

**CITY OF WAUWATOSA  
Milwaukee County, Wisconsin**

**SINGLE AUDIT REPORT**

**YEAR ENDED DECEMBER 31, 2017**

**CITY OF WAUWATOSA  
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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**

Common Council  
City of Wauwatosa  
Wauwatosa, 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, each major fund, and the aggregate remaining fund information of City of Wauwatosa, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise City of Wauwatosa's basic financial statements, and have issued our report thereon dated June 26, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Wauwatosa'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 City of Wauwatosa's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Wauwatosa'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.

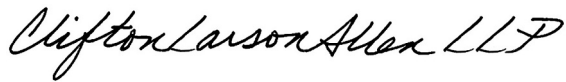
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 City of Wauwatosa'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 result 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.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
June 26, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES**

Common Council  
City of Wauwatosa  
Wauwatosa, Wisconsin

**Report on Compliance for Each Major Federal and State Program**

We have audited City of Wauwatosa's 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 City of Wauwatosa's major federal and major state programs for the year ended December 31, 2017. City of Wauwatosa'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 City of Wauwatosa'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 and 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 and major state program occurred. An audit includes examining, on a test basis, evidence about City of Wauwatosa'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 program. However, our audit does not provide a legal determination of City of Wauwatosa's compliance.

***Opinion on Each Major Federal Program***

In our opinion, City of Wauwatosa 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 City of Wauwatosa 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 City of Wauwatosa'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 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 major 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 City of Wauwatosa'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 and 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 identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

City of Wauwatosa's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. City of Wauwatosa'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 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, each major fund, and the aggregate remaining fund information of City of Wauwatosa as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise City of Wauwatosa's basic financial statements. We issued our report thereon dated June 26, 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 is presented for purposes of additional analysis as required by the Uniform Guidance and the *State Single Audit Guidelines* and is 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
September 24, 2018

**CITY OF WAUWATOSA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Contract Number	Expenditures	Subrecipient Payments
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant Cluster				
Community Development Block Grant Program	14.218		\$ 727,729	\$ 540,372
Community Development Block Grant Program - Revolving Loan Fund	14.218		20,418	-
Total U.S. Department of Housing and Urban Development			<u>748,147</u>	<u>540,372</u>
<b>U.S. Department of the Interior</b>				
Passed through the Wisconsin Historical Society				
Certified Local Government Grant Program	15.904	55-16-141317-07	19,727	-
Total U.S. Department of the Interior			<u>19,727</u>	<u>-</u>
<b>U.S. Department of Justice</b>				
Passed through Milwaukee County				
Bulletproof Vest Partnership Program	16.607	Not Available	3,815	-
Total U.S. Department of Justice			<u>3,815</u>	<u>-</u>
<b>National Highway Traffic Safety Administration</b>				
Passed through State of Wisconsin Department of Transportation				
Alcohol Enforcement Grant	20.600	Not Available	16,392	-
Aggressive Driving Patrol Grant	20.600	Not Available	2,012	-
Seatbelt Enforcement Grant	20.600	Not Available	4,071	-
Safe Routes to School	20.200	Not Available	607	-
Total National Highway Traffic Safety Administration			<u>23,082</u>	<u>-</u>
<b>Environmental Protection Agency - Office of Solid Waste and Emergency Response</b>				
Hazardous Material Grant	66.818		11,088	-
Petroleum Assessment Grant	66.818		18,417	-
Total Environmental Protection Agency			<u>29,505</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through State of Wisconsin Department of Health Services				
Cities Readiness Initiative	93.823	155190	13,195	-
Preventive Health & Health Services	93.991	159220	5,462	-
Maternal and Child Health Grant	93.994	159320	5,245	-
Preparedness Planning Grant	93.069	155015/11111	52,461	-
Immunization Registry Grant	93.268	155020	5,630	-
Total U.S. Department of Health and Human Services			<u>81,993</u>	<u>-</u>
Total Federal Awards			<u>\$ 906,269</u>	<u>\$ 540,372</u>

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

**CITY OF WAUWATOSA  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2017**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>ID Number</u>	<u>Expenditures</u>	<u>Subrecipient Payments</u>
<b>State of Wisconsin Department of Health Services</b>			
Emergency Medical Services Funding	435.162	\$ 5,014	\$ -
GPR Lead Poisoning	435.177	1,348	-
Total State of Wisconsin Department of Health Services		<u>6,362</u>	<u>-</u>
<b>State of Wisconsin Department of Natural Resources</b>			
Recycling Grants to Responsible Units	370.670	185,517	-
Total State of Wisconsin Department of Natural Resources		<u>185,517</u>	<u>-</u>
Total State Awards		<u>\$ 191,879</u>	<u>\$ -</u>

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

**CITY OF WAUWATOSA**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**DECEMBER 31, 2017**

**NOTE 1 BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards includes all of the Federal funds of the City of Wauwatosa, Wisconsin (the City).

State programs reported include only those programs required to be included by the *State Single Audit Guidelines*.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

The accounting records for the grant programs are maintained on the modified accrual basis of accounting.

**NOTE 3 OVERSIGHT AGENCIES**

The City's federal oversight agency for audit is the U.S. Department of Housing and Urban Development. The City's state oversight agency for audit is the State of Wisconsin Department of Revenue.

**NOTE 4 INDIRECT COST ALLOCATION RATE**

The City of Wauwatosa, Wisconsin has not elected to apply the 10% de minimis cost rate to awards for the year ended December 31, 2017.

**NOTE 5 LOAN BALANCES**

The outstanding loan balance of the Community Development Block Grant Revolving Loan Program as of December 31, 2017 was \$15,630.

**CITY OF WAUWATOSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified?   x   yes      \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   x   yes      \_\_\_\_\_ no

***Identification of Major Federal Programs***

**CFDA Number(s)**

14.218

**Name of Federal Program or Cluster**

Community Development Block Grant Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$   \$750,000  

Auditee qualified as low-risk auditee?

  x   yes      \_\_\_\_\_ no

**CITY OF WAUWATOSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017**

**State Financial Assistance**

1. Internal control over state projects:
  - Material weakness(es) identified?                    \_\_\_\_\_ yes                          x       no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?                    \_\_\_\_\_ yes                          x       none reported
2. Type of auditors' report issued on compliance for state projects:                    Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with state requirements?                    \_\_\_\_\_ yes                          x       no

**Identification of Major State Projects**

<b>CSFA Number(s)</b>	<b>Name of State Project</b>
370.670	Recycling Consolidated Grants
N/A	Department of Health Services General Requirements

Dollar threshold used to distinguish between Type A and Type B state projects:                    \$ 250,000

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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**2017 – 001**

Federal agency: U.S. Department of Housing and Urban Development  
 Federal program title: Community Development Block Grant Cluster  
 CFDA Number: 14.218  
 Award Period: January 1, 2017 to September 1, 2024

**CITY OF WAUWATOSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017**

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:** 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements (the Uniform Guidance), requires that pass-through entities provide federal award identification information, which includes the CFDA number and identification of the dollar amount made available under each Federal award and the CFDA number.

**Condition:** We tested the subrecipient's agreements and the related notice of grant awards (NGAs) applicable for the period of January 1, 2017 to September 1, 2024, we noted that the award identification information containing the CFDA number was not provided to any of the subrecipient tested at the time of the subaward or through an amendment to the subaward.

**Questioned costs:** None

**Context:** The exceptions noted during testing are a result of agreements being approved under the Circular A-133 regulations and not updated to meet the new requirements under 2 CFR section 200.

**Cause:** This oversight resulted from City of Wauwatosa not amending its agreements to include the required information by 2 CFR section 200.

**Effect:** If full award identification documentation is not provided, the subrecipient could be unaware of the correct guidelines of the awarded program. If completion of required audits and follow up on identified deficiencies are not monitored, it could result in unidentified and uncorrected non-compliance by subrecipients and potential questioned costs.

**Repeat Finding:** No

**Recommendation:** We recommend City of Wauwatosa develop internal controls when creating program documentation provided to subrecipients at the time of subaward to ensure all required elements per 2 CFR section 200.331(a) are being included.

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

**CITY OF WAUWATOSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017**

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**Section IV – State Single Audit Other Matters**

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Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, 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 *State Single Audit Guidelines*?

Department of Health Services No  
Department of Natural Resources No

Was a Management Letter or other document conveying audit comments issued as a result of this audit? No

Name and Signature of Partner

Jacob Lenell



Date of Report

September 24, 2018