

City of Oshkosh, Wisconsin

FEDERAL AND STATE AWARDS REPORT

December 31, 2020



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City of Oshkosh, Wisconsin

DECEMBER 31, 2020

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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*

Common Council
City of Oshkosh, Wisconsin

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM

We have audited the 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, 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 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, 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 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 2020-001 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, 2020, 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 August 2, 2021, 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
September 27, 2021

City of Oshkosh, Wisconsin

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

| Grantor Agency/Federal Program Title | CFDA Number | Pass-Through Agency |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT <i>CDBG - Entitlement Grants Cluster</i> Community Development Block Grant Entitlement Program | 14.218 | Direct Program |
| U.S. DEPARTMENT OF JUSTICE Bullet Proof Vest Partnership Program | 16.607 | Direct Program |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 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 | | |
| U.S. DEPARTMENT OF TREASURY COVID 19 - Coronavirus Relief Fund | 21.019 | WI Department of Administration |
| Total U.S. Department of Treasury | | |
| U.S. ELECTION ASSISTANCE COMMISSION 2018 HAVA Election Security Grants | 90.404 | WI Elections Commission |
| Total U.S. Election Assistance Commission | | |
| 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 1/1/20 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/20 | Total Expenditures | Subrecipient Payment |
|-------------------------------------------------|--------------------------------------------|--------------------------------|----------------------------------------------|-----------------------|-------------------------|
| N/A | \$ (134,263) | \$ 596,317 | \$ 95,866 | \$ 557,920 | \$ - |
| N/A | - | 5,092 | - | 5,092 | - |
| N/A | - | 14,920 | - | 14,920 | - |
| | - | 20,012 | - | 20,012 | - |
| N/A | (1,575,546) | 1,575,546 | 1,601,867 | 1,601,867 | - |
| N/A | (9,871) | 9,871 | - | - | - |
| | (1,585,417) | 1,585,417 | 1,601,867 | 1,601,867 | - |
| 2020-25-05-M2 | - | 37,805 | - | 37,805 | - |
| | - | 37,805 | - | 37,805 | - |
| | (1,585,417) | 1,623,222 | 1,601,867 | 1,639,672 | - |
| N/A | - | 1,208,475 | - | 1,208,475 | - |
| | - | 1,208,475 | - | 1,208,475 | - |
| N/A | - | 38,793 | - | 38,793 | - |
| | - | 38,793 | - | 38,793 | - |
| N/A | - | 20,700 | - | 20,700 | - |
| N/A | - | 21,148 | - | 21,148 | - |
| | - | 41,848 | - | 41,848 | - |
| | - | 41,848 | - | 41,848 | - |
| | \$ (1,719,680) | \$ 3,528,667 | \$ 1,697,733 | \$ 3,506,720 | \$ - |

City of Oshkosh, 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 |
|-------------------------------------------------|----------------------|------------------------|-------------------------------------------------|
| DEPARTMENT OF NATURAL RESOURCES | | | |
| Forest Fire Protection | 370.545 | Direct Program | N/A |
| Wildlife Damage Control | 370.553 | Direct Program | N/A |
| Municipal Flood Control | 370.658 | Direct Program | N/A |
| Recycling Grants to Responsible Units | 370.670 | Direct Program | N/A |
| Total Department of Natural Resources | | | |
| DEPARTMENT OF TRANSPORTATION | | | |
| Transit Operating Aids | 395.104 | Direct Program | N/A |
| Paratransit Aids | 395.xxx | Direct Program | N/A |
| Transportation Economic Assistant Program (TEA) | 395.510 | Direct Program | N/A |
| Total Department of Transportation | | | |
| DEPARTMENT OF MILITARY AFFAIRS | | | |
| Regional Emergency Response Teams | 465.306 | Direct Program | N/A |
| Emergency Response Equipment Grants | 465.308 | Direct Program | N/A |
| Total Department of Military Affairs | | | |
| TOTAL STATE PROGRAMS | | | |

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

| (Accrued) Deferred Revenue 1/1/20 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/20 | Total Expenditures | Subrecipient Payment |
|--------------------------------------------|--------------------------------|----------------------------------------------|-----------------------|-------------------------|
| \$ - | \$ 5,838 | \$ - | \$ 5,838 | \$ - |
| - | 2,517 | - | 2,517 | - |
| - | 360,706 | - | 360,706 | - |
| - | 237,038 | - | 237,038 | - |
| - | 606,099 | - | 606,099 | - |
| 117,395 | 1,256,356 | (119,870) | 1,253,881 | - |
| - | 63,042 | - | 63,042 | - |
| - | 315,764 | - | 315,764 | - |
| 117,395 | 1,635,162 | (119,870) | 1,632,687 | - |
| - | 45,075 | - | 45,075 | - |
| - | 69,211 | - | 69,211 | - |
| - | 114,286 | - | 114,286 | - |
| <u>\$ 117,395</u> | <u>\$ 2,355,547</u> | <u>\$ (119,870)</u> | <u>\$ 2,353,072</u> | <u>\$ -</u> |

City of Oshkosh, Wisconsin

NOTES TO SCHEDULE 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. 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. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Guidelines for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

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, 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? Yes

Noncompliance material to basic financial statements noted? None Reported

FEDERAL AND STATE AWARDS

Internal control over major programs:

- ▶ 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)? Yes

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? No

Identification of major federal programs:

| CFDA Number | Name of Federal Program |
|-------------|--------------------------------|
| | <i>Federal Transit Cluster</i> |
| 20.507 | Federal Transit Formula Grant |
| 21.019 | Coronavirus Relief Fund |

Identification of major state programs:

| State ID Number | Name of State Program |
|-----------------|-------------------------|
| 370.658 | Municipal Flood Control |
| 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 Oshkosh, Wisconsin

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

SECTION II - FINANCIAL STATEMENT FINDINGS

| FINDING NO. | CONTROL DEFICIENCIES – SIGNIFICANT DEFICIENCY |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2020-001 | Adjustments to the City's Financial Records |
| Condition: | During the year, the City recorded a prior period adjustment pertaining to duplicate capital assets within the Redevelopment Authority and the Sewer Utility. |
| Criteria: | Material adjusting journal entries pertaining to prior year activity indicate a weakness in internal controls. |
| Cause: | Due to turnover within the City's finance department, the City did not have adequate controls and review procedures in place to ensure that capital assets were not duplicated, currently tracked and updated. |
| Effect: | Year-end financial records prepared by the City may contain material misstatements. |
| Recommendation: | We recommend the City review its current process for determining the cost of capital assets to ensure assets are not duplicated and appropriately recorded. |
| Management Response: | There is no disagreement with the audit finding. Please refer to the management response in the City's corrective action plan. |

City of Oshkosh, Wisconsin

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


SECTION III - FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

City of Oshkosh, Wisconsin

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

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 noncompliance, nonmaterial noncompliance, 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? No
4. Name and signature of partner 
Jon Trautman, CPA
5. Date of report September 27, 2021