

# City of Oshkosh, Wisconsin

## FEDERAL AND STATE AWARDS REPORT

December 31, 2019



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AUDIT, TAX, AND  
CONSULTING

# City of Oshkosh, Wisconsin

DECEMBER 31, 2019

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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 Common Council  
City of Oshkosh, Wisconsin

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

We have audited City of Oshkosh, 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, 2019. 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, 2019.

## **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 and 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

## **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 of Oshkosh, Wisconsin as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Oshkosh, Wisconsin's basic financial statements. We issued our report thereon dated July 31, 2020, which contained an unmodified opinion 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 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Wausau, Wisconsin

August 28, 2020 except for the Schedules of  
Expenditures of Federal and State Awards  
As to which the date is July 31, 2020

# City of Oshkosh, Wisconsin

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency
U.S. DEPARTMENT OF DEFENSE Economic Adjustment Assistance for State Governments	12.617	East Central Wisconsin Regional Planning Commission
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT <i>CDBG - Entitlement Grants Cluster</i> Community Development Block Grant Entitlement Program	14.218	Direct Program
Total U.S. Department of Housing and Urban Development		
U.S. DEPARTMENT OF INTERIOR Land and Water Conservation Fund	15.916	WI Department of Natural Resources
Total U.S. Department of Interior		
U.S. DEPARTMENT OF JUSTICE Bullet Proof Vest Partnership Program	16.607	Direct Program
Edward Byrne Memorial Justice Assistance Grant	16.738	Direct Program
Internet Crimes Against Children	16.800	Direct Program
Equitable Sharing Funds	16.922	Direct Program
Total U.S. Department of Justice		
U.S. DEPARTMENT OF TRANSPORTATION <i>Federal Transit Cluster</i> Federal Transit-Formula Grants (Urbanized Areas Formula Program)	20.507	Direct Program
Bus and Bus Facilities Formula Program	20.526	Direct Program
Total Federal Transit Cluster		
<i>Highway Safety Cluster</i> Seat Belt Enforcement	20.616	Winnebago County
Total Highway Safety Cluster		
Total U.S. Department of Transportation		
ENVIRONMENTAL PROTECTION AGENCY Brownfield Training, Research and Technical Assistance	66.814	WEDC
Total Environmental Protection Agency		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES <i>Aging Cluster</i> Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	Winnebago County Committee on Aging
Special Programs for the Aging Title III, Part C Nutrition Service:	93.045	Winnebago County Committee on Aging
Total Aging Cluster		
Total U.S. Department of Health and Human Services		
TOTAL FEDERAL AWARDS		

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

Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 1/1/19	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/19	Total Expenditures	Subrecipient Payment
ST1564-16-01	<u>\$ (117,535)</u>	<u>\$ 117,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
N/A	<u>(313,157)</u>	<u>980,696</u>	<u>134,263</u>	<u>801,802</u>	<u>115,391</u>
	<u>(313,157)</u>	<u>980,696</u>	<u>134,263</u>	<u>801,802</u>	<u>115,391</u>
P19AP00030/55-01904	<u>-</u>	<u>155,088</u>	<u>-</u>	<u>155,088</u>	<u>-</u>
	<u>-</u>	<u>155,088</u>	<u>-</u>	<u>155,088</u>	<u>-</u>
N/A	<u>-</u>	<u>9,244</u>	<u>-</u>	<u>9,244</u>	<u>-</u>
N/A	<u>-</u>	<u>25,440</u>	<u>-</u>	<u>25,440</u>	<u>-</u>
N/A	<u>-</u>	<u>11,390</u>	<u>-</u>	<u>11,390</u>	<u>-</u>
N/A	<u>-</u>	<u>592</u>	<u>-</u>	<u>592</u>	<u>-</u>
	<u>-</u>	<u>46,666</u>	<u>-</u>	<u>46,666</u>	<u>-</u>
N/A	<u>(1,525,715)</u>	<u>1,525,715</u>	<u>1,575,546</u>	<u>1,575,546</u>	<u>-</u>
N/A	<u>-</u>	<u>1,076,815</u>	<u>9,871</u>	<u>1,086,686</u>	<u>-</u>
	<u>(1,525,715)</u>	<u>2,602,530</u>	<u>1,585,417</u>	<u>2,662,232</u>	<u>-</u>
2017-25-05-M2	<u>-</u>	<u>37,410</u>	<u>-</u>	<u>37,410</u>	<u>-</u>
	<u>-</u>	<u>37,410</u>	<u>-</u>	<u>37,410</u>	<u>-</u>
	<u>(1,525,715)</u>	<u>2,639,940</u>	<u>1,585,417</u>	<u>2,699,642</u>	<u>-</u>
BF FY19-23000	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
N/A	<u>(1,725)</u>	<u>22,425</u>	<u>-</u>	<u>20,700</u>	<u>-</u>
N/A	<u>(2,115)</u>	<u>27,493</u>	<u>-</u>	<u>25,378</u>	<u>-</u>
	<u>(3,840)</u>	<u>49,918</u>	<u>-</u>	<u>46,078</u>	<u>-</u>
	<u>(3,840)</u>	<u>49,918</u>	<u>-</u>	<u>46,078</u>	<u>-</u>
	<u>\$ (1,960,247)</u>	<u>\$ 4,139,843</u>	<u>\$ 1,719,680</u>	<u>\$ 3,899,276</u>	<u>\$ 115,391</u>



# City of Oshkosh, Wisconsin

## SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	Pass-Through Entity Identifying Number
DEPARTMENT OF NATURAL RESOURCES			
Recycling Grant to Responsible Units	370.670	Direct Program	N/A
Recycling Consolidation Grants	370.673	Direct Program	N/A
Knowles Nelson Stewardship Program	370.TA10	Direct Program	N/A
Urban Nonpoint Source & Storm Water Grants	370.658	Direct Program	N/A
Total Department of Natural Resources			
DEPARTMENT OF TRANSPORTATION			
Transit Operating Aids	395.104	Direct Program	N/A
2015			
2016			
2017			
2018			
2019			
Total Transit Operating Aids			
Paratransit Aids	395.xxx	Direct Program	N/A
Transportation Economic Assistant Program (TEA)	395.510	Direct Program	N/A
Total Department of Transportation			
TOTAL STATE PROGRAMS			

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

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(Accrued) Deferred Revenue 1/1/19	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/19	Total Expenditures	Subrecipient Payment
\$ -	\$ 220,099	\$ -	\$ 220,099	\$ -
-	17,032	-	17,032	-
-	45,000	-	45,000	-
-	5,000	-	5,000	-
-	287,131	-	287,131	-
(112,459)	112,459	-	-	-
(76,034)	18,476	57,558	-	-
(120,822)	117,721	60,659	57,558	-
119,606	(3,600)	(116,006)	-	-
-	1,165,052	(119,606)	1,045,446	-
(189,709)	1,410,108	(117,395)	1,103,004	-
-	57,555	-	57,555	-
-	471,736	-	471,736	-
(189,709)	1,939,399	(117,395)	1,632,295	-
<u>\$ (189,709)</u>	<u>\$ 2,226,530</u>	<u>\$ (117,395)</u>	<u>\$ 1,919,426</u>	<u>\$ -</u>

# City of Oshkosh, Wisconsin

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

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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 2019 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

# City of Oshkosh, Wisconsin

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2019

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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?	None Reported

#### 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
14.218	Community Development Block Grant Entitlement Program <i>Federal Transit Cluster</i>
20.507	Federal Transit Formula Grant
20.526	Bus and Bus Facilities Formula Program

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

### SECTION II - 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, 2019.

# City of Oshkosh, Wisconsin

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

<b>FINDING NO.</b>	<b>UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES FINDINGS</b>
2019-001	<p><b>Time &amp; Effort Documentation</b></p> <p>Federal Agency: US Department of Housing and Urban Development Federal program title: Community Development Block Grant Entitlement Program CFDA Number: 14.218 Pass-Through Agency: n/a Pass-Through Numbers(s): n/a Award Period: 5/1/2019 – 4/30/2020</p> <p>Type of Finding: Significant Deficiency in Internal Control over Compliance</p> <p>Compliance Requirement: Allowable Costs</p> <p>Criteria: Total salaries charged to Federal awards (including extra service pay) are subject to the Standards of Documentation as described by 2 CFR §200.430(i). Per this section, salaries and wages charged to Federal awards must be based on records that accurately reflect the work performed. These records must:</p> <ul style="list-style-type: none"><li>• Be incorporated into the organization's official records;</li><li>• Reasonably reflect the total activity for which the employee is compensating across all grant-related and non-grant related activities (100% effort);</li><li>• Support the distribution of employee salary across multiple activities or cost objectives (for example, effort spent on multiple federal awards, spent on general/or administrative activities, vacation, sick leave, leave without pay, etc.); and</li><li>• Utilize an "after-the-fact" review of the employee's actual hours worked during the reporting period for identifying and correcting significant changes (as defined by the organization's written policies).</li></ul> <p>Condition: The Community Development Department of the City of Oshkosh is responsible for the operation of the Community Development Block Grant. Our audit noted that the City's Community Development Department utilizes time studies to allocate payroll costs between grant and non-grant activities. Documentation was not maintained for one individual within the department to support the allocation of payroll costs.</p> <p>Questioned Costs: None</p> <p>Cause: The individual in question is no longer employed by the City and as such the City was not able to locate the necessary documentation.</p> <p>Effect: The City did not have the required documentation to support the allocation of payroll costs to the grant program. The City did not allocate all of the employee's wages, and the position was directly associated with the grant program and therefore no questioned costs were identified.</p> <p>Recommendation: We recommend the Department establish a policy and implement procedures to ensure compliance with the standards associated with the documentation of payroll costs under Uniform Guidance</p> <p>View of Responsible Officials: There is no disagreement with the audit finding. Please refer to the management response in the City's corrective action plan.</p>

# City of Oshkosh, Wisconsin

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2019

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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 *State Single Audit Guidelines*:  
    Department of Transportation No  
    Department of Natural Resources No
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes



4. Name and signature of partner

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Jon Trautman, CPA

5. Date of report

August 28, 2020

# City of Oshkosh, Wisconsin

## SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2019

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### **PRIOR YEAR AUDIT FINDINGS**

There were no findings or questioned costs for federal and state awards for the year ended December 31, 2018.

### **CORRECTIVE ACTION PLAN**

No corrective action plan is required.

