

**CITY OF RACINE**  
Racine, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2005

# CITY OF RACINE

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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 Mayor and Common Council  
City of Racine  
Racine, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Racine, Wisconsin as of and for the year ended December 31, 2005 and have issued our report thereon dated May 19, 2006. We did not audit the financial statements of the City of Racine Water and Wastewater Utilities, which represent 82 percent and 83 percent, respectively, of the assets and operating revenues of the business-type activities. We also did not audit the financial statements of the Downtown Racine Business Improvement District #1, a discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Racine Water and Wastewater Utilities or the Downtown Racine Business Improvement District #1, is based on the reports of the other auditors. We conducted our audit in accordance with 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 City of Racine Water and Wastewater Utilities and the Downtown Racine Business Improvement District #1 were not audited in accordance with *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City of Racine's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements 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 financial reporting and its operation that we consider to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Racine's basic 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as Item 05-01.

To the Mayor and Common Council  
City of Racine

We noted certain matters that we reported to management of the City of Racine in a separate letter dated May 19, 2006.

This report is intended solely for the information and use of the City of Racine Common Council, management, 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.

*Vielow, Krause + Company, LLP*

Milwaukee, Wisconsin  
May 19, 2006



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*  
AND THE *STATE SINGLE AUDIT GUIDELINES* AND THE SCHEDULES OF  
EXPENDITURES OF FEDERAL AND STATE AWARDS

To the Mayor and Common Council  
City of Racine  
Racine, Wisconsin

**Compliance**

We have audited the compliance of the City of Racine, 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 major state programs for the year ended December 31, 2005. The City of Racine'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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and major state programs is the responsibility of the City of Racine's management. Our responsibility is to express an opinion on the City of Racine'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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and *State Single Audit Guidelines*. Those standards, *OMB Circular A-133* and *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 Racine'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 Racine's compliance with those requirements.

In our opinion, the City of Racine complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and major state programs for the year ended December 31, 2005. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with *OMB Circular A-133* and which is described in the accompanying Schedule of Findings and Questioned Costs as Item 05-01.

To the Mayor and Common Council  
City of Racine

### ***Internal Control Over Compliance***

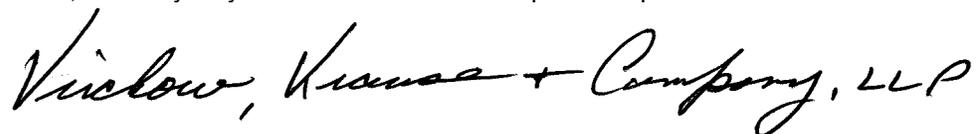
The management of the City of Racine is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Racine's internal control over compliance with requirements that could have a direct and material effect on a major federal or major 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 *State Single Audit Guidelines*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control over compliance 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 major 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 and State Awards***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Racine as of and for the year ended December 31, 2005, which collectively comprise the City of Racine's basic financial statements and have issued our report thereon dated May 19, 2006. We did not audit the financial statements of the City of Racine Water and Wastewater Utilities, which represent 82 percent and 83 percent, respectively, of the assets and operating revenues of the business-type activities. We also did not audit the financial statements of the Downtown Racine Business Improvement District #1, a discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Racine Water and Wastewater Utilities or the Downtown Racine Business Improvement District #1, is based on the reports of the other auditors. 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 and State Awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and *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 the City of Racine Common Council, management, 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.



Milwaukee, Wisconsin  
May 19, 2006

**Schedule of Expenditures of  
Federal Awards Follows**

**CITY OF RACINE**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2005

Federal Grantor/Pass Through Grantor/Program Title	Revenues						Expenditures		
	Federal CFDA Number	(Accrued) Deferred Revenue 12/31/2004	Grantor Receipts	Accrued (Deferred) Revenue 12/31/2005	Local Revenue	Total Revenues	Grantor	Local	Total
<b>U.S. DEPARTMENT OF AGRICULTURE</b>									
Passed through State of Wisconsin									
Department of Health and Family Services									
Special Supplemental Food Program - WIC	10.557	\$ (16,116)	\$ 152,132	\$ 10,301	\$ -	\$ 146,317	\$ 146,317	\$ -	\$ 146,317
Passed through Racine County Division of Health									
Special Supplemental Food Program - WIC	10.557	-	16,515	-	-	16,515	16,515	-	16,515
Great Lakes Basin Program	10.902	4,809	220	-	-	5,029	5,029	-	5,029
<b>U.S. DEPARTMENT OF COMMERCE</b>									
Grants for Public Works and Economic Development Facilities	11.300	-	-	141,644	-	141,644	141,644	-	141,644
Passed through Wisconsin Coastal Management									
Wisconsin Coastal Management Program	11.419	-	-	36,032	-	36,032	36,032	-	36,032
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>									
Community Development Block Grant Program	14.218								
1996 Award		-	467	14,636	-	15,103	15,103	-	15,103
1997 Award		(4,682)	7,204	-	-	2,522	2,522	-	2,522
1999 Award		(1,291)	32,291	2,674	-	33,674	33,674	-	33,674
2000 Award		-	66,341	1,745	-	68,086	68,086	-	68,086
2001 Award		(4,367)	77,673	12,847	-	86,153	86,153	-	86,153
2002 Award		(1,820)	35,897	128,648	-	162,725	162,725	-	162,725
2003 Award		(24,931)	77,740	4,978	-	57,787	57,787	-	57,787
2004 Award		(427,165)	1,137,275	85,691	-	795,801	795,801	-	795,801
2005 Award		-	935,396	323,275	-	1,258,671	1,258,671	-	1,258,671
HOME Investment in Affordable Housing	14.239	(48,272)	956,705	96,834	310,836	1,316,103	1,005,267	310,836	1,316,103
Emergency Shelter Grants Program	14.231								
2003 Award		(3,610)	6,905	-	-	3,295	3,295	-	3,295
2004 Award		(25,530)	53,837	4,828	-	33,135	33,135	-	33,135
2005 Award		-	95	13,098	-	13,193	13,193	-	13,193
Community Development Block Grant - Brownsfields Economic Development Initiative	14.246	-	134,123	-	-	134,123	134,123	-	134,123
Passed through State of Wisconsin									
Department of Health and Family Services									
HUD Lead Based Paint	14.900	-	1,838	1,125	-	2,963	2,963	-	2,963

**CITY OF RACINE**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2005

Federal Grantor/Pass Through Grantor/Program Title	Revenues						Expenditures		
	Federal CFDA Number	(Accrued) Deferred Revenue 12/31/2004	Grantor Receipts	Accrued (Deferred) Revenue 12/31/2005	Local Revenue	Total Revenues	Grantor	Local	Total
<b>U.S. DEPARTMENT OF JUSTICE</b>									
Passed through the Racine County Sheriff's Department									
Drug Enforcement Task Force	16.579	\$ -	\$ 22,979	\$ 29,556	\$ -	\$ 52,535	\$ 52,535	\$ -	\$ 52,535
Passed through the Department of Administration									
Office of Justice Assistance									
Gang/Crime Diversion Task Force	16.523	(50,026)	126,493	25,603	-	102,070	102,070	-	102,070
Local Law Enforcement Block Grant									
2003 Award Year		29,861	-	-	3,155	33,016	29,861	3,155	33,016
2004 Award Year		20,954	-	(3,724)	2,154	19,384	17,230	2,154	19,384
Project Safe Neighborhood	16.609	(24,096)	51,356	8,342	-	35,602	35,602	-	35,602
Weed and Seed	16.725	(30,332)	146,302	21,522	-	137,492	137,492	-	137,492
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>									
Urban Mass Transportation Administration									
Operating Formula Grant									
2005 Award Year	20.507*	-	1,807,597	-	-	1,807,597	1,807,597	-	1,807,597
Passed through State of Wisconsin									
Department of Transportation									
Capital Formula Grant									
1999 Award Year	20.507*	(32,467)	73,044	18,960	-	59,537	59,537	-	59,537
Capital Formula Grant									
1999 Award Year	20.500*	(48,000)	48,000	-	-	-	-	-	-
2001 Award Year		(47,456)	133,176	28,208	-	113,928	113,928	-	113,928
2002 Award Year		(33,149)	151,694	-	-	118,545	118,545	-	118,545
2003 Award Year		(130,038)	171,454	-	-	41,416	41,416	-	41,416
2004 Award Year		(117,320)	188,137	-	-	70,817	70,817	-	70,817

**CITY OF RACINE**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2005

Federal Grantor/Pass Through Grantor/Program Title	Revenues						Expenditures		
	Federal CFDA Number	(Accrued)	Grantor Receipts	Accrued	Local Revenue	Total Revenues	Grantor	Local	Total
		Deferred Revenue 12/31/2004		(Deferred) Revenue 12/31/2005					
<b>U.S. DEPARTMENT OF TRANSPORTATION (CONT)</b>									
Passed through State of Wisconsin									
Department of Transportation									
Surface Transportation Discretionary Program (STP)	20.500*	\$ -	\$ -	\$ 982,441	\$ -	\$ 982,441	\$ 982,441	\$ -	\$ 982,441
Congestion Mitigation & Air Quality	20.205	-	-	42,741	-	42,741	42,741	-	42,741
Congestion Mitigation & Air Quality	20.205	(96,876)	47,851	26,162	26,144	3,281	(22,863)	26,144	3,281
Pedestrian Safety	20.600	-	6,000	-	1,500	7,500	6,000	1,500	7,500
Buckle Up or Pay the Price	20.600	-	5,000	-	1,750	6,750	5,000	1,750	6,750
Alcohol Enforcement	20.600	-	20,000	-	5,000	25,000	20,000	5,000	25,000
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>									
Alexander Hamilton Grant	45.164	-	1,000	-	-	1,000	1,000	-	1,000
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>									
Passed through State of Wisconsin									
Department of Public Instruction									
Library Services & Technology Act	45.310	-	9,975	-	-	9,975	9,975	-	9,975
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>									
Brownsfield Assessment and Cleanup Cooperative	66.818	(1,267)	-	5,517	-	4,250	4,250	-	4,250
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>									
Emergency Preparedness & Response Directorate	83.554	6,986	-	-	-	6,986	6,986	-	6,986
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>									
Passed through State of Wisconsin									
Department of Health and Family Services									
Lead Based Paint	93.197	626	90,137	(1,628)	-	89,135	89,135	-	89,135
Childhood Immunization Grant	93.268	2,800	44,308	(4,852)	-	42,256	42,256	-	42,256
Bio Terro-CDC Focus	93.283	17,964	79,644	(50,724)	9,134	56,018	46,884	9,134	56,018
TCB-Community Coalition	93.283	18,454	-	-	-	18,454	18,454	-	18,454
Consolidated Contract-WWWP CDC	93.283	3,340	21,369	(3,752)	-	20,957	20,957	-	20,957
West Nile Virus Assessment and Control	93.283	-	625	625	-	1,250	1,250	-	1,250

**CITY OF RACINE**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2005

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Revenues					Expenditures		
		(Accrued) Deferred Revenue 12/31/2004	Grantor Receipts	Accrued (Deferred) Revenue 12/31/2005	Local Revenue	Total Revenues	Grantor	Local	Total
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT)</b>									
Passed through State of Wisconsin									
Department of Health and Family Services (cont.)									
Preventive Health & Health Services	93.991	\$ -	\$ 19,714	\$ (2,976)	\$ -	\$ 16,738	\$ 16,738	\$ -	\$ 16,738
Maternal and Child Health Grant	93.778	845	5,030	(1,649)	4,436	8,662	4,226	4,436	8,662
Maternal and Child Health Grant	93.994	15,207	67,321	(22,068)	59,370	119,830	60,460	59,370	119,830
Passed through State of Wisconsin									
Department of Workforce Development									
Temporary Assistance by Needy Family (WETAP)	93.558	(2,302)	5,902	-	-	3,600	3,600	-	3,600
Passed through Racine County Division of Health									
Community Child Care Initiatives	93.596	-	10,000	-	-	10,000	10,000	-	10,000
Brighter Futures Initiative-Block Grants for									
Prevention & Treatment of Substance Abuse	93.959	(7,353)	27,418	5,649	-	25,714	25,714	-	25,714
Brighter Futures Initiative -Medical Assistance Program	93.558	(5,528)	5,528	-	-	-	-	-	-
<b>TOTAL FEDERAL AWARDS</b>		<u>\$ (1,062,148)</u>	<u>\$ 7,079,708</u>	<u>\$ 1,982,309</u>	<u>\$ 423,479</u>	<u>\$ 8,423,348</u>	<u>\$ 7,999,869</u>	<u>\$ 423,479</u>	<u>\$ 8,423,348</u>

\* Represents a major federal program.

**Schedule of Expenditures of  
State Awards Follows**

**CITY OF RACINE**

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended December 31, 2005

State Agency/Program Title	State ID Number	Revenues					Expenditures		
		(Accrued) Deferred Revenue	Grantor Receipts	Accrued (Deferred) Revenue	Local Revenue	Total Revenues	Grantor	Local	Total
		12/31/2004		12/31/2005					
<b>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>									
Beach E-Coli Study	370.419	\$ (2,501)	\$ 11,013	\$ -	\$ -	\$ 8,512	\$ 8,512	\$ -	\$ 8,512
Recreational Boating Facilities	370.573*	-	-	29,789	6,197	35,986	29,789	6,197	35,986
Recreational Boating Facilities	370.573*	(4,250)	75,872	-	1,968	73,590	71,622	1,968	73,590
Local Park Aids Program-Project #S-ADLP2-822	370.421	19,613	-	-	(19,613)	-	19,613	(19,613)	-
Urban Non Point Source Planning Grant	370.658	(32,145)	29,900	17,262	-	15,017	15,017	-	15,017
Brownfield Site Assessment Grant	370.687	-	-	6,628	-	6,628	6,628	-	6,628
Brownfield Site Assessment Grant	370.687	(30,000)	-	33,000	-	3,000	3,000	-	3,000
Brownfield Site Assessment Grant	370.687	-	-	33,000	37,678	70,678	33,000	37,678	70,678
Brownfield Site Assessment Grant	370.687	-	-	8,567	8,567	17,134	8,567	8,567	17,134
<b>WISCONSIN DEPARTMENT OF TRANSPORTATION</b>									
Transit Operating Aids	395.104*								
1998 Award Year		(45,441)	(87)	-	45,528	-	(45,528)	45,528	-
1999 Award Year		(46,986)	46,987	-	-	1	1	-	1
2000 Award Year		(45,461)	-	-	45,461	-	(45,461)	45,461	-
2001 Award Year		(50,093)	(1,903)	-	51,996	-	(51,996)	51,996	-
2002 Award Year		(61,791)	-	61,791	-	-	-	-	-
2003 Award Year		(252,068)	185,423	55,166	11,479	-	(11,479)	11,479	-
2004 Award Year		(231,803)	-	-	-	(231,803)	(231,803)	-	(231,803)
2005 Award Year		-	2,204,338	244,926	-	2,449,264	2,449,264	-	2,449,264
WETAP-Transportation Demand Management	395.516*	(713)	1,829	-	-	1,116	1,116	-	1,116
WETAP-Job Access and Reserve Commute	395.516*	(9,894)	25,367	-	-	15,473	15,473	-	15,473

**CITY OF RACINE**

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended December 31, 2005

State Agency/Program Title	State ID Number	Revenues					Expenditures		
		(Accrued) Deferred Revenue	Grantor Receipts	Accrued (Deferred) Revenue	Local Revenue	Total Revenues	Grantor	Local	Total
		12/31/2004		12/31/2005					
<b>WISCONSIN DEPARTMENT OF HEALTH AND FAMILY SERVICES</b>									
Consolidated Contract-WWWP CDC	435.155	\$ 2,914	\$ 18,645	\$ (3,273)	\$ -	\$ 18,286	\$ 18,286	\$ -	\$ 18,286
Consolidated Contract-WWWP CDC	435.157	6,270	40,110	(7,042)	-	39,338	39,338	-	39,338
Consolidated Contract-Childhood Lead	435.157	7,282	35,936	(7,879)	-	35,339	35,339	-	35,339
Tobacco Prevention and Control	435.158	-	58,467	(11,239)	-	47,228	47,228	-	47,228
Maternal and Child Health Grant	435.159	845	5,030	(1,649)	4,436	8,662	4,226	4,436	8,662
Passed through Racine County Division of Health Brighter Futures-Medical Assistance Program	435.540	(3,587)	40,267	6,904	-	43,584	43,584	-	43,584
<b>WISCONSIN DEPARTMENT OF JUSTICE ASSISTANCE</b>									
Beat Patrol Officers Grant	505.603 *	-	129,049	-	44,214	173,263	129,049	44,214	173,263
<b>TOTAL STATE AWARDS</b>		<u>\$ (779,809)</u>	<u>\$ 2,906,243</u>	<u>\$ 465,951</u>	<u>\$ 237,911</u>	<u>\$ 2,830,296</u>	<u>\$ 2,592,385</u>	<u>\$ 237,911</u>	<u>\$ 2,830,296</u>

\* Represents a major state program.

# CITY OF RACINE

## NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2005

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### NOTE 1 – REPORTING ENTITY

The report on Expenditures of Federal and State Awards includes all of the funds of the City of Racine. The reporting entity for the City is based upon criteria established by the *Governmental Accounting Standards Board*.

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

### NOTE 2 – BASIS OF PRESENTATION

The 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.

The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations and the State Single Audit Guidelines*.

### NOTE 3 – OVERSIGHT AND COGNIZANT AGENCIES

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

### NOTE 4 – FEDERAL PROGRAM CLUSTER

The following programs have been identified as a cluster in accordance with the requirements of OMB Circular A-133:

<u>Federal Transit Cluster</u>	<u>Expenditures</u>
20.500 Federal Transit – Capital Investment	\$1,327,147
20.507 Federal Transit – Formula Grants	<u>1,867,134</u>
Total	\$3,194,281

### NOTE 5 – STATUS OF PRIOR YEAR FINDINGS

The finding of noncompliance identified as Federal and State Awards Findings and Questioned Costs No. 04-01 in the Single Audit Report for the year ended December 31, 2004 has been satisfactorily resolved.

**CITY OF RACINE**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2005

**Section I: Summary of Auditors' Results**

*Financial Statements*

Type of auditor's report issued:	unqualified		
Internal control over financial reporting			
Material weakness(es) identified?	_____ yes	<u>  X  </u> no	
Reportable condition(s) identified not considered to be material weaknesses?	_____ yes	<u>  X  </u> none reported	
Noncompliance material to basic financial statements noted?	_____ yes	<u>  X  </u> no	

*Federal or State Awards*

Internal control over major programs			
Material weakness(es) identified?	_____ yes	<u>  X  </u> no	
Reportable condition(s) identified not considered to be material weaknesses?	_____ yes	<u>  X  </u> none reported	

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u>  X  </u> yes	_____ no
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Dollar threshold used to distinguish between Type A and Type B programs	
Federal Programs	<u>  \$ 300,000  </u>
State Programs	<u>  \$ 100,000  </u>

Auditee qualified as low-risk auditee?			
Federal programs	<u>  X  </u> yes	_____ no	
State programs	<u>  X  </u> yes	_____ no	

Identification of major federal programs

<u>CFDA NUMBER(S)</u>	<u>Name of Federal Program or Cluster</u>
20.500 & 20.507	Federal Transit Cluster

Identification of major state programs

<u>STATE ID NUMBER(S)</u>	<u>Name of State Program</u>
395.104	Transit Operating Aids
395.516	WETAP
505.603	Beat Patrol Officers Grant
370.573	Recreational Boating Facilities

**CITY OF RACINE**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2005

**Section II: Financial Statement Findings**

**Finding 05-01:** **CFDA 20.500 & 20.507 Federal Transit Cluster**

**Criteria :** In accordance with Federal Transit Administration (FTA) guidelines, a physical inventory of equipment acquired with Federal awards should be taken every two years.

**Condition:** A physical inventory of equipment has not been completed since 2002.

**Questioned Cost:** Could not be determined.

**Effect:** Noncompliance with FTA requirements could result in the loss of funding for capital items.

**Recommendation:** We recommend that a physical inventory of equipment be performed in 2006.

**Corrective Action Plan:** A full Transit System capital asset inventory will be performed in 2006.

**Section III: Federal and State Award Findings and Questioned Costs**

**Finding 05-01:** **CFDA 20.500 & 20.507 Federal Transit Cluster**

See Section II above for details of finding 05-01.

**Section IV: Other Issues**

1. 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 \_\_\_\_\_ N/A
  
2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, 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 and Family Services	_____	yes	<u>  X  </u>	no	_____	N/A
Department of Workforce Development	_____	yes	<u>  X  </u>	no	_____	N/A
Department of Natural Resources	_____	yes	<u>  X  </u>	no	_____	N/A
Department of Transportation	_____	yes	<u>  X  </u>	no	_____	N/A
Department of Justice Assistance	_____	yes	<u>  X  </u>	no	_____	N/A
  
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? \_\_\_\_\_   X   yes \_\_\_\_\_ no \_\_\_\_\_ N/A
  
4. Name and signature of partner 
  


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 Donald N. Vilione, CPA, Partner
  
5. Date of report 


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 May 19, 2006

## **CITY OF RACINE**

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS For the Year Ended December 31, 2005**

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The following summary schedule of prior audit findings has been prepared by management of the City of Racine.

#### **Federal and State Award Findings and Questioned Costs**

##### **Finding 04-01: U.S. Department of Housing and Urban Development - Community Development Block Grant - 14.218**

Corrective action has been taken.