

SAUK COUNTY

Baraboo, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2011

SAUK 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
Sauk County
Baraboo, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sauk County, Wisconsin as of and for the year ended December 31, 2011, which collectively comprise Sauk County's basic financial statements and have issued our report thereon dated July 30, 2012. Our report was modified because Sauk County adopted GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011. Our report also includes a reference to other auditors. 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. Other auditors audited the financial statements of the Sauk County Housing Authority, a component unit of Sauk County, as described in our report on Sauk County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of Sauk County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Sauk County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sauk County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sauk County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

To the County Board of Supervisors
Sauk County

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. This material weakness is item 11-1.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Sauk County in a separate letter dated July 30, 2012.

Sauk 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 Sauk County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the board of supervisors, 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.

Baker Silly Virehow Krouse, UP
Madison, Wisconsin
July 30, 2012



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON 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
Sauk County
Baraboo, Wisconsin

Compliance

We have audited Sauk County, Wisconsin's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of Sauk County's major federal and major state programs for the year ended December 31, 2011. Sauk 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 Sauk County's management. Our responsibility is to express an opinion on Sauk County's compliance based on our audit.

Sauk County's basic financial statements included the operation of the Sauk County Housing Authority, which received \$1,228,219 in federal awards which are not included in the schedule of expenditures of federal and state awards for the year ended December 31, 2011. Our audit, described below, did not include the operations of the Sauk County Housing Authority because the component unit had a separate audit in accordance with OMB Circular A-133.

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 Sauk 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 Sauk County's compliance with those requirements.

In our opinion, Sauk County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2011. 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 11-2.

To the County Board of Supervisors
Sauk County

Internal Control Over Compliance

Management of Sauk 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 Sauk County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sauk County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 11-6 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-2, 11-3, 11-4, and 11-5 to be significant deficiencies.

To the County Board of Supervisors
Sauk County

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sauk County, Wisconsin as of and for the year ended December 31, 2011, which collectively comprise Sauk County's basic financial statements and have issued our report thereon dated July 30, 2012, which contained an unqualified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sauk County's basic financial statements. Our report was modified because Sauk County adopted GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011. Our report was also modified to include a reference to other auditors who audited the financial statements of the Sauk County Housing Authority, as described in our report on Sauk County's financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Sauk County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Sauk County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the board of supervisors, 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.

Baker Silly Virehow Krause, UP

Madison, Wisconsin
September 26, 2012 except for the schedule of
expenditures of federal and state awards, as to
which the date is July 30, 2012.

SAUK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2011

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID Number	Revenues			Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
FEDERAL PROGRAMS								
U. S. Department of Agriculture								
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	DHS	N/A	\$ -	\$ 294,137	\$ -	\$ 294,137	\$ 294,137
State Administration Matching Grants								
for the Supplemental Nutrition Assistance Program	10.561	DHS	N/A	-	170,367	-	170,367	170,367
for the Supplemental Nutrition Assistance Program	10.561	DCF	N/A	-	81	-	81	81
Total Food Stamp Program				-	170,447	-	170,447	170,447
Total U.S. Department of Agriculture				-	464,584	-	464,584	464,584
U.S. Department of Housing and Urban Development								
Community Development Block Grant/State's Program	14.228	DOA	08-06	(196,609)	196,609	657,828	657,828	657,828
Community Development Block Grant/State's Program	14.228	DOA	10-13	-	148,540	41,929	190,469	190,469
Community Development Block Grant/State's Program	14.228	COMM	MVP-E	-	131,671	-	131,671	131,671
Total U.S. Department of Housing and Urban Development				(196,609)	476,820	699,757	979,968	979,968
U.S. Department of Justice								
ARRA - Violence Against Women Formula Grants	16.588	DOA	N/A	(22,401)	44,449	13,575	35,623	35,623
CEASE	16.595	DOJ		-	2,667	-	2,667	2,667
Total U.S. Department of Justice				(22,401)	47,116	13,575	38,290	38,290
U.S. Department of Labor								
WIA Cluster								
ARRA - WIA Adult Program	17.258	DWD	N/A	-	(103)	-	(103)	(103)
ARRA - WIA Youth Activities	17.259	DWD	N/A	-	(118)	-	(118)	(118)
Total WIA Cluster				-	(221)	-	(221)	(221)
WIA Dislocated Worker Formula Grants	17.278	DWD	N/A	-	(160)	-	(160)	(160)
Total U.S. Department of Labor				-	(381)	-	(381)	(381)
U.S. Department of Transportation								
Transit Aids	20.509	DOT	N/A	-	71,701	-	71,701	71,701
State and Community Highway Safety	20.600	DOT	N/A	-	49,199	-	49,199	49,199
Total U.S. Department of Transportation				-	120,900	-	120,900	120,900

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

SAUK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2011

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID Number	Revenues			Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
FEDERAL PROGRAMS								
U.S. Department of Treasury								
Federal Drug Forfeitures	21.XXX	N/A	N/A	\$ -	\$ 39,273	\$ -	\$ 39,273	\$ 39,273
Total U.S. Department of Treasury				-	39,273	-	39,273	39,273
U.S. Environmental Protection Agency								
Indoor Radon Contract Service	66.032	DHS	N/A	-	7,676	-	7,676	7,676
ARRA - Water Quality Management Planning Grant	66.454	DNR	N/A	(8,173)	30,000	-	21,827	21,827
Total U.S. Environmental Protection Agency				(8,173)	37,676	-	29,503	29,503
U.S. Department of Education								
Early Intervention Services (IDEA) Cluster								
Special Education--Grants for Infants and Families	84.181	DHS	N/A	-	62,711	-	62,711	62,711
ARRA-Special Education - Grants for Infants and Families, Recovery Act	84.393	DHS	N/A	(31,502)	44,502	-	13,000	13,000
Total IDEA Cluster				(31,502)	107,213	-	75,711	75,711
Total U.S. Department of Education				(31,502)	107,213	-	75,711	75,711
U. S. Department of Health and Human Services								
Aging Cluster								
Title III, Part B - Grants for Supportive Services	93.044	GWAAR	N/A	(1,672)	54,468	8,699	61,495	61,495
Title III, Part C - Nutrition Services	93.045	GWAAR	N/A	(27,491)	64,086	36,551	73,146	73,146
Nutrition Services Incentive Program	93.053	GWAAR	N/A	-	12,582	-	12,582	12,582
Total Aging Cluster				(29,163)	131,136	45,250	147,223	147,223
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	GWAAR	N/A	(372)	4,780	460	4,868	4,868
Title III, Part E - National Family Caregiver Support	93.052	GWAAR	N/A	(2,593)	25,007	4,946	27,360	27,360
Public Health Emergency Preparedness	93.069	DHS	N/A	-	76,455	-	76,455	76,455
Medicare Enrollment Assistance Program	93.071	GWAAR	N/A	(3,251)	4,618	3,185	4,552	4,552
Immunization Cluster								
Immunization Grants	93.268	DHS	N/A	-	16,289	-	16,289	16,289
ARRA - WIC Immunity Project	93.712	DHS	N/A	(8,658)	13,573	-	4,915	4,915
Total Immunization Cluster				(8,658)	29,862	-	21,204	21,204
Promoting Safe and Stable Families	93.556	DCF	N/A	-	46,635	-	46,635	46,635
Block Grants for Temporary Assistance for Needy Families	93.558	DHS	N/A	-	86,385	-	86,385	86,385
Block Grants for Temporary Assistance for Needy Families	93.558	DCF	N/A	-	185,975	-	185,975	185,975
Total Block Grants for Temporary Assistance for Needy Families				-	272,361	-	272,361	272,361

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

SAUK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2011

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID Number	Revenues			Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
FEDERAL PROGRAMS								
U. S. Department of Health and Human Services (cont.)								
Family Support Payments to States - Assistance Payments	93.560	DCF	N/A	\$ -	\$ (54)	\$ -	\$ (54)	\$ (54)
Child Support Enforcement	93.563	DCF	N/A	-	983,410	-	983,410	983,410
Low Income Home Energy Assistance Block Grant	93.568	DOA	N/A	(5,658)	107,844	9,956	112,142	112,142
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	N/A	-	134,697	-	134,697	134,697
Child Welfare Service Grants - State Grants	93.645	DCF	N/A	-	42,225	-	42,225	42,225
Foster Care - Title IV-E	93.658	DCF	N/A	-	511,418	-	511,418	511,418
Social Services Block Grant	93.667	DHS	N/A	-	169,111	-	169,111	169,111
Social Services Block Grant	93.667	DCF	N/A	-	56,112	-	56,112	56,112
Total Social Services Block Grant				-	225,222	-	225,222	225,222
Chafee Foster Care Independence Program	93.674	DCF		-	28,095	-	28,095	28,095
IMAA Federal Share	93.767	DHS	N/A	-	20,531	-	20,531	20,531
Medical Assistance Program WIMCR	93.778	DHS	N/A	-	(21,168)	583,292	562,124	562,124
Medical Assistance Program	93.778	DHS	N/A	-	594,481	-	594,481	594,481
Medical Assistance Program	93.778	DCF	N/A	-	(4)	-	(4)	(4)
Federal Match EBS	93.778	GWAAR	N/A	(11,613)	18,064	21,764	28,215	28,215
Total Medical Assistance				(11,613)	591,373	605,056	1,184,816	1,184,816
Centers for Medicare and Medicaid Services Research	93.779	GWAAR	N/A	(2,999)	4,260	6,388	7,649	7,649
Block Grants for Community Mental Health Services	93.958	DHS	N/A	-	17,540	-	17,540	17,540
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	N/A	-	82,089	-	82,089	82,089
Preventive Health and Health Services Block Grant	93.991	DHS	N/A	-	15,159	-	15,159	15,159
Maternal and Child Health Services Block Grant	93.994	DHS	N/A	-	19,592	-	19,592	19,592
Total U.S. Department of Health and Human Services				(64,307)	3,374,255	675,241	3,985,189	3,985,189
U. S. Department of Homeland Security								
Disaster Assistance - Public Assistance	97.036	DMA	N/A	-	51,215	-	51,215	51,215
Total U.S. Department of Homeland Security				-	51,215	-	51,215	51,215
TOTAL FEDERAL PROGRAMS				\$(322,992)	\$ 4,718,672	\$ 1,388,573	\$ 5,784,253	\$ 5,784,253

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

SAUK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2011

Grantor Agency / Program Title	State ID Number	Revenues			Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
STATE PROGRAMS						
Wisconsin Department of Agriculture, Trade and Consumer Protection						
Clean Sweep	115.040	\$ -	\$ 29,000	\$ -	\$ 29,000	\$ 29,000
County Staff and Support	115.150	(171,427)	348,238	-	176,811	176,811
Land and Water Resource Management	115.400	(64,293)	64,293	60,642	60,642	60,642
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection		(235,720)	441,531	60,642	266,453	266,453
Wisconsin Department of Natural Resources						
Recreational Aids - Snowmobile Trail and Area	370.485	-	50,475	-	50,475	50,475
Boating Enforcement Aids	370.550	-	16,575	-	16,575	16,575
Wildlife Damage Claims	370.553	-	8,806	7,667	16,473	16,473
County Conservation Aids	370.563	(1,443)	1,443	-	-	-
Forest Crop/Managed Forest	370.566	-	19,054	-	19,054	19,054
Pollution Control	370.517	-	140,376	13,132	153,508	153,508
Dam Safety Projects	370.532	(47,507)	50,420	-	2,913	2,913
Total Wisconsin Department of Natural Resources		(48,950)	287,149	20,799	258,998	258,998
Wisconsin Department of Transportation						
Elderly and Handicapped County Aids	395.101	-	155,631	-	155,631	155,631
Elderly and Handicapped County Aids - Capital	395.101	-	91,953	-	91,953	91,953
Total Wisconsin Department of Transportation		-	247,584	-	247,584	247,584
Wisconsin Department of Corrections						
Youth Aids	410.313	-	579,668	-	579,668	579,668
Total Wisconsin Department of Corrections		-	579,668	-	579,668	579,668

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

SAUK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2011

Grantor Agency / Program Title	State ID Number	Revenues			Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
STATE PROGRAMS						
Wisconsin Department of Health Services						
Funeral/Cemetery W-2 & Non W-2	435.105	\$ -	\$ 75,760	\$ -	\$ 75,760	\$ 75,760
Limited Agent Program	435.124	-	82,608	-	82,608	82,608
Medicaid Transportation	435.131	-	40,164	-	40,164	40,164
MA Transportation Administration	435.132	-	6,303	-	6,303	6,303
Cons Contracts CHHD LD	435.157720	-	13,685	-	13,685	13,685
WIC Farmers Market Grant	435.154720	-	1,805	-	1,805	1,805
Cons Contracts MCH	435.159320	-	1,495	-	1,495	1,495
FSET Admin GPR/Fed Base	435.231	-	14,355	-	14,355	14,355
FSET Admin GPR/Fed Base	435.233	-	3,600	-	3,600	3,600
FSET Retent GPR/Fed Base	435.235	-	249	-	249	249
IMAA State Share	435.283	-	221,127	-	221,127	221,127
IMAA Federal Share	435.284	-	23,149	-	23,149	23,149
Medicaid Subrogation Collection	435.291	-	(24,502)	-	(24,502)	(24,502)
Adult Protective Services	435.312	-	46,441	-	46,441	46,441
Community Options Program	435.367	-	170,767	-	170,767	170,767
Alzheimer's Family Support	435.381	-	13,031	-	13,031	13,031
CLTS DD Non-federal	435.450	-	81,517	-	81,517	81,517
CLTS MH Non Federal	435.451	-	32,652	-	32,652	32,652
CLTS Non Federal Other	435.460	-	47,313	-	47,313	47,313
CLTS MH Non Fed Other	435.461	-	15,298	-	15,298	15,298
CLTS PD Non Fed Other	435.462	-	12,805	-	12,805	12,805
Certified Mental Health Program	435.517	-	29,476	-	29,476	29,476
Non-Resident Reimbursement	435.531	-	14,524	-	14,524	14,524
Birth to Three Initiative	435.550	-	59,964	-	59,964	59,964
Basic County Allocation	435.561	-	1,208,665	-	1,208,665	1,208,665
Family Support	435.577	-	40,593	-	40,593	40,593
Base County Allocation - State Match	435.681	-	155,500	-	155,500	155,500
Regional Crisis Grants	435.81075	-	104,648	-	104,648	104,648
MA Crisis Training - Nonfed	435.81079	-	15,198	-	15,198	15,198
Benefit Specialist County	435.560320	(5,490)	7,239	26,466	28,215	28,215
Senior Community Svs Prog	435.560330	-	7,587	-	7,587	7,587
Title 3C-1 Cong Meal Prog	435.560350	(30,586)	83,229	44,302	96,945	96,945
Title 3C-2 Home Meals	435.560360	(16,162)	25,750	17,853	27,441	27,441
ALZH Family Support Aging	435.560381	-	13,013	-	13,013	13,013
Elder Abuse Service	435.560490	-	21,768	-	21,768	21,768
Total Wisconsin Department of Health Services		(52,238)	2,666,776	88,621	2,703,159	2,703,159

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

SAUK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2011

Grantor Agency / Program Title	State ID Number	Revenues				Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
STATE PROGRAMS						
Wisconsin Department of Children and Families						
County Allocated Shared - W-2 Other Work Activities	437.215	\$ -	\$ 2,533	\$ -	\$ 2,533	\$ 2,533
County Allocated Shared - W-2 Parenting & Life Skills Training	437.215	-	1,826	-	1,826	1,826
County Allocated Shared - W-2 Retention & Life Skills Training	437.215	-	622	-	622	622
County Allocated Shared - W-2 SSI/SSDI Advocacy	437.215	-	1,667	-	1,667	1,667
County Allocated Shared - TANF Eligibility	437.215	-	7,440	-	7,440	7,440
County Allocated Shared - EA Eligibility	437.215	-	3,329	-	3,329	3,329
County Allocated Shared - Refugee	437.215	-	3,153	-	3,153	3,153
W-2 Other work activities	437.215	-	2,708	-	2,708	2,708
W-2 Retention and Advancement Services	437.215	-	267	-	267	267
W-2 Administration	437.215	-	154	-	154	154
W-2 Emergency Ass't	437.215	-	18,438	-	18,438	18,438
Job Access Loan Rprnt - Cash	437.223	-	(397)	-	(397)	(397)
AFDC Agency Collection Take Back	437.238	-	(95)	-	(95)	(95)
AFDC Agency Incentive	437.238	-	52	-	52	52
County Allocated Shared - Children First	437.265	-	12,478	-	12,478	12,478
Food Stamp Agency Collections Take Back	437.267	-	(100)	-	(100)	(100)
Food Stamp Agency Collections Incentive	437.267	-	181	-	181	181
MA Agency Incentive	437.267	-	16	-	16	16
MA Agency Collection Take Back	437.267	-	(20)	-	(20)	(20)
AW DOJ Fingerprint Backgr	437.332	-	245	-	245	245
CHIPS Legal Report	437.355	-	91,165	-	91,165	91,165
Basic County Allocation	437.3561	-	408,352	-	408,352	408,352
TPR Adoption Services	437.357	-	6,153	-	6,153	6,153
WISACWIS Related Services	437.360	-	10,098	-	10,098	10,098
Total Wisconsin Department of Children and Families		-	570,263	-	570,263	570,263
Wisconsin Department of Justice						
Victim Witness Program	455.532	(24,808)	40,741	12,689	28,622	28,622
Total Wisconsin Department of Justice		(24,808)	40,741	12,689	28,622	28,622
Wisconsin Department of Military Affairs						
Public Safety - Emergency Government Disaster Assistance	465.305	-	384	-	384	384
Emergency Planning Grant	465.337	-	17,633	-	17,633	17,633
Total Wisconsin Department of Military Affairs		-	18,017	-	18,017	18,017

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

SAUK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2011

Grantor Agency / Program Title	State ID Number	Revenues			Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
STATE PROGRAMS						
Wisconsin Department of Veteran Affairs						
County Veterans Service Officer	485.001	\$ -	\$ 11,500	\$ -	\$ 11,500	\$ 11,500
Total Wisconsin Department of Veteran Affairs		-	11,500	-	11,500	11,500
Wisconsin Department of Administration						
Land Information Board Grants	505.116	-	300	-	300	300
Utility Public Benefits - Low Income Assistance	505.371	-	50,206	8,092	58,298	58,298
Total Wisconsin Department of Administration		-	50,506	8,092	58,598	58,598
TOTAL STATE PROGRAMS		\$ (361,716)	\$ 4,913,735	\$ 190,843	\$ 4,742,862	\$ 4,742,862

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

SAUK COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2011

NOTE 1 – REPORTING ENTITY

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

Sauk County is the primary government according to GASB criteria, while the Sauk County Housing Authority (Housing Authority) is a component unit.

Federal and state awards received directly by the Housing Authority are not included in this report since the Housing Authority has been audited by other auditors for their grants and those amounts are reported in a separate report.

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, *Audits of States, Local Governments, and Non-profit Organizations* and the *State Single Audit Guidelines*.

NOTE 3 – DIRECT PAYMENTS – STATE OF WISCONSIN

Direct payments to individuals from the State of Wisconsin on behalf of Sauk County for the year ended December 31, 2011 include:

<u>Program</u>	<u>CFDA No.</u>	<u>Unaudited Amount</u>
Food Stamp Program	10.561	\$ 8,665,740
W-2 Benefits	93.558	95,953
Total		<u>\$ 8,761,693</u>

SAUK COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2011

NOTE 4 – DIRECT PAYMENTS – WISCONSIN MEDICAL ASSISTANCE

The county received the following payments from Wisconsin Medical Assistance through EDS Federal Corporation in 2011:

<u>Provider No.</u>	<u>Unaudited Amount</u>
41520200	\$ 21,353
20132500	2,723,452
32975271	44,839
40417700	27,084
41011700	40,592
41763600	390,110
41853600	30,773
42551200	14,140
44004300	62,249
43078900	70,037
43170100	101,131
43421900	854,010
	<u>\$ 4,379,770</u>

NOTE 5 – CARS/CORE REPORT DATES

The Schedule of Expenditures of Federal and State Awards includes adjustments through the following Community Aids Reporting System (CARS) reports:

<u>Agency Number</u>	<u>Date</u>
56-110	May 1, 2012
56-130	May 1, 2012

The Schedule of Expenditures of Federal and State Awards includes adjustments through the December 31, 2011 CORE report.

NOTE 6 – PASS-THROUGH GRANTORS

Federal funds have been passed through the following grantors:

- DOJ – Wisconsin Department of Justice
- DOT – Wisconsin of Transportation
- DNR – Wisconsin Department of Natural Resources
- DOA – Wisconsin Department of Administration
- DHS – Wisconsin Department of Health Services
- DCF – Wisconsin Department of Children and Families
- COMM – Wisconsin Department of Commerce
- GWAAR – Greater Wisconsin Agency on Aging Resources
- DMA – Department of Military Affairs
- DWD – Wisconsin Department of Workforce Development

SAUK COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2011

NOTE 7 – WISCONSIN DEPARTMENT OF HEALTH SERVICES INFORMATION

The *Wisconsin Department of Health Services* requires the following additional information be presented for each Recovery Act program with funding passed through that department:

Federal Grantor: U.S. Department of Education

Program or Cluster Title: Early Intervention Services (IDEA) Cluster

Federal CFDA Number: 84.393

CARS profile name or purchase order description: ARRA BIRTH-3 NON CALENDAR

CARS profile number or purchase order number: 81065

CARS or invoice expenses and payments by contract year:

	<u>CARS 603 Column H Actual CTD Expenses</u>	<u>CARS 603 Column K CTD pmts (Advances)</u>
1/1/11 – 12/31/11	\$ 44,502	\$ 44,502

1. Was the funding part of a Type A program or cluster? no

Federal Grantor: U.S. Department of Health and Human Services

Program or Cluster Title: Immunization Cluster

Federal CFDA Number: 93.712

CARS profile name or purchase order description: ARRA IMM FOR CHILD & ADULT

CARS profile number or purchase order number: 71004

CARS or invoice expenses and payments by contract year:

	<u>CARS 603 Column H Actual CTD Expenses</u>	<u>CARS 603 Column K CTD pmts (Advances)</u>
1/1/11 – 12/31/11	\$ 13,573	\$ 13,573

1. Was the funding part of a Type A program or cluster? no

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2011

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 deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

FEDERAL OR STATE AWARDS

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unqualified

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

 X yes no

 Federal Programs

 State Programs

Auditee qualified as low-risk auditee?

 yes X no yes X no

Identification of major federal programs:

CFDA Numbers

Name of Federal Program or Cluster

10.561	State Administration Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Block Grants for Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.658	Foster Care – Title IVE
93.778	Medical Assistance Program

Federal

State

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

\$300,000

\$100,000

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2011

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

FEDERAL OR STATE AWARDS (cont.)

Identification of major state programs:

State Number	Name of State Program
115.150	County Staff and Support
115.400	Land and Waste Resources Management
370.517	Pollution Control
435.367	Community Options Program
435.450/451/ 460/461/462	Community Long-term Support Waivers
435.81075	Regional Crisis Grants
435.561/681 and 437.3561	Basic County Allocation
435.283/284	Income Maintenance

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

CFDA Number	Name of Federal Program
93.596	Child Care
93.778	Wisconsin Medicaid Cost Reporting - WIMCR
93.778	Comprehensive Community Services
93.778	Case Management

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

FINDING 11-1: INTERNAL ACCOUNTING CONTROLS

Criteria: Statement on Auditing Standards (SAS) 115 requires auditors to communicate circumstances that were evaluated to be significant deficiencies or material weaknesses in the county's structure of internal control over financial reporting.

Condition: During the financial audit, audit procedures and inquiries were performed to evaluate the effectiveness of controls over various transaction cycles. As a result of these procedures, the following areas were identified where your controls over transactions could be improved:

- > Approval of invoices should be documented and consistent across all departments of the county
- > Health care receivables are reconciled at year end, but should be reconciled more frequently to ensure timely collections and make sure that receivables recorded are valid

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2011

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

FINDING 11-1: INTERNAL ACCOUNTING CONTROLS (cont.)

Condition: (cont.)

- > All adjusting journal entries and supporting documentation should be reviewed and approved by an appropriate person who is not the original preparer
- > GASB No. 34 conversion entries and supporting documentation should be reviewed and approved by an appropriate person who is not the original preparer
- > Client-prepared annual financial statements, including fund financial statements and government-wide statements, should be reviewed by a responsible party that is not involved in the preparation of the financial statements
- > The county should have a process in place to track internal/external changes to the county's IT system
- > The county should enforce strong password rules for their computer systems
- > The county should have a policy to track access rights changes to the IT system

Cause: The county has not established these controls due to limited resources.

Effect: Errors or irregularities could occur as part of these financial processes that may not be discovered by your staff.

Recommendation: We recommend a designated person in the county review these potential controls and make a suggestion on your county's ability and cost (including time) to implement some or all of them.

Management's Response: Sauk County will review and continue to refine its internal controls and their documentation, both county-wide and specific to these potential controls. This refinement will include working with each department to define and emphasize the importance of internal controls, as well as adjust processes to enhance the strength of controls. At all times, any additional cost to enhance a control will be weighed against the potential cost and likelihood of loss.

SECTION III – FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS

FINDING 11-2: 93.563 – CHILD SUPPORT ENFORCEMENT – U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES

Criteria: Costs to administer the Child Support program are required to be reported each month through the completion of the CORE Expenditure Report. On this form, a portion of the costs reported are categorized as shared overhead expenditures that consist of indirect costs allocated to the child support program through the completion of a cost allocation plan. The indirect costs to be used are always two years behind the year being reported.

Condition: For 2011, indirect cost amounts reported used the 2008 cost allocation plan instead of the required 2009 cost allocation plan.

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2011

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

FINDING 11-2: 93.563 – CHILD SUPPORT ENFORCEMENT – U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES (cont.)

Questioned Costs: Using the 2008 cost allocation plan instead of the required 2009 cost allocation plan resulted in \$10,870 of additional dollars being reported. The non-federal share of administrative costs is 34%.

Effect: Each month, the CORE expenditure reports over-reported shared overhead expenditures.

Recommendation: We recommend that the county implement control procedures to make sure that the correct cost allocation plan is used to report shared overhead expenditures.

Management's Response: The CORE expenditure report will be reviewed and initialed by a responsible party that is not involved in the preparation of the report to make sure that the correct cost allocation plan is used to report shared overhead expenditures. The 2011 additional costs reported in error, \$10,870, will be corrected on the September 2012 CORE expenditure report.

FINDING 11-3: 115.40 – LAND AND WATER RESOURCES MANAGEMENT – STATE OF WISCONSIN DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION (DATCP)

Criteria: Counties may file reimbursement requests to DATCP as projects are completed during the year but they must file an annual reimbursement request no later than February 15th following the grant year.

Condition: The Sauk County Conservation, Planning, and Zoning Department files reimbursement requests to DATCP for the Land and Water Resource Management Program. These reimbursement requests are not independently reviewed by anyone other than the preparer.

Questioned Costs: None

Effect: Failure to obtain an independent review could result in incorrect costs or other errors to be reported.

Recommendation: We recommend the county implement an independent review and approval process for these reimbursement requests to improve internal controls.

Management's Response: The reimbursement requests are reviewed and approved by a responsible party. The county will implement a process to formally document the review and approval of the requests.

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2011

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

***FINDING 11-4: 93.778 – MEDICAL ASSISTANCE/COMPREHENSIVE COMMUNITY SERVICES (CCS) –
STATE OF WISCONSIN DEPARTMENT OF HEALTH SERVICES***

Criteria: The Wisconsin Department of Health Services requires counties to complete and submit annual cost reports for the CCS program.

Condition: The Sauk County Human Service Department files an annual report for CCS costs to the Department of Health Services each year. This report is not independently reviewed by anyone other than the preparer.

Questioned Costs: None

Effect: Failure to obtain an independent review could result in incorrect costs or other errors to be reported.

Recommendation: We recommend the county implement an independent review and approval process for this annual report to improve internal controls.

Management's Response: The annual report is compiled at the supervisory level from documents and data accumulated by program specialists and the departmental financial and data system. The supervisor prepares the report based on instructions from the state program. The additional cost to enhance this control would outweigh the benefit.

***FINDING 11-5: 370.517 – POLLUTION CONTROL – STATE OF WISCONSIN DEPARTMENT
OF NATURAL RESOURCES***

Criteria: The Department of Natural Resources requires counties to complete and submit Final Report Form 3400-189. This annual report provides status information on cost-share agreements between the county and local landowners for conservation projects.

Condition: The Sauk County Conservation, Planning, and Zoning Department files annual report Form 3400-189 to the Department of Natural Resources. This annual report is not independently reviewed by anyone other than the preparer.

Questioned Costs: None

Effect: Failure to obtain an independent review could result in incorrect data or other errors to be reported.

Recommendation: We recommend the county implement an independent review and approval process for this annual report to improve internal controls.

Management's Response: The annual report is reviewed and approved by a responsible party. The county will implement a process to formally document the review and approval of the report.

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2011

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

***FINDING 11-6: 93.563 – CHILD SUPPORT ENFORCEMENT – U.S. DEPARTMENT OF HEALTH AND
HUMAN SERVICES/WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES***

Criteria: To ensure internal control over the payment of invoices there should be an independent review and approval of all invoices paid. The review and approval should be documented wither within the financial reporting system, or directly on the invoice.

Condition: Of the 40 invoices tested, 37 did not have any documentation that they had been reviewed and approved.

Questioned Costs: None

Effect: Errors or unallowable costs may be reported within the Child Support Program if an independent review does not occur.

Recommendation: We recommend that the county implement control procedures to make sure that all invoices are reviewed and documented as such prior to payment.

Management's Response: The invoices are reviewed and approved by a responsible party. The county will require the responsible party initial the invoices to ensure documented approval prior to payment.

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2011

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, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Health Services	<u> X </u>	yes	<u> </u>	no
Department of Commerce	<u> </u>	yes	<u> X </u>	no
Department of Workforce Development	<u> </u>	yes	<u> X </u>	no
Department of Corrections	<u> </u>	yes	<u> X </u>	no
Department of Children and Families	<u> X </u>	yes	<u> </u>	no
Department of Transportation	<u> </u>	yes	<u> X </u>	no
Department of Administration	<u> </u>	yes	<u> X </u>	no
Department of Military Affairs	<u> </u>	yes	<u> X </u>	no
Department of Agriculture, Trade, and Consumer Protection	<u> X </u>	yes	<u> </u>	no
Department of Natural Resources	<u> X </u>	yes	<u> </u>	no
Department of Justice	<u> </u>	yes	<u> X </u>	no
Department of Veteran Affairs	<u> </u>	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, CPA, Partner

5. Date of report

September 26, 2012