



COUNTY OF RACINE

SINGLE AUDIT REPORT

For the year ended December 31, 2010

COUNTY OF RACINE, WISCONSIN
Racine, Wisconsin

SINGLE AUDIT REPORT
December 31, 2010

TABLE OF CONTENTS

	PAGE
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 <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance and the Schedule of Expenditures of Federal Awards in Accordance With <i>OMB Circular A-133</i>	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards.....	13
Schedule of Federal Findings and Questioned Costs.....	17
Schedule of Prior Year Federal Findings	20
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major State Program and on Internal Control Over Compliance and the Schedule of Expenditures of State Awards in Accordance With the <i>State Single Audit Guidelines</i>	21
Schedule of Expenditures of State Awards.....	24
Notes to the Schedule of Expenditures of State Awards	28
Schedule of State Findings and Questioned Costs.....	31
Schedule of Prior Year State Findings.....	35

**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, 2010, which collectively comprise the County of Racine, Wisconsin's basic financial statements and have issued our report thereon dated July 27, 2011. 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 Henderson LLP

Racine, Wisconsin
July 27, 2011

**Independent Auditor's Report on Compliance With Requirements That Could Have a
Direct and Material Effect on 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 could have a direct and material effect each of its major federal programs for the year ended December 31, 2010. 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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with *OMB Circular A-133* and which is described in the accompanying schedule of federal findings and questioned costs as item 2010-01.

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 item 2010-01. *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 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.

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, 2010, and have issued our report thereon dated July 27, 2011. 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 19, 2011, except for the Schedule of Expenditures of
Federal Awards, as to which the date is July 27, 2011

COUNTY OF RACINE, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2010	Receipts	Grant Expenditures	Receivable (Payable) 12/31/10	Local Share
U.S. DEPARTMENT OF AGRICULTURE							
Direct programs							
Conservation Reserve Program	10.069	\$ 13,391	\$ -	\$ -	\$ 1,995	\$ 1,995	\$ 1,995
Wisconsin Department of Public Instruction							
School Breakfast Program	10.553	N/A	7,651	25,825	23,615	5,441	-
National School Lunch Program	10.555	N/A	11,489	46,344	37,888	3,033	-
Total Wisconsin Department of Public Instruction			19,140	72,169	61,503	8,474	-
Wisconsin Department of Health Services -							
Health Care Financing							
Administrative Grants For Food Stamp Program	10.561	617,858	217,476	1,067,306	985,092	135,262	149,835
Wisconsin Department of Workforce Development							
Administrative Grants For Food Stamp Program	10.561	-	(256)	(256)	-	-	-
Wisconsin Department of Natural Resources							
Cooperative Forestry Assistance	10.664	2,098	-	4,198	4,198	-	50
Total U.S. Department of Agriculture			236,360	1,143,417	1,052,788	145,731	151,880
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Wisconsin Department of Commerce							
Community Development Block Grant	14.218	71,906	71,906	71,906	-	-	-
Community Development Block Grant	14.228	277,000	-	240,492	240,492	-	-
Total Wisconsin Department of Commerce			71,906	312,398	240,492	-	-
Total U.S. Department of Housing and Urban Development			71,906	312,398	240,492	-	-

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, 2010

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2010	Receipts	Grant Expenditures	Receivable (Payable) 12/31/10	Local Share
U.S. DEPARTMENT OF JUSTICE							
Bureau of Justice Assistance							
Drug Court Discretionary Grant Program	16.585	\$ 200,000	\$ 10,249	\$ -	\$ 70,343	\$ 80,592	\$ 56,183
Bulletproof Vest Partnership Program	16.607	2,864	-	2,864	2,864	-	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	277,652	-	55,894	80,165	24,271	27,597
City of Racine							
Weed and Seed Program	16.595	4,967	-	4,967	4,967	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	57,380	12,978	12,978	44,402	44,402	-
Edward Byrne Memorial Justice Assistance Grant Program	16.803	105,000	-	-	56,348	56,348	-
Total Bureau of Justice Assistance			<u>23,227</u>	<u>76,703</u>	<u>259,089</u>	<u>205,613</u>	<u>83,780</u>
Wisconsin Department of Administration -							
Office of Justice Assistance							
Juvenile Accountability Block Grants	16.523	31,925	4,701	14,427	15,071	5,345	1,675
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	49,999	-	49,999	62,596	12,597	-
Anti-Gang Initiative	16.744	40,000	16,809	40,000	23,191	-	-
Walworth County							
Edward Byrne Memorial Formula Grant Program	16.579	81,379	22,179	39,744	46,008	28,443	-
Total Wisconsin Department of Administration			<u>43,689</u>	<u>144,170</u>	<u>146,866</u>	<u>46,385</u>	<u>1,675</u>
Wisconsin Department of Justice							
Drug Enforcement Administration Grants	16.000	4,324	1,228	3,312	2,084	-	-
Crime Victim Assistance	16.575	155,315	19,455	71,632	70,168	17,991	19,871
Total Wisconsin Department of Justice			<u>20,683</u>	<u>74,944</u>	<u>72,252</u>	<u>17,991</u>	<u>19,871</u>
Wisconsin Department of Corrections							
Prisoner Reentry Initiative Demonstration	16.202	577,980	291,528	494,635	203,107	-	2,947
Wisconsin Department of Transportation							
Enforcing Underage Drinking Laws Program	16.727	51,572	10,582	26,725	16,143	-	4,036
Total U.S. Department of Justice			<u>389,709</u>	<u>817,177</u>	<u>697,457</u>	<u>269,989</u>	<u>112,309</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, 2010

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2010	Receipts	Grant Expenditures	Receivable (Payable) 12/31/10	Local Share
U.S. DEPARTMENT OF LABOR							
Wisconsin Department of Workforce Development Passed Through Kenosha County							
WIA Adult Program	17.258	\$ 1,224,675	\$ 203,018	\$ 480,329	\$ 362,270	\$ 84,959	\$ 2
WIA Adult Program - ARRA	17.258 ARRA	172,613	60,779	139,687	78,908	-	-
WIA Youth Program	17.259	1,020,890	64,222	453,241	493,775	104,756	-
WIA Youth Program - ARRA	17.259 ARRA	480,331	59,165	185,372	126,207	-	-
WIA Dislocated Workers Program	17.260	1,260,719	(1,981)	539,655	729,179	187,543	-
WIA Dislocated Workers Program - ARRA	17.260 ARRA	388,761	125,895	278,432	152,537	-	-
H-1B Job Training Grants	17.268	30,000	995	5,647	4,652	-	-
Total Wisconsin Department of Workforce Development			512,093	2,082,363	1,947,528	377,258	2
Wisconsin Department of Workforce Development - WOW Workforce Development Inc. H-1 B Job Training Grants							
	17.268	200,000	(7,755)	66,106	73,861	-	27
Total U.S. Department of Labor			504,338	2,148,469	2,021,389	377,258	29
U.S. DEPARTMENT OF TRANSPORTATION							
Wisconsin Department of Transportation							
Highway Planning and Construction	20.205	258,400	877	-	-	877	-
Commercial Drivers License Program Improvement	20.232	40,811	-	40,811	40,811	-	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	20.601	85,000	13,356	41,460	29,278	1,174	7,319
Total Wisconsin Department of Transportation			14,233	82,271	70,089	2,051	7,319
Wisconsin Department of Corrections State and Community Highway Safety							
	20.600	100,000	-	50,000	100,000	50,000	-
Wisconsin Department of Emergency Management Interagency Hazardous Materials Public Sector Training and Planning Grant							
	20.703	6,000	-	6,000	6,000	-	-
Total U.S. Department of Transportation			14,233	138,271	176,089	52,051	7,319

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, 2010

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2010	Receipts	Grant Expenditures	Receivable (Payable) 12/31/10	Local Share
U.S. DEPARTMENT OF ENERGY Energy Efficiency and Conservation Block Grant	81.128 ARRA	\$ 457,500	\$ -	\$ 412,550	\$ 457,500	\$ 44,950	\$ 17,835
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	192,412	-	383,176	383,176	-	-
Special Education Grants for Infants and Families with Disabilities Recovery Act	84.393 ARRA	123,300	-	69,987	60,717	(9,270)	-
Gateway Technical College Improvement of Postsecondary Education	84.116	60,090	-	453,163	443,893	(9,270)	-
Total U.S. Department of Education			-	475,640	482,284	6,644	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Office of National Drug Control Policies High Intensity Drug Traffic Area							
	93.276	83,051	22,338	30,697	29,805	21,446	-
Wisconsin Department of Administration Low Income Home Energy Assistance							
	93.568	562,632	29,151	245,207	279,812	63,756	-
Wisconsin Department of Corrections							
Child Welfare Services State Grants	93.645	31,563	1,645	26,625	31,563	6,583	5,146
Foster Care Title IV-E	93.658	45,591	2,376	38,458	45,591	9,509	7,433
Total Wisconsin Department of Corrections			4,021	65,083	77,154	16,092	12,579

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, 2010

Grantor Agency		Program	Receivable		Grant	Receivable	
Pass-through Agency		Award	(Payable)		Expenditures	(Payable)	Local
Grant or Project Title	CFDA #	Amount	1/1/2010	Receipts		12/31/10	Share
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
Wisconsin Department of Health Services -							
Division of Children and Family							
Safe and Stable Families	93.556	\$ 72,100	\$ -	\$ 72,100	\$ 72,100	\$ -	\$ -
Temporary Assistance for Needy Families	93.558	1,918,265	86,801	1,474,327	1,504,297	116,771	14,470
Child Support Enforcement	93.563	94,400	379,326	1,127,252	1,191,088	443,162	-
Child Support Enforcement - ARRA	93.563 ARRA	1,939,861	43,394	1,831,570	1,828,806	40,630	-
Child Support Enforcement - State Match ARRA	93.563 ARRA	155,387	20,450	122,765	102,315	-	-
Refugee and Entrant Assistance	93.566	-	-	21,092	21,878	786	-
Child Care Mandatory and Matching Funds	93.596	994,498	57,421	968,164	994,498	83,755	165,792
Chafee Education and Training Vouchers Program	93.599	1,996	(267)	581	349	(499)	-
Foster Care Title IV-E	93.658	99,126	101,813	102,536	90,459	89,736	3,050
Chafee Foster Care Independent Living	93.674	45,594	9,570	55,164	43,768	(1,826)	-
Transitional Jobs	93.714	208,019	-	11,440	80,452	69,012	-
Block Grants for Prevention and Treatment							
Community Services Block Grant							
of Substance Abuse	93.959	130,223	(1)	121,056	124,694	3,637	-
Racine/Kenosha Community Action Agency							
Community Services Block Grant	93.569	13,000	5,000	18,000	13,000	-	-
Total Division of Children and Family			703,507	5,926,047	6,067,704	845,164	183,312
Wisconsin Department of Health Services -							
Division of Health Care Financing							
State Children's Insurance Program	93.767	35,937	15,061	92,551	92,236	14,746	-
Medical Assistance Program	93.778	456,382	196,468	1,233,727	1,224,201	186,942	-
Total Division of Health Care Financing			211,529	1,326,278	1,316,437	201,688	-

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, 2010

Grantor Agency		Program	Receivable		Grant	Receivable	Local
Pass-through Agency		Award	(Payable)		Expenditures	(Payable)	Share
Grant or Project Title	CFDA #	Amount	1/1/2010	Receipts		12/31/10	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
Wisconsin Department of Health Services -							
Division of Long Term Care							
Special Programs for the Aging -							
Social Services Block Grant	93.667	\$ 25,214	\$ 2,236	\$ 22,139	\$ 19,140	\$ (763)	\$ -
Medical Assistance Program	93.778	1,284,797	(21,998)	1,646,974	1,889,835	220,863	-
Greater WI Agency on Aging Resources							
Special Programs for the Aging-Title III-							
Part D, Disease Prevention	93.043	11,418	3,588	12,156	10,788	2,220	1,916
Part B, Grants for Supportive Services	93.044	169,476	38,379	150,598	161,002	48,783	22,930
Part C, Nutrition Services	93.045	239,301	49,183	248,671	239,517	40,029	294,570
Part C-2, Nutrition Services	93.705 ARRA	17,766	-	17,767	17,767	-	-
Part C-1, Nutrition Services	93.707 ARRA	31,980	-	28,111	31,980	3,869	-
National Family Caregiver Support - Title III, Part E	93.052	78,284	19,458	75,722	75,357	19,093	25,119
Nutrition Services Incentive Program	93.053	76,025	(20,096)	(102)	32,857	12,863	-
Medical Assistance Program	93.778	-	2,708	9,144	11,303	4,867	-
Total Division of Long Term Care			73,458	2,211,180	2,489,546	351,824	344,535
Wisconsin Department of Health Services -							
Division of Mental Health and Substance Abuse Services							
Block Grants for Community Mental Health Services	93.958	172,989	-	172,989	172,989	-	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	912,990	35,324	809,208	890,446	116,562	-
Total Division of Mental Health and Substance Abuse Services			35,324	982,197	1,063,435	116,562	-
Wisconsin Department of Health Services -							
Division of Enterprise Services							
Medical Assistance Program	93.778	-	15,687	56,949	71,159	29,897	-
Total Wisconsin Department of Health Services			1,039,505	10,502,651	11,008,281	1,545,135	527,847
Total U.S. Department of Health and Human Services			1,095,015	10,843,638	11,395,052	1,646,429	540,426

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, 2010

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2010	Receipts	Grant Expenditures	Receivable (Payable) 12/31/10	Local Share
U.S. DEPARTMENT OF HOMELAND SECURITY							
Wisconsin Department of Administration - Office of Justice Assistance Homeland Security Grant	97.067	\$ 315,694	<u>\$ 105,374</u>	<u>\$ 216,301</u>	<u>\$ 130,307</u>	<u>\$ 19,380</u>	<u>\$ 508</u>
Wisconsin Department of Emergency Management Pre-disaster Mitigation	97.047	30,000	-	<u>11,250</u>	<u>30,000</u>	<u>18,750</u>	-
Wisconsin Department of Military Affairs Emergency Management Performance Grants	97.042	269,789	<u>44,556</u>	<u>92,169</u>	<u>115,213</u>	<u>67,600</u>	<u>72,143</u>
Wisconsin Department of Transportation Homeland Security Grant	97.067	216,050	<u>94,963</u>	<u>180,884</u>	<u>85,921</u>	-	-
Wisconsin Department of Justice Homeland Security Grant	97.067	714,000	<u>711,446</u>	<u>711,446</u>	-	-	-
Total U.S. Department of Homeland Security			<u>956,339</u>	<u>1,212,050</u>	<u>361,441</u>	<u>105,730</u>	<u>72,651</u>
TOTAL FEDERAL AWARDS			<u>\$ 3,267,900</u>	<u>\$ 17,503,610</u>	<u>\$ 16,884,492</u>	<u>\$ 2,648,782</u>	<u>\$ 902,449</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, 2010

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 2010 fund 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 federal assistance programs of the County of Racine, Wisconsin. The component unit had a separate single audit for 2010.

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 2010, transactions occurring during 2010 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, 2010

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, 2009 ending accrual or deferral because of new information available in 2010. The primary reason was to report on actual 2010 program revenue and expenditures. Additional adjustments were made to reflect federal/state funding percent changes. The changes to the accrual or deferral by funding source were as follows:

	<u>Increase (Decrease)</u>
U.S. Department of Agriculture	\$ 60
U.S. Department of Labor	(750)
U.S. Department of Human Services	(723,970)
U.S. Department of Homeland Security	<u>(14,988)</u>
 Total adjustment	 <u>\$ (739,648)</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, 2010

5. AGING PROGRAMS MATCHING SHARE

Funds received from Greater Wisconsin Agency on Aging Resources 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	\$ -	\$ -	\$ 2,131	\$ 2,131
Greater Wisconsin Area Agency on Aging	-	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>2,131</u>	<u>2,131</u>
Title III-B				
Racine County HSD	-	7,353	-	7,353
Greater Wisconsin Area Agency on Aging	-	-	-	-
Lincoln Lutheran	-	-	15,577	15,577
Totals	<u>-</u>	<u>7,353</u>	<u>15,577</u>	<u>22,930</u>
Title III-C				
Lincoln Lutheran	<u>216,111</u>	<u>-</u>	<u>216,905</u>	<u>433,016</u>
Title III-D				
Lincoln Lutheran	<u>-</u>	<u>-</u>	<u>1,916</u>	<u>1,916</u>
Benefit Specialist				
Racine County HSD	-	-	440	440
Lincoln Lutheran	-	-	1,123	1,123
Greater Wisconsin Area Agency on Aging	-	-	2,153	2,153
Totals	<u>-</u>	<u>-</u>	<u>3,716</u>	<u>3,716</u>
Title III-E				
Racine County HSD	<u>-</u>	<u>-</u>	<u>25,119</u>	<u>25,119</u>
Grand Total Local Match	<u>\$ 216,111</u>	<u>\$ 7,353</u>	<u>\$ 265,364</u>	<u>\$ 488,828</u>
Federal programs				\$ 344,535
State programs				<u>144,293</u>
Total				<u>\$ 488,828</u>

COUNTY OF RACINE, WISCONSIN
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2010

6. PAYMENTS TO SUBRECIPIENTS

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

Federal CFDA Number	Amount Paid to Subrecipients
16.523	\$ 16,746
16.745	80,164
17.258	9,238
17.259	71,919
17.260	2,226
84.116W	38,391
93.045	239,518
93.053	32,857
93.556	16,500
93.568	270,138
93.596	56,737
93.599	349
93.645	273
93.658	10,795
73.705	17,766
93.707	31,980
93.778	367,692
93.959	703,068

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
- Highway Safety Cluster - 20.600 and 20.601
- Early Idea Cluster - 84.181 and 84.393
- Aging Cluster - 93.044, 93.045, 93.053, 93.705, and 93.707
- Temporary Assistance to Needy Families - 93.558 and 93.714

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, 2010**

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

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010**

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
81.128	Energy Efficiency and Conservation Block Grant
	Early Idea Cluster
84.181	Special Education-Grants for Infants and Families
84.393	Special Education-Grants for Infants and Families, Recovery Act
	Aging Cluster
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services
93.053	Nutrition Services Incentive Program
93.705	ARRA-Aging Home-Delivered Nutrition Services for States
93.707	ARRA-Aging Congregate Nutrition Services for States
93.563	Child Support Enforcement
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between type A and type B programs: \$506,534

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

No Findings were reported.

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010**

Section III - Federal Award Findings and Questioned Costs

Finding 2010- 01

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 files for participants receiving Counseling and Therapeutic Services designated by SPC code 507.03 or 507.04 to include documentation that the services provided were denied funding by the Medicare State Plan.

Condition

For one of the twenty-five participants selected for testing, documentation of the denial of coverage of Counseling and Therapeutic Services, designated by SPC code 507.03 or 507.04, by the Medicaid State Plan was not located in the file. The Case Manager initiated the process to obtain and file this documentation 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

Services provided may be eligible for coverage under the Medicare State Plans.

Recommendation

We recommend that the County develop a review policy on all cases receiving Counseling and Therapeutic Services designated by SPC code 507.03 or 507.04 to determine that necessary documentation is included in the client's file. This review could be documented on a checklist attached to the participant's file.

Management's Response

Management will implement the recommendation in 2011.

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS
Year Ended December 31, 2010**

Finding 2009-01 – Finding has been resolved.

Finding 2009-02 – Finding has been resolved.

Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on 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 could have a direct and material effect on each of its major state programs for the year ended December 31, 2010. 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 could have a direct and material effect on each of its major state programs for the year ended December 31, 2010. 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 items 2010-01 and 2010-02.

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 schedule of state findings and questioned costs as items 2010-01 and 2010-02. 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 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, 2010, and have issued our report thereon dated July 27, 2011. 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 Henderson LLP

Racine, Wisconsin
September 19, 2011, except for the Schedule of Expenditures of
State Awards, as to which the date is July 27, 2011

COUNTY OF RACINE, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2010

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2010	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2010	Local Share
WISCONSIN DEPARTMENT OF ADMINISTRATION							
P&D Smart Growth Grant	505.110	\$ 621,000	\$ 249,869	\$ 249,869	\$ -	\$ -	\$ -
Comprehensive Planning Grants	505.118	300	-	300	300	-	680
LIHEAP Operations and Outreach	505.371	198,685	40,864	99,342	101,574	43,096	-
LIHEAP Public Benefits	505.371	108,848	14,380	53,638	56,081	16,823	1
Walworth County							
Local Law Enforcement Assistance Program	505.630	23,377	-	23,377	23,377	-	-
Total Wisconsin Department of Administration			<u>305,113</u>	<u>426,526</u>	<u>181,332</u>	<u>59,919</u>	<u>681</u>
WISCONSIN DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION							
Soil and Water Conservation Project Aids #9214-07-52-00	115.150	141,353	42,634	136,241	141,353	47,746	130,190
Farmland Preservation Grant	N/A	30,000	-	-	2,501	2,501	-
Soil and Water Conservation Project Aids #9214-05-52-00	115.400	98,195	6,542	41,237	80,054	45,359	-
Total Wisconsin Department of Agriculture, Trade and Consumer Protection			<u>49,176</u>	<u>177,478</u>	<u>223,908</u>	<u>95,606</u>	<u>130,190</u>
WISCONSIN DEPARTMENT OF COMMERCE							
Private Onsite Wastewater Treatment System Replacement or Rehabilitation Financial Assistance Program	143.3026	28,778	-	28,778	28,778	-	-
WISCONSIN DEPARTMENT OF CORRECTIONS							
State Probation and Parole Offenders Capacity Building for Early & Intensive Intervention	410.116	536,263	267,630	536,263	268,633	-	-
Youth Aids GPR	410.302 410.313	261,890 3,429,835	21,474 178,716	123,041 2,893,203	138,710 3,429,835	37,143 715,348	- 559,217
Total Wisconsin Department of Corrections			<u>467,820</u>	<u>3,552,507</u>	<u>3,837,178</u>	<u>752,491</u>	<u>559,217</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, 2010

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2010	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2010	Local Share
WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES							
W-2 Administration	437.215	\$ 334,708	\$ 52,552	\$ 216,724	\$ 167,354	\$ 3,182	\$ 976
W-2 Services	437.215	747,978	24,578	328,588	347,171	43,161	-
W-2 Emergency Assistance	437.215	-	(343)	133,987	159,982	25,652	-
Children First	437.265	270,000	13,375	229,835	270,000	53,540	8,670
W-2 Jobs Access Loans	437.323	-	-	176	176	-	-
AW DOJ Fingerprint Backup	437.3324	5,217	524	2,477	2,925	972	-
Case Review	437.3346	-	4,955	4,955	-	-	-
Brighter Future Initiative	437.354	153,117	(1)	142,339	146,616	4,276	-
Basic County Allocation	437.3561	2,805,458	-	2,805,458	2,805,458	-	-
IV-B Equipment	437.3615	3,672	(918)	(918)	-	-	-
State/County Match - Basic County Allocation	437.3683	307,912	-	307,912	307,912	-	3,221,215
Child Support Medical Support - GPR	437.7603	14,905	-	14,905	14,905	-	-
Total Wisconsin Department of Children and Families			94,722	4,186,438	4,222,499	130,783	3,230,861
WISCONSIN DEPARTMENT OF HEALTH SERVICES							
Funeral/Cemet-W-2 and Non W-2	435.105	N/A	67,378	314,398	312,232	65,212	-
Medical Assistance Transportation	435.131	N/A	(5,016)	47,057	51,192	(881)	-
Medical Assistance Transportation - Admin	435.132	N/A	685	1,799	1,671	557	-
FSET Admin GPR/FED Base	435.231	61,222	52,835	114,057	61,222	-	-
FSET 50/50	435.232	42,733	22,039	26,340	20,953	16,652	20,954
FSET Transp GPR/FED Base	435.233	34,000	2,343	31,320	28,195	(782)	-
FSET Retent GPR/FED Base	435.235	1,230	(1,618)	(465)	1,230	77	-
IMAA State Share	435.283	823,152	1,273	824,425	823,152	-	995,687
IMAA Federal Shares	435.284	17,288	7,246	44,523	44,371	7,094	-
APS Adult Protective Services	435.312	214,490	-	214,490	214,490	-	-
Community Options Program (COP)	435.367	902,864	46,760	949,624	902,864	-	-
Alzheimer's Family & Caregiver Support	435.381	43,932	(7,054)	32,437	43,932	4,441	-
CLTS DD - GPR	435.450	499,139	8,900	415,591	407,545	854	-
CLTS MI - GPR	435.451	350,988	(50,330)	207,304	234,128	(23,506)	-
CLTS DD- NON-FEDERAL OTHER	435.460	158,494	(22,283)	74,426	111,698	14,989	-
CLTS MI- NON FEDERAL OTHER	435.461	36,802	(3,125)	10,516	13,547	(94)	-
CLTS PD- NON FEDERAL OTHER	435.462	56,002	(3,363)	17,140	52,994	32,491	-
Certified Mental Health Program	435.517	87,341	-	-	87,341	87,341	-
Integrated Services Children With Severe Disabilities	435.530	7,390	-	7,390	7,390	-	-

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, 2010

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2010	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2010	Local Share
WISCONSIN DEPARTMENT OF HEALTH SERVICES (Continued)							
Birth to Three Initiative	435.550	\$ 229,821	\$ -	\$ 39,057	\$ 39,057	\$ -	\$ -
Basic County Allocation	435.561	6,522,259	(1,115,864)	4,926,626	6,522,259	479,769	-
Family Support	435.577	168,420	-	168,420	168,420	-	-
Aging and Disability Resource Center	435.560100	1,175,448	104,220	1,032,108	895,566	(32,322)	-
Aging-Benefit Specialist	435.560327	33,438	17,836	31,856	33,438	19,418	3,716
Senior Community Services	435.560330	25,544	3,984	29,415	25,544	113	2,131
Aging: Title III, Part C Nutrition	435.560350	218,493	67,758	197,365	218,493	88,886	108,971
Aging: Title III, Part C Nutrition	435.560360	14,117	1,174	16,914	14,145	(1,595)	29,475
Aging-Elder Abuse Service	435.560490	65,670	10,189	50,611	64,685	24,263	-
State/County Match - Basic County Allocation	435.681	712,710	633,817	811,995	712,710	534,532	719,922
HSRS AODA Data Quality	435.810444	2,797	2,098	2,098	-	-	-
Regional Crisis Services	435.810750	17,000	-	9,592	9,682	90	-
Fraud-Contract Cont	435.950	-	301	301	-	-	-
Total Wisconsin Department of Health Services			(157,817)	10,648,730	12,124,146	1,317,599	1,880,856
WISCONSIN DEPARTMENT OF JUSTICE							
Law Enforcement Training fund - Victim Witness Services	455.532	N/A	123,819	241,608	257,570	139,781	173,260
WISCONSIN DEPARTMENT OF MILITARY AFFAIRS							
EPCRA Emergency Planning Grant Program	465.337	97,884	16,024	32,169	40,586	24,441	11,651
WISCONSIN DEPARTMENT OF NATURAL RESOURCES							
Recreation Aids Grant	370.421	195,000	7,970	-	13,728	21,698	13,729
Water Safety Aid	370.550	63,569	30,259	30,259	33,310	33,310	-
Harbor Break Water/ Natural Resources Boating Projects	370.573	225,000	(30,600)	-	357,464	326,864	230,264
Recreation Aids-Snowmobile Trails	370.574	2,138	2,138	2,138	-	-	-
Snowmobile Grant for Racine County Trail System	370.575	46,025	-	46,025	46,025	(7,576)	7,576
Wildlife Animal Damage Control	370.553	2,014	914	914	1,339	1,339	-
Total Wisconsin Department of Natural Resources			10,681	79,336	451,866	375,635	251,569

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, 2010

Grantor Agency Pass-through Agency Grant or Project Title	State ID #	Program Award Amount	Receivable (Payable) 1/1/2010	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2010	Local Share
WISCONSIN DEPARTMENT OF TRANSPORTATION Specialized Transportation	395.101	\$ 483,749	\$ -	\$ 424,034	\$ 484,819	\$ 60,785	\$ 85,900
Total Wisconsin Department of Transportation			-	424,034	484,819	60,785	85,900
TOTAL STATE AWARDS			\$ 909,538	\$ 19,797,604	\$ 21,852,682	\$ 2,957,040	\$ 6,324,185

(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, 2010

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 2010 fund 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, which are required to be reported by the *State Single Audit Guidelines*. The component unit had a separate single audit for 2010.

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 2010, transactions occurring during 2010 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, 2010

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, 2009 ending accrual or deferral because of new information available in 2010. The primary reason was to report on actual 2010 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:

	<u>Increase</u> <u>(Decrease)</u>
Wisconsin Department of Children and Families	\$ (9,300)
Wisconsin Department of Human Services	117,193
Wisconsin Department of Administration	(64,482)
Wisconsin Department of Corrections	548
Wisconsin Department of Workforce Development	(256)
Wisconsin Division of Emergency Management	<u>(4,950)</u>
 Total adjustment	 <u>\$ 38,753</u>

COUNTY OF RACINE, WISCONSIN
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS
December 31, 2010

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 2010, State-direct to client payments were \$2,243,797, \$38,036,575, \$1,323,555, and \$1,256,720 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. 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.

6. 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 2010 were \$11,874 for Community Options, \$3,327 for Integrated Services to Children with Disabilities, and \$72,206 for Basic County Allocation. Audit testing was performed for Medical Assistance Case Management per State audit guidelines.

7. COMMUNITY SERVICES DEFICIT REDUCTION BENEFIT

Funds received in 2010 for Community Services Deficit Reduction Benefit totaled \$456,234.

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 2010 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 2010 were \$52,778.

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, 2010

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>
370.573	Harbor Break Water/Natural Resources Boating Project
410.302	Capacity Building for Early and Intensive Intervention
410.313	Youth Aids IMAA Cluster
435.283	IMAA State Share
435.284	IMAA Federal Share
435.367	Community Options Program (COP) 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
437.265	Children First
437.3540	Brighter Future Initiative

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010**

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

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

Department of Health Services	\$363,724
Other Departments	\$100,000

Auditee qualified as low-risk auditee? X yes no

Section II - Financial Statement Findings

No findings were reported.

Section III - State Award Findings and Questioned Costs

Finding 2010- 01

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

See the schedule of federal findings and questioned costs.

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010**

Finding 2010- 02

State ID Number – 437.265
Program Name – Children First
Funding Agency – Wisconsin Department of Children and Families

Requirement

The State of Wisconsin single audit guidelines and governing grant agreement for the Children First program require the County to monitor and ensure program expenditures exceeding \$400 per participant in a 12 month period are not submitted for reimbursement.

Condition

No monitoring of expenditures at the participant level exists at the County.

Questioned Costs

There are no questioned costs identified.

Cause

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

Effect

Expenditures exceeding the allowable limit per participant in a 12 month period maybe submitted for reimbursement.

Recommendation

We recommend that the County design and implement procedures for tracking expenditures of Children First funds to individual participants. These procedures should be designed and monitored to ensure reimbursements requested do not exceed the statutory or grant limits for expenditures for individual participants.

Management's Response

Management will implement the recommendation in 2011.

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010**

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	Yes
Department of Health Services	Yes
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 19, 2011

**COUNTY OF RACINE, WISCONSIN
SCHEDULE OF PRIOR YEAR STATE FINDINGS
Year Ended December 31, 2010**

Finding 2009-02 – Finding has been resolved.