-	-	22,970	22,970	
Total Highway Safety Cluster				(61)	40,480	-	61	40,480	40,419	
Total U.S. Department of Transportation				(1,681,140)	3,083,568	1,895,642	(26,442)	3,278,871	3,305,313	

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, 2013

Federal Grantor/ Program or Cluster Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Adjustments	Cash Received (Returned)	Accrued (Deferred) Ending Balance	Revenue				
							(Accrued) Deferred Beginning Balance	Deferred Revenue	Total Revenues	Federal Expenditures	
FEDERAL AWARDS (cont.)											
Environmental Protection Agency											
State Indoor Radon Grants	66.032	DHS	N/A	\$ (1,883)	\$ 8,152	\$ 4,527	\$ (2,472)	\$ 8,324	\$ 10,796		
Great Lakes Program	66.469	DNR	ACEI-108-12	(15,460)	26,780	-	-	11,320	11,320		
Great Lakes Program	66.469	DNR	ACEI-108-12	(15,460)	30,896	-	-	15,436	15,436		
Great Lakes Program	66.469	DNR	LPL-1463-12	(9,219)	18,438	-	-	9,219	9,219		
Total Great Lakes Program				(40,139)	76,114	-	-	35,975	35,975		
Total Environmental Protection Agency				(42,022)	84,266	4,527	(2,472)	44,299	46,771		
U.S. Department of Energy											
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	N/A	N/A	(5,996)	5,996	-	-	-	-		
Total U.S. Department of Energy				(5,996)	5,996	-	-	-	-		
U.S. Department of Education											
Birth to Three	84.181	Eau Claire County	N/A	-	9,510	3,460	-	12,970	12,970		
U.S. Department of Health and Human Services											
Public Health Emergency Preparedness Immunization Grants	93.069	DHS	N/A	(24,079)	30,669	16,405	(13,763)	15,845	29,608		
Medical Assistance Program - Consolidated Contracts	93.268	DHS	N/A	9,540	14,888	5,605	-	30,033	30,033		
HIV Care Formula Grants	93.778	DHS	N/A	-	1,754	942	(77)	2,619	2,696		
Preventive Health and Health Services Block Grant	93.917	DHS	N/A	1,649	1,491	5,860	(1,548)	7,452	9,000		
Maternal and Child Health Services Block Grant to the States	93.991	DHS	N/A	3,985	7,052	-	-	11,037	11,037		
Total U.S. Department of Health and Human Services	93.994	DHS	N/A	(9,327)	94,476	24,794	10,086	120,442	110,356		
Total U.S. Department of Health and Human Services				(18,232)	150,330	53,606	(5,302)	187,428	192,730		
U.S. Department of Homeland Security											
Pre-Disaster Mitigation	97.047	N/A	N/A	(22,490)	22,490	-	22,490	22,490	-		
Total Homeland Security Grant Program				(22,490)	22,490	-	22,490	22,490	-		
TOTAL FEDERAL AWARDS				\$ (2,158,088)	\$ 5,182,652	\$ 2,547,726	\$ (75,654)	\$ 5,511,339	\$ 6,038,112		

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, 2013

State Grantor/ Pass-Through Grantor/ Program or Cluster Title	State ID Number	Revenue					Total Revenues	State Expenditures
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Returned)	Accrued (Deferred) Ending Balance	Deferred Revenue		
STATE AWARDS								
Wisconsin Department of Natural Resources								
Stewardship	370.xxx	\$ (74,500)	\$ -	\$ 74,500	\$ -	\$ 74,500	\$ -	
Stewardship	370.xxx	-	-	-	166,000	(166,000)	166,000	
Acquisition and Development of Local Parks	370.TA1	(15,089)	-	-	15,089	-	-	
Total Wisconsin Department of Natural Resources		(89,589)	-	74,500	181,089	(91,500)	166,000	
Wisconsin Department of Transportation								
Transit Operating Aids - 2013	395.104	-	-	1,206,975	65,735	-	1,272,710	
Transit Operating Aids - 2012	395.104	50,701	-	-	(50,701)	-	-	
Transit Operating Aids - 2011	395.104	20,846	-	-	(20,846)	-	-	
Transit Operating Aids - 2008	395.104	27,010	-	-	(27,010)	-	-	
Transit Operating Aids - 2009	395.104	199,968	-	-	(199,968)	-	-	
Transit Operating Aids - 2010	395.104	75,684	-	-	(75,684)	-	-	
Total Transit Operating Aids		374,209	-	1,206,975	(308,474)	-	1,272,710	
Paratransit Aids - 2013	395.xxx	-	-	45,690	-	-	45,690	
Total Wisconsin Department of Transportation		374,209	-	1,252,665	(308,474)	-	1,318,400	
Wisconsin Department of Health Services								
Fluoride Rinse Program	435.151735	786	-	1,126	(533)	(633)	746	
WIC - Farmers Market	435.154720	(989)	-	2,065	1,309	-	2,385	
Medical Reserve Corp Unit	435.155130	4,862	-	4,015	-	-	8,877	
Consolidated Contracts-Well Women GPR	435.157000	25,079	-	19,590	14,675	(2,816)	56,528	
Consolidated Contracts-CHHD LD	435.157720	-	-	8,872	1,719	-	10,591	
WI Wins	435.158127	(297)	-	1,805	769	213	2,490	
Consolidated Contracts-MCH	435.159320	-	-	1,754	942	(77)	2,619	
Reproductive Health	435.159321	(7,632)	337	57,749	9,783	9,113	60,237	
Total Wisconsin Department of Health Services		21,809	337	96,976	28,664	5,800	153,586	
Wisconsin Department of Military Affairs								
SERB Hazardous Materials Contract	465.306	79,015	-	28,487	28,487	(28,487)	107,502	
TOTAL STATE AWARDS		\$ 385,444	\$ 337	\$ 1,452,628	\$ (70,234)	\$ (114,187)	\$ 1,653,988	

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, 2013

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	\$ 14,359	\$ 424,408	\$ 114,785	\$ 7,052
Award Period:	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/12 - 8/31/13
Period of Award within Audit Period:	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 8/31/13
A. Expenditures Reported to DHS for Payment	\$ 2,390	\$ 13,745	\$ 420,902	\$ 129,994	\$ 7,052
B. Actual Allowable Cost of Award					
Program Expenses					
7. Other salaries and wages	1,606	9,652	247,510	93,669	3,578
8. Pension plan contributions	573	3,212	93,014	23,496	199
9. Other employee benefits	123	738	18,934	7,166	274
10. Payroll Taxes			1,561		
12. Advertising and promotion			16,744	1,700	896
13. Office Expenses	88		17,066		
16. Occupancy			253		235
17. Travel		143	5,144		1,870
19. Conferences, conventions and meetings					
24 Other Expenses itemize not covered above					
a. Equipment			17,228		
b. Medical supplies			3448		
c. Medical Director for clinic				3,963	
Total Program Expenses	<u>2,390</u>	<u>13,745</u>	<u>420,902</u>	<u>129,994</u>	<u>7,052</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>\$ 2,390</u>	<u>\$ 13,745</u>	<u>\$ 420,902</u>	<u>\$ 129,994</u>	<u>\$ 7,052</u>

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, 2013

Award Name	HIV Prevention	WI WINS	WI WINS	Bio-Terrorism
DHS Identification Number:	CARS Profile #	CARS Profile #	CARS Profile #	CARS Profile #
Award Amount:	\$	\$	\$	\$
Award Period:	1/1/13 - 12/31/13	7/1/13 - 12/31/13	1/1/13 - 6/30/13	7/1/13 - 6/30/14
Period of Award within Audit Period:	1/1/13 - 12/31/13	7/1/13 - 12/31/13	1/1/13 - 6/30/13	7/1/13 - 12/31/13
A. Expenditures Reported to DHS for Payment	\$ 9,608	\$ 1,697	\$ 769	\$ 29,443
B. Actual Allowable Cost of Award				
Program Expenses				
7. Other salaries and wages	5,615	1,191	492	24,188
9. Other employee benefits	2,269	105	239	2,579
10. Payroll Taxes	430	91	38	1,850
13. Office Expenses		88		484
16. Occupancy				201
17. Travel		222		114
19. Conferences, conventions and meetings	1,294			27
Total Program Expenses	<u>9,608</u>	<u>1,697</u>	<u>769</u>	<u>29,443</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>\$ 9,608</u>	<u>\$ 1,697</u>	<u>\$ 769</u>	<u>\$ 29,443</u>

EAU CLAIRE CITY-COUNTY HEALTH DEPARTMENT

Settlement of DHS Cost Reimbursement Award
For the Year Ended: December 31, 2013

Award Name	Childhood Lead	Immunization	MCH	Radon RICS	Oral Health Mouthrinse	Well Women Program
DHS Identification Number: 20259	CARS Profile # 157720	CARS Profile # 155020	CARS Profile # 159320	CARS Profile # 150321	CARS Profile # 151735	CARS Profile # 157000
Award Amount:	\$ 10,591	\$ 23,238	\$ 44,062	\$ 10,796	\$ 1,519	\$ 36,712
Award Period:	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 12/31/13
Period of Award within Audit Period:	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 12/31/13	1/1/13 - 12/31/13
A. Expenditures Reported to DHS for Payment	\$ 11,382	\$ 27,932	\$ 42,123	\$ 10,796	\$ 1,379	\$ 36,712
B. Actual Allowable Cost of Award						
Program Expenses						
7. Other salaries and wages	7,296	17,693	31,634	6,368		26,569
9. Other employee benefits	3,463	5,337	6,335	2,329		7,512
10. Payroll Taxes	558	1,354	2,420	487		2,033
12. Advertising and promotion		559		561		134
13. Office Expenses	42	891	344	402		464
16. Occupancy			539			
17. Travel		70		24		
19. Conferences, conventions and meetings			851	625		
24 Other Expenses itemize not covered above						
b. Medical supplies	23	2,028			1,379	
Total Program Expenses	<u>11,382</u>	<u>27,932</u>	<u>42,123</u>	<u>10,796</u>	<u>1,379</u>	<u>36,712</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>\$ 11,382</u>	<u>\$ 27,932</u>	<u>\$ 42,123</u>	<u>\$ 10,796</u>	<u>\$ 1,379</u>	<u>\$ 36,712</u>

CITY OF EAU CLAIRE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2013

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, 2013. 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	06/01/2014

CITY OF EAU CLAIRE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2013

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	\$223,592
Community Development Block Grants/Entitlement Grants	14.218	232,761
Federal Transit – Capital Investment Grants	20.500	122,386

NOTE 5 – ADJUSTMENTS COLUMN

The adjustment column presents differences between estimated accrued/deferred ending balances as of December 31, 2012 and actual reimbursements received by the grantee in 2013.

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