

# **SAUK COUNTY**

Baraboo, Wisconsin

## **REPORT ON FEDERAL AND STATE AWARDS**

For the Year Ended December 31, 2013

# 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, each major fund, and the aggregate remaining fund information of Sauk County, Wisconsin as of and for the year ended December 31, 2013, 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 27, 2014.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered Sauk County's internal control over financial reporting (internal control) 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. This significant deficiency is item 2013-001.

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 Verchow Krause, CPA*

Madison, Wisconsin  
June 27, 2014



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, 2013. 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.

***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, 2013.

### ***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 and a significant deficiency.

*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 2013-003, 2013-004 and 2013-005 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-002 to be a significant deficiency.

### ***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, each major fund, and the aggregate remaining fund information of Sauk County, Wisconsin as of and for the year ended December 31, 2013, and the related notes to financial statements, which collectively comprise Sauk County's basic financial statements. We issued our report thereon dated June 27, 2014, 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. 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 Veichow Krause, CPA*

Madison, Wisconsin  
September 16, 2014

**SAUK COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2013

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Pass 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		\$ -	\$ 290,582	\$ -	\$ 290,582	290,582	
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS		-	159,836	-	159,836	159,836	
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DCF		-	919	-	919	919	
Total 10.561				-	160,755	-	160,755	160,755	
Total U.S. Department of Agriculture				-	451,337	-	451,337	451,337	
U.S. Department of Commerce									
Economic Adjustment Assistance	11.307	N/A		(695,657)	695,657	-	-	-	
Total U.S. Department of Commerce				(695,657)	695,657	-	-	-	
U.S. Department of Housing and Urban Development									
Community Development Block Grant/State's Program	14.228	DOA	08-06	(234,416)	274,396	258,008	297,988	297,988	
Community Development Block Grant/State's Program	14.228	DOA	10-13	(52,496)	52,496	-	-	-	
Total U.S. Department of Housing and Urban Development				(286,912)	326,892	258,008	297,988	297,988	
U.S. Department of Justice									
Internet Crimes Against Children	16.543	DOJ		1,500	-	-	1,500	1,500	
ARRA-Eward Byrne Memorial Justice Assistance Grant (JAG)	16.804	DOJ		-	1,018	-	1,018	1,018	
Total U.S. Department of Justice				1,500	1,018	-	2,518	2,518	
U.S. Department of Transportation									
Formula Grants for Rural Areas	20.509	DOT		(13,236)	133,984		120,748	120,748	
State and Community Highway Safety	20.600	DOT		-	58,367	-	58,367	58,367	
Total U.S. Department of Transportation				(13,236)	192,351	-	179,115	179,115	
U.S. Department of Treasury									
Federal Drug Forfeitures	21.XXX	N/A		-	51,528	-	51,528	51,528	
Total U.S. Department of Treasury				-	51,528	-	51,528	51,528	
U.S. Department of Education									
Special Education - Grants for Infants and Families	84.181	DHS		-	61,561	-	61,561	61,561	
Total U.S. Department of Education				-	61,561	-	61,561	61,561	

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, 2013

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Pass Through Agency ID	Revenues			Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
<b>FEDERAL PROGRAMS (cont.)</b>								
<b>U.S. Environmental Protection Agency</b>								
State Indoor Radon Grants	66.032	DHS		\$ -	\$ 9,176	\$ -	\$ 9,176	\$ 9,176
Total U.S. Environmental Protection Agency				-	9,176	-	9,176	9,176
<b>U. S. Department of Health and Human Services</b>								
Title III, Part F - Preventive Health Aging Cluster	93.043	GWAAR		(441)	5,087	229	4,875	4,875
Title III, Part B - Grants for Supportive Services	93.044	GWAAR		(5,242)	64,592	2,942	62,292	62,292
Title III, Part C - Nutrition Services	93.045	GWAAR		(12,285)	90,951	31,985	110,651	110,651
Nutrition Services Incentive Program	93.053	GWAAR		-	23,556	(782)	22,774	22,774
Total Aging Cluster				(17,527)	179,099	34,145	195,717	195,717
Title III, Part E - National Family Caregiver Support	93.052	GWAAR		(2,599)	23,478	10,668	31,547	31,547
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	DHS		-	54,319	-	54,319	54,319
Immunization Grants	93.268	DHS		-	15,514	-	15,514	15,514
Promoting Safe and Stable Families	93.556	DCF		-	42,827	-	42,827	42,827
Block Grants for Temporary Assistance for Needy Families	93.558	DHS		-	115,598	-	115,598	115,598
Block Grants for Temporary Assistance for Needy Families	93.558	DCF		-	144,639	-	144,639	144,639
Total 93.558				-	260,237	-	260,237	260,237
Family Support Payments to States - Assistance Payments	93.560	DCF		-	(154)	-	(154)	(154)
Child Support Enforcement	93.563	DCF		-	754,773	-	754,773	754,773
Low Income Home Energy Assistance Block Grant	93.568	DOA		(26,098)	74,842	32,367	81,111	81,111
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF		-	133,846	-	133,846	133,846
Chafee Education and Training Vouchers Program	93.599	DCF		-	680	-	680	680
Child Welfare Service Grants - State Grants	93.645	DCF		(1,037)	7,308	(329)	5,942	5,942
Child Welfare Service Grants - State Grants	93.645	DCF		-	29,520	-	29,520	29,520
Total 93.645				(1,037)	36,828	(329)	35,462	35,462
Foster Care - Title IV-E	93.658	DCF		(1,659)	11,066	(493)	8,914	8,914
Foster Care - Title IV-E	93.658	DCF		-	197,317	-	197,317	197,317
Total 93.658				(1,659)	208,383	(493)	206,231	206,231
Social Services Block Grant	93.667	DHS		-	194,926	-	194,926	194,926
Social Services Block Grant	93.667	GWAAR		-	4,057	980	5,037	5,037
Social Services Block Grant	93.667	DCF		-	80,794	-	80,794	80,794
Total 93.667				-	279,777	980	280,757	280,757

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, 2013

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Pass Through Agency ID	Revenues			Total Revenues	Expenditures
				(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>								
Chafee Foster Care Independence Program	93.674	DCF		\$ -	\$ 18,403	\$ -	\$ 18,403	\$ 18,403
Children's Health Insurance Program	93.767	DHS		-	23,505	-	23,505	23,505
Medical Assistance Program	93.778	DHS		-	222,077	-	222,077	222,077
Medical Assistance Program	93.778	DCF		-	345,708	-	345,708	345,708
Medical Assistance Program - WIMCR	93.778	DHS		(326,021)	841,478	-	515,457	515,457
Medical Assistance Program State Pharmaceutical Assistance Program (Fed Match)	93.778	GWAAR		-	6,779	-	6,779	6,779
Medical Assistance Program Federal Match EBS	93.778	GWAAR		(6,681)	25,757	9,139	28,215	28,215
Total 93.778				(332,702)	1,441,799	9,139	1,118,236	1,118,236
Centers for Medicare and Medicaid Services Research	93.779	GWAAR		(1,807)	(95)	3,451	1,549	1,549
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
Preventative Health and Health Services Block Grant	93.991	DHS		-	12,410	-	12,410	12,410
Maternal and Child Health Services Block Grant	93.994	DHS		-	22,744	-	22,744	22,744
Total U.S. Department of Health and Human Services				(383,870)	3,687,932	90,157	3,394,219	3,394,219
<b>U. S. Department of Homeland Security</b>								
Disaster Assistance - Public Assistance	97.036	DOMA		-	53,795	-	53,795	53,795
Total U.S. Department of Homeland Security				-	53,795	-	53,795	53,795
<b>TOTAL FEDERAL PROGRAMS</b>				<u>\$ (1,378,175)</u>	<u>\$ 5,531,247</u>	<u>\$ 348,165</u>	<u>\$ 4,501,237</u>	<u>\$ 4,501,237</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, 2013

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	\$ -	\$ 5,330	\$ -	\$ 5,330	\$ 5,330
County Staff and Support	115.150	-	121,270	-	121,270	121,270
Land and Water Resource Management	115.400	(26,523)	57,740	-	31,217	31,217
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection		(26,523)	184,340	-	157,817	157,817
Wisconsin Department of Natural Resources						
Boating Enforcement Aids	370.550	-	14,081	-	14,081	14,081
Wildlife Damage Claims	370.553	(5,819)	5,819	6,457	6,457	6,457
County Conservation Aids	370.563	-	7,446	-	7,446	7,446
Forest Crop/Managed Forest	370.566	-	19,862	-	19,862	19,862
Pollution Control	370.517	-	5,602	-	5,602	5,602
Recreational Aids - Snowmobile Trail and Area	370.485	-	52,975	-	52,975	52,975
Total Wisconsin Department of Natural Resources		(5,819)	105,785	6,457	106,423	106,423
Wisconsin Department of Transportation						
Elderly and Handicapped County Aids	395.101	-	149,607	-	149,607	149,607
Total Wisconsin Department of Transportation		-	149,607	-	149,607	149,607
Wisconsin Department of Corrections						
Community Intervention	410.302	(5,348)	13,266	17,104	25,022	25,022
Youth Aids	410.313	(101,016)	712,451	(32,051)	579,384	579,384
Total Wisconsin Department of Corrections		(106,364)	725,717	(14,947)	604,406	604,406

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, 2013

Grantor Agency / Program Title	State ID Number	Revenues				Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
STATE PROGRAMS (cont.)						
Wisconsin Department of Health Services						
FSET Admin GPR/Fed Base	435.231	\$ -	\$ 14,356	\$ -	\$ 14,356	\$ 14,356
FSET Admin GPR/Fed Base	435.233	-	1,770	-	1,770	1,770
FSET Retent GPR/Fed Base	435.235	-	63	-	63	63
IMAA State Share	435.283	-	309,392	-	309,392	309,392
Medicaid Subrogation Collection	435.291	-	(7,362)	-	(7,362)	(7,362)
IMAA State Share Supp	435.292	-	21,468	-	21,468	21,468
IMAA Federal Share Supp	435.293	-	180	-	180	180
Adult Protective Services	435.312	-	46,441	-	46,441	46,441
Community Options Program	435.367	-	141,842	-	141,842	141,842
Alzheimer's Family Support	435.381	-	13,678	-	13,678	13,678
Certified Mental Health Program	435.517	-	30,603	-	30,603	30,603
Non-Resident Reimbursement	435.531	-	20,099	-	20,099	20,099
Birth to Three Initiative	435.550	-	60,415	-	60,415	60,415
Basic County Allocation	435.561	-	1,152,340	-	1,152,340	1,152,340
Family Support	435.577	-	46,519	-	46,519	46,519
Base County Allocation - State Match	435.681	-	160,135	-	160,135	160,135
TPA CLTS DD Autism GPR	435.802	-	75,520	-	75,520	75,520
TPA CLTS DD Other GPR	435.805	-	105,127	-	105,127	105,127
TPA CLTS MH Autism GPR	435.808	-	29,796	-	29,796	29,796
TPA CLTS MH Other GPR	435.811	-	9,485	-	9,485	9,485
TPA CLTS MH Other GPR	435.817	-	16,912	-	16,912	16,912
CLTS DD AUT CWA ADMIN GPR	435.832	-	11,521	-	11,521	11,521
CLTS DD OTH CWA ADMIN GPR	435.835	-	6,406	-	6,406	6,406
CLTS MH AUT CWA ADMIN GPR	435.838	-	5,310	-	5,310	5,310
CLTS MH OTH CWA ADMIN GPR	435.841	-	7,118	-	7,118	7,118
CLTS MH OTH CWA ADMIN GPR	435.847	-	5,702	-	5,702	5,702
Limited Agent Program	435.124000	-	70,436	-	70,436	70,436
Birth Defects/CYSHCN Proj	435.154790	-	2,000	-	2,000	2,000
Cons Contracts CHHD LD	435.157720	-	13,642	-	13,642	13,642

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, 2013

Grantor Agency / Program Title	State ID Number	Revenues			Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
STATE PROGRAMS (cont.)						
Wisconsin Department of Health Services (cont.)						
WIC Farmers Market Grant	435.154720	\$ -	\$ 1,805	\$ -	\$ 1,805	\$ 1,805
Cons Contracts MCH	435.159320	-	1,383	-	1,383	1,383
Title 3C-1 Cong Meal Program	435.560350	(12,938)	66,452	24,266	77,780	77,780
Title 3C-2 Home Meals	435.560360	(7,953)	11,977	1,288	5,312	5,312
Regional Crisis Grants	435.81075	-	70,907	-	70,907	70,907
MA Crisis Training - Nonfed	435.81079	-	11,835	-	11,835	11,835
Benefit Specialist County	435.560320	(4,139)	15,745	16,609	28,215	28,215
Elder Benefit Specialist Office of the Commissioner of Insurance Replacement	435.560327	-	6,779	-	6,779	6,779
Senior Community Services Program	435.560330	-	7,587	-	7,587	7,587
Elder Abuse	435.607	-	10,877	-	10,877	10,877
Total Wisconsin Department of Health Services		(25,030)	2,576,260	42,163	2,593,393	2,593,393
Wisconsin Department of Children and Families						
AFDC Agency Collection Take Back	437.238	-	(121)	-	(121)	(121)
Food Stamp Agency Collections Take Back	437.267	-	(1,112)	-	(1,112)	(1,112)
Food Stamp Agency Collections Incentive	437.267	-	2,031	-	2,031	2,031
MA Agency Incentive	437.267	-	723	-	723	723
MA Agency Collection Take Back	437.267	-	(840)	-	(840)	(840)
Adam Walsh Foster/Adoptive Parent Fingerprinting	437.332	-	101	-	101	101
Basic County Allocation	437.3561	-	292,053	-	292,053	292,053
F State/ County Match	437.3681	-	51,477	-	51,477	51,477
CS State APR/PR Funding Allocation	437.7502	-	57,569	-	57,569	57,569
Total Wisconsin Department of Children and Families		-	401,881	-	401,881	401,881
Wisconsin Department of Justice						
Tribal Law Enforcement	455.277	-	26,188	-	26,188	26,188
Victim Witness Program	455.532	(16,008)	31,578	26,272	41,842	41,842
Total Wisconsin Department of Justice		(16,008)	57,766	26,272	68,030	68,030

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, 2013

Grantor Agency / Program Title	State ID Number	Revenues			Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
STATE PROGRAMS (cont.)						
Wisconsin Department of Military Affairs						
Emergency Planning Grant	465.337	\$ (9,074)	\$ 17,901	\$ 8,827	\$ 17,654	\$ 17,654
Total Wisconsin Department of Military Affairs		(9,074)	17,901	8,827	17,654	17,654
Wisconsin Department of Administration						
Utility Public Benefits - Low Income Assistance	505.371	-	47,030	-	47,030	47,030
Total Wisconsin Department of Administration		-	47,030	-	47,030	47,030
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		\$ (188,818)	\$ 4,277,787	\$ 68,772	\$ 4,157,741	\$ 4,157,741

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, 2013

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#### NOTE 1 – BASIS OF PRESENTATION

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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 governments for the year ended December 31, 2013. 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.

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#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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.

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#### NOTE 3 – 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:

<u>Agency Number</u>	<u>Date</u>
56-310	May 1, 2014
56-330	May 1, 2014

The Schedule of Expenditures of Federal and State Awards includes adjustments through the December 31, 2013 CORE report.

## SAUK COUNTY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2013

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#### **NOTE 4 – PASS-THROUGH GRANTORS**

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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, 2013

#### SECTION I – SUMMARY OF AUDITORS' RESULTS

##### FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

       yes   X   no

##### FEDERAL OR STATE AWARDS

Internal control over major programs:

- |   | <u>Federal Programs</u> |                             | <u>State Programs</u> |                            |
|---|-------------------------|-----------------------------|-----------------------|----------------------------|
| > Material weakness(es) identified?       | <u>  X  </u> yes        | <u>      </u> no            | <u>      </u> yes     | <u>  X  </u> no            |
| > Significant deficiency(ies) identified? | <u>  X  </u> yes        | <u>      </u> none reported | <u>  X  </u> yes      | <u>  X  </u> none reported |

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

Unmodified

Unmodified

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

  X   yes        no

Auditee qualified as low-risk auditee?

<u>Federal Programs</u>		<u>State Programs</u>	
<u>      </u> yes	<u>  X  </u> no	<u>      </u> yes	<u>  X  </u> no

Identification of major federal programs:

##### CFDA Numbers

##### Name of Federal Program

14.228  
93.558  
93.563  
93.778

Community Development Block Grant/State's Program  
Block Grants for Temporary Assistance for Needy Families  
Child Support Enforcement  
Medical Assistance Program

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

<u>Federal</u>	<u>State</u>
<u>\$300,000</u>	<u>\$100,000</u>

## SAUK COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2013

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

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##### **FEDERAL OR STATE AWARDS** (cont.)

Identification of major state programs:

State Number	Name of State Program
395.101	Elderly and Handicapped County Aids
410.313	Youth Aids
435.561/681 and 437.3561	Basic County Allocation
435.283/292/293	Income Maintenance
435.802/805/808/811/817/832/ 835/838/841/847	Children's Long-Term Support Waivers
437.7502	CS State GPR/PR Funding Allocation

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

CFDA Numbers	Name of Federal Program or Cluster
93.778	Medical Assistance Program/Wisconsin Medicaid Cost Reporting

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

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##### **FINDING 2013-001: 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
- > Journal entries and supporting documentation should be reviewed and approved by an appropriate person who is not the original preparer
- > The county should enforce strong password rules for their computer systems
- > Formal change management procedures and forms should be in place for all program changes, system changes, and maintenance, and all forms should remain on file throughout the systems life
- > Computer access and segregation of duties conflicts should be reviewed once a year by management to ensure users do not have access beyond their job responsibilities
- > The operating system, database, and applications should be monitored by security administrators to monitor any security violations and procedures should be established to resolve or escalate any security violations



## SAUK COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2013

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

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##### **FINDING 2013-001: INTERNAL CONTROL ENVIRONMENT** (cont.)

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

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

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

**Management's Response:** Sauk County 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.

- > Continued emphasis on invoice approval by departmental managers or authorized staff persons.
- > Journal entries and supporting documentation are prepared by accounting staff and reviewed and approved by an additional accounting staff.
- > A password policy is enforced on all systems. All mission critical and confidential systems employed by Sauk County currently enforce complex passwords and require periodic changes. Some non-critical systems do not currently enforce strong passwords or require changes. MIS will implement and enforce strong passwords, requiring periodic change, on all systems by January 2015.
- > MIS will implement a change request form to authorize all manually installed, major upgrades to be used in conjunction with this documentation.
- > To ensure access review, MIS will investigate the possibility of implementing tools to assist in reporting out system access rights for individual users and begin developing an access management and reporting process around such tools.
- > Security monitoring and incident response procedures are currently being implemented by MIS and should be in place by the end of 2014.

## SAUK COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2013

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#### SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

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##### ***FINDING 2013-002***

<b>CFDA No./Program Title</b>	93.563 Child Support Enforcement
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass Through Agency</b>	Wisconsin Department of Children and Families
<b>State ID Nos./Program Titles</b>	437.7502 – CS State GPR/PR Funding Allocation 395.101 – Elderly and Handicapped County Aids
<b>State Agencies</b>	Wisconsin Department of Children and Families Wisconsin Department of Transportation

**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.

**Condition:** For Child Support Enforcement, of the 10 invoices tested, 3 did not have any documentation that they had been reviewed and approved. For Elderly and Handicapped County Aids, 2 of the 12 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 payment is 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 access and 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 continue to be emphasized.

## SAUK COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2013

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

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##### ***FINDING 2013-003***

<b>CFDA No./Program Title</b>	14.228 Community Development Block Grant/State's Program
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass Through Agency</b>	Wisconsin Department of Administration
<b>Award Number</b>	EAP 08-06

**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 verifying that an entity with which they are planning to enter into a covered transaction and any of its principals is not debarred, suspended, or otherwise excluded to assure that they do not award assistance to listed parties in violation of the Executive Order.

**Condition:** Out of the three vendors tested, there was no evidence that the county verified two vendors were not on the debarred and suspended vendor list found at [www.sam.gov](http://www.sam.gov).

**Questioned Costs:** None.

**Cause:** Documentation evidencing that the county verified that vendors were not suspended or debarred was not available.

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

**Recommendation:** We recommend that the county establish procedures and maintain documentation in each file to show that this process is being completed. 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, 2013

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

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##### ***FINDING 2013-004***

<b>CFDA No./Program Title</b>	14.228 Community Development Block Grant/State's Program
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass Through Agency</b>	Wisconsin Department of Administration
<b>Award Number</b>	EAP 08-06

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

**Condition:** The 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.

**Questioned Costs:** None.

**Cause:** The county did not identify an individual who is responsible for reviewing 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 the quarterly reports before they are submitted to grantors.

**Management's Response:** Sauk County is committed to ensuring accurate reporting. The county has increased emphasis on a secondary review of all grant-related documents sent to granting agencies. County staff has 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, 2013

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

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##### **FINDING 2013-005**

<b>State ID No./Program Title</b>	93.778 Medical Assistance Program/Wisconsin Medicaid Cost Reporting
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass Through Agency</b>	Wisconsin Department of Health Services

**Criteria:** The State Single Audit Guidelines require that local entities receiving state awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. The State Single Audit Guidelines further requires auditors to obtain an understanding of the local entity's internal control over state programs. To minimize the risk of errors, internal controls should be in place for all program compliance requirements, including the preparation and submission of monthly reports, which should be reviewed and approved by a responsible party other than the original preparer.

**Condition:** Wisconsin Medicaid cost reports were not reviewed by an individual other than the original preparer.

**Questioned Costs:** None

**Cause:** The county did not identify an individual who is responsible for reviewing the reports.

**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 reports.

**Management's Response:** Sauk County is committed to ensuring accurate reporting. The county will implement a process to formally document the review and approval of the cost report. There were no questioned costs or errors on the submitted reports.

## SAUK COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2013

#### SECTION IV – OTHER ISSUES

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

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

Department of Health Services	<u>  X  </u> yes	<u>      </u> no
Department of 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>      </u> yes	<u>  X  </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  
Thomas A. Scheidegger, CPA, Partner

5. Date of report September 16, 2014