

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

**SINGLE AUDIT REPORT**  
**December 31, 2011**

## TABLE OF CONTENTS

	<b>PAGE</b>
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 .....	21
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> .....	22
Schedule of Expenditures of State Awards.....	25
Notes to the Schedule of Expenditures of State Awards .....	29
Schedule of State Findings and Questioned Costs.....	32
Schedule of Prior Year State Findings .....	43

**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, each major fund, and the aggregate remaining fund information of the County of Racine, Wisconsin as of and for the year ended December 31, 2011, which collectively comprise the County of Racine, Wisconsin's basic financial statements and have issued our report thereon dated July 31, 2012. 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**

Management of the County of Racine is responsible for establishing and maintaining effective internal controls 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.

*CliftonLarsonAllen LLP*

Racine, Wisconsin  
July 31, 2012



**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, 2011. 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, 2011. However, the results of our audit 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 on the accompanying schedule of federal findings and questioned costs as items 2011-01 and 2011-09.

## **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 2011-01 and 2011-09. *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, each major fund, and the aggregate remaining fund information of the County of Racine, Wisconsin as of and for the year ended December 31, 2011 which contained an unqualified opinion on those financial statements. 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 the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures

in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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.

*CliftonLarsonAllen LLP*

Racine, Wisconsin

January 11, 2013, except for the Schedule of Expenditures of  
Federal Awards, as to which the date is July 31, 2012

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2011**

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2011	Receipts	Grant Expenditures	Receivable (Payable) 12/31/11	Local Share
U.S. DEPARTMENT OF AGRICULTURE							
Direct programs							
Conservation Reserve Program	10.069	\$ 13,391	\$ 1,995	\$ 7,406	\$ 5,411	-	\$ 5,411
Wisconsin Department of Public Instruction							
School Breakfast Program	10.553	N/A	5,441	23,663	23,419	5,197	-
National School Lunch Program	10.555	N/A	3,033	32,363	37,385	8,055	-
Total Wisconsin Department of Public Instruction			8,474	56,026	60,804	13,252	-
Wisconsin Department of Health Services -							
Health Care Financing							
Administrative Grants For Food Stamp Program	10.561	560,397	140,087	980,302	958,120	117,905	137,152
Dane County							
Administrative Grants For Food Stamp Program	10.561	-	-	-	31,324	31,324	819
Total U.S. Department of Agriculture			150,556	1,043,734	1,055,659	162,481	143,382
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
City of Racine							
Community Development Block Grant	14.218	117,368	-	-	63,170	63,170	-
Wisconsin Economoc Development Corporation							
Community Development Block Grants State's Program	14.228	1,506,000	-	1,325,336	1,325,336	-	-
Total U.S. Department of Housing and Urban Development			-	1,325,336	1,388,506	63,170	-

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, 2011**

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2011	Receipts	Grant Expenditures	Receivable (Payable) 12/31/11	Local Share
U.S. DEPARTMENT OF JUSTICE							
Bureau of Justice Assistance							
Drug Court Discretionary Grant Program	16.585	\$ 200,000	\$ 80,592	\$ -	\$ 67,045	\$ 147,637	\$ 56,481
Bulletproof Vest Partnership Program	16.607	2,804	-	2,804	2,804	-	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	103,074	24,271	97,724	97,820	24,367	-
City of Racine							
Edward Byrne Memorial Justice Assistance Grant Program	16.738	44,510	44,402	88,912	44,510	-	-
Edward Byrne Memorial Justice Assistance Grant Program-ARRA	16.803	105,000	56,348	73,342	16,994	-	-
Total Bureau of Justice Assistance			<u>205,613</u>	<u>262,782</u>	<u>229,173</u>	<u>172,004</u>	<u>56,481</u>
Wisconsin Department of Administration -							
Office of Justice Assistance							
Juvenile Accountability Block Grants	16.523	32,227	5,345	15,525	14,503	4,323	1,611
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	49,999	12,597	49,401	56,140	19,336	-
Anti-Gang Initiative	16.744	27,900	-	-	-	-	-
Walworth County							
Edward Byrne Memorial Formula Grant Program	16.738	35,371	28,443	56,581	47,205	19,067	-
Total Wisconsin Department of Administration			<u>46,385</u>	<u>121,507</u>	<u>117,848</u>	<u>42,726</u>	<u>1,611</u>
Wisconsin Department of Justice							
Drug Enforcement Administration Grants	16.000	7,182	-	3,332	7,182	3,850	140
Crime Victim Assistance	16.575	156,842	17,991	73,262	72,180	16,909	18,260
Total Wisconsin Department of Justice			<u>17,991</u>	<u>76,594</u>	<u>79,362</u>	<u>20,759</u>	<u>18,400</u>
Wisconsin Department of Transportation							
Enforcing Underage Drinking Laws Program	16.727	17,000	-	15,526	15,526	-	-
Total U.S. Department of Justice			<u>269,989</u>	<u>476,409</u>	<u>441,909</u>	<u>235,489</u>	<u>76,492</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, 2011**

Grantor Agency		Program	Receivable		Grant	Receivable	
Pass-through Agency		Award	(Payable)		Expenditures	(Payable)	Local
Grant or Project Title	CFDA #	Amount	1/1/2011	Receipts		12/31/11	Share
U.S. DEPARTMENT OF LABOR							
Wisconsin Department of Workforce Development							
Passed Through Kenosha County							
WIA Adult Program	17.258	\$ 1,283,938	\$ 86,694	\$ 506,732	\$ 547,356	\$ 127,318	\$ 10,726
WIA Youth Program	17.259	1,094,466	106,644	452,929	425,800	79,515	1,875
WIA Dislocated Workers Program	17.260	1,077,971	168,964	531,324	479,436	117,076	606
WIA Dislocated Workers Program - ARRA	17.260 ARRA	299,460	20,269	78,186	107,301	49,384	-
Total U.S. Department of Labor			382,571	1,569,171	1,559,893	373,293	13,207
U.S. DEPARTMENT OF TRANSPORTATION							
Wisconsin Department of Transportation							
Highway Planning and Construction	20.205	258,400	877	-	-	-	877
State and Community Highway Safety	20.600	34,800	-	-	2,183	2,183	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	20.601	35,000	1,174	21,662	31,024	10,536	7,168
Occupant Protection Incentive Grant	20.602	25,000	-	-	2,146	2,146	-
Total Wisconsin Department of Transportation			2,051	21,662	35,353	14,865	8,045
Wisconsin Department of Corrections							
State and Community Highway Safety	20.600	100,000	50,000	150,000	100,000	-	-
Wisconsin Department of Emergency Management							
Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	9,038	-	8,880	8,880	-	-
Total U.S. Department of Transportation			52,051	180,542	144,233	14,865	8,045

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, 2011**

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2011	Receipts	Grant Expenditures	Receivable (Payable) 12/31/11	Local Share
U.S. DEPARTMENT OF ENERGY Energy Efficiency and Conservation Block Grant	81.128 ARRA	\$ 457,500	\$ 44,950	\$ 44,950	\$ -	\$ -	\$ -
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	215,846	-	373,423	373,423	-	-
Special Education Grants for Infants and Families with Disabilities Recovery Act	84.393 ARRA	123,300	(9,270)	53,313	62,583	-	-
			(9,270)	426,736	436,006	-	-
Gateway Technical College Improvement of Postsecondary Education	84.116	60,090	15,914	62,888	62,850	15,876	-
Total U.S. Department of Education			6,644	489,624	498,856	15,876	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Office of National Drug Control Policies High Intensity Drug Traffic Area	93.276	29,807	21,446	53,157	46,436	14,725	-
Wisconsin Department of Administration Low Income Home Energy Assistance	93.568	562,632	63,745	312,684	337,662	88,723	28,061
Wisconsin Department of Corrections							
Child Welfare Services State Grants	93.645	35,347	6,583	35,138	28,555	-	6,793
Foster Care Title IV-E	93.658	54,988	9,509	54,659	44,418	(732)	10,567
Total Wisconsin Department of Corrections			16,092	89,797	72,973	(732)	17,360

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, 2011**

Grantor Agency Pass-through Agency Grant or Project Title	CFDA #	Program Award Amount	Receivable (Payable) 1/1/2011	Receipts	Grant Expenditures	Receivable (Payable) 12/31/11	Local Share
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
Wisconsin Department of Health Services -							
Division of Children and Family							
Home Visitation Program	93.505	\$ 439,961	\$ -	\$ -	\$ 102,690	\$ 102,690	\$ 91
Safe and Stable Families	93.556	72,100	-	72,100	72,100	-	53,128
Temporary Assistance for Needy Families	93.558	2,186,239	166,904	1,527,982	1,467,241	106,163	147,398
Child Support Enforcement	93.563	725,333	483,792	2,311,208	2,472,611	645,195	-
Refugee and Entrant Assistance	93.566	-	786	786	-	-	-
Child Care Mandatory and Matching Funds	93.596	1,296,809	249,548	1,059,102	811,133	1,579	280,221
Chafee Education and Training Vouchers Program	93.599	4,742	(499)	1,177	1,688	12	-
Foster Care Title IV-E	93.658	82,053	89,071	90,153	92,296	91,214	-
Chafee Foster Care Independent Living	93.674	59,221	-	52,041	59,221	7,180	-
Transitional Jobs	93.714	788,274	69,012	487,222	467,395	49,185	-
Block Grants for Prevention and Treatment Community Services Block Grant of Substance Abuse	93.959	130,223	9,166	139,389	130,223	-	-
Total Division of Children and Family			<u>1,067,780</u>	<u>5,741,160</u>	<u>5,676,598</u>	<u>1,003,218</u>	<u>480,838</u>
Wisconsin Department of Health Services -							
Division of Health Care Financing							
State Children's Insurance Program	93.767	43,211	17,767	106,070	104,043	15,740	-
Medical Assistance Program	93.778	404,875	165,971	1,034,790	1,014,513	145,694	-
Total Division of Health Care Financing			<u>183,738</u>	<u>1,140,860</u>	<u>1,118,556</u>	<u>161,434</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, 2011**

Grantor Agency		Program	Receivable		Grant	Receivable	Local
Pass-through Agency		Award	(Payable)		Expenditures	(Payable)	Share
Grant or Project Title	CFDA #	Amount	1/1/2011	Receipts		12/31/11	
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	\$ 18,490	\$ (734)	\$ 14,151	\$ 15,265	\$ 380	\$ -
Medical Assistance Program	93.778	-	221,029	1,606,727	1,420,887	35,189	-
Greater WI Agency on Aging Resources							
Special Programs for the Aging-Title III-							
Part D, Disease Prevention	93.043	11,450	2,854	12,199	18,263	8,918	4,492
Part B, Grants for Supportive Services	93.044	166,463	48,780	172,355	166,463	42,888	38,931
Part C, Nutrition Services	93.045	239,391	40,029	249,237	239,391	30,183	311,115
Part C-2, Nutrition Services	93.705 ARRA	-	(1)	(1)	-	-	-
Part C-1, Nutrition Services	93.707 ARRA	-	3,869	3,869	-	-	-
Medical Assistance Program	93.778	-	4,867	13,615	11,099	2,351	-
Dane County							
Medical Assistance Program	93.778	3,444	-	-	10,363	10,363	231
National Family Caregiver Support - Title III, Part E	93.052	86,129	19,090	73,179	54,549	460	27,274
Nutrition Services Incentive Program	93.053	60,832	12,863	73,821	60,958	-	-
Total Division of Long Term Care			<u>352,646</u>	<u>2,219,152</u>	<u>1,997,238</u>	<u>130,732</u>	<u>382,043</u>
Wisconsin Department of Health Services -							
Division of Mental Health and Substance Abuse Services							
Block Grants for Community Mental Health Services	93.958	170,445	-	104,079	170,445	66,366	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	695,171	116,562	759,331	643,564	795	-
Total Division of Mental Health and Substance Abuse Services			<u>116,562</u>	<u>863,410</u>	<u>814,009</u>	<u>67,161</u>	<u>-</u>
Wisconsin Department of Health Services -							
Division of Enterprise Services							
Medical Assistance Program	93.778	-	29,897	112,243	187,280	104,934	-
Total Wisconsin Department of Health Services			<u>1,750,623</u>	<u>10,076,825</u>	<u>9,793,681</u>	<u>1,467,479</u>	<u>862,881</u>
Total U.S. Department of Health and Human Services			<u>1,851,906</u>	<u>10,532,463</u>	<u>10,250,752</u>	<u>1,570,195</u>	<u>908,302</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, 2011**

<b>Grantor Agency</b>		<b>Program</b>	<b>Receivable</b>		<b>Grant</b>	<b>Receivable</b>	<b>Local</b>
<b>Pass-through Agency</b>		<b>Award</b>	<b>(Payable)</b>		<b>Expenditures</b>	<b>(Payable)</b>	<b>Share</b>
<b>Grant or Project Title</b>	<b>CFDA #</b>	<b>Amount</b>	<b>1/1/2011</b>	<b>Receipts</b>		<b>12/31/11</b>	
U.S. DEPARTMENT OF HOMELAND SECURITY							
Wisconsin Department of Administration -							
Office of Justice Assistance							
Homeland Security Grant	97.067	\$ 387,553	\$ 19,380	\$ 122,958	\$ 197,205	\$ 93,627	\$ -
Wisconsin Department of Emergency Management							
Pre-disaster Mitigation	97.047	30,000	18,750	18,750	-	-	-
Wisconsin Department of Military Affairs							
Disaster Grants - Public Assistance							
	97.036	59,072	-	59,072	59,072	-	-
Emergency Management Performance Grants	97.042	95,226	67,600	91,393	92,046	68,253	54,586
Total Wisconsin Department of Military Affairs			67,600	150,465	151,118	68,253	54,586
Total U.S. Department of Homeland Security			105,730	292,173	348,323	161,880	54,586
TOTAL FEDERAL AWARDS			\$ 2,864,397	\$ 15,954,402	\$ 15,688,131	\$ 2,597,249	\$ 1,204,014

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2011**

**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 2011 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 programs of the County of Racine, Wisconsin.

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 2011, transactions occurring during 2011 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, 2011**

**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, 2010 ending accrual or deferral because of new information available in 2011. The primary reason was to report on actual 2011 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	\$ (1)
U.S. Department of Labor	5,313
U.S. Department of Health and Human Services	<u>214,488</u>
Total adjustment	<u>\$ 219,800</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, 2011**

**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	\$ -	\$ -	\$ 4,266	\$ 4,266
Greater Wisconsin Area Agency on Aging	-	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>4,266</u>	<u>4,266</u>
Title III-B				
Racine County HSD	-	9,801	-	9,801
Greater Wisconsin Area Agency on Aging	-	-	-	-
Lincoln Lutheran	-	-	29,130	29,130
Totals	<u>-</u>	<u>9,801</u>	<u>29,130</u>	<u>38,931</u>
Title III-C				
Lincoln Lutheran	<u>234,368</u>	<u>-</u>	<u>220,085</u>	<u>454,453</u>
Title III-D				
Lincoln Lutheran	<u>-</u>	<u>-</u>	<u>4,492</u>	<u>4,492</u>
Benefit Specialist				
Racine County HSD	-	-	440	440
Lincoln Lutheran	-	-	1,124	1,124
Greater Wisconsin Area Agency on Aging	-	-	2,152	2,152
Totals	<u>-</u>	<u>-</u>	<u>3,716</u>	<u>3,716</u>
Title III-E				
Racine County HSD	<u>-</u>	<u>-</u>	<u>27,274</u>	<u>27,274</u>
<b>Grand Total Local Match</b>	<u>\$ 234,368</u>	<u>\$ 9,801</u>	<u>\$ 288,963</u>	<u>\$ 533,132</u>
Federal programs				\$ 381,812
State programs				<u>151,320</u>
Total				<u>\$ 533,132</u>

**COUNTY OF RACINE, WISCONSIN  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
December 31, 2011**

**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	\$ 3,000
16.523	16,114
16.745	97,820
17.258	11,559
17.259	52,116
17.260	20,109
81.181	373,423
84.116W	62,850
84.393	50,210
93.045	239,391
93.053	60,958
93.556	33,542
93.568	365,723
93.645	254
93.658	11,412
93.778	708,104
93.959	658,418
	<u>\$ 2,765,003</u>

**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, 2011**

**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>
10.561	Administrative Grants for Food Stamp Program
14.228	Community Block Development Grants State's Program
16.738	Justice Assistance Grant Cluster
16.803	Edward Byrne Memorial Justice Assistance Grant
	Edward Byrne Memorial Justice Assistance Grant - ARRA
17.258	WIA Cluster
17.259	WIA Adult Program
17.260	WIA Youth Program
	WIA – Dislocated Workers Program
93.596	Child Care Mandatory and Matching Funds
93.778	Medical Assistance Program



**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011**

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

**Finding 2011- 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 requires all files for participants to include a Parental Share worksheet which is updated at least annually.

Condition

For one of the twenty-five participants selected for testing, the Parental Share worksheet could not be located. The Case Manager initiated the process to obtain and file this documentation as a result of the audit.

Questioned Costs

There are no questioned costs identified.

Cause

Monitoring controls are not in place to ensure that all participant files are complete.

Effect

The County may not be properly identifying the parent/guardian cost share, which could result in incorrect reporting of program expenditures.

Recommendation

We recommend that the County develop a policy to review participant files to ensure that all required documentation is obtained during initial certification and annual recertification process. This review could be documented on a checklist attached to the participant's file.

Management's Response

Management will develop a policy and tracking procedure to ensure all required documents are obtained and maintained in the appropriate file.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011**

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

**Finding 2011- 09**

CFDA Number – 14.228

Program Name – Community Development Block Grants State's Program

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

Requirement

An economic development project report and annual financial reports must be filed with the state agency within 120 days after year end.

Condition

Funding from this program was used to provide an equipment loan to a local business. The business has certain requirements for job creation, loan repayment and reporting. Racine County employed the services of the Racine County Economic Development Commission (RCEDC) to administer the program. Neither the County nor the RCEDC was able to provide evidence that the applicable financial reports were filed within the required time period.

Questioned Costs

There are no questioned costs identified.

Cause

Monitoring controls are not in place to ensure the reporting requirements are met.

Effect

The required reports may not have been filed within the specified time period.

Recommendation

We recommend that the County develop a policy to review and monitor applicable reporting requirements to ensure that they are met.

Management's Response

Management agrees with the finding and will establish procedures with RCEDC to ensure that the reporting requirements are met and documented.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS  
Year Ended December 31, 2011**

**Finding 2010-01** – 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, 2011. 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, 2011. However, the results of our audit procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the *State Single Audit Guidelines* and which are described on the accompanying schedule of state findings and questioned costs as items 2011-01, 2011-02, 2011-03, 2011-04, 2011-05, 2011-06, 2011-07, and 2011-08.



## **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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of state findings and questioned costs as items 2011-01, 2011-02, 2011-03, 2011-04, 2011-05, 2011-06, 2011-07, 2011-08. 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, each major fund, and the aggregate remaining fund information of the County of Racine, Wisconsin as of and for the year ended December 31, 2011 which contained an unqualified opinion on those financial statements. 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 the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling

such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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.

*CliftonLarsonAllen LLP*

Racine, Wisconsin  
September 28, 2012 except for the Schedule of Expenditures of  
State Awards, as to which the date is July 31, 2012

**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) 1/1/2011	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2011	Local Share
<b>WISCONSIN DEPARTMENT OF ADMINISTRATION</b>							
Comprehensive Planning Grants	505.118	\$ 300	\$ -	\$ 300	\$ 300	\$ -	\$ 55
LIHEAP Operations and Outreach	505.371	198,685	43,095	99,343	87,553	31,305	14,077
LIHEAP Public Benefits	505.371	108,848	16,822	55,209	55,731	17,344	4,941
<b>Walworth County</b>							
Local Law Enforcement Assistance Program	505.630	19,480	-	19,480	19,480	-	-
Total Wisconsin Department of Administration			<u>59,917</u>	<u>174,332</u>	<u>163,064</u>	<u>48,649</u>	<u>19,073</u>
<b>WISCONSIN DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION</b>							
Soil and Water Conservation Project Aids #9214-10-52-00	115.150	141,353	47,746	143,726	132,369	36,389	144,482
Soil and Water Conservation Project Aids #9214-10-52-00	115.400	98,195	45,359	85,794	68,163	27,728	-
Total Wisconsin Department of Agriculture, Trade and Consumer Protection			<u>93,105</u>	<u>229,520</u>	<u>200,532</u>	<u>64,117</u>	<u>144,482</u>
<b>WISCONSIN DEPARTMENT OF CORRECTIONS</b>							
State Probation and Parole Offenders Capacity Building for Early & Intensive Intervention	410.116	207,774	-	207,774	207,774	-	-
Youth Aids GPR	410.302	283,600	37,143	136,528	148,176	48,791	-
Kenosha County Windows to Work	410.313	3,837,342	715,348	3,814,387	3,099,770	731	737,392
410.120	410.120	-	-	63,212	77,118	13,906	-
Total Wisconsin Department of Corrections			<u>752,491</u>	<u>4,221,901</u>	<u>3,532,838</u>	<u>63,428</u>	<u>737,392</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) 1/1/2011	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2011	Local Share
<b>WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES</b>							
W-2 Administration	437.215	\$ 167,354	\$ 25,836	\$ 170,537	\$ 167,354	\$ 22,653	\$ 35,893
W-2 Services	437.215	1,207,455	70,641	443,158	400,808	28,291	110,307
W-2 Emergency Assistance	437.215	-	25,653	157,672	160,170	28,151	-
Children First	437.265	817,732	64,765	247,861	245,440	62,344	-
W-2 Jobs Access Loans	437.323	-	-	(13)	(13)	-	-
AW DOJ Fingerprint Backup	437.3324	5,217	974	3,899	3,351	426	-
Brighter Future Initiative	437.354	153,117	10,777	163,894	153,117	-	-
Basic County Allocation	437.3561	2,944,834	-	2,944,834	2,944,834	-	1,463,901
State/County Match - Basic County Allocation	437.3683	236,894	-	236,894	236,894	-	2,628,139
Child Support Medical Support - GPR	437.7502	469,865	-	467,543	469,862	2,319	418,032
Total Wisconsin Department of Children and Families			198,646	4,836,279	4,781,817	144,184	4,656,272
<b>WISCONSIN DEPARTMENT OF HEALTH SERVICES</b>							
Funeral/Cemet-W-2 and Non W-2	435.105	N/A	65,212	331,767	326,380	59,825	-
Medical Assistance Transportation	435.131	N/A	(701)	26,071	25,591	(1,181)	-
Medical Assistance Transportation - Admin	435.132	N/A	557	1,560	1,003	-	-
FSET Admin GPR/FED Base	435.231	63,089	-	63,089	63,089	-	-
FSET 50/50	435.232	32,763	16,653	18,153	7,695	6,195	7,695
FSET Transp GPR/FED Base	435.233	32,650	(782)	28,240	30,406	1,384	-
FSET Retent GPR/FED Base	435.235	700	77	670	700	107	590
IMAA State Share	435.283	707,196	-	705,305	707,196	1,891	995,570
IMAA Federal Shares	435.284	48,722	20,033	119,599	117,313	17,747	-
APS Adult Protective Services	435.312	214,490	-	186,853	214,490	27,637	-
Community Options Program (COP)	435.367	878,816	-	878,816	878,816	-	-
Alzheimer's Family & Caregiver Support	435.381	61,656	4,441	58,146	61,066	7,361	-
CLTS DD - GPR	435.450	271,099	878	271,977	229,398	(41,701)	-
CLTS MI - GPR	435.451	209,648	(24,479)	161,266	148,810	(36,935)	-
CLTS DD- NON-FEDERAL OTHER	435.460	135,879	15,198	125,212	84,251	(25,763)	-
CLTS MI- NON FEDERAL OTHER	435.461	25,414	(300)	11,865	6,473	(5,692)	-
CLTS PD- NON FEDERAL OTHER	435.462	47,394	32,491	48,045	4,516	(11,038)	-
Certified Mental Health Program	435.517	96,604	87,341	174,682	96,604	9,263	-
Integrated Services Children With Severe Disabilities	435.530	9,144	-	9,144	9,144	-	-
Non-Resident 997	435.531	-	-	-	11,090	11,090	-

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) 1/1/2011	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2011	Local Share
WISCONSIN DEPARTMENT OF HEALTH SERVICES (Continued)							
Birth to Three Initiative	435.550	\$ 206,387	\$ -	\$ 48,810	\$ 48,810	\$ -	\$ -
Basic County Allocation	435.561	6,713,862	223,805	6,673,624	6,713,862	264,043	-
Family Support	435.577	201,800	(2,150)	199,650	201,290	(510)	-
Aging and Disability Resource Center	435.560100	1,182,172	(33,951)	904,728	975,995	37,316	-
Aging-Benefit Specialist	435.560327	33,438	19,416	39,147	33,438	13,707	3,716
Senior Community Services	435.560330	24,100	115	19,864	25,879	6,130	4,266
Aging: Title III, Part C Nutrition	435.560350	219,474	88,884	257,400	219,474	50,958	111,730
Aging: Title III, Part C Nutrition	435.560360	14,210	(1,596)	12,605	14,210	9	31,608
Aging-Elder Abuse Service	435.560490	65,013	24,264	89,277	65,013	-	-
State/County Match - Basic County Allocation	435.681	712,710	531,432	709,610	499,212	321,034	616,567
HSRS AODA Data Quality	435.810444	2,797	-	-	-	-	-
Regional Crisis Services	435.810750	17,000	90	18,802	19,704	992	-
Dane County							
Fraud Investigation	435.600	3,444	-	-	15,232	15,232	27,505
Total Wisconsin Department of Health Services			<u>1,066,928</u>	<u>12,193,977</u>	<u>11,856,150</u>	<u>729,101</u>	<u>1,799,247</u>
WISCONSIN DEPARTMENT OF JUSTICE							
Law Enforcement Training fund - Victim Witness Services	455.532	N/A	139,781	260,694	211,917	91,004	214,538
WISCONSIN DEPARTMENT OF MILITARY AFFAIRS							
Disaster Grants - Public Assistance	465.305	9,845	-	9,845	9,845	-	-
EPCRA Emergency Planning Grant Program	465.337	98,436	24,441	32,738	33,379	25,082	1,169
Total Wisconsin Department of Military Affairs			<u>24,441</u>	<u>42,583</u>	<u>43,224</u>	<u>25,082</u>	<u>1,169</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) 1/1/2011	Receipts	Grant Expenditures	Receivable (Payable) 12/31/2011	Local Share
WISCONSIN DEPARTMENT OF NATURAL RESOURCES							
Recreation Aids Grant	370.421	195,000	19,673	-	22,333	42,006	22,333
Water Safety Aid	370.550	41,700	33,310	33,310	41,700	41,700	-
Harbor Break Water/ Natural Resources Boating Projects	370.573	859,716	326,864	326,864	420,352	420,352	1,180,185
Snowmobile Grant for Racine County Trail System	370.575	46,025	-	46,025	46,025	-	-
Wildlife Animal Damage Control	370.553	1,009	1,339	1,339	1,009	1,009	-
Total Wisconsin Department of Natural Resources			<u>381,186</u>	<u>407,538</u>	<u>531,419</u>	<u>505,067</u>	<u>1,202,518</u>
WISCONSIN DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES							
Private Onsite Wastewater Treatment System Replacement and Rehabilitation Financial Assistance Program	165.002	304,735	-	30,435	30,435	-	-
WISCONSIN DEPARTMENT OF TRANSPORTATION							
Specialized Transportation	395.101	580,468	60,785	492,915	480,545	48,415	85,885
Highway Safety Funds	395.568	131,745	-	32,235	67,107	34,872	169,086
Total Wisconsin Department of Transportation			<u>60,785</u>	<u>525,150</u>	<u>547,652</u>	<u>83,287</u>	<u>254,971</u>
WISCONSIN DEPARTMENT OF VETERANS AFFAIRS							
County Veterans Services Officer	485.370	13,000	-	13,000	13,000	-	-
TOTAL STATE AWARDS			<u>\$ 2,777,280</u>	<u>\$ 22,935,409</u>	<u>\$ 21,912,048</u>	<u>\$ 1,753,919</u>	<u>\$ 9,029,662</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, 2011**

**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 2011 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 2011.

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 2011, transactions occurring during 2011 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, 2011**

**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, 2010 ending accrual or deferral because of new information available in 2011. The primary reason was to report on actual 2011 program revenue. Additional adjustments were made to reflect Federal/State funding percent changes. The changes to the accrual or deferral by funding source were as follows:

	<b><u>Increase (Decrease)</u></b>
Wisconsin Department of Children and Families	\$ (260,011)
Wisconsin Department of Human Services	61,360
Wisconsin Department of Administration	(1)
Wisconsin Division of Natural Resources	<u>(2,025)</u>
Total adjustment	<b><u>\$ (200,677)</u></b>



**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**December 31, 2011**

**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 2011, State-direct to client payments were \$3,494,818, \$39,432,940, \$1,203,648, and \$609,799 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 2011 were \$13,460 for Community Options and \$118,809 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 2011 for Community Services Deficit Reduction Benefit totaled \$306,412.

**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 2011 were \$372,196.

**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 2011 were \$85,059.

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, 2011**

**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



**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011**

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

**Finding 2011- 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, 2011**

**Finding 2011- 02**

State ID Number – 410.116  
Program Name – State Probation and Parole Officer  
Funding Agency – Wisconsin Department of Corrections

Requirement

Wisconsin State Statute 302.33(2)(a)1 allows for reimbursement for costs related to the detainment of eligible individuals only during the fiscal year. Eligible individuals are those detained only for departmental hold ending when the revocation process is complete and a final order from the department of corrections or the division of hearings has been entered.

Condition

The reporting period for this grant is the fiscal year July 1, 2010 through June 30, 2011. For three of the forty participants selected for testing, improper billing dates were submitted for reimbursement.

Questioned Costs

Known questioned costs of \$90 were identified for these individuals. The County received a reimbursement rate of \$29.93 per eligible night for the 2011 fiscal year. This rate was multiplied by the known number of in eligible nights to arrive at the known questioned costs.

Cause

The County incorrectly used the period June 30, 2010 to July 1, 2011 for reporting purposes. This resulting in billing for one detainee on June 30, 2010 and one detainee on July 1, 2011 which are both outside of the grant period. In addition, billing for one detainee was for one day past the release date.

Effect

The County requested and received reimbursement for in eligible billed dates.

Recommendation

We recommend that the County develop a review policy to ensure all dates billed for individuals are eligible for reimbursement.

Management's Response

The County works directly with the WI Department of Corrections to ensure proper billing of all days prior to submission of billing.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2011**

**Finding 2011- 03**

State ID Number – 435.367  
Program Name – Community Options Program  
Funding Agency – Wisconsin Department of Health Services

Requirement

The Community Options Program guidelines requires that a cost share worksheet be reviewed at least annually, or at least every six months if the person has a cost share and assets are involved in the cost share calculation.

Condition

For one of the participants selected for testing who had a cost share calculated in part on assets, a review was not performed of the cost share calculation at least every six months.

Questioned Costs

There are no questions costs identified.

Cause

Proper monitoring controls are not in place to ensure compliance with the required reviews of the cost share calculations worksheets.

Effect

The County may not per properly identifying the required cost share for all participants.

Recommendation

We recommend that the County develop a review policy to ensure all reviews are being performed timely, in accordance with Community Options Program guidelines.

Management's Response

Management will develop a policy to ensure all reviews are done timely.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011**

**Finding 2011- 04**

State ID Number – N/A  
Program Name – Department of Health Services General Requirements  
Funding Agency – Wisconsin Department of Health Services

Requirement

The Wisconsin Department of Health Services requires all agencies receiving funding under one or more of their programs to comply with general requirements, which includes development and adherence to a procurement policy covering contracts exceeding \$25,000.

Condition

During our testing of compliance with the County Procurement Policy, we noted one instance in which services exceeding \$25,000 were provided, but no contract was established.

Questioned Costs

There are no questioned costs identified.

Cause

Proper monitoring controls are not in place to ensure contracts are obtained for all services exceeding the procurement policy limit.

Effect

The County could be obtaining services from providers that do not meet the requirement of the procurement policy and governing grant agreements.

Recommendation

We recommend that the County develop a policy to ensure contracts are obtained from all service providers when services rendered will exceed the procurement policy.

Management's Response

Management has procedures in place to ensure contracts are obtained. This was an isolated incident due to how the vendor was classified in the state system, causing it to be overlooked in the normal procedures. Management will be more aware of these unusual classifications going forward.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2011**

**Finding 2011- 05**

State ID Number – N/A  
Program Name – Wisconsin Medicaid Cost Reporting  
Funding Agency – Wisconsin Department of Health Services

Requirement

The Wisconsin Medicaid Cost Reporting (WIMCR) guidelines require that all WIMCR reports be based on eligible services provided to individuals receiving Medicaid services, actual activities occurring and expenditures incurred during the fiscal year reported.

Condition

During our testing of the annual WIMCR activity report we noted the total direct services hours report included an input error that was not corrected prior to submission. We also noted that WIMCR expenditure reports included claims for direct services costs for improper fringe benefit expenditures. The WIMCR benefits reports claimed services under the improper participant name for one individual selected for testing.

Questioned Costs

There are no questions costs identified.

Cause

Proper monitoring controls over WIMCR reports have not be designed and implemented.

Effect

The County could be submitting reports for activities or expenditures that are not correct.

Recommendation

We recommend that the County develop a policy to review reports prior to submission for accuracy. The review should be documented and retained for audit purposes.

Management's Response

Management has implemented a proofing procedure to reduce input errors and improper participant names. Additionally, management has changed fringe benefit reporting to accurately reflect expenditures.



**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011**

**Finding 2011- 06**

State ID Number – N/A  
Program Name – Wisconsin Medicaid Cost Reporting  
Funding Agency – Wisconsin Department of Health Services

Requirement

The Wisconsin Medicaid Cost Reporting (WIMCR) guidelines require that all WIMCR reports be based on eligible services provided to individuals receiving Medicaid services during the fiscal year reported.

Condition

For one of the individual service billings selected for testing, the County was unable to provide support for the units of service billed during the year and included in the WIMCR billing.

Questioned Costs

Known questioned costs of \$133 were identified for the individual service billing noted above. The County received a reimbursement rate of \$88.90 per hour of service for the 2011 fiscal year. This rate was multiplied by the number of hours of services provided in the billing selected for testing, one and half hours, to arrive at the known questioned costs.

Cause

Proper monitoring controls are not in place to ensure that amounts claimed on the WIMCR billings were properly supported by service records.

Effect

The County could report ineligible units of service on the annual WIMCR reports.

Recommendation

We recommend that the County develop a policy to ensure units of service included on the annual WIMCR billings are properly supported by service records.

Management's Response

The County has switched to electronic charting and is using a new database that will ensure compliance on a go forward basis.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011**

**Finding 2011- 07**

State ID Number – 437.215

Program Name – W-2 Administration, Services and Emergency Assistance

Funding Agency – Wisconsin Department of Children and Families

Requirement

The W-2 Program Manual requires that participants complete an application either electronically or in paper. The date the application is received the start date of the required timelines. To ensure compliance with the application requirement and to ensure proper date, the County requires that applications include a certified signature.

Condition

During our testing of one individual was noted for which a certified application for services could not be produced.

Questioned Costs

There are no questions costs identified.

Cause

Proper monitoring controls are not in place to ensure certified applications are received and maintained for all individuals.

Effect

The County could be providing services to individuals who did not comply with application requirements. The County could also be providing services based on an inappropriate start date.

Recommendation

We recommend that the County develop a policy to ensure certified applications are received from and maintained for all participants.

Management's Response

Recent policy changes caused a backlog in paperless file records, during which time some information may have been improperly filed. This process recently changed so that all W-2 documents are priority scanned by in-house staff and submitted to appropriate files within one week of origination.

**COUNTY OF RACINE, WISCONSIN**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2011**

**Finding 2011- 08**

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

The County maintains a spreadsheet to track costs to compare to the \$400 limit. The spreadsheet uses enrolled participant data. The County was not able to provide documentation for how the enrolled participant number was determined.

Questioned Costs

There are no questioned costs identified.

Cause

Documentation was not maintained to support the enrolled participant data once it was entered into the spreadsheet.

Effect

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

Recommendation

We recommend that the County implement procedures for retaining supporting reports used to tracking expenditures for audit purposes.

Management's Response

The County will begin tracking of all Children First participants and keep all original documentation in a central location.

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011**

**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	Yes
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 28, 2012

**COUNTY OF RACINE, WISCONSIN  
SCHEDULE OF PRIOR YEAR STATE FINDINGS  
Year Ended December 31, 2011**

**Finding 2010-01** – Finding has been resolved.

**Finding 2010-02** – Finding has been resolved