

City of Wausau, Wisconsin  
FEDERAL AND STATE AWARDS REPORT

December 31, 2017

# City of Wausau, Wisconsin

DECEMBER 31, 2017

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FEDERAL AND STATE AWARDS

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## Independent auditors' report on compliance for each major federal and state program and on internal control over compliance required by the Uniform Guidance and the *State Single Audit Guidelines*

To the City Council  
Wausau, Wisconsin

### **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM**

We have audited the City of Wausau, Wisconsin's (the "City's") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the City's major federal and state programs for the year ended December 31, 2017. The City's major federal and 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 the requirements of 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 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* issued by the Wisconsin Department of Administration. Those standards, 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 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 state program. However, our audit does not provide a legal determination of the City's compliance.

#### **OPINION ON EACH MAJOR FEDERAL AND 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 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 or 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 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.

## **REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND THE SCHEDULE OF EXPENDITURES OF STATE AWARDS 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 as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 27, 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 schedules of expenditures of federal and state awards 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 awards and schedule of expenditures of state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

*Schorck Sc*

Certified Public Accountants

Wausau, Wisconsin

August 27, 2018 except for the Schedules of Expenditures  
of Federal and State Awards as to which the date is  
June 27, 2018

City of Wausau, Wisconsin  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 1/1/17	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/17	Total Expenditures	Subrecipient Payment
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>								
CDBG - Entitlement Grants Cluster								
Community Development Block Grants/Entitlement Grants	14.218	Direct Program	N/A	\$ (5,301)	\$ 352,017	\$ 162,946	\$ 509,662	\$ -
Community Development Block Grants/State's Program	14.228	WI Department of Administration	N/A	(2,065)	-	2,065	-	-
Total U.S. Department of Housing and Urban Development				(7,366)	352,017	165,011	509,662	-
<b>U.S. DEPARTMENT OF JUSTICE</b>								
Crime Victim Assistance	16.575							
Edward Byrne Memorial Justice Assistance Grant Program	16.738	WI Department of Justice Marathon County, Wisconsin	N/A N/A	-	108,674 18,769	42,748	151,422 18,769	-
Total U.S. Department of Justice				-	127,443	42,748	170,191	-
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>								
Federal Transit Cluster								
Federal Transit - Formula Grants	20.507	Direct Program	N/A	(1,057,184)	1,057,184	944,315	944,315	-
Highway Safety Cluster								
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601			(4,490)	4,490	-	-	-
National Priority Safety Programs	20.616	WI Department of Transportation WI Department of Transportation	N/A N/A	(17,153) (21,643)	67,279 71,769	5,155 5,155	55,281 55,281	-
Total U.S. Department of Transportation				(1,078,827)	1,128,953	949,470	999,596	-
<b>ENVIRONMENTAL PROTECTION AGENCY</b>								
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	WI Department of Natural Resources	N/A	(7,266)	7,266	-	-	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ (1,093,459)</b>	<b>\$ 1,615,679</b>	<b>\$ 1,157,229</b>	<b>\$ 1,679,449</b>	<b>\$ -</b>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

# City of Wausau, Wisconsin

## SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 1/1/17	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/17	Total Expenditures	Subrecipient Payment
<b>DEPARTMENT OF NATURAL RESOURCES</b>								
Urban Nonpoint Source & Storm Water Grants	370.658	Direct Program	N/A	\$ -	\$ 4,850	\$ -	\$ 4,850	\$ -
Recycling Grants to Responsible Units	370.670	Direct Program	N/A	-	137,066	-	137,066	-
Recycling Consolidation Grants	370.673	Direct Program	N/A	-	9,974	-	9,974	-
Total Department of Natural Resources				-	151,890	-	151,890	-
<b>DEPARTMENT OF TRANSPORTATION</b>								
Transit Operating Aids	395.104	Direct Program	N/A	27,440	706,897	6,764	741,101	-
Total Department of Transportation				27,440	706,897	6,764	741,101	-
<b>DEPARTMENT OF JUSTICE</b>								
Central Area Drug Task Force Group	455.255	Marathon County, Wisconsin	N/A	-	9,088	-	9,088	-
Total Department of Justice				-	9,088	-	9,088	-
<b>DEPARTMENT OF MILITARY AFFAIRS</b>								
Regional Emergency Response Teams	465.306	Direct Program	N/A	142,323	81,000	(168,379)	54,944	-
Total Department of Military Affairs				142,323	81,000	(168,379)	54,944	-
<b>TOTAL STATE PROGRAMS</b>				\$ 169,763	\$ 948,875	\$ (161,615)	\$ 957,023	\$ -

The notes to the schedule of state financial assistance are an integral part of this schedule.



# City of Wausau, Wisconsin

## NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

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### **NOTE 1: BASIS OF PRESENTATION**

The accompanying Schedules of Expenditures of Federal and State Awards for the City are 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* issued by the Wisconsin Department of Administration.

The Schedules of Expenditures of Federal and State Awards include all federal and state awards of the City. Because the schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

### **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the City's 2017 fund financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the City in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded City expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The City has not elected to charge a de minimis rate of 10% of modified total costs.

### **NOTE 3: OVERSIGHT AGENCIES**

The federal and state oversight agencies for the City are as follows:

Federal - U.S. Department of Transportation  
State - Wisconsin Department of Transportation

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# City of Wausau, Wisconsin

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### BASIC FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	None Reported
Noncompliance material to basic financial statements noted?	No

#### FEDERAL AND STATE AWARDS

Internal control over major program:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) identified?	No
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	No

#### Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.507	Federal Transit - Formula Grants

#### Identification of major state programs:

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

#### Audit threshold used to determine between Type A and Type B programs:

Federal Awards	\$750,000
State Awards	\$250,000
Auditee qualified as low-risk auditee	Yes

# City of Wausau, Wisconsin

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

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### SECTION II - FINANCIAL STATEMENT FINDINGS

#### FINANCIAL STATEMENT FINDINGS

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2017.

### SECTION III - FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

#### UNIFORM GUIDANCE AND *STATE SINGLE AUDIT GUIDELINES* FINDINGS


There are no audit findings and questioned costs required to be reported under the Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended December 31, 2017.

# City of Wausau, Wisconsin

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

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### SECTION IV - OTHER ISSUES

- |  |   |
|--|---|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?   | No  |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : |   |
| Department of Natural Resources  | No  |
| Department of Transportation   | No  |
| Department of Justice  | No  |
| Department of Military Affairs   | No  |
| Was a Management Letter or other document conveying audit comments issued as a result of this audit?   | Yes   |
| 3. Name and signature of partner   |  |
|  | <hr/>   |
|  | Jon Trautman, CPA   |
| 4. Date of report  | August 27, 2018   |

# City of Wausau, Wisconsin

## SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2017

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### **PRIOR YEAR AUDIT FINDINGS**

There were no findings in the prior year.

### **CORRECTIVE ACTION PLAN**

No corrective action plan is required.

ADDITIONAL INDEPENDENT AUDITORS' REPORT

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## Independent auditors' 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*

To the City Council  
Wausau, 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 Wausau, Wisconsin, (the "City") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 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 opinions 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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*.



**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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Schorck Sc*

Certified Public Accountants

Wausau, Wisconsin  
June 27, 2018