

KENOSHA COUNTY

Kenosha, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2006

KENOSHA COUNTY

TABLE OF CONTENTS For the Year Ended December 31, 2006

Independent Auditors' 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	1 – 2
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Guidelines and Schedule of Expenditures of Federal and State Awards	3 – 5
Schedule of Expenditures of Federal and State Awards	6 – 16
Notes to Schedule of Expenditures of Federal and State Awards	17 – 19
Schedule of Findings and Questioned Costs	20 – 23



INDEPENDENT AUDITORS' 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 County Board of Supervisors
Kenosha County
Kenosha, 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 Kenosha County, Wisconsin as of and for the year ended December 31, 2006, which collectively comprise Kenosha County's basic financial statements and have issued our report thereon dated July 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Kenosha County as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered Kenosha County'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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Kenosha County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Kenosha County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Kenosha County's financial statements that is more than inconsequential will not be prevented or detected by Kenosha County's internal control. This deficiency is noted in item 06-1.

To the County Board of Supervisors
Kenosha County

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Kenosha County's internal control over financial reporting. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 06-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kenosha County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Kenosha County in a separate letter dated July 20, 2007.

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

This report is intended solely for the information and use of Kenosha County's management, 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.

Virchow, Krause + Company, LLP

Madison, Wisconsin
July 20, 2007



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT GUIDELINES AND THE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

To the County Board of Supervisors
Kenosha County
Kenosha, Wisconsin

Compliance

We have audited the compliance of Kenosha County, Wisconsin with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that are applicable to each of its major federal and major state programs for the year ended December 31, 2006. Kenosha County's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and major state programs is the responsibility of Kenosha County's management. Our responsibility is to express an opinion on Kenosha County'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; 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 Kenosha County'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 Kenosha County's compliance with those requirements.

In our opinion, Kenosha County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and major state programs for the year ended December 31, 2006.

To the County Board of Supervisors
Kenosha County

Internal Control Over Compliance

The management of Kenosha County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Kenosha County's internal control over compliance with requirements that could have a direct and material effect on a major federal or major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kenosha County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Schedule of Expenditures of Federal and 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 Kenosha County, Wisconsin as of and for the year ended December 31, 2006, which collectively comprise Kenosha County's basic financial statements and have issued our report thereon dated July 20, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Kenosha County's 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

To the County Board of Supervisors
Kenosha County

This report is intended solely for the information and use of Kenosha County's management, others within the entity, 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.

Virchow, Krause & Company, LLP

Madison, Wisconsin
September 21, 2007, except for the schedule of
expenditures of federal and state awards as to which the date is
July 20, 2007

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Revenues					Expend- itures	
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
FEDERAL PROGRAMS								
U. S. Department of Agriculture								
Passed through Wisconsin Department of Health and Family Services Special Supplemental Food Program for Women, Infants, and Children	10.557	\$ -	\$ -	\$ 481,892	\$ -	\$ 481,892	\$ 481,892	
State Administration Matching Grants for Food Stamp Program	10.561	-	-	1,478,936	-	1,478,936	1,478,936	
WIC Farmers' Market Nutrition Program	10.572	-	-	315	-	315	315	
Passed through Wisconsin Department of Workforce Development State Administration Matching Grants for Food Stamp Program	10.561	-	-	362,695	-	362,695	362,695	
Total U.S. Department of Agriculture		-	-	2,323,838	-	2,323,838	2,323,838	
U.S. Department of Housing and Urban Development								
Direct Funding Lead Hazard Control Grant	14.900	-	-	92,616	-	92,616	92,616	
Passed Through Wisconsin Department of Administration - Office of Housing Assistance Community Development Block Grant/State's Program	14.228	-	-	9,900	-	9,900	9,900	
Passed Through Wisconsin Department of Commerce Community Development Block Grant/State's Program	14.228	-	-	124,000	-	124,000	124,000	
Total U.S. Department of Housing and Urban Development		-	-	226,516	-	226,516	226,516	
U.S. Department of Justice								
Direct Funding State Criminal Alien Assistance Program	16.606	-	-	-	47,000	47,000	47,000	
High Intensity Drug Trafficking Area (HIDTA)	16.XXX	(46,969)	-	74,965	14,505	42,501	42,501	
Passed Through the City of Kenosha Justice Assistance Grant	16.592	(29,845)	-	29,845	26,154	26,154	26,154	

See notes to schedule of expenditures of federal and state awards.

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Revenues				Total Revenues	Expend- itures
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
FEDERAL PROGRAMS (cont.)							
U.S. Department of Justice (cont.)							
Passed Through Wisconsin Department of Administration - Office of Justice Assistance							
Juvenile Accountability Incentive Block Grant	16.523	\$ (8,709)	\$ -	\$ 17,418	\$ 14,327	\$ 23,036	\$ 23,036
Juvenile Justice and Delinquency Prevention	16.540	-	-	-	19,474	19,474	19,474
Juvenile Justice and Delinquency Prevention Title V	16.548	-	-	4,980	-	4,980	4,980
Drug Control and System Improvement							
Formula Grant	16.579	(12,177)	-	48,448	-	36,271	36,271
Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	(46,278)	207,528	84,278	245,528	245,528
Passed Through Wisconsin Department of Justice							
Cease Grant	16.595	-	-	1,500	-	1,500	1,500
Total U.S. Department of Justice		(97,700)	(46,278)	384,684	205,738	446,444	446,444
U.S. Department of Labor							
Direct Funding							
WIA Credentialing/TAT	17.200	-	-	33,190	-	33,190	33,190
WIA Adult Program	17.258	(181,895)	-	775,316	86,870	680,291	680,291
WIA Youth Activities	17.259	(176,458)	-	1,202,084	127,294	1,152,920	1,152,920
WIA Dislocated Workers	17.260	(150,496)	-	1,051,009	105,142	1,005,655	1,005,655
Work Incentive Grants	17.266	(9,387)	-	64,520	3,324	58,457	58,457
Total U.S. Department of Labor		(518,236)	-	3,126,119	322,630	2,930,513	2,930,513

See notes to schedule of expenditures of federal and state awards.

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Revenues					Expend- itures
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
FEDERAL PROGRAMS (cont.)							
U.S. Department of Transportation							
Passed Through Wisconsin Department of Transportation							
State and Community Highway Safety							
State and Community Highway Safety: Speedwave	20.600	\$ -	\$ -	\$ 22,990	\$ -	\$ 22,990	\$ 22,990
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	20.601	(72,821)	61,391	71,760	5,254	65,584	65,584
Total U.S. Department of Transportation		(72,821)	61,391	94,750	5,254	88,574	88,574
Federal Emergency Management Agency							
Passed Through Wisconsin Department of Military Affairs							
Civil Defense - State and Local Emergency							
Management Assistance	83.503	(26,789)	-	79,666	-	52,877	52,877
HMEP Grant	83.xxx	-	-	10,020	-	10,020	10,020
Hazard Mitigation Grant Program	83.548	-	-	503,811	13,747	517,558	517,558
Total Federal Emergency Management Agency		(26,789)	-	593,497	13,747	580,455	580,455
U.S. Department of Education							
Passed Through Wisconsin Department of Health and Family Services							
Birth to Three	84.181	-	-	155,218	-	155,218	155,218
Drug Free Schools	84.186	-	-	28,588	-	28,588	28,588
Total U.S. Department of Education		-	-	183,806	-	183,806	183,806

See notes to schedule of expenditures of federal and state awards.

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Revenues					Expend- itures
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
FEDERAL PROGRAMS (cont.)							
U.S. Environmental Protection Agency							
Passed through Wisconsin Department of Health and Family Services							
Indoor Radon Contract Service	66.032	\$ -	\$ -	\$ 12,640	\$ -	\$ 12,640	\$ 12,640
Total U.S. Environmental Protection Agency		-	-	12,640	-	12,640	12,640
U. S. Department of Health and Human Services							
Direct Funding							
Drug-Free Community Grants	93.276	(34,512)	-	78,103	25,259	68,850	68,850
Passed through Wisconsin Department of Health and Family Services							
Consolidated Knowledge Development and Application (KD&A) Program	93.230	-	-	71,484	-	71,484	71,484
Immunization Grants	93.268	-	-	45,929	-	45,929	45,929
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	-	574,611	-	574,611	574,611
Family Preservation - Support	93.556	-	-	62,599	-	62,599	62,599
Block Grants for Temporary Assistance for Needy Families	93.558	-	-	442,700	-	442,700	442,700
Chafee Education and Training Vouchers Program	93.599	-	-	31,383	-	31,383	31,383
Child Welfare Service Grants - State Grants	93.645	-	-	113,878	-	113,878	113,878
Foster Care - Title IV-E	93.658	-	-	1,063,737	-	1,063,737	1,063,737
Social Services Block Grant	93.667	-	-	953,124	-	953,124	953,124
Chafee Foster Care Independent Living	93.674	-	-	82,292	-	82,292	82,292
State Children's Insurance Program	93.767	-	-	369,161	-	369,161	369,161
Medical Assistance Program	93.778	-	-	12,876,806	-	12,876,806	12,876,806
Block Grants for Community Mental Health Services	93.958	-	-	187,714	-	187,714	187,714
Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	-	813,296	-	813,296	813,296
Preventive Health and Health Services Block Grant	93.991	-	-	13,911	-	13,911	13,911
Maternal and Child Health Services Block Grant	93.994	-	-	70,818	-	70,818	70,818

See notes to schedule of expenditures of federal and state awards.

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Revenues					Total Revenues	Expend- itures	
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance				
FEDERAL PROGRAMS (cont.)									
U. S. Department of Health and Human Services (cont.)									
Passed Through Southeastern Wisconsin Area on Aging									
Special Programs for the Aging									
Title III, Part F - Preventive Health	93.043	\$	-	\$	-	\$ 8,222	\$ -	\$ 8,222	\$ 8,222
Title III, Part B - Grants for Supportive Services	93.044		-		-	117,690	-	117,690	117,690
Title III, Part C - Nutrition Services	93.045		-		-	327,962	-	327,962	327,962
Title III, Part E - National Caregiver Support	93.052		-		-	60,530	-	60,530	60,530
Passed Through Wisconsin Department of									
Workforce Development									
Block Grants for Temporary Assistance for Needy Families	93.558		-		-	1,300,202	-	1,300,202	1,300,202
Child Support Enforcement - Medical Support Liability Incentive Odd	93.563		-		-	25,788	-	25,788	25,788
Child Support Enforcement - Medical Support Liability Incent Adj Even	93.563		-		-	2,498	-	2,498	2,498
Child Support Enforcement - Indirect Cost 66% Federal Share	93.563		-		-	133,476	-	133,476	133,476
Child Support Enforcement - Lab Exp 90% Federal Share	93.563		-		-	37,155	-	37,155	37,155
Child Support Enforcement - All Other Exp 66% Federal Share	93.563		-		-	2,744,477	-	2,744,477	2,744,477
Child Support Enforcement - Fees 66% Federal Share	93.563		-		-	(2,363)	-	(2,363)	(2,363)
Child Support Enforcement - Lab Fees 90% Federal Share	93.563		-		-	(16,289)	-	(16,289)	(16,289)
Child Support Enforcement - Performance Based	93.563		-		-	390,601	-	390,601	390,601
Child Support Enforcement - Special Improvement fund 34%	93.563		-		-	91,579	-	91,579	91,579
Child Support Enforcement - Advance for Federal Share	93.563		-		-	(175,767)	-	(175,767)	(175,767)
Child Support Enforcement - Non IV-D Activities	93.563		-		-	25,823	-	25,823	25,823
Child Support Enforcement - FPLS Fees	93.563		-		-	(6,597)	-	(6,597)	(6,597)
Child Care Payments	93.596		-		-	787,607	-	787,607	787,607
Passed Through Wisconsin Department of Administration									
Low Income Home Energy Assistance Block Grant	93.568		(29,775)		-	171,996	46,936	189,157	189,157
Passed Through Wisconsin Department of Corrections									
Child Welfare Services Grant - State Grants	93.645		(1,686)		-	18,045	4,839	21,198	21,198
Foster Care Title - IV-E	93.658		(1,348)		-	14,435	3,872	16,959	16,959
Total U.S. Department of Health and Human Services			(67,321)		-	23,908,616	80,906	23,922,201	23,922,201

See notes to schedule of expenditures of federal and state awards.

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Revenues					Expend- itures	
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
FEDERAL PROGRAMS (cont.)								
U.S. Department of Homeland Security								
Passed through Wisconsin Department of Military Affairs								
Citizen Corps	97.053	\$ (4,770)	\$ -	\$ 15,789	\$ 3,820	\$ 14,839	\$ 14,839	
Passed through Wisconsin Department of Administration - Office of Justice Assistance								
State Domestic Preparedness Equipment Support Program	97.004	(4,770)	-	160,835	-	156,065	156,065	
Pre-Disaster Mitigation	97.047	-	-	292,511	-	292,511	292,511	
Homeland Security Grant Program	97.067	-	-	8,120	6,454	14,574	14,574	
Total U.S. Department of Homeland Security		(9,540)	-	477,255	10,274	477,989	477,989	
TOTAL FEDERAL PROGRAMS		\$ (792,407)	\$ 15,113	\$ 31,331,721	\$ 638,549	\$ 31,192,976	\$ 31,192,976	

See notes to schedule of expenditures of federal and state awards.

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expend- itures
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
STATE PROGRAMS							
Wisconsin Department of Agriculture, Trade and Consumer Protection							
District Fairs	115.050	\$ -	\$ -	\$ 4,573	\$ -	\$ 4,573	\$ 4,573
County Staff and Support	115.150	(85,000)	-	192,627	-	107,627	107,627
Land and Water Resource Management	115.400	(9,472)	-	51,048	-	41,576	41,576
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection		(94,472)	-	248,248	-	153,776	153,776
Wisconsin Department of Public Instruction							
Public Library Systems Aid	255.002	376,997	(80,070)	408,102	(309,127)	395,902	395,902
National Science teacher's association	255.127	-	-	4,479	-	4,479	4,479
Library construction aid	255.343	-	-	11,006	-	11,006	11,006
Total Wisconsin Department of Public Instruction		376,997	(80,070)	423,587	(309,127)	411,387	411,387
Wisconsin Department of Natural Resources							
Recreational Aids - Snowmobile Trail and Area	370.485	(19,225)	-	28,838	9,612	19,225	19,225
All Terrain Vehicle Enforcement	370.485	-	-	3,649	-	3,649	3,649
Snowmobile Enforcement	370.485	-	-	2,674	-	2,674	2,674
Total Wisconsin Department of Natural Resources		(19,225)	-	35,161	9,612	25,548	25,548
Wisconsin Department of Transportation							
Elderly and Handicapped County Aids	395.101	36,222	-	257,009	(62,145)	231,086	231,086
Wisconsin Department of Corrections							
Community Corrections Program	410.xxx	-	-	30,000	-	30,000	30,000
Community Intervention	410.302	(3,987)	-	116,198	3,078	115,289	115,289
Youth Aids	410.313	(109,339)	-	1,170,512	313,917	1,375,090	1,375,090
Total Wisconsin Department of Corrections		(113,326)	-	1,316,710	316,995	1,520,379	1,520,379

See notes to schedule of expenditures of federal and state awards.

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Total Revenues	Expend- itures							
		(Accrued) Deferred	Adjustments	Cash	Accrued										
		Beginning Balance		Received (Refunded)	(Deferred) Ending Balance										
STATE PROGRAMS (cont.)															
Wisconsin Department of Health and Family Services															
Fraud - Contract Cont	435.950	\$	-	\$	-	\$	34,486	\$	-	\$	34,486	\$	34,486	\$	34,486
Funeral/Cemetery W-2 & Non W-2	435.105		-		-		211,501		-		211,501		211,501		211,501
Medicaid Transportation	435.131		-		-		866,926		-		866,926		866,926		866,926
MA Transportation Administration	435.132		-		-		42,541		-		42,541		42,541		42,541
PF Non Fed Program Revenue	435.200		-		-		(7,637)		-		(7,637)		(7,637)		(7,637)
IMAA State Share	435.283		-		-		782,259		-		782,259		782,259		782,259
IMAA Federal Share	435.284		-		-		51,227		-		51,227		51,227		51,227
Medicaid Subrogation Collection	435.291		-		-		(7,521)		-		(7,521)		(7,521)		(7,521)
COP-W GPR	435.338		-		-		1,517,235		-		1,517,235		1,517,235		1,517,235
Children and Family Services Incentive	435.342		-		-		260,543		-		260,543		260,543		260,543
CIP II Non Federal	435.348		-		-		636,134		-		636,134		636,134		636,134
Community Options Program	435.367		-		-		1,675,240		-		1,675,240		1,675,240		1,675,240
CIP II Community Relocate Non Federal	435.369		-		-		106,254		-		106,254		106,254		106,254
CIP II Diversions Non Federal	435.375		-		-		1,008		-		1,008		1,008		1,008
Kinship Care Base Benefit	435.377		-		-		724,620		-		724,620		724,620		724,620
Kinship Care Assessments	435.380		-		-		65,773		-		65,773		65,773		65,773
CLTS GPR	435.450		-		-		327,101		-		327,101		327,101		327,101
CLTS MH Non Federal	435.451		-		-		110,873		-		110,873		110,873		110,873
CLTS MH Non Fed Other	435.461		-		-		1,341		-		1,341		1,341		1,341
Community Support Program Wait List	435.504		-		-		41,275		-		41,275		41,275		41,275
Brain Injury Waiver	435.506		-		-		119,501		-		119,501		119,501		119,501
Integrated Services for Children with Severe Disabilities	435.530		-		-		7,400		-		7,400		7,400		7,400
Non-Resident Reimbursement	435.531		-		-		10,963		-		10,963		10,963		10,963
Brighter Future Initiative	435.540		-		-		113,966		-		113,966		113,966		113,966
Birth to Three Initiative	435.550		-		-		180,897		-		180,897		180,897		180,897
Basic County Allocation	435.561		-		-		4,745,151		-		4,745,151		4,745,151		4,745,151
CIP 1B	435.564		-		-		1,027,891		-		1,027,891		1,027,891		1,027,891
IDP Emergency Funds	435.567		-		-		8,282		-		8,282		8,282		8,282
IMD Continuing Placements	435.572		-		-		32,722		-		32,722		32,722		32,722
Family Support	435.577		-		-		109,049		-		109,049		109,049		109,049

See notes to schedule of expenditures of federal and state awards.

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Total Revenues	Expend- itures
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
STATE PROGRAMS (cont.)								
Wisconsin Department of Health and Family Services (cont.)								
CIP 1A	435.580	\$ -	\$ -	\$ 830,076	\$ -	\$ 830,076	\$ 830,076	
Base County Allocation - State Match	435.681	-	-	847,763	-	847,763	847,763	
Program Integrity	435.750	-	-	16,237	-	16,237	16,237	
Voluntary Medical Refunds	435.909	-	-	(118)	-	(118)	(118)	
Health Check/Other Services Administration	435.966	-	-	1,411	-	1,411	1,411	
Health Check/Other Services Part	435.967	-	-	62,805	-	62,805	62,805	
Family Care Resource Center	435.1400	-	-	916,511	-	916,511	916,511	
Family Care Prevention Program	435.1404	-	-	29,473	-	29,473	29,473	
Minority Health Disadvantage S146.1853	435.151303	-	-	7,000	-	7,000	7,000	
WIC Farmers Market Grant	435.154720	-	-	2,777	-	2,777	2,777	
Cons Contracts - WWWP CDC B&C	435.155056	-	-	15,379	-	15,379	15,379	
CC WWWP Svc Coord GPR Fed	435.157004	-	-	25,273	-	25,273	25,273	
Cons Contracts Lead Poisoning	435.157720	-	-	22,644	-	22,644	22,644	
TPCP - WI Wins Enforcement	435.158116	-	-	1,584	-	1,584	1,584	
TPCP - Com Interventions - LHD	435.158125	-	-	56,422	-	56,422	56,422	
TPCP - WI Wins	435.158127	-	-	17,820	-	17,820	17,820	
Cons Contracts Maternal and Child Health Services	435.159320	-	-	4,591	-	4,591	4,591	
CARS Adjustments		-	-	(70,138)	-	(70,138)	(70,138)	
Passed Through Southeastern Wisconsin Area on Aging								
Area Agency on Aging:								
Elder Abuse	435.607	-	-	50,979	-	50,979	50,979	
Elderly Benefit Specialist Program	435.778	-	-	33,438	-	33,438	33,438	
Alzheimer's Family and Caregiver Support	435.705	-	-	63,713	-	63,713	63,713	
State Senior Community Services	435.709	-	-	9,871	-	9,871	9,871	
Total State of Wisconsin Department of Health and Family Services								
		-	-	16,742,512	-	16,742,512	16,742,512	

See notes to schedule of expenditures of federal and state awards.

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expend- itures	
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
STATE PROGRAMS (cont.)								
Wisconsin Department of Workforce Development								
CS Non-IV-D Activities	445.301	\$ -	\$ -	\$ 13,303	\$ -	\$ 13,303	\$ 13,303	
W-2 Administration	445.315	-	-	229,634	-	229,634	229,634	
W-2 Implementation	445.315	-	-	825,400	-	825,400	825,400	
Children First	445.315	-	-	96,200	-	96,200	96,200	
Job Access Loans	445.323	-	-	(1,422)	-	(1,422)	(1,422)	
W-2 Jobs Access Loans	445.323	-	-	21,205	-	21,205	21,205	
Child Support Enforcement - Vital Rec Fees 34% Share	445.334	-	-	(887)	-	(887)	(887)	
Child Support Enforcement - Unemployment Insurance Fees	445.334	-	-	(550)	-	(550)	(550)	
FSET Supplement for Program Administration	445.367	-	-	27,293	-	27,293	27,293	
State Administered Matching Grants for Food Stamps	445.367	-	-	335,402	-	335,402	335,402	
W-2 Emergency Assistance	445.375	-	-	225,386	-	225,386	225,386	
Total Wisconsin Department of Workforce Development		-	-	1,770,964	-	1,770,964	1,770,964	
Wisconsin Department of Justice								
Reimbursement for Victim and Witness Assistance Program	455.503	(128,824)	-	229,171	113,195	213,542	213,542	
New DNA Sample Reimbursement Grant	455.221	-	-	3,760	-	3,760	3,760	
Emergency Planning Grant	455.225	92,022	-	87,485	(87,485)	92,022	92,022	
Total Wisconsin Department of Justice		(36,802)	-	320,416	25,710	309,324	309,324	
Wisconsin Department of Military Affairs								
Emergency Planning Grant	465.337	(25,752)	-	27,300	-	1,548	1,548	
Total Wisconsin Department of Military Affairs		(25,752)	-	27,300	-	1,548	1,548	
Wisconsin Department of Veterans Affairs								
County Veterans Service Officer	485.001	-	-	13,000	-	13,000	13,000	

See notes to schedule of expenditures of federal and state awards.

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expend- itures	
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
STATE PROGRAMS (cont.)								
Wisconsin Department of Administration								
Public Benefits	505.371	\$ (6,833)	\$ -	\$ 76,393	\$ 6,797	\$ 76,357	\$ 76,357	
Office of Justice Assistance								
Edward Byrne Memorial State and Local Law Enforcement								
Assistance Program	505.631	-	-	4,980	-	4,980	4,980	
Youth Diversion	505.633	(16,434)	-	151,784	25,250	160,600	160,600	
Digital Recording of Custodial Interrogation Grant	505.636	-	-	-	10,000	10,000	10,000	
Total Wisconsin Department of Administration		(23,267)	-	233,157	42,047	251,937	251,937	
TOTAL STATE PROGRAMS		\$ 100,375	\$ (80,070)	\$21,388,064	\$ 23,092	\$21,431,461	\$ 21,431,461	

See notes to schedule of expenditures of federal and state awards.

KENOSHA COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

NOTE 1 – REPORTING ENTITY

This report on Federal and State Awards includes the federal and state awards of Kenosha County. The reporting entity for the county is based upon criteria established by the Governmental Accounting Standards Board.

The schedule includes only those programs required to be included in accordance with the *State Single Audit Guidelines*.

NOTE 2 – BASIS OF PRESENTATION

The 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.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*.

NOTE 3 – DIRECT PAYMENTS – STATE OF WISCONSIN

Direct aids to individuals from the State of Wisconsin on behalf of Kenosha County for the year ended December 31, 2006 included:

<u>Program</u>	<u>CFDA No.</u>	<u>Unaudited Amount</u>
Food Stamps	10.551	\$ 14,321,619
W-2 Program	N/A	<u>1,138,696</u>
Total		<u>\$ 15,460,315</u>

KENOSHA COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

NOTE 4 – REPORT DATES

The Schedule of Expenditures of Federal and State Awards includes adjustments through the Community Aids Reporting System reports dated May 1, 2007 and the CORE reports for December 2006.

NOTE 5 – DIRECT PAYMENTS – WISCONSIN MEDICAL ASSISTANCE

The county received the following payments from Wisconsin Medical Assistance through EDS Federal Corporation in 2006:

<u>County Department</u>	<u>Provider No.</u>	<u>Unaudited Amount</u>
Kenosha County Division of Disability Services	43072900	\$ 58,824
Kenosha County Division of Disability Services	43422900	640,396
Kenosha County Division of Health	41862400	5,084
Kenosha County Division of Health	44000000	4,484
Kenosha County Division of Children and Family Services	43073000	187,098
Kenosha County Division of Aging	43090400	12,009
Kenosha County Brookside	20130300	3,661,880
Kenosha County Division of Health	43835700	2,257
Kenosha County Division of Health	42010200	3,103
Total		<u>\$ 4,575,135</u>

NOTE 6 – SPECIALIZED TRANSPORTATION AND LAND CONSERVATION DEPARTMENT MATCH

Kenosha County has complied with the 20% match requirement of the Specialized Transportation Assistance Program – Elderly and Handicapped Aids (State ID No. 395.101).

Kenosha County has complied with the match requirements of the land conservation grants – county staff and support and land and water resource management (State ID No. 115.150 and 115.400).

KENOSHA COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2006

NOTE 7 – FEDERAL PROGRAM CLUSTERS

The following programs have been identified as clusters in accordance with the requirements of OMB Circular A-133:

Aging Cluster

<u>CFDA No.</u>	<u>Title</u>	<u>Expenditures</u>
93.044	Title III, Part B – Grants for Supportive Services	\$ 117,690
93.045	Title III, Part C – Nutrition Services	<u>327,962</u>
	Total Aging Cluster	<u>\$ 445,652</u>

Workforce Investment Act Cluster

<u>CFDA No.</u>	<u>Title</u>	<u>Expenditures</u>
17.258	Workforce Investment Act – Adult	\$ 680,291
17.259	Workforce Investment Act – Youth	1,152,920
17.260	Workforce Investment Act – DLW	<u>1,005,655</u>
	Total Workforce Investment Act Cluster	<u>\$ 2,838,866</u>

Homeland Security Cluster

<u>CFDA No.</u>	<u>Title</u>	<u>Expenditures</u>
97.004	State Domestic Preparedness Equipment Support Program	\$ 156,065
97.067	Homeland Security Grant Program	<u>14,574</u>
	Total Homeland Security Cluster	<u>\$ 170,639</u>

Highway Safety Cluster

<u>CFDA No.</u>	<u>Title</u>	<u>Expenditures</u>
20.600	State and Community Highway Safety: Speedwave	\$ 22,990
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive	<u>4,193</u>
	Total Highway Safety Cluster	<u>\$ 27,183</u>

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2006

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: *unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to basic financial statements noted? Yes X No

FEDERAL OR STATE AWARDS

Internal control over major programs:

- Material weakness(es) identified? X Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes X 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 Circular A-133?

 X Yes No

	<u>Federal Programs</u>		<u>State Programs</u>	
Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No	<u> X </u> Yes	<u> </u> No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.558	Block Grants for Temporary Assistance for Needy Families
93.563	Child Support Enforcement (Title IV-D)
93.658	Foster Care (Title IV-E)
93.778	Medical Assistance Program

Dollar threshold used to distinguish between federal type A and type B programs: \$ 929,054

Dollar threshold used to distinguish between State Department of Health and Family Services type A and type B programs: \$ 502,275

Dollar threshold used to distinguish between state type A and type B programs: \$ 100,000

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2006

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

Identification of major state programs:

<u>State No.</u>	<u>Name of State Program</u>
395.101	Elderly and Handicapped County Aids
410.313	Youth Aids
435.338	COP-W GPR
435.348	CIP II Non Federal
435.367	Community Options Program
435.377	Kinship Care Base Benefit
435.450	CLTS GPR
435.506	Brain Injury Waiver
435.564	CIP IB
435.580	CIP IA
435.1400	Family Care Resource Center
435.1404	Family Care Prevention Project
435.131	Medicaid Transportation
435.283	Income Maintenance Available Allocation
445.315	W-2
455.503	Reimbursement for Victim Witness Assistance Program
505.633	Youth Diversion

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

<u>Name of Federal Program</u>	<u>CFDA No.</u>
Medicaid Personal Care Program	93.778
Case Management	93.778

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING 06-1: FINANCIAL REPORTING

Financial Reporting (Material Journal Entries)

Condition: Kenosha County has not presented financial records that are free from material errors.

Criteria: Statement on Auditing Standards (SAS) No. 112 states that the county should have internal control procedures that enable the preparation of financial records and financial statements by county personnel that are free from material errors.

Effect: The county's financial records were materially misstated. The auditors proposed and made audit entries that were material to the county's financial statements during the 2006 audit.

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2006

SECTION II – FINANCIAL STATEMENT FINDINGS (cont.)

FINDING 06-1: FINANCIAL REPORTING (cont.)

Financial Reporting (Material Journal Entries) (cont.)

Recommendation: The county may consider and implement additional internal control procedures to ensure the accuracy of its financial records.

Management's Response:

Much more stringent audit standards have recently been established by the Financial Accounting Standards Board. The first audit in Kenosha County to be affected by these new standards is the 2006 audit. These standards have been developed as a result of material failures in corporate internal control structures in firms such as Enron and WorldCom. As a result of these new standards, the County is cited in this letter as having a material weakness in financial reporting. Under the old audit standards, the County would not have been cited as having a material weakness in financial reporting.

As the auditors state in this internal control letter, it is "very rare for our clients" to be able to complete the audit process with no material journal entries found by the auditors. Of the tens of thousands of transactions made during the year by Kenosha County, only two adjusting entries needed to be made, both of which would have been self-correcting in 2007. Both entries were minor timing entries that were posted in one year and should have been in a different year. Neither of the entries resulted in a change in the unrestricted fund balance. To put this in a historical perspective and explain how far the County has come, in the 1986 audit, there were hundreds of adjusting entries that needed to be made.

As stated on page one of this letter, very few clients of Virchow Krause are capable of preparing annual financial statements. Since 2002, the Division of Financial Services has fully prepared Kenosha County's annual audit report in-house.

One journal entry referred to above was the electronic payment of retirement to the State fund. The expense side of the entry was correct. The other side should have been posted as a payable due at yearend but instead it posted as if paid in December. This timing error would have self-corrected in January of 2007. It was just a matter of which year in which it was posted to cash. This error was a result of human error not of any weakness in our policies or procedures.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AND STATE AWARD PROGRAMS AUDIT

None.

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2006

SECTION IV – OTHER ISSUES

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? _____ Yes X No

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, 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 Agriculture, Trade and Consumer Protection	_____ Yes	<u> X </u> No
Department of Public Instruction	_____ Yes	<u> X </u> No
Department of Natural Resources	_____ Yes	<u> X </u> No
Department of Transportation	_____ Yes	<u> X </u> No
Department of Corrections	_____ Yes	<u> X </u> No
Department of Health and Family Services	_____ Yes	<u> X </u> No
Department of Workforce Development	_____ Yes	<u> X </u> No
Department of Justice	_____ Yes	<u> X </u> No
Department of Military Affairs	_____ Yes	<u> X </u> No
Department of Veterans Affairs	_____ Yes	<u> X </u> No
Department of Administration	_____ Yes	<u> X </u> No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? X Yes _____ No

4. Name and signature of partner

Thomas A. Scheidegger
Thomas A. Scheidegger

5. Date of report

September 21, 2007