

*Sing's Audit*

CLIENT NAME (whole name as it appears in Star): City of Waukegan BTVK  VK   
 PROJECT NAME (whole name as it appears in Star): 2016 Sing's Audit

Period Ended: 12/31/16  Monthly  Qtrly  Yearly  
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Gov't Contractors	<input type="checkbox"/>
Health Care - Acute Care	<input type="checkbox"/>
Health Care - Senior Living	<input type="checkbox"/>
Higher Education	<input type="checkbox"/>
HUD	<input type="checkbox"/>
Insurance	<input type="checkbox"/>
Investment Advisor	<input type="checkbox"/>
Investment Fund (non-registered)	<input type="checkbox"/>
Manufacturing / Distribution	<input type="checkbox"/>
Non-Defined Benefit Health/Welfare	<input type="checkbox"/>
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 Report on Application of Requirements of an Applicable Financial Reporting Framework (AU 915)  
 Comfort Letter for Underwriters and Certain Other Requesting Parties (AU 920)  
 Internal Use Only Financial Forecast / Projection (tier designations are not required)  
 Peer Review (tier designations are not required)

**SIGN OFFS**

Drafted by: Elisa Gilbertson (print name) Initials EG Date 5/14/17  
 Date Needed Back by: \_\_\_\_\_

Proofread & Calculations by: \_\_\_\_\_ (print name)

Reviewed by: Steve Hanko (print name) Initials SH Date 9/9/17

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 Independent Reviewed by (IR): W. Unger (print name)

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 Technical Director (TD): Steve Hanko (print name) Initials SH Date 9/9/17  
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# **CITY OF WAUKESHA**

Waukesha, Wisconsin

## **REPORT ON FEDERAL AND STATE AWARDS**

For the Year Ended December 31, 2016

# CITY OF WAUKESHA

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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

Independent Auditors' Report

To the Common Council  
City of Waukesha  
Waukesha, 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 the City of Waukesha, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Waukesha's basic financial statements and have issued our report thereon dated July 25, 2017.

### Internal Control Over Financial Reporting

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

To the Common Council  
City of Waukesha

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Waukesha'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.

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
July 25, 2017

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

Independent Auditors' Report

To the Common Council  
City of Waukesha  
Waukesha, Wisconsin

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

We have audited the City of Waukesha, Wisconsin'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 the City of Waukesha's major federal and major state programs for the year ended December 31, 2016. The City of Waukesha's major federal and major state programs are identified in the summary of auditor's 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 the City of Waukesha'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; 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, 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 or major state program occurred. An audit includes examining, on a test basis, evidence about the City of Waukesha'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 the City of Waukesha's compliance.

To the Common Council  
City of Waukesha

### ***Opinion on Each Major Federal and Major State Program***

In our opinion, the City of Waukesha 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, 2016.

### **Report on Internal Control Over Compliance**

Management of the City of Waukesha is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Waukesha's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 the City of Waukesha'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 a 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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.

To the Common Council  
City of Waukesha

**Report on Schedule of Expenditures of Federal 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 the City of Waukesha, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Waukesha's basic financial statements. We issued our report thereon dated July 25, 2017, 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.

*Baker Tilly Veitchau Krause, LLP*

Milwaukee, Wisconsin  
September 20, 2017, except for our report on the schedule of expenditures  
of federal and state awards, for which the date is July 25, 2017.



CITY OF WAUKESHA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Award Amount	(Accrued) Deferred Beginning Balance	Revenues			Total Revenues	Expenditures Subrecipients
						Cash Received (Refunded)	Revenue Recorded	Accrued (Deferred) Ending Balance		
<b>FEDERAL PROGRAMS</b>										
<b>U.S. Department of Housing and Urban Development</b>										
Community Development Block Grant/Entitlement Grants										
2012	14.218	WC	PS1200X	\$ 187,206	\$ 1,150	\$ 3,179	\$ -	\$ 3,179	\$ 3,179	\$ -
2013	14.218	WC	PS1300X	200,135	(15,828)	1	15,977	(148)	1	-
2014	14.218	WC	PS1400X	437,000	(80,724)	143,898	128,512	96,110	143,898	143,898
2015	14.218	WC	PS1500X	292,249	(7,600)	68,302	66,375	9,527	68,302	68,302
2016	14.218	WC	PS1600X	200,831	-	156,739	89,586	67,153	156,739	156,739
Program income					(94,268)		94,268			
Total Community Development Block Grant/Entitlement Grants					(197,270)	372,119	396,747	172,642	372,119	95,000
Lead-Based Paint Hazard Control - Program Income	14.900	WC	N/A		2,794			(2,794)		
Total Lead-Based Paint Hazard Control in Privately-Owned Property					2,794			(2,794)		
Total U.S. Department of Housing and Urban Development					(194,476)	372,119	396,747	169,848	372,119	95,000
<b>U.S. Department of Justice</b>										
Bulletproof Vest Partnership Program	16.607	N/A	N/A	18,000	(392)	4,727	392	4,727	4,727	-
Bulletproof Vest Partnership Program	16.607	N/A	N/A	9,880		4,727		4,727	4,727	4,727
Total Bulletproof Vest Partnership Program					(392)	4,727	392	4,727	4,727	4,727
Edward Byrne Memorial Justice Assistance										
2015-DJ-BX-0873	16.738	N/A	N/A	10,134		10,134	10,134		10,134	10,134
Total Edward Byrne Memorial Justice Assistance Grant Program						10,134	10,134		10,134	10,134
Total U.S. Department of Justice					(392)	14,861	10,526	4,727	19,588	14,861
<b>U.S. Department of Transportation</b>										
Highway Safety Cluster										
Alcohol Impaired Driving Countermeasures Incentive Grant I	20.616	DOT	2016-31-05-K8	29,584	(5,798)	23,206	29,004		23,206	23,206
2016	20.616	DOT	0956-31-60	4,000		4,000	4,000		4,000	4,000
National Priority Safety Programs								1,250		
Total Highway Safety Cluster					(5,798)	27,206	33,004	1,250	27,206	27,206

See notes to schedule of expenditures of federal and state awards.

CITY OF WAUKESHA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Award Amount	(Accrued) Deferred Beginning Balance	Revenues				Total Revenues	Expenditures Subrecipients	
						Revenue Recorded	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Local			
<b>FEDERAL PROGRAMS (cont.)</b>												
<b>U.S. Department of Transportation (cont.)</b>												
Federal Transit Cluster												
Federal Transit Formula Grant	20.507	DOT	WI-90-0749	\$ 1,027,910	\$ (8,891)	\$ 2,300	\$ 11,191	\$ -	\$ -	\$ 2,300	\$ 2,300	\$ -
Federal Transit Formula Grant	20.507	DOT	WI-90-X771-000	1,001,661	(1,313)	5,081	6,394	-	-	5,081	5,081	-
Federal Transit Formula Grant	20.507	DOT	WI-95-X047-00	1,312,000	-	94,294	94,294	-	-	94,294	94,294	-
Federal Transit Formula Grant	20.507	DOT	WI-90-X798-00	1,001,563	(936,544)	38,055	996,491	18,108	-	38,055	38,055	-
Federal Transit Formula Grant	20.507	DOT	WI-2016-006-00	935,450	-	928,632	804,323	124,309	-	928,632	928,632	-
Congestion Mitigation and Air Quality Grant	20.507	DOT	WI-95-X040-00	44,000	(2,922)	17,454	15,208	5,168	-	17,454	17,454	-
Congestion Mitigation and Air Quality Grant	20.507	DOT	WI-2016-006-00	392,000	-	-	-	-	-	-	-	-
Total Federal Transit Formula Grants					(949,670)	1,085,816	1,887,901	147,585	-	1,085,816	1,085,816	-
Federal Transit - Capital Investment Grants												
Bus and Bus Facilities Formula Program	20.500	DOT	WI-05-0052	1,117,605	(62,557)	10,787	73,344	-	-	10,787	10,787	-
Public Transportation Emergency Relief Program	20.526	DOT	WI-34-0008-01	224,348	-	143,304	137,934	5,370	-	143,304	143,304	-
Public Transportation Emergency Relief Program	20.526	DOT	WI-54-0004-01	1,010,345	-	810,032	810,032	-	-	810,032	810,032	-
Bus and Bus Facilities Formula Program	20.526	DOT	WI-2016-006-00	465,172	-	496	-	496	-	496	496	-
Bus and Bus Facilities Formula Program	25.525	DOT	WI-2016-030	104,476	-	496	-	496	-	496	496	-
Total Federal Transit Cluster					(1,012,227)	2,050,435	2,909,211	153,451	-	2,050,435	2,050,435	-
Total U.S. Department of Transportation					(1,018,025)	2,077,641	2,942,215	153,451	1,250	2,077,641	2,077,641	-
<b>U.S. Department of Education</b>												
Twenty-First Century Community Learning Centers - Hawthorne 2014-2015	84.287	DPI	N/A	100,000	(77,440)	-	77,440	-	-	-	-	-
Twenty-First Century Community Learning Centers - Banting 2014-2015	84.287	DPI	N/A	80,000	(52,523)	-	52,550	(27)	-	-	-	-
Twenty-First Century Community Learning Centers - Hawthorne 2015-2016	84.287	DPI	N/A	100,000	(47,014)	52,986	100,000	-	-	52,986	52,986	-
Twenty-First Century Community Learning Centers - Banting 2015-2016	84.287	DPI	N/A	80,000	(48,937)	41,063	90,000	-	-	41,063	41,063	-
Twenty-First Century Community Learning Centers - Hawthorne 2016-2017	84.287	DPI	N/A	100,000	-	48,122	-	48,122	-	48,122	48,122	-
Twenty-First Century Community Learning Centers - Banting 2016-2017	84.287	DPI	N/A	100,000	-	42,994	-	42,994	-	42,994	42,994	-
Total U.S. Department of Education					(225,914)	185,165	319,980	91,089	-	185,165	185,165	-
<b>U.S. Department of Homeland Security</b>												
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DMA	FEMA-1768-DR-WI	123,944	768	2,531	1,763	-	-	2,531	2,531	-
Total U.S. Department of Homeland Security					768	2,531	1,763	-	-	2,531	2,531	-
<b>TOTAL FEDERAL PROGRAMS</b>					\$ (1,438,039)	\$ 2,652,317	\$ 3,671,241	\$ 419,115	\$ 5,977	\$ 2,657,044	\$ 2,652,317	\$ 95,000

See notes to schedule of expenditures of federal and state awards.

**CITY OF WAUKESHA**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Award Amount	(Accrued) Deferred Beginning Balance	Revenues			Total Revenues	Expenditures Grantor
				Revenue Recorded	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
<b>STATE PROGRAMS</b>								
<b>Wisconsin Department of Transportation</b>								
2014 Transit Operating Aids	395.104	\$ 4,174,290	\$ (352,963)	\$ -	\$ 352,963	\$ -	\$ -	\$ -
2015 Transit Operating Aids	395.104	4,077,262	(337,443)	-	337,443	-	-	-
2016 Transit Operating Aids	395.104	4,185,571	-	4,041,463	3,767,015	-	4,041,463	4,041,463
2016 Paratransit Aids Through 85.205	395.104	88,724	-	88,724	88,724	-	88,724	88,724
Total Wisconsin Department of Transportation			(690,406)	4,130,187	3,855,739	964,854	4,130,187	4,130,187
<b>Wisconsin Department of Natural Resources</b>								
Urban Nonpoint Source and Stormwater Grants	370.TH1	150,000	(100,621)	45,676	8,266	138,031	101,502	45,676
Total Wisconsin Department of Natural Resources			(100,621)	45,676	8,266	138,031	101,502	45,676
<b>Wisconsin Department of Health Services</b>								
2016 EMS Funding Assistance Program	435.119	11,437	-	11,437	11,437	-	11,437	11,437
Total Wisconsin Department of Health Services			-	11,437	11,437	-	11,437	11,437
<b>TOTAL STATE PROGRAMS</b>			<b>\$ (791,027)</b>	<b>\$ 4,187,300</b>	<b>\$ 3,875,442</b>	<b>\$ 1,102,885</b>	<b>\$ 4,243,126</b>	<b>\$ 4,187,300</b>

See notes to schedule of expenditures of federal and state awards.

# CITY OF WAUKESHA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2016

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### **NOTE 1 – BASIS OF PRESENTATION**

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The accompanying schedule of expenditures of federal and state awards (the "schedule") includes the federal and state award activity of the City of Waukesha under programs of the federal and state government for the year ended December 31, 2016. The information in this schedule is 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*. Because the schedule presents only a selected portion of the operations of the City of Waukesha, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Waukesha.

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### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

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### **NOTE 3 – INDIRECT COST RATE**

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The City of Waukesha has not elected to use the 10% de minimis indirect cost rate.

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### **NOTE 4 – PRIOR YEAR FINDINGS**

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Finding 2015-001 reported in the 2015 single audit report has been satisfactorily resolved.

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### **NOTE 5 – PASS-THROUGH GRANTORS**

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Federal funds have been passed through the following grantors:

- WC – Waukesha County
- DOT – Wisconsin Department of Transportation
- DMA – Wisconsin Department of Military Affairs
- DPI – Wisconsin Department of Public Instruction

# CITY OF WAUKESHA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

### SECTION I – SUMMARY OF AUDITORS' RESULTS

#### *FINANCIAL STATEMENTS*

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- > Material weakness (es) identified?             yes        X   no
- > Significant deficiency (ies) identified?             yes        X   none reported

Noncompliance material to financial statements noted?

       yes        X   no

#### *FEDERAL AND STATE AWARDS*

Internal control over major programs:

- |  | Federal Programs                             | State Programs                               |
|--|--|--|
| > Material weakness(es) identified?  | <u>      </u> yes <u>  X  </u> no            | <u>      </u> yes <u>  X  </u> no            |
| > Significant deficiencies identified that are not considered to be material weakness(es)? | <u>      </u> yes <u>  X  </u> none reported | <u>      </u> yes <u>  X  </u> none reported |

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?

       yes        X   no             yes        X   no

Auditee qualified as low-risk auditee?

       yes        X   no             yes        X   no

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

\$ 750,000                                      \$ 250,000

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.500/20.507/20.525/20.526	Federal Transit Cluster

Identification of major state programs:

<u>State Number</u>	<u>Name of State Program</u>
395.104	Transit Operating Aids

# CITY OF WAUKESHA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

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### SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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No findings were reported.

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### SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

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No findings were reported.

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### SECTION IV – OTHER ISSUES

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Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?             yes        X   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	<u>      </u> yes	<u>  X  </u> no
Department of Transportation	<u>      </u> yes	<u>  X  </u> no
Department of Natural Resources	<u>      </u> yes	<u>  X  </u> no

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

Name and signature of partner

  
Wendi M. Unger, CPA, Partner

Date of report

September 20, 2017