

CITY OF RACINE
Racine, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2010

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, 2010, which collectively comprise the City of Racine's basic financial statements and have issued our report thereon dated July 18, 2011. Our report includes a reference to 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. Other auditors audited the financial statements of the City of Racine Water and Wastewater Utilities and the Downtown Racine Business Improvement District #1, as described in our report on the City of Racine's financial statements. The financial statements of the City of Racine Water and Wastewater Utilities and 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 as a basis for designing our auditing procedures 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 Racine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Racine's internal control over financial reporting.

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 weaknesses* 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.

To the Mayor and Common Council
City of Racine

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in the City of Racine's internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Racine in a separate letter dated July 18, 2011.

This report is intended solely for the information and use of the City of Racine's Common Council, management, others within the entity, 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.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 18, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 City of Racine, 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*, that could have a direct and material effect on each of the City of Racine's major federal and major state programs for the year ended December 31, 2010. 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 the *State Single Audit Guidelines*. 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 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.

To the Mayor and Common Council
City of Racine

In our opinion, the City of Racine complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major federal or major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Racine'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to material weaknesses as defined above.

To the Mayor and Common Council
City of Racine

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, 2010, and have issued our report thereon dated July 18, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Racine's basic financial statements. Our report was modified to include a reference to other auditors who audited the financial statements of the City of Racine Water and Wastewater Utilities and the Downtown Racine Business Improvement District #1, as described in our report on the City of Racine financial statements. The accompanying Schedules of Expenditures of Federal and State Awards are presented for purposes of additional analysis as required by *OMB Circular A-133* and the *State Single Audit Guidelines* and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City of Racine's 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.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
September 26, 2011 except for the Schedules
of Expenditures of Federal and State Awards
as to which the date is July 18, 2011.

**Schedule of Expenditures of
Federal Awards Follows**

CITY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Revenues				Expenditures		
		(Accrued) Deferred Revenue 12/31/2009	Grantor Receipts	Accrued (Deferred) Revenue 12/31/2010	Local Revenue	Grantor	Local	Total
U.S. DEPARTMENT OF AGRICULTURE Passed through State of Wisconsin Department Health Services Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557*	\$ (29,182)	327,407	27,721	-	325,946	-	325,946
U.S. DEPARTMENT OF COMMERCE Passed through State of Wisconsin Department of Administration Coastal Management Program	11.419	(20,486)	47,278	-	-	26,792	-	26,792
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Community Development Block Grant Program	14.218	-	7,623	-	-	7,623	-	7,623
2003 Award		-	45	-	-	45	-	45
2004 Award		(5,826)	20,131	2,184	-	16,489	-	16,489
2005 Award		(56,566)	124,747	3,845	-	72,026	-	72,026
2007 Award		(348,300)	772,100	105,510	-	529,310	-	529,310
2009 Award		-	950,343	461,518	19,179	1,431,040	19,179	1,431,040
2010 Award		(332,159)	513,609	708	-	182,158	-	182,158
Community Development Block Grant Program-ARRA Passed through State of Wisconsin Department of Commerce Neighborhood Stabilization Program Total Community Development Block Grant Cluster	14.218	2,028 (740,823)	985,327 3,373,925	403,678 977,443	- 19,179	1,391,033 3,629,724	- 19,179	1,391,033 3,629,724
HOME Investment in Affordable Housing Emergency Shelter Grants Program	14.239 14.231	(52,253)	353,663	81,951	122,150	505,511	122,150	505,511
2008 Award		(4,195)	6,530	-	-	2,335	-	2,335
2009 Award		(51,551)	79,708	-	-	28,157	-	28,157
2010 Award		-	49,172	24,179	-	73,351	-	73,351
Passed through the City of Racine Redevelopment Authority HUD Economic Development Initiative	14.251*	-	-	342,000	-	342,000	-	342,000
Homeless Assistance Program (HPRP) - ARRA	14.257*	(11,737)	416,334	45,903	-	450,500	-	450,500

CITY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

Federal CFDA Number	Federal Grantor/Pass Through Grantor/Program Title	Revenues					Expenditures		
		(Accrued) Deferred Revenue 12/31/2009	Grantor Receipts	Accrued (Deferred) Revenue 12/31/2010	Local Revenue	Total Revenues	Grantor	Local	Total
U.S. DEPARTMENT OF JUSTICE									
	Passed through State of Wisconsin Department of Administration								
	Office of Justice Assistance								
16.744	Project Safe Neighborhood	(921)	25,921	-	-	25,000	-	25,000	
16.710*	COPS Hiring Recovery Program - ARRA	-	94,308	129,695	-	224,003	-	224,003	
16.738	2009 Justice Assistance Grant	46,424	-	(2,212)	-	44,212	-	44,212	
16.738	2010 Justice Assistance Grant	-	-	44,510	-	44,510	-	44,510	
16.804*	2009 Justice Assistance Grant-ARRA	(17,770)	84,344	109,268	-	175,842	-	175,842	
16.725	Weed and Seed	(27,506)	81,429	-	-	53,923	-	53,923	
16.737	Gang Resistance Education and Training (G.R.E.A.T)	19,322	-	-	-	19,322	-	19,322	
20.507*		-	2,472,545	-	-	2,472,545	-	2,472,545	
20.507*		(42,958)	102,510	191,626	-	251,178	-	251,178	
20.500*		(10,445)	10,445	-	-	-	-	-	
		(31,009)	31,009	27,124	-	27,124	-	27,124	
		(890,357)	890,357	-	-	-	-	-	
		(292,765)	292,320	-	-	(445)	-	(445)	
	Total Federal Transit Cluster	(1,267,534)	3,799,186	218,750	-	2,750,402	-	2,750,402	
20.205	Congestion Mitigation & Air Quality	(81,048)	128,682	-	-	47,634	-	47,634	
20.205	Congestion Mitigation & Air Quality	-	41,369	19,381	-	60,750	-	60,750	
20.205	Congestion Mitigation & Air Quality	(52,565)	-	52,565	-	-	-	-	
20.205	Congestion Mitigation & Air Quality	-	-	20,307	-	20,307	-	20,307	
20.232	Driver's License Program Improvement Grant	-	44,807	3,395	-	48,202	-	48,202	

CITY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

Federal Grantor/Pass Through Grantor/Program Title	Revenues						Expenditures		
	Federal CFDA Number	(Accrued) Deferred Revenue 12/31/2009	Grantor Receipts	Accrued (Deferred) Revenue 12/31/2010	Local Revenue	Total Revenues	Grantor	Local	Total
U.S. DEPARTMENT OF TRANSPORTATION (CONTINUED)									
Passed through State of Wisconsin									
Department of Transportation									
Highway Safety Cluster									
Surface Transportation Program (STP)-Hazard Elimination	20.600	\$ (144,000)	-	144,000	-	-	-	-	-
Pedestrian Safety	20.600	-	8,000	-	750	8,750	8,000	750	8,750
Alcohol Enforcement	20.600	(7,079)	54,584	6,175	-	53,680	53,680	-	53,680
CPS Car Seat	20.613	-	4,000	-	100	4,100	4,000	100	4,100
Total Highway Safety Cluster		(151,079)	66,584	150,175	850	66,530	65,680	850	66,530
U.S. ENVIRONMENTAL PROTECTION AGENCY									
Passed through State of Wisconsin									
Department of Natural Resources									
Beach Survey Grant	66.472	-	7,948	-	-	7,948	7,948	-	7,948
Passed through University of Wisconsin-Oshkosh									
Great Lakes Restoration Initiative	66.469	-	-	32,722	-	32,722	32,722	-	32,722
Passed through State of Wisconsin									
Department of Health Services	66.032	-	2,497	(2,027)	-	470	470	-	470
Consolidated Radon Program									
Energy Efficiency and Conservation Block Grant - ARRA	81.128*	(1,481)	450,332	50,692	9,643	509,166	499,543	9,643	509,166
U.S. DEPARTMENT OF ENERGY									
Fund for Improvement of Education	84.215	-	-	36,513	-	36,513	36,513	-	36,513
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES									
IDA-Assets for Independence Program	93.602	96,254	-	(86,254)	38,000	48,000	10,000	38,000	48,000
ARRA-Strengthening Communities Fund	93.711	(8,238)	66,017	58,123	-	115,902	115,902	-	115,902
Passed through State of Wisconsin									
Department of Health Services	93.069	-	29,971	7,165	3,000	40,136	37,136	3,000	40,136
Bio Terror-CDC Focus	93.069	(6,619)	23,975	-	-	17,356	17,356	-	17,356
Cities Readiness Initiative	96.069	(13,504)	177,520	-	-	164,016	164,016	-	164,016
PHER	93.197	(44,108)	118,923	1,079	-	75,894	75,894	-	75,894
CDC Lead									

CITY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

Federal CFDA Number	Federal Grantor/Pass Through Grantor/Program Title	Revenues					Expenditures		
		(Accrued) Deferred Revenue 12/31/2009	Grantor Receipts	Accrued (Deferred) Revenue 12/31/2010	Local Revenue	Total Revenues	Grantor	Local	Total
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)								
	Passed through State of Wisconsin								
	Department of Health Services (cont)								
	Immunization Cluster								
93.268	Childhood Immunization Grant	\$ 13,017	36,217	(14,082)	-	35,152	35,152	-	35,152
93.268	Pandemic Flu Grant	11,843	-	-	-	11,843	11,843	-	11,843
93.712	ARRA-Immunization	-	3,246	5,757	-	9,003	9,003	-	9,003
	Total Immunization Cluster	<u>24,860</u>	<u>39,463</u>	<u>(8,325)</u>	-	<u>55,998</u>	<u>55,998</u>	-	<u>55,998</u>
93.778	Maternal and Child Health Grant	2,071	4,554	(1,914)	-	4,711	4,711	-	4,711
93.940	Partner Referral (HIV) Services	-	-	8,700	-	8,700	8,700	-	8,700
93.991	Preventive Health & Health Services	-	12,855	(2,965)	-	9,890	9,890	-	9,890
93.994	Maternal and Child Health Grant	27,723	60,959	(25,612)	-	63,070	63,070	-	63,070
93.994	Preventive Health & Health Services	5,292	-	-	-	5,292	5,292	-	5,292
	U.S. DEPARTMENT OF HOMELAND SECURITY								
97.044*	Assistance to Firefighters Grant Program	-	-	52,622	46,800	99,422	52,622	46,800	99,422
97.044*	Assistance to Firefighters Grant Program	-	-	360,000	101,776	461,776	360,000	101,776	461,776
	Passed through the City of Milwaukee								
97.056	Port Security Grant Program	-	-	95,242	-	95,242	95,242	-	95,242
	Passed through State of Wisconsin Office of Justice								
97.067	Homeland Security Grant Program	-	246,533	-	-	246,533	246,533	-	246,533
97.067	Homeland Security Grant Program	(45,476)	45,476	-	-	-	-	-	-
97.067	Homeland Security Grant Program	(48,869)	48,869	-	-	-	-	-	-
97.067	Homeland Security Grant Program	(43,565)	43,565	-	-	-	-	-	-
	TOTAL FEDERAL AWARDS	<u>\$ (2,498,564)</u>	<u>10,400,104</u>	<u>2,820,792</u>	<u>341,398</u>	<u>11,063,730</u>	<u>10,722,332</u>	<u>341,398</u>	<u>11,063,730</u>

* Represents a major federal program.

See accompanying notes to Schedules of Expenditures of Federal and State Awards.

**Schedule of Expenditures of
State Awards Follows**

CITY OF RACINE

SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended December 31, 2010

State Agency/Program Title	State ID Number	Revenues					Expenditures		
		(Accrued) Deferred Revenue 12/31/2009	Grantor Receipts	Accrued (Deferred) Revenue 12/31/2010	Local Revenue	Total Revenues	Grantor	Local	
		\$							
WISCONSIN DEPARTMENT OF AGRICULTURE									
Prescription Drug Program	115.04	(6,592)	9,000	-	2,236	4,644	2,408	2,236	4,644
WISCONSIN DEPARTMENT OF NATURAL RESOURCES									
Invasive Species Grant	AIRR-087-10	-	-	1,035	-	1,035	1,035	-	1,035
WISCONSIN DEPARTMENT OF TRANSPORTATION									
Transit Operating Aids	395.104*								
2005 Award Year		(56,602)	-	56,602	-	-	-	-	-
2006 Award Year		(62,609)	-	62,609	-	-	-	-	-
2007 Award Year		(237,262)	175,324	61,938	-	-	-	-	-
2008 Award Year		(257,535)	-	257,535	-	-	-	-	-
2009 Award Year		(253,195)	-	149,698	-	(103,497)	(103,497)	-	(103,497)
2010 Award Year		-	2,018,745	601,157	-	2,619,902	2,619,902	-	2,619,902
WISCONSIN DEPARTMENT OF HEALTH SERVICES									
Infant Mortality	435.110	(87,621)	313,398	(30,201)	-	195,576	195,576	-	195,576
Consolidated Contract-WWWP CDC	435.157	73,351	77,462	(32,494)	-	118,319	118,319	-	118,319
Consolidated Contract-Childhood Lead	435.157	27,085	28,994	(14,606)	-	41,473	41,473	-	41,473
Tobacco Prevention and Control	435.158	44,358	-	-	75	44,433	44,358	75	44,433
Maternal and Child Health Grant	435.159	2,071	4,554	(1,914)	-	4,711	4,711	-	4,711
Passed through Kenosha County									
Tobacco Prevention and Control	435.157	-	25,466	(18,987)	3,788	10,267	6,479	3,788	10,267
WISCONSIN DEPARTMENT OF JUSTICE ASSISTANCE									
Youth Gang Diversion Program Grant	505.639*								
2008 Award Year		(80,564)	80,564	-	-	-	-	-	-
2009 Award Year		(17,780)	91,000	-	-	73,220	73,220	-	73,220
2010 Award Year		-	-	50,880	-	50,880	50,880	-	50,880
Beat Patrol Officers Grant	505.603 *	-	131,299	-	60,096	191,395	131,299	60,096	191,395
TOTAL STATE AWARDS		\$ (912,895)	2,955,806	1,143,252	66,195	3,252,358	3,186,163	66,195	3,252,358

* Represents a major state program.
See accompanying notes to Schedules of Expenditures of Federal and State Awards

CITY OF RACINE

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS Year Ended December 31, 2010

NOTE 1 – REPORTING ENTITY

The report on 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 – PAYMENTS MADE TO SUBRECIPIENTS

Of the federal expenditures presented in the schedules of expenditures of federal and state awards, the City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Number</u>	<u>to Subrecipients</u>
Project Safe Neighborhood	16.744	\$ 25,000
Homeless Assistance Program (HPRP) - ARRA	14.257	2,050
Community Development Block Grant Program-ARRA	14.253	50,890
HOME Investment in Affordable Housing	14.239	197,210
Emergency Shelter Grants Program	14.231	99,439
Community Development Block Grant Program	14.218	680,692
		<u>\$ 1,055,281</u>

CITY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

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
Significant deficiency(s) identified?	_____ yes	<u> X </u> none reported
Noncompliance material to 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
Significant deficiency(s) identified?	_____ 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)?	_____ yes	<u> X </u> no
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Dollar threshold used to distinguish between Type A and Type B programs	
Federal programs	\$ 321,670
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

CFDA NUMBER(S)

14.251
14.257
16.804
16.710
81.128
97.044
10.557

20.500 & 20.507

Name of Federal Program or Cluster

Economic Development Initiative
Homeless Assistance Program (HPRP) - ARRA
Justice Assistance Grant - ARRA
COPS Grant - ARRA
Energy Efficiency & Conservation Block Grant - ARRA
Assistance to Firefighters
Special Supplemental Nutrition Program for Women, Infants, and Children
Federal Transit Cluster - ARRA

Identification of major state programs

STATE ID NUMBER(S)

395.104
505.603
505.639

Name of State Program

Transit Operating Aids
Beat Patrol Officers Grant
Youth Gang Diversion Program Grant

CITY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended December 31, 2010

SECTION II: FINANCIAL STATEMENT FINDINGS

There were no findings required to be reported in accordance with Auditing Standards Generally Accepted in the United States of America.

SECTION III: FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs required to be reported.

CITY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

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, 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	_____	yes	<u> X </u>	no	_____	N/A
Department of Transportation	_____	yes	<u> X </u>	no	_____	N/A
Department of Natural Resources	_____	yes	<u> X </u>	no	_____	N/A
Department of Justice Assistance	_____	yes	<u> X </u>	no	_____	N/A
Department of Agriculture	_____	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


Wendi M. Unger, CPA, Partner

5. Date of report

September 26, 2011

CITY OF RACINE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2010

Finding 09- 01: Consolidated Annual Performance and Evaluation Report (CAPER)

CFDA # and Program Name

14.218 and 14.253 Community Development Block Grant Cluster

Criteria

Federal Regulation 24CFR 91.520 requires the City to submit its CAPER to the U.S. Department of Housing and Urban Development within 90 days of the program year end or April 1, 2010. The Regulations do not provide for exceptions to this requirement and therefore, the City cannot be granted a filing extension.

Condition/Context

The City of Racine did not submit the annual CAPER by the required due date of April 1, 2010.

Questioned Cost

None

Effect

Although the City could lose CDBG grant funding for noncompliance of the required reporting, neither 2009 nor 2010 funding is currently at risk.

Cause

In 2009, the City received ARRA funding which required increased administrative requirements causing a delay in year-end reporting procedures.

Recommendation

We recommend the City implement procedures to ensure that CAPER is filed timely.

Management's Response

The City's department of city development has contacted HUD directly to implement procedures that can be implemented during the year to expedite the report preparation at the end of the year. In addition, a finance department liaison has been assigned to the department of City development to monitor all HUD processes including the development of the CAPER.

Current Status

This finding has been resolved. The City has submitted 2010 CAPER timely.

CITY OF RACINE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended December 31, 2010

Finding 09-02: Disadvantaged Business Enterprise (DBE) Reporting

CFDA # and Program Name

20.500 and 20.507 Federal Transit Cluster

Criteria

Recipients of Department of Transportation CFDA 20.507 are required to implement a DBE program. To monitor the progress of the DBE program, the recipient is required to submit semi-annual reports based on a recordkeeping system (49 CFR section 26.11 and Appendix B to part 26).

Condition

Racine Transit did not submit semi-annual reports as required for the Disadvantaged Business Enterprise program in 2008.

Questioned Costs

None

Effect

Although Racine Transit could lose FTA grant funding for noncompliance of the required reporting, neither 2008 nor 2009 funding is currently at risk.

Cause

In May 2008, the Transit Manager left Racine Transit. As a result, the DBE reporting was overlooked.

Recommendation

We recommend Racine Transit file these required semi-annual reports for the DBE program.

Management's Response

The City is aware of the reporting requirements associated with the DBE program for the Racine Transit. The Transit planner has been assigned the task of filing all required DBE reports in a timely fashion. All required DBE reports for 2010 have been filed as required by the FTA.

Current Status

This finding has been resolved. All required DBE reports were filed timely in 2010.