



**COUNTY OF RACINE**

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**SINGLE AUDIT REPORT**

**For the year ended December 31, 2005**

**COUNTY OF RACINE**  
**Racine, Wisconsin**

**SINGLE AUDIT REPORT**  
**December 31, 2005**

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**Clifton  
Gunderson LLP**

Certified Public Accountants & Consultants

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Racine as of and for the year ended December 31, 2005, which collectively comprise County of Racine's basic financial statements and have issued our report thereon dated June 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered County of Racine's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the County of Racine in a separate letter dated June 20, 2006.

**Compliance and Other Matters**

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

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

*Clifton Gunderson LLP*

Racine, Wisconsin  
June 20, 2006



**Clifton  
Gunderson LLP**

Certified Public Accountants & Consultants

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control  
Over Compliance and Schedule of Expenditures of Federal Awards  
in Accordance with OMB Circular A-133**

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

## **Compliance**

We have audited the compliance of County of Racine with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. County of Racine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of County of Racine's management. Our responsibility is to express an opinion on County of Racine's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on County of Racine's compliance with those requirements.

In our opinion, County of Racine complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

## **Internal Control Over Compliance**

The management of County of Racine is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered County of Racine's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Racine as of and for the year ended December 31, 2005, and have issued our report thereon dated June 20, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise County of Racine basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Clifton Henderson LLP*

Racine, Wisconsin  
September 22, 2006

COUNTY OF RACINE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended December 31, 2005

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 01/01/05	Receipts	Local Share	Expenditures	Receivable (Payable) 12/31/05
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Wisconsin Department of Public Instruction	10.553	\$ 35,425	\$ -	\$ 35,425	\$ -	\$ 35,425	\$ -
School Breakfast Program	10.555	56,573	14,055	62,892	-	56,573	7,736
National School Lunch Program			14,055			91,998	7,736
Total Wisconsin Department of Public Instruction		373,124	111,572	764,124	92,667	860,778	115,559
Wisconsin Department of Health and Family Services - Health Care Financing Administrative Grants For Food Stamp Program	10.561	2,080,403	156,906	472,247	-	454,377	139,036
Wisconsin Department of Workforce Development Administrative Grants For Food Stamp Program			282,633	1,334,668	92,667	1,407,153	282,331
Total U.S. Department of Agriculture		25,000	6,250	6,250	11,250	22,500	11,250
<b>U.S. DEPARTMENT OF COMMERCE</b>							
Wisconsin Department of Administration Lakeshore Plan Update	11.419						
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>							
Racine County Housing Authority Lower Income Housing Assistance Program: Section 8 Moderate Rehabilitation	14.850	1,600	-	1,600	300	1,900	-
Low Rent Public Housing Support Audit Costs Voucher Program	14.871	N/A	(91,754)	7,292,328	56,799	7,440,881	-
N/C S/R Section 8 Programs	14.182	65,012	-	65,012	76,690	141,702	-
Total U.S. Department of Housing and Urban Development			(81,754)	7,358,940	133,789	7,584,483	-
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Bureau of Justice Assistance Local Law Enforcement Block Grant	16.592	20,954	(20,954)	133	4,549	25,636	-
Bulletproof Vest Partnership Program	16.607	1,001	-	-	-	1,001	1,001
Total Bureau of Justice Assistance			(20,954)	133	4,549	26,637	1,001
Wisconsin Department of Administration-Office of Justice Assistance Juvenile Accountability Incentive Block Grants	16.523	42,304	13,116	28,911	2,350	23,502	5,357
Juvenile Justice and Delinquency Prevention Allocation to States Byrne Formula Grant Program	16.540	134,375	35,031	74,103	13,040	63,914	11,802
	16.579	411,079	35,531	132,378	18,804	197,003	81,352
Total Wisconsin Department of Administration-Office of Justice Assistance			83,678	235,392	34,194	284,419	98,511
Wisconsin Department of Justice Drug Enforcement Administration Grants Crime Victim Assistance Byrne Formula Grant Program	16.000	5,245	284	1,842	-	1,558	-
	16.575	142,814	18,209	66,709	12,061	79,757	19,196
	16.579	N/A	35,817	35,817	14,270	31,021	16,751
Total Wisconsin Department of Justice		6,000	54,310	104,368	26,331	112,336	35,947
Wisconsin Department of Transportation Enforcing Underage Drinking Laws Program	16.727		-	4,827	-	4,827	-
Total U.S. Department of Justice			117,034	344,720	65,074	428,219	135,459

See Notes to Schedule of Expenditures of Federal Awards for basis of presentation and significant accounting policies.

COUNTY OF RACINE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the year ended December 31, 2005

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 01/01/05	Receipts	Local Share	Expenditures	Receivable (Payable) 12/31/05
<b>U.S. DEPARTMENT OF LABOR</b>							
Wisconsin Department of Workforce Development Passed Through Kenosha County							
WIA Adult Program	17.258	\$ 1,482,858	\$ 200,043	\$ 1,005,087	\$ -	\$ 881,309	\$ 75,255
WIA Youth Activities	17.259	1,583,050	110,181	502,915	-	483,782	91,048
WIA Dislocated Workers	17.260	1,388,891	103,909	501,017	-	535,661	139,553
Total U.S. Department of Labor			414,133	2,010,029	-	1,901,752	305,856
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>							
Wisconsin Department of Transportation Highway Planning and Construction State and Community Highway Safety	20.205 20.600	1,085,517 258,000	12,477 28,439	142,378	120 5,750	2,535 150,000	14,892 30,311
Total U.S. Department of Transportation			40,916	142,378	5,870	152,535	45,203
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>							
Wisconsin Department of Natural Resources Nonpoint Source Implementation Grant	66.460	143,860	-	1,593	-	1,593	-
<b>U.S. DEPARTMENT OF EDUCATION</b>							
Wisconsin Department of Public Instruction Special Education: Grants to States Handicapped Preschool and School Programs 7/1/03 - 6/30/04 7/1/04 - 6/30/05 7/1/05 - 6/30/06	84.027	2,211 1,478,446 1,505,034	2,211 623,249 -	2,211 1,477,935 -	- - -	- 854,686 559,830	- - 559,890
Special Education: Preschool Grants 7/1/04 - 6/30/05 7/1/05 - 6/30/06	84.173	50,199 50,810	49,536 -	49,660 -	- -	124 43,279	- 43,279
Wisconsin Department of Public Instruction			674,996	1,529,806	-	1,457,919	603,109
<b>Wisconsin Department of Health and Family Services - Supportive Living</b>							
Special Education Grants for Infants and Families with Disabilities Safe and Drug-Free Schools and Communities State Grants	84.181 84.186	229,816 57,171	- 4,832	229,816 48,121	- -	229,816 57,171	- 13,882
Total Wisconsin Department of Health and Family Services - Supportive Living			4,832	277,937	-	286,987	13,882
Total U.S. Department of Education			679,828	1,807,743	-	1,744,905	616,991
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Office of National Drug Control Policies High Intensity Drug Traffic Area	93.276	689,055	-	50,363	-	66,905	16,542
Wisconsin Department of Health and Family Services - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1,998,600	6,492	367,739	-	459,791	98,544

See Notes to Schedule of Expenditures of Federal Awards for basis of presentation and significant accounting policies.



COUNTY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended December 31, 2005

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 01/01/05	Receipts	Local Share	Expenditures	Receivable (Payable) 12/31/05
Wisconsin Department of Health and Family Services - Children and Family Consolidated Knowledge Development and Application (KB&A) Program Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.230	\$ 364,137	\$ 25,290	\$ 373,839	\$ -	\$ 351,145	\$ 12,596
93.238	10,000	-	10,000	-	10,000	-	-
93.558	78,774	(123)	78,655	-	78,774	(14)	(14)
93.558	616,901	(11,404)	606,765	-	616,901	(1,266)	(1,266)
93.659	26,055	28,197	28,197	-	29,896	29,896	29,896
93.559	23,580	(1,674)	(1,674)	-	-	-	-
93.645	161,138	(2,979)	158,490	-	161,138	(351)	(351)
93.658	1,350,809	15,794	1,328,256	-	1,347,789	35,327	35,327
93.667	1,234,756	(22,825)	1,214,468	-	1,234,756	(2,537)	(2,537)
93.674	37,023	-	27,023	-	27,023	-	-
93.959	130,247	8,272	136,994	-	130,246	2,424	2,424
Total Division of Children and Family Services		38,548	3,860,123	-	3,987,668	76,093	76,093
Wisconsin Department of Health and Family Services - Supportive Living Special Programs for the Aging Title VII Special Programs for the Aging-Title III, Part D, Disease Prevention and Health Promotion Services Special Programs for the Aging-Title III, Part B, Grants for Supportive Services and Senior Centers	93.042	83,210	33,476	92,171	26,334	105,337	20,308
93.043	180	19	169	20	200	30	30
93.044	1,191	326	1,122	593	1,626	287	287
93.045	387,492	56,381	369,485	334,653	709,197	61,460	61,460
93.052	6,514	2,621	7,215	2,062	8,246	1,590	1,590
93.053	81,504	13,057	80,662	-	81,504	13,688	13,688
93.150	22,870	5,718	17,153	-	11,435	-	-
93.778	8,888,404	(164,921)	7,914,773	-	8,307,739	228,045	228,045
93.958	223,088	-	184,880	-	188,687	3,807	3,807
93.959	695,162	18,185	690,432	-	695,162	23,915	23,915
Total Division of Supportive Living		(34,138)	9,358,242	363,602	10,109,133	365,151	365,151
Wisconsin Department of Health and Family Services - Health Care Financing State Children's Insurance Program Medical Assistance Program	93.767	77,265	17,787	145,108	-	145,124	17,803
93.778	424,678	133,580	926,597	34,837	950,369	122,515	122,515
Total Division of Health Care Financing		151,367	1,071,705	34,837	1,095,493	140,318	140,318
Total Wisconsin Department of Health and Family Services		152,299	14,757,809	396,439	15,662,085	668,106	668,106
Wisconsin Department of Workforce Development Temporary Assistance for Needy Families Child Support Enforcement Child Care and Development Block Grant Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.558	1,374,217	(110,839)	280,799	112,015	589,641	85,988
93.563	94,720	590,294	2,479,096	2,362	2,201,814	310,650	310,650
93.596	867,951	83,733	712,559	74,258	749,641	46,557	46,557
93.778	N/A	26,973	131,950	-	114,237	9,260	9,260
Total Wisconsin Department of Workforce Development		590,161	3,604,404	186,635	3,655,333	452,455	452,455
Wisconsin Department of Administration Low Income Home Energy Assistance	93.868	378,521	50,005	132,031	-	136,363	56,327
Wisconsin Department of Administration - Office of Justice Assistance State Domestic Preparedness Equipment Support Program	97.004	461,206	197,124	334,353	-	137,239	-
Total Wisconsin Department of Administration		247,129	456,394	-	275,592	56,327	56,327

See Notes to Schedule of Expenditures of Federal Awards for basis of presentation and significant accounting policies.

COUNTY OF RACINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended December 31, 2005

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 01/01/05	Receipts	Local Share	Expenditures	Receivable (Payable) 12/31/05
Wisconsin Department of Corrections Child Welfare Services State Grants Foster Care Title IV-E	93.645 93.658	\$ 36,830 36,830	\$ 7,028 7,028	\$ 34,018 34,018	\$ 29,722 29,722	\$ 66,553 66,553	\$ 9,841 9,841
Total Wisconsin Department of Corrections			14,056	68,036	59,444	133,106	19,682
Total U.S. Department of Health and Human Services			1,013,615	18,947,006	646,518	19,793,021	1,213,112
U.S. DEPARTMENT OF EMERGENCY MANAGEMENT Wisconsin Department of Military Affairs Emergency Management Performance Grants 10/1/03 - 9/30/04 (Apr - Sept 2004 exps) 10/1/04 - 9/30/05 (Sept - Dec 2004 exps) Citizen Corps Community Emergency Response Teams Interoperable Communications Equipment	97.042  97.053 97.054 97.065	N/A 48,007 20,000 24,500 33,486	28,490 28,491	28,490 23,827	95,851	115,015 3,284	23,828 3,284
Total U.S. Department of Emergency Management			56,981	24,876	95,851	144,058	27,112
TOTAL FEDERAL AWARD PROGRAMS			\$ 2,519,536	\$ 32,031,423	\$ 1,051,019	\$ 33,180,220	\$ 2,617,314

See Notes to Schedule of Expenditures of Federal Awards for basis of presentation and significant accounting policies.

**COUNTY OF RACINE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2005**

**1. SIGNIFICANT ACCOUNTING POLICIES**

(A) Revenues and Expenditures

Expenditures in the schedules are presented in accordance with the modified accrual basis of accounting, consistent with the County's 2005 financial statements. Receivables at year-end consist of federal program expenditures scheduled for reimbursement to the County in the succeeding year while payables represent advances for federal programs that exceed reported County Expenditures.

(B) Subgrantees

Certain program funds are passed through the County to subgrantee organizations. The Schedule of Expenditures of Federal Awards does not contain separate schedules disclosing how the subgrantees outside of the County's control utilized the funds. The county requires all subgrantees receiving more than \$25,000 to submit a separate audit report disclosing the use of program funds.

(C) Cost Allocation

The County has a plan for allocation of indirect costs related to grant programs. Indirect costs are first allocated to applicable County departments in accordance with the cost allocation plan. The County reports each department's indirect cost allocation to the State and the State allocates the indirect costs to individual programs. Indirect costs are included in expenditures in the schedules.

In addition to the cost allocation plan, the County has various departments that provide services to other County departments.

**2. FINANCIAL ASSISTANCE PROGRAMS**

The Schedule of Expenditures of Federal Awards includes all programs of the County of Racine, Wisconsin (the "County") and its component units which had activity in 2005.

Program Period

Certain of the financial assistance programs have contract periods which are less than a year or which are for a 12-month period that ends during the calendar year. For the fiscal year-end contracts that ended or began in 2005, transactions occurring during 2005 are presented in the Schedule of Expenditures of Federal Awards and the fiscal period is disclosed under the title of the contract.

Local Share

Certain financial assistance programs require the County to fund a portion of the expenses of the program. The portion funded by the County is included as the "Local Share" in the Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2005**

**3. ADJUSTMENTS TO BEGINNING BALANCE**

Adjustments were made to the December 31, 2004 ending accrual or deferral because of new information available in 2005. The primary reason was to report on actual 2005 program revenue. Additional adjustments were made to reflect federal/state funding percent changes.

**4. CONTINGENCY**

All federal financial assistance programs are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for costs disallowed under the terms of the programs. It is the opinion of management that all costs charged against those federal programs are allowable under the regulations of these programs.

**5. AGING PROGRAMS MATCHING SHARE**

Funds received from Southeastern Area Agency on Aging require a 1/9 local cash or in-kind match for all programs except for Title 111-E which requires a 25% match. The detail of local share included in the Schedule of Federal and State Financial Assistance for Aging Programs is as follows:

	<u>Program Income</u>	<u>Cash Match</u>	<u>In-kind Match</u>
Senior Community Services			
Respite Services	\$ -	\$ -	\$ 4,908
Family Services of Racine	-	-	778
Totals	<u>-</u>	<u>-</u>	<u>5,686</u>
Title III-B			
Racine County HSD	-	4,151	-
Family Services of Racine	-	-	1,698
Lincoln Lutheran	138	-	22,235
Respite Services	-	-	42,798
Totals	<u>138</u>	<u>4,151</u>	<u>66,731</u>
Title III-C			
Lincoln Lutheran	<u>240,459</u>	<u>-</u>	<u>139,754</u>
Title III-D			
Respite Services	<u>-</u>	<u>-</u>	<u>1,277</u>
Benefit Specialist			
Family Services of Racine	<u>-</u>	<u>-</u>	<u>3,715</u>
Title III-E			
Racine County HSD	-	-	13,047
Respite Services	<u>-</u>	<u>-</u>	<u>15,349</u>
Totals	<u>-</u>	<u>-</u>	<u>28,396</u>
<b>Grand Total Local Match</b>	<b><u>\$ 240,597</u></b>	<b><u>\$ 4,151</u></b>	<b><u>\$ 245,559</u></b>

**COUNTY OF RACINE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2005**

6. The County made grants to subrecipients under the following federal programs:

<u>Federal CFDA Number</u>	<u>Amount Paid to Subrecipients</u>	<u>Federal CFDA Number</u>	<u>Amount Paid to Subrecipients</u>
10.561	\$ 146,938	93.230	\$ 361,015
17.258	485,544	93.243	265,372
17.259	237,178	93.558	197,836
17.260	249,559	93.568	118,470
66.460	1,593	93.596	272,496
84.186	55,463	93.556	3,452
93.042	79,002	93.645	32,632
93.043	180	93.658	259,316
93.044	803	93.667	250,048
93.045	338,163	93.778	145,889
93.052	6,185	93.958	100,488
93.053	81,504	93.959	186,814
93.150	11,435		

This information is an integral part of the accompanying schedule.

**COUNTY OF RACINE  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2005**

**Section 1 - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weaknesses?  yes  Reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weakness(es)?  yes  Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  yes  no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.561	Food Stamps
17.258/259/260	WIA Cluster
93.563	Child Support Enforcement
93.778	Medical Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$963,876

Auditee qualified as low-risk auditee?  yes  no

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.

**COUNTY OF RACINE**  
**SCHEDULE OF PRIOR YEAR FEDERAL AUDIT FINDINGS**  
**Year Ended December 31, 2005**

There were no findings or questioned costs identified in the prior year.

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major State Program and Internal Control  
Over Compliance and Schedule of Expenditures of State Awards  
in Accordance with *State Single Audit Guidelines***

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

### **Compliance**

We have audited the compliance of County of Racine with the types of compliance requirements described in *the State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that are applicable to each of its major state financial assistance programs for the year ended December 31, 2005. County of Racine's major state programs are identified in the schedule of expenditures of state awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state financial assistance programs is the responsibility of County of Racine's management. Our responsibility is to express an opinion on County of Racine's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Guidelines. Those standards 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 state program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on County of Racine's compliance with those requirements.

In our opinion, County of Racine complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2005.

### **Internal Control Over Compliance**

The management of County of Racine is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered County of Racine's internal control over compliance with requirements that could have a direct and material effect on a major state financial assistance program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Guidelines.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major state financial assistance program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of State Awards**

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Racine as of and for the year ended December 31, 2005, and have issued our report thereon dated June 20, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise County of Racine basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State Single Audit Guidelines and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Clifton Henderson LLP*

Racine, Wisconsin  
September 22, 2006

COUNTY OF RACINE

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the year ended December 31, 2005

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2005	Receipts	Local Share	Expenditures	Receivable (Payable) 12/31/05
<b>WISCONSIN DEPARTMENT OF ADMINISTRATION</b>							
Land Information Grants	505.116	\$ 54,631	\$ 18,805	\$ 19,105	\$ 420	\$ 720	\$ -
LIHEAP Public Benefits	505.371	116,678	-	32,079	-	32,079	-
Total Wisconsin Department of Administration			18,805	51,184	420	32,799	-
<b>WISCONSIN DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION</b>							
Soil and Water Conservation Project Aids #9214-05-52-00	115.150	85,000	30,526	91,547	124,038	209,037	23,978
Soil and Water Conservation Project Aids #9214-05-52-00	115.400	77,563	25,840	72,864	-	59,022	11,998
Total Wisconsin Department of Agriculture			56,366	164,411	124,038	268,059	35,976
<b>WISCONSIN DEPARTMENT OF COMMERCE</b>							
Environmental Aids - Private Sewage System Replacement and Rehabilitation Petroleum Clean Up Fund	370.403 (a)	11,709 N/A	- 64,386	11,709 20,687	- 50,564	11,709 6,865	- -
Total Wisconsin Department of Commerce			64,386	32,396	50,564	18,574	-
<b>WISCONSIN DEPARTMENT OF CORRECTIONS</b>							
State Probation & Parole Offenders	410.116	N/A	-	224,138	-	224,138	-
Capacity Building for Early & Intensive Intervention	410.302	342,920	42,129	184,523	-	171,462	29,068
Youth Aids - Basic County Allocation	410.313	2,346,548	454,485	2,164,672	1,922,042	4,268,590	636,361
Youth Aids - AODA Allocation	410.313	35,148	-	35,148	-	35,148	-
Total Wisconsin Department of Corrections			496,614	2,608,481	1,922,042	4,699,338	665,429
<b>WISCONSIN DEPARTMENT OF HEALTH AND FAMILY SERVICES</b>							
Wisconsin Department of Health and Family Services-Children and Family							
Children and Families Incentive Funds	435.342	334,427	7,479	251,673	26,422	360,849	90,233
Foster Care Continuation	435.365	30,240	6,869	36,915	-	30,240	214
Kinship Care Base Benefit	435.377	775,391	(10,330)	753,416	-	730,889	(32,857)
Kinship Care Assessment	435.380	73,837	-	73,837	10,765	84,602	-
Brighter Future Initiative	435.380	161,394	10,250	168,640	-	161,394	3,004
Basic County Allocation	435.561	6,234,805	(115,252)	6,132,362	-	6,234,805	(12,809)
State/County Match - Basic County Allocation	435.681	1,161,668	-	1,161,568	2,725,129	3,886,697	-
Sacwis Ongoing-Local Match	(a)	N/A	-	-	36,815	36,815	-
Youth Independent Living II IV-E Match	(a)	N/A	-	-	6,756	6,756	-
Chips Legs Services - Match	(a)	N/A	-	-	61,820	61,820	-
TPR Adoption - Match	(a)	N/A	-	-	44,844	44,844	-
Total Division of Children And Family			(100,964)	8,578,411	2,912,551	11,639,711	47,765

See Notes to Schedule of Expenditures of State Awards for basis of presentation and significant accounting policies.

COUNTY OF RACINE

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the year ended December 31, 2005

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 7/1/2005	Receipts	Local Share	Expenditures	Receivable (payable) 12/31/05
Wisconsin Department of Health and Family Services-Healthcare Financing							
Funeral/Cemet-W-2 and Non W-2	435.105	\$	9,831	\$	-	\$	8,750
Medical Assistance Transportation	435.131	N/A	28,503	108,167	-	95,266	16,602
IMAA State Share	435.283	845,347	3,640	848,776	742,444	1,567,791	211
IMAA Federal Shares	435.284	13,103	3,016	24,608	-	35,014	3,019
Program Integrity - Medicaid	435.750	36,014	-	35,014	-	34,200	374
Fraud-Contract Cont	435.950	34,200	9,900	43,726	-	6,306	-
Fraud - TANF MOE	(a)	N/A	-	-	6,306	-	-
Fraud - Childcare MOE	(a)	N/A	-	-	50,711	-	-
TANF Program Integ-over	(a)	N/A	-	-	9,221	-	-
CC Program Integ-over	(a)	N/A	-	-	14,013	-	-
Total Division of Healthcare Financing			55,690	1,262,545	822,695	2,058,306	28,956
Wisconsin Department of Health and Family Services-Supportive Living							
COPW GPR	435.338	982,332	(39,305)	794,648	-	816,040	(17,913)
CIP-1 GPR - Non Federal	435.348	762,886	(17,858)	714,439	-	762,886	30,589
Community Options Program (COP)	435.367	2,555,992	295,763	2,150,589	-	2,364,566	509,740
Alzheimer's Family & Caregiver Support	435.381	92,485	6,882	78,717	-	67,606	(4,229)
CLTS GPR	435.450	483,738	119,383	491,517	-	483,738	111,604
Brain Injury Waiver	435.506	136,339	(1,554)	137,566	-	136,339	(2,781)
Integrated Services Children W/ Severe Disabilities	435.530	7,400	-	7,400	-	7,400	-
Non-resident 997	435.531	N/A	-	-	-	11,160	11,160
Birth to Three Initiative	435.550	273,284	-	273,284	-	273,284	-
Aging-Benefit Specialist	435.560320	33,438	5,566	30,661	3,716	37,153	8,352
Senior Community Services	435.560330	13,704	1,714	12,961	5,686	19,390	2,857
Aging: Title III, Part C Nutrition	435.560350	222,679	21,904	209,081	84,932	307,611	35,502
Aging: Title III, Part C Nutrition	435.560360	14,286	-	14,179	32,372	46,658	107
Aging-Alzheimers Family and Caregiver Support	435.560380	1,871	1,871	1,871	-	-	-
Aging-Elder Abuse Service	435.560490	65,670	35,708	60,202	-	65,670	41,176
Community Integration Program I-B (CIP-1B)	435.564	514,987	32,878	521,871	-	514,987	26,002
Family Support	435.577	170,078	(1,658)	168,420	-	169,472	(606)
Community Integration Program I-A (CIP-1A)	435.580	1,356,860	44,315	1,406,607	-	1,356,860	(5,432)
Mental Health Homelessness	435.598	2,130	533	1,598	-	1,065	-
Total Division of Supportive Living			506,140	7,075,201	126,706	7,441,895	746,128
Wisconsin Department of Health and Family Services-Management and Technology							
RCC Health Check	435.967	N/A	14,389	100,266	-	125,134	39,257
Total Wisconsin Department of Health and Family Services			475,455	17,016,423	3,861,952	21,265,046	862,126

See Notes to Schedule of Expenditures of State Awards for basis of presentation and significant accounting policies.

COUNTY OF RACINE

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the year ended December 31, 2005

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2005	Receipts	Local Share	Expenditures	Receivable (Payable) 12/31/05
<b>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</b>							
Children First	445.315	\$ 540,000	\$ 68,751	\$ 269,038	\$ 26,448	\$ 296,449	\$ 69,714
W-2 Administration	445.315	399,511	22,542	157,098	112,015	246,571	-
W-2 Implementation Contract	445.315	959,706	21,186	219,312	-	261,167	63,041
W-2 Contract Prepayments	445.315	N/A	(173,558)	(173,558)	-	-	-
W-2 Job access Loans Net	445.323	15,000	800	2,366	-	4,491	2,895
CS Credit Bureau Fees-34%	445.334	N/A	(147)	(655)	-	(508)	-
Unemployment Insurance Fees	445.334	N/A	(296)	(1,418)	-	(1,489)	(367)
Vital Records Fee	445.334	N/A	(207)	(913)	(804)	(804)	(98)
CS Performance Based	445.350	708,726	(4,147)	704,579	366,272	1,074,986	-
CS FPLS Fees	445.357	N/A	(1,859)	(9,260)	-	(8,881)	(1,480)
FSET Admin 50/50 Optional	445.367	500,691	123,206	123,393	-	1,688	1,501
W-2 Implementation Contract	445.367	1,526,579	33,701	348,854	-	415,432	100,279
FSET Supplement	445.367	53,233	-	-	-	37,257	37,257
W-2 Emergency Assistance	445.375	N/A	18,191	75,550	-	77,411	20,062
Admin Advance	(a)	N/A	(595,323)	(456,283)	-	-	(139,040)
Peer-Based Advance	(a)	N/A	-	-	3,375	3,375	-
Total Wisconsin Department of Workforce Development			(487,160)	1,258,133	508,110	2,407,157	153,754
<b>WISCONSIN DEPARTMENT OF ADMINISTRATION-OFFICE OF JUSTICE ASSISTANCE</b>							
Edward Byrne Memorial State and Local Funds	505.631	77,926	9,379	24,331	-	33,204	18,252
Livscan Grant	(e)	37,885	34,096	34,096	-	-	-
Total Wisconsin Department of Administration-Office of Justice Assistance			43,475	58,427	-	33,204	18,252
<b>WISCONSIN DEPARTMENT OF MILITARY AFFAIRS</b>							
Public Info Off-training	465.310	2,210	-	2,287	-	2,287	-
SARA Emergency Planning Grant Program	465.337	65,849	16,511	16,511	7,736	40,562	32,826
Total Wisconsin Department of Military Affairs			16,511	18,798	7,736	42,849	32,826
<b>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>							
Water Safety Aid (4/1/04-11/30/04)	370.550	40,295	40,295	40,295	-	-	-
Water Safety Aid (4/1/05-11/30/05)	370.550	32,000	-	-	-	32,000	32,000
Recreational Boating-Harbor South Breakwater-Perishing Park	370.573	72,800	51,528	71,528	20,525	40,525	-
Recreation Aids-Snowmobile Trails	370.574	53,203	48,668	48,668	-	48,668	-
Wildlife Animal Damage Control	(a)	3,566	1,271	1,946	-	2,435	1,760
Total Wisconsin Department of Natural Resources			93,094	162,437	20,525	123,628	33,760
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>							
Handicapped and School Age Parents Education Aid (d)	255.101	9,583,519	3,416,765	3,015,461	7,742,344	10,790,564	3,449,524
General Aids	255.201	3,877,307	725,264	1,969,296	-	1,977,882	733,850
Tuition from State - LEA	255.401	13,352	-	13,352	-	13,352	-
Total Wisconsin Department of Public Instruction			4,142,029	4,998,109	7,742,344	12,781,798	4,183,374

See Notes to Schedule of Expenditures of State Awards for basis of presentation and significant accounting policies.

COUNTY OF RACINE

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the year ended December 31, 2005

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2005	Receipts	Local Share	Expenditures	Receivable (Payable) 12/31/05
<b>WISCONSIN DEPARTMENT OF TRANSPORTATION</b>							
Specialized Transportation	395-101	\$ 267,561	\$ -	\$ 267,561	\$ 53,520	\$ 321,081	\$ -
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>							
Law Enforcement Training fund-Victim Witness Services	455-503	N/A	71,850	71,850	59,951	130,328	70,377
Law Enforcement Training fund-Victim Witness Services	455-532	N/A	-	116,300	77,716	194,016	-
Law Enforcement Training fund-Victim Witness Services	455-537	N/A	7,155	7,155	-	-	-
Law Enforcement Training fund-Victim Witness Services	455-539	N/A	20,950	23,809	38,999	85,397	43,539
Total Wisconsin Department of Justice		99,955	99,955	219,114	176,666	409,741	113,916
<b>TOTAL STATE FINANCIAL ASSISTANCE PROGRAMS</b>		\$ -	\$ 5,019,530	\$ 26,855,474	\$ 14,467,917	\$ 42,403,274	\$ 6,099,413

(a) The State Identification Number could not be identified.

See Notes to Schedule of Expenditures of State Awards for basis of presentation and significant accounting policies.

**COUNTY OF RACINE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2005**

**1. SIGNIFICANT ACCOUNTING POLICIES**

(A) Revenues and Expenditures

Expenditures and revenues in the schedules are presented in accordance with the modified accrual basis of accounting, consistent with the County's 2005 general-purpose financial statements. Receivables at year-end consist of State program expenditures scheduled for reimbursement to the County in the succeeding year while payables represent advances for State programs that exceed reported County expenditures.

(B) Subgrantees

Certain program funds are passed through the County to subgrantee organizations. The Schedule of Expenditures of State Awards does not contain separate schedules disclosing how the subgrantees outside of the County's control utilized the funds. The County requires all subgrantees receiving more than \$25,000 to submit a separate audit report disclosing the use of the program funds.

(C) Cost Allocation

The County has a plan for allocation of indirect costs related to grant programs. Indirect costs are first allocated to applicable County departments in accordance with the cost allocation plan. The County reports each department's indirect cost allocation to the State and the State allocates the indirect costs to individual programs. Indirect costs are included in expenditures in the schedules.

In addition to the cost allocation plan, the County has various departments that provide services to other County Departments.

**2. FINANCIAL ASSISTANCE PROGRAMS**

The Schedule of Expenditures of State Awards includes all programs of the County of Racine, Wisconsin (the "County") and its component units which had activity in 2005.

Program Period

Certain of the financial assistance programs have contract periods which are less than a year of which are for a 12-month period that ends during the calendar year. For the fiscal year-end contracts that ended and began in 2005, transactions occurring during 2005 are presented in the Schedule of Expenditures of State Awards and the fiscal period is disclosed under the title of the contract.

Local Share

Certain of the financial assistance programs require the County to fund a portion of the expenses of the program. The portion funded by the county is included as the "Local Share" in the Schedule of Expenditures of State Awards. A negative amount in this column indicates a reduction in local-share expenditures previously reported due to a sub-contractor refund.

**COUNTY OF RACINE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2005**

**2. FINANCIAL ASSISTANCE PROGRAMS (continued)**

Cognizant Agency

The Wisconsin Department of Health and Family Services is the County's State cognizant agency for the single audit.

**3. ADJUSTMENTS TO BEGINNING BALANCE**

Adjustments were made to the December 31, 2004 ending accrual or deferral because of new information available in 2005. The primary reason was to report on actual 2005 program revenue. Additional adjustments were made to reflect Federal/State funding percent changes.

**4. STATE-DIRECT TO CLIENT PAYMENTS**

The Wisconsin Department of Workforce Development sends State-direct to client payments for Wisconsin Works (W-2), Food Stamp Program and Low Income Home Energy Assistance Program (LIHEAP). The Wisconsin Department of Corrections sends State-direct payments for You Aids State Charges. In 2005, State-direct to client payments were \$953,616, \$13,080,319, \$371,880, and \$1,886,307 under programs, respectively. These amounts are not included in the Schedule of Federal and State Financial Assistance.

**5. EQUALIZATION AIDS**

The Equalization Aids from the Wisconsin Department of Public Instruction is financial assistance not limited to any specific programs, purposes or targeted population. It is used in financing the general education program as seen fit by the County. The amount of the expenditure is presented as the amount of the award which is based on equalization and Tax Incremental Financing (TIF) aid results.

**COUNTY OF RACINE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2005**

**6. RECONCILIATION OF EXPENDITURES PER CARS**

Total expenditures per the April 5, 2006 CARS reports are reconciled to the Schedule of Federal and State Financial Assistance as follows:

Expenditures per April 5, 2006	
CARS Income Maintenance (24) report	\$ 3,814,789
CARS Human Services (34) report	1,985
CARS Human Services (24) report	37,621,760
Social Services Cost Pool	(6,287,342) (a)
DHFS/DWD/OTHER Programs not on CARS	12,039,999 (b)
CARS Adjustment/Refunds	1,093,810 (c)
Adjustment for Calendar Year	(12,500) (d)
County/State Adjustment to CARS	<u>                    -</u> (e)
Total Federal and State Expenditures	<u>\$ 48,272,501</u>

- (a) Represents "information only" costs reported by the County on the CARS reports. All costs are reported on other CARS lines for reimbursement purposes. This amount is not included on the Schedule of Federal and State Financial Assistance.
- (b) Represents costs of programs not reported on CARS but included on the Schedule of Federal and State Financial Assistance. Includes program costs of \$3,121,249 awarded through the Department of Workforce Development-Bureau of Division-Wide Services for W2; \$4,608,307 awarded through the Department of Corrections for Youth Aids and Capacity Building for Early & Intensive Intervention; \$1,382,592 awarded through the Area Agency on Aging; \$321,081 awarded through Department of Transportation; \$170,432 awarded through the Department of Administration for LIHEAP; \$456,791 awarded by the U.S. Department of Health and Human Services for YORP; \$74,795 awarded by the Department of Administration-Office of Justice Assistance for JAIBG and DMC; and \$1,901,752 awarded by the Department of Workforce Development-Bureau of Division-Wide Services passed through Kenosha County for WIA.
- (c) Represents adjustments/reimbursements identified on the April 4, 2006 CARS report (sum of CARS lines 146, 154, 158, 202, 291, 909, 1007, and 1008).
- (d) Represents costs of programs for which the grant year is not the calendar year and expenditures per CARS represent costs for the grant period. Adjustment revises program expenditures to correspond to the calendar year consistent with the Schedule of Federal and State Financial Assistance (CARS line 598).



**COUNTY OF RACINE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2005**

**6. RECONCILIATION OF EXPENDITURES PER CARS (continued)**

(e) Represents adjustments made to the April 5, 2006 CARS report by the County or State. A summary by CARS line number follows:

<u>CARS Line Number</u>	<u>Adjustment</u>
367	\$ (140,136) (1)
338	183 (1)
339	248 (1)
348	(162) (1)
349	(220) (1)
429	(11,091) (1)
439	(13,161) (1)
450	(17,816) (1)
506	8 (1)
507	12 (1)
561	151,458 (1)
563	17,650 (1)
564	12,966 (1)
580	26 (1)
581	35 (1)
750	(6,022) (2)
753	1,018 (2)
754	4,114 (2)
756	212 (2)
758	678 (2)
Total	<u>\$ -</u>

- (1) Adjustments made by State of Community Options, COPW, Community Integration Program II, Brain Injury Waiver, Community Program, Community Integration Program 1A, and CLTS Waiver.
- (2) Subsequent adjustment made by State for Income Maintenance, Medical Assistance, Food Stamps, Child Care, and TANF Program Integrity.

**7. CONTINGENCY**

All State financial assistance programs are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for costs disallowed under the terms of the programs. It is the opinion of management that all costs charged against those State programs are allowable under the regulations of these programs.

**COUNTY OF RACINE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2005**

**8. CASE MANAGEMENT AGENCY PROVIDERS**

Funds received from EDS Federal Corporation for Medial Assistance Case Management Services billed at a State DHSS specified unit rate are included as cost offsets on the CARS report to the Community Options Program, Integrated Services to Children with Disabilities, and Basic County Allocation, CARS lines 367, 530, and 561, respectively. Funds received and reported for 2005 were \$13,640 for Community Options, \$13,671 for Integrated Services to Children with Disabilities, and \$170,534 for Basic County Allocation. In addition to audit testing for Community Options and Basic County Allocation, audit testing was also conducted for MA Case Management per State audit guidelines.

**9. COMMUNITY SUPPORT PROGRAM – MEDICAL ASSISTANCE**

Funds received from EDS Federal Corporation for Medical Assistance Community Support Services are billed by Transitional Living Services Inc. at a State DHSS specified unit rate. These funds are included as cost offsets to the Basic County Allocation on the CARS report, line 561. Funds received and reported for 2005 were \$590,321.

This information is an integral part of the accompanying schedule.

**COUNTY OF RACINE**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2005**

**Section 1 - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes   X   Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**State Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Reportable condition(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes   X   Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the *State single Audit Guidelines*? \_\_\_\_\_ yes   X   no

Identification of major programs:

State ID Number(s)	Name of State Program or Cluster
255.101	General Aids
255.201	Handicapped and School age Parents Education Aid
410.116	State Probation and Parole Offenders
445.350	CS Performance Based
455.503/532/536/539	Victim and Witness Services Cluster
435.342	Children and Family Incentive Funds
435.367	Community Options Program (COP)
435.450	CLTS GPR
435.506	Brain Injury Waiver
435.564	Community Integration Program 1-B (CIP-1B)
435.580	Community Integration Program 1-A (CIP-1A)
435.550	Birth to Three Initiative
435.560350	Aging: Title III, Part C Nutrition
435.560360	Aging: Title III, Part C Nutrition
435.577	Family Support
435.540	Brighter Future Initiative
435.105	Funeral/Cemetery-W-2 and Non W-2
435.967	RCC Health Check

Dollar threshold used to distinguish between type A and type B programs: \$100,000

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

**COUNTY OF RACINE**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2005**

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - State Award Findings and Questioned Costs**

No matters were reported.

**Section IV - Other Matters**

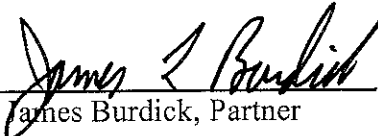
1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? \_\_\_\_\_ Yes        X   No

2. Does the auditor's report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, reportable conditions, management letter comments, 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 Workforce Development	_____	Yes	_____	<u>  X  </u>	No
Department of Health and Family Services	_____	Yes	_____	<u>  X  </u>	No
Department of Public Instruction	_____	Yes	_____	<u>  X  </u>	No

3. Was a management letter or other document conveying audit comments issued as a result of this audit? \_\_\_\_\_   X   Yes      \_\_\_\_\_ No

4. Name and signature of partner

  
 \_\_\_\_\_  
 James Burdick, Partner

5. Date of report \_\_\_\_\_ September 22, 2006 \_\_\_\_\_

**COUNTY OF RACINE**  
**STATUS OF PRIOR YEAR STATE FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2005**

**2004-01 435.367 Community Options Program (COP)**

**Requirement**

Cost share amounts received from program participants should reduce the cost to community options program for the services delivered. (Appendix to the State Single Audit Guidelines for Programs from the Department of Health and Family Services, 2004 Revision Section 3.1c).

**Condition**

In 2004, the County received an audit from the Wisconsin Department of Health and Family Services. Their audit identified a finding related to the lack of documentation related to above requirement. The documentation in the case files was not sufficient to allow the auditor to determine whether cost share amounts were being applied to the costs of the community options program correctly.

**Question Costs**

Based on our test work, we did not uncover questioned costs.

**Cause**

The County did not have specific policies or procedures in place regarding proper file documentation for cost sharing.

**Effect**

If this condition remains unresolved, the probability of an error in reporting to the Wisconsin Department of Health and Family Services increases resulting in either under claiming or over claiming expenditures.

**Recommendation**

Management should establish policies and procedures to properly document cost sharing payments are being applied appropriately.

**2005 Status**

This item has been cleared in 2005. The Racine County Human Services Department (RCHSD) has correctly changed the process for collecting and documenting cost share effective January 1, 2005. The collection process has been modified to collect cost shares directly in the RCHSD.