

City of Wausau, Wisconsin
FEDERAL AND STATE AWARDS REPORT

December 31, 2020

City of Wausau, Wisconsin

DECEMBER 31, 2020

Table of Contents

FEDERAL AND STATE AWARDS

Independent Auditors' Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the <i>State Single Audit Guidelines</i>	1
Schedule of Expenditures of Federal Awards	4
Schedule of Expenditures of State Awards	5
Notes to the Schedule of Expenditures of Federal and State Awards	6
Schedule of Findings and Questioned Costs	7

ADDITIONAL INDEPENDENT AUDITORS' REPORT

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 <i>Government Auditing Standards</i>	10
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Independent auditors' report on compliance for each major federal and state program and report on internal control over compliance required by the Uniform Guidance and the *State Single Audit Guidelines*

To the City Council
City of 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 *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, 2020. 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 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, 2020.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be significant deficiency.

City of Wausau's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Wausau's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated August 2, 2021, 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 awards and schedule of expenditures of 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.



CliftonLarsonAllen LLP

Wausau, Wisconsin
October 21, 2021

City of Wausau, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2020

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 1/1/20	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/20	Total Expenditures	Subrecipient Payment
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
COVID 19 - Coronavirus Emergency Supplemental Funding	16.034	Direct Program	N/A	-	35,529	-	35,529	-
COVID 19 - Coronavirus Emergency Supplemental Funding	16.575	WI Department of Justice	N/A	(39,268)	204,448	57,531	222,711	-
Community Development Block Grants/Entitlement Grants	16.607	Direct Program	N/A	(13,337)	13,337	-	-	-
COVID 19 - Community Development Block Grants/Entitlement Grants	16.710	Direct Program	N/A	-	33,443	-	33,443	-
Total Community Development Block Grants/Entitlement Grants	16.734	WI Department of Justice	2015-NCSX-01-15428	-	17,000	-	17,000	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Marathon County, Wisconsin	N/A	-	10,880	-	10,880	-
Equitable Sharing Program	16.922	Marathon County, Wisconsin	WI0370000	(14,497)	14,497	-	-	-
Total U.S. Department of Justice				(67,102)	329,134	57,531	319,563	-
U.S. DEPARTMENT OF TRANSPORTATION								
Highway Planning and Construction Cluster	20.219	WI Department of Natural Resources	RTP-894-17D	-	-	158,666	158,666	-
Recreational Trails Program								
Federal Transit Cluster	20.507	Direct Program	N/A	(38,920)	34,108	1,024,444	1,019,632	-
Federal Transit - Formula Grants	20.507	Direct Program	N/A	-	-	899,125	899,125	-
COVID 19 - Federal Transit - Formula Grants				(38,920)	34,108	1,923,569	1,918,757	-
Total Federal Transit Cluster				(38,920)	34,108	2,082,235	2,077,423	-
Total U.S. Department of Transportation								
U.S. DEPARTMENT OF THE TREASURY								
COVID 19 - Coronavirus Relief Fund	21.019	WI Department of Administration	N/A	-	702,955	-	702,955	-
ENVIRONMENTAL PROTECTION AGENCY								
Drinking Water State Revolving Fund Cluster	66.468	Direct Program	N/A	-	500,000	-	500,000	-
Capitalization Grants for Drinking Water State Revolving Funds								
U.S. DEPARTMENT OF ENERGY								
State Energy Program	81.041	WI Office of Energy Innovation	N/A	(150,900)	150,900	-	-	-
U.S. ELECTION ASSISTANCE COMMISSION								
2018 HAVA Election Security Grants	90.404	WI Elections Commission	N/A	-	22,771	-	22,771	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Children's Health Insurance Program	93.767	WI Department of Health Services	435100-G20LEADS SAFEPRO-00	-	-	9,765	9,765	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ (403,456)	\$ 2,485,741	\$ 2,413,848	\$ 4,506,133	\$ 432,749

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, 2020

Grantor/Agency/State Program Title	State I.D. Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 1/1/20	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/20	Total Expenditures	Subrecipient Payment
DEPARTMENT OF NATURAL RESOURCES								
Recycling Grants to Responsible Units	370.670	Direct Program	N/A	\$ -	\$ 137,234	\$ -	\$ 137,234	\$ -
DEPARTMENT OF TRANSPORTATION								
Transit Operating Aids	395.104	Direct Program	N/A	111,094	845,765	(107,321)	849,538	-
DEPARTMENT OF JUSTICE								
Beat Patrol	455.275	Direct Program	2019-BFOT-01-14922	(11,498)	16,382	-	4,884	-
Beat Patrol	455.275	Direct Program	2020-BR-01-14894-2	(13,378)	112,513	22,299	121,434	-
Total Beat Patrol				(24,876)	128,895	22,299	126,318	-
DEPARTMENT OF MILITARY AFFAIRS								
Regional Emergency Response Teams	465.306	Direct Program	N/A	-	4,220	-	4,220	-
Regional Emergency Response Teams	465.306	Direct Program	N/A	167,463	81,000	(167,463)	81,000	-
Total Regional Emergency Response Teams				167,463	85,220	(167,463)	85,220	-
TOTAL STATE PROGRAMS				\$ 253,681	\$ 1,197,114	\$ (252,485)	\$ 1,198,310	\$ -

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, 2020

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 2020 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. 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 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

City of Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2020

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?	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	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:

CFDA Number	Name of Federal Program
20.507	Federal Transit - Formula Grants
21.019	Coronavirus Relief Fund

Identification of major state programs:

State ID Number	Name of State Program
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
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City of Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020.

SECTION III - FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES FINDINGS

2020 – 001

Federal agency: U.S. Department of the Treasury

Federal program title: Coronavirus Relief Funds

Assistance Listing Number: 21.019

Pass-Through Agency: WI Department of Administration

Pass-Through Number(s): N/A

Award Period: 3/1/2020-12/31/2020

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the provisions of Activities Allowed or Unallowed and Allowable Costs/Cost Principles. The City should have internal controls designed to ensure compliance with those provisions.

Condition: The City did not have an adequate system of reviewing and approving time worked within the police department during the year.

Questioned costs: None

Context: During our testing, we noted that the City's police department implemented a new procedure related to the tracking of time worked due to the events surrounding the COVID Pandemic. This new procedure did not include adequate controls designed to ensure all time keeping was appropriately reviewed and approved while the Police department was not using the standard time keeping system. Manual procedures were used instead based on a schedule, but there was no specific review and approval over the new timekeeping process. Once the operations went back to normal, the control was put back into place.

City of Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2020

Cause: The City determined that using the automated timekeeping system would result in incorrect pay amounts due to hour differences. In order to ensure the same payroll amount was calculated, the City moved to a manual timekeeping system. With the new system, there was no documentation of final review or approval over the timesheets.

Effect: The City did not have an adequate system of internal control that would have prevented and detected any errors.

Repeat Finding: None

Recommendation: We recommend the City review its current procedures to ensure that adequate documentation regarding review and approval exist and implement a review of new systems to ensure the related internal controls are properly designed.

Views of responsible officials: There is no disagreement with the audit finding.

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? | No |

3. Name and signature of partner



Jon Trautman, CPA

4. Date of report

October 21, 2021



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
City of Wausau, 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 discretely presented component unit, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 2, 2021.

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) as a basis for designing 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.

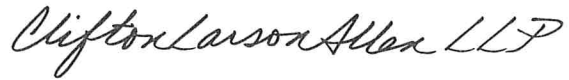
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 financial statements. 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 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 on compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Wausau, Wisconsin

August 2, 2021