

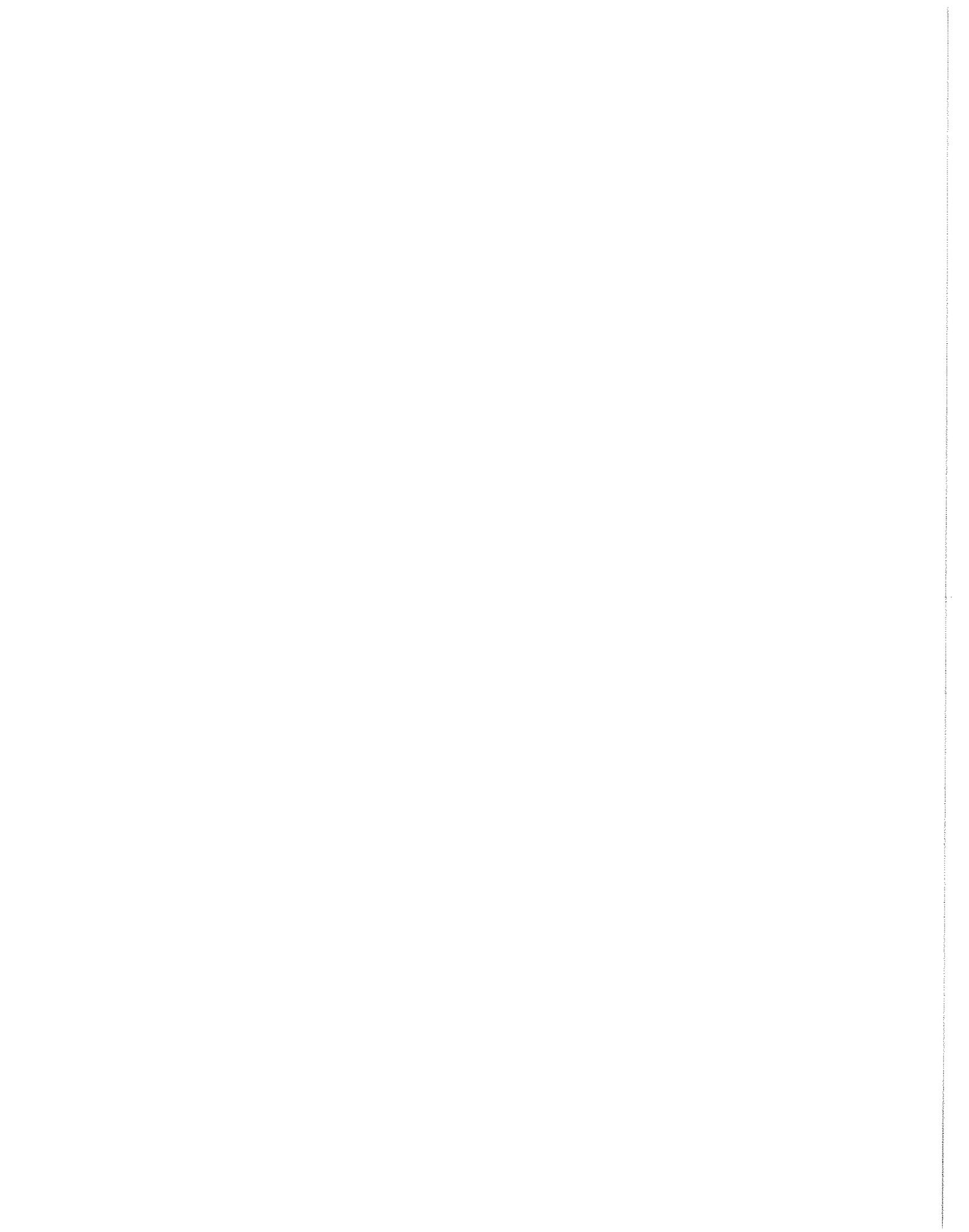
**CITY OF WAUKESHA, WISCONSIN**  
**REPORT ON FEDERAL AND STATE AWARDS**  
**DECEMBER 31, 2005**



**CITY OF WAUKESHA, WISCONSIN**  
December 31, 2005

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

To the City Council  
City of Waukesha, Wisconsin

Compliance

We have audited the compliance of the City of Waukesha, Wisconsin with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the State of Wisconsin that are applicable to each of its major federal and state programs for the year ended December 31, 2005. The City of Waukesha, Wisconsin's major federal and state programs are identified in the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the City of Waukesha, Wisconsin's management. Our responsibility is to express an opinion on the City of Waukesha, Wisconsin's compliance based on our audit.

The City of Waukesha, Wisconsin's basic financial statements included the operation of the City of Waukesha Housing Authority, which received \$4,366,303 in federal awards which are not included in the schedule of expenditures of federal awards and state financial assistance for the year ended December 31, 2005. Our audit, described below, did not include the operations of the City of Waukesha Housing Authority because the component unit had a separate audit in accordance with OMB Circular A-133.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133 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 of Waukesha, Wisconsin'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. Our audit does not provide a legal determination on the City of Waukesha, Wisconsin's compliance with those requirements.

In our opinion, the City of Waukesha, Wisconsin complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the City of Waukesha, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Waukesha, Wisconsin's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedules of Expenditures of Federal Awards and State Financial Assistance

We have audited the basic financial statements of the City of Waukesha, Wisconsin, as of and for the year ended December 31, 2005, and have issued our report thereon dated April 14, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Members of the City Council, management, others in the organization and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants  
Green Bay, Wisconsin  
April 14, 2006

**CITY OF WAUKESHA, WISCONSIN**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2005**

Grantor Agency/Passthrough Agency/ Grant Title, Award or Project Number	Federal CFDA Number	(Accrued) Deferred Revenue 1/1/05	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/05	Total Revenues	Total Expenditures
<b>FEDERAL PROGRAMS</b>						
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>						
Passed through Waukesha County, Wisconsin						
Community Development Block Grant	14.228	\$ (10,960)	\$ 331,642	\$ -	\$ 320,682	\$ 320,682
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>						
Direct Program						
Section 5307 formula grant						
WI-90-X430-00	20.507	-	1,129,385	382,588	1,511,973	1,511,973
WI-90-X324-00	20.507	-	42,466	38,609	81,075	81,075
WI-90-X350-00	20.507	-	9,124	-	9,124	9,124
WI-90-X390-00	20.507	-	31,451	12,270	43,721	43,721
WI-90-X372-00	20.507	-	297	-	297	297
WI-90-X420-00	20.507	-	116,801	5,504	122,305	122,305
Passed through Wisconsin Department of Transportation						
Section 9 Capital Assistance - CMAQ	20.507	(59,671)	59,671	-	-	-
Section 5309 discretionary grant						
WI-03-0080	20.507	-	-	5,869	5,869	5,869
CMAQ Project #WI-90-X423	20.507	(5,365)	103,792	33,463	131,890	131,890
CMAQ Project #2764-00-00/70	20.XXX	-	54,774	-	54,774	54,774
Highway Safety Program						
Project #0935-04-29	20.600	-	14,748	-	14,748	14,748
Project #0935-02-55	20.600	-	7,000	-	7,000	7,000
Total U.S. Department of Transportation		(65,036)	1,569,509	478,303	1,982,776	1,982,776
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>						
Environmental Programs and Management						
State and Tribal Assistance Grants	66.606	(60,392)	718,595	-	658,203	658,203
Total U.S. Environmental Protection Agency	66.606	-	109,049	-	109,049	312,978
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
Passed through Wisconsin Department of Workforce Development						
WETAP	93.558	(188,147)	465,011	93,511	370,375	370,375
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>						
Direct Program						
Assistance to Firefighters Grant	97.044	-	23,100	-	23,100	23,100
Passed through Waukesha County, Wisconsin						
Public Assistance Grants						
Grant #HS-04-SE-0046	97.036	105,649	-	(124)	105,525	105,525
Total Federal Emergency Management Agency		105,649	23,100	(124)	128,625	128,625
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b>\$ (218,886)</b>	<b>\$ 3,216,906</b>	<b>\$ 571,690</b>	<b>\$ 3,569,710</b>	<b>\$ 3,773,639</b>

The notes to the schedule of expenditures of federal awards and the schedule of state financial assistance are an integral part of this schedule.

**CITY OF WAUKESHA, WISCONSIN**  
 Schedule of State Financial Assistance  
 For the Year Ended December 31, 2005

Grantor Agency/Passthrough Agency/ Grant Title, Award or Project Number	State I.D. Number	(Accrued) Deferred Revenue 1/1/05	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/05	Total Revenues	Total Expenditures
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**STATE PROGRAMS**

DEPARTMENT OF NATURAL RESOURCES

Acquisition and Development of Local Parks

S-ADLP2-821	370.421	\$ (35,000)	\$ 35,000	\$ -	\$ -	\$ -
S-ADLP2-867		-	25,000	-	25,000	50,000
Urban Green Space - URGP-167		(97,350)	97,350	-	-	-
<b>Total Department of Natural Resources</b>		<u>(132,350)</u>	<u>157,350</u>	<u>-</u>	<u>25,000</u>	<u>50,000</u>

DEPARTMENT OF TRANSPORTATION

Transit Operating Assistance

	395.104					
2002		71,992	(71,992)	-	-	-
2003		(17,905)	20,923	-	3,018	3,018
2004		(296,246)	-	296,246	-	-
2005		-	3,033,601	(38,196)	2,995,405	2,995,405
<b>Total Department of Transportation</b>		<u>(242,159)</u>	<u>2,982,532</u>	<u>258,050</u>	<u>2,998,423</u>	<u>2,998,423</u>

**Total State Programs**

\$ (374,509) \$ 3,139,882 \$ 258,050 \$ 3,023,423 \$ 3,048,423

The notes to the schedule of expenditures of federal awards and the schedule of state financial assistance are an integral part of this schedule.

**CITY OF WAUKESHA, WISCONSIN**

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended December 31, 2005

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance for the City of Waukesha, Wisconsin are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

**NOTE B - 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 2005 basic financial statements. Accrued revenue at year-end consists of state program expenditures scheduled for reimbursement to the City in the succeeding year while deferred revenue represents advances for state programs that exceed recorded City expenditures.

The programs included in the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are separated into major and non-major categories. Additional information on each category is presented below:

**Federal Programs:** The City of Waukesha, Wisconsin, qualifies as a low risk auditee in accordance with paragraph 530 of OMB Circular A-133. Therefore major programs, as identified in Section I of the Schedule of Findings and Questioned Costs, represent those with combined expenditures exceeding 25% of total federal awards that also were deemed major programs based on the auditors' risk assessment. All other federal programs are considered non-major programs.

**State Programs:** The City of Waukesha, Wisconsin, qualified as a low risk auditee in accordance with the *State Single Audit Guidelines*. Therefore major programs represent those with combined expenditures exceeding 25% of total state financial assistance that also were deemed major programs based on the auditors' risk assessment. In addition, certain state financial assistance programs were designated state major by the state granting agency and therefore considered state major. All other state financial assistance programs are considered non-major programs.

**NOTE C - OVERSIGHT AGENCY**

The federal oversight agency for the City is the U.S. Department of Transportation.

The state oversight agency for the City is the Wisconsin Department of Transportation.



**CITY OF WAUKESHA, WISCONSIN**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2005**

Section I - Summary of Auditors' Results

**Basic Financial Statements**

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition identified that is not considered to be a material weakness?	None Reported
Noncompliance material to basic financial statements noted?	No

**Federal Awards And State Financial Assistance**

Internal control over major program:	
• Material weakness(es) identified	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	None Reported
Type of auditors' report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	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 and state programs:	

CFDA Number	Name of Federal Program
20.507	Transit Capital and Operating Assistance
66.606	Environmental Programs and Management
93.558	WETAP

State ID Number	Name of State Program
395.104	Mass Transit Operating Assistance

Audit threshold used to determine between Type A and Type B programs:	\$300,000
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, 2005.

Section III - Federal Award and State Financial Assistance Findings and Questioned Costs

There are no audit findings and questioned costs required to be reported under OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* or the *State Single Audit Guidelines* for the year ended December 31, 2005.

**CITY OF WAUKESHA, WISCONSIN**  
Schedule of Prior Year Audit Findings and Corrective Action Plan  
For the Year Ended December 31, 2005

Prior Year Audit Findings

There were no findings or questioned costs for federal awards and state financial assistance for the year ended December 31, 2004.

Corrective Action Plan

No corrective action plan is required.