

CITY OF RACINE
Racine, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2003

CITY OF RACINE

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VirchowKrause &company

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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 unit, each major fund and the aggregate remaining fund information of the City of Racine, Wisconsin as of and for the year ended December 31, 2003, which collectively comprise the City of Racine's basic financial statements and have issued our report thereon dated July 7, 2004. We did not audit the financial statements of the City of Racine Water and Wastewater Utilities, which represent 87% and 88%, 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, the 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 solely 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.

Compliance

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 grants, 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 that are required to be reported under *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 assurance 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 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 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. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Racine in a separated letter dated July 7, 2004.

To the Mayor and Common Council
City of Racine

This report is intended solely for the information and use of the Common Council, management, and federal and state awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Vicklow, Krause + Company, LLP

Milwaukee, Wisconsin
July 7, 2004



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND 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, 2003. 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, 2003.

To the Mayor and Common Council
City of Racine

Internal Control Over Compliance

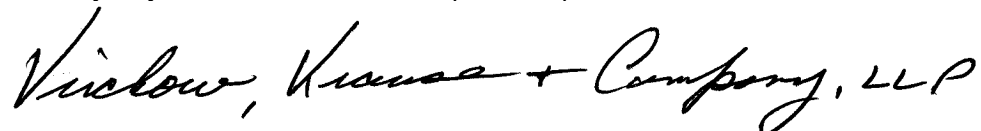
The management of the City of Racine is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Racine's 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 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 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 unit, each major fund and the aggregate remaining fund information of the City of Racine as of and for the year ended December 31, 2003, which collectively comprise the City of Racine's basic financial statements and have issued our report thereon dated July 7, 2004. We did not audit the financial statements of the City of Racine Water and Wastewater Utilities, which represent 87% and 88%, 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, the 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 solely 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 Common Council, management, and federal and state awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Milwaukee, Wisconsin
July 7, 2004

**Schedule of Expenditures of
Federal Awards Follows**

CITY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2003

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Revenues					Expenditures		
		(Accrued) Deferred Revenue 12/31/2002	Grantor Receipts	Accrued (Deferred) Revenue 12/31/2003	Local Revenue	Total Revenues	Grantor	Local	Total
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Passed through Health and Nutrition Services									
Special Supplemental Food Program - WIC	10.557	\$ (17,355)	\$ 151,368	\$ 36,490	\$ -	\$ 170,503	\$ 170,503	\$ -	\$ 170,503
Great Lakes Basin Program	10.902	-	10,000	(10,000)	-	-	-	-	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
Community Development Block Grant Program									
1996 Award	14.218	(1,805)	9,315	950	-	8,460	8,460	-	8,460
1997 Award		(2,450)	8,600	-	-	6,150	6,150	-	6,150
1998 Award		-	10,693	-	-	10,693	10,693	-	10,693
1999 Award		(35,334)	50,956	-	-	15,622	15,622	-	15,622
2000 Award		(1,917)	154,803	76,594	-	229,480	229,480	-	229,480
2001 Award		(55,649)	223,284	68,334	-	235,969	235,969	-	235,969
2002 Award		(224,314)	835,121	78,662	-	689,469	689,469	-	689,469
2003 Award		-	921,912	532,309	-	1,454,221	1,454,221	-	1,454,221
HOME Investment in Affordable Housing	14.239*	(333,582)	581,284	138,801	446,936	833,439	386,503	446,936	833,439
Emergency Shelter Grants Program									
2001 Award	14.231	-	-	273	-	273	273	-	273
2002 Award		(15,611)	56,415	-	-	40,804	40,804	-	40,804
2003 Award		-	19,499	19,904	-	39,403	39,403	-	39,403
Economic Development Initiative	14.246	33,015	-	-	-	33,015	33,015	-	33,015
Passed through State of Wisconsin									
Department of Health and Family Services									
HUD Lead Based Paint	14.900	(4,219)	7,500	5,719	-	9,000	9,000	-	9,000
U.S. DEPARTMENT OF JUSTICE									
Passed through Safe and Sound, Inc.									
Safe and Sound Program	16.540	(131,334)	200,000	57,684	-	126,350	126,350	-	126,350

CITY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2003

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 12/31/2002		(Deferred) Revenue 12/31/2003					
U.S. DEPARTMENT OF JUSTICE (CONT)									
Passed through the Department of Administration									
Office of Justice Assistance									
Gang/Crime Diversion Task Force	16.523	\$ (36,030)	\$ 101,545	\$ 31,954	\$ -	\$ 97,469	\$ 97,469	\$ -	\$ 97,469
Local Law Enforcement Block Grant									
16.592									
2000 Award Year		1,049	-	(1,049)	-	-	-	-	-
2001 Award Year		59,727	-	-	12,713	72,440	59,727	12,713	72,440
2002 Award Year		63,630	-	(63,630)	-	-	-	-	-
2003 Award Year		-	47,218	(47,218)	-	-	-	-	-
Weed and Seed	16.725	(72,431)	205,212	32,296	-	165,077	165,077	-	165,077
Passed through the Wisconsin									
Emergency Management									
Domestic Preparedness Program Grant	16.007	-	-	25,887	-	25,887	25,887	-	25,887
U.S. DEPARTMENT OF TRANSPORTATION									
Urban Mass Transportation Administration									
Operating Formula Grant									
20.507*									
2003 Award Year		-	-	1,832,267	-	1,832,267	1,832,267	-	1,832,267
Passed through State of Wisconsin									
Department of Transportation									
Capital Formula Grant									
20.507*									
1996 Award Year		(11,571)	11,571	-	-	-	-	-	-
1999 Award Year		(5,802)	19,615	7,177	-	20,990	20,990	-	20,990
2000 Award Year		(10,000)	20,000	-	-	10,000	10,000	-	10,000
2001 Award Year		(278,967)	375,441	-	-	96,474	96,474	-	96,474
Capital Formula Grant									
20.500*									
2000 Award Year		-	721	111,949	-	112,670	112,670	-	112,670
2001 Award Year		(151,943)	916,514	693,358	-	1,457,929	1,457,929	-	1,457,929
2002 Award Year		-	14,311	-	-	14,311	14,311	-	14,311

CITY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2003

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 12/31/2002		(Deferred) Revenue 12/31/2003					
U.S. DEPARTMENT OF TRANSPORTATION (CONT)									
Passed through State of Wisconsin									
Department of Transportation									
Surface Transportation Discretionary Program (STP)	20.500*	\$ -	\$ -	\$ 137,743	\$ -	\$ 137,743	\$ 137,743	\$ -	\$ 137,743
Congestion Mitigation & Air Quality	20.205	(471,316)	-	471,316	-	-	-	-	-
Congestion Mitigation & Air Quality	20.205	-	-	456,227	118,159	574,386	456,227	118,159	574,386
Transportation Enhancement Program	20.205	(48,000)	48,000	-	-	-	-	-	-
Click It Grant	20.600	(1,304)	6,000	-	-	4,696	4,696	-	4,696
Speedwave	20.600	(2,823)	7,822	-	-	4,999	4,999	-	4,999
Alcohol Enforcement	20.600	-	12,000	2,135	3,392	17,527	14,135	3,392	17,527
U.S. DEPARTMENT OF HOMELAND SECURITY									
Emergency Preparedness & Response Directorate	83.554	-	43,050	-	20,248	63,298	43,050	20,248	63,298
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Passed through State of Wisconsin									
Department of Health and Family Services									
Bio Terro-CDC Focus	93.283	16,006	2,000	2,000	-	20,006	20,006	-	20,006
Childhood Immunization Grant	93.268	4,442	57,291	-	-	61,733	61,733	-	61,733
TCB-Community Coalition	93.283	1,133	71,882	(15,860)	7,580	64,735	57,155	7,580	64,735
Lead Based Paint	93.197	(10,264)	108,393	1,183	-	99,312	99,312	-	99,312
Immunization Grant	93.558	(2,449)	12,228	-	-	9,779	9,779	-	9,779
Consolidated Contract-WWWP CDC	93.919	353	34,034	(6,010)	-	28,377	28,377	-	28,377
West Nile Virus Assessment and Control	93.283	(6,448)	8,470	197	-	2,219	2,219	-	2,219
CDC Tobacco Control	93.283	167	4,839	(1,896)	-	3,110	3,110	-	3,110

CITY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2003

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Revenues					Expenditures		
		(Accrued)	Grantor Receipts	Accrued	Local Revenue	Total Revenues	Grantor	Local	Total
		Deferred Revenue 12/31/2002		(Deferred) Revenue 12/31/2003					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONT)									
Passed through State of Wisconsin									
Department of Health and Family Services (cont.)									
Preventive Health & Health Services	93.991	\$ 1,719	\$ 20,214	\$ (1,790)	\$ -	\$ 20,143	\$ 20,143	\$ -	\$ 20,143
Maternal and Child Health Grant	93.778	312	5,233	(655)	-	4,890	4,890	-	4,890
Maternal and Child Health Grant	93.994	4,580	76,744	(9,601)	64,623	136,346	71,723	64,623	136,346
Passed through State of Wisconsin									
Department of Workforce Development									
Temporary Assistance by Needy Family (WETAP)	93.558	(2,152)	6,545	4,617	-	9,010	9,010	-	9,010
Passed through Racine County Division of Health									
Community Child Care Initiatives	93.596	-	55,000	-	-	55,000	55,000	-	55,000
Brighter Futures Initiative-Block Grants for									
Prevention & Treatment of Substance Abuse	93.959	(4,463)	21,233	8,168	708	25,646	24,938	708	25,646
Brighter Futures Initiative -Medical Assistance Program	93.558	(3,356)	15,964	6,141	532	19,281	18,749	532	19,281
TOTAL FEDERAL AWARDS		\$ (1,756,756)	\$ 5,569,840	\$ 4,682,626	\$ 674,891	\$ 9,170,601	\$ 8,495,710	\$ 674,891	\$ 9,170,601

* Represents a major federal program.

**Schedule of Expenditures of
State Awards Follows**

CITY OF RACINE

SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended December 31, 2003

State Agency/Program Title	State ID Number	Revenues					Expenditures		
		(Accrued) Deferred Revenue	Grantor Receipts	Accrued (Deferred) Revenue	Local Revenue	Total Revenues	Grantor	Local	Total
		12/31/2002		12/31/2003					
WISCONSIN DEPARTMENT OF NATURAL RESOURCES									
Beach E-Coli Study	370.419	\$ 1,460	\$ 13,514	\$ 2,400	\$ -	\$ 17,374	\$ 17,374	\$ -	\$ 17,374
Recreational Boating Facilities	370.573	(181,027)	239,033	-	-	58,006	58,006	-	58,006
Local Park Aids Program-Project #S-ADLP-ENUM4	370.421	(375,000)	375,000	-	510,131	510,131	-	510,131	510,131
Local Park Aids Program-Project #URGP-155	370.421	(105,000)	104,500	-	500	-	(500)	500	-
Local Park Aids Program-Project #S-ADLP-705E	370.421	(200,000)	-	375,000	238,699	413,699	175,000	238,699	413,699
Urban Non Point Source Abatement Program	370.658	(12,836)	12,836	11,822	12,117	23,939	11,822	12,117	23,939
Urban Non Point Source Abatement Program	370.658	-	-	76,287	32,642	108,929	76,287	32,642	108,929
WISCONSIN DEPARTMENT OF TRANSPORTATION									
Transit Operating Aids	395.104*								
1998 Award Year		(45,441)	-	45,441	-	-	-	-	-
1999 Award Year		(46,986)	-	46,986	-	-	-	-	-
2000 Award Year		(45,461)	-	45,461	-	-	-	-	-
2001 Award Year		(50,093)	-	50,093	-	-	-	-	-
2002 Award Year		(222,423)	-	195,469	-	(26,954)	(26,954)	-	(26,954)
2003 Award Year		-	1,806,186	196,902	-	2,003,088	2,003,088	-	2,003,088
Wisconsin Coach Lines	395.104*	-	496,495	55,166	-	551,661	551,661	-	551,661
WETAP-Transportation Demand Management	395.516*	(667)	2,029	1,431	-	2,793	2,793	-	2,793
WETAP-Job Access and Reserve Commute	395.516*	(9,252)	28,134	19,846	-	38,728	38,728	-	38,728
WISCONSIN DEPARTMENT OF HEALTH AND FAMILY SERVICES									
Cancer Control and Prevention Grant	435.153	(548)	5,034	393	5,296	10,175	4,879	5,296	10,175
Consolidated Contract-WWWP CDC	435.155	174	29,859	(5,330)	-	24,703	24,703	-	24,703
Consolidated Contract-WWWP CDC	435.157	323	323	-	-	646	646	-	646
Consolidated Contract-Childhood Lead	435.157	3,755	36,467	(3,436)	-	36,786	36,786	-	36,786
Maternal and Child Health Grant	435.159	312	5,233	(655)	-	4,890	4,890	-	4,890
Passed through Racine County Division of Health									
Brighter Futures-Medical Assistance Program	435.540	(2,177)	10,357	3,984	345	12,509	12,164	345	12,509
WISCONSIN DEPARTMENT OF JUSTICE ASSISTANCE									
Beat Patrol Officers Grant	505.207	-	123,942	-	159,479	283,421	123,942	159,479	283,421
TOTAL STATE AWARDS		\$ (1,290,887)	\$ 3,288,942	\$ 1,117,260	\$ 959,209	\$ 4,074,524	\$ 3,115,315	\$ 959,209	\$ 4,074,524

* Represents a major state program.

See accompanying notes to Schedule of Expenditures of Federal and State Awards

CITY OF RACINE

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS Year Ended December 31, 2003

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	\$1,722,653
20.507 Federal Transit – Formula Grants	<u>1,959,731</u>
Total	<u>\$3,682,384</u>

NOTE 5 – STATUS OF PRIOR YEAR FINDINGS

No findings of noncompliance were identified in the Single Audit Report for the year ended December 31, 2002.

CITY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended December 31, 2003

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	_____	X
Reportable condition(s) identified not considered to be material weaknesses?	_____	yes	_____	X
			_____	no
			_____	none reported
Noncompliance material to financial statements noted?	_____	yes	_____	X
			_____	no

Federal or State Awards

Internal control over major programs				
Material weakness(es) identified?	_____	yes	_____	X
Reportable condition(s) identified not considered to be material weaknesses?	_____	yes	_____	X
			_____	no
			_____	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	_____	X
			_____	no

Auditee qualified as low-risk auditee?				
Federal programs	_____	X	yes	_____
State programs	_____	X	yes	_____
				no
				no

Identification of major federal programs

CFDA NUMBER(S)

14.239
20.500 & 20.507

Name of Federal Program or Cluster

HOME Investment in Affordable Housing
Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs

\$ 300,000

Identification of major state programs

STATE ID NUMBER(S)

395.104
395.516

Name of State Program

Transit Operating Aids
WETAP

Dollar threshold used to distinguish between Type A and Type B programs

\$100,000

CITY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2003

Section II: Financial Statement Findings

There were no findings required to be reported in accordance with Generally Accepted Government Auditing Standards.

Section III: Federal and State Award Findings and Questioned Costs

There were no findings or questioned costs related to federal and state awards.

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 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



Donald N. Vilione, CPA, Partner

5. Date of report

July 7, 2004
