

CITY OF EAU CLAIRE

Eau Claire, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2017

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, 2017, 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 28, 2018.

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

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*.

The 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.

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP". The signature is written in a cursive, flowing style.

Eau Claire, Wisconsin
June 28, 2018

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, 2017. 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; and 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 programs. However, our audit does not provide a legal determination of the City's compliance.

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, 2017.

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 and major state programs 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 state programs 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 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.

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 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, 2017, 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 28, 2018, 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 7, 2018

CITY OF EAU CLAIRE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2017

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	Change in Unavailable Revenue	Total Revenues			
FEDERAL AWARDS												
U.S. Department of Agriculture												
Local Food Promotion Program	10.172	N/A	N/A	\$ (21,028)	\$ -	\$ 21,028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	DHS	154710, 154760	(5,003)	-	331,596	104,000	41,303	471,896	430,593	-	
SNAP Cluster												
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS	154661	-	-	17,465	6,372	-	23,837	23,837	-	
Cooperative Forestry Assistance	10.664	DNR	FFP-17SF-045	(3,943)	-	3,943	-	-	-	-	-	
Total U.S. Department of Agriculture				(29,974)	-	374,032	110,372	41,303	495,733	454,430	-	
U.S. Department of Commerce												
Economic Development Cluster												
Economic Adjustment Assistance	11.307	N/A	N/A	-	-	-	-	-	-	468,131	-	
U.S. Department of Housing and Urban Development												
CDBG - Entitlement Grants Cluster												
Community Development Block Grants/Entitlement Grants	14.218	N/A	N/A	(47,472)	-	551,177	73,591	-	577,296	577,296	250,612	
Home Investment Partnerships Program	14.239	N/A	N/A	(113,232)	-	486,125	46,532	-	419,425	419,425	66,395	
Total U.S. Department of Housing and Urban Development				(160,704)	-	1,037,302	120,123	-	996,721	996,721	317,007	
U.S. Department of Justice												
Bulletproof Vest Partnership Program (2015 Program)	16.607	N/A	N/A	(7,024)	-	11,960	-	-	4,936	4,936	-	
Bulletproof Vest Partnership Program (2016 Program)	16.607	N/A	N/A	-	-	303	303	-	606	606	-	
Total Bulletproof Vest Partnership Program				(7,024)	-	12,263	303	-	5,542	5,542	-	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	OJA	2016-DJ-BX-0347	-	-	12,544	-	-	12,544	12,544	-	
Total U.S. Department of Justice				(7,024)	-	24,807	303	-	18,086	18,086	-	
U.S. Department of Transportation												
Highway Planning and Construction Cluster												
Highway Planning and Construction	20.205	DOT	7995-02-28/29	(492,000)	492,000	-	-	-	-	-	-	
Recreational Trails Program	20.219	DNR	RTA-666-14	(33,566)	-	33,566	-	-	-	-	-	
Recreational Trails Program	20.219	DNR	RTA-740-15	-	-	-	45,000	(45,000)	-	45,000	-	
Total Recreational Trails Program				(33,566)	-	33,566	45,000	(45,000)	-	45,000	-	
Total Highway Planning and Construction Cluster				(525,566)	492,000	33,566	45,000	(45,000)	-	45,000	-	
Federal Transit Cluster												
Federal Transit - Formula Grants	20.507	N/A	N/A	(203,791)	-	1,983,566	-	-	1,779,775	1,779,775	-	
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	DOT	N/A	(41,854)	-	41,854	-	-	-	-	-	
Highway Safety Cluster												
National Priority Safety Programs	20.616	DOT	0956-25-72	(3,909)	-	3,909	-	-	-	-	-	
Total U.S. Department of Transportation				(775,120)	492,000	2,062,895	45,000	(45,000)	1,779,775	1,824,775	-	

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, 2017

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	Change in Unavailable Revenue	Total Revenues			
FEDERAL AWARDS (cont.)												
Environmental Protection Agency												
State Indoor Radon Grants	66.032	DHS	150321	\$ (3,731)	\$ -	\$ 9,508	\$ 6,289	\$ 2,287	\$ 14,353	\$ 12,066	\$ -	
U.S. Department of Health and Human Services												
Medical Reserve Corps Small Grant Program	93.008	NACCHO	MRC 16-2025	13,746	-	-	-	-	13,746	13,746	-	
Medical Reserve Corps Small Grant Program	93.008	NACCHO	MRC 15-2025C	-	-	13,000	(5,256)	-	7,744	7,744	-	
Total Medical Reserve Corps Small Grant Program				13,746	-	13,000	(5,256)	-	21,490	21,490	-	
Public Health and Emergency Preparedness	93.069	DHS	155050	-	-	8,340	4,658	-	12,998	12,998	-	
Environmental Public Health and Emergency Response	93.070	DHS	150500	-	-	-	1,655	-	1,655	1,655	-	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned	93.074	DHS	11111, 155015, 155050	(5,854)	-	77,730	6,884	3,574	82,334	78,760	-	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned	93.074	NACCHO		(844)	-	9,500	(3,890)	-	4,766	4,766	-	
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned				(6,698)	-	87,230	2,994	3,574	87,100	83,526	-	
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	DHS	159354	(14,796)	-	14,796	-	3,408	3,408	-	-	
Food and Drug Administration Research	93.103	N/A	N/A	-	-	-	4,083	(1,083)	3,000	4,083	-	
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	MCRF	25179	(146)	-	49,279	8,076	(5,634)	51,575	57,209	-	
Immunization Cooperative Agreements	93.268	DHS	155020	(837)	-	25,028	-	3,147	27,338	24,191	-	
Drug-Free Communities Support Program Grants	93.276	DHS	25046	(30,197)	-	138,216	27,972	(2,614)	133,377	135,991	-	
Center for Disease Control and Prevention Investigations and Technical Assistance	93.283	DHS	157120	-	-	3,833	3,833	-	7,666	7,666	-	
NON-ACA/PPHF-Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.424	NACCHO	2016-041311	-	-	2,000	-	-	2,000	2,000	-	
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by Prevention and Public Health Funds	93.539	DHS	IP13-1301PPHF13	-	-	3,960	-	-	3,960	3,960	-	
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by Prevention and Public Health Funds	93.733	DHS	155032	(971)	-	5,764	-	293	5,086	4,793	-	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	DHS	159220	(1,532)	-	10,680	825	1,532	11,505	9,973	-	
Medicaid Cluster												
Medical Assistance Program	93.778	DHS	159320	(688)	-	4,563	864	297	5,036	4,739	-	
HIV Prevention Activities - Health Department Based	93.940	DHS	155957	-	-	-	-	1,929	1,929	-	-	
Assistance Programs for Chronic Disease Prevention and Control	93.945	DHS	155671	-	-	8,000	-	-	8,000	8,000	-	
Maternal and Child Health Services Block Grant to the States	93.994	DHS	159320, 159321, 159354	(45,690)	-	171,454	28,098	15,592	169,454	153,862	-	
Total U.S. Department of Health and Human Services				(87,809)	-	546,143	77,802	20,441	556,577	536,136	-	
U.S. Department of Homeland Security												
Assistance to Firefighters Grant	97.044	DEM	EMW-2014-FO-01081	(341,547)	341,547	-	-	-	-	-	-	
Total U.S. Department of Homeland Security				(341,547)	341,547	-	-	-	-	-	-	
TOTAL FEDERAL AWARDS				\$ (1,405,909)	\$ 833,547	\$ 4,054,687	\$ 359,889	\$ 19,031	\$ 3,861,245	\$ 4,310,345	\$ 317,007	

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, 2017

State Grantor/ Pass-Through Grantor/ Program or Cluster Title	State ID Number	Revenue						Total Revenues	State Expenditures
		(Accrued) Beginning Balance	Adjustments	Cash Received (Returned)	Accrued Ending Balance	Change in Unavailable Revenue			
STATE AWARDS									
Wisconsin Department of Natural Resources									
Aquatic Invasive Species Control	370.678	\$ (78,493)	\$ -	\$ 103,068	\$ 13,937	\$ (13,937)	\$ 24,575	\$ 38,512	
Knowles-Nelson Stewardship Program	370.TZ1	(180,705)	-	-	180,705	-	-	-	
Urban Wildlife Damage Abatement Program	370.580	(5,000)	-	-	5,432	(432)	-	432	
Lake Management Planning - Large Scale and Small Scale Grants	370.663	-	-	-	40,451	(40,451)	-	40,451	
Total Wisconsin Department of Natural Resources		<u>(264,198)</u>	<u>-</u>	<u>103,068</u>	<u>240,525</u>	<u>(54,820)</u>	<u>24,575</u>	<u>79,395</u>	
Wisconsin Department of Transportation									
Transit Operating Aids - 2017	395.104	-	-	1,257,095	143,357	-	1,400,452	1,400,452	
Transit Operating Aids - 2016	395.104	(122,613)	(8,677)	-	131,290	-	-	-	
Transit Operating Aids - 2015	395.104	(125,180)	(8,954)	134,134	-	-	-	-	
Transit Operating Aids - 2014	395.104	(130,444)	(2)	130,446	-	-	-	-	
Paratransit Aids - 2017	395.104	-	-	59,849	-	-	59,849	59,849	
Total Transit Operating Aids		<u>(378,237)</u>	<u>(17,633)</u>	<u>1,581,524</u>	<u>274,647</u>	<u>-</u>	<u>1,460,301</u>	<u>1,460,301</u>	
Total Wisconsin Department of Transportation		<u>(378,237)</u>	<u>(17,633)</u>	<u>1,581,524</u>	<u>274,647</u>	<u>-</u>	<u>1,460,301</u>	<u>1,460,301</u>	
Wisconsin Department of Health Services									
Fluoride Rinse Program	435.151735	-	-	1,519	-	-	1,519	1,519	
WIC - Farmers Market	435.154720	(446)	-	2,831	-	-	2,385	2,385	
HIV Prevention Partner Services	435.155957	-	-	61,856	13,144	3,096	78,096	75,000	
Consolidated Contracts-Well Women GPR	435.157010	(34,098)	-	85,386	12,156	4,720	68,164	63,444	
Consolidated Contracts-CHHD LD	435.157720	(700)	-	5,384	5,111	-	9,795	9,795	
Consolidated Contracts-MCH	435.159320	(688)	-	4,563	864	297	5,036	4,739	
Reproductive Health	435.159321	(24,826)	-	65,667	9,136	7,614	57,591	49,977	
WI Wins	435.181005	-	-	3,720	806	198	4,724	4,526	
Total Wisconsin Department of Health Services		<u>(60,758)</u>	<u>-</u>	<u>230,926</u>	<u>41,217</u>	<u>15,925</u>	<u>227,310</u>	<u>211,385</u>	
Wisconsin Department of Military Affairs									
Computer and HazMat Response Equipment Grant	465.308	-	-	-	9,348	(1,154)	8,194	9,348	
Regional Emergency Response Teams	465.306	(28,979)	-	115,944	28,989	(28,989)	86,965	115,954	
Total Wisconsin Department of Military Affairs		<u>(28,979)</u>	<u>-</u>	<u>115,944</u>	<u>38,337</u>	<u>(30,143)</u>	<u>95,159</u>	<u>125,302</u>	
TOTAL STATE AWARDS		<u>\$ (732,172)</u>	<u>\$ (17,633)</u>	<u>\$ 2,031,462</u>	<u>\$ 594,726</u>	<u>\$ (69,038)</u>	<u>\$ 1,807,345</u>	<u>\$ 1,876,383</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, 2017

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 159220 Prevention	CARS Profile 181005 WI WINS
Award Amount:	\$ 2,385	\$ 14,421	\$ 416,172	\$ 114,785	\$ 10,680	\$ 10,650	\$ 4,526
Award Period:	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 12/31/17	10/1/15 - 8/31/17	10/1/16 - 8/31/18	1/1/17 - 12/31/17
Period of Award within Audit Period:	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 8/31/17	1/1/17 - 12/31/17	1/1/17 - 12/31/17
A. Expenditures Reported to DHS for Payment	\$ 2,854	\$ 14,593	\$ 420,141	\$ 116,929	\$ 9,148	\$ 825	\$ 4,536
B. Total Costs of Award							
1. Employee Salaries and Wages	1,461	13,309	260,522	87,109	6,336	728	3,945
2. Employee Fringe Benefits	1,116	271	93,701	23,515	2,036	42	134
3. Payroll Taxes	79	1,013	18,139	6,305	457	55	302
4. Rent of Occupancy	-	-	19,260	-	-	-	-
5. Professional Services	-	-	147	-	-	-	20
6. Employee Travel	-	-	859	-	-	-	68
7. Conferences, Meetings or Education	-	-	-	-	25	-	54
8. Employee Licenses and Dues	-	-	-	-	-	-	-
9. Supplies	198	-	4,255	-	-	-	15
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	-	-	2,130	-	-	-	-
20. Other	-	-	21,128	-	300	-	-
Total Operating Costs of Award	2,854	14,593	420,141	116,929	9,154	825	4,538
C. Less Disallowed Costs	-	-	-	-	-	-	-
Offsets to Costs	-	-	-	-	-	-	-
E. Net Allowable Operating Costs Before Profit	-	-	-	-	-	-	-
F. Add Allowable Profit	-	-	-	-	-	-	-
G. Total Allowable Costs	\$ 2,854	\$ 14,593	\$ 420,141	\$ 116,929	\$ 9,154	\$ 825	\$ 4,538

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, 2017

DHS Identification Number:	CARS Profile 155015	CARS Profile 155015	CARS Profile 155050	CARS Profile 155050	CARS Profile 11111	CARS Profile 155957	CARS Profile 155032
	Bio-Terrorism	Bio-Terrorism	PHEP Mini Grant	PHEP Mini Grant	PHEP Ebola	HIV Prevention	Adult Imm
Award Amount:	\$ 52,710	\$ 47,261	\$ 8,340	\$ 4,658	\$ 10,000	\$ 75,000	\$ 8,021
Award Period:	7/1/16 - 6/30/17	7/1/17 - 6/30/18	7/1/16 - 6/30/17	7/1/17 - 6/30/18	7/1/16 - 6/30/17	1/1/17 - 12/31/17	5/1/16 - 6/30/17
Period of Award within Audit Period:	<u>1/1/17 - 6/30/17</u>	<u>7/1/17 - 12/31/17</u>	<u>1/1/17 - 6/30/17</u>	<u>7/1/17 - 12/31/17</u>	<u>1/1/17 - 6/30/17</u>	<u>1/1/17 - 12/31/17</u>	<u>1/1/17 - 6/30/17</u>
A. Expenditures Reported to DHS for Payment	<u>\$ 41,004</u>	<u>\$ 27,964</u>	<u>\$ 8,340</u>	<u>\$ 4,658</u>	<u>\$ 10,113</u>	<u>\$ 75,222</u>	<u>\$ 4,952</u>
B. Total Costs of Award							
1. Employee Salaries and Wages	30,726	22,869	1,345	3,959	8,431	51,867	2,875
2. Employee Fringe Benefits	5,227	2,337	235	420	1,003	16,535	195
3. Payroll Taxes	2,306	1,746	101	279	632	3,748	191
4. Rent of Occupancy	348	348	-	-	-	804	-
5. Professional Services	-	-	-	-	-	-	922
6. Employee Travel	422	-	-	-	-	282	-
7. Conferences, Meetings or Education	-	21	6,659	-	-	480	98
8. Employee Licenses and Dues	-	-	-	-	-	-	-
9. Supplies	-	-	-	-	-	-	-
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	-	20	-	-	-	40	136
20. Other	1,975	737	-	-	47	1,466	535
Total Operating Costs of Award	<u>41,004</u>	<u>28,078</u>	<u>8,340</u>	<u>4,658</u>	<u>10,113</u>	<u>75,222</u>	<u>4,952</u>
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	<u>\$ 41,004</u>	<u>\$ 28,078</u>	<u>\$ 8,340</u>	<u>\$ 4,658</u>	<u>\$ 10,113</u>	<u>\$ 75,222</u>	<u>\$ 4,952</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, 2017

DHS Identification Number:	CARS Profile 157720	CARS Profile 155020	CARS Profile 159320	CARS Profile 150321	CARS Profile 151735 Oral Health Mouthrinse	CARS Profile 154661 Snap Ed	CARS Profile 154661 Snap Ed
	Childhood Lead	Immunization	MCH	Radon RICS			
Award Amount:	\$ 9,795	\$ 24,191	\$ 98,532	\$ 12,066	\$ 1,519	\$ 15,300	\$ 15,606
Award Period:	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 12/31/17	10/1/16 - 9/30/17	10/1/17 - 9/30/18
Period of Award within Audit Period:	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 9/30/17	10/1/17 - 12/31/17
A. Expenditures Reported to DHS for Payment	\$ 10,066	\$ 26,093	\$ 102,543	\$ 12,869	\$ 2,508	\$ 16,395	\$ 8,537
B. Total Costs of Award							
1. Employee Salaries and Wages	5,435	17,678	64,048	6,667	390	9,637	5,285
2. Employee Fringe Benefits	1,009	6,717	22,543	3,103	138	3,669	2,092
3. Payroll Taxes	398	1,236	4,564	467	28	654	354
4. Rent of Occupancy	-	-	600	-	-	-	-
5. Professional Services	-	-	3,000	-	-	-	-
6. Employee Travel	-	-	406	-	-	213	242
7. Conferences, Meetings or Education	-	-	1,555	657	-	-	16
8. Employee Licenses and Dues	-	-	-	-	-	-	-
9. Supplies	-	-	-	-	-	-	-
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	-	423	188	1,975	-	8	-
20. Other	3,224	39	5,639	-	1,952	2,214	548
Total Operating Costs of Award	10,066	26,093	102,543	12,869	2,508	16,395	8,537
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	\$ 10,066	\$ 26,093	\$ 102,543	\$ 12,869	\$ 2,508	\$ 16,395	\$ 8,537

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, 2017

DHS Identification Number:	CARS Profile 155671	CARS Profile 157010	CARS Profile 157010	CARS Profile 157120 Well Woman Program Fed	CARS Profile 157120 Well Woman Program Fed
	NPAO Local Plan Ext	Well Woman Program	Well Woman Program		
Award Amount:	\$ 8,000	\$ 65,250	\$ 65,250	\$ 3,833	\$ 3,833
Award Period:	7/1/16 - 6/30/17	7/1/16 - 6/30/17	7/1/17 - 6/30/18	7/1/16 - 6/30/17	7/1/17 - 6/30/18
Period of Award within Audit Period:	<u>1/1/17 - 6/30/17</u>	<u>1/1/17 - 6/30/17</u>	<u>7/1/17 - 12/31/17</u>	<u>1/1/17 - 6/30/17</u>	<u>7/1/17 - 12/31/17</u>
A. Expenditures Reported to DHS for Payment	<u>\$ 8,098</u>	<u>\$ 31,777</u>	<u>\$ 32,292</u>	<u>\$ 3,833</u>	<u>\$ 3,833</u>
B. Total Costs of Award					
1. Employee Salaries and Wages	3,164	17,229	20,944	3,258	2,568
2. Employee Fringe Benefits	239	8,201	8,934	345	1,073
3. Payroll Taxes	213	1,224	1,475	230	192
4. Rent of Occupancy	-	-	-	-	-
5. Professional Services	-	-	-	-	-
6. Employee Travel	-	-	183	-	-
7. Conferences, Meetings or Education	-	-	10	-	-
8. Employee Licenses and Dues	-	-	-	-	-
9. Supplies	-	-	-	-	-
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	361	3,811	335	-	-
20. Other	4,121	1,312	452	-	-
Total Operating Costs of Award	<u>8,098</u>	<u>31,777</u>	<u>32,333</u>	<u>3,833</u>	<u>3,833</u>
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	<u>\$ 8,098</u>	<u>\$ 31,777</u>	<u>\$ 32,333</u>	<u>\$ 3,833</u>	<u>\$ 3,833</u>

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, 2017

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, 2017. 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, 2018 (expected payment date) Community Aids Reporting System (CARS) reports and the December 2017 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, 2017

NOTE 5 – LOAN AND LOAN GUARANTEE PROGRAMS

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, 2017	\$	320,962
Cash and investment balance at December 31, 2017		386,538
Administrative expenses paid out of income during the year		1,796
Interest due to federal government at December 31, 2017		<u>(7)</u>
		709,289
Federal share of the fund		<u>66%</u>
Total	\$	<u><u>468,131</u></u>

The balance of loans outstanding at December 31, 2017 was \$320,962.

NOTE 6 – ADJUSTMENTS COLUMN

The adjustments column presents differences between estimated accrued/deferred ending balances as of December 31, 2016 and actual reimbursements received by the grantee in 2017.

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
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, 2017

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

Noncompliance material to 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 For the Year Ended December 31, 2017

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>
10.557	Special Supplemental Nutrition Program for Woman, Infants, and Children
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 2017-001: INTERNAL CONTROL ENVIRONMENT

Criteria: Properly designed systems of internal control should be in place to provide your organization with the ability to process and record monthly and year end transactions and prepare annual financial reports.

Condition: During the 2017 audit, we noted deficiencies in the internal control environment as follows:

- > Significant misstatements in the general ledger were identified during the financial audit. As a result, reports prepared by management may contain misstatements and may not be prepared in conformity with generally accepted accounting principles or applicable federal or state requirements.

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 significant deficiency related to adjusting journal entries proposed by the auditors.

Cause: The cause of the condition is unknown.

Effect: Because of the lack of internal control described above, reports prepared by management may contain misstatements and may not be prepared in conformity with generally accepted accounting principles or applicable federal or state requirements.

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2017

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

FINDING 2017-001: INTERNAL CONTROL ENVIRONMENT (cont.)

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.

Views of Responsible Officials: To ensure reports prepared by management conform with generally accepted accounting principles and applicable federal or state requirements, the accounting staff has put into place procedures to prevent significant misstatements in the general ledger.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – OTHER ISSUES

- | | | | | | |
|--|--------------|------------|--------------|--------------|-----------|
| <p>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?</p> | <p>_____</p> | <p>Yes</p> | <p>_____</p> | <p>X</p> | <p>no</p> |
| <p>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 <i>State Single Audit Guidelines</i>:</p> | | | | | |
| Department of Health Services | _____ | Yes | _____ | X | no |
| Department of Natural Resources | _____ | Yes | _____ | X | no |
| Department of Transportation | _____ | Yes | _____ | X | no |
| Department of Administration – OJA | _____ | Yes | _____ | X | no |
| Department of Military Affairs | _____ | Yes | _____ | X | no |
| <p>3. Was a management letter or other document conveying audit comments issued as a result of this audit?</p> | <p>_____</p> | <p>X</p> | <p>Yes</p> | <p>_____</p> | <p>no</p> |

CITY OF EAU CLAIRE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017

SECTION IV – OTHER ISSUES (cont.)

4. Name and signature of partner



Kimberly M. Shult, CPA, Partner

5. Date of report

September 7, 2018