

COUNTY OF RACINE

Racine, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2015

COUNTY OF RACINE

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REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

To the Honorable Members of the Board of Supervisors
County of Racine
Racine, Wisconsin

We have audited, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Racine, Wisconsin as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County of Racine's basic financial statements and have issued our report thereon dated July 28, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, we consider to be a material weakness. This material weakness is item 2015-001.

To the Honorable Members of the Board of Supervisors
County of Racine

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Racine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Racine's Response to Finding

The County of Racine's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Racine's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Vichow Krause LLP

Milwaukee, Wisconsin
July 28, 2016

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

Independent Auditors' Report

To the Honorable Members of the Board of Supervisors
County of Racine
Racine, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

We have audited the County of Racine, Wisconsin's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the County of Racine's major federal and major state programs for the year ended December 31, 2015. The County of Racine's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Racine's major federal and major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance, and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about the County 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 on compliance for each major federal and major state program. However, our audit does not provide a legal determination of the County of Racine's compliance.

To the Honorable Members of the Board of Supervisors
County of Racine

Opinion on Each Major Federal and Major State Programs

In our opinion, the County of Racine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance or the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2015-002 and 2015-003. Our opinion on each major federal and major state program is not modified with respect to these matters.

County of Racine's Response to Findings

The County of Racine's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Racine's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County of Racine 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 the County of Racine's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County 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 a combination of deficiencies, in internal control over compliance such that there is 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-002 that we consider to be a significant deficiency.

To the Honorable Members of the Board of Supervisors
County of Racine

County of Racine's Response to Finding

The County of Racine's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Racine's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the *State Single Audit Guidelines*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Racine, Wisconsin as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County of Racine's basic financial statements. We issued our report thereon dated July 28, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Uniform Guidance and the *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly Vichow Krause LLP

Milwaukee, Wisconsin
September 27, 2016

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Entity	Pass-Through Entity Identification Number	Expenditures	Amounts Paid to Subrecipients
FEDERAL PROGRAMS					
U. S. Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	10.553	DPI	A546000000515370	\$ 26,257	\$ -
National School Lunch Program	10.555	DPI	A547000000515370	48,828	-
Total Child Nutrition Cluster				<u>75,085</u>	<u>-</u>
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Kenosha Co	284	593,930	-
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Kenosha Co	293	38,103	-
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Kenosha Co	298	211,907	-
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS	61	1,368	-
Subtotal				<u>845,308</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>920,393</u>	<u>-</u>
U.S. Department of Housing and Urban Development					
Community Development Block Grant/State's Program	14.228	DOA	N/A	50,000	50,000
Total U.S. Department of Housing and Urban Development				<u>50,000</u>	<u>50,000</u>
U.S. Department of Justice					
CEASE Grant	16.000	DOJ	N/A	873	-
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	DOJ	N/A	34,359	-
Violence Against Women Formula Grant	16.588	DOJ	N/A	72,388	-
Edward Byrne Memorial Justice Assistance Grant	16.738	Walworth Co	N/A	123,066	-
Edward Byrne Memorial Justice Assistance Grant	16.738	City of Racine	N/A	22,058	-
Edward Byrne Memorial Justice Assistance Grant	16.738	DOJ	N/A	91,852	-
Edward Byrne Memorial Justice Assistance Grant	16.738	DOJ	N/A	83,371	-
Subtotal				<u>320,347</u>	<u>-</u>
Crime Victim Assistance	16.575	DOJ	N/A	71,530	-
Enforcing Underage Drinking Laws Program	16.727	DOJ	N/A	-	-
Total U.S. Department of Justice				<u>499,497</u>	<u>-</u>

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Entity	Pass-Through Entity Identification Number	Expenditures	Amounts Paid to Subrecipients
FEDERAL PROGRAMS (cont.)					
U.S. Department of Labor					
WIA Cluster					
WIA/WIOA Adult Program	17.258	Kenosha Co	DWD-JC-RCWDC-WIA-14-15, DWD-JC-RCWDC-WIA-15-16	\$ 293,668	\$ -
WIA/WIOA - Admin	17.258	Kenosha Co	DWD-JC-RCWDC-WIA-14-15, DWD-JC-RCWDC-WIA-15-16	38,166	-
Subtotal				<u>331,834</u>	<u>-</u>
WIA/WIOA Youth Activities	17.259	Kenosha Co	DWD-JC-RCWDC-WIA-14-15, DWD-JC-RCWDC-WIA-15-16	482,572	-
WIA/WIOA - Admin	17.259	Kenosha Co	DWD-JC-RCWDC-WIA-14-15, DWD-JC-RCWDC-WIA-15-16	53,213	-
Subtotal				<u>535,785</u>	<u>-</u>
WIA/WIOA Dislocated Worker Formula Grants	17.278	Kenosha Co	DWD-JC-RCWDC-WIA-14-15, DWD-JC-RCWDC-WIA-15-16	372,558	-
WIA/WIOA - Admin	17.278	Kenosha Co	DWD-JC-RCWDC-WIA-14-15, DWD-JC-RCWDC-WIA-15-16	72,912	-
WIA/WIOA Dislocated Worker Special Response Grant	17.278	Kenosha Co	DWD-JC-RCWDC-WIA-14-15, DWD-JC-RCWDC-WIA-15-16	13,437	-
Subtotal				<u>458,907</u>	<u>-</u>
Total WIA Cluster				<u>1,326,526</u>	<u>-</u>
H-1B Job Training Grants	17.268	Kenosha Co	DWD-JC-RCWDC-WIA-15-16	31,797	-
H-1B Job Training Grants	17.268	Kenosha Co	DWD-JC-RCWDC-WIA-14-15	32,324	-
Subtotal				<u>64,121</u>	<u>-</u>
WIA/WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277	Kenosha Co	DWD-JC-RCWDC-WIA-15-16	12,751	-
WIA/WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277	Kenosha Co	DWD-JC-RCWDC-WIA-14-15	17,721	-
Subtotal				<u>30,472</u>	<u>-</u>
Workforce Innovation Fund	17.283	Kenosha Co	DWD-JC-RCWDC-WIA-14-15	23,226	-
Total U.S. Department of Labor				<u>1,444,345</u>	<u>-</u>

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Entity	Pass-Through Entity Identification Number	Expenditures	Amounts Paid to Subrecipients
FEDERAL PROGRAMS (cont.)					
U.S. Department of Transportation					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	DOT	ENHANCED MOBILITY	\$ 38,611	\$ -
Highway Safety Cluster					
State and Community Highway Safety	20.600	DOT	N/A	75,000	-
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	DOT	N/A	64,382	-
Occupant Protection Incentive Grant	20.602	DOT	N/A	15,600	-
Total Highway Safety Cluster				<u>154,982</u>	<u>-</u>
Hazardous Materials Emergency Preparedness Training and Planning Grants	20.703	DOT	N/A	4,539	-
Total U.S. Department of Transportation				<u>198,132</u>	<u>-</u>
U. S. Department of Education					
Birth to Three Initiative	84.181	DHS	N/A	214,155	-
Total U.S. Department of Education				<u>214,155</u>	<u>-</u>
U. S. Department of Health and Human Services					
Title III, Part D - Preventive Health	93.043	GWAAR	560510	13,080	-
Aging Cluster					
Title III, Part B - Grants for Supportive Services	93.044	GWAAR	560340	128,612	-
Title III, Part C - Nutrition Services	93.045	GWAAR	560350, 560360	304,846	-
Total Aging Cluster				<u>433,458</u>	<u>-</u>
Title III, Part E - National Family Caregiver Support	93.052	GWAAR	560520	58,378	-
Drug Free Communities Support Program Grants	93.276	DOJ	N/A	42,911	-
Drug Free Communities Support Program Grants	93.276	N/A	N/A	46,536	-
Subtotal				<u>89,447</u>	<u>-</u>
Affordable Care Act (ACA) Health Professional Opportunity Grant	93.093	Kenosha Co	DWD-JC-RCWDC-WIA-14-15	246,299	-
Substance Abuse and Mental Health Service - Strategic Prevention	93.243	DHS	81056	25,542	-
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505	DCF	1008	683,727	-
Promoting Safe and Stable Families	93.556	DCF	3306	53,679	-

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Entity	Pass-Through Entity Identification Number	Expenditures	Amounts Paid to Subrecipients
FEDERAL PROGRAMS (cont.)					
U. S. Department of Health and Human Services (cont.)					
Block Grants for Temporary Assistance for Needy Families					
Kinship Care Program Benefits	93.558	DCF	3377	\$ 892,802	\$ -
Kinship Care Program Assessments	93.558	DCF	3380	56,807	-
Fraud Prevention & Investigation	93.558	DCF	840	39,858	-
Children and Families Allocation	93.558	DCF	3561	267,539	-
Children and Families Allocation	93.558	DHS	N/A	485,907	-
Subtotal				<u>1,742,913</u>	<u>-</u>
Child Support Enforcement	93.563	DCF	7332 7474 7477 7506 7606 7608 7903	2,288,801	-
Low Income Home Energy Assistance Block Grant	93.568	DOA	AD1599971.51, AD1599971.52	223,479	223,479
Low Income Home Energy Assistance Block Grant	93.568	DOA	AD1599971.55, AD1599971.56	131,216	131,216
Subtotal				<u>354,695</u>	<u>354,695</u>
Child Care Mandatory and Matching Funds	93.596	DCF	0831	137,940	-
Child Care Mandatory and Matching Funds	93.596	DCF	0852	661,869	-
Subtotal				<u>799,809</u>	<u>-</u>
Chafee Education and Training Vouchers Program	93.599	DCF	3398	1,511	-
Stephanie Tubbs Jones Child Welfare Services Program					
Child Welfare Service Grants - State Grants	93.645	DCF	3561	139,850	-
Youth Aids - State	93.645	DOC	AAC6DC93DC7E	5,264	-
Youth Aids - Basic Community	93.645	DOC	AAC6DC93DC7E	29,600	-
Youth Aids - AODA	93.645	DOC	AAC6DC93DC7E	723	-
Subtotal				<u>175,437</u>	<u>-</u>
Foster Care - Title IV-E	93.658	DCF	3561	866,460	-
Foster Care - Title IV-E	93.658	DOC	3574	43,605	-
Foster Care - Title IV-E	93.658	DOC	AAC6DC93DC7E	8,774	-
Foster Care - Title IV-E	93.658	DOC	AAC6DC93DC7E	49,335	-
Foster Care - Title IV-E	93.658	DOC	AAC6DC93DC7E	1,206	-
Foster Care - Title IV-E	93.658	DCF	3554	37,668	-
Foster Care - Title IV-E	93.658	DCF	3324	500	-
Subtotal				<u>1,007,548</u>	<u>-</u>

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Entity	Pass-Through Entity Identification Number	Expenditures	Amounts Paid to Subrecipients
FEDERAL PROGRAMS (cont.)					
U. S. Department of Health and Human Services (cont.)					
Social Services Block Grant					
Social Services Block Grant - Children & Families Allocation	93.667	DCF	3561	\$ 382,763	\$ -
Social Services Block Grant - Children & Families Allocation	93.667	DHS	561	895,021	-
Aging & Disability Resource Center	93.667	DHS	560100	3,071	-
Subtotal				<u>1,280,855</u>	<u>-</u>
Chafee Foster Care Independence Program	93.674	DCF	3360	42,974	-
Children's Health Insurance Program	93.767	Kenosha Co	284, 293, 298	106,116	-
Medical Assistance Program	93.778	Kenosha Co	284, 293, 298	955,244	-
Medical Assistance Program	93.778	DHS	560081	37,111	-
Medical Assistance Program	93.778	DHS	560087	572,738	-
Medical Assistance Program	93.778	DHS	560091	157,833	-
Medical Assistance Program	93.778	DHS	Not found	224,838	-
Medical Assistance Program	93.778	DHS	872	326,497	-
Medical Assistance Program	93.778	DHS	875	833,942	-
Medical Assistance Program	93.778	DHS	878	16,271	16,271
Medical Assistance Program	93.778	DHS	881	40,749	40,749
Medical Assistance Program	93.778	DHS	62	(1,172)	-
Medical Assistance Program	93.778	GWAAR		6,593	-
Subtotal				<u>3,170,644</u>	<u>57,020</u>
Block Grants for Community Mental Health Services					
Coordinated Services	93.958	DHS	515	2,707	-
Mental Health Block Grant	93.958	DHS	569	100,488	-
Subtotal				<u>103,195</u>	<u>-</u>
Block Grants for Prevention and Treatment of Substance Abuse					
Coordinated Services	93.959	DHS	515	412	-
IDP Enhancement Grant	93.959	DHS	81039	29,045	-
Alcohol and Other Drug Abuse (AODA) Block Grant	93.959	DHS	570	323,177	-
Intravenous Drug Abuse Treatment	93.959	DHS	585	23,123	-
AODA Inner City Services	93.959	DHS	589	49,241	-
Brighter Future Initiative	93.959	DCF	3540	21,722	-
Subtotal				<u>446,720</u>	<u>-</u>
Total U.S. Department of Health and Human Services				<u>13,124,828</u>	<u>411,715</u>

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Entity	Pass-Through Entity Identification Number	Expenditures	Amounts Paid to Subrecipients
FEDERAL PROGRAMS (cont.)					
U. S. Department of Homeland Security					
Emergency Management Performance Grant	97.042	DMA	116677	\$ 99,631	\$ -
Total U.S. Department of Homeland Security				<u>99,631</u>	<u>-</u>
TOTAL FEDERAL PROGRAMS				<u>\$ 16,550,981</u>	<u>\$ 461,715</u>

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	State ID Number	Pass- Through Entity	Pass-Through Entity Identification Number	Expenditures
STATE PROGRAMS				
Wisconsin Department of Agriculture, Trade and Consumer Protection				
County Staff and Support	115.150	N/A	N/A	\$ 137,748
Land and Water Resource Management	115.400	N/A	N/A	<u>110,605</u>
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection				<u>248,353</u>
Wisconsin Department of Natural Resources				
Recreational Boating Facilities Grants	370.TA1573	N/A	N/A	231,293
Water Safety Aid	370.550	N/A	N/A	39,020
Snowmobile Trail Areas	370.575	N/A	N/A	<u>50,233</u>
Total Wisconsin Department of Natural Resources				<u>320,546</u>
Wisconsin Department of Transportation				
Transportation Management Plan	395.1035	N/A	N/A	130,462
Elderly and Handicapped County Aids	395.101	N/A	N/A	<u>448,244</u>
Total Wisconsin Department of Transportation				<u>578,706</u>
Wisconsin Department of Corrections				
Windows to Work	410.112	Kenosha Co	DWD-JC-RCWDC-WIA-14-15 DWD-JC-RCWDC-WIA-	77,619
Community Intervention Program	410.302	N/A	N/A	104,673
Community Intervention Program	410.302	N/A	N/A	<u>43,923</u>
Subtotal				<u>148,596</u>
Early Intervention	410.313	N/A	N/A	59,805
Youth Aids	410.313	N/A	N/A	<u>3,859,411</u>
Subtotal				<u>3,919,216</u>
Total Wisconsin Department of Corrections				<u>4,145,431</u>

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	State ID Number	Pass- Through Entity	Pass-Through Entity Identification Number	Expenditures
STATE PROGRAMS (cont.)				
Wisconsin Department of Health Services				
Infant Mortality-Racine	435.110130	City of Racine	110190	\$ 269,193
IMAA State Share	435.283	Kenosha Co	283	809,646
IMAA State Share Supp	435.292	Kenosha Co	292	82,507
IMAA Federal Share Supp	435.293	Kenosha Co	293	512
IMAA State Share ACA	435.297	Kenosha Co	297	458,872
IMAA Federal Share ACA	435.298	Kenosha Co	298	2,845
Adult Protective Services	435.312	N/A	N/A	214,490
Community Options Program	435.367	N/A	N/A	878,816
Alzheimer's Family Support	435.381	N/A	N/A	58,512
Coordinated Services	435.515	N/A	N/A	19,932
Certified Mental Health Program	435.517	N/A	N/A	100,300
Non-Resident Reimbursement	435.531	N/A	N/A	12,250
Birth to Three Initiative	435.550	N/A	N/A	205,674
Basic County Allocation	435.561	N/A	N/A	5,239,058
Family Support	435.577	N/A	N/A	156,912
FPI NON-FED	435.600	N/A	N/A	36,922
Base County Allocation - State Match	435.681	N/A	N/A	375,563
TPA CLTS Other GPR	435.871	N/A	N/A	224,297
TPA CLTS Autisum GPR	435.874	N/A	N/A	597,877
CLTS Other CWA Admin GPR	435.877	N/A	N/A	16,271
CLTS Autism CWA Admin GPR	435.880	N/A	N/A	40,749
Aging & Dis Resource Ctr	435.560010	N/A	N/A	1,056,000
Benefit Specialist County	435.560320	GWAAR	560320	26,800
Senior Community Svs Prog	435.560330	GWAAR	560330	13,034
Title 3C-1 Cong Meal Prog	435.560350	GWAAR	560350	244,234
Title 3C-2 Home Meals	435.560360	GWAAR	560360	21,347
Elder Abuse Service	435.560490	GWAAR	560490	65,013
Total Wisconsin Department of Health Services				<u>11,227,626</u>

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	State ID Number	Pass- Through Entity	Pass-Through Entity Identification Number	Expenditures
STATE PROGRAMS (cont.)				
Wisconsin Department of Children and Families				
Children First	437.265	N/A	N/A	\$ 274,345
Adam Walsh Foster/Adoptive Parent Fingerprinting	437.3324	N/A	N/A	1,352
Brighter Future Initiative	437.3540	N/A	N/A	25,501
Basic County Allocation	437.3561	N/A	N/A	1,383,600
Basic County Allocation Overmatch	437.3681	N/A	N/A	242,033
CS State GPR Funding/PR Funding Allocation	437.7502	N/A	N/A	<u>408,334</u>
Total Wisconsin Department of Children and Families				<u>2,335,165</u>
Wisconsin Department of Justice				
Victim Witness	455.532	N/A	N/A	<u>188,784</u>
Wisconsin Department of Military Affairs				
Emergency Planning Grant	465.337	N/A	N/A	<u>39,652</u>
Total Wisconsin Department of Military Affairs				<u>39,652</u>
Wisconsin Department of Administration				
WLIP Training	505.166	N/A	N/A	1,000
State Task Force Operation	505.630	City of Racine	N/A	86,616
Public Benefits	505.371	N/A	N/A	<u>206,913</u>
Total Wisconsin Department of Administration				<u>294,529</u>
TOTAL STATE PROGRAMS				<u>\$ 19,378,792</u>

COUNTY OF RACINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the “schedule”) includes the federal and state grant activity of the County of Racine under programs of the federal and state government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the County of Racine, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Racine.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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

NOTE 3 – CARS/CORE REPORT DATES

The Schedule of Expenditures of Federal and State Awards includes adjustments through the June 1, 2016 Community Aids Reporting System (CARS) reports and the December 31, 2015 CORE report.

COUNTY OF RACINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2015

NOTE 4 – PASS-THROUGH ENTITIES

Federal awards have been passed through the following entities:

DPI – Wisconsin Department of Public Instruction
DHS – Wisconsin Department of Human Services
Kenosha Co – Kenosha County, Wisconsin
DOA – Wisconsin Department of Administration
DOJ – Wisconsin Department of Justice
Walworth Co – Walworth County, Wisconsin
City of Racine – City of Racine, Wisconsin
DOT – Wisconsin Department of Transportation
DCF – Wisconsin Department of Children and Families
DOC – Wisconsin Department of Corrections
DMA – Wisconsin Department of Military Affairs
GWAAR – Greater Wisconsin Agency on Aging Resources

NOTE 5 – INDIRECT COST RATE

The County of Racine has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: *unmodified*

Internal control over financial reporting:

- > Material weakness(es) identified? X yes no
- > Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

FEDERAL AND STATE AWARDS

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance? X yes no

Auditee qualified as low-risk auditee? yes X no yes X no

Dollar threshold used to distinguish between federal type A and type B programs: \$ 750,000

Dollar threshold used to distinguish between Wisconsin Department of Health Services type A and type B programs: \$ 336,829

Dollar threshold used to distinguish between other state type A and type B programs \$ 250,000

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION I – SUMMARY OF AUDITORS' RESULTS (cont.)

FEDERAL OR STATE AWARDS (cont.)

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.558	Block Grants for Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.778	Medical Assistance Program

Identification of major state programs:

<u>State ID Numbers</u>	<u>Name of State Program</u>
395.101	Elderly and Handicapped County Aids
410.313	Youth Aids
435.283	IMAA State Share
435.297	IMAA State Share ACA
435.367	Community Options Program
435.561	Basic County Allocation
435.681	Base County Allocation – State Match
435.871	TPA CLTS Other GPR
435.874	TPA CLTS Autism GPR
435.877	CLTS Other CWA Admin GPR
435.880	CLTS Autism CWA Admin GPR
435.560010	Aging and Disability Resource Center
437.265	Children First
437.3561	Basic County Allocation
437.3681	Basic County Allocation Overmatch
437.7502	CS State GPR/PR Funding Allocation

The following federal programs were tested as major programs according to the requirements of the *State Single Audit Guidelines*:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.778	Medical Assistance Program – Case Management

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

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

FINDING 2015-001: INTERNAL CONTROL OVER FINANCIAL REPORTING

Material Journal Entries, SEFA Changes, and Preparation of Financial Statements

Criteria: AU-C Section 265 requires auditors to report a material weakness if material journal entries are identified by the auditors, material changes are made to the schedule of expenditures of federal and state awards, or the auditor prepares the annual financial statements and footnotes.

Condition/Context: Material journal entries were identified during the course of the audit. Also, material changes to the schedule of expenditures of federal and state awards were identified and we, as your auditors, prepared the County's annual financial statements.

Cause: Due to limited resources, County staff was not able to identify certain adjustments to the County's books and to the schedule of expenditures of federal and state awards and the County contracted with the auditors to prepare the financial statements.

Effect: The financial statements need to contain all of the required disclosures and account balances without material changes by the auditors. In addition, the schedule of expenditures of federal and state awards prepared by the County contained material misstatements.

Questioned Costs: None noted.

Recommendation: We recommend that the County put in place procedures in order to reduce the risk of material adjustments as well as determining if resources would be available to prepare a complete set of financial statements and the schedule of expenditures of federal and state awards.

Management's Response: The County is currently in the process of implementing a new financial management system and has evaluated existing policies and procedures related to internal controls over federal and state awards as part of the implementation. The new system features additional enhancements which allow for greater control and review over internal procedures, and will allow staff to better identify required disclosures and proper account balances. The software implementation made resources very limited during the 2015 audit, but as the new software goes live in 2017, staff will be more appropriately allocated to prepare the County's financial statements and schedule of expenditures of federal and state awards.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

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

FINDING 2015-002

Federal CFDA Number and Title: 93.563 Child Support
State ID Number and Title: 437.7502 CS State GPR/PR Funding Allocation
Federal Grantor: United States Department of Health and Human Services
Pass Through Agency: Wisconsin Department of Children and Families
Pass Through Entity ID Numbers: 7332, 7474, 7477, 7506, 7606, 7608, 7903

Criteria: Per 2 CFR 200.309 a non-federal entity may charge to the federal award only allowable costs incurred during the period of performance. Proper controls should be in place to ensure expenditures are reported in the appropriate accounting and grant period.

Condition/Context: During testing of a sample of 11 expenditures that occurred near the beginning and end of the period of performance, a payment was made to a service provider in January of 2015 that related to services provided in December of 2014. This amount was recorded as an expenditure in 2015. The sample was not statistically valid.

Cause: The expenditure was for an allowable cost, however, it related to a prior period and was not accrued. The cause is not known.

Effect: The expenditure was not recorded in the correct accounting period, causing 2014 expenditures to be understated and 2015 expenditures to be overstated.

Questioned Costs: Total questioned costs related to CFDA No. 93.563 are \$510. This amount represents the 2014 services paid and recorded in 2015.

Recommendation: We recommend that all expenses be reviewed to ensure they are being recorded in the proper period. This is most relevant at the beginning and end of the grant period.

Management's Response: The charge to CFDA No. 93.563 for \$510 in 2015 was made erroneously as the expense was incurred in 2014 and should have been charged to 2014. This type of error would normally be discovered during the expense review process. The County has a procedure in place to review all expenditures to ensure they are recorded in the appropriate accounting and grant period, and this procedure is communicated to staff as a reminder at the beginning and end of a year. This procedure will be reviewed with staff, and closer attention will be given to beginning and end of year expenditures going forward.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2015-003

State ID Number and Title: N/A General Requirements
State Grantors: Wisconsin Department of Children and Families

Criteria: Program requirements as identified in the Department of Children and Family Services General Requirements identify specific tests that auditors should perform related to the Random Moment Sampling (RMS) system. Those procedures include verifying documentation supporting the RMS responses provided by the County.

Condition/Context: Out of 40 responses tested, we found that two responses did not contain supporting documentation for the date and time of the responses. The sample was not a statistically valid sample.

Cause: The County did not ensure that RMS responses were properly documented and supported.

Effect: The caseworker could be working on a different program than what the RMS sample states which could result in the inaccurate allocation of expenditures to affected programs.

Questioned Costs: None noted.

Recommendation: We recommend internal review of procedures for ensuring that RMS responses are supported by underlying records.

Management's Response: The Income Maintenance Consortium regularly provides individual, group and Consortium trainings which are relevant to the operations and workload management. After addressing the specific employees that failed to document their work, we'll ensure that a reminder is sent by the Consortium Workload Coordinator to all staff regarding the importance of well documented RMS responses. We have a large workload and staffing levels are challenging, however we are certain that by addressing the importance and role of proper responses, which is one of the simplest tasks a worker may have, their actions will be rectified.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2014

SECTION IV – OTHER ISSUES

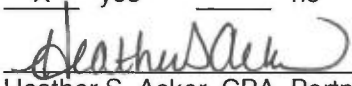
Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? yes X no

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Health Services	<u> </u>	yes	<u> X </u>	no
Department of Children and Families	<u> X </u>	yes	<u> </u>	no
Department of Corrections	<u> </u>	yes	<u> X </u>	no
Department of Agriculture, Trade and Consumer Protection	<u> </u>	yes	<u> X </u>	no
Department of Justice	<u> </u>	yes	<u> X </u>	no
Department of Military Affairs	<u> </u>	yes	<u> X </u>	no
Department of Transportation	<u> </u>	yes	<u> X </u>	no
Department of Administration	<u> </u>	yes	<u> X </u>	no
Department of Natural Resources	<u> </u>	yes	<u> X </u>	no

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

Name and signature of partner


Heather S. Acker, CPA, Partner

Date of report

September 27, 2016