

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

**SINGLE AUDIT REPORT**  
**December 31, 2008**

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**Independent Auditor's 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***

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

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Racine, Wisconsin as of and for the year ended December 31, 2008, which collectively comprise the County of Racine, Wisconsin's basic financial statements and have issued our report thereon dated June 25, 2009. 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 the County of Racine, Wisconsin's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of Federal findings and questioned costs as item 2008-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Racine, Wisconsin'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*.

We noted certain matters that we reported to management of the County of Racine in a separate letter dated June 25, 2009.

The County of Racine, Wisconsin's response to the finding identified in our audit is described in the accompanying schedule of Federal findings and questioned costs. We did not audit the County of Racine, Wisconsin's response and, accordingly, we express no opinion on it.

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

*Clifton Gunderson LLP*

Milwaukee, Wisconsin  
June 25, 2009



**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, Wisconsin  
Racine, Wisconsin

**Compliance**

We have audited the compliance of the County of Racine, Wisconsin with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The County of Racine, Wisconsin's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal 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 the County of Racine, Wisconsin's management. Our responsibility is to express an opinion on the County of Racine, Wisconsin'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 the County of Racine, Wisconsin'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 of the County of Racine, Wisconsin's compliance with those requirements.

In our opinion, the County of Racine, Wisconsin 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with *OMB Circular A-133* and which are described in the accompanying schedule of federal findings and questioned costs as items *2008-02, and 2008-03*.

## **Internal Control Over Compliance**

The management of the County of Racine, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Racine, Wisconsin's internal control over compliance with the 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, 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 entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of federal findings and questioned costs as items *2008-02*, *2008-03*, and *2008-04*, to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of federal findings and questioned costs to be material weaknesses.

The County of Racine, Wisconsin's responses to the findings identified in our audit are described in the accompanying schedule of federal findings and questioned costs. We did not audit the County of Racine, Wisconsin's response and, accordingly, we express no opinion on them.

## 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 the County of Racine, Wisconsin as of and for the year ended December 31, 2008, and have issued our report thereon dated June 25, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County of Racine, Wisconsin's 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 management, the Board of Supervisors, others within the entity, 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 Anderson LLP*

Milwaukee, Wisconsin  
September 09, 2009, except for the Schedule  
of Expenditures of Federal Awards, as to  
which the date is June 25, 2009

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended December 31, 2008**

<b>Grantor Agency</b>		<b>Program</b>	<b>Receivable</b>			<b>Grant</b>	<b>Receivable</b>	
<b>Pass-through Agency</b>		<b>Award</b>	<b>(Payable)</b>			<b>Expenditures</b>	<b>(Payable)</b>	<b>Local</b>
<b>Grant or Project Title</b>	<b>CFDA #</b>	<b>Amount</b>	<b>1/1/2008</b>	<b>Receipts</b>			<b>12/31/08</b>	<b>Share</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
Wisconsin Department of Public Instruction								
School Breakfast Program	10.553	N/A	\$ 6,809	\$ 37,954	\$ 33,749	\$ 2,604	\$ -	\$ -
National School Lunch Program	10.555	N/A	<u>9,626</u>	<u>57,271</u>	<u>57,567</u>	<u>9,922</u>	<u>-</u>	<u>-</u>
Total Wisconsin Department of Public Instruction			<u>16,435</u>	<u>95,225</u>	<u>91,316</u>	<u>12,526</u>	<u>-</u>	<u>-</u>
Wisconsin Department of Health Services -								
Health Care Financing								
Administrative Grants For Food Stamp Program	10.561	346,873	<u>134,532</u>	<u>746,718</u>	<u>807,644</u>	<u>195,458</u>	<u>55,760</u>	<u>55,760</u>
Wisconsin Department of Workforce Development								
Administrative Grants For Food Stamp Program	10.561	378,506	<u>64,254</u>	<u>269,436</u>	<u>227,468</u>	<u>22,286</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>215,221</u>	<u>1,111,379</u>	<u>1,126,428</u>	<u>230,270</u>	<u>55,760</u>	<u>55,760</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>								
Racine County Housing Authority								
Lower Income Housing Assistance Program:								
Section 8 Moderate Rehabilitation								
Low Rent Public Housing Support Audit Costs	14.850a	17,512	3,028	20,540	17,512	-	84,774	84,774
Voucher Program	14.871	N/A	-	8,387,386	8,387,386	-	223,812	223,812
N/C S/R Section 8 Programs	14.182	68,950	<u>-</u>	<u>68,950</u>	<u>68,950</u>	<u>-</u>	<u>107,739</u>	<u>107,739</u>
Total Racine County Housing Authority			<u>3,028</u>	<u>8,476,876</u>	<u>8,473,848</u>	<u>-</u>	<u>416,325</u>	<u>416,325</u>

See Notes to Schedule of Expenditures of Federal Awards.



**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended December 31, 2008**

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2008	Receipts	Grant Expenditures	Receivable (Payable) 12/31/08	Local Share
Wisconsin Department of Commerce Community Development Block Grant	14.228	\$ 242,221	\$ 9,768	\$ 191,989	\$ 182,221	\$ -	\$ -
Total U.S. Department of Housing and Urban Development			<u>12,796</u>	<u>8,668,865</u>	<u>8,656,069</u>	<u>-</u>	<u>416,325</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Bureau of Justice Assistance							
Bulletproof Vest Partnership Program	16.607	12,437	-	12,437	12,437	-	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	50,000	8,175	48,942	34,070	(6,697)	11,927
Passed Through City of Racine							
Edward Byrne Memorial Justice Assistance Grant Program	16.738	36,884	-	-	36,884	36,884	-
Total Bureau of Justice Assistance			<u>8,175</u>	<u>61,379</u>	<u>83,391</u>	<u>30,187</u>	<u>11,927</u>
Wisconsin Department of Administration -							
Office of Justice Assistance							
Juvenile Accountability Block Grants	16.523	88,294	16,753	49,320	61,147	28,580	1,489
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	60,000	-	-	12,304	12,304	-
Passed Through Kenosha County							
Edward Byrne Memorial Formula Grant Program	16.579	105,404	33,423	45,444	39,010	26,989	-
Total Wisconsin Department of Administration			<u>50,176</u>	<u>94,764</u>	<u>112,461</u>	<u>67,873</u>	<u>1,489</u>

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended December 31, 2008

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2008	Receipts	Grant Expenditures	Receivable (Payable) 12/31/08	Local Share
Wisconsin Department of Justice							
Drug Enforcement Administration Grants	16.000	\$ 2,562	\$ -	\$ 628	\$ 2,652	\$ 2,024	\$ -
Crime Victim Assistance	16.575	148,652	15,813	64,018	67,357	19,152	16,889
Edward Byrne Memorial Formula Grant Program	16.579	-	7,389	7,389	-	-	-
Total Wisconsin Department of Justice			<u>23,202</u>	<u>72,035</u>	<u>70,009</u>	<u>21,176</u>	<u>16,889</u>
Wisconsin Department of Corrections							
Prisoner Reentry Initiative Demonstration	16.202	400,140	-	-	15,604	15,604	-
Wisconsin Department of Justice - Passed Through the City of Racine							
Local Law Enforcement Block Grant - Weed & Seed	16.725	1,121	-	-	1,121	1,121	-
Wisconsin Department of Transportation							
Enforcing Underage Drinking Laws Program	16.727	18,000	-	17,841	17,841	-	4,500
Total U.S. Department of Justice			<u>81,553</u>	<u>246,019</u>	<u>300,427</u>	<u>135,961</u>	<u>34,805</u>
U.S. DEPARTMENT OF LABOR							
Wisconsin Department of Workforce Development							
Passed Through Kenosha County							
WIA Adult Program	17.258	830,909	65,930	278,838	277,844	64,936	-
WIA Youth Program	17.259	1,016,723	119,750	522,957	519,705	116,498	-
WIA Dislocated Workers Program	17.260	1,308,326	85,605	400,573	420,839	105,871	-
H-1B Job Training Grants	17.268	10,000	-	-	9,198	9,198	-

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended December 31, 2008

<b>Grantor Agency</b>		<b>Program</b>	<b>Receivable</b>		<b>Grant</b>	<b>Receivable</b>	<b>Local</b>
<b>Pass-through Agency</b>		<b>Award</b>	<b>(Payable)</b>		<b>Expenditures</b>	<b>(Payable)</b>	<b>Share</b>
<b>Grant or Project Title</b>	<b>CFDA #</b>	<b>Amount</b>	<b>1/1/2008</b>	<b>Receipts</b>		<b>12/31/08</b>	
Wisconsin Department of Workforce Development - WOW							
Workforce Development Inc.							
H-1 B Job Training Grants	17.268	\$ 29,790	\$ -	\$ -	\$ 16,528	\$ 16,528	\$ 7,404
Total U.S. Department of Labor			<u>271,285</u>	<u>1,202,368</u>	<u>1,244,114</u>	<u>313,031</u>	<u>7,404</u>
U.S. DEPARTMENT OF TRANSPORTATION							
Wisconsin Department of Transportation							
Highway Planning and Construction	20.205	322,400	877	-	-	877	3,065
State and Community Highway Safety	20.600	186,790	13,033	87,611	99,490	24,912	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	20.601	43,000	-	17,721	39,490	21,769	4,951
Total U.S. Department of Transportation			<u>13,910</u>	<u>105,332</u>	<u>138,980</u>	<u>47,558</u>	<u>8,016</u>
U.S. DEPARTMENT OF EDUCATION							
Wisconsin Department of Health Services - Disability and Elder Services							
Special Education Grants for Infants and Families with Disabilities	84.181	219,014	-	219,014	219,014	-	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Substance Abuse and Mental Health Services Projects of Regional and National Significance							
	93.243	1,998,600	127,828	463,528	404,466	68,766	-
Office of National Drug Control Policies High Intensity Drug Traffic Area							
	93.276	41,916	22,956	50,278	41,916	14,594	-
Wisconsin Department of Administration Low Income Home Energy Assistance							
	93.568	502,072	33,168	180,145	194,368	47,391	-

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended December 31, 2008

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2008	Receipts	Grant Expenditures	Receivable (Payable) 12/31/08	Local Share
Wisconsin Department of Corrections							
Child Welfare Services State Grants	93.645	\$ 27,575	\$ 605	\$ 30,873	\$ 27,574	\$ (2,694)	\$ 26,146
Foster Care Title IV-E	93.658	38,604	847	43,223	38,605	(3,771)	36,604
Total Wisconsin Department of Corrections			1,452	74,096	66,179	(6,465)	62,750
Wisconsin Department of Health Services - Division of Children and Family							
Cooperative Agreements to States/ Territories for the Coordination and Development of Primary Care Offices							
	93.130	26,620	-	25,898	26,620	722	618
Promoting Safe and Stable Families	93.556	54,075	-	54,075	54,075	-	-
Temporary Assistance for Needy Families	93.558	730,581	(30,110)	711,710	624,276	(117,544)	106,305
Chafee Education and Training Vouchers Program	93.599	3,223	(507)	628	767	(368)	-
Child Welfare Services State Grants	93.645	187,699	(7,736)	182,850	160,387	(30,199)	27,312
Foster Care Title IV-E	93.658	978,265	60,097	948,439	858,915	(29,427)	127,158
Social Services Block Grant	93.667	1,439,985	(59,346)	1,402,790	1,230,456	(231,680)	209,529
Chafee Foster Care Independent Living	93.674	41,719	-	33,641	40,319	6,678	-
HIV / AIDS Surveillance	93.944	-	2,910	2,910	-	-	4,727
Block Grants for Prevention and Treatment of Substance Abuse	93.959	130,247	7,917	127,774	130,246	10,389	-
Total Division of Children and Family			(26,775)	3,490,715	3,126,061	(391,429)	475,649

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended December 31, 2008

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2008	Receipts	Grant Expenditures	Receivable (Payable) 12/31/08	Local Share
Wisconsin Department of Health Services -							
Division of Health Care Financing							
State Children's Insurance Program	93.767	\$ 91,218	\$ 31,718	\$ 194,238	\$ 209,188	\$ 46,668	\$ -
Medical Assistance Program	93.778	482,835	<u>168,586</u>	<u>1,068,109</u>	<u>1,136,270</u>	<u>236,747</u>	<u>13,423</u>
Total Division of Health Care Financing			<u>200,304</u>	<u>1,262,347</u>	<u>1,345,458</u>	<u>283,415</u>	<u>13,423</u>
Wisconsin Department of Health Services -							
Division of Disability and Elder Services							
Special Programs for the Aging -							
Title IV and Title II - Discretionary Projects	93.048	1,000	-	-	967	967	-
Social Services Block Grant	93.667	8,517	196	7,066	7,637	767	-
Medical Assistance Program	93.778	8,830,964	(1,842,968)	(749,490)	1,269,517	176,039	-
Block Grants for Community Mental Health Services	93.958	173,088	-	161,300	173,088	11,788	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	685,171	(1,403)	666,860	667,294	(969)	-
Southeastern Wisconsin Area Agency On Aging							
Special Programs for the Aging-Title III-							
Part D, Disease Prevention	93.043	11,353	4,334	10,114	11,353	5,573	4,074
Part B, Grants for Supportive Services	93.044	173,285	87,213	154,166	164,974	98,021	33,872
Part C, Nutrition Services	93.045	117,182	55,494	272,240	277,814	61,068	282,914
National Family Caregiver Support - Title III, Part E	93.052	78,960	49,914	90,696	78,960	38,178	26,320
Nutrition Services Incentive Program	93.053	74,468	<u>52,684</u>	<u>114,079</u>	<u>74,468</u>	<u>13,073</u>	<u>-</u>
Total Division of Disability and Elder Services			<u>(1,594,536)</u>	<u>727,031</u>	<u>2,726,072</u>	<u>404,505</u>	<u>347,180</u>

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended December 31, 2008

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2008	Receipts	Grant Expenditures	Receivable (Payable) 12/31/08	Local Share
Wisconsin Department of Health Services - Division of Management and Technology Medical Assistance Program	93.778	\$ -	\$ 41,348	\$ 48,017	\$ 76,785	\$ 70,116	\$ -
Total Wisconsin Department of Health Services			<u>(1,379,659)</u>	<u>5,528,110</u>	<u>7,274,376</u>	<u>366,607</u>	<u>836,252</u>
Wisconsin Department of Justice Children's Justice Grants to States	93.643	12,159	-	12,159	12,159	-	-
Wisconsin Department of Workforce Development - Bureau of Division-Wide Services							
Temporary Assistance for Needy Families	93.558	678,103	44,839	535,720	416,881	(74,000)	125,285
Child Support Enforcement	93.563	737,626	336,709	2,160,452	2,152,619	328,876	124,474
Refugee Assistance	93.566	-	-	3,163	3,836	673	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1,292,048	212,453	1,033,669	803,642	(17,574)	128,700
Total Wisconsin Department of Workforce Development			<u>594,001</u>	<u>3,733,004</u>	<u>3,376,978</u>	<u>237,975</u>	<u>378,459</u>
Total U.S. Department of Health and Human Services			<u>(600,254)</u>	<u>10,041,320</u>	<u>11,370,442</u>	<u>728,868</u>	<u>1,277,461</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>							
Wisconsin Department of Administration - Office of Justice Assistance State Domestic Preparedness Equipment Support Program	97.004	89,468	28,766	40,934	15,243	3,075	-
Homeland Security Grant	97.067	63,353	-	13,862	30,523	16,661	-
Total Wisconsin Department of Administration			<u>28,766</u>	<u>54,796</u>	<u>45,766</u>	<u>19,736</u>	<u>-</u>

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended December 31, 2008**

<b>Grantor Agency</b>		<b>Program</b>	<b>Receivable</b>		<b>Grant</b>	<b>Receivable</b>	<b>Local</b>
<b>Pass-through Agency</b>		<b>Award</b>	<b>(Payable)</b>		<b>Expenditures</b>	<b>(Payable)</b>	<b>Share</b>
<b>Grant or Project Title</b>	<b>CFDA #</b>	<b>Amount</b>	<b>1/1/2008</b>	<b>Receipts</b>		<b>12/31/08</b>	
Wisconsin Department of Military Affairs							
Disaster Grants - Public Assistance	97.036	140,232	\$ -	\$ 123,334	\$ 140,232	\$ 16,898	\$ 18,962
Emergency Management Performance Grants	97.042	100,878	52,872	115,256	62,384	-	56,967
			<u>52,872</u>	<u>238,590</u>	<u>202,616</u>	<u>16,898</u>	<u>75,929</u>
Total Wisconsin Department of Military Affairs							
Wisconsin Department of Justice							
Homeland Security Grant	97.067	798,200	-	84,200	601,533	517,333	-
			<u>81,638</u>	<u>377,586</u>	<u>849,915</u>	<u>553,967</u>	<u>75,929</u>
Total U.S. Department of Homeland Security							
TOTAL FEDERAL AWARD PROGRAMS			<u>\$ 76,149</u>	<u>\$ 21,971,883</u>	<u>\$ 23,905,389</u>	<u>\$ 2,009,655</u>	<u>\$ 1,875,700</u>

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES**

(A) Revenues and Expenditures

Expenditures in the schedule are presented in accordance with the modified accrual basis of accounting, consistent with the County's 2008 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 schedule.

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

**2. FINANCIAL AWARD PROGRAMS**

The Schedule of Expenditures of Federal Awards includes all programs of the County of Racine, Wisconsin (the "County") and its component unit which had activity in 2008.

Program Period

Certain 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 2008, transactions occurring during 2008 are presented in the Schedule of Expenditures of Federal Awards and the fiscal period is disclosed under the title of the contract.



**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2008**

**2. FINANCIAL AWARD PROGRAMS** (Continued)

Local Share

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

**3. ADJUSTMENTS TO BEGINNING BALANCE**

Adjustments were made to the December 31, 2007 ending accrual or deferral because of new information available in 2008. The primary reason was to report on actual 2008 program revenue. Additional adjustments were made to reflect federal/state funding percent changes. The changes to the accrual or deferral by funding source were as follows:

	<b><u>Increase (Decrease)</u></b>
U.S. Department of Agriculture	\$ 38,196
U.S. Department of Housing and Urban Development	(9,768)
U.S. Department of Labor	3
U.S. Department of Transportation	1,230
U.S. Department of Human Services	(96,415)
U.S. Department of Homeland Security	<u>(27,071)</u>
 Total adjustment	 <u>\$ (93,825)</u>

**4. CONTINGENCY**

All federal financial award 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 the federal programs are allowable under the regulations of the programs.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2008**

**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 III-E which requires a 25% match. The detail of local share included in the Schedule of Expenditures of Federal and State Awards for Aging Programs is as follows:

	<u>Program Income</u>	<u>Cash Match</u>	<u>In-kind Match</u>	<u>Total</u>
Senior Community Services				
Lincoln Lutheran	\$ -	\$ -	\$ 2,498	\$ 2,498
Southeastern Wisconsin Area Agency on Aging	-	-	634	634
Totals	<u>-</u>	<u>-</u>	<u>3,132</u>	<u>3,132</u>
Title III-B				
Racine County HSD	-	5,182	-	5,182
Southeastern Wisconsin Area Agency on Aging	-	-	727	727
Lincoln Lutheran	-	-	27,963	27,963
Totals	<u>-</u>	<u>5,182</u>	<u>28,690</u>	<u>33,872</u>
Title III-C				
Lincoln Lutheran	<u>228,064</u>	<u>-</u>	<u>171,680</u>	<u>399,744</u>
Title III-D				
Lincoln Lutheran	<u>-</u>	<u>-</u>	<u>4,074</u>	<u>4,074</u>
Benefit Specialist				
Southeastern Wisconsin Area Agency on Aging	<u>-</u>	<u>-</u>	<u>3,739</u>	<u>3,739</u>
Title III-E				
Racine County HSD	<u>26,320</u>	<u>-</u>	<u>-</u>	<u>26,320</u>
<b>Grand Total Local Match</b>	<u>\$ 254,384</u>	<u>\$ 5,182</u>	<u>\$ 211,315</u>	<u>\$ 470,881</u>
Federal programs				\$ 347,180
State programs				<u>123,701</u>
Total				<u>\$ 470,881</u>

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2008**

**6. PAYMENTS TO SUBRECIPIENTS**

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

<b>Federal CFDA Number</b>	<b>Amount Paid to Subrecipients</b>
10.561	\$ 3,213
14.228	-
16.523	14,885
16.579	-
17.258	1,795
17.259	100,163
17.260	2,879
84.181	87,578
93.045	277,814
93.053	74,468
93.556	12,375
93.558	53,853
93.568	155,020
93.596	240,836
93.599	-
93.645	14,160
93.658	75,502
93.667	106,146
93.778	12,907
97.036	7,825
93.959	257,994
93.044	28,010

This information is an integral part of the accompanying schedule.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2008**

**Section I - 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
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ none reported  
  X   yes \_\_\_\_\_

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

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ none reported  
  X   yes \_\_\_\_\_

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? \_\_\_\_\_ X \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
93.778	Medical Assistance Program
93.563	Child Support Enforcement
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
10.561	State Administrative Matching Grants for Food Stamp Program WIA Cluster
17.258	WIA Adult Program
17.259	WIA Youth Program
17.260	WIA Dislocated Worker Program

Dollar threshold used to distinguish between type A and type B programs: \$717,162

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

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS**  
**Year Ended December 31, 2008**

**Section II - Financial Statement Findings**

**Finding 2008- 01**

Requirement

The County's system of internal control should be designed to achieve efficient and effective internal controls.

Condition

Our audit procedures included a review of the property tax system performed by an information technology specialist. We observed that the system does not properly record and transactions when (1) a tax payment is recorded after the daily posting has occurred and (2) the following calendar day is not a business day. Also, Noncash transactions are included on a cash transaction report.

Questioned Costs

There are no questioned costs identified.

Cause

The causes of the conditions are as follows: (1) The tax payment system allows receipting to continue while posting is in process and (2) the Treasurer's office used a single code in the system for all transactions related to the tax system.

Effect

As a result, property tax payments may not be credited to the proper account or may not be posted correctly. The County currently has a reconciliation process that would in effect, mitigate this error. However, these transactions make the reconciliation process more difficult to complete. In addition, the inclusion of the non-cash transactions as cash transactions makes it necessary for the staff accountant to review every transaction manually and determine which are non-cash transactions. These transactions are then backed out of the totals so that the appropriate amounts can be determined for recording in the accounting system thus resulting in significant non-productive time. The likelihood of misstatement increases with these manual procedures.

Recommendation

We recommend that the County investigate the feasibility of software modification which would eliminate the manual work the staff accountant now undertakes.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS**  
**Year Ended December 31, 2008**

**Section II - Financial Statement Findings** (continued)

**Finding 2008- 01** (continued)

Management's Response

The County proposes the following changes to be made in a timely manner regarding our Property Tax System.

1. The programs for daily posting of general receipts and the programs for creating general receipts will be modified so no general receipting can take place while posting is going on and no posting can occur while general receipting is going on. A procedure will be created to immediately export to the JD Edwards financial system any batch being posted that is older than the prior day, so those transactions are not missed.
2. For unidentified non-cash transactions, it was discovered that the Treasurer's office (responsible for entering Tax receipts) can use a code (AJ) that would identify non-cash receipts. This will eliminate the problem.

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

**Finding 2008- 02**

CFDA Number – 14.871

Program Name – Section 8 Housing Choice Vouchers

Funding Agency – U.S. Department of Housing and Urban Development

Requirement

OMB Circular A-133 Compliance Supplement states that all families admitted to the program must be selected from the waiting list. "Selection" from the waiting list generally occurs when the PHA notifies a family whose name reaches the top of the waiting list to come in to verify eligibility for admission (24 CFR sections 5.410, 982.54(d), and 982.201 through 982.207).

Condition

One participant's file was missing an original application and voucher. The participant was not selected from the waitlist as required.

Context

During the recertification process, the Housing Authority discovered that one participant's file did not contain an original application and voucher. After further investigation, the Housing Authority determined that the participant was not selected from the waitlist and a potential fraud or abuse may have occurred. This matter was brought to the attention of the auditors during fraud inquiry procedures required by generally accepted auditing standards.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS  
Year Ended December 31, 2008**

**Section III - Federal Award Findings and Questioned Costs (continued)**

**Finding 2008- 02** (continued)

Questioned Costs

\$17,171.

Cause

The Housing Authority as a lack of segregation of duties related to the waitlist procedures and no formal review of the participant files.

Effect

Housing Assistance Program payments may be occurring on behalf of an ineligible participant.

Recommendation

We recommend that the Housing Authority review the access to the waitlist software by the case workers and limit waitlist software access to one or two employees such as the administrative assistant and the Executive Director. In addition, the Housing Authority should consider implementing a sign in sheet for attendance at intake meetings to ensure that waitlist participants that are brought into the program are properly taken off the waitlist. The sign in sheet will also provide documentation that the participants properly attended an intake meeting. Finally, we recommend that the review process be documented in the participant's file. The review should include a comparison of the tenant lease, the name on the voucher, and the name on the waitlist to the name on the original application. This review should occur for any new participants entered into the program and when any change in the voucher occurs. The review will be documented in the participant file.

Management's Response

The Housing Authority will implement the recommendations in the fall of 2009.

**Finding 2008- 03**

CFDA Number – 14.871

Program Name – Section 8 Housing Choice Vouchers

Funding Agency – U.S. Department of Housing and Urban Development

Requirement

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS  
Year Ended December 31, 2008**

**Section III - Federal Award Findings and Questioned Costs (continued)**

**Finding 2008- 03** (continued)

Condition

No formal audit trail exists related to the review of the eligibility determination and file documentation of the participants that is performed annually on five to ten percent of the active participant files of the organization.

Questioned Costs

There are no questioned costs identified.

Cause

Documentation is not being maintained which identifies the participant files that were selected for annual review.

Effect

Housing Assistance Program payments may be occurring on behalf of an ineligible participant.

Recommendation

We recommend that the review process of the eligibility determination and file documentation be recorded in the participant files selected for quality control by a sign off of the reviewer's initials. This can be accomplished by developing a sign off sheet that would be attached to the participant file. In addition, the Housing Authority could maintain a spreadsheet or log of which participant files were reviewed in which year. This review procedure should be performed for all active participant case files and can be performed in conjunction with the review of annual tenant leases.

Management's Response

The Housing Authority will implement the recommendations in the fall of 2009.



**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS  
Year Ended December 31, 2008**

**Finding 2007-01** – Finding has been resolved.

**Finding 2007-02** – Finding has been resolved.

**Finding 2007-03** – Finding has been resolved.

**Finding 2007-04** – Finding has been resolved.

**Finding 2007-05** – Finding has been resolved.

**Finding 2007-06** – Finding has been resolved.

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

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

**Compliance**

We have audited the compliance of the County of Racine, Wisconsin 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 programs for the year ended December 31, 2008. The County of Racine, Wisconsin's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state award programs is the responsibility of the County of Racine, Wisconsin's management. Our responsibility is to express an opinion on the County of Racine, Wisconsin'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 *State Single Audit Guidelines*. Those standards and the 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 state program occurred. An audit includes examining, on a test basis, evidence about the County of Racine, Wisconsin'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 of the County of Racine, Wisconsin's compliance with those requirements.

In our opinion, the County of Racine, Wisconsin 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the *State Single Audit Guidelines* and which are described in the accompanying schedule of state findings and questioned costs as items 2008-04, 2008-05, 2008-06, and 2008-07.

## **Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of state findings and questioned costs as items *2008-04, 2008-05, 2008-06, and 2008-07* to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of state findings and questioned costs to be material weaknesses.

The County of Racine, Wisconsin's responses to the findings identified in our audit are described in the accompanying schedule of state findings and questioned costs. We did not audit the County of Racine, Wisconsin's responses and, accordingly, we express no opinion on them.

## 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 the County of Racine, Wisconsin as of and for the year ended December 31, 2008, and have issued our report thereon dated June 25, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County of Racine, Wisconsin's 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 management, the Board of Supervisors, others within the entity, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Milwaukee, Wisconsin  
September 09, 2009, except for the Schedule  
of Expenditures of State Awards, as to which  
the date is June 25, 2009

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the year ended December 31, 2008

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2008	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2008	Local Share
WISCONSIN DEPARTMENT OF ADMINISTRATION							
P&D Smart Growth Grant	505.110	\$ 639,000	\$ 173,562	\$ 156,826	\$ 187,120	\$ 203,856	\$ 93,560
WLIP Training and Education Awards	505.118	300	(248)	300	-	(548)	-
LIHEAP Public Benefits	505.371	179,005	26,156	89,583	104,259	40,832	3
Office of Justice Assistance - Passed through Kenosha County State Task Force Against Drugs	505.000	26,939	-	26,939	26,939	-	-
Total Wisconsin Department of Administration			<u>199,470</u>	<u>273,648</u>	<u>318,318</u>	<u>244,140</u>	<u>93,563</u>
WISCONSIN DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION							
Soil and Water Conservation Project Aids #9214-07-52-00	115.150	154,301	80,625	154,436	154,301	80,490	28,560
Soil and Water Conservation Project Aids #9214-05-52-00	115.400	86,144	4,095	59,933	64,175	8,337	-
Total Wisconsin Department of Agriculture			<u>84,720</u>	<u>214,369</u>	<u>218,476</u>	<u>88,827</u>	<u>28,560</u>
WISCONSIN DEPARTMENT OF COMMERCE							
Wisconsin Fund - Powts Replacement or Rehabilitation Financial Assistance Program	370.403	46,356	-	46,356	46,356	-	-

See Notes to Schedule of Expenditures of State Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the year ended December 31, 2008

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2008	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2008	Local Share
<b>WISCONSIN DEPARTMENT OF CORRECTIONS</b>							
State Probation & Parole Offenders	410.116	\$ 219,900	\$ -	\$ 219,900	\$ 219,900	\$ -	\$ -
Capacity Building for Early & Intensive Intervention	410.302	288,670	25,936	148,097	144,335	22,174	-
Youth Aids GPR	410.313	2,691,281	59,036	3,013,242	2,691,281	(262,925)	2,551,832
Total Wisconsin Department of Corrections			<u>84,972</u>	<u>3,381,239</u>	<u>3,055,516</u>	<u>(240,751)</u>	<u>2,551,832</u>
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>							
Handicapped and School Age Parents Education Aid	255.101	55,386	38,770	39,185	415	-	(415)
<b>WISCONSIN DEPARTMENT OF HEALTH SERVICES</b>							
Division of Children and Family							
AW DOJ Fingerprint Backup	435.324	5,217	-	994	1,259	265	-
Children and Families Incentive Funds	435.342	307,807	-	299,450	307,807	8,357	7,146
Kinship Care Base Benefit	435.377	750,052	(11,421)	719,189	708,820	(21,790)	-
Kinship Care Assessment	435.380	61,326	-	61,326	61,326	-	25,053
Brighter Future Initiative	435.540	161,394	9,811	158,331	161,393	12,873	-
Basic County Allocation	435.561	6,416,404	(264,440)	6,250,666	5,482,766	(1,032,340)	933,638
State/County Match - Basic County Allocation	435.681	1,170,053	472,969	765,482	1,170,053	877,540	3,105,626
Sacwis Ongoing-Local Match	(a)	N/A	-	-	-	-	17,150
Youth Independent Living II IV-E Match	(a)	N/A	-	-	-	-	10,080
Foster Parent Preservice Training - Match	(a)	N/A	-	-	-	-	12,300
Education Training Voucher 20% Local Match	(a)	N/A	-	-	-	-	192
Chips Legal Services - Match	(a)	N/A	-	-	-	-	110,528
TPR Adoption - Match	(a)	N/A	-	-	-	-	79,685
Total Division of Children And Family			<u>206,919</u>	<u>8,255,438</u>	<u>7,893,424</u>	<u>(155,095)</u>	<u>4,301,398</u>

See Notes to Schedule of Expenditures of State Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the year ended December 31, 2008

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2008	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2008	Local Share
Division of Healthcare Financing							
Funeral/Cemet-W-2 and Non W-2	435.105	N/A	\$ 44,283	\$ 252,166	\$ 263,974	\$ 56,091	\$ -
Medical Assistance Transportation	435.131	N/A	(4,878)	48,005	39,582	(13,301)	-
Medical Assistance Transportation - Admin	435.132	N/A	703	1,929	1,784	558	-
IMAA State Share	435.283	891,672	2,045	893,585	891,672	132	1,153,185
IMAA Federal Shares	435.284	15,783	5,488	33,607	36,194	8,075	-
Program Integrity - Medicaid	435.750	32,195	-	32,195	32,195	-	-
Fraud-Contract Cont	435.950	34,804	8,997	15,824	18,115	11,288	-
TANF Program Integ-over	(a)	N/A	-	-	-	-	7,159
CC Program Integ-over	(a)	N/A	-	-	-	-	12,793
Total Division of Healthcare Financing			<u>56,638</u>	<u>1,277,311</u>	<u>1,283,516</u>	<u>62,843</u>	<u>1,173,137</u>
Division of Disability and Elder Services							
APS Adult Protective Services	435.312	214,490	-	214,490	214,490	-	-
COPW GPR	435.338	982,332	(255,544)	(255,544)	-	-	-
CIPII GPR - Non Federal	435.348	241,780	(196,467)	(196,467)	-	-	-
Community Options Program (COP)	435.367	891,834	108,854	999,361	888,476	(2,031)	-
CIPII Comm Relocated - Non Federal	435.369	12,785	(7,351)	(7,351)	-	-	-
CIPII Diversions - Non Federal	435.375	1,131	(3,302)	(3,302)	-	-	-
Alzheimer's Family & Caregiver Support	435.381	92,485	(5,324)	62,790	71,507	3,393	-
CLTS DD - GPR	435.450	195,933	61,743	262,965	195,933	(5,289)	-
CLTS MI - GPR	435.451	320,137	(71,294)	280,084	320,137	(31,241)	-
CLTS DD- NON-FEDERAL OTHER	435.460	26,387	-	17,944	26,387	8,443	-
CLTS MI- NON FEDERAL OTHER	435.461	5,756	-	16,141	5,756	(10,385)	-
CLTS PD- NON FEDERAL OTHER	435.462	13,865	-	8,377	-	(8,377)	-
Brain Injury Waiver	435.506	45,233	(27,813)	(27,813)	-	-	-
Integrated Services Children With Severe Disabilities	435.530	7,400	-	7,400	7,400	-	-
Birth to Three Initiative	435.550	250,269	-	250,269	250,269	-	-

See Notes to Schedule of Expenditures of State Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the year ended December 31, 2008

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2008	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2008	Local Share
Division of Disability and Elder Services (continued)							
Aging and Disability Resource Center	435.560100	\$ 1,365,196	\$ 31,463	\$ 1,132,566	\$ 1,224,145	\$ 123,042	\$ -
Aging-Benefit Specialist	435.560320	33,438	12,009	22,966	33,438	22,481	3,739
Senior Community Services	435.560330	13,704	5,965	11,934	12,627	6,658	3,132
Aging: Title III, Part C Nutrition	435.560350	16,616	50,231	162,887	168,984	56,328	89,702
Aging: Title III, Part C Nutrition	435.560360	14,355	366	14,478	14,356	244	27,128
Aging-Elder Abuse Service	435.560490	65,670	34,803	68,001	65,670	32,472	-
Community Integration Program I-B (CIP-1B)	435.564000	178,051	(420,922)	(420,922)	-	-	-
Family Support	435.577000	168,420	-	168,419	164,539	(3,880)	-
Community Integration Program I-A (CIP-1A)	435.580000	494,930	(343,638)	(343,638)	-	-	-
Total Division of Disability and Elder Services			(1,026,221)	2,446,035	3,664,114	191,858	123,701
Total Wisconsin Department of Health Services			(762,664)	11,978,784	12,841,054	99,606	5,598,236
WISCONSIN DEPARTMENT OF JUSTICE							
Law Enforcement Training fund - Victim Witness Services	455.539	N/A	105,372	212,875	216,951	109,448	175,170
WISCONSIN DEPARTMENT OF MILITARY AFFAIRS							
State Match - Federal Disaster Assistance	465.305	43,851	-	38,268	43,851	5,583	6,223
EPCRA Computer Grant	465.335	4,000	1,751	1,751	1,819	1,819	-
EPCRA Emergency Planning Grant Program	465.337	65,323	16,223	32,646	32,846	16,423	10,309
Total Wisconsin Department of Military Affairs			17,974	72,665	78,516	23,825	16,532

See Notes to Schedule of Expenditures of State Awards.



**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the year ended December 31, 2008

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2008	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2008	Local Share
<b>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>							
Recreation Aids Grant	370.421	\$ 195,000	\$ (67,088)	\$ -	\$ 18,748	\$ (48,340)	\$ 18,748
Water Safety Aid	370.550	84,034	40,554	40,554	43,480	43,480	-
Harbor Break Water/ Natural Resources							
Boating Projects	370.573	225,000	-	112,500	37,674	(74,826)	4,186
Recreation Aids-Snowmobile Trails	370.574	3,376	-	3,376	3,376	-	-
Snowmobile Grant for Racine County							
Trail System	370.575	92,050	-	69,038	46,025	(23,013)	-
Wildlife Animal Damage Control	(a)	4,187	1,400	3,493	4,187	2,094	-
Total Wisconsin Department of Natural Resources			(25,134)	228,961	153,490	(100,605)	22,934
<b>WISCONSIN DEPARTMENT OF TRANSPORTATION</b>							
Specialized Transportation	395.101	400,847	-	400,847	400,847	-	80,169
Flood Damage Aid Program	395.206	-	8,813	8,813	-	-	-
Total Wisconsin Department of Transportation			8,813	409,660	400,847	-	80,169
<b>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</b>							
Bureau of Division Wide Services							
Child Support - Regular Expenditures- GPR	437.202	327,242	-	321,552	324,397	2,845	412,859
Children First	445.315	404,800	75,896	252,103	249,756	73,549	-
W-2 Administration	445.315	267,397	41	160,513	133,739	(26,733)	31,137
W-2 Services	445.315	403,429	105,559	331,554	161,205	(64,790)	94,148
W-2 Contract Prepayments	445.315	-	(73,639)	(73,639)	-	-	-
W-2 Job access Loans Net	445.323	7,278	-	1,236	2,794	1,558	-
Unemployment Insurance Fees	445.334	N/A	(109)	(706)	(749)	(152)	-
FSET Admin 50/50 Optional	445.367	122,380	53,584	105,887	24,000	(28,303)	-
FSET Participant 50/50 Optional	445.367	10,500	6,184	6,184	9,625	9,625	-
W-2 Services	445.367	193,927	-	152,879	193,843	40,964	-

See Notes to Schedule of Expenditures of State Awards.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the year ended December 31, 2008

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2008	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2008	Local Share
Bureau of Division Wide Services (continued)							
FSET Supplement	445.367	\$ 51,699	\$ 4,486	\$ 4,486	\$ -	\$ -	\$ -
W-2 Emergency Assistance	445.375	N/A	12,877	116,057	119,144	15,964	-
Local Match- FSET Admin 50/50 Optional	(a)	N/A	-	-	-	-	48,000
Local Match- FSET Participant 50/50 Optional	(a)	N/A	-	-	-	-	19,250
CS Nonreimbursable County Reported Costs	N/A	N/A	-	-	-	-	5,487
Total Bureau of Division Wide Services			<u>184,879</u>	<u>1,378,106</u>	<u>1,217,754</u>	<u>24,527</u>	<u>610,881</u>
Employment and Training Division							
2007 Wisconsin Act 20	445.141	25,000	-	25,000	25,000	-	-
Total Wisconsin Department of Workforce Development			<u>184,879</u>	<u>1,403,106</u>	<u>1,242,754</u>	<u>24,527</u>	<u>610,881</u>
WISCONSIN PUBLIC SERVICE COMMISSION							
E-911 Program	N/A	417,410	207,377	220,030	31,450	18,797	6,236
UNKNOWN STATE AGENCY							
ERI International Inc.	N/A	10,000	-	10,000	-	(10,000)	-
TOTAL STATE AWARD PROGRAMS			<u>\$ 144,549</u>	<u>\$ 18,490,878</u>	<u>\$ 18,604,143</u>	<u>\$ 257,814</u>	<u>\$ 9,183,698</u>

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

See Notes to Schedule of Expenditures of State Awards.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2008**

**1. SIGNIFICANT ACCOUNTING POLICIES**

(A) Revenues and Expenditures

Expenditures and revenues in the schedule are presented in accordance with the modified accrual basis of accounting, consistent with the County's 2008 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 schedule.

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

**2. FINANCIAL AWARD PROGRAMS**

The Schedule of Expenditures of State Awards includes all programs of the County of Racine, Wisconsin (the "County") and its component unit which had activity in 2008, which are required to be reported by the State Single Audit Guidelines.

Program Period

Certain 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 and began in 2008, transactions occurring during 2008 are presented in the Schedule of Expenditures of State Awards and the fiscal period is disclosed under the title of the contract.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2008**

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

Local Share

Certain financial assistance programs require the County to fund a portion of the expenditures 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.

Cognizant Agency

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

**3. ADJUSTMENTS TO BEGINNING BALANCE**

Adjustments were made to the December 31, 2007 ending accrual or deferral because of new information available in 2008. The primary reason was to report on actual 2008 program revenue. Additional adjustments were made to reflect Federal/State funding percent changes. The changes to the accrual or deferral by funding source were as follows:

	<b>Increase <u>(Decrease)</u></b>
Wisconsin Department of Administration	\$ (4,758)
Wisconsin Department of Commerce	9,768
Wisconsin Department of Corrections	(184)
Wisconsin Department of Health Services	54,741
Wisconsin Department of Military Affairs	(1,751)
Wisconsin Department of Natural Resources	(40,554)
Wisconsin Department of Workforce Development	<u>17,373</u>
 Total adjustment	 <u>\$ 34,635</u>

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2008**

**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 Youth Aids State Charges. In 2008, State-direct to client payments were \$1,048,786, \$21,572,373, \$469,744, and \$2,146,421 under the W-2, Food Stamp, LIHEAP and Youth Aids State Charges programs, respectively. These amounts are not included in the Schedules of Expenditures of Federal and State Awards.

**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 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.

**6. CONTINGENCY**

All state award 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 the state programs are allowable under the regulations of the programs.

**7. CASE MANAGEMENT AGENCY PROVIDERS**

Funds received for Medical Assistance Case Management Services billed at a State DHS 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 2008 were \$4,114 for Community Options, \$16,095 for Integrated Services to Children with Disabilities, and \$103,972 for Basic County Allocation. Audit testing was performed for MA Case Management per State audit guidelines.

Funds received in 2008 for Community Services Deficit Reduction Benefit totaled \$346,466.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2008**

**8. COMMUNITY SUPPORT PROGRAM - MEDICAL ASSISTANCE**

Funds received for Medical Assistance Community Support Services are billed by Transitional Living Service Inc. at a State DHS 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 2008 were \$403,868.

**9. CRISIS PROGRAM - MEDICAL ASSISTANCE**

Funds received for Medical Assistance Crisis Services are billed by Racine County Human Services Department at a State DHS 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 2008 were \$154,179.

This information is an integral part of the accompanying schedule.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2008**

**Section I - 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
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ none  
  X   yes \_\_\_\_\_ reported

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

**State Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ none  
  X   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 the *State Single Audit Guidelines*?   X   yes \_\_\_\_\_ no

Identification of major programs:

<u>State ID Number(s)</u>	<u>Name of State Program or Cluster</u>
115.150	Soil and Water Conservation Project Aids # 9214-07-52-00
115.400	Soil and Water Conservation Project Aids #9214-05-52-00
410.116	State Probation and Parole Offenders
435.561	Basic County Allocation
435.367	Community Options Program
	Community Integration Program Cluster:
435.450	CLTS DD – GPR
435.451	CLTS MI – GPR
435.460	CLTS DD – Non-federal Other
435.461	CLTS MI – Non-federal Other
435.560100	Aging and Disability Resource Center
455.539	Law Enforcement Training Fund - Victim Witness Services
437.202	Child Support Regular Expenditures/ GPR





**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2008**

**Section III - State Award Findings and Questioned Costs (continued)**

**Finding 2008- 04** (continued)

Condition

Not all provider audit reports were received by the required reporting date of 180 days after year-end.

Context

A sample of twenty five providers was selected and three of the provider audit reports were not received by the required reporting date. The three providers are: Home 4 the Heart, Inc., Mystic Meadows, LLC and Why Gangs LLC. The due date of these reports was June 30, 2009 for reporting period ending December 31, 2008.

Questioned Costs

There are no questioned costs identified.

Cause

The providers have not submitted the required audit report to the County in a timely manner.

Effect

A provider could be in noncompliance of the contract with the County and have questioned costs.

Recommendation

We recommend that the County continue to work with the providers to obtain the subrecipient reports. The County could consider sanctions on the providers for failure to submit an audit report. Sanctions could be delaying payments, withholding a percentage of the payments, or suspending the award until they are in compliance.

Management's Response

We continue to work with providers to obtain audits as quickly as possible. All of the above agencies along with others that had not provided audits by June 30, 2009 were sent letters on July 6, 2009 and given 15 working days to reply regarding progress towards completion of their audit. This letter also contained notification of the possibility of payments being withheld until a satisfactory response was obtained. The letters produced responses from the agencies which resulted in Home 4 the Heart, Inc. and Why Gangs, LLC receiving an agreed upon extension date to provide the audit and Mystic Meadow, LLC requesting an audit waiver.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2008**

**Section III - State Award Findings and Questioned Costs (continued)**

**Finding 2008- 05**

State Identification Number – 445.315

Program Name – W-2 Program Cluster

Funding Agency – State of Wisconsin Department of Workforce Development

Requirement

The State of Wisconsin single audit guidelines for the W-2 program, which is in part, funded by The Social Security Act and the Temporary Assistance for Needy Families (TANF) programs, require W-2 agencies to verify the reasonableness of wage and other information provided by persons applying for W-2 and Child Care through the Income Eligibility and Verification System (IEVS). Regulations require action on Income Eligibility and Verification System (IEVS) data matches within 45 days for 80 percent of all discrepancies and on all discrepancies within 90 days of the match run date.

Condition

The County is not monitoring the 45 and 90 day deadline requirements for Income Eligibility and Verification System (IEVS) data match discrepancy resolution.

Context

Seven out of twenty five case files tested did not have data match discrepancy resolution within the 90 day deadline.

Questioned Costs

There are no questioned costs identified.

Cause

The County does not have internal controls in place that would monitor the resolution of the data discrepancies.

Effect

If the deficiency continues to exist, the agency may not be meeting the 45 and 90 day deadline requirements and may be providing services to ineligible persons under the W-2 program.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2008**

**Section III - State Award Findings and Questioned Costs (continued)**

**Finding 2008- 05** (continued)

Recommendation

We recommend that the County develop a written procedure adapting the procedures documented in the Agency Action section of the BW-2 Operations Memo 06-40. The procedures are as follows:

- Each W-2 agency is required to review the monitoring tools on a monthly basis to identify W-2 and Child Care cases with data discrepancies that have not been acted upon within the allotted time frame of 45-days and 90-days.
- Review and verify wage matches which are run quarterly.
- Update the case record with new information, if appropriate, and take all necessary resulting case action.
- Identify, verify and correct discrepancies in IEVS including wage matches.
- Update the dispositions in CARES, and compile disposition results for reporting purposes. The mandatory IEVS process is not complete until the disposition is completed in CARES.

Management's Response

Old, Overdue Matches - The Financial Assistance Division Manager runs a monthly report which lists any matches which are overdue. Specific periods of Financial Employment Planners' (FEP) time are blocked off each month for completion of overdue IEVS matches. FEPs have also been instructed to work on matches during any additional un-booked review slots as well as additional days identified by Unit Supervisors to process cross matches. These dates vary each month.

New Case Matches - Unit Supervisors run a report off CARES the last Monday of the month following the end of the quarter. These reports are distributed to each FEP with instructions to complete the matches. Workers are instructed to complete the matches at the time they do child care, FoodShare and W2 reviews. Supervisors follow-up with FEPs to ensure the matches are completed.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2008**

**Section III - State Award Findings and Questioned Costs (continued)**

**Finding 2008- 06**

State Identification Number – 435.450, 435.451, 435.461, 435.462 and 435.506

Program Name – Community Integration Program I Cluster

Funding Agency – State of Wisconsin Department of Health Services

Requirement

The State of Wisconsin single audit guidelines for the CIP I, Brain Injury Waiver, and Children's Long Term Support Waivers cluster states that caregiver background checks are required for service providers, including relatives, whose services are funded by the Medicaid Waiver programs. The background checks must be performed once every four years.

Condition

Background checks on caregivers are not being obtained prior to employment or every four years after that.

Context

For one out of the three caregivers tested, the County did not have a background check on file.

Questioned Costs

There are no questioned costs identified.

Cause

The County does not have internal controls in place that would monitor this requirement.

Effect

If the deficiency continues to exist, the agency may not be contracting with caregivers that meet the acceptable policies as described in Section 4.05 G of the Waiver Manual.

Recommendation

We recommend that the County develop a written procedure and monitoring over the background checks to ensure that they are being performed as required by the state single audit guidelines.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2008**

**Section III - State Award Findings and Questioned Costs (continued)**

**Finding 2008-06** (Continued)

Management's Response

A procedure has been implemented whereby the case manager will not authorize starting services with an individual care provider until a background check for that individual has been received and filed by the case manager responsible for initiating the service. A formal written policy addressing these procedures will be developed.

**Finding 2008-07**

State Identification Number – Not Applicable  
Program Name – Case Management  
Funding Agency – State of Wisconsin Department of Health Services

Requirement

Participants receiving case management services must have files which include the assessment document, case plan and documentation of ongoing monitoring and service coordination, in accordance with HFS 105.51 and HFS 107.32.

Condition

Seven out of twenty five participant files tested, had to have case plans reprinted because the signed case plans were not in the participants files.

Questioned Costs

No questioned costs were identified.

Cause

Lack of internal control procedures that would monitor the completion and update of the appropriate case file documentation.

Effect

Lack of documentation could cause improper billing, incorrect services being provided, or providing services for ineligible participants.

Recommendation

We recommend that written policy and procedures be established for quality control. This policy should a requirement to review case files to ensure all approvals and required documents are in each client's case files.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2008**

**Section III - State Award Findings and Questioned Costs (continued)**

**Finding 2008-07** (Continued)

Management's Response

The contracted agency involved has already implemented procedures to ensure the presence of signed case plans in the participant files. Site reviews of those agencies performing targeted case management will check the agencies' compliance with the program requirements.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2008**

**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? No

2. Does the auditor's report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, 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 Administration	No
Department of Agriculture, Trade, and Consumer Protection	No
Department of Commerce	No
Department of Corrections	No
Department of Public Instruction	No
Department of Health Services	Yes
Department of Justice	No
Department of Military Affairs	No
Department of Natural Resources	No
Department of Transportation	No
Department of Workforce Development	No
Public Service Commission	No

3. Was a management letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and signature of partner



Renee Messing, CPA

5. Date of report September 09, 2009

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF PRIOR YEAR STATE FINDINGS  
Year Ended December 31, 2008**

**Finding 2007-07** – Finding has been resolved.

**Finding 2007-08** – Finding has been resolved.

**Finding 2007-09** – Finding has been resolved.

**Finding 2007-10** – Finding has been resolved.

**Finding 2007-11** – Finding has been resolved.

**Finding 2007-12** – Repeated as current year finding 2008-07.