

COUNTY OF RACINE

Racine, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2018

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, 2018, 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 24, 2019.

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 as item 2018-001, that we consider to be a material weakness.

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 24, 2019

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, 2018. 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.

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, 2018.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2018, 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 24, 2019, 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 the 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 16, 2019

COUNTY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS					
U. S. Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	10.553	DOA	515370	\$ 23,233	\$ -
National School Lunch Program	10.555	DOA	515370	<u>37,131</u>	<u>-</u>
Total Child Nutrition Cluster				<u>60,364</u>	<u>-</u>
SNAP Cluster					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS	277, 284	<u>787,783</u>	<u>-</u>
Total SNAP Cluster				<u>787,783</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>848,147</u>	<u>-</u>
U.S. Department of Justice					
CEASE Grant (Drug Enforcement Administration)	16.000	DOJ	N/A	3,466	1,208
Victim Witness - Victim Advocate Grant	16.575	DOJ	12149	108,121	-
Edward Byrne Grant (Federal Task Force Operations)	16.738	DOJ	2015-DJ-01-12764	125,175	85,996
Edward Byrne Grant (Courtroom Security Grant)	16.738	DOJ	GL-20307-52200	17,016	-
OJA - Edward Byrne Memorial Formula Grant (Treatment Court)	16.738	DOJ	2018-TD-04	<u>98,629</u>	<u>-</u>
Subtotal				<u>240,820</u>	<u>85,996</u>
Total U.S. Department of Justice				<u>352,407</u>	<u>87,204</u>
U.S. Department of Labor					
H-1B Job Training Grants	17.268	Kenosha Cty/DWD	DWD-RCHSD-WIOA-MULTI-18-19	214,170	-
WIOA Cluster					
WIOA Adult Program	17.258	DWD	DWD-RCHSD-WIOA-MULTI-18-19	302,224	-
WIOA Youth Activities	17.259	DWD	DWD-RCHSD-WIOA-MULTI-18-19	472,148	-
WIOA Dislocated Worker Formula Grants	17.278	DWD	DWD-RCHSD-WIOA-MULTI-18-19	<u>192,621</u>	<u>-</u>
Total WIOA Cluster				<u>966,993</u>	<u>-</u>
Total U.S. Department of Labor				<u>1,181,163</u>	<u>-</u>
U.S. Department of Transportation					
Transit Services Programs Cluster					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	DOT	1245-2018-1	<u>64,597</u>	<u>-</u>
Total Transit Services Programs Cluster				<u>64,597</u>	<u>-</u>
Highway Safety Cluster					
Alcohol Impaired Driving Countermeasures Grants	20.601	DOT	FG-2018-RACINE C-04189	32,314	10,548
Alcohol Impaired Driving Countermeasures Grants	20.601	DOT	FG-2019-RACINE C-04189	9,696	3,419
Occupant Protection Incentive Grant (Seatbelt Enforcement)	20.602	DOT	FG-2018-RACINE C-04205	69,020	55,871
Occupant Protection Incentive Grant (Seatbelt Enforcement)	20.602	DOT	FG-2019-RACINE C-04205	<u>5,548</u>	<u>2,918</u>
Total Highway Safety Cluster				<u>116,578</u>	<u>72,756</u>

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

COUNTY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS (cont.)					
U. S. Department of Transportation (cont.)					
Emergency Management Winter Storm Grant	20.703	DOT	15-HSW-04-10966	\$ 2,379	\$ -
Hazardous Materials Emergency Preparedness Training	20.703	DOT	15-HSW-04-10967	2,377	-
Emergency Management Flooding Grant	20.703	DOT	15-HSW-04-10968	<u>2,513</u>	<u>-</u>
Subtotal				<u>7,269</u>	<u>-</u>
Total U.S. Department of Transportation				<u>188,444</u>	<u>72,756</u>
U.S. Department of Education					
Special Education-Grants for Infants and Families	84.181	DHS	550	<u>211,886</u>	<u>-</u>
Total U.S. Department of Education				<u>211,886</u>	<u>-</u>
U. S. Department of Health and Human Services					
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	DHS	560510	15,984	-
Aging Cluster					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	DHS	560340	138,883	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	DHS	560350, 560360	574,129	-
Nutrition Services Incentive Program	93.053	DHS	560422	<u>71,561</u>	<u>-</u>
Total Aging Cluster				<u>784,573</u>	<u>-</u>
National Family Caregiver Support, Title III, Part E	93.052	DHS	560520	95,549	-
Medicare Enrollment Assistance Program	93.071	DHS	560620	11,160	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	DHS	533184	124,446	-
Anti-Heroin Task Force Grant	93.276	DOJ	455COPSHEROIN15	27,924	13,078
High Intensity Drug Traffic Area DOJ Grant	93.276	DOJ	B0324P1	<u>21,112</u>	<u>-</u>
Subtotal				<u>49,036</u>	<u>13,078</u>
State Health Insurance Assistance Program	93.324	DHS	560432	2,344	-
Promoting Safe and Stable Families	93.556	DCF	3306	66,620	-
TANF Cluster					
Temporary Assistance for Needy Families	93.558	DHS	561	505,457	-
Temporary Assistance for Needy Families	93.558	DCF	1008, 3612A	<u>1,057,463</u>	<u>729,321</u>
Total TANF Cluster				<u>1,562,920</u>	<u>729,321</u>
Child Support Enforcement	93.563	DCF	701, 7477, 7482, 7506, 7588	2,588,004	-
Low Income Home Energy Assistance Block Grant	93.568	DOA	AD1599973.51	359,920	354,920
CCDF Cluster					
Child Care and Development Block Grant	93.575	DCF	831, 840, 852	<u>835,769</u>	<u>-</u>
Total CCDF Cluster				<u>835,769</u>	<u>-</u>

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

COUNTY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS (cont.)					
U. S. Department of Health and Human Services (cont.)					
Grants to States for Access and Visitation Programs	93.597	DCF	7332	\$ 106,669	\$ -
Adoption and Legal Guardianship Incentive Payments	93.603	DCF	3394, 3394A	3,360	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	DCF	3413, 3561, 3681	187,355	-
Foster Care - Title IV-E	93.658	DCF	3396, 3413, 3554, 3561, 3681	1,834,990	-
Adoption Assistance	93.659	DCF	3574	49,454	-
Social Services Block Grant	93.667	DHS	561	943,982	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	DCF	3360A	41,779	-
Children's Health Insurance Program	93.767	DHS	284	95,938	-
Medicaid Cluster					
Medical Assistance Program	93.778	DHS	62, 284, 878, 560081, 560087, 560091, 560097	1,821,979	-
Medical Assistance Program - CLTS	93.778	DHS	872, 875, 880, 881	1,165,491	-
Medical Assistance Program - WIMCR	93.778	DHS	561	183,660	-
Total Medicaid Cluster				<u>3,171,130</u>	<u>-</u>
Opioid STR	93.788	DHS	515, 569	90,631	-
Block Grants for Community Mental Health Services	93.958	DHS	570, 586, 589	119,935	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	533118	616,819	-
Total U.S. Department of Health and Human Services				<u>13,758,367</u>	<u>1,097,319</u>
U. S. Department of Homeland Security					
Emergency Management Performance Grants	97.042	DMA	4040-0007	79,511	-
Total U.S. Department of Homeland Security				<u>79,511</u>	<u>-</u>
TOTAL FEDERAL PROGRAMS				<u>\$ 16,619,925</u>	<u>\$ 1,257,279</u>

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

COUNTY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2018

Grantor Agency / Program Title	State ID Number	Pass- Through Agency	Pass- Through Agency/Grant ID	Expenditures	Payments to Subrecipients
STATE PROGRAMS					
Wisconsin Department of Agriculture, Trade and Consumer Protection					
County Staff and Support	115.150	N/A	9214-17-52-00	\$ 144,221	\$ -
Land and Water Resource Management	115.400	N/A	9214-17-52-00	<u>122,541</u>	<u>-</u>
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection				<u>266,762</u>	<u>-</u>
Wisconsin Department of Natural Resources					
Recreational Aids - Snowmobile Trail and Area	370.485	N/A	S-5268	47,690	-
Water Safety Aid	370.550	N/A	227.52	<u>42,358</u>	<u>-</u>
Total Wisconsin Department of Natural Resources				<u>90,048</u>	<u>-</u>
Wisconsin Department of Transportation					
Elderly and Handicapped County Aids	395.101	N/A	N/A	<u>461,440</u>	<u>-</u>
Total Wisconsin Department of Transportation				<u>461,440</u>	<u>-</u>
Wisconsin Department of Corrections					
Windows to Work	410.112	Kenosha County	N/A	<u>95,075</u>	<u>-</u>
Total Wisconsin Department of Corrections				<u>95,075</u>	<u>-</u>
Wisconsin Department of Health Services					
Infant Mortality - Racine	435.11019	City of Racine	110190	213,011	-
IMAA State Share	435.283	DHS	283	860,570	-
Adult Protective Services	435.312	DHS	312	214,490	-
Children's COP	435.377	DHS	377	78,994	-
Alzheimer's Family Support	435.381	DHS	381	84,772	-
Coordinated Services County	435.515	DHS	515	49,679	-
Community Mental Health	435.516	DHS	516	963,375	-
IMD REBALANCING INIT	435.518	DHS	519	31,581	-
Non-Resident Reimbursement	435.531	DHS	531	36,966	-
Birth to Three Initiative	435.550	DHS	550	207,943	207,943
Basic County Allocation	435.561	DHS	561	5,440,107	-
FPI NON-FED	435.600	DHS	60	47,128	-
Base County Allocation - State Match	435.681	DHS	681	370,028	-
CLTS Other GPR	435.871	DHS	871	531,819	-
CLTS Autism GPR	435.874	DHS	874	233,195	-
CLTS Other CWA Admin GPR	435.877	DHS	877	44,606	-

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

COUNTY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2018

Grantor Agency / Program Title	State ID Number	Pass- Through Agency	Pass- Through Agency/Grant ID	Expenditures	Payments to Subrecipients
STATE PROGRAMS (cont.)					
Wisconsin Department of Health Services (cont.)					
IM REG PILOT Second 6MTHS	435.880	DHS	880	\$ 19,515	\$ -
Resource Ctr MA I&A GPR	435.560088	GWAAR	560088	75,135	-
Resource Ctr Screen GPR	435.560092	GWAAR	560092	19,406	-
ADRC Other Expenses	435.560095	GWAAR	560095	35,367	-
Aging & Dis Resource Ctr	435.560100	GWAAR	560100	1,182,168	-
Benefit Specialist County	435.560320	GWAAR	560320	33,438	-
EBS OCI Replacement	435.560327	GWAAR	560327	12,911	-
Senior Community Svs Prog	435.560330	GWAAR	560330	13,034	-
Title 3C-1 Cong Meal Prog	435.560350	GWAAR	560350	37,427	-
Title 3C-2 Home Meals	435.560360	GWAAR	560360	4,771	-
Elder Abuse Service	435.560490	GWAAR	560490	65,013	-
				<u>10,906,449</u>	<u>207,943</u>
Total Wisconsin Department of Health Services					
Wisconsin Department of Children and Families					
CF Children First	437.0700	DCF	700	128,000	-
Food Stamp Agency Incentives	437.0965	DCF	965	34,368	-
AFDC Agency Incentives	437.0975	DCF	975	457	-
Medicaid Agency Incentives	437.0980	DCF	980	15,287	-
CW Kinship Care Program - Benefits	437.3377	DCF	3377	1,068,562	-
CW Kinship Care Program - Assessment	437.3380	DCF	3380	76,208	-
JJ Community Intervention Program	437.3410	DCF	3410	142,220	-
JJ AODA	437.3411	DCF	3411	69,984	-
JJ Early Intervention	437.3412	DCF	3412	38,700	-
JJ Youth Aids	437.3413	DCF	3413	3,967,780	-
Basic County Allocation	437.3561	DCF	3561	1,615,334	-
CW Children & Families Allocations	437.3681	DCF	3681	128,419	-
CW WSACWIS Annual Op Maint Fee	437.3935	DCF	3935	(26,423)	-
PDS Partnership Fees	437.3940	DCF	3940	(8,782)	-
CS State GPR Funding/PR Funding Allocation	437.7502	DCF	7502	415,147	-
CS Medical Support GPR Earned Federal Match	437.7606	DCF	7606	9,211	-
				<u>7,674,472</u>	<u>-</u>
Total Wisconsin Department of Children and Families					

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

COUNTY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2018

Grantor Agency / Program Title	State ID Number	Pass- Through Agency	Pass- Through Agency/Grant ID	Expenditures	Payments to Subrecipients
STATE PROGRAMS (cont.)					
Wisconsin Department of Justice					
JDAI - Annie E Casey Foundation	455.xxx	DOJ	2014-JD-01-12286	\$ 592	\$ -
Victim Witness	455.532	DOJ	DJ-CVS-27	210,152	-
Total Wisconsin Department of Justice				<u>210,744</u>	<u>-</u>
Wisconsin Department of Military Affairs					
Emergency Planning Grant	465.337	N/A	4040-0007	<u>36,090</u>	<u>-</u>
Total Wisconsin Department of Military Affairs				<u>36,090</u>	<u>-</u>
Wisconsin Department of Administration					
Public Utility Benefits Program	505.371	N/A	AD1599973.51	219,626	219,626
State Task Force Operations	505.630	N/A	2015-DJ-01-12764	<u>84,661</u>	<u>58,358</u>
Total Wisconsin Department of Administration				<u>304,287</u>	<u>277,984</u>
TOTAL STATE PROGRAMS				<u>\$ 20,045,367</u>	<u>\$ 485,927</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, 2018

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, 2018. 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/SPARC REPORT DATES

The Schedule of Expenditures of Federal and State Awards includes adjustments through the June 1, 2019 Community Aids Reporting System (CARS) reports and the December 31, 2018 SPARC report.

COUNTY OF RACINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2018

NOTE 4 – PASS-THROUGH ENTITIES

Federal and state awards have been passed through the following entities:

DHS	Wisconsin Department of Human Services
Kenosha Cty	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

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, 2018

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued on whether the financial statements were prepared in accordance with GAAP:

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> </u> yes <u> X </u> none reported | <u> </u> yes <u> X </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*?

 yes X no

 yes X 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:

\$ 554,522

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, 2018

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

FEDERAL AND STATE AWARDS (cont.)

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.044, 93.045, 93.053	Aging Cluster – Special Programs for the Aging, Title III Part B and Part C; Nutrition Services Incentive Program
93.558	TANF Cluster – Temporary Assistance for Needy Families
93.575	CCDF Cluster – Child Care and Development Block Grant
93.658	Foster Care – Title IV-E
93.778	Medicaid Cluster – Medical Assistance Program

Identification of major state programs:

<u>State ID Numbers</u>	<u>Name of State Program</u>
395.101	Specialized Transportation
435.283	IMAA State Share
435.561	Basic County Allocation
435.681	Basic County Allocation – State Match
437.3561	Base County Allocation
437.3681	CW Children & Families Allocation
435.560100	Aging and Disability Resource Center
437.3377	CW Kinship Care Program - Benefits
437.3413	JJ Youth Aids

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

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

FINDING 2018-001: INTERNAL CONTROL OVER FINANCIAL REPORTING

REPEAT OF FINDING 2017-001

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: In early 2019, when the closing process for fiscal year 2018 was underway, there were significant staffing changes in the Finance department, including the Finance Director whose role was left vacant for several months. The County's new Finance Director is implementing steps to ensure proper controls and procedures are in place to make all closing entries properly and in a timely manner. We are also evaluating the resources necessary to prepare the annual financial statements internally, and whether those resources currently exist.

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

No findings were reported.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

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



Amanda R. Blomberg, CPA, Firm Director

Date of report

September 16, 2019