

CITY OF WAUSAU, WISCONSIN

SINGLE AUDIT REPORT

DECEMBER 31, 2013

CITY OF WAUSAU, WISCONSIN

December 31, 2013

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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**

To the City Council
City of Wausau, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wausau, Wisconsin, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Wausau's basic financial statements, and have issued our report thereon dated June 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Wausau, Wisconsin'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 Wausau, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Wausau, Wisconsin'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 the City of Wausau, Wisconsin's financial statements are free of 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 results of that testing, and not to provide an opinion on the effectiveness of City of Wausau, Wisconsin'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 City of Wausau, Wisconsin's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Wausau, Wisconsin
June 25, 2014



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND THE SCHEDULE OF STATE FINANCIAL ASSISTANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES

To the Honorable Mayor and City Council
City of Wausau, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited City of Wausau, Wisconsin's compliance 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 could have a direct and material effect on each of City of Wausau, Wisconsin's major federal and state programs for the year ended December 31, 2013. City of Wausau, 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Wausau, Wisconsin'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; 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 City of Wausau, 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of City of Wausau, Wisconsin's compliance.

Opinion on Each Major Federal and State Program

In our opinion, City of Wausau, Wisconsin 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, 2013.



Report on Internal Control Over Compliance

Management of City of Wausau, Wisconsin 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 Wausau, Wisconsin'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 or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 Wausau, Wisconsin'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. 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.

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 OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Schedule of State Financial Assistance Required by 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 City of Wausau, Wisconsin as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise City of Wausau, Wisconsin's basic financial statements. We issued our report thereon dated June 25, 2014, 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 awards and schedule of 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 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 awards and schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Schorck SC

Certified Public Accountants
Wausau, Wisconsin
June 25, 2014

CITY OF WAUSAU, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2013

CFDA Number	Accrued or (Deferred) Beginning Balance	Cash Received (Returned)	Accrued or (Deferred) Ending Balance	Total Revenues	Expenditures
FEDERAL AWARDS PROGRAMS					
PRIMARY GOVERNMENT					
U.S. Department of Transportation					
Direct Program					
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507 \$ 970,012	\$ 1,929,157	75,927	1,035,072	\$ 1,035,072
Formula Grants For Other Than Urbanized Areas	20.509 -	8,692	-	8,692	8,692
Passed through the WI Department of Transportation					
Formula Grants For Other Than Urbanized Areas	20.509 26,752	54,246	-	27,494	27,494
Passed through the WI Department of Transportation					
State and Community Highway Safety	20.600 9,696	37,728	-	28,032	28,032
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601 5,132	29,571	-	24,439	24,439
	<u>1,011,592</u>	<u>2,059,394</u>	<u>75,927</u>	<u>1,123,729</u>	<u>1,123,729</u>
Total U.S. Department of Transportation					
U.S Department of Housing and Urban Development					
Direct Program					
Community Development Block Grant	14.218 53,328	517,226	61,292	525,190	525,190
Entitlement Grants					
Passed through the WI Department of Administration					
Community Development Block Grants/State's Program	14.228 2,065	-	2,065	-	-
Home Investment Partnerships Program (Home Program)	14.239 33,060	51,327	56,211	74,478	74,478
	<u>88,453</u>	<u>568,553</u>	<u>119,568</u>	<u>599,668</u>	<u>599,668</u>
Total U.S. Department of Housing and Urban Development					

(Continued)

CITY OF WAUSAU, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2013

	CFDA Number	Accrued or (Deferred) Beginning Balance	Cash Received (Returned)	Accrued or (Deferred) Ending Balance	Total Revenues	Expenditures
U.S. Department of Justice						
Direct Program						
Joint Law Enforcement Operations	16.111	-	3,744	1,480	5,224	5,224
Bulletproof Vest Partnership Program	16.607	-	2,600	-	2,600	2,600
Passed through the WI Department of Administration						
STOP Violence Against Women Formula Grants	16.588	27,473	71,098	-	43,625	43,625
Passed through the WI Department of Justice						
STOP Violence Against Women Formula Grants	16.588	-	-	42,239	42,239	42,239
Passed through Marathon County, Wisconsin						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	16,612	6,820	23,432	23,432
Total U.S. Department of Justice		<u>27,473</u>	<u>94,054</u>	<u>50,539</u>	<u>117,120</u>	<u>117,120</u>
Environmental Protection Agency						
Direct Program						
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	34,773	91,311	32,223	88,761	88,761
Brownfields Training, Research and Technical Assistance Grants and Cooperative Agreements	66.814	-	-	533	533	533
Passed through the WI Department of Natural Resources						
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	-	-	20,966	20,966	20,966
Total Environmental Protection Agency		<u>34,773</u>	<u>91,311</u>	<u>53,722</u>	<u>110,260</u>	<u>110,260</u>
U.S. Department of Homeland Security						
Direct Program						
Assistance to Firefighters Grant	97.044	-	125,108	-	125,108	125,108
Total federal award programs - Primary Government		<u>\$ 1,162,291</u>	<u>\$ 2,938,420</u>	<u>\$ 299,756</u>	<u>\$ 2,075,885</u>	<u>\$ 2,075,885</u>

CITY OF WAUSAU, WISCONSIN
SCHEDULE OF STATE FINANCIAL ASSISTANCE
Year Ended December 31, 2013

State ID Number	Accrued or (Deferred) Beginning Balance	Cash Received (Returned)	Accrued or (Deferred) Ending Balance	Total Revenues	Expenditures
Department of Administration Uniform Beat Patrol Officers	505.603 \$ -	\$ 121,434	\$ -	\$ 121,434	\$ 121,434
Department of Justice Passed through Marathon County, Wisconsin Central Area Drug Task Force Group	455.225 \$ -	\$ 9,088	\$ -	\$ 9,088	\$ 9,088
Department of Natural Resources Recycling Programs	370.670 -	147,973	-	147,973	147,973
Department of Military Affairs Regional Emergency Response Teams	465.306 (132,991)	20,250	(70,648)	82,593	82,593
Department of Transportation Transit Operating Aids	395.104 (130,802)	514,089	138,356	783,247	783,247
TOTAL STATE ASSISTANCE PROGRAMS	\$ (263,793)	\$ 812,834	\$ 67,708	\$ 1,144,335	\$ 1,144,335

This schedule should be read only in connection with the accompanying notes to the schedule.

CITY OF WAUSAU, WISCONSIN

Notes to the Schedule of Expenditures of Federal Awards
and Schedule of State Financial Assistance
For the Year Ended December 31, 2013

NOTE A - BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance for City of Wausau, Wisconsin, is 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 2013 basic financial statements. Accrued revenue at year-end consists of federal program expenditures scheduled for reimbursement to the City in the succeeding year while deferred revenue represents advances for federal programs that exceed recorded City expenditures.

Major federal financial assistance programs are identified in the Schedule of Findings and Questioned Costs. Additional information is presented below:

Federal Programs: City of Wausau, Wisconsin, does not qualify as a low risk auditee in accordance with paragraph 530 of OMB Circular A-133. Therefore major programs represent those with combined expenditures exceeding 50% 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 Wausau, Wisconsin, does not qualify as a low risk auditee in accordance with the *State Single Audit Guidelines*. Therefore major programs represent those with combined expenditures exceeding 50% of total state financial assistance that also were deemed major programs based on the auditor's risk assessment.

NOTE C - OVERSIGHT AGENCIES

The federal and state oversight agencies for the City follows:

Federal - U.S. Department of Transportation
State - Wisconsin Department of Transportation

CITY OF WAUSAU, WISCONSIN
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2013

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?	None Reported
Noncompliance material to basic financial statements noted?	No

Federal Awards and State Financial Assistance

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of major federal and state programs:

CFDA Number	Name of Federal Program
14.218	Community Development Block Grants
20.507	Federal Transit - Formula Grants (Urbanized Area Formula Program)

State ID Number	Name of State Program
395.104	Transit Operating Aids

Audit threshold used to determine between Type A and Type B programs:

Federal	\$300,000
State	\$100,000

Auditee qualified as low-risk auditee	No
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CITY OF WAUSAU, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended December 31, 2013

Section II - Financial Statement Finding

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, 2013.

Section III - Federal and State Award 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* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended December 31, 2013.

Section IV - Other Issues

Does the auditors' report or the notes to the financial statement include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

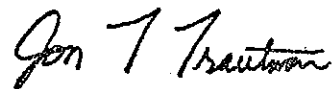
_____ Yes X No

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 Administration
- Department of Justice
- Department of Natural Resources
- Department of Military Affairs
- Department of Transportation

_____	Yes	<u> X </u>	No
_____	Yes	<u> X </u>	No
_____	Yes	<u> X </u>	No
_____	Yes	<u> X </u>	No
_____	Yes	<u> X </u>	No

Name and signature of shareholder



 Jon Trautman, CPA

Date of report

June 25, 2014

CITY OF WAUSAU, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2013

Prior Year Audit Findings

There were not any findings in the prior year.

Corrective Action Plan

No corrective action plan is required.