

SAUK COUNTY

Baraboo, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2012

SAUK COUNTY

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**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

To the County Board of Supervisors
Sauk County
Baraboo, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2012, and the related notes to the financial statements, which collectively comprise Sauk County's basic financial statements, and have issued our report thereon dated June 28, 2013. Our report includes a reference to other auditors who 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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. This material weakness is item 12-1.

To the County Board of Supervisors
Sauk County

Compliance and Other Matters

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

Sauk County's Response to Finding

Sauk County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Sauk County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Baker Silly Virehow Krause, CPA

Madison, Wisconsin
June 28, 2013



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

Independent Auditors' Report

To the County Board of Supervisors
Sauk County
Baraboo, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

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, 2012. 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.

Sauk County's basic financial statements include the operations of the Sauk County Housing Authority, which received \$1,117,678 in federal awards which are not included in the schedule of expenditures of federal and state awards for the year ended December 31, 2012. Our audit, described below, did not include the operations of the Sauk County Housing Authority because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sauk County's major federal and major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines*. Those standards, OMB Circular A-133, and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal and major state program. However, our audit does not provide a legal determination of Sauk County's compliance.

To the County Board of Supervisors
Sauk County

Opinion on Each Major Federal and Major State Program

In our opinion, Sauk County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 or the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 12-3 and 12-4. Our opinion on each major federal and major state program is not modified with respect to these matters.

Sauk County's Response to Findings

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

Report on Internal Control Over Compliance

Management of Sauk County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sauk County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 12-2, 12-4, 12-5, and 12-6 to be material weaknesses.

Sauk County's Response to Findings

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

To the County Board of Supervisors
Sauk County

Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2012, and the related notes to the financial statements, which collectively comprise Sauk County's basic financial statements. We issued our report thereon dated June 28, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sauk County's basic financial statements. Our report includes 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.

Baker Silly Virehow Krause, CP

Madison, Wisconsin
September 30, 2013

SAUK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Passed Through Agency ID	Revenues				Expenditures
				(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
FEDERAL PROGRAMS								
U. S. Department of Agriculture								
Special Supplemental Food Program for Women, Infants, and Children	10.557	DHS		\$ -	\$ 311,276	\$ -	\$ 311,276	311,276
State Administration Matching Grants for Food Stamp Program	10.561	DHS		-	127,515	-	127,515	127,515
Total U.S. Department of Agriculture				-	438,791	-	438,791	438,791
U.S. Department of Commerce								
Economic Adjustment Assistance	11.307	N/A		-	-	695,657	695,657	695,657
Total U.S. Department of Commerce				-	-	695,657	695,657	695,657
U.S. Department of Housing and Urban Development								
Community Development Block Grant/State's Program	14.228	DOA	08-06	(657,828)	2,177,469	234,416	1,754,057	1,754,057
Community Development Block Grant/State's Program	14.228	DOA	10-13	(41,929)	429,795	52,496	440,362	440,362
Total U.S. Department of Housing and Urban Development				(699,757)	2,607,264	286,912	2,194,419	2,194,419
U.S. Department of Justice								
ARRA - Violence Against Women Formula Grants	16.588	DOA		(13,575)	19,783	-	6,208	6,208
Internet Crimes Against Children	16.543	DOJ		-	1,500	(1,500)	-	-
Total U.S. Department of Justice				(13,575)	21,283	(1,500)	6,208	6,208
U.S. Department of Transportation								
Formula Grants for Rural Areas	20.509	DOT	N/A	(113,932)	226,113	13,236	125,417	125,417
State and Community Highway Safety	20.600	DOT		-	75,878	-	75,878	75,878
Total U.S. Department of Transportation				(113,932)	301,991	13,236	201,295	201,295
U.S. Department of Treasury								
Federal Drug Forfeitures	21.XXX	N/A	N/A	-	37,930	-	37,930	37,930
Total U.S. Department of Treasury				-	37,930	-	37,930	37,930
U.S. Department of Education								
Special Education - Grants for Infants and Families	84.181	DHS		-	61,634	-	61,634	61,634
Total U.S. Department of Education				-	61,634	-	61,634	61,634
U.S. Environmental Protection Agency								
State Indoor Radon Grants	66.032	DHS		-	7,676	-	7,676	7,676
Total U.S. Environmental Protection Agency				-	7,676	-	7,676	7,676

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, 2012

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Passed Through Agency ID	Revenues					Expenditures
				(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
U. S. Department of Health and Human Services									
Title III, Part F - Preventive Health	93.043	GWAAR		\$ (460)	\$ 4,894	\$ 441	\$ 4,875	\$ 4,875	
Aging Cluster									
Title III, Part B - Grants for Supportive Services	93.044	GWAAR		(8,699)	65,748	5,242	62,291	62,291	
Title III, Part C - Nutrition Services	93.045	GWAAR		(36,551)	97,381	12,285	73,115	73,115	
Nutrition Services Incentive Program	93.053	GWAAR		-	10,936	-	10,936	10,936	
Total Aging Cluster				(45,250)	174,065	17,527	146,342	146,342	
Title III, Part E - National Family Caregiver Support	93.052	GWAAR		(4,946)	30,657	2,599	28,310	28,310	
Public Health Emergency Preparedness	93.069	DHS		-	54,319	-	54,319	54,319	
Medicare Enrollment Assistance Program	93.071	GWAAR		(3,185)	3,185	-	-	-	
Immunization Grants	93.268	DHS		-	15,514	-	15,514	15,514	
PPHF 2012 National Public Health Improvement Initiative	93.507	DHS		-	23,381	-	23,381	23,381	
Promoting Safe and Stable Families	93.556	DCF		-	46,350	-	46,350	46,350	
Block Grants for Temporary Assistance for Needy Families	93.558	DHS		-	83,190	-	83,190	83,190	
Block Grants for Temporary Assistance for Needy Families	93.558	DCF		-	165,670	-	165,670	165,670	
Total 93.558				-	248,860	-	248,860	248,860	
Family Support Payments to States - Assistance Payments	93.560	DCF		-	(104)	-	(104)	(104)	
Child Support Enforcement	93.563	DCF		-	680,851	-	680,851	680,851	
Low Income Home Energy Assistance Block Grant	93.568	DOA		(9,956)	88,222	26,098	104,364	104,364	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF		-	177,285	-	177,285	177,285	
Chafee Education and Training Vouchers Program	93.599	DCF		-	480	-	480	480	
Child Welfare Service Grants - State Grants	93.645	DCF		-	182,859	-	182,859	182,859	
Child Welfare Services Grant - State Grants	93.645	DCF		-	5,043	1,037	6,080	6,080	
Total 93.645				-	187,902	1,037	188,939	188,939	
Foster Care - Title IV-E	93.658	DCF		-	8,068	1,659	9,727	9,727	
Foster Care - Title IV-E	93.658	DCF		-	60,542	-	60,542	60,542	
Total 93.658				-	68,610	1,659	70,269	70,269	
Social Services Block Grant	93.667	DHS		-	163,023	-	163,023	163,023	
Social Services Block Grant	93.667	DCF		-	80,843	-	80,843	80,843	
Total 93.667				-	243,866	-	243,866	243,866	
Chafee Foster Care Independence Program	93.674	DCF		-	21,088	-	21,088	21,088	
Children's Health Insurance Program	93.767	DHS		-	20,864	-	20,864	20,864	
Medical Assistance Program	93.778	DHS		-	232,285	-	232,285	232,285	
Medical Assistance Program	93.778	DCF		-	(23)	-	(23)	(23)	
Medical Assistance Program - CLTS	93.778	DCF		-	393,566	-	393,566	393,566	
Federal Match EBS	93.778	GWAAR		(21,764)	43,298	6,681	28,215	28,215	
Medical Assistance Program - WIMCR	93.778	DHS		(583,292)	583,292	326,021	326,021	326,021	
Total 93.778				(605,056)	1,252,418	332,702	980,064	980,064	
Centers for Medicare and Medicaid Services Research	93.779	GWAAR		(6,388)	8,032	1,807	3,451	3,451	
Block Grants for Community Mental Health Services	93.958	DHS		-	17,541	-	17,541	17,541	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS		-	82,089	-	82,089	82,089	
Maternal and Child Health Services Block Grant	93.994	DHS		-	21,946	-	21,946	21,946	
Total U.S. Department of Health and Human Services				(675,241)	3,472,315	383,870	3,180,944	3,180,944	

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, 2012

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Passed Through Agency ID	Revenues			Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
U. S. Department of Homeland Security								
Disaster Assistance - Public Assistance	97.036	DOMA	N/A	\$ -	\$ 21,331	\$ -	\$ 21,331	\$ 21,331
Total U.S. Department of Homeland Security				-	21,331	-	21,331	21,331
TOTAL FEDERAL PROGRAMS				<u>\$ (1,502,505)</u>	<u>\$ 6,970,215</u>	<u>\$ 1,378,175</u>	<u>\$ 6,845,885</u>	<u>\$ 6,845,885</u>

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, 2012

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						
Nutrient Management Farmer Education Program	none	\$ -	\$ 8,455	\$ -	\$ 8,455	\$ 8,455
County Staff and Support	115.150	-	111,150	-	111,150	111,150
Land and Water Resource Management	115.400	(60,642)	104,580	26,523	70,461	70,461
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection		(60,642)	224,185	26,523	190,066	190,066
Wisconsin Department of Natural Resources						
Boating Enforcement Aids	370.550	-	14,555	-	14,555	14,555
Wildlife Damage Claims	370.553	(7,667)	7,667	5,819	5,819	5,819
County Conservation Aids	370.563	(1,152)	1,152	-	-	-
Forest Crop/Managed Forest	370.566	-	19,438	-	19,438	19,438
Pollution Control	370.517	(13,132)	13,132	-	-	-
Recreational Aids - Snowmobile Trail and Area	370.485	-	52,973	-	52,973	52,973
Total Wisconsin Department of Natural Resources		(21,951)	108,917	5,819	92,785	92,785
Wisconsin Department of Transportation						
Elderly and Handicapped County Aids	395.101	-	155,803	-	155,803	155,803
Elderly and Handicapped County Aids - Capital	395.101	-	34,800	-	34,800	34,800
Total Wisconsin Department of Transportation		-	190,603	-	190,603	190,603
Wisconsin Department of Corrections						
Community Intervention	410.302	-	36,732	5,348	42,080	42,080
Youth Aids	410.313	-	491,161	101,016	592,177	592,177
Total Wisconsin Department of Corrections		-	527,893	106,364	634,257	634,257

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, 2012

Grantor Agency / Program Title	State ID Number	Revenues			Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
Wisconsin Department of Health Services						
Limited Agent Program	435.124	\$ -	\$ 66,816	\$ -	\$ 66,816	\$ 66,816
Cons Contracts CHHD LD	435.157720	-	13,731	-	13,731	13,731
WIC Farmers Market Grant	435.154720	-	1,805	-	1,805	1,805
Cons Contracts MCH	435.159320	-	1,593	-	1,593	1,593
FSET Admin GPR/Fed Base	435.231	-	12,354	-	12,354	12,354
FSET Admin GPR/Fed Base	435.233	-	2,070	-	2,070	2,070
FSET Retent GPR/Fed Base	435.235	-	60	-	60	60
IMAA State Share	435.283	-	298,911	-	298,911	298,911
IMAA Federal Share	435.284	-	10,163	-	10,163	10,163
Medicaid Subrogation Collection	435.291	-	(12,920)	-	(12,920)	(12,920)
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	-	13,661	-	13,661	13,661
Certified Mental Health Program	435.517	-	30,040	-	30,040	30,040
Non-Resident Reimbursement	435.531	-	32,352	-	32,352	32,352
Birth to Three Initiative	435.550	-	60,342	-	60,342	60,342
Title 3C-1 Cong Meal Prog	435.560350	(44,302)	128,215	12,938	96,851	96,851
Title 3C-2 Home Meals	435.560360	(17,853)	37,383	7,953	27,483	27,483
Basic County Allocation	435.561	-	1,213,257	-	1,213,257	1,213,257
Family Support	435.577	-	33,241	-	33,241	33,241
Base County Allocation - State Match	435.681	-	160,184	-	160,184	160,184
TPA CLTS DD Autism GPR	435.802	-	108,232	-	108,232	108,232
TPA CLTS DD Other GPR	435.805	-	85,562	-	85,562	85,562
TPA CLTS MH Autism GPR	435.808	-	28,098	-	28,098	28,098
TPA CLTS MH Other GPR	435.811	-	21,091	-	21,091	21,091
TPA CLTS MH Other GPR	435.817	-	22,250	-	22,250	22,250
Regional Crisis Grants	435.81075	-	82,016	-	82,016	82,016
MA Crisis Training - Nonfed	435.81079	-	16,797	-	16,797	16,797
CLTS DD AUT CWA ADMIN GPR	435.832	-	9,744	-	9,744	9,744
CLTS DD OTH CWA ADMIN GPR	435.835	-	6,406	-	6,406	6,406
CLTS MH AUT CWA ADMIN GPR	435.838	-	3,210	-	3,210	3,210
CLTS MH OTH CWA ADMIN GPR	435.841	-	1,235	-	1,235	1,235
CLTS MH OTH CWA ADMIN GPR	435.847	-	2,013	-	2,013	2,013
Benefit Specialist County	435.560320	(26,466)	50,542	4,139	28,215	28,215
Senior Community Svs Prog	435.560330	-	7,587	-	7,587	7,587
Elder Abuse Service	435.560490	-	21,768	-	21,768	21,768
Total Wisconsin Department of Health Services		(88,621)	2,787,017	25,030	2,723,426	2,723,426

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, 2012

Grantor Agency / Program Title	State ID Number	Revenues			Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
Wisconsin Department of Children and Families						
County Allocated Shared - W-2 Other Work Activities	437.215	\$ -	\$ 5,420	\$ -	\$ 5,420	\$ 5,420
County Allocated Shared - W-2 Retention & Life Skills Training	437.215	-	233	-	233	233
County Allocated Shared - W-2 SSI/SSDI Advocacy	437.215	-	289	-	289	289
County Allocated Shared - TANF Eligibility	437.215	-	2,202	-	2,202	2,202
County Allocated Shared - EA Eligibility	437.215	-	2,444	-	2,444	2,444
County Allocated Shared - Refugee	437.215	-	4,678	-	4,678	4,678
W-2 Other work activities	437.215	-	1,572	-	1,572	1,572
W-2 Retention and Advancement Services	437.215	-	70	-	70	70
W-2 Emergency Ass't	437.215	-	5,485	-	5,485	5,485
Job Access Loan Rpmt - Cash	437.223	-	(448)	-	(448)	(448)
AFDC Agency Collection Take Back	437.238	-	(110)	-	(110)	(110)
AFDC Agency Incentive	437.238	-	28	-	28	28
County Allocated Shared - Children First	437.265	-	1,281	-	1,281	1,281
Food Stamp Agency Collections Take Back	437.267	-	(514)	-	(514)	(514)
Food Stamp Agency Collections Incentive	437.267	-	489	-	489	489
MA Agency Incentive	437.267	-	220	-	220	220
MA Agency Collection Take Back	437.267	-	(242)	-	(242)	(242)
Alternative Response Initiative	437.3312	-	15,625	-	15,625	15,625
AW DOJ Fingerprint Backgr	437.332	-	175	-	175	175
Basic County Allocation	437.3561	-	291,933	-	291,933	291,933
CS State GPR/PR Funding Allocation	437.7502	-	57,409	-	57,409	57,409
Total Wisconsin Department of Children and Families		-	388,239	-	388,239	388,239
Wisconsin Department of Justice						
Tribal Law Enforcement	455.277	-	24,824	-	24,824	24,824
Victim Witness Program	455.532	(12,689)	24,735	16,008	28,054	28,054
Total Wisconsin Department of Justice		(12,689)	49,559	16,008	52,878	52,878
Wisconsin Department of Military Affairs						
Emergency Planning Grant	465.337	-	9,075	9,074	18,149	18,149
Total Wisconsin Department of Military Affairs		-	9,075	9,074	18,149	18,149
Wisconsin Department of Administration						
Utility Public Benefits - Low Income Assistance	505.371	(8,092)	61,524	-	53,432	53,432
Total Wisconsin Department of Administration		(8,092)	61,524	-	53,432	53,432

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, 2012

Grantor Agency / Program Title	State ID Number	Revenues			Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
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
TOTAL STATE PROGRAMS		<u>\$ (191,995)</u>	<u>\$ 4,358,512</u>	<u>\$ 188,818</u>	<u>\$ 4,355,335</u>	<u>\$ 4,355,335</u>

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, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "schedule") includes the federal and state grant activity of Sauk County under programs of the federal and state government for the year ended December 31, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of Sauk County, it is not intended to and does not present the financial position, changes in net position or cash flows of Sauk County.

The reporting entity for the 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 3 – CARS/CORE REPORT DATES

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

<u>Agency Number</u>	<u>Date</u>
56-110	May 1, 2013
56-130	May 1, 2013

The Schedule of Expenditures of Federal and State Awards includes adjustments through the December 31, 2012 CORE report.

SAUK COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

NOTE 4 – PASS-THROUGH GRANTORS

Federal funds have been passed through the following grantors:

- DOJ – Wisconsin Department of Justice
- DOT – Wisconsin of Transportation
- DOA – Wisconsin Department of Administration
- DHS – Wisconsin Department of Health Services
- DCF – Wisconsin Department of Children and Families
- GWAAR – Greater Wisconsin Agency on Aging Resources
- DOMA – Department of Military Affairs

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

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? yes X none reported

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

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

10.557	Special Supplemental Food Program for Women, Infants, and Children
11.307	Economic Adjustment Assistance
14.228	Community Development Block Grant/State's Program
93.563	Child Support Enforcement

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, 2012

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

FEDERAL OR STATE AWARDS (cont.)

Identification of major state programs:

State Number	Name of State Program
395.101	Elderly and Handicapped County Aids
437.215	W-2
435.561/681 and 437.3561	Basic County Allocation
435.283/284	Income Maintenance

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

FINDING 12-1: INTERNAL CONTROL ENVIRONMENT

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
- > 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 enforce strong password rules for their computer systems

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.

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

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

FINDING 12-1: INTERNAL CONTROL ENVIRONMENT (cont.)

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 continues to refine its documentation of internal controls, both county-wide and specific to individual departments. This includes working with each department to define and emphasize the importance of internal controls, as well as adjusting 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.

A number of improvements over the controls in the listed transactions continue to be made.

- > Increased emphasis on invoice approval by departmental managers or authorized staff persons.
- > GASB No. 34 conversion entries and supporting documentation are prepared by the county accounting manager and reviewed and approved by the county controller.
- > Client-prepared annual financial statements, including fund financial statements and government-wide statements are prepared by the county accounting manager and reviewed and approved by the county controller.
- > A password policy is enforced on all systems except email. The county has strong passwords for all administrative and privileged accounts.

SECTION III – FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS

FINDING 12-2

CFDA Nos.	11.307 Economic Adjustment Assistance 14.228 Community Development Block Grant/State's Program 93.563 Child Support Enforcement
State ID No.	395.101 – Elderly and Handicapped County Aids
Federal Agencies	Department of Commerce Department of Housing and Urban Development Department of Health and Human Services
State Agency	Wisconsin Department of Transportation
Pass Through Agencies	Wisconsin Department of Administration (14.228) Wisconsin Department of Children and Families (93.563)

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 within the financial reporting system, or directly on the invoice.

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

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

FINDING 12-2 (cont.)

Condition: For Child Support Enforcement, of the 40 invoices tested, 31 did not have any documentation that they had been reviewed and approved. For CDBG/State's Program, 5 out of the 40 invoices tested did not have documentation of review or approval. For Economic Adjustment Assistance, all 4 invoices tested did not have any documentation of review or approval. For Elderly and Handicapped County Aids, 34 of the 40 invoices tested did not have any documentation of review and approval.

Questioned Costs: None

Cause: The county personnel did not document the review and approval.

Effect: Errors or unallowable costs may be reported within the 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: Sauk County is committed to releasing payment only for necessary and appropriate expenditures without errors. All invoice payments are initiated by department staff who can attest that the goods or services were received, and that payment is necessary and appropriate. Entry of invoices into the financial system for payment is made only by staff with authority to approve payment. All checks are processed after review by Accounting department staff. Invoice review and approval is occurring, and documentation of that approval will be enhanced.

FINDING 12-3

CFDA No. 93.563 Child Support Enforcement

Federal Agency Department of Health and Human Services

Pass Through Agency Wisconsin Department of Children and Families

Criteria: According to the Wisconsin Department of Health Services Allowable Cost Policy Manual, expenditures should be reported in the program year in which they were incurred.

Condition: During our testing of program expenditures, we noted an expenditure for \$708 that was incurred in December 2011, but was reported in CORE in April 2012. We tested a total of 40 expenditures under the program.

Questioned Costs: None

Cause: Unknown

Effect: The expenditure was reported in the wrong fiscal year and month in CORE.

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

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

FINDING 12-3 (cont.)

Recommendation: We recommend the county review expenditures to ensure they are properly recorded in the appropriate accounting period.

Management's Response: Sauk County makes every attempt to promptly process payments and record expenditures to the appropriate year and period. The invoice in question likely arrived late from the vendor from whom the service was purchased. It was paid when received, but would have been deemed an immaterial amount to merit efforts to revise prior year grant reporting to the State, as well as revise the nearly complete audit work and audit reporting to the State. The expenditure was allowable for the child support enforcement program in both 2011 and 2012.

FINDING 12-4

CFDA No.	14.228 Community Development Block Grant/State's Program
Federal Agency	Department of Housing and Urban Development
Pass Through Agency	Wisconsin Department of Administration
Award Numbers	EAP 08-06 and H 10-13

Criteria: OMB Common Rule A-102 requires that Federal agencies, or their subgrantees, shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. Agencies, or subgrantees, shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order.

Condition: Out of the four vendors tested, there was no evidence that two vendors had been compared to the List of Parties Excluded from Federal Procurement or Nonpronouncement.

Questioned Costs: None.

Cause: The county did not document the use of List of Parties Excluded from Federal Procurement.

Effect: The county may have used a vendor that was suspended or debarred.

Recommendation: We recommend that the county establish procedures to document the use of List of Parties Excluded from the Federal Procurement to assure that they do not award assistance to listed parties. We also recommend that management should periodically review contracting files to ensure compliance with policies and Federal requirements.

Management's Response: Sauk County has placed emphasis on retaining evidence that the verification of suspension and debarment has been made. Further, the County has instituted a procedure by which all new vendors, particularly those involved in Federal and State programs, are verified for suspension and debarment compliance. No excluded vendors were used with the programs noted here.

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

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

FINDING 12-5

CFDA No.	14.228 Community Development Block Grant/State's Program
Federal Agency	Department of Housing and Urban Development
Pass Through Agency	Wisconsin Department of Administration
Award Numbers	EAP 08-06 and H 10-13

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

Condition: For the EAP grant, the reimbursement requests and quarterly accomplishments and financial reports are not being reviewed by an individual other than the original preparer before they are submitted to the granting agency. For the housing rehabilitation grant, earmarking calculations and quarterly accomplishments and financial reports that are prepared by the County's contracted third party administrator are not being reviewed by County personnel before they are submitted to the granting agency.

Questioned Costs: None.

Cause: The county did not identify an individual who is responsible for reviewing reimbursement requests, earmarking calculations, or quarterly reports before they are submitted.

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

Recommendation: We recommend that an employee other than the preparer review all reimbursement requests, earmarking calculations, and quarterly reports before they are submitted to grantors.

Management's Response: Sauk County wishes to eliminate any possible errors in reporting. Increased emphasis is being placed on secondary review of all grant-related documents sent to granting agencies. Further, evidence of these reviews is also being emphasized. County staff have worked closely with grantor staff prior to and after submission, and there are no questioned costs or errors noted.

Sauk County undertook a selection process using a State-provided procurement process prior to contracting with a competent firm to administer the EAP program. This firm has worked extensively with this program for other units of government and maintains a strong working relationship with State staff. While many submissions to the State were reviewed by the County prior to submission, such as requests for reimbursement, not all earmarking calculations were reviewed. All submissions were received by the State without exception, and no errors were noted. The County and the third-party administrator will work more closely together to ensure future submissions have secondary County review prior to submission.

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

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

FINDING 12-6

State ID No. 115.40 Land and Water Resource Management

State Agency Wisconsin Department of Agriculture, Trade and Consumer Protection

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: We followed up on this 2011 finding. 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 still not independently reviewed by anyone other than the preparer.

Questioned Costs: None

Cause: Unknown

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: Sauk County wishes to eliminate any possible errors in reporting. Increased emphasis is being placed on secondary review of all grant-related documents sent to granting agencies. Further, evidence of these reviews is also being emphasized. County staff have worked closely with grantor staff prior to and after submission, and there are no questioned costs or errors noted.

SAUK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

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> </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> X </u> yes	<u> </u> no
Department of Administration	<u> X </u> yes	<u> </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> </u> yes	<u> X </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, CPA, Partner

5. Date of report September 30, 2013