

CITY OF WAUKESHA, WISCONSIN
REPORT ON FEDERAL AND STATE AWARDS
DECEMBER 31, 2008

CITY OF WAUKESHA, WISCONSIN
December 31, 2008

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE SINGLE AUDIT GUIDELINES

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 Wisconsin Department of Administration that are applicable to each of its major federal and state programs for the year ended December 31, 2008. The City of Waukesha, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of 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.

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 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, guidelines and OMB Circular A-133 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 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 of 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, 2008.

Internal Control Over Compliance

The management of the City of Waukesha, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 of Waukesha, Wisconsin's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal and state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal and state program that is more than inconsequential will not be prevented or detected by the City of Waukesha, Wisconsin's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined above.

Schedule of Expenditure of Federal Awards and State Financial Assistance

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 Waukesha, Wisconsin as of and for the year ended December 31, 2008, and have issued our report thereon dated June 24, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Waukesha, Wisconsin's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines*, and is 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 members of the City Council, management, others within the entity, 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
June 24, 2009

CITY OF WAUKESHA, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Grantor Agency/Passthrough Agency/ Grant Title, Award or Project Number	Federal CFDA Number	Accrued (Deferred) Revenue 1/1/08	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/08	Total Revenues	Total Expenditures
FEDERAL PROGRAMS						
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Passed through Waukesha County, Wisconsin						
Community Development Block Grant	14.218	\$ -	\$ 206,639	\$ 30,000	\$ 236,639	\$ 236,639
U.S. DEPARTMENT OF JUSTICE						
Direct Program						
Edward Byrne Memorial Justice Assistance	16.738					
Grant #2005-DJ-BX-1227		-	4,009	-	4,009	4,009
Grant #2006-DJ-BX-0638		-	1,782	-	1,782	1,782
Grant #2007-DJ-BX-1310		-	19,037	(19,037)	-	-
Passed through Wisconsin Department of Administration						
Office of Justice Assistance						
Police & Kids Youth Intervention	16.744	3,199	13,927	-	10,728	10,728
Total U.S. Department of Justice		3,199	38,755	(19,037)	16,519	16,519
U.S. DEPARTMENT OF TRANSPORTATION						
Direct Program						
Section 5307 formula grant						
WI-90-X430-00	20.507	4,510	4,510	1,728	1,728	1,728
WI-90-X472-00	20.507	8,940	12,086	14,559	17,705	17,705
WI-90-X492-00	20.507	906,077	911,307	3,029	8,259	8,259
WI-90-X531	20.507	-	747,172	277,526	1,024,698	1,024,698
Section 5309 capital discretionary grant						
WI-04-0006	20.507	-	794,973	-	794,973	794,973
Passed through Wisconsin Department of Transportation						
CMAQ Project #WI-90-X423	20.507	6,233	28,918	1,764	24,449	24,449
CMAQ Project #WI-95-X004		-	-	11,036	11,036	11,036
Highway Safety Program	20.600					
Project #0938-41-44		-	17,845	-	17,845	17,845
Project #0938-04-25		-	18,551	-	18,551	18,551
Total U.S. Department of Transportation		925,760	2,535,362	309,642	1,919,244	1,919,244
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Congressionally Mandated Projects	66.202	-	-	573,100	573,100	573,100
FEDERAL EMERGENCY MANAGEMENT AGENCY						
Direct Program						
Presidential Disaster Declaration	83.544					
FEMA-3285-EM		-	84,797	-	84,797	84,797
FEMA-1768-DR-WI		-	-	35,308	35,308	35,308
Total Federal Emergency Management Agency		-	84,797	35,308	120,105	120,105

(Continued)

CITY OF WAUKESHA, WISCONSIN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2008

Grantor Agency/Passthrough Agency/ Grant Title, Award or Project Number	Federal CFDA Number	Accrued (Deferred) Revenue 1/1/08	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/08	Total Revenues	Total Expenditures
FEDERAL PROGRAMS						
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Passed through Wisconsin Department of Workforce Development						
WETAP	93.558	67,940	381,597	103,400	417,057	417,057
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>						
Direct Program						
Assistance to Firefighters Grant Grant #EMW-2007-FO-08907	97.044	-	-	83,608	83,608	83,608
Passed through Wisconsin Department of Administration						
Office of Justice Assistance Grant #HS-19-2035	97.067	45,070	45,070	-	-	-
Fire Department training		-	16,252	-	16,252	16,252
Total U.S. Department of Homeland Security		45,070	61,322	83,608	99,860	99,860
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,041,969</u>	<u>\$ 3,308,472</u>	<u>\$ 1,116,021</u>	<u>\$ 3,382,524</u>	<u>\$ 3,382,524</u>

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, 2008

Grantor Agency/Passthrough Agency/ Grant Title, Award or Project Number	State I.D. Number	Accrued (Deferred) Revenue 1/1/08	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/08	Total Revenues	Total Expenditures
STATE PROGRAMS						
<u>DEPARTMENT OF MILITARY AFFAIRS</u>						
Federal Disaster Assistance	465.305					
FEMA-3285-EM		\$ -	\$ 13,957	\$ -	\$ 13,957	\$ 13,957
FEMA-1768-DR-WI		-	-	5,842	5,842	5,842
Total Department of Military Affairs		-	13,957	5,842	19,799	19,799
<u>DEPARTMENT OF TRANSPORTATION</u>						
Transit Operating Assistance	395.104					
2003		145,536	-	145,536	-	-
2004		30,843	-	30,843	-	-
2005		(36,106)	-	(36,106)	-	-
2006		(64,938)	-	(64,938)	-	-
2007		173,320	-	173,320	-	-
2008		-	3,497,436	307,635	3,805,071	3,805,071
Total Department of Transportation		248,655	3,497,436	556,290	3,805,071	3,805,071
Total State Programs		<u>\$ 248,655</u>	<u>\$ 3,511,393</u>	<u>\$ 562,132</u>	<u>\$ 3,824,870</u>	<u>\$ 3,824,870</u>

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, 2008

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 2008 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 major federal and state programs are identified in Section 1 of the Schedule of Findings and Questioned Costs. 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, 2008

Section I - Summary of Auditors' Results

Basic Financial Statements Unqualified
 Type of auditors' report issued:
 Internal control over financial reporting: No
 • Material weakness(es) identified?
 • Significant deficiency 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: No
 • Material weakness(es) identified
 • Significant deficiency(ies) 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 *State Single Audit Guidelines* No
 Identification of major federal and state programs:

CFDA Number	Name of Federal Program
20.507	Transit Capital and Operating Assistance
66.202	Congressionally Mandated Projects

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, 2008.

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, 2008.

CITY OF WAUKESHA, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2008

Prior Year Audit Findings

There were no findings or questioned costs for federal awards and state financial assistance for the year ended December 31, 2007.

Corrective Action Plan

No corrective action plan is required.