

COUNTY OF RACINE

Racine, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2014

COUNTY OF RACINE

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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*

Independent Auditors' Report

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

We have audited, 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, 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, 2014, and the related notes to the financial statements, which collectively comprise the County of Racine's basic financial statements and have issued our report thereon dated July 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Racine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Racine's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Racine's internal control.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Racine's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
July 30, 2015

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
REQUIRED BY OMB CIRCULAR A-133 AND THE *STATE SINGLE AUDIT GUIDELINES*

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and Major State Program

We have audited the County of Racine, Wisconsin's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the County of Racine's major federal and major state programs for the year ended December 31, 2014. The County of Racine's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Racine's major federal and major state programs based on our audit of the types of compliance requirements referred to above. 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines*. Those standards, OMB Circular A-133, and the *State Single Audit 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 federal or major state program occurred. An audit includes examining, on a test basis, evidence about the County of Racine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and major state program. However, our audit does not provide a legal determination of the County of Racine's compliance.

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

Basis for Qualified Opinion on Children First

As described in the accompanying schedule of findings and questioned costs, the County of Racine did not comply with requirements regarding State ID No. 437.265 Children First as described in finding number 2014-002 for Reporting. Compliance with such requirements is necessary, in our opinion, for the County of Racine to comply with the requirements applicable to that program.

Qualified Opinion on Children First

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County of Racine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on State ID No. 437.265 Children First for the year ended December 31, 2014.

Unmodified Opinion on Each of the Other Major Federal and Major State Programs

In our opinion, the County of Racine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and major state programs identified in the summary schedule of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 or the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2014-003, 2014-004, and 2014-006. Our opinion on each major federal and major state program is not modified with respect to these matters.

County of Racine's Response to Findings

The County of Racine's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Racine's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County of Racine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Racine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and 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 County of Racine's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

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 federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 to be material weaknesses.

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 or state 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-003, 2014-004, 2014-005, and 2014-006 to be significant deficiencies.

County of Racine's Response to Findings

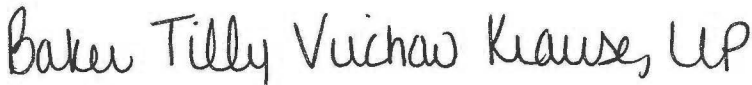
The County of Racine's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Racine's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the *State Single Audit Guidelines*

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, 2014, and the related notes to the financial statements, which collectively comprise the County of Racine's basic financial statements. We issued our report thereon dated July 30, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.


Milwaukee, Wisconsin
September 24, 2015

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2014

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Entity	Revenues			Total Revenues	Expenditures
			(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
FEDERAL PROGRAMS							
U. S. Department of Agriculture							
School Breakfast Program	10.553	DPI	\$ (6,602)	\$ 38,717	\$ -	\$ 32,115	32,115
National School Lunch Program	10.553	DPI	(14,337)	-	-	(14,337)	(14,337)
Subtotal			<u>(20,939)</u>	<u>38,717</u>	<u>-</u>	<u>17,778</u>	<u>17,778</u>
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS	(24,018)	1,010,861	409,782	1,396,625	1,396,625
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Dane Co	(14,937)	14,937	-	-	-
Subtotal			<u>(38,955)</u>	<u>1,025,798</u>	<u>409,782</u>	<u>1,396,625</u>	<u>1,396,625</u>
Total U.S. Department of Agriculture			<u>(59,894)</u>	<u>1,064,515</u>	<u>409,782</u>	<u>1,414,403</u>	<u>1,414,403</u>
U.S. Department of Commerce							
Coastal Zone Management Administration	11.419	DOA	-	45,544	-	45,544	45,544
U.S. Department of Housing and Urban Development							
Community Development Block Grant/State's Program	14.228	DOA	(12,576)	62,576	-	50,000	50,000
U.S. Department of Justice							
CEASE Grant	16.000	DOJ	(545)	2,144	648	2,247	2,247
Juvenile Justice and Delinquency Prevention	16.540	DOA	-	17,932	18,805	36,737	36,737
Violence Against Women Formula Grant	16.588	DOJ	(4,579)	65,919	25,671	87,011	87,011
Edward Byrne Memorial Justice Assistance Grant	16.738	Walworth Co	(14,646)	48,373	5,453	39,180	39,180
Edward Byrne Memorial Justice Assistance Grant	16.738	City of Racine	(28,109)	28,109	22,887	22,887	22,887
Edward Byrne Memorial Justice Assistance Grant	16.738	DOJ	-	5,373	19,905	25,278	25,278
Edward Byrne Memorial Justice Assistance Grant	16.738	DOJ	(52,742)	98,992	30,334	76,584	76,584
Subtotal			<u>(95,497)</u>	<u>180,847</u>	<u>78,579</u>	<u>163,929</u>	<u>163,929</u>
Crime Victim Assistance	16.575	DOJ	(16,946)	73,092	15,786	71,932	71,932
Enforcing Underage Drinking Laws Program	16.727	DOJ	-	-	3,022	3,022	3,022
Anti-Gang Initiative	16.744	DOJ	10,244	(10,244)	-	-	-
Total U.S. Department of Justice			<u>(107,323)</u>	<u>329,690</u>	<u>142,511</u>	<u>364,878</u>	<u>364,878</u>

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2014

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Entity	Revenues			Total Revenues	Expenditures
			(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
FEDERAL PROGRAMS (cont.)							
U.S. Department of Labor							
WIA Cluster							
WIA/WIOA Adult Program	17.258	Kenosha Co	\$ 13,384	\$ 347,104	\$ (13,383)	\$ 347,105	\$ 347,105
WIA/WIOA Youth Activities	17.259	Kenosha Co	(182,723)	387,185	182,722	387,184	387,184
WIA/WIOA Dislocated Worker Formula Grants	17.278	Kenosha Co	(42,471)	309,949	(9,578)	257,900	257,900
Total WIA Cluster			<u>(211,810)</u>	<u>1,044,238</u>	<u>159,761</u>	<u>992,189</u>	<u>992,189</u>
H-1B Job Training Grants	17.268	Kenosha Co	-	26,849	4,948	31,797	31,797
WIOA National Emergency Grants	17.277	Kenosha Co	-	3,095	9,656	12,751	12,751
Workforce Innovation Fund	17.283	Kenosha Co	-	25,180	(794)	24,386	24,386
Total U.S. Department of Labor			<u>(211,810)</u>	<u>1,099,362</u>	<u>173,571</u>	<u>1,061,123</u>	<u>1,061,123</u>
U.S. Department of Transportation							
Highway Planning & Construction	20.205	DOT	(195,395)	247,875	-	52,480	52,480
Highway Safety Cluster							
State and Community Highway Safety	20.600	DOT	-	100,000	-	100,000	100,000
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	DOT	(13,516)	40,315	15,781	42,580	42,580
Occupant Protection Incentive Grant	20.602	DOT	-	4,832	-	4,832	4,832
Total Highway Safety Cluster			<u>(13,516)</u>	<u>145,147</u>	<u>15,781</u>	<u>147,412</u>	<u>147,412</u>
Hazardous Materials Emergency Preparedness Training and Planning Grants	20.703	DOT	-	20,695	-	20,695	20,695
Total U.S. Department of Transportation			<u>(208,911)</u>	<u>413,717</u>	<u>15,781</u>	<u>220,587</u>	<u>220,587</u>
U.S. Department of Education							
Fund for the Improvement of Postsecondary Education	84.116	N/A	5,009	54,026	9,052	68,087	68,087
Safe and Drug-Free Schools and Communities-National Program	84.181	DHS	-	212,098	-	212,098	212,098
Total U.S. Department of Education			<u>5,009</u>	<u>266,124</u>	<u>9,052</u>	<u>280,185</u>	<u>280,185</u>

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2014

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Entity	Revenues			Total Revenues	Expenditures
			(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
FEDERAL PROGRAMS (cont.)							
U. S. Department of Health and Human Services							
Aging Cluster							
Title III, Part B - Grants for Supportive Services	93.044	GWAAR	\$ (48)	\$ 135,861	\$ 24,971	\$ 160,784	\$ 160,784
Title III, Part C - Nutrition Services	93.045	GWAAR	(131)	522,036	45,898	567,803	567,803
Nutrition Services Incentive Program	93.053	GWAAR	57,924	63,951	(57,924)	63,951	63,951
Total Aging Cluster			<u>57,745</u>	<u>721,848</u>	<u>12,945</u>	<u>792,538</u>	<u>792,538</u>
Title III, Part D - In-Home Services	93.046	GWAAR	-	9,429	3,651	13,080	13,080
Title III, Part E - National Family Caregiver Support	93.052	GWAAR	-	61,240	17,556	78,796	78,796
Substance Abuse and Mental Health Service - Access to Recovery	93.276	N/A	(5,162)	38,530	13,168	46,536	46,536
Affordable Care Act (ACA) Health Professional Opportunity Grant	93.093	Kenosha Co	(4,355)	271,416	32,147	299,208	299,208
Substance Abuse and Mental Health Service - Projects of Regional and National Significance	93.243	DHS	-	70,657	(976)	69,681	69,681
Affordable Care Act Aging and Disability Resource Center	93.517	DHS	-	5,000	-	5,000	5,000
Promoting Safe and Stable Families	93.556	DCF	-	86,196	(32,522)	53,674	53,674
Block Grants for Temporary Assistance for Needy Families	93.558	DHS	-	481,833	3,909	485,742	485,742
Block Grants for Temporary Assistance for Needy Families	93.558	DCF	(5,566)	1,200,100	(155,564)	1,038,970	1,038,970
Subtotal			<u>(5,566)</u>	<u>1,681,933</u>	<u>(151,655)</u>	<u>1,524,712</u>	<u>1,524,712</u>
Child Support Enforcement	93.563	DCF	-	2,267,471	-	2,267,471	2,267,471
Low Income Home Energy Assistance Block Grant	93.568	DOA	-	281,304	-	281,304	281,304
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	-	770,325	(30,136)	740,189	740,189
Chafee Education and Training Vouchers Program	93.599	DCF	(10)	10	-	-	-
Child Welfare Service Grants - State Grants	93.645	DCF	3,027	136,287	-	139,314	139,314
Foster Care - Title IV-E	93.658	DCF	-	936,584	(81,368)	855,216	855,216
Foster Care Title - IV-E	93.658	DOC	5,440	-	-	5,440	5,440
Subtotal			<u>5,440</u>	<u>936,584</u>	<u>(81,368)</u>	<u>860,656</u>	<u>860,656</u>
Social Services Block Grant	93.667	DHS	(143)	856,926	-	856,783	856,783
Social Services Block Grant	93.667	DCF	-	373,011	-	373,011	373,011
Subtotal			<u>(143)</u>	<u>1,229,937</u>	<u>-</u>	<u>1,229,794</u>	<u>1,229,794</u>

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2014

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Entity	Revenues			Total Revenues	Expenditures
			(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
FEDERAL PROGRAMS (cont.)							
U. S. Department of Health and Human Services (cont.)							
Chafee Foster Care Independence Program	93.674	DCF	\$ -	\$ 43,963	\$ -	\$ 43,963	\$ 43,963
Children's Health Insurance Program	93.767	DHS	-	123,722	45,811	169,533	169,533
Medical Assistance Program	93.778	DHS	367	1,927,462	378,162	2,305,991	2,305,991
Medical Assistance Program - WIMCR	93.778	DHS	-	146,487	-	146,487	146,487
Medical Assistance Program	93.778	Dane Co	(3,278)	3,278	-	-	-
Medical Assistance Program - CLTS TPA	93.778	DHS	-	992,025	-	992,025	992,025
Subtotal			<u>(2,911)</u>	<u>3,069,252</u>	<u>378,162</u>	<u>3,444,503</u>	<u>3,444,503</u>
Block Grants for Community Mental Health Services	93.958	DHS	-	123,679	(4,707)	118,972	118,972
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	(4,018)	555,033	(14,630)	536,385	536,385
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DCF	-	126,937	(23,801)	103,136	103,136
Subtotal			<u>(4,018)</u>	<u>681,970</u>	<u>(38,431)</u>	<u>639,521</u>	<u>639,521</u>
Total U.S. Department of Health and Human Services			<u>44,047</u>	<u>12,610,752</u>	<u>163,645</u>	<u>12,818,444</u>	<u>12,818,444</u>
U. S. Department of Homeland Security							
Emergency Management Performance Grant	97.042	DMA	<u>(57,263)</u>	<u>74,268</u>	<u>59,510</u>	<u>76,515</u>	<u>76,515</u>
TOTAL FEDERAL PROGRAMS			<u><u>\$(608,721)</u></u>	<u><u>\$ 15,966,547</u></u>	<u><u>\$ 973,852</u></u>	<u><u>\$ 16,331,678</u></u>	<u><u>\$ 16,331,678</u></u>

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2014

Grantor Agency / Program Title	State ID Number	Pass- Through Entity	Revenues			Total Revenues	Expenditures
			(Accrued) Deferred Beginning Entity	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
STATE PROGRAMS							
Wisconsin Department of Agriculture, Trade and Consumer Protection							
County Staff and Support	115.150	N/A	\$ (41,884)	\$ 121,896	\$ 54,171	\$ 134,183	\$ 134,183
Private Onsite Wastewater Treatment	165.002	N/A	-	24,268	-	24,268	24,268
Land and Water Resource Management	115.400	N/A	(5,285)	5,285	81,403	81,403	81,403
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection			(47,169)	151,449	135,574	239,854	239,854
Wisconsin Department of Natural Resources							
Recreational Boating Facilities Grants	370.TA1573	N/A	-	247,875	5,179	253,054	253,054
Boating Enforcement Patrol	370.512	N/A	(457,804)	457,804	-	-	-
Water Safety Aid	370.550	N/A	(39,478)	39,478	40,185	40,185	40,185
Wildlife Damage Claim & Abatement	370.553	N/A	(980)	980	1,893	1,893	1,893
County Conservation Aids	370.563	N/A	(2,050)	-	2,050	-	-
Recreation Boating Facilities	370.573	N/A	(5,000)	-	5,000	-	-
Snowmobile Trail Areas	370.575	N/A	-	59,094	-	59,094	59,094
Targeted Runoff Management	370.TF1	N/A	-	3,640	-	3,640	3,640
Total Wisconsin Department of Natural Resources			(505,312)	808,871	54,307	357,866	357,866
Wisconsin Department of Transportation							
Rural Safety Belt Grant Program	395.568	N/A	(40,000)	80,000	42,500	82,500	82,500
Elderly and Handicapped County Aids	395.101	N/A	965	437,590	(19,466)	419,089	419,089
Total Wisconsin Department of Transportation			(39,035)	517,590	23,034	501,589	501,589
Wisconsin Department of Corrections							
Windows to Work	410.112	Kenosha Co	3,945	82,560	11,653	98,158	98,158
Community Intervention Program	410.302	N/A	(43,929)	43,850	98,746	98,667	98,667
Youth Aids	410.313	N/A	327,893	2,635,147	300,628	3,263,668	3,263,668
Total Wisconsin Department of Corrections			287,909	2,761,557	411,027	3,460,493	3,460,493

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2014

Grantor Agency / Program Title	State ID Number	Pass- Through Entity	Revenues			Total Revenues	Expenditures
			(Accrued) Deferred Beginning Entity	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
STATE PROGRAMS (cont.)							
Wisconsin Department of Health Services							
Infant Mortality-Racine	435.110130	City of Racine	\$ -	\$ 187,436	\$ 7,358	\$ 194,794	\$ 194,794
FSET 50/50	435.232	N/A	(24,018)	24,018	-	-	-
FSET Admin Base SE	435.247	N/A	-	21,512	-	21,512	21,512
FSET Transp Base SE	435.248	N/A	-	10,661	-	10,661	10,661
IMAA State Share	435.283	Kenosha Co	-	1,639,329	620,403	2,259,732	2,259,732
IMAA State Share Supp	435.292	Kenosha Co	-	42,784	14,644	57,428	57,428
IMAA Federal Share Supp	435.293	Kenosha Co	-	359	123	482	482
IMAA State Share ACA	435.297	Kenosha Co	-	368,309	124,102	492,411	492,411
IMAA Federal Share ACA	435.298	Kenosha Co	-	3,094	1,042	4,136	4,136
Adult Protective Services	435.312	N/A	-	214,490	-	214,490	214,490
Community Options Program	435.367	N/A	-	878,816	(7,203)	871,613	871,613
Alzheimer's Family Support	435.381	N/A	-	64,711	(5,483)	59,228	59,228
Certified Mental Health Program	435.517	N/A	-	100,300	8	100,308	100,308
Non-Resident Reimbursement	435.531	N/A	(18,452)	66,146	(47,694)	-	-
Birth to Three Initiative	435.550	N/A	-	207,731	-	207,731	207,731
Basic County Allocation	435.561	N/A	-	5,297,810	-	5,297,810	5,297,810
Family Support	435.577	N/A	-	169,886	(8,871)	161,015	161,015
County CST Initiatives	435.591	N/A	-	13,107	-	13,107	13,107
FPI NON-FED	435.600	N/A	8,240	12,286	97,815	118,341	118,341
Base County Allocation - State Match	435.681	N/A	(237,448)	726,575	5,535	494,662	494,662
TPA CLTS Other GPR	435.871	N/A	-	267,246	-	267,246	267,246
TPA CLTS Autisum GPR	435.874	N/A	-	724,779	-	724,779	724,779
CLTS Other CWA Admin GPR	435.877	N/A	-	15,308	-	15,308	15,308
CLTS Autism CWA Admin GPR	435.880	N/A	-	41,516	-	41,516	41,516
Aging & Dis Resource Ctr	435.560010	N/A	143	1,132,612	-	1,132,755	1,132,755
ADRC Dementia Care Non-MA	435.560057	N/A	-	2,775	-	2,775	2,775
Benefit Specialist County	435.560320	GWAAR	-	26,308	7,130	33,438	33,438
Senior Community Svs Prog	435.560330	GWAAR	-	-	13,034	13,034	13,034
Title 3C-1 Cong Meal Prog	435.560350	N/A	143	(143)	-	-	-
Title 3C-2 Home Meals	435.560360	N/A	(9)	9	-	-	-
Elder Abuse Service	435.560490	GWAAR	-	65,013	-	65,013	65,013
Total Wisconsin Department of Health Services			(271,401)	12,324,782	821,943	12,875,324	12,875,324

RACINE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2014

Grantor Agency / Program Title	State ID Number	Pass- Through Entity	Revenues			Total Revenues	Expenditures
			(Accrued) Deferred Beginning Entity	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
STATE PROGRAMS (cont.)							
Wisconsin Department of Children and Families							
OTH - Home Visiting Program	437.1008	N/A	\$ -	\$ 372,743	\$ (65,784)	\$ 306,959	\$ 306,959
Children First	437.265	N/A	-	156,570	128,829	285,399	285,399
County Allocated Shared - Children First	437.265	N/A	-	136,281	(136,281)	-	-
Subtotal			-	292,851	(7,452)	285,399	285,399
Adam Walsh Foster/Adoptive Parent Fingerprinting	437.332	N/A	-	1,610	69	1,679	1,679
CW Foster Parent Competency Based T-Reporting Line	437.3396	N/A	-	18,148	-	18,148	18,148
Brighter Future Initiative	437.3540	N/A	-	149,253	(27,985)	121,268	121,268
Basic County Allocation	437.3561	N/A	-	1,348,351	-	1,348,351	1,348,351
Basic County Allocation Overmatch	437.3681	N/A	-	237,551	-	237,551	237,551
CS State GPR Funding/PR Funding Allocation	437.7502	N/A	-	414,175	-	414,175	414,175
Total Wisconsin Department of Children and Families			-	2,834,682	(101,152)	2,733,530	2,733,530
Wisconsin Department of Justice							
Victim Witness	455.532	N/A	(112,756)	207,169	109,051	203,464	203,464
Wisconsin Department of Military Affairs							
Emergency Planning Grant	465.337	N/A	(27,296)	36,227	27,976	36,907	36,907
County Veterans Service Officer	485.370	N/A	-	13,000	-	13,000	13,000
Total Wisconsin Department of Military Affairs			(27,296)	49,227	27,976	49,907	49,907
Wisconsin Department of Administration							
WLIP Training	505.166	N/A	-	1,000	-	1,000	1,000
State Task Force Operation	505.630	City of Racine	-	26,303	-	26,303	26,303
Public Benefits	505.371	N/A	-	213,491	-	213,491	213,491
Total Wisconsin Department of Administration			-	240,794	-	240,794	240,794
TOTAL STATE PROGRAMS			\$ (715,060)	\$ 19,896,121	\$ 1,481,760	\$ 20,662,821	\$ 20,662,821

COUNTY OF RACINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the “schedule”) includes the federal and state grant activity of the County of Racine under programs of the federal and state government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the County of Racine, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County of Racine.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

NOTE 3 – CARS/CORE REPORT DATES

The Schedule of Expenditures of Federal and State Awards includes adjustments through the June 1, 2015 Community Aids Reporting System (CARS) reports and the December 31, 2014 CORE report.

COUNTY OF RACINE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2014

NOTE 4 – PASS-THROUGH ENTITIES

Federal awards have been passed through the following entities:

DPI – Wisconsin Department of Public Instruction
DHS – Wisconsin Department of Human Services
Kenosha Co – Kenosha County, Wisconsin
Dane Co – Dane County, Wisconsin
DOA – Wisconsin Department of Administration
DOJ – Wisconsin Department of Justice
Walworth Co – Walworth County, Wisconsin
City of Racine – City of Racine, Wisconsin
DOT – Wisconsin Department of Transportation
DCF – Wisconsin Department of Children and Families
DOC – Wisconsin Department of Corrections
DMA – Wisconsin Department of Military Affairs
GWAAR – Greater Wisconsin Agency on Aging Resources

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- > Material weakness(es) identified? _____ yes X no
- > Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

FEDERAL OR STATE AWARDS

Internal control over major programs:

- > Material weakness(es) identified? X yes _____ no
- > Significant deficiency(ies) identified? X yes _____ none reported

Type of auditor's report issued on compliance for major programs: *Unmodified except State ID No. 437.265 Children First, which is qualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

X yes _____ no

 Federal Programs State Programs

Auditee qualified as low-risk auditee?

 yes X no yes X no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administration Matching Grants for the Supplemental Nutrition Assistance Program
17.258/17.259/ 17.278	WIA Cluster
93.563	Child Support Enforcement
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.778	Medical Assistance Program

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

SECTION I – SUMMARY OF AUDITORS’ RESULTS (cont.)

FEDERAL OR STATE AWARDS (cont.)

	Federal	State DHS	State Other
Dollar threshold used to distinguish between type A and type B programs:	\$489,950	\$386,260	\$100,000

Identification of major state programs:

<u>State ID Numbers</u>	<u>Name of State Program</u>
115.150	County Staff and Support
115.400	Land and Water Resource Management
370.TA1573	Recreational Boating Facilities Grants
410.112	Windows to Work
435.283	IMAA State Share
435.297	IMAA State Share ACA
435.561	Basic County Allocation
435.681	Base County Allocation – State Match
435.871	TPA CLTS Other GPR
435.874	TPA CLTS Autism GPR
435.877	CLTS Other CWA Admin GPR
435.880	CLTS Autism CWA Admin GPR
435.560010	Aging and Disability Resource Center
437.1008	OTH – Home Visiting Program
437.265	Children First
437.7502	CS State GPR/PR Funding Allocation
455.532	Victim Witness
505.371	Public Benefits

The following federal programs were tested as major programs according to the requirements of the *State Single Audit Guidelines*:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.778	Wisconsin Medicaid Cost Recovery - WIMCR

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

None reported.

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2014-001

Program ID Number and Title: N/A
Federal or State Grantor: N/A

Criteria: Sufficient internal controls should be in place and operating effectively to ensure the Schedule of Expenditures of Federal and State Awards (SEFA) includes all applicable grants for the fiscal year ending December 31, 2014 and that amounts reported are accurate. In addition, the SEFA should be reviewed by someone other than the preparer.

Condition/Context: During the audit, we identified several instances where major program expenditures were not included on the SEFA by county personnel or amounts reported on the SEFA required adjustment. The entire SEFA was not reviewed by someone at the county other than the preparer prior to presenting the data to the auditors.

Cause: Unknown

Effect: Significant changes were made to the SEFA during the audit.

Questioned Costs: None noted

Recommendation: We recommend the county review its process and controls over preparation of the SEFA to ensure all grants are captured and reported accurately.

Management's Response: The County did not use the same process it has traditionally used in preparing the SEFA because the County was undergoing finance staff changes at the time the SEFA was compiled. As a result, the County submitted a draft version of the SEFA and worked with the auditors to provide requested information and update the SEFA as needed. For 2016, the County will follow the proper procedures to prepare the SEFA including a final review by staff other than the preparer and reviews to ensure all applicable grants and amounts reported are accurate.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2014-002

State ID Number and Title: 437.265 Children First
State Grantor: Wisconsin Department of Children and Families

Criteria: The agreement with the Department of Children and Families states that the department shall reimburse the contractor (county) for the functions it performs and services it provides or purchases. Further, it states that the contractor (county) will return to Department of Children and Families any paid in excess of the allowable costs of services provided under the agreement.

Condition/Context: During testing of the expenditures claimed, it was noted that the county reported one line of expenditures twice when claiming costs for reimbursement in 2014.

Cause: The spreadsheet which the county relies on to prepare the monthly reports contained a formula error.

Effect: The county received more in reimbursement than what was actually incurred during the year.

Questioned Costs: The amount of known questioned costs is \$15,840, which is the amount that was overclaimed. However, the county has indicated there are eligible program costs that were not claimed for reimbursement that could offset the amount of questioned costs.

Recommendation: We recommend that the county review the spreadsheet used for report preparation to ensure the amounts are reported accurately. This may include reconciliation to the general ledger to ensure totals are accurate. The county should contact the grantor to determine next steps.

Management's Response: The County reviewed the spreadsheet used to prepare monthly reports and correct the formula error. The County is working with the Department of Children and Families to return the excess funds that were received. The County is also in process of reviewing different financial software systems to replace the antiquated processes and software currently utilized. Any changes made to our financial software system and processes will be made subsequent to the 2015 fiscal year and effective for future reporting periods once a system is in place.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2014-003

CFDA Number and Title: 93.563 Child Support Enforcement
Federal Grantor: U.S. Department of Health and Human Services
Pass-Through Agency: Wisconsin Department of Children and Families

Criteria: OMB Circular A-87, Appendix B, Section 8.h.(3) and (4) state the following related to support of salaries and wages charged to federal programs:

- > Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification.
- > Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.

Condition/Context: The county is currently not preparing certifications for employees working solely on a single federal award and they are charging salaries to multiple activities based upon an annual budgeted allocation.

Cause: Unknown.

Effect: Documentation supporting salaries and wages charged to federal programs does not comply with federal requirements. This may result in inaccurate salary charges to federal programs.

Questioned Costs: Not able to determine.

Recommendation: The county should review its process for charging salaries and wages to this federal grant and ensure the time and effort reported as expenditures for the program are supported appropriately in accordance with the OMB Circular A-87 or the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which became effective for federal awards issues after December 26, 2014.

Management's Response: The County has reviewed its process for charging salaries and wages to this grant and will establish a process to certify employees working solely on a single federal award and document personnel activity of employees working on multiple activities in accordance with the Uniform Grant Guidance effective in fiscal 2015.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2014-004

State ID Number and Title: 437.1008 OTH – Home Visiting Program
State Grantor: Wisconsin Department of Children and Families

Criteria: The grant agreement with the Wisconsin Department of Children and Families requires that the percentage of clients enrolled in the program that have three or more risk factors be at least 60%.

Condition/Context: During testing, it was noted that 57% of clients enrolled in the program during the year had three or more risk factors identified by the grant agreement which is less than the required 60% according to the grant agreement.

Cause: The county didn't document and report all participants due to an employee leaving during the year. That employee's clients may not have all been reported which could have caused the number of clients with three or more risk factors reported to be less than the actual number.

Effect: There is no evidence that the county served the entire target population that the grant is intended to serve.

Questioned Costs: None noted.

Recommendation: The county should have procedures in place to monitor the target population requirements in the grant agreement to ensure they are met.

Management's Response: Children's Hospital-Community Services (CSSW) submits all program reports to the State on the Home Visiting Program grant. This funding has two contracts for home visitation. As evidenced by the statistics for each separate contract, CRCHD met the target population requirement while CHWCS did not meet the outcome requirements. Based on these results, Racine County has requested that it become the agency to submit all program reports to the State on this grant. This is expected to occur in 2016.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2014-005

State ID Number and Title: 455.532 Victim Witness
State Grantor: Wisconsin Department of Justice

Criteria: To ensure accuracy, reports should be reviewed by an individual other than the original preparer before they are submitted to the granting agency.

Condition/Context: Semi-annual reports submitted to the Wisconsin Department of Justice for reimbursement are not being reviewed by someone other than the preparer.

Cause: Unknown.

Effect: Reports could be submitted that contain errors that may not be detected by county personnel.

Questioned Costs: None noted.

Recommendation: We recommend that an employee other than the preparer review all reports before they are submitted to grantors.

Management's Response: The County will implement a documented finance or fiscal department review process for all grant reports. Once implemented, an employee within the financial or fiscal department other than the preparer will be required to do a documented review of all reports before they are submitted to grantors.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2014-006

State ID Number and Title: N/A General Requirements
State Grantors: Wisconsin Department of Children and Families
Wisconsin Department of Health Services

Criteria: General requirements as identified in the *State Single Audit Guidelines* for the Department of Children and Families and Department of Health Services require that the county receive and review the audit reports of all providers who are required to submit an audit report as per Wisconsin Statute 46.036(4)(c).

Condition/Context: Out of 15 providers selected for testing, audit reports for six of them were not received within 180 days of their fiscal year end.

Cause: Unknown.

Effect: Noncompliance by providers may not be detected by the county on a timely basis.

Questioned Costs: None noted.

Recommendation: We recommend that the county obtain and review all audit reports timely as required per Wisconsin Statute 46.036(4)(c).

Management's Response: The County has implemented a tracking and review process to obtain and review all audit reports timely. This process is documented and monitored using log worksheets. The County is also in process of reviewing different financial software systems to replace the antiquated processes and software currently utilized. Any changes made to our financial software system and processes will be made subsequent to the 2015 fiscal year and effective for future reporting periods once a system is in place.

COUNTY OF RACINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

SECTION IV – OTHER ISSUES

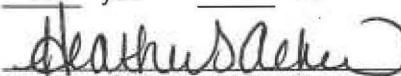
Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? _____ yes X no

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, 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 Health Services	<u> X </u>	yes	_____	no
Department of Children and Families	<u> X </u>	yes	_____	no
Department of Corrections	_____	yes	<u> X </u>	no
Department of Agriculture, Trade and Consumer Protection	_____	yes	<u> X </u>	no
Department of Workforce Development	_____	yes	<u> X </u>	no
Department of Justice	<u> X </u>	yes	_____	no
Department of Military Affairs	_____	yes	<u> X </u>	no
Department of Transportation	_____	yes	<u> X </u>	no
Department of Administration	_____	yes	<u> X </u>	no
Department of Natural Resources	_____	yes	<u> X </u>	no

Was a Management Letter or other document conveying audit comments issued as a result of this audit? _____ X yes _____ no

Name and signature of partner



Heather S. Acker, CPA, Partner

Date of report

September 24, 2015