

KENOSHA COUNTY

Kenosha, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2007

KENOSHA COUNTY

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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, 2007, which collectively comprise Kenosha County's basic financial statements and have issued our report thereon dated July 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Kenosha County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions 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 deficiencies in internal control that we consider to be significant deficiencies.

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. We consider deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. These deficiencies are items 07-1 and 07-2.

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.

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 07-1 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 18, 2008.

Kenosha County's response to the findings 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, 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
July 18, 2008



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, 2007. 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, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 or the *State Single Audit Guidelines* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 07-4.

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.

Our consideration of internal control over compliance 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 as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-3 to be a significant deficiency.

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. We consider the significant deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-3 to be a material weakness.

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, 2007, which collectively comprise Kenosha County's basic financial statements and have issued our report thereon dated July 18, 2008. 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

Kenosha County's response to the findings 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, 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 24, 2008, except for the schedule of
expenditures of federal and state awards as to which the date is
July 18, 2008

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2007

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							
U. S. Department of Agriculture							
Passed through Wisconsin Department of Health and Family Services	10.557	\$ -	\$ -	\$ 523,306	\$ -	\$ 523,306	\$ 523,306
Special Supplemental Food Program for Women, Infants, and Children	10.561	-	-	1,737,750	-	1,737,750	1,737,750
State Administration Matching Grants for Food Stamp Program							
Passed through Wisconsin Department of Workforce Development	10.561	-	-	330,758	-	330,758	330,758
State Administration Matching Grants for Food Stamp Program							
Total U.S. Department of Agriculture		-	-	2,591,814	-	2,591,814	2,591,814
U.S. Department of Housing and Urban Development							
Direct Funding							
Lead Hazard Reduction Demonstration Grant	14.905	-	-	687,821	-	687,821	687,821
Passed Through Wisconsin Department of Commerce							
Community Development Block Grant/State's Program	14.228	-	(16,875)	530,500	-	513,625	513,625
Total U.S. Department of Housing and Urban Development		-	(16,875)	1,218,321	-	1,201,446	1,201,446
U.S. Department of Justice							
Direct Funding							
State Criminal Alien Assistance Program	16.606	(47,000)	(26,858)	172,560	-	98,702	98,702
Community Prosecution and Project Safe Neighborhoods	16.609	-	61,837	-	-	61,837	61,837
Paul Coverdell Forensic Sciences & Improvement Grant	16.742	-	-	87,704	-	87,704	87,704
Passed Through Wisconsin Department of Justice							
Cease Grant	16.595	-	-	1,500	-	1,500	1,500
Passed Through Office of National Drug Control Policy							
Milwaukee HIDTA							
High Intensity Drug Trafficking Area (HDTA) (grant number I7PMLP536Z)	16.xxx	(14,505)	1,214	52,705	10,282	49,696	49,696
Passed Through City of Kenosha							
Edward Byrne Memorial Justice Assistance Grant	16.738	(26,154)	-	26,154	9,800	9,800	9,800
Passed Through Wisconsin Department of Administration - Office of Justice Assistance							
Edward Byrne Memorial Justice Assistance Grant	16.738	(84,278)	(39,936)	232,201	36,713	144,700	144,700
Total Edward Byrne Memorial Justice Assistance Grant		(110,432)	(39,936)	258,355	46,513	154,500	154,500

See accompanying 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, 2007

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	16.523	\$ (14,327)	\$ -	\$ 28,965	\$ 4,390	\$ 19,028	\$ 19,028	\$ 19,028	
Juvenile Accountability Incentive Block Grant	16.540	(19,474)	-	93,930	65,586	140,042	140,042	140,042	
Juvenile Justice and Delinquency Prevention		(205,738)	(3,743)	695,719	126,771	613,009	613,009	613,009	
Total U.S. Department of Justice									
U.S. Department of Labor									
Passes through Wisconsin Department of Workforce Development									
WIA Cluster:									
WIA Adult Program	17.258	(86,870)	-	580,900	135,351	629,381	629,381	629,381	
WIA Youth Activities	17.259	(127,294)	-	923,388	194,860	990,954	990,954	990,954	
WIA Dislocated Workers	17.260	(105,142)	-	890,065	189,272	974,195	974,195	974,195	
Total WIA Cluster		(319,306)	-	2,394,353	519,483	2,594,530	2,594,530	2,594,530	
WIA Credentialing / Incentive	17.200	-	-	16,656	-	16,656	16,656	16,656	
Work Incentive Grants	17.266	(3,324)	-	61,302	11,785	69,763	69,763	69,763	
Work Incentive Grants	17.266	-	-	104,008	-	104,008	104,008	104,008	
Total Work Incentive Grants		(3,324)	-	165,310	11,785	173,771	173,771	173,771	
Total U.S. Department of Labor		(322,630)	-	2,576,319	531,268	2,784,957	2,784,957	2,784,957	

See accompanying 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, 2007

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Revenues				Accrued (Deferred) Ending Balance	Total Revenues	Expend- itures
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)				
FEDERAL PROGRAMS (cont.)								
U.S. Department of Transportation								
Passed Through Wisconsin Department of Transportation	20.509	\$ -	\$ -	\$ 60,408	\$ 158,413	\$ 218,821	\$ 218,821	\$ 218,821
Public Transit Aids - Non Urban Transportation Highway Safety Cluster	20.600	-	-	30,000	-	30,000	30,000	30,000
State and Community Highway Safety: Speedwave	20.601	(5,254)	5,254	39,982	-	39,982	39,982	39,982
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	-	-	13,486	-	13,486	13,486	13,486
Total Highway Safety Cluster		(5,254)	5,254	83,468	-	83,468	83,468	83,468
Total U.S. Department of Transportation		(5,254)	5,254	143,876	158,413	302,289	302,289	302,289
U.S. Department of Education								
Passed Through Wisconsin Department of Health and Family Services Birth to Three	84.181	-	-	157,302	-	157,302	157,302	157,302
U.S. Environmental Protection Agency								
Passed through Wisconsin Department of Health and Family Services Indoor Radon Contract Service	66.032	-	-	7,720	-	7,720	7,720	7,720
Election Assistance Commission								
Passed through Wisconsin Government Accountability Board - Elections Division Help America Vote Act Requirements Payments	90.401	-	(302,127)	309,552	-	7,425	7,425	7,425

See accompanying 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, 2007

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 Health and Human Services						
Direct Funding						
Drug Free Community Grants	93.276	\$ (25,259)	\$ -	\$ 112,579	\$ 14,227	\$ 101,547
Passed through Wisconsin Department of Health and Family Services						
Public Health Emergency Preparedness	93.069	-	-	144,977	-	144,977
Immunization Grants	93.268	-	-	95,188	-	95,188
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	-	311,283	-	311,283
Family Preservation - Support	93.556	-	-	63,192	-	63,192
Block Grants for Temporary Assistance for Needy Families	93.558	-	-	438,347	-	438,347
Chafee Education and Training Vouchers Program	93.599	-	-	45,709	-	45,709
Child Welfare Service Grants - State Grants	93.645	-	-	109,587	-	109,587
Foster Care - Title IV-E	93.658	-	-	1,050,588	-	1,050,588
Social Services Block Grant	93.667	-	-	887,961	-	887,961
Chafee Foster Care Independent Living	93.674	-	-	85,939	-	85,939
State Children's Insurance Program	93.767	-	-	402,309	-	402,309
Medical Assistance Program	93.778	-	-	9,119,171	-	9,119,171
Wisconsin Medicaid Cost Reporting	93.778	-	-	752,463	-	752,463
Block Grants for Community Mental Health Services	93.958	-	-	145,413	-	145,413
Block Grants for Prevention and Treatment of Substance Abuse						
Preventive Health and Health Services	93.959	-	-	810,303	-	810,303
Block Grant						
Maternal and Child Health Services Block Grant	93.991	-	-	14,971	-	14,971
Passed Through Southeastern Wisconsin Area Agency on Aging						
Special Programs for the Aging	93.994	-	-	69,332	-	69,332
Aging Cluster						
Title III, Part B - Grants for Supportive Services	93.044	-	-	106,397	-	106,397
Title III, Part C - Nutrition Services	93.045	-	-	160,058	-	160,058
Nutritional Services Incentive Program	93.053	-	-	56,749	-	56,749
Total Aging Cluster		-	-	323,204	-	323,204
Title III, Part D - Preventive Health	93.046	-	-	8,222	-	8,222
Title III, Part E - National Caregiver Support	93.052	-	-	56,300	-	56,300

See accompanying 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, 2007

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	(Accrued) Deferred Beginning Balance	Revenues			Accrued (Deferred) Ending Balance	Total Revenues	Expend- itures
			Adjustments	Cash Received (Refunded)				
FEDERAL PROGRAMS (cont.)								
U. S. Department of Health and Human Services (cont.)								
Passed Through Wisconsin Department of Workforce Development								
Block Grants for Temporary Assistance for Needy Families								
Child Support Enforcement - Medical Support Liability Incentive Even FFY	93.558	\$ -	\$ -	\$ 1,191,112	\$ -	\$ 1,191,112	\$ 1,191,112	
Child Support Enforcement - Medical Support Liability Incent Adj Even FFY	93.563	-	-	6,874	-	6,874	6,874	
Child Support Enforcement - Medical Support Liability Incentive Odd FFY	93.563	-	-	(5,008)	-	(5,008)	(5,008)	
Child Support Enforcement - Indirect Cost 66% Federal Share	93.563	-	-	77,364	-	77,364	77,364	
Child Support Enforcement - Lab Exp 90% Federal Share	93.563	-	-	79,319	-	79,319	79,319	
Child Support Enforcement - All Other Exp 66% Federal Share	93.563	-	-	28,289	-	28,289	28,289	
Child Support Enforcement - Fees 66% Federal Share	93.563	-	-	2,748,765	-	2,748,765	2,748,765	
Child Support Enforcement - Lab Fees 90% Federal Share	93.563	-	-	(2,433)	-	(2,433)	(2,433)	
Child Support Enforcement - Performance Based	93.563	-	-	(13,244)	-	(13,244)	(13,244)	
Child Support Enforcement - Non IV-D Activities	93.563	-	-	665,177	-	665,177	665,177	
Child Support Enforcement - FPLS Fees	93.563	-	-	22,163	-	22,163	22,163	
Refugee and Entrant Assistance - State Administered Programs	93.566	-	-	(6,984)	-	(6,984)	(6,984)	
Child Care Payments	93.596	-	-	7,722	-	7,722	7,722	
Passed Through Wisconsin Department of Administration								
Low Income Home Energy Assistance Block Grant	93.568	(46,936)	8,172	197,864	43,119	202,219	202,219	
Passed Through Wisconsin Department of Corrections								
Child Welfare Services Grant - State Grants	93.645	(4,839)	-	24,685	-	19,846	19,846	
Foster Care Title - IV-E	93.658	(3,872)	-	19,749	-	15,877	15,877	
Total U.S. Department of Health and Human Services		(80,906)	8,172	20,967,351	57,346	20,951,963	20,951,963	
U.S. Department of Homeland Security								
Passed Through Wisconsin Department of Military Affairs								
Flood Mitigation Assistance	97.029	-	-	-	3,991	3,991	3,991	
Hazard Mitigation Grant Program	97.039	(13,747)	1,246	309,845	11,897	309,241	309,241	
Emergency Management Performance Grants	97.042	-	(38,412)	50,644	67,707	79,939	79,939	
Passed Through Wisconsin Department of Administration - Office of Justice Assistance								
Homeland Security Grant Program	97.067	(10,274)	6,454	28,509	6,833	31,522	31,522	
Total U.S. Department of Homeland Security		(24,021)	(30,712)	388,998	90,428	424,693	424,693	
TOTAL FEDERAL PROGRAMS		\$(638,549)	\$ (340,031)	\$ 29,056,972	\$ 964,226	\$29,042,618	\$29,042,618	

See accompanying 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, 2007

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								
Wisconsin Department of Agriculture, Trade and Consumer Protection								
District Fairs	115.050	\$ -	\$ -	\$ 7,841	\$ -	\$ 7,841	\$ 7,841	
Agricultural Clean Sweep	115.070	-	-	24,672	-	24,672	24,672	24,672
County Staff and Support	115.150	-	-	-	116,596	116,596	116,596	116,596
Land and Water Resource Management	115.400	-	(2,492)	20,809	9,779	28,096	28,096	28,096
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection		-	(2,492)	53,322	126,375	177,205	177,205	177,205
Wisconsin Department of Public Instruction								
Public Library Systems Aid	255.002	309,127	-	424,453	(321,411)	412,169	412,169	412,169
Wisconsin Department of Natural Resources								
Snowmobile Enforcement	370.485	-	-	6,883	-	6,883	6,883	6,883
Recreational Aids - Snowmobile Trail and Area	370.485	(9,612)	-	38,449	(9,612)	19,225	19,225	19,225
All Terrain Vehicle Enforcement	370.485	-	-	3,540	-	3,540	3,540	3,540
Boating Enforcement Aids	370.550	-	-	3,627	-	3,627	3,627	3,627
Total Wisconsin Department of Natural Resources		(9,612)	-	52,499	(9,612)	33,275	33,275	33,275
Wisconsin Department of Transportation								
County Elderly & Disabled Transportation Assistance	395.101	62,145	-	308,789	(50,597)	320,337	320,337	320,337
Pretrial Intoxicated Driver Intervention Grant (state project number 10938-50-10, State Statute Chapter 20 reference s20.395(5)(jr))	395.xxx	-	(4,695)	57,162	-	52,467	52,467	52,467
Total Wisconsin Department of Transportation		62,145	(4,695)	365,951	(50,597)	372,804	372,804	372,804
Wisconsin Department of Corrections								
Community Corrections Program	410.111	-	-	60,000	-	60,000	60,000	60,000
Community Intervention	410.302	(3,078)	-	130,727	14,618	142,267	142,267	142,267
Youth Aids	410.313	(313,917)	-	1,601,250	-	1,287,333	1,287,333	1,287,333
Total Wisconsin Department of Corrections		(316,995)	-	1,791,977	14,618	1,489,600	1,489,600	1,489,600

See accompanying 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, 2007

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 Health and Family Services							
Fraud - Contract Cont	435.950	\$ -	\$ -	\$ 35,384	\$ -	\$ 35,384	\$ 35,384
Funeral/Cemetery W-2 & Non W-2	435.105	-	-	233,628	-	233,628	233,628
Medicaid Transportation	435.131	-	-	740,754	-	740,754	740,754
MA Transportation Administration	435.132	-	-	36,536	-	36,536	36,536
IMAA State Share	435.283	-	-	782,026	-	782,026	782,026
IMAA Federal Share	435.284	-	-	50,458	-	50,458	50,458
Medicaid Subrogation Collection	435.291	-	-	(116,888)	-	(116,888)	(116,888)
COP-W GPR	435.338	-	-	823,449	-	823,449	823,449
Children and Family Services Incentive	435.342	-	-	260,543	-	260,543	260,543
Children and Family Services Review Expenses	435.342	-	-	2,932	-	2,932	2,932
CIP II Non Federal	435.348	-	-	297,230	-	297,230	297,230
Community Options Program	435.367	-	-	958,277	-	958,277	958,277
CIP II Community Relocate Non Federal	435.369	-	-	81,497	-	81,497	81,497
Kinship Care Base Benefit	435.377	-	-	732,541	-	732,541	732,541
Kinship Care Assessments	435.380	-	-	68,983	-	68,983	68,983
CLTS GPR	435.450	-	-	347,567	-	347,567	347,567
CLTS MH Non Federal	435.451	-	-	243,455	-	243,455	243,455
Community Support Program Wait List	435.504	-	-	41,275	-	41,275	41,275
Brain Injury Waiver	435.506	-	-	34,168	-	34,168	34,168
Integrated Services for Children with Severe Disabilities	435.530	-	-	7,400	-	7,400	7,400
Non-Resident Reimbursement	435.531	-	-	52,319	-	52,319	52,319
Brighter Future Initiative	435.540	-	-	113,966	-	113,966	113,966
Birth to Three Initiative	435.550	-	-	178,813	-	178,813	178,813
Basic County Allocation	435.561	-	-	4,767,025	-	4,767,025	4,767,025
CIP 1B	435.564	-	-	924,299	-	924,299	924,299
IMD Continuing Placements	435.572	-	-	32,722	-	32,722	32,722
Family Support	435.577	-	-	115,213	-	115,213	115,213
CIP 1A	435.580	-	-	661,168	-	661,168	661,168
Base County Allocation - State Match	435.681	-	-	849,109	-	849,109	849,109
Program Integrity	435.750	-	-	15,795	-	15,795	15,795

See accompanying 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, 2007

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 Health and Family Services (cont.)							
WIC Farmers Market Grant	435.154720	\$ -	\$ -	3,136	\$ -	3,136	3,136
WWWP-GPR SS.255.06(2)	435.157000	-	-	45,185	-	45,185	45,185
Cons Contracts Lead Poisoning	435.157720	-	-	19,926	-	19,926	19,926
TPCP - WI Wins Enforcement	435.158116	-	-	1,420	-	1,420	1,420
TPCP - Com Interventions - LHD	435.158125	-	-	56,422	-	56,422	56,422
TPCP - WI Wins	435.158127	-	-	17,750	-	17,750	17,750
Cons Contracts Maternal and Child Health Services	435.159320	-	-	4,475	-	4,475	4,475
Aging & Disability Resource Center	435.560100	-	-	1,090,683	-	1,090,683	1,090,683
ADRC Prevention Grant	435.560104	-	-	33,291	-	33,291	33,291
Passed Through Southeastern Wisconsin Area Agency on Aging:						-	
Elder Abuse	435.560490	-	-	36,795	-	36,795	36,795
Congregate Meals	435.560350	-	-	162,018	-	162,018	162,018
Home Delivered Meals	435.560360	-	-	10,178	-	10,178	10,178
Elderly Benefit Specialist Program	435.560320	-	-	33,438	-	33,438	33,438
Alzheimer's Family and Caregiver Support	435.560381	-	-	65,278	-	65,278	65,278
State Senior Community Services	435.560330	-	-	9,871	-	9,871	9,871
Total State of Wisconsin Department of Health and Family Services		-	-	14,961,510	-	14,961,510	14,961,510
Wisconsin Department of Workforce Development							
CS Non-IV-D Activities	445.301	-	-	11,417	-	11,417	11,417
W-2 Transportation	445.315	-	-	46,383	-	46,383	46,383
W-2 Work Experience	445.315	-	-	66,886	-	66,886	66,886
W-2 Other Work Activities	445.315	-	-	543,514	-	543,514	543,514
W-2 Education	445.315	-	-	19,212	-	19,212	19,212
W-2 Job Skills Training	445.315	-	-	150	-	150	150
W-2 Parenting & Life Skills Training	445.315	-	-	8,285	-	8,285	8,285
W-2 Retention & Advancement Services	445.315	-	-	14,483	-	14,483	14,483

See accompanying 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, 2007

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 (cont.)						
W-2 Formal Assessments	445.315	\$ -	\$ -	19,461	\$ -	\$ 19,461
W-2 SSI/SSDI Advocacy	445.315	-	-	15,862	-	15,862
W-2 TANF Administration	445.315	-	-	40,436	-	40,436
Children First	445.315	-	-	79,000	-	79,000
County Allocated Shared - All	445.315	-	-	189,663	-	189,663
EA Case Management/Other Skills	445.315	-	-	21,224	-	21,224
Job Access Loans	445.323	-	-	(1,752)	-	(1,752)
W-2 Jobs Access Loans	445.323	-	-	16,875	-	16,875
Child Support Enforcement - Vital Rec Fees 34% Share	445.334	-	-	(938)	-	(938)
Child Support Enforcement - Unemployment Insurance Fee:	445.334	-	-	(685)	-	(685)
FSET Supplement for Program Administration	445.367	-	-	32,158	-	32,158
State Administered Matching Grants for Food Stamps	445.367	-	-	292,504	-	292,504
FS Agency Collections	445.367	-	-	(2,640)	-	(2,640)
W-2 Emergency Assistance	445.375	-	-	190,431	-	190,431
Total Wisconsin Department of Workforce Development		-	-	1,601,929	-	1,601,929
Wisconsin Public Service Corporation						
Enhanced 911 Grant	XXX.XXX	-	-	82,470	256,185	338,655
Wisconsin Department of Justice						
DNA Sample Reimbursement Grant	455.221	-	-	3,280	-	3,280
Drug Crimes Enforcement	455.225	87,485	-	86,067	(87,485)	86,067
Reimbursement for Victim and Witness Assistance Program	455.503	(113,195)	4,192	218,637	96,402	206,036
Total Wisconsin Department of Justice		(25,710)	4,192	307,984	8,917	295,383
Wisconsin Department of Military Affairs						
Public Safety - Emergency Government Disaster Assistance	465.305	-	(2,086)	51,701	1,985	51,600
Emergency Government Response Equipment	465.308	-	(3,995)	3,995	4,958	4,958
Emergency Planning Grant	465.337	-	(20,777)	28,041	22,007	29,271
Total Wisconsin Department of Military Affairs		-	(26,858)	83,737	28,950	85,829

See accompanying 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, 2007

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues				Accrued (Deferred) Ending Balance	Total Revenues	Expend- itures
		(Accrued) Deferred Beginning Balance	Adjustments	Cash Received (Refunded)				
STATE PROGRAMS (cont.)								
Wisconsin Department of Veterans Affairs								
County Veterans Service Officer	485.001	\$ -	\$ -	\$ 13,000	\$ -	\$ 13,000	\$ 13,000	
Wisconsin Department of Administration								
Land Information Board Grants	505.116	-	(50,557)	137,159	60,667	147,269	147,269	
Public Benefits	505.371	(6,797)	(8,172)	74,347	11,271	70,649	70,649	
Office of Justice Assistance								
Youth Diversion	505.633	(25,250)	1,000	89,227	75,098	140,075	140,075	
Digital Recording of Custodial Interrogation Grant	505.636	(10,000)	-	10,000	-	-	-	
Total Wisconsin Department of Administration		(42,047)	(57,729)	310,733	147,036	357,993	357,993	
TOTAL STATE PROGRAMS								
		\$ (23,092)	\$ (87,582)	\$20,049,565	\$ 200,461	\$20,139,352	\$20,139,352	

See accompanying 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, 2007

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, 2007 included:

<u>Program</u>	<u>CFDA No.</u>	<u>Unaudited Amount</u>
Food Stamps	10.551	\$ 15,407,222
W-2 Program	93.558	<u>1,549,011</u>
Total		<u><u>\$ 16,956,233</u></u>

KENOSHA COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2007

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, 2008 and the CORE reports for December 2007.

NOTE 5 – DIRECT PAYMENTS – WISCONSIN MEDICAL ASSISTANCE

The county received the following payments from Wisconsin Medical Assistance through EDS Federal Corporation in 2007:

<u>County Department</u>	<u>Provider No.</u>	<u>Unaudited Amount</u>
Kenosha County Division of Disability Services	43072900	\$ 198,093
Kenosha County Division of Disability Services	43422900	564,168
Kenosha County Division of Health	41862400	3,945
Kenosha County Division of Health	44000000	9,925
Kenosha County Division of Children and Family Services	43073000	143,957
Kenosha County Division of Aging	43090400	10,286
Kenosha County Brookside	20130300	3,744,197
Kenosha County Division of Health	43835700	2,537
Kenosha County Division of Health	42010200	1,712
Total		<u>\$ 4,678,820</u>

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2007

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? X Yes 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?

 Yes X No

 Federal Programs

 State Programs

Auditee qualified as low-risk auditee? Yes X No Yes X No

Identification of major federal programs:

CFDA Number

Name of Federal Program or Cluster

	Workforce Investment Act (WIA) Cluster
17.258	WIA adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
93.667	Social Service Block Grant
93.778	Medical Assistance Program
93.778	Medical Assistance Program - Wisconsin Medicaid Cost Reporting
93.596	Child Care Payments
93.959	Block Grants for Prevention and Treatment of Substance Abuse

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2007

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

Dollar threshold used to distinguish between
federal type A and type B programs: \$ 871,119

Dollar threshold used to distinguish between
State Department of Health and Family
Services type A and type B programs: \$ 448,845

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

Identification of major state programs:

<u>State No.</u>	<u>Name of State Program</u>
255.002	Public Library Systems Aid
435.338	COP-W GPR
435.348	CIP II Non Federal
435.367	Community Options Program
435.450	CLTS GPR
435.506	Brain Injury Waiver
435.564	CIP IB
435.580	CIP IA
435.560100	Family Care Resource Center
435.561, 435.681	Basic County Allocation/Basic County Allocation – State Match
XXX.XXX	Enhanced 911 Grant

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING 07-1: FINANCIAL REPORTING

Condition: Kenosha County has not presented financial statements free of material misstatements.

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: We identified changes to the county-prepared financial statements that were material.

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

Management's Response:

Kenosha County compiles its own financial statements and notes (99 pages) which are then audited by the auditors. Normally Counties our size pay their auditors to complete this part of the process. This year, the auditors made adjustments to our statements and notes.

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS (cont.)

FINDING 07-1: FINANCIAL REPORTING (cont.)

Management's Response: (cont.)

Some of these adjustments were related to the new GASB#45 OPEB reporting requirements which were reported for the first time. For example, the classification of the amounts between long-term and short-term OPEB liability needed to be adjusted. Another was a misclassification of a material carryover that was reported in the undesignated amount of fund balance instead of being designated for subsequent years.

This year saw improvement in that we had no finding related to material journal entries. Therefore, no material adjusting journal entries had to be made to the general ledger. The finding above is related to how our financial information is presented in the audit report but no journal entries were required.

We strive to improve our process every year. We will continue to work diligently to present these draft statements to the auditors in as final a form as is possible.

FINDING 07-2: JOURNAL ENTRY REVIEW AND APPROVAL

Condition: During the audit, we selected a sample of journal entries posted to the general ledger. One entry out of twenty tested did not have evidence of any review and approval by someone other than the preparer. Our understanding is that certain journal entries, such as standard monthly journal entries and some year-end journal entries, are not necessarily reviewed by someone other than the preparer.

Criteria: Journal entries are used to record financial activity that is not recorded through the cash receipts or disbursements processes and, without proper controls are considered to be a risky area with respect to errors that are both intentional and unintentional.

Effect: Errors could exist in the county's financial records, whether intentional or unintentional.

Recommendation: We recommend that all journal entries be reviewed and approved by someone other than the preparer. In addition it is important to ensure that all journal entries posted to the general ledger are accounted for. This may involve generating a periodic report of all posted journal entries and reviewing for proper approval of the population.

Management's Response:

Out of an average of 132 journal entries posted monthly, the County compiles and posts approximately seven journal entries that have not been reviewed by another person. An example of these entries is one that allocates interest earned on investments to other funds. The majority of these are recurring journal entries that affect accounts that are scrutinized by other departments after they are entered. This helps to mitigate that the journal entries do not have a second reviewer. However, in order to strengthen our internal controls, we will add to our procedures that all journal entries will indicate that a second person has reviewed the entry before being posted.

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2007

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

FINDING 07-3: SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Criteria: OMB Circular A-133 and the *State Single Audit Guidelines* require the grantee to prepare the schedule of expenditures of federal and state awards which includes the following information:

- CFDA or state program title and number
- Grant award number and year
- Name of federal or state agency
- Name of pass-through agency
- Amount of awards expended, received and accrued for the period

Condition: Kenosha County prepared the schedule of expenditures of federal and state awards for the year ended December 31, 2007, and we both commend and recognize the effort put into this. However, two material changes were made by the grants presented.

Effect: The schedule of federal and state awards may not contain all of the grants required to be reported and, therefore, some programs that are required to be audited, may not be.

Questioned Costs: None.

Recommendation: We recommend that county staff continue to develop the training and knowledge necessary to prepare the schedule of federal and state awards. Efforts should be made to prepare the schedule with the accuracy necessary to not require further material modifications by the auditors.

Management's Response:

This was the first year that the county compiled its own schedule of expenditures of federal and state awards. The auditors were helpful in providing information to make the transition of responsibility a smooth one. From this initial year, we have learned areas to improve in both acquiring the information necessary and also in our review process before we give the schedule to the auditors. We will continue to strive to improve the process.

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2007

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AND STATE AWARD PROGRAMS AUDIT (cont.)

FINDING 07-4: DEPARTMENT OF HEALTH AND FAMILY SERVICES – GENERAL REQUIREMENTS – PROVIDER AUDITS

Criteria: Wisconsin Section 46.036(4)(c) requires providers to submit audits to the county. For the county's 2007 single audit, we reviewed 2006 audit reports that had not been received as of the end of the 2006 audit fieldwork. The following 2006 audit report had not been received or reviewed as of the end of the 2007 audit fieldwork:

<u>Provider</u>	<u>Payment</u>
PSN-NJM Management	\$ 421,300

Condition: The DHFS general requirements found in the *State Single Audit Guidelines* state that all subrecipient audit reports that have not been received within 180 days of their fiscal year end be identified.

Effect: Subrecipient audit reports could have questioned costs that may affect Kenosha County.

Questioned Costs: None.

Recommendation: We recommend that the county send reminder letters or call the providers so all audit reports are received with 180 days of their fiscal year end. The county should review all audit reports as soon as they are submitted and follow-up on any finds/questioned costs on a timely basis.

Management's Response:

The Kenosha County Department of Human Services (DHS) has a procedure in place to request and review purchase of service provider audits. As listed in DHS purchase of service contracts, the audit requirement does state the expectation of the type of audit along with a deadline of June 30 of the following year for all applicable providers. With respect to the above provider, PSN-NJM Management, a waiver for 2008 has been requested and granted by the State of Wisconsin. For the contract year 2009, the above provider will be required by DHS to have a program audit completed and returned to DHS by June 30, 2010.

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2007

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	<u> X </u>	Yes	_____	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 24, 2008