

# **COUNTY OF RACINE**

Racine, Wisconsin

## **REPORT ON FEDERAL AND STATE AWARDS**

For the Year Ended December 31, 2016

# 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, 2016, 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 31, 2017.

**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 2016-001.

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 Virchow Krause, LLP*

Milwaukee, Wisconsin  
July 31, 2017

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 THE 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, 2016. 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 Program***

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, 2016.

### ***Other Matter***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance or the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 2016-003. Our opinion on each major federal and major state program is not modified with respect to this matter.

### **County of Racine's Response to Findings**

The County of Racine's response to the noncompliance 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.

### **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 2016-002 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, 2016, 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 31, 2017, 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 Virchow Krause, LLP*

Milwaukee, Wisconsin  
September 26, 2017

**RACINE COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>FEDERAL PROGRAMS</b>					
<b>U. S. Department of Agriculture</b>					
Child Nutrition Cluster					
School Breakfast Program	10.553	DPI	515370	\$ 26,666	\$ -
National School Lunch Program	10.555	DPI	515370	<u>45,309</u>	<u>-</u>
Total Child Nutrition Cluster				<u>71,975</u>	<u>-</u>
SNAP Cluster					
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS	277, 284	<u>605,666</u>	<u>-</u>
Total SNAP Cluster				<u>605,666</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>677,641</u>	<u>-</u>
<b>U.S. Department of Housing and Urban Development</b>					
Community Development Block Grant/State's Program	14.228	DOA	B15-DC-55-0001	<u>50,000</u>	<u>50,000</u>
Total U.S. Department of Housing and Urban Development				<u>50,000</u>	<u>50,000</u>
<b>U.S. Department of Justice</b>					
CEASE Grant (Drug Enforcement Administration)	16.000	DOJ	1887	1,418	-
Edward Byrne Grant (Federal task Force Operations)	16.738	DOJ	2016-DJ-1-11711	123,304	84,124
Edward Byrne Grant (Courtroom Security Grant)	16.738	CITY OF RACINE	RACINE CITY GRANT	17,444	-
OJA - Edward Byrne Memorial Formula Grant (Vets Treatment Court)	16.738	DOJ	11641	166,680	-
OJA - Edward Byrne Memorial Formula Grant (TAD)	16.738	DOJ	11642	<u>92,494</u>	<u>-</u>
Subtotal				<u>399,922</u>	<u>84,124</u>
Total U.S. Department of Justice				<u>401,340</u>	<u>84,124</u>

See notes to schedule of expenditures of federal and state awards.



**RACINE COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>FEDERAL PROGRAMS (cont.)</b>					
<b>U.S. Department of Labor WIA/WIOA</b>					
WIA/WIOA Cluster					
WIA/WIOA Adult Program	17.258	Kenosha Co/DWD	DWD-JC-RCWDC-WIAO-15-16	\$ 314,030	\$ -
WIA/WIOA Youth Activities	17.259	Kenosha Co/DWD	DWD-JC-RCWDC-WIAO-15-16	571,109	-
WIA/WIOA Dislocated Worker Formula Grants	17.278	Kenosha Co/DWD	DWD-JC-RCWDC-WIAO-15-16	417,206	-
Total WIA/WIOA Cluster				<u>1,302,345</u>	<u>-</u>
Total U.S. Department of Labor				<u>1,302,345</u>	<u>-</u>
<b>U.S. Department of Transportation</b>					
Highway Safety Cluster					
State and Community Highway Safety (Alt to Incarceration)	20.600	DOT	n/a	79,166	-
Alcohol Impaired Driving Countermeasures Grants	20.601	DOT	FG-2015-RACINE-C-02663	79,175	5,734
Occupant Protection Incentive Grant (Seatbelt Enforcement)	20.602	DOT	FG-2016-RACINE-C-03405	43,913	3,849
Total Highway Safety Cluster				<u>202,254</u>	<u>9,583</u>
Transit Services Programs Cluster					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	DOT	1245-2016-1	43,536	-
Total Transit Services Programs Cluster				<u>43,536</u>	<u>-</u>
Occupant Protection Incentive Grant (Speed Enforcement)	20.603	DOT	FG-2016-RACINE-C-03516	44,065	-
Hazardous Materials Emergency Preparedness Training	20.703	DOT	PDMC-PL-05-WI-2014-003	7,500	-
Total U.S. Department of Transportation				<u>297,355</u>	<u>9,583</u>
<b>U.S. Department of Education</b>					
Special Education-Grants for Infants and Families	84.181	DHS	550	213,945	-
Total U.S. Department of Education				<u>213,945</u>	<u>-</u>

See notes to schedule of expenditures of federal and state awards.

**RACINE COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>FEDERAL PROGRAMS (cont.)</b>					
<b>U. S. Department of Health and Human Services</b>					
Title III, Part F - Preventive Health	93.043	GWAAR	560510	\$ 13,053	\$ -
Aging Cluster					
Special Programs for the Aging_ Title III, Part C	93.044	GWAAR	560340	125,400	-
Title III, Part C - Nutrition Services	93.045	GWAAR	560350, 560360	<u>324,113</u>	-
Total Aging Cluster				<u>449,513</u>	-
National Family Caregiver Support, Title III, Part E					
Substance Abuse and Mental Health Service - Projects of Regional and National Significance	93.052	GWAAR	560520	61,801	-
	93.243	DHS	81056	16,362	-
High Intensity Drug Traffic Area DOJ Grant					
Anti-Heroin Task Force Grant	93.276	DHS	4040-0014	52,645	1,150
	93.276	DHS	455COPSHEROIN 15	<u>68,985</u>	<u>56,815</u>
Subtotal				<u>121,630</u>	<u>57,965</u>
Home Visiting Program					
Promoting Safe and Stable Families	93.505	DCF	1008	149,109	-
	93.556	DCF	3306	66,620	-
TANF Cluster					
Block Grants for Temporary Assistance for Needy Families	93.558	DHS	561	504,776	-
Block Grants for Temporary Assistance for Needy Families	93.558	DCF	852, 3377, 3380	<u>1,463,157</u>	-
Total TANF Cluster				<u>1,967,933</u>	-
Child Support Enforcement					
Low Income Home Energy Assistance Block Grant	93.563	DCF	701, 7332, 7477, 7502, 7506, 7606	2,177,449	-
	93.568	DOA	AD1599971.51	408,039	408,039
CCDF Cluster					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	831, 840, 852	<u>604,677</u>	-
Total CCDF Cluster				<u>604,677</u>	-

See notes to schedule of expenditures of federal and state awards.

**RACINE COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>FEDERAL PROGRAMS (cont.)</b>					
<b>U. S. Department of Health and Human Services (cont.)</b>					
Chafee Education and Training Vouchers Program	93.599	DCF	3398	\$ 314	\$ -
Foster Care - Title IV-E	93.658	DCF	3396, 3561, 3554, 3681	1,348,793	-
ARRA-Adoption Assistance	93.659	DCF	3574	44,466	-
Social Services Block Grant	93.667	DHS	561	1,009,553	-
Chafee Foster Care Independence Program	93.674	DCF	3360	43,153	-
Children's Health Insurance Program	93.767	DHS	277, 284	79,300	-
Medicaid Cluster					
Medical Assistance Program	93.778	DHS	277, 284, 560081, 560087, 560091	1,875,261	-
Medical Assistance Program - CLTS	93.778	DHS	878, 881	1,081,317	-
Medical Assistance Program - WIMCR	93.778	DHS	n/a	<u>147,908</u>	-
Medicaid Cluster Total				<u>3,104,486</u>	-
Block Grants for Community Mental Health Services	93.958	DHS	515, 569	105,039	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	81039, 515, 570, 586, 589	<u>595,185</u>	-
Total U.S. Department of Health and Human Services				<u>12,366,475</u>	<u>466,004</u>
<b>U. S. Department of Homeland Security</b>					
Emergency Management Performance Grant	97.042	DMA	116677	<u>92,261</u>	-
Total U.S. Department of Homeland Security				<u>92,261</u>	-
<b>TOTAL FEDERAL PROGRAMS</b>				<u>\$ 15,401,362</u>	<u>\$ 609,711</u>

See notes to schedule of expenditures of federal and state awards.

**RACINE COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Program Title	State ID Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>STATE PROGRAMS</b>					
<b>Wisconsin Department of Agriculture, Trade and Consumer Protection</b>					
County Staff and Support	115.150	N/A	9214-16-52-00	\$ 132,436	\$ -
Land and Water Resource Management	115.400	N/A	9214-16-52-00	<u>100,318</u>	<u>-</u>
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection				<u>232,754</u>	<u>-</u>
<b>Wisconsin Department of Natural Resources</b>					
Wildlife Damage Claim and Abatement	370.553	N/A	14 7255 0044 RA	1,953	-
Water Safety Aid	370.550	N/A	71943.000000	35,454	-
Recreational Aids - Snowmobile Trail and Area	370.485	N/A	S4768	<u>36,884</u>	<u>36,884</u>
Total Wisconsin Department of Natural Resources				<u>74,291</u>	<u>36,884</u>
<b>Wisconsin Department of Transportation</b>					
Elderly and Handicapped County Aids	395.101	N/A	N/A	<u>439,347</u>	<u>-</u>
Total Wisconsin Department of Natural Resources				<u>439,347</u>	<u>-</u>
<b>Wisconsin Department of Health Services</b>					
Infant Mortality-Racine	435.11019	CITY OF RACINE	110190	189,136	-
IMAA State Share ACA CY	435.276	N/A	276	23,589	-
IMAA Fed Share ACA CY	435.277	N/A	277	160	-
IMAA State Share	435.283	N/A	283	1,614,439	-
IMAA Federal Share	435.284	N/A	284	9,854	-
Adult Protective Services	435.312	N/A	312	214,490	-
Children's Cop	435.377	N/A	377	182,267	-
Alzheimer's Family Support	435.381	N/A	381	76,954	-
Coordinated Services County	435.515	N/A	515	23,658	-

See notes to schedule of expenditures of federal and state awards.

**RACINE COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Program Title	State ID Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>STATE PROGRAMS (cont.)</b>					
<b>Wisconsin Department of Health Services (cont.)</b>					
Community Mental Health	435.516	N/A	516	\$ 963,375	\$ -
IMD Rebalancing INIT	435.518	N/A	518	17,334	-
Birth to Three Initiative	435.550	N/A	550	205,884	-
Basic County Allocation	435.561	N/A	561	5,696,761	-
Base County Allocation - State Match	435.681	N/A	681	361,856	-
CLTS Other GPR	435.871	N/A	871	280,688	-
CLTS Autism GPR	435.874	N/A	874	491,011	-
CLTS Other CWA Admin GPR	435.877	N/A	877	20,290	-
IM REG PILOT Second 6MTHS	435.880	N/A	880	35,481	-
CLTS Autism CWA Admin FED	435.881	N/A	881	6,263	-
Aging & Dis Resource Ctr	435.560100	GWAAR	560100	1,200,662	-
Benefit Specialist County	435.560320	GWAAR	560320	33,438	-
EBS OCI Replacement	435.560327	GWAAR	560327	14,409	-
Senior Community Svs Prog	435.560330	GWAAR	560330	13,034	-
Title 3C-1 Cong Meal Prog	435.560350	GWAAR	560350	157,004	-
Title 3C-2 Home Meals	435.560360	GWAAR	560360	14,408	-
Health Ins Informatn ship	435.560432	GWAAR	560432	5,112	-
Elder Abuse Service	435.560490	GWAAR	560490	65,013	-
Total Wisconsin Department of Health Services				<u>11,916,570</u>	<u>-</u>
<b>Wisconsin Department of Children and Families</b>					
AFDC Agency Incentive	437.238	N/A	975-DCF	566	-
Children First	437.265	N/A	700	246,205	-
Food Stamp Agency Collections Incentive	437.267	N/A	965	36,652	-
MA Agency Incentive	437.267	N/A	980	12,399	-
Subtotal				<u>49,051</u>	<u>-</u>

See notes to schedule of expenditures of federal and state awards.

**RACINE COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Program Title	State ID Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>STATE PROGRAMS (cont.)</b>					
<b>Wisconsin Department of Children and Families (cont.)</b>					
JJ Community Intervention Program	437.3410	N/A	3410,3411	\$ 154,706	\$ -
JJ Early Intervention	437.3412	N/A	3412	4,079,765	-
Basic County Allocation	437.3561	N/A	3561	1,863,351	-
Basic County Allocation Overmatch	437.3681	N/A	3681	148,307	-
CF Children First Case Management	437.7010	N/A	701	18,337	-
CS MSL Incentive Even FFY	437.7332	N/A	7332	108,276	-
CS State GPR Funding/PR Funding Allocation	437.7502	N/A	7502	408,334	-
CS Medical Support GPR Earned Federal Match	437.7606	N/A	7606	9,893	-
Total Wisconsin Department of Children and Families				<u>7,086,791</u>	<u>-</u>
<b>Wisconsin Department of Justice</b>					
JDAI - Annie E Casey Foundation	455.unknown	N/A	2013-SJD-01-11166	10,018	-
State Task Force Operation	455.225	N/A	2016-DJ-01-12233PA	86,616	60,313
Victim Witness	455.532	N/A	2014-VO-01-11337	187,873	-
Total Wisconsin Department of Justice				<u>284,507</u>	<u>60,313</u>
<b>Wisconsin Department of Military Affairs</b>					
Emergency Planning Grant	465.337	N/A	116677	36,077	-
Total Wisconsin Department of Military Affairs				<u>36,077</u>	<u>-</u>
<b>Wisconsin Department of Administration</b>					
Public Benefits	505.371	N/A	AD1599971.51	235,329	235,329
Total Wisconsin Department of Administration				<u>235,329</u>	<u>235,329</u>
<b>TOTAL STATE PROGRAMS</b>				<u>\$20,305,666</u>	<u>\$ 332,526</u>

See notes to schedule of expenditures of federal and state awards.

## COUNTY OF RACINE

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2016

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#### **NOTE 1 – BASIS OF PRESENTATION**

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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, 2016. 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.

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#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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.

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#### **NOTE 3 – CARS/CORE REPORT DATES**

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The Schedule of Expenditures of Federal and State Awards includes adjustments through the June 1, 2017 Community Aids Reporting System (CARS) reports and the December 31, 2016 CORE report.

## COUNTY OF RACINE

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2016

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#### **NOTE 4 – PASS-THROUGH ENTITIES**

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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  
City of Racine – City of Racine, Wisconsin  
DOT – Wisconsin Department of Transportation  
DCF – Wisconsin Department of Children and Families  
DWD – Wisconsin Department of Workforce Development  
GWAAR – Greater Wisconsin Agency on Aging Resources  
DMA – Wisconsin Department of Military Affairs

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#### **NOTE 5 – INDIRECT COST RATE**

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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, 2016

#### 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 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?   X   yes        no   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:   \$  560,257  

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, 2016

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

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##### *FEDERAL AND STATE AWARDS* (cont.)

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278	WIA/WIOA Cluster
93.658	Foster Care
93.667	Social Services Block Grant
93.778	Medical Assistance Program

Identification of major state programs:

<u>State ID Numbers</u>	<u>Name of State Program</u>
435.516	Community Mental Health
435.561	Basic County Allocation
435.681	Base County Allocation – State Match
437.3561	Basic County Allocation
437.3681	Basic County Allocation Overmatch

## COUNTY OF RACINE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

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

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##### ***FINDING 2016-001: INTERNAL CONTROL OVER FINANCIAL REPORTING***

###### ***Material Journal Entries 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:** Material journal entries were identified during the course of the audit. Also, as your auditors, we prepared the County of Racine's annual financial statements.

**Cause:** Due to limited resources, County of Racine staff was not able to identify certain adjustments to the County of Racine's books and the County of Racine 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.

**Recommendation:** We recommend that the County of Racine 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.

**Management's Response:** There were several auditor journal entries identified during the audit that resulted in material adjustments to the County of Racine's books. The entries were related to the booking of insurance proceeds from a one-time unusual event (flooding which occurred in spring 2016), new GASB requirements and a new workpaper used for booking WRS entries, and a missing reversing entry from a prior year audit finding. Current management are taking the necessary steps to ensure proper internal controls are in place and procedures are being followed to make all closing entries properly and in a timely matter. Staff have worked with auditors to review new GASB requirements and updated workpapers. Staff also worked with auditors on properly booking reversing entries from prior year findings. Management will work with auditors on the preparation of financial statements in future audits with the goal of completing the County of Racine's annual financial statements in house without auditor assistance.

## COUNTY OF RACINE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

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

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##### *FINDING 2016-002*

<b>Federal CFDA Numbers and Titles:</b>	93.658 Foster Care 93.667 Social Services Block Grant 93.778 Medical Assistance
<b>State ID Numbers and Titles:</b>	435.516 Community Mental Health 435.561 Basic County Allocation 435.681 Basic County Allocation – State Match 437.3561 Basic County Allocation 437.3681 Basic County Allocation Overmatch
<b>Federal Grantor:</b>	U.S. Department of Health and Human Services
<b>State Grantors:</b>	Wisconsin Department of Children and Families Wisconsin Department of Health Services

**Criteria:** To minimize the risk of errors, internal controls should be in place for all program compliance requirements, including the preparation and submission of reports, which should be reviewed and approved by a responsible party other than the original preparer.

**Condition/Context:** During testing of the CARS and CORE reports, it was noted that the October and final reports were not reviewed and approved by someone other than the preparer. Our sample was not statistically valid.

**Cause:** Due to staff turnover, the County of Racine did not always identify individuals that would be qualified to review reports before they were submitted.

**Effect:** Reports could be submitted that contain errors.

**Questioned Costs:** None noted.

**Recommendation:** The County of Racine should ensure review and approval controls are in place for all reports submitted to federal and state agencies.

**Management's Response:** Current procedures and controls are in place for all CARS and CORE (now SPARC) reimbursement request reports to be reviewed and approved by the Fiscal Manager – HSD. During part of the sample periods selected for audit, staff turnover involving the Fiscal Manager and the Accounting Supervisor responsible for preparation of the State reports left a void in the department. Incomplete training for the replacement hires also contributed to this instance of non-compliance. These gaps in process have now been closed.

## COUNTY OF RACINE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

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

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##### *FINDING 2016-003*

##### *REPEAT FINDING: 2015-003*

**State ID Number and Title:**

N/A General Requirements

**State Grantor:**

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 of Racine.

**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 of Racine 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, a reminder was 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, 2016

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 noncompliance, nonmaterial noncompliance, 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 X yes \_\_\_\_\_ no
Department of Children and Families X yes \_\_\_\_\_ no
Department of Agriculture, Trade and Consumer Protection \_\_\_\_\_ yes X no
Department of Justice \_\_\_\_\_ yes X no
Department of Military Affairs \_\_\_\_\_ yes X no
Department of Transportation \_\_\_\_\_ yes X no
Department of Administration \_\_\_\_\_ yes X no
Department of Natural Resources \_\_\_\_\_ yes X 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

Amanda Blomberg

Amanda R. Blomberg, CPA, Firm Director

Date of report

September 26, 2017