

COUNTY OF RACINE, WISCONSIN
Racine, Wisconsin

SINGLE AUDIT REPORT
December 31, 2009

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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, 2009, which collectively comprise the County of Racine, Wisconsin's basic financial statements and have issued our report thereon dated June 30, 2010. 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

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

Racine, Wisconsin
June 30, 2010

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance and the 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, 2009. 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, 2009. 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 *2009-01, and 2009-02*.

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 in accordance with OMB Circular A-133, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a major federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a major federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2009-01 and 2009-02. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 responses 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, 2009, and have issued our report thereon dated June 30, 2010. 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, 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 Gundersen LLP

Racine, Wisconsin
September 20, 2010

COUNTY OF RACINE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | CFDA # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/09 | Local Share |
|---|---------|----------------------------|-------------------------------------|------------------|-----------------------|-------------------------------------|------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | |
| School Breakfast Program | 10.553 | N/A | \$ 2,604 | \$ 25,553 | \$ 30,600 | \$ 7,651 | \$ - |
| National School Lunch Program | 10.555 | N/A | <u>9,922</u> | <u>45,228</u> | <u>46,795</u> | <u>11,489</u> | <u>-</u> |
| Total Wisconsin Department of Public Instruction | | | <u>12,526</u> | <u>70,781</u> | <u>77,395</u> | <u>19,140</u> | <u>-</u> |
| Wisconsin Department of Health Services - | | | | | | | |
| Health Care Financing | | | | | | | |
| Administrative Grants For Food Stamp Program | 10.561 | 617,858 | <u>199,988</u> | <u>1,034,965</u> | <u>1,052,137</u> | <u>217,160</u> | <u>159,112</u> |
| Wisconsin Department of Workforce Development | | | | | | | |
| Administrative Grants For Food Stamp Program | 10.561 | - | <u>22,283</u> | <u>22,283</u> | - | - | - |
| Total U.S. Department of Agriculture | | | <u>234,797</u> | <u>1,128,029</u> | <u>1,129,532</u> | <u>236,300</u> | <u>159,112</u> |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | | |
| Racine County Housing Authority | | | | | | | |
| Lower Income Housing Assistance Program: | | | | | | | |
| Section 8 Moderate Rehabilitation | | | | | | | |
| Low Rent Public Housing Support Audit Costs | 14.850a | 17,530 | - | 17,530 | 17,530 | - | 80,545 |
| Voucher Program | 14.871 | N/A | - | 8,583,946 | 8,583,946 | - | (418,801) |
| N/C S/R Section 8 Programs | 14.182 | 69,060 | <u>-</u> | <u>69,060</u> | <u>69,060</u> | <u>-</u> | <u>78,804</u> |
| Total Racine County Housing Authority | | | <u>-</u> | <u>8,670,536</u> | <u>8,670,536</u> | <u>-</u> | <u>(259,452)</u> |
| Wisconsin Department of Commerce | | | | | | | |
| Community Development Block Grant | 14.218 | 71,906 | - | - | 71,906 | 71,906 | 895 |
| Community Development Block Grant | 14.228 | 280,000 | <u>-</u> | <u>36,508</u> | <u>36,508</u> | <u>-</u> | <u>-</u> |
| Total Wisconsin Department of Commerce | | | <u>-</u> | <u>36,508</u> | <u>108,414</u> | <u>71,906</u> | <u>895</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>-</u> | <u>8,707,044</u> | <u>8,778,950</u> | <u>71,906</u> | <u>(258,557)</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, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | CFDA # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/09 | Local Share |
|--|--------|----------------------------|-------------------------------------|----------------|-----------------------|-------------------------------------|----------------|
| U.S. DEPARTMENT OF JUSTICE | | | | | | | |
| Bureau of Justice Assistance | | | | | | | |
| Drug Court Discretionary Grant Program | 16.585 | \$ 200,000 | \$ - | \$ - | \$ 10,249 | \$ 10,249 | \$ 16,234 |
| Bulletproof Vest Partnership Program | 16.607 | 634 | - | 634 | 634 | - | - |
| Criminal and Juvenile Justice and Mental Health Collaboration Program | 16.745 | 277,652 | (6,697) | (6,697) | - | - | 731 |
| Passed Through City of Racine | | | | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 49,862 | <u>36,884</u> | <u>36,884</u> | <u>12,978</u> | <u>12,978</u> | <u>-</u> |
| Total Bureau of Justice Assistance | | | <u>30,187</u> | <u>30,821</u> | <u>23,861</u> | <u>23,227</u> | <u>16,965</u> |
| Wisconsin Department of Administration - | | | | | | | |
| Office of Justice Assistance | | | | | | | |
| Juvenile Accountability Block Grants | 16.523 | 87,385 | 28,580 | 37,571 | 13,692 | 4,701 | 1,522 |
| Juvenile Justice and Delinquency Prevention Allocation to States | 16.540 | 109,999 | 12,304 | 60,000 | 47,696 | - | - |
| National Criminal History Improvement Program | 16.554 | 25,000 | - | 24,150 | 24,150 | - | 6,250 |
| Anti-Gang Initiative | 16.744 | 40,000 | - | - | 16,809 | 16,809 | - |
| Passed Through Kenosha County | | | | | | | |
| Edward Byrne Memorial Formula Grant Program | 16.579 | 39,010 | 26,989 | 26,989 | - | - | - |
| Passed Through Walworth County | | | | | | | |
| Edward Byrne Memorial Formula Grant Program | 16.579 | 35,371 | <u>-</u> | <u>13,192</u> | <u>35,371</u> | <u>22,179</u> | <u>-</u> |
| Total Wisconsin Department of Administration | | | <u>67,873</u> | <u>161,902</u> | <u>137,718</u> | <u>43,689</u> | <u>7,772</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, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | CFDA # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/09 | Local Share |
|--|-------------|----------------------------|-------------------------------------|------------------|-----------------------|-------------------------------------|----------------|
| U.S. DEPARTMENT OF JUSTICE (Continued) | | | | | | | |
| Wisconsin Department of Justice | | | | | | | |
| Drug Enforcement Administration Grants | 16.000 | \$ 4,803 | \$ 2,024 | \$ 3,037 | \$ 2,241 | \$ 1,228 | \$ - |
| Crime Victim Assistance | 16.575 | 150,638 | <u>19,152</u> | <u>69,160</u> | <u>69,463</u> | <u>19,455</u> | <u>23,015</u> |
| Total Wisconsin Department of Justice | | | <u>21,176</u> | <u>72,197</u> | <u>71,704</u> | <u>20,683</u> | <u>23,015</u> |
| Wisconsin Department of Corrections | | | | | | | |
| Prisoner Reentry Initiative Demonstration | 16.202 | 577,980 | <u>15,604</u> | <u>15,604</u> | <u>291,528</u> | <u>291,528</u> | <u>-</u> |
| Wisconsin Department of Justice - Passed Through the City of Racine | | | | | | | |
| Local Law Enforcement Block Grant - Weed & Seed | 16.725 | 4,739 | <u>1,121</u> | <u>4,739</u> | <u>3,618</u> | <u>-</u> | <u>-</u> |
| Wisconsin Department of Transportation | | | | | | | |
| Enforcing Underage Drinking Laws Program | 16.727 | 18,000 | <u>-</u> | <u>5,386</u> | <u>15,968</u> | <u>10,582</u> | <u>4,500</u> |
| Total U.S. Department of Justice | | | <u>135,961</u> | <u>290,649</u> | <u>544,397</u> | <u>389,709</u> | <u>52,252</u> |
| U.S. DEPARTMENT OF LABOR | | | | | | | |
| Wisconsin Department of Workforce Development | | | | | | | |
| Passed Through Kenosha County | | | | | | | |
| WIA Adult Program | 17.258 | 1,266,876 | 66,325 | 324,975 | 462,477 | 203,827 | - |
| WIA Adult Program - ARRA | 17.258 ARRA | 172,613 | - | 9,324 | 70,103 | 60,779 | - |
| WIA Youth Program | 17.259 | 1,016,723 | 114,185 | 471,134 | 420,633 | 63,684 | - |
| WIA Youth Program - ARRA | 17.259 ARRA | 480,331 | - | 294,201 | 353,366 | 59,165 | - |
| WIA Dislocated Workers Program | 17.260 | 1,308,326 | 106,799 | 724,153 | 615,846 | (1,508) | - |
| WIA Dislocated Workers Program - ARRA | 17.260 ARRA | 388,761 | - | 47,618 | 173,513 | 125,895 | - |
| H-1B Job Training Grants | 17.268 | 30,000 | 9,198 | 20,554 | 12,356 | 1,000 | - |
| Wisconsin Department of Workforce Development - WOW | | | | | | | |
| Workforce Development Inc. | | | | | | | |
| H-1 B Job Training Grants | 17.268 | 229,790 | <u>16,528</u> | <u>88,689</u> | <u>64,406</u> | <u>(7,755)</u> | <u>4,915</u> |
| Total U.S. Department of Labor | | | <u>313,035</u> | <u>1,980,648</u> | <u>2,172,700</u> | <u>505,087</u> | <u>4,915</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, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | CFDA # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/09 | Local Share |
|--|-------------|----------------------------|-------------------------------------|------------------|-----------------------|-------------------------------------|----------------|
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | | | |
| Wisconsin Department of Transportation | | | | | | | |
| Highway Planning and Construction | 20.205 | \$ 322,400 | \$ 877 | \$ - | \$ - | \$ 877 | \$ 19,916 |
| State and Community Highway Safety | 20.600 | 131,935 | 18,684 | 88,497 | 69,813 | - | - |
| Alcohol Traffic Safety and Drunk Driving Prevention Incentive | 20.601 | 55,000 | <u>1,806</u> | <u>13,486</u> | <u>25,036</u> | <u>13,356</u> | <u>6,273</u> |
| Total U.S. Department of Transportation | | | <u>21,367</u> | <u>101,983</u> | <u>94,849</u> | <u>14,233</u> | <u>26,189</u> |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | |
| Wisconsin Department of Health Services - Division of Long Term Care | | | | | | | |
| Special Education Grants for Infants and Families with Disabilities | 84.181 | 210,307 | - | 210,307 | 210,307 | - | - |
| Wisconsin Department of Corrections | | | | | | | |
| State Fiscal Stabilization Fund - Government Services Recovery Act - ARRA | 84.397 ARRA | 576,380 | <u>-</u> | <u>576,380</u> | <u>576,380</u> | <u>-</u> | <u>-</u> |
| Wisconsin Department of Revenue | | | | | | | |
| State Fiscal Stabilization Fund - Government Services Recovery Act - ARRA | 84.397 ARRA | 1,635,004 | <u>-</u> | <u>1,635,004</u> | <u>1,635,004</u> | <u>-</u> | <u>-</u> |
| Total U.S. Department of Education | | | <u>-</u> | <u>2,421,691</u> | <u>2,421,691</u> | <u>-</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, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | CFDA # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/09 | Local Share |
|--|-------------|----------------------------|-------------------------------------|-----------|-----------------------|-------------------------------------|----------------|
| 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 | \$ 68,766 | \$ 77,759 | \$ 8,993 | \$ - | \$ 2,858 |
| Office of National Drug Control Policies High Intensity Drug Traffic Area | 93.276 | 53,244 | 14,594 | 44,500 | 52,244 | 22,338 | - |
| Wisconsin Department of Administration Low Income Home Energy Assistance | 93.568 | 573,809 | 47,390 | 233,336 | 215,095 | 29,149 | 1 |
| Wisconsin Department of Corrections Child Welfare Services State Grants | 93.645 | 28,742 | (2,694) | 24,221 | 28,742 | 1,827 | 29,244 |
| Foster Care Title IV-E | 93.658 | 43,113 | (4,041) | 36,331 | 43,113 | 2,741 | 43,866 |
| Total Wisconsin Department of Corrections | | | (6,735) | 60,552 | 71,855 | 4,568 | 73,110 |
| Wisconsin Department of Health Services - | | | | | | | |
| Division of Children and Family | | | | | | | |
| Cooperative Agreements to State/Territories for the | | | | | | | |
| Coordination and Development of Primary Care Offices | 93.130 | 342 | 723 | 723 | - | - | - |
| Temporary Assistance for Needy Families | 93.558 | 1,576,094 | 52,477 | 1,278,394 | 1,285,775 | 59,858 | 94,261 |
| Child Support Enforcement | 93.563 | 1,045,469 | 259,575 | 1,923,072 | 2,045,099 | 381,602 | 244 |
| Child Support Enforcement - ARRA | 93.563 ARRA | 438,644 | - | 63,324 | 103,022 | 39,698 | - |
| Child Support Enforcement - State Match ARRA | 93.563 ARRA | 225,968 | - | 32,622 | 53,072 | 20,450 | - |
| Refugee and Entrant Assistance | 93.566 | 72,100 | 673 | 81,596 | 81,918 | 995 | - |
| Child Care Mandatory and Matching Funds | 93.596 | 1,371,173 | 108,224 | 910,245 | 901,510 | 99,489 | 11,164 |
| Chafee Education and Training Vouchers Program | 93.599 | 2,429 | (368) | 1,493 | 1,595 | (266) | - |
| Foster Care Title IV-E | 93.658 | 100,524 | 107,475 | 107,707 | 102,045 | 101,813 | 3,820 |
| Chafee Foster Care Independent Living | 93.674 | 46,046 | 6,678 | 43,152 | 46,044 | 9,570 | - |
| Block Grants for Prevention and Treatment | | | | | | | |
| Community Services Block Grant of Substance Abuse | 93.959 | 130,218 | 10,389 | 140,607 | 130,217 | (1) | - |
| Racine/Kenosha Community Action Agency Community Services Block Grant | 93.569 | 5,000 | - | - | 5,000 | 5,000 | - |
| Total Division of Children and Family | | | 545,846 | 4,582,935 | 4,755,297 | 718,208 | 109,489 |

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, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | CFDA # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/09 | Local Share |
|---|--------|----------------------------|-------------------------------------|------------------|-----------------------|-------------------------------------|----------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued) | | | | | | | |
| Wisconsin Department of Health Services - | | | | | | | |
| Division of Health Care Financing | | | | | | | |
| State Children's Insurance Program | 93.767 | \$ 39,590 | \$ 20,483 | \$ 96,926 | \$ 91,504 | \$ 15,061 | \$ - |
| Medical Assistance Program | 93.778 | 505,759 | <u>256,570</u> | <u>1,292,688</u> | <u>1,232,585</u> | <u>196,467</u> | <u>32,547</u> |
| Total Division of Health Care Financing | | | <u>277,053</u> | <u>1,389,614</u> | <u>1,324,089</u> | <u>211,528</u> | <u>32,547</u> |
| Wisconsin Department of Health Services - | | | | | | | |
| Division of Long Term Care | | | | | | | |
| Special Programs for the Aging - | | | | | | | |
| Title IV and Title II - Discretionary Projects | 93.048 | 1,000 | 967 | 967 | - | - | - |
| Social Services Block Grant | 93.667 | 23,672 | 2,253 | 21,311 | 19,093 | 35 | - |
| Medical Assistance Program | 93.778 | 1,300,638 | 176,039 | 1,786,319 | 1,745,081 | 134,801 | - |
| Greater WI Agency on Aging Resources | | | | | | | |
| Special Programs for the Aging-Title III- | | | | | | | |
| Part D, Disease Prevention | 93.043 | 12,510 | 5,573 | 14,495 | 12,510 | 3,588 | 1,506 |
| Part B, Grants for Supportive Services | 93.044 | 174,378 | 98,021 | 228,436 | 168,794 | 38,379 | 19,644 |
| Part C, Nutrition Services | 93.045 | 288,817 | 61,192 | 285,439 | 288,799 | 64,552 | 207,716 |
| National Family Caregiver Support - Title III, Part E | 93.052 | 87,358 | 38,178 | 97,644 | 78,924 | 19,458 | 26,308 |
| Nutrition Services Incentive Program | 93.053 | 80,239 | 13,073 | 113,408 | 80,239 | (20,096) | - |
| Medical Assistance Program | 93.778 | - | <u>-</u> | <u>2,479</u> | <u>5,187</u> | <u>2,708</u> | <u>-</u> |
| Total Division of Long Term Care | | | <u>395,296</u> | <u>2,550,498</u> | <u>2,398,627</u> | <u>243,425</u> | <u>255,174</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, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | CFDA # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/09 | Local Share |
|---|--------|----------------------------|-------------------------------------|------------|-----------------------|-------------------------------------|----------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued) | | | | | | | |
| Wisconsin Department of Health Services - | | | | | | | |
| Division of Mental Health and Substance Abuse Services | | | | | | | |
| Block Grants for Community Mental Health Services | 93.958 | \$ 173,088 | \$ 11,788 | \$ 184,876 | \$ 173,088 | \$ - | \$ - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 705,171 | (969) | 618,265 | 654,558 | 35,324 | - |
| Total Division of Mental Health and Substance Abuse Services | | | 10,819 | 803,141 | 827,646 | 35,324 | - |
| Wisconsin Department of Health Services - | | | | | | | |
| Division of Enterprise Services | | | | | | | |
| Medical Assistance Program | 93.778 | - | 70,116 | 91,531 | 37,102 | 15,687 | - |
| Total Wisconsin Department of Health Services | | | 1,299,130 | 9,417,719 | 9,342,761 | 1,224,172 | 397,210 |
| Total U.S. Department of Health and Human Services | | | 1,423,145 | 9,833,866 | 9,690,948 | 1,280,227 | 473,179 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | | | | |
| Wisconsin Department of Administration - | | | | | | | |
| Office of Justice Assistance | | | | | | | |
| State Domestic Preparedness Equipment | | | | | | | |
| Support Program | 97.004 | 136,500 | 2,441 | 37,277 | 84,446 | 49,610 | - |
| Homeland Security Grant | 97.067 | 130,458 | 16,707 | 22,265 | 53,081 | 47,523 | - |
| Total Wisconsin Department of Administration | | | 19,148 | 59,542 | 137,527 | 97,133 | - |
| Wisconsin Department of Emergency Management | | | | | | | |
| Emergency Management Performance Grants | 97.042 | 15,000 | - | - | 14,988 | 14,988 | - |

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, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | CFDA # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/09 | Local Share |
|---|--------|----------------------------|-------------------------------------|----------------------|-----------------------|-------------------------------------|-------------------|
| U.S. DEPARTMENT OF HOMELAND SECURITY (Continued) | | | | | | | |
| Wisconsin Department of Military Affairs | | | | | | | |
| Disaster Grants - Public Assistance | 97.036 | - | \$ 16,898 | \$ 16,898 | \$ - | \$ - | \$ - |
| Emergency Management Performance Grants | 97.042 | 89,112 | - | 44,556 | 89,112 | 44,556 | 96,130 |
| Total Wisconsin Department of Military Affairs | | | <u>16,898</u> | <u>61,454</u> | <u>89,112</u> | <u>44,556</u> | <u>96,130</u> |
| Wisconsin Department of Transportation | | | | | | | |
| Homeland Security Grant | 97.067 | 216,050 | - | 18,863 | 113,826 | 94,963 | - |
| Wisconsin Department of Justice | | | | | | | |
| Homeland Security Grant | 97.067 | 798,200 | 517,333 | - | 194,113 | 711,446 | - |
| Total U.S. Department of Homeland Security | | | <u>553,379</u> | <u>139,859</u> | <u>549,566</u> | <u>963,086</u> | <u>96,130</u> |
| TOTAL FEDERAL AWARDS | | | <u>\$ 2,681,684</u> | <u>\$ 24,603,769</u> | <u>\$ 25,382,633</u> | <u>\$ 3,460,548</u> | <u>\$ 553,220</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, 2009

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 2009 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 2009.

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 2009, transactions occurring during 2009 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, 2009

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, 2008 ending accrual or deferral because of new information available in 2009. The primary reason was to report on actual 2009 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:

| | Increase (Decrease) |
|--------------------------------------|--------------------------------|
| U.S. Department of Agriculture | \$ 4,527 |
| U.S. Department of Labor | 4 |
| U.S. Department of Transportation | (26,191) |
| U.S. Department of Human Services | 694,277 |
| U.S. Department of Homeland Security | <u>(588)</u> |
| Total adjustment | <u>\$ 672,029</u> |

4. CONTINGENCY

All federal 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, 2009

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 Schedules 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 | \$ - | \$ - | \$ 1,268 | \$ 1,268 |
| Southeastern Wisconsin Area Agency on Aging | - | - | 320 | 320 |
| Totals | <u>-</u> | <u>-</u> | <u>1,588</u> | <u>1,588</u> |
| Title III-B | | | | |
| Racine County HSD | - | 7,406 | - | 7,406 |
| Southeastern Wisconsin Area Agency on Aging | - | - | 300 | 300 |
| Lincoln Lutheran | - | - | 11,938 | 11,938 |
| Totals | <u>-</u> | <u>7,406</u> | <u>12,238</u> | <u>19,644</u> |
| Title III-C | | | | |
| Lincoln Lutheran | <u>142,912</u> | <u>-</u> | <u>128,716</u> | <u>271,628</u> |
| Title III-D | | | | |
| Lincoln Lutheran | <u>-</u> | <u>-</u> | <u>1,506</u> | <u>1,506</u> |
| Benefit Specialist | | | | |
| Lincoln Lutheran | - | - | 2,454 | 2,454 |
| Greater WI Agency on Aging Resources | - | - | 1,841 | 1,841 |
| Totals | <u>-</u> | <u>-</u> | <u>4,295</u> | <u>4,295</u> |
| Title III-E | | | | |
| Racine County HSD | <u>-</u> | <u>-</u> | <u>26,308</u> | <u>26,308</u> |
| Grand Total Local Match | <u>\$ 142,912</u> | <u>\$ 7,406</u> | <u>\$ 174,651</u> | <u>\$ 324,969</u> |
| Federal programs | | | | \$ 255,174 |
| State programs | | | | <u>69,795</u> |
| Total | | | | <u>\$ 324,969</u> |

COUNTY OF RACINE, WISCONSIN
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2009

6. PAYMENTS TO SUBRECIPIENTS

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

| <u>Federal CFDA Number</u> | <u>Amount Paid to Subrecipients</u> |
|------------------------------------|---|
| 10.561 | \$ 3,375 |
| 16.202 | 291,528 |
| 16.523 | 15,214 |
| 17.258 | 5,634 |
| 17.259 | 130,847 |
| 17.260 | 10,753 |
| 84.181 | 316,233 |
| 93.045 | 288,799 |
| 93.053 | 80,239 |
| 93.558 | 15,853 |
| 93.566 | 16,500 |
| 93.568 | 189,715 |
| 93.596 | 212,261 |
| 93.599 | 56,017 |
| 93.645 | 318 |
| 93.658 | 10,610 |
| 93.667 | 65,293 |
| 93.959 | 204,608 |

7. CLUSTERS

The schedule of expenditures of federal awards includes the following clusters:

- Child Nutrition Cluster – 10.553 and 10.555
- WIA Cluster – 17.258, 17.259, and 17.260
- Aging Cluster – 93.044, 93.045, and 93.053

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, 2009**

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)? _____ yes X none reported

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)? X yes _____ none 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? 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 |
| | WIA Cluster |
| 17.258 | WIA Adult Program |
| 17.259 | WIA Youth Program |
| 17.260 | WIA Dislocated Worker Program |
| 84.397 ARRA | State Fiscal Stabilization Fund |
| 93.558 | Temporary Assistance for Needy Families |
| 93.563 | Child Support Enforcement |
| 93.658 | Foster Care Title IVE |
| 93.778 | Medical Assistance Program |

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2009**

Section III - Federal Award Findings and Questioned Costs

Finding 2009- 01

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.

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 2010.

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2009**

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

Finding 2009- 02

CFDA Number – 93.778
Program Name – Medical Assistance
Funding Agency – U.S. Department of Health and Human Services
State ID Number – 435.450, 435.451, 435.460, 435.461
Program Name – Community Integration Program Cluster

Requirement

The State of Wisconsin single audit guidelines for the Medical Assistance program require all Group A participants to complete and maintain on file a form F20919, MA Waiver Eligibility and Cost Sharing Worksheet.

Condition

For two of the twenty-seven participants selected for testing, the F20919, MA Waiver Eligibility and Cost Sharing Worksheet was not located in the file. The Case Manager completed the worksheet during the audit.

Questioned Costs

There are no questioned costs identified.

Cause

Monitoring controls are not in place to detect non-compliance with this requirement.

Effect

Medical Assistance services may be provided to ineligible participants.

Recommendation

We recommend that the County develop a review policy on all newly opened cases to determine that necessary documentation is included in the client's file. This review should be documented on a checklist attached to the participant's file.

Management's Response

Management has implemented a review policy to ensure compliance of all case files. This policy will include a checklist of necessary documentation.

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS
Year Ended December 31, 2009**

Finding 2008-01 – Finding has been resolved.

Finding 2008-02 – Finding has been resolved.

Finding 2008-03 – Finding has been repeated in the current year as finding number 2009-01.

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major State Program and on Internal Control Over Compliance and the 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, 2009. 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, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the *State Single Audit Guidelines* and which is described in the accompanying schedule of state findings and questioned costs as item 2009-02.

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 in accordance with the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a major state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a major state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying federal schedule of findings and questioned costs as item 2009-02. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County of Racine, Wisconsin's response 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 it.

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, 2009, and have issued our report thereon dated June 30, 2010. 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, 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

Racine, Wisconsin
September 20, 2010

COUNTY OF RACINE, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | State ID # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/2009 | Local Share |
|--|------------|----------------------------|-------------------------------------|----------------|-----------------------|---------------------------------------|----------------|
| WISCONSIN DEPARTMENT OF ADMINISTRATION | | | | | | | |
| P&D Smart Growth Grant | 505.110 | \$ 639,000 | \$ 204,440 | \$ 168,408 | \$ 278,319 | \$ 314,351 | \$ 92,087 |
| WLIP Training and Education Awards | 505.118 | 300 | (548) | 300 | 848 | - | - |
| LIHEAP Operations and Outreach | 505.371 | 169,467 | 20,834 | 70,125 | 90,155 | 40,864 | 1 |
| LIHEAP Public Benefits | 505.371 | 102,213 | 20,004 | 48,574 | 42,949 | 14,379 | - |
| Office of Justice Assistance - | | | | | | | |
| Homeland Security | 465.335 | 120,846 | - | - | 8,241 | 8,241 | - |
| Electronic Security Equipment | 505.636 | 4,624 | - | 4,624 | 4,624 | - | - |
| Total Wisconsin Department of Administration | | | <u>244,730</u> | <u>292,031</u> | <u>425,136</u> | <u>377,835</u> | <u>92,088</u> |
| WISCONSIN DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION | | | | | | | |
| Soil and Water Conservation Project Aids #9214-07-52-00 | 115.150 | 132,032 | 80,490 | 169,888 | 132,032 | 42,634 | 129,312 |
| Soil and Water Conservation Project Aids #9214-05-52-00 | 115.400 | 83,013 | <u>8,337</u> | <u>52,616</u> | <u>50,821</u> | <u>6,542</u> | <u>-</u> |
| Total Wisconsin Department of Agriculture, Trade and Consumer Protection | | | <u>88,827</u> | <u>222,504</u> | <u>182,853</u> | <u>49,176</u> | <u>129,312</u> |
| WISCONSIN DEPARTMENT OF COMMERCE | | | | | | | |
| Wisconsin Fund - POWTS Replacement or Rehabilitation Financial Assistance Program | 370.403 | 53,513 | <u>-</u> | <u>53,513</u> | <u>53,513</u> | <u>-</u> | <u>-</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, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | State ID # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/2009 | Local Share |
|---|------------|----------------------------|-------------------------------------|-----------|-----------------------|---------------------------------------|----------------|
| WISCONSIN DEPARTMENT OF CORRECTIONS | | | | | | | |
| State Probation & Parole Offenders Capacity Building for Early & Intensive Intervention | 410.116 | \$ 267,630 | \$ - | \$ - | \$ 267,630 | \$ 267,630 | \$ - |
| Youth Aids GPR | 410.302 | 261,890 | 22,174 | 131,645 | 130,945 | 21,474 | - |
| | 410.313 | 2,802,365 | (262,655) | 2,361,542 | 2,802,365 | 178,168 | 2,851,283 |
| Total Wisconsin Department of Corrections | | | (240,481) | 2,493,187 | 3,200,940 | 467,272 | 2,851,283 |
| WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES | | | | | | | |
| Child Support - Regular Expenditures- GPR | 437.202 | N/A | 2,228 | 2,228 | 538,756 | 538,756 | 462,846 |
| W-2 Administration | 437.215 | 282,396 | 4,405 | 121,925 | 117,520 | - | 52,552 |
| W-2 Services | 437.215 | 513,318 | 30,452 | 253,714 | 246,979 | 23,717 | 4,605 |
| W-2 Emergency Assistance | 437.215 | - | 15,964 | 163,916 | 169,276 | 21,324 | - |
| Children First | 437.265 | 539,600 | 73,549 | 308,971 | 289,844 | 54,422 | 288 |
| W-2 Jobs Access Loans | 437.323 | 7,253 | 1,558 | 3,954 | 2,396 | - | - |
| AW DOJ Fingerprint Backup | 437.3324 | 5,217 | - | 629 | 1,153 | 524 | - |
| Children and Families Incentive Funds | 437.3342 | 240,317 | - | 240,320 | 240,320 | - | 26,422 |
| Case Review | 437.3346 | 4,955 | - | - | 4,955 | 4,955 | - |
| Unemployment Insurance Fees | 437.334 | NA | (120) | (960) | (1,029) | (189) | - |
| Brighter Future Initiative | 437.354 | 161,423 | - | 161,423 | 161,422 | (1) | - |
| Basic County Allocation | 437.3561 | 2,921,600 | - | 2,921,600 | 2,921,600 | - | - |
| IV-B Equipment | 437.3615 | 3,672 | - | 918 | - | (918) | - |
| State/County Match - Basic County Allocation | 437.3683 | 349,826 | - | 349,826 | 349,826 | - | 2,798,339 |
| Sacwis Ongoing-Local Match | (a) | N/A | - | - | - | - | 6,477 |
| Youth Independent Living II IV-E Match | (a) | N/A | - | - | - | - | 11,511 |
| Foster Parent Preservice Training - Match | (a) | N/A | - | - | - | - | 15,872 |
| Education Training Voucher 20% Local Match | (a) | N/A | - | - | - | - | 399 |
| Chips Legal Services - Match | (a) | N/A | - | - | - | - | 95,303 |
| TPR Adoption - Match | (a) | N/A | - | - | - | - | 69,018 |
| Total Wisconsin Department of Children and Families | | | 128,036 | 4,528,464 | 5,043,018 | 642,590 | 3,543,632 |

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, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | State ID # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/2009 | Local Share |
|---|------------|----------------------------|-------------------------------------|-----------|-----------------------|---------------------------------------|----------------|
| WISCONSIN DEPARTMENT OF HEALTH SERVICES | | | | | | | |
| Division of Children and Family | | | | | | | |
| AW DOJ Fingerprint Backup | 435.324 | \$ - | \$ 266 | \$ 266 | \$ - | \$ - | \$ - |
| Children and Families Incentive Funds | 435.342 | - | 8,356 | 8,356 | - | - | - |
| Kinship Care Base Benefit | 435.377 | - | (21,789) | (21,789) | - | - | - |
| Brighter Future Initiative | 435.540 | - | 12,873 | 12,873 | - | - | - |
| Total Division of Children And Family | | | (294) | (294) | - | - | - |
| Funeral/Cemet-W-2 and Non W-2 | 435.105 | N/A | 56,091 | 258,219 | 269,506 | 67,378 | - |
| Medical Assistance Transportation | 435.131 | N/A | (13,301) | 26,339 | 34,623 | (5,017) | - |
| Medical Assistance Transportation - Admin | 435.132 | N/A | 558 | 1,348 | 1,475 | 685 | - |
| FSET Admin GPR/FED Base | 435.231 | 70,447 | - | 17,612 | 70,447 | 52,835 | - |
| FSET 50/50 | 435.232 | 57,944 | - | - | 21,783 | 21,783 | 21,783 |
| FSET Transp GPR/FED Base | 435.233 | 38,484 | - | 35,380 | 37,723 | 2,343 | - |
| FSET Retent GPR/FED Base | 435.235 | 8,858 | - | 2,405 | 787 | (1,618) | - |
| IMAA State Share | 435.283 | 943,403 | 122 | 942,192 | 943,403 | 1,333 | 945,978 |
| IMAA Federal Shares | 435.284 | 19,046 | 9,854 | 46,628 | 44,020 | 7,246 | - |
| APS Adult Protective Services | 435.312 | 214,490 | - | 214,490 | 214,490 | - | - |
| Community Options Program (COP) | 435.367 | 888,237 | (2,031) | 814,854 | 863,645 | 46,760 | - |
| Alzheimer's Family & Caregiver Support | 435.381 | 92,485 | 3,393 | 74,333 | 63,886 | (7,054) | - |
| CLTS DD - GPR | 435.450 | 389,748 | (5,289) | 375,559 | 389,748 | 8,900 | - |
| CLTS MI - GPR | 435.451 | 309,359 | (31,241) | 328,448 | 309,359 | (50,330) | - |
| CLTS DD- NON-FEDERAL OTHER | 435.460 | 24,624 | 8,443 | 55,350 | 24,624 | (22,283) | - |
| CLTS MI- NON FEDERAL OTHER | 435.461 | 5,942 | (10,385) | (1,318) | 5,942 | (3,125) | - |
| CLTS PD- NON FEDERAL OTHER | 435.462 | - | (8,377) | (5,014) | - | (3,363) | - |
| Integrated Services Children With Severe Disabilities | 435.530 | 7,400 | - | 7,400 | 7,400 | - | - |
| Birth to Three Initiative | 435.550 | 251,197 | - | 251,197 | 251,197 | - | - |
| Basic County Allocation | 435.561 | 6,721,219 | (1,487,140) | 5,005,682 | 5,376,958 | (1,115,864) | 1,344,261 |
| Family Support | 435.577 | 172,301 | (3,881) | 168,420 | 172,301 | - | - |

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, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | State ID # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/2009 | Local Share |
|---|------------|----------------------------|-------------------------------------|-------------------|-----------------------|---------------------------------------|------------------|
| WISCONSIN DEPARTMENT OF HEALTH SERVICES | | | | | | | |
| Aging and Disability Resource Center | 435.560100 | \$ 1,276,990 | \$ 121,556 | \$ 1,149,646 | \$ 1,029,985 | \$ 1,895 | \$ - |
| Aging-Benefit Specialist | 435.560320 | 33,438 | 22,481 | 38,083 | 33,438 | 17,836 | 4,295 |
| Senior Community Services | 435.560330 | 13,704 | 6,658 | 16,378 | 13,704 | 3,984 | 1,588 |
| Aging: Title III, Part C Nutrition | 435.560350 | 168,996 | 56,225 | 172,853 | 168,995 | 52,367 | 42,685 |
| Aging: Title III, Part C Nutrition | 435.560360 | 14,366 | 223 | 13,392 | 14,363 | 1,194 | 21,227 |
| Aging-Elder Abuse Service | 435.560490 | 65,670 | 32,472 | 87,953 | 65,670 | 10,189 | - |
| State/County Match - Basic County Allocation | 435.681 | 845,090 | 877,540 | 1,088,813 | 845,090 | 633,817 | 857,623 |
| Program Integrity - Medicaid | 435.750 | 12,442 | - | 12,442 | 12,442 | - | - |
| HSRS AODA Data Quality | 435.810444 | 2,797 | - | - | 2,797 | 2,797 | - |
| Fraud-Contract Cont | 435.950 | 12,984 | 11,350 | 16,747 | 5,698 | 301 | - |
| TANF Program Integ-over | (a) | N/A | - | - | - | - | 14,369 |
| CC Program Integ-over | (a) | N/A | - | - | - | - | 22,523 |
| Total Wisconsin Department of Health Services | | | <u>(354,973)</u> | <u>11,215,537</u> | <u>11,295,499</u> | <u>(275,011)</u> | <u>3,276,332</u> |
| WISCONSIN DEPARTMENT OF JUSTICE | | | | | | | |
| Law Enforcement Training fund - Victim Witness Services | 455.539 | N/A | <u>109,448</u> | <u>218,629</u> | <u>233,000</u> | <u>123,819</u> | <u>181,752</u> |
| WISCONSIN DEPARTMENT OF MILITARY AFFAIRS | | | | | | | |
| State Match - Federal Disaster Assistance | 465.305 | 43,851 | 5,583 | 5,583 | - | - | - |
| EPCRA Computer Grant | 465.335 | 6,930 | 1,819 | 1,819 | 4,950 | 4,950 | - |
| EPCRA Emergency Planning Grant Program | 465.337 | 65,254 | <u>16,423</u> | <u>32,447</u> | <u>32,048</u> | <u>16,024</u> | <u>8,666</u> |
| Total Wisconsin Department of Military Affairs | | | <u>23,825</u> | <u>39,849</u> | <u>36,998</u> | <u>20,974</u> | <u>8,666</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, 2009

| Grantor Agency Pass-through Agency Grant or Project Title | State ID # | Program Award Amount | Receivable (Payable) 1/1/2009 | Receipts | Grant Expenditures | Receivable (Payable) 12/31/2009 | Local Share |
|---|------------|----------------------------|-------------------------------------|----------------------|-----------------------|---------------------------------------|----------------------|
| WISCONSIN DEPARTMENT OF NATURAL RESOURCES | | | | | | | |
| Recreation Aids Grant | 370.421 | \$ 195,000 | \$ (48,340) | \$ - | \$ 56,310 | \$ 7,970 | \$ 56,310 |
| Water Safety Aid | 370.550 | 30,259 | 43,480 | 43,480 | 30,259 | 30,259 | - |
| Harbor Break Water/ Natural Resources Boating Projects | 370.573 | 225,000 | (74,826) | - | 44,226 | (30,600) | 4,914 |
| Recreation Aids-Snowmobile Trails | 370.574 | 2,138 | - | - | 2,138 | 2,138 | - |
| Snowmobile Grant for Racine County Trail System | 370.575 | 46,025 | (23,013) | 23,012 | 46,025 | - | - |
| Gypsy Moth Suppression Program | (a) | 1,556 | - | 1,556 | 1,556 | - | - |
| Wildlife Animal Damage Control | (a) | 2,014 | 3,229 | 4,329 | 2,014 | 914 | - |
| Total Wisconsin Department of Natural Resources | | | <u>(99,470)</u> | <u>72,377</u> | <u>182,528</u> | <u>10,681</u> | <u>61,224</u> |
| WISCONSIN DEPARTMENT OF TRANSPORTATION | | | | | | | |
| Specialized Transportation | 395.101 | 409,449 | - | 409,449 | 409,449 | - | 81,891 |
| WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT | | | | | | | |
| Bureau of Division Wide Services | | | | | | | |
| FSET Admin 50/50 Optional | 445.367 | N/A | (28,303) | (28,303) | - | - | - |
| FSET Participant 50/50 Optional | 445.367 | N/A | 9,625 | 9,625 | - | - | - |
| W-2 Services | 445.367 | N/A | 40,961 | 40,961 | - | - | - |
| Total Bureau of Division Wide Services | | | <u>22,283</u> | <u>22,283</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Wisconsin Department of Workforce Development | | | <u>22,283</u> | <u>22,283</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| WISCONSIN PUBLIC SERVICE COMMISSION | | | | | | | |
| E-911 Program | N/A | 417,410 | 25,032 | 25,032 | - | - | - |
| TOTAL STATE AWARDS | | | <u>\$ (52,743)</u> | <u>\$ 19,592,855</u> | <u>\$ 21,062,934</u> | <u>\$ 1,417,336</u> | <u>\$ 10,226,180</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, 2009

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 2009 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 2009, 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 2009, transactions occurring during 2009 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, 2009

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, 2008 ending accrual or deferral because of new information available in 2009. The primary reason was to report on actual 2009 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:

| | Increase (Decrease) |
|---|--------------------------------|
| Wisconsin Department of Administration | \$ 590 |
| Wisconsin Department of Corrections | 270 |
| Wisconsin Department of Children and Families | 128,036 |
| Wisconsin Department of Health Services | (454,579) |
| Wisconsin Department of Military Affairs | |
| Wisconsin Department of Natural Resources | 1,135 |
| Wisconsin Department of Workforce Development | (2,244) |
| Wisconsin Public Service Commission | 6,235 |
| Unknown state agency | <u>10,000</u> |
| Total adjustment | <u>\$ (310,557)</u> |

COUNTY OF RACINE, WISCONSIN
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS
December 31, 2009

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 2009, State-direct to client payments were \$1,201,668, \$34,281,551, \$1,192,660, and \$1,306,054 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 2009 were \$7,007 for Community Options, \$33,394 for Integrated Services to Children with Disabilities, and \$34,313 for Basic County Allocation. Audit testing was performed for MA Case Management per State audit guidelines.

Funds received in 2009 for Community Services Deficit Reduction Benefit totaled \$414,846.

COUNTY OF RACINE, WISCONSIN
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS
December 31, 2009

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 2009 were \$464,154.

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 2009 were \$39,235.

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, 2009

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? _____ yes X none 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)? X yes _____ none 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> |
|---------------------------|--|
| 395.101 | Specialized Transportation |
| 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 |
| 435.561 | Basic County Allocation |
| 435.681 | State/County Match – Basic County Allocation |

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2009**

Section I - Summary of Auditor's Results (continued)

Dollar threshold used to distinguish between type A and type B programs:

| | |
|-------------------------------|-----------|
| Department of Health Services | \$338,865 |
| Other Departments | \$100,000 |

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

Section II - Financial Statement Findings

None noted

Section III - State Award Findings and Questioned Costs

None noted

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2009**

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 Children and Families | No |
| Department of Health Services | No |
| Department of Justice | No |
| Department of Military Affairs | No |
| Department of Natural Resources | No |
| Department of Transportation | No |

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

4. Name and signature of partner


Renee Messing, CPA

5. Date of report September 20, 2010

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF PRIOR YEAR STATE FINDINGS
Year Ended December 31, 2009**

Finding 2008-04 – Finding has been resolved.

Finding 2008-05 – Finding has been resolved.

Finding 2008-06 – Finding has been resolved.

Finding 2008-07 – Finding has been resolved.