

**SAUK COUNTY**

Baraboo, Wisconsin

**REPORT ON FEDERAL AND  
STATE AWARDS**

For the Year Ended December 31, 2006

# SAUK COUNTY

## TABLE OF CONTENTS For the Year Ended December 31, 2006

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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	1 – 2
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Guidelines and the Schedule of Expenditures of Federal and State Awards	3 – 5
Schedule of Expenditures of Federal and State Awards	6 – 13
Notes to Schedule of Expenditures of Federal and State Awards	14 – 16
Schedule of Findings and Questioned Costs	17 – 21



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, 2006, which collectively comprise Sauk County's basic financial statements and have issued our report thereon dated September 6, 2007. Our report was modified to include 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 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 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 the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

To the County Board of Supervisors  
Sauk County

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

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

#### ***Compliance and Other Matters***

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

We noted certain matters that we reported to management of Sauk County in a separate letter dated September 6, 2007.

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 it.

This report is intended solely for the information and use of Sauk County's management, others within the entity, federal and state awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Virchow, Krause & Company, LLP*

Madison, Wisconsin  
September 6, 2007



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

To the County Board of Supervisors  
Sauk County  
Baraboo, Wisconsin

**Compliance**

We have audited the compliance of Sauk County, Wisconsin with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that are applicable to each of its major federal and major state programs for the year ended December 31, 2006. 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 \$1,222,866 of federal and state awards which are not included in the schedule of expenditures of federal and state awards for the year ended December 31, 2006. 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.

To the County Board of Supervisors  
Sauk County

In our opinion, Sauk County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and major state programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements 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 06-3, 06-4, and 06-5.

### ***Internal Control Over Compliance***

The 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 requirements that could have a direct and material effect on a major federal or major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiencies, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 06-2 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 06-2 to be a material weakness.

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, 2006, which collectively comprise Sauk County's basic financial statements and have issued our report thereon dated September 6, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Sauk County's basic financial statements. Our report was modified to include a reference to other auditors who audited the financial statements of the Sauk County Housing Authority, a component unit of Sauk County. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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 it.

This report is intended solely for the information and use of Sauk County's management, others within the entity, federal and state awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Virchow, Kraus & Company, LLP*

Madison, Wisconsin  
September 12, 2007, except for the schedule of  
expenditures of federal and state awards, as to  
which the date is September 6, 2007

**SAUK COUNTY**

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

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Revenues			Total Revenues	Expend- itures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
<b>FEDERAL PROGRAMS</b>						
<b>U. S. Department of Agriculture</b>						
Passed through Wisconsin Department of Health and Family Services Special Supplemental Food Program for Women, Infants, and Children	10.557	\$ -	\$ 176,122	\$ -	\$ 176,122	\$ 176,122
State Administration Matching Grants for Food Stamp Program	10.561	-	120,279	-	120,279	120,279
WIC Farmers' Market Nutrition Program	10.572	-	184	-	184	184
Passed through Wisconsin Department of Workforce Development State Administration Matching Grants for Food Stamp Program	10.561	-	13,624	-	13,624	13,624
Total U.S. Department of Agriculture		-	310,209	-	310,209	310,209
<b>U.S. Department of Justice</b>						
Passed Through Wisconsin Department of Administration - Office of Justice Assistance Drug Control and System Improvement Formula Grant	16.579	-	22,684	-	22,684	22,684
Byrne Formula Grant	16.579	(3,372)	3,372	1,420	1,420	1,420
Cease Grant	16.595	-	500	-	500	500
Total U.S. Department of Justice		(3,372)	26,556	1,420	24,604	24,604
<b>U.S. Department of Transportation</b>						
Passed Through Wisconsin Department of Transportation State and Community Highway Safety: Speedwave	20.600	-	20,876	-	20,876	20,876
<b>U.S. Department of Treasury</b>						
Direct Assistance Federal Drug Forfeitures	21.xxx	-	65,094	-	65,094	65,094

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, 2006

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Revenues			Total Revenues	Expend- itures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
<b>FEDERAL PROGRAMS (cont.)</b>						
<b>Federal Emergency Management Agency</b>						
Passed Through Wisconsin Department of Military Affairs						
Civil Defense - State and Local Emergency Management Assistance	83.503	\$ -	\$ 19,055	\$ -	\$ 19,055	\$ 19,055
<b>U.S. Department of Education</b>						
Passed Through Wisconsin Department of Health and Family Services						
Birth to Three	84.181	-	63,661	-	63,661	63,661
<b>U.S. Environmental Protection Agency</b>						
Passed through Wisconsin Department of Health and Family Services						
Indoor Radon Contract Service	66.032	-	12,640	-	12,640	12,640
<b>U. S. Department of Health and Human Services</b>						
Passed through Wisconsin Department of Health and Family Services						
Childhood Lead Poisoning Prevention Projects - State and Local						
Childhood Lead Poisoning Prevention and Surveillance of Blood Lead	93.197	-	1,736	-	1,736	1,736
Immunization Grants	93.268	-	15,952	-	15,952	15,952
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	-	283,506	-	283,506	283,506
Family Preservation - Support	93.556	-	54,116	-	54,116	54,116
Block Grants for Temporary Assistance for Needy Families	93.558	-	129,289	-	129,289	129,289
Chafee Education and Training Vouchers Program	93.599	-	1,018	-	1,018	1,018
Child Welfare Service Grants - State Grants	93.645	-	33,258	-	33,258	33,258
Foster Care - Title IV-E	93.658	-	312,592	-	312,592	312,592
Social Services Block Grant	93.667	-	257,955	-	257,955	257,955
Chafee Foster Care Independent Living	93.674	-	14,727	-	14,727	14,727

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, 2006

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Revenues			Total Revenues	Expend- itures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
<b>FEDERAL PROGRAMS (cont.)</b>						
<b>U. S. Department of Health and Human Services (cont.)</b>						
Passed through Wisconsin Department of Health and Family Services (cont.)						
State Children's Insurance Program	93.767	\$ -	\$ 26,255	\$ -	\$ 26,255	\$ 26,255
Medical Assistance Program	93.778	-	5,228,148	-	5,228,148	5,228,148
Community Services Deficit Reduction Benefit	93.778	-	-	398,493	398,493	398,493
Wisconsin Medicaid Cost Reporting	93.778	(211,985)	211,985	501,832	501,832	501,832
Block Grants for Community Mental Health Services	93.958	-	57,761	-	57,761	57,761
Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	84,808	-	84,808	84,808
Preventive Health and Health Services Block Grant	93.991	-	19,826	-	19,826	19,826
Maternal and Child Health Services Block Grant	93.994	-	27,923	-	27,923	27,923
Passed Through Age Advantage, Inc.						
Special Programs for the Aging						
Title III, Part F - Preventive Health	93.043	-	4,514	400	4,914	4,914
Title III, Part B - Grants for Supportive Services	93.044	-	50,889	8,509	59,398	59,398
Title III, Part C-1 - Congregate Meals	93.045	(8,225)	77,457	-	69,232	69,232
Title III, Part C-2 - Home Meals	93.045	(3,678)	32,523	-	28,845	28,845
T3 National Family Caregiver Support Program	93.052	(3,693)	20,779	7,420	24,506	24,506
NISP (USDA) Cash	93.053	-	37,066	3,407	40,473	40,473
State Pharmaceutical Assistance Programs	93.786	(1,597)	12,567	1,731	12,701	12,701
Passed Through Wisconsin Department of Workforce Development						
Block Grants for Temporary Assistance for Needy Families						
Child Support Enforcement - Medical Support Liability Incentive Even FFY	93.558	-	65,068	-	65,068	65,068
Child Support Enforcement - Medical Support Liability Incentive Odd FFY	93.563	-	36,630	-	36,630	36,630
Child Support Enforcement - Medical Support Liability Incentive Odd FFY	93.563	-	13,524	-	13,524	13,524
Child Support Enforcement - Indirect Cost 66% Federal Share	93.563	-	81,896	-	81,896	81,896
Child Support Enforcement - Lab Exp 90% Federal Share	93.563	-	5,858	-	5,858	5,858
Child Support Enforcement - All Other Exp 66% Federal Share	93.563	-	477,815	-	477,815	477,815
Child Support Enforcement - Fees 66% Federal Share	93.563	-	(9,685)	-	(9,685)	(9,685)
Child Support Enforcement - Lab Fees 90% Federal Share	93.563	-	(6,771)	-	(6,771)	(6,771)

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, 2006

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Revenues			Total Revenues	Expend- itures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
<b>FEDERAL PROGRAMS (cont.)</b>						
<b>U. S. Department of Health and Human Services (cont.)</b>						
Passed Through Wisconsin Department of Workforce Development (cont.)						
Child Support Enforcement - Performance Based	93.563	\$ -	\$ 104,467	\$ -	\$ 104,467	\$ 104,467
Child Support Enforcement - Non IV-D Activities	93.563	-	1,638	-	1,638	1,638
Child Support Enforcement - FPLS Fees	93.563	-	(1,480)	-	(1,480)	(1,480)
Child Support Enforcement - Medical Support Liability Adjustment	93.563	-	16,043	-	16,043	16,043
Child Support Enforcement - Spec Improvement Fund 34%	93.563	-	11,130	-	11,130	11,130
Child Care Payments	93.596	-	79,297	-	79,297	79,297
Medical Assistance Program	93.778	-	1,828	-	1,828	1,828
Passed Through Wisconsin Department of Administration						
Low Income Home Energy Assistance Block Grant	93.568	-	144,005	-	144,005	144,005
Passed Through Wisconsin Department of Corrections						
Child Welfare Services Grant - State Grants	93.645	-	3,351	-	3,351	3,351
Foster Care Title - IV-E	93.658	-	3,352	-	3,352	3,352
Total U.S. Department of Health and Human Services		<u>(229,178)</u>	<u>8,024,616</u>	<u>921,792</u>	<u>8,717,230</u>	<u>8,717,230</u>
<b>U.S. Department of Homeland Security</b>						
Passed Through Wisconsin Department of Administration - Office of Justice Assistance						
State Domestic Preparedness Equipment Support Program	97.004	-	148,500	-	148,500	148,500
Homeland Security Grant	97.067	-	37,676	-	37,676	37,676
Buffer Zone Protection Plan Grant	97.078	-	49,957	-	49,957	49,957
Total U.S. Department of Homeland Security		-	<u>236,133</u>	-	<u>236,133</u>	<u>236,133</u>
<b>TOTAL FEDERAL PROGRAMS</b>		<u>\$(232,550)</u>	<u>\$ 8,778,840</u>	<u>\$ 923,212</u>	<u>\$ 9,469,502</u>	<u>\$ 9,469,502</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, 2006

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues			Total Revenues	Expend- itures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
<b>STATE PROGRAMS</b>						
<b>Wisconsin Department of Agriculture, Trade and Consumer Protection</b>						
District Fairs	115.050	\$ -	\$ 2,466	\$ -	\$ 2,466	\$ 2,466
County Staff and Support	115.150	(155,447)	166,439	-	10,992	10,992
Land and Water Resource Management	115.400	(121,945)	121,945	60,671	60,671	60,671
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection		(277,392)	290,850	60,671	74,129	74,129
<b>Wisconsin Department of Natural Resources</b>						
Stewardship 2000	370.421	-	452,970	-	452,970	452,970
Non-Point Source Grants	370.516	-	95,264	102,002	197,266	197,266
Urban Non-Point Source Grants	370.519	-	4,000	-	4,000	4,000
Boating Enforcement Aids	370.550	-	8,982	-	8,982	8,982
Wildlife Damage Claims	370.553	-	4,463	-	4,463	4,463
Recreational Aids - Snowmobile Trail and Area	370.574	-	45,715	-	45,715	45,715
Total Wisconsin Department of Natural Resources		-	611,394	102,002	713,396	713,396
<b>Wisconsin Department of Transportation</b>						
Elderly and Handicapped County Aids	395.101	-	115,839	-	115,839	115,839
<b>Wisconsin Department of Corrections</b>						
Youth Aids	410.313	-	216,732	-	216,732	216,732
<b>Wisconsin Department of Health and Family Services</b>						
Funeral/Cemetery W-2 & Non W-2	435.105	-	74,038	-	74,038	74,038
Medicaid Transportation	435.131	-	51,322	-	51,322	51,322
MA Transportation Administration	435.132	-	6,383	-	6,383	6,383
PF Non Fed Program Revenue	435.200	-	(1,409)	-	(1,409)	(1,409)
IMAA State Share	435.283	-	231,128	-	231,128	231,128
IMAA Federal Share	435.284	-	3,643	-	3,643	3,643

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, 2006

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues			Total Revenues	Expend- itures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
<b>STATE PROGRAMS (cont.)</b>						
<b>Wisconsin Department of Health and Family Services (cont.)</b>						
Medicaid Subrogation Collection	435.291	\$ -	\$ (17,669)	\$ -	\$ (17,669)	\$ (17,669)
COP-W GPR	435.338	-	383,391	-	383,391	383,391
Children and Family Services Incentive	435.342	-	160,064	-	160,064	160,064
CIP II Non Federal	435.348	-	568,852	-	568,852	568,852
Foster Care Continuation	435.365	-	31,705	-	31,705	31,705
Community Options Program	435.367	-	317,857	-	317,857	317,857
Kinship Care Base Benefit	435.377	-	94,045	-	94,045	94,045
Kinship Care Assessments	435.380	-	7,163	-	7,163	7,163
Alzheimers Family Support	435.381	-	19,547	-	19,547	19,547
Temporary Family Care COP W Non Federal	435.392	-	7,664	-	7,664	7,664
CLTS GPR	435.450	-	128,040	-	128,040	128,040
CLTS MH Non Federal	435.451	-	2,800	-	2,800	2,800
CLTS Non Federal Other	435.460	-	11,280	-	11,280	11,280
Brain Injury Waiver	435.506	-	186,335	-	186,335	186,335
CCS/CSP Start-Up	435.511	-	40,000	-	40,000	40,000
Non-Resident Reimbursement	435.531	-	2,773	-	2,773	2,773
Birth to Three Initiative	435.550	-	74,193	-	74,193	74,193
Basic County Allocation	435.561	-	1,385,807	-	1,385,807	1,385,807
CIP 1B	435.564	-	549,026	-	549,026	549,026
Family Support	435.577	-	46,635	-	46,635	46,635
CIP 1A	435.580	-	214,736	-	214,736	214,736
Base County Allocation - State Match	435.681	-	247,289	-	247,289	247,289
Program Integrity	435.750	-	9,121	-	9,121	9,121
Voluntary Medical Refunds	435.909	-	(1,096)	-	(1,096)	(1,096)
Health Check/Other Services Administration	435.966	-	2,126	-	2,126	2,126
Health Check/Other Services Part	435.967	-	30,363	-	30,363	30,363
General Relief Block Grant	435.990	-	4,703	-	4,703	4,703
CYSHCN Nutrition Network GPR	435.110130	-	3,000	-	3,000	3,000
Limited Agent Pilot	435.124000	-	41,723	-	41,723	41,723
WIC Farmers Market Grant	435.154720	-	1,621	-	1,621	1,621
Cons Contracts Lead Poisoning	435.157720	-	13,358	-	13,358	13,358
TPCP - WI Wins Enforcement	435.158116	-	1,016	-	1,016	1,016
TPCP - Com Interventions - LHD	435.158125	-	33,293	-	33,293	33,293

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, 2006

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues			Total Revenues	Expend- itures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
<b>STATE PROGRAMS (cont.)</b>						
<b>Wisconsin Department of Health and Family Services (cont.)</b>						
TPCP - WI Wins	435.158127	\$ -	\$ 11,430	\$ -	\$ 11,430	\$ 11,430
Cons Contracts Maternal and Child Health Services	435.159320	-	1,655	-	1,655	1,655
CARS Adjustments	N/A	-	(891,562)	-	(891,562)	(891,562)
Passed Through Age Advantage						
Area Agency on Aging:						
Elderly Benefit Spec County	435.560320	-	25,562	2,653	28,215	28,215
Senior Community Svs Programs	435.560330	-	7,366	611	7,977	7,977
Title3C-1 Cong Meal Program	435.560350	(7,878)	74,271	-	66,393	66,393
Title3C-2 Home Meals	435.560360	(38)	4,920	-	4,882	4,882
Elderly Abuse Service	435.560490	(21,988)	-	21,988	-	-
Total State of Wisconsin Department of Health and Family Services		(29,904)	4,199,508	25,252	4,194,856	4,194,856
<b>Wisconsin Department of Workforce Development</b>						
CS Non-IV-D Activities	445.301	-	844	-	844	844
W-2 Administration	445.315	-	568	-	568	568
W-2 Other Work Activities	445.315	-	13,622	-	13,622	13,622
W-2 Education	445.315	-	2,847	-	2,847	2,847
W-2 Job Skills Training	445.315	-	3,681	-	3,681	3,681
W-2 Retention & Advancement Services	445.315	-	1,853	-	1,853	1,853
Children First	445.315	-	9,900	-	9,900	9,900
County Allocated Shared - All	445.315	-	44,128	-	44,128	44,128
Job Access Loans	445.323	-	(150)	-	(150)	(150)
W-2 Jobs Access Loans	445.323	-	781	-	781	781
Child Support Enforcement - Vital Rec Fees 34% Share	445.334	-	(258)	-	(258)	(258)
Child Support Enforcement - Unemployment Insurance Fees 34%	445.334	-	(124)	-	(124)	(124)
W-2 FSET Admin/Program	445.367	-	6,586	-	6,586	6,586
W-2 FSET - Particip Support	445.367	-	1,517	-	1,517	1,517
FSET Supplement for Program Administration	445.367	-	4,920	-	4,920	4,920
County Allocated Shared - All	445.367	-	601	-	601	601
W-2 Emergency Assistance	445.375	-	1,040	-	1,040	1,040
Total Wisconsin Department of Workforce Development		-	92,356	-	92,356	92,356

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, 2006

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues			Total Revenues	Expend- itures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
<b>STATE PROGRAMS (cont.)</b>						
<b>Wisconsin Department of Justice</b>						
Tribal law enforcement	455.227	\$ -	\$ 53,321	\$ -	\$ 53,321	\$ 53,321
Reimbursement for Victim and Witness Assistance Program	455.503	(22,930)	45,772	18,142	40,984	40,984
Total Wisconsin Department of Justice		(22,930)	99,093	18,142	94,305	94,305
<b>Wisconsin Department of Military Affairs</b>						
Emergency Planning Grant	465.337	-	17,160	-	17,160	17,160
<b>Wisconsin Department of Veterans Affairs</b>						
County Veterans Service Officer	485.001	-	18,349	-	18,349	18,349
<b>Wisconsin Department of Administration</b>						
Public Benefits	505.371	-	25,513	-	25,513	25,513
Digital Recording of Custodial Interrogations	505.636	-	2,932	-	2,932	2,932
Office of Justice Assistance						
Edward Byrne Memorial State and Local Law Enforcement Assistance Program	505.646	-	6,027	-	6,027	6,027
Total Wisconsin Department of Administration		-	34,472	-	34,472	34,472
<b>TOTAL STATE PROGRAMS</b>		\$ (330,226)	\$ 5,695,753	\$ 206,067	\$ 5,571,594	\$ 5,571,594

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, 2006

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### NOTE 1 – REPORTING ENTITY

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The Schedule of Expenditures of Federal and State Awards includes all of the funds 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 its 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*.

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### NOTE 2 – BASIS OF PRESENTATION

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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*.

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### NOTE 3 – DIRECT PAYMENTS – STATE OF WISCONSIN

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Direct payments to individuals from the State of Wisconsin on behalf of Sauk County for the year ended December 31, 2006 include:

<u>Program</u>	<u>CFDA No.</u>	<u>Unaudited Amount</u>
Food stamps	10.551	\$ 2,415,391
W-2 benefits	93.558	<u>82,857</u>
Total		<u>\$ 2,498,248</u>

## SAUK COUNTY

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

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#### **NOTE 4 – DIRECT PAYMENTS – WISCONSIN MEDICAL ASSISTANCE**

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The county received the following payments from Wisconsin Medical Assistance for the year ended December 31, 2006:

<u>County Department</u>	<u>Provider Account Number</u>	<u>Unaudited Amount</u>
Sauk County Public Health Nursing	41520200	\$ 157,866
Sauk County Health Care Center	20132500	2,976,487
Sauk County Human Services	43078900	180,332
Sauk County Human Services	43170100	168,242
Sauk County Human Services	43421900	<u>486,260</u>
Total		<u>\$ 3,969,187</u>

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#### **NOTE 5 – CARS-CORE REPORT DATES**

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The Schedule of Expenditures of Federal and State Awards includes adjustments through the following Community Aids Reporting System (CARS) reports as well as through the Contract Balance Report (CORE) as of December 31, 2006:

<u>Agency Number</u>	<u>Date</u>
56-034	5/01/07
56-037	5/01/07

The schedule of expenditures of federal and state awards includes adjustments through the December 31, 2006 CORE report.

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#### **NOTE 6 – SPECIALIZED TRANSPORTATION ASSISTANCE MATCH**

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Sauk County has complied with the 20% match requirement of the Specialized Transportation Assistance Program – Elderly & Handicapped Aids (State ID No. 395.101). Total allowable expenditures were \$207,585.

## SAUK COUNTY

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

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#### NOTE 7 – FEDERAL PROGRAM CLUSTERS

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

<u>CFDA No.</u>	<u>Aging Cluster</u>	<u>Expenditures</u>
93.044	Title III, Part B – Grants for Supportive Services	\$ 59,398
93.045	Title III, Part C – Nutrition Services	98,077
93.053	Nutrition Services Incentive	<u>40,473</u>
	Total	<u>\$ 197,948</u>
 <u>Homeland Security Cluster</u>		
97.004	State Domestic Preparedness Equipment Support Program	\$ 148,500
97.067	Homeland Security Grant Program	<u>37,676</u>
	Total	<u>\$ 186,176</u>



# SAUK COUNTY

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

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

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Identification of major state programs:

<u>State No.</u>	<u>Name of State Program</u>
395.101	Elderly and Handicapped Transportation
435.348/338	CIP II/COP W
435.367	Community Options Program
435.450/451/460	CLTS
435.506	Brain Injury Waiver
435.580/564	CIP 1A/CIP 1B
435.681	Basic county Allocation State Match
435.342	Children and Family Services Incentive
435.283/284	Income Maintenance Available Allocation

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

<u>CFDA No.</u>	<u>Name of Federal Program</u>
93.778	Wisconsin Medicaid Cost Reporting/CSDRB
93.778	Personal Care

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### SECTION II – FINANCIAL STATEMENT FINDINGS

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#### ***FINDING 06-1: INTERNAL CONTROL DOCUMENTATION AND FINANCIAL REPORTING***

**Criteria:** Statement on Auditing Standards (SAS) No. 112 requires us to report a material weakness if any of these three factors are relevant for Sauk County: 1) Sauk County does not have complete documentation of its system of internal control; 2) Material journal entries are detected as part of the financial audit, or; 3) The auditor prepares the annual financial statements and footnotes.

**Condition:** Sauk County does not have complete documentation of its system of internal controls. In addition, material journal entries were discovered during the course of the audit and we, as your auditors, made material changes to the county's financial statements.

**Effect:** Without complete internal control documentation it is possible that material errors (audit adjustments) could be reported in the financial statements without being detected. In addition, the financial statements need to contain all of the required disclosures and account balances without material changes made by your auditors.

**Questioned Costs:** None

**Recommendation:** We recommend that the county begin to complete documentation of its internal controls over all significant, financially-related areas during 2007.

**Management Response:** The County will prepare complete documentation of its system of internal controls.

## SAUK COUNTY

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

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

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##### **FINDING 06-2: SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

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

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

**Condition:** Sauk County provides a portion of the information for the schedule of expenditures of federal and state awards. However, we, as your auditors, prepared the schedule of expenditures of federal and state awards.

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

**Questioned Costs:** None

**Recommendation:** We recommend that county staff accumulate all of the information required to be included in the schedule of expenditures of federal and state awards and reconcile the revenue and expenditure information to its general ledger for all programs. The schedule of expenditures of federal and state awards should be prepared by the county.

**Management's Response:** The County will consider preparing the schedule of expenditures of federal and state awards for 2007.

##### **FINDING 06-3: CIP 1B PROGRAM**

**Criteria:** Program requirements as identified in the *State Single Audit Guidelines* require that costs are appropriately reported on the HSRS.

**Condition:** Of the seventeen invoices tested, two invoices did not agree to what was reported on HSRS. One invoice in the amount of \$225 was not reported to HSRS and another invoice for the amount of \$1,408 was reported to HSRS for the amount of \$1,544.

**Effect:** The county may receive excess funds or receive less funds than they are entitled to as program costs may be over- or understated.

**Questioned Costs:** Total net questioned costs were a negative \$89 (\$136 over reported and \$225 under reported). We tested \$20,201 of the \$1,092,217 reported for the CIP 1, B1W, and CLTS programs. This results in a net (\$4,812) of projected questioned costs for this program cluster.

**Recommendation:** We recommend the county closely monitor and verify amounts being reported to HSRS.

**Management's Response:** The County will closely monitor and verify amounts being reported to HSRS. The County will reconcile invoices to the HSRS system periodically and prior to final HSRS reporting to ensure accuracy.

## SAUK COUNTY

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

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

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##### ***FINDING 06-4: CIP 1B PROGRAM***

**Criteria:** Program requirements as identified in the *State Single Audit Guidelines* require that, when applicable, the county must maintain a fiscal record and system that is able to track and document that the participant has paid the appropriate cost share and that it is applied toward waiver services.

**Condition:** Of the seventeen files we tested, one file showed the client's cost share amount was not applied to his individual service plan or the HSRs report.

**Effect:** The county may receive excess funds from the state for client services.

**Questioned Costs:** The cost share of the individual tested was \$8.11 a month. This results in total questioned costs of \$97.32 (\$8.11 x 12 months).

**Recommendation:** We recommend that the county monitor which participants are required to pay a cost share and ensure that the cost share is applied toward waiver services.

**Management's Response:** The County will monitor which participants are required to pay a cost share and ensure that the cost share is applied toward waiver services. The County will reconcile to the HSRs system periodically and prior to final HSRs reporting to ensure accuracy.

##### ***FINDING 06-5: DEPARTMENT OF HEALTH AND FAMILY SERVICES GENERAL REQUIREMENTS***

**Criteria:** Wisconsin Section 46.036(4)(c) requires providers to submit audits to the county. For the county's 2006 single audit, the following report has not been received or reviewed:

Double R and Associates

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

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

**Questioned Costs:** None.

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

**Management's Response:** The County will send reminder letters to the providers so all audit reports are received within 180 days of their fiscal year end. The County will review all audit reports as soon as they are submitted and follow-up on any finding/questioned costs on a timely basis.

# SAUK COUNTY

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

### SECTION IV – OTHER ISSUES

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? \_\_\_\_\_ Yes      X   No

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Agriculture, Trade, and Consumer Protection	_____	Yes	<u>  X  </u>	No
Department of Natural Resources	_____	Yes	<u>  X  </u>	No
Department of Transportation	_____	Yes	<u>  X  </u>	No
Department of Corrections	_____	Yes	<u>  X  </u>	No
Department of Health and Family Services	<u>  X  </u>	Yes	_____	No
Department of Workforce Development	_____	Yes	<u>  X  </u>	No
Department of Justice	_____	Yes	<u>  X  </u>	No
Department of Military Affairs	_____	Yes	<u>  X  </u>	No
Department of Veterans Affairs	_____	Yes	<u>  X  </u>	No
Department of Administration	_____	Yes	<u>  X  </u>	No

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

4. Name and signature of partner Thomas A. Scheidegger, CPA, Partner  


5. Date of report September 12, 2007