

# **SAUK COUNTY**

Baraboo, Wisconsin

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

For the Year Ended December 31, 2010

# SAUK COUNTY

## TABLE OF CONTENTS December 31, 2010

---

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 That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Guidelines and the Schedule of Expenditures of Federal and State Awards	3 – 5
Schedule of Expenditures of Federal and State Awards	6 – 9
Notes to Schedule of Expenditures of Federal and State Awards	10 – 11
Schedule of Findings and Questioned Costs	12 – 16

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, 2010, which collectively comprise Sauk County's basic financial statements and have issued our report thereon dated July 26, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Sauk County Housing Authority, a component unit of Sauk County, as described in our report on Sauk County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting***

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

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

To the County Board of Supervisors  
Sauk County

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. This material weakness is item 10-1.

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. We consider item 10-2 described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

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

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

We noted certain matters that we reported to management of Sauk County in a separate letter dated July 26, 2011.

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 the board of supervisors, management, others within the entity, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Baker Silly Vichow Krause, CPA*

Madison, Wisconsin  
July 26, 2011

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

To the County Board of Supervisors  
Sauk County  
Baraboo, Wisconsin

***Compliance***

We have audited Sauk County, Wisconsin's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of Sauk County's major federal and major state programs for the year ended December 31, 2010. 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 \$1,338,262 in federal awards which are not included in the schedule of expenditures of federal and state awards for the year ended December 31, 2010. Our audit, described below, did not include the operations of the Sauk County Housing Authority because the component unit had a separate audit in accordance with OMB Circular A-133.

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

In our opinion, Sauk County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 or the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 10-3.

To the County Board of Supervisors  
Sauk County

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

Management of Sauk County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Sauk County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sauk County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### ***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, 2010, which collectively comprise Sauk County's basic financial statements and have issued our report thereon dated July 26, 2011. 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, as described in our report on Sauk County's financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information 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 the Sauk County's response and, accordingly, we express no opinion on it.

To the County Board of Supervisors  
Sauk County

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

*Baker Silly Vinchow Krause, UP*

Madison, Wisconsin

September 22, 2011 except for the schedule of  
expenditures of federal and state awards, as to  
which the date is July 26, 2011.



**SAUK COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2010

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Pass Through Agency ID Number	Revenues			Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
FEDERAL PROGRAMS								
U. S. Department of Agriculture								
State Administration Matching Grants for Food Stamp Program	10.561	DHS	N/A	\$ -	\$ 169,102	\$ -	\$ 169,102	\$ 169,102
State Administration Matching Grants for Food Stamp Program	10.561	DCF	N/A	-	270	-	270	270
Total Food Stamp Program				-	169,372	-	169,372	169,372
Total U.S. Department of Agriculture				-	169,372	-	169,372	169,372
U.S. Department of Housing and Urban Development								
Community Development Block Grant/State's Program	14.228	COMM	EAP 08-06	(326,525)	3,378,978	-	3,052,453	3,052,453
U.S. Department of Justice								
ARRA - Violence Against Women Formula Grants	16.588	DOA	N/A	-	16,131	13,543	29,674	29,674
CEASE	16.595	DOJ	N/A	-	3,297	-	3,297	3,297
Total U.S. Department of Justice				-	19,428	13,543	32,971	32,971
U.S. Department of Labor								
ARRA - WIA Dislocated Workers	17.260	DWD	N/A	-	423	-	423	423
U.S. Department of Transportation								
State and Community Highway Safety	20.600	DOT	N/A	-	49,987	-	49,987	49,987
U.S. Department of Treasury								
Federal Drug Forfeitures	21.XXX	N/A	N/A	-	41,445	-	41,445	41,445
U.S. Environmental Protection Agency								
ARRA - Water Quality Management Planning Grant	66.454	DNR	N/A	-	-	8,173	8,173	8,173
U.S. Department of Education								
Early Intervention Services (IDEA) Cluster								
Safe and Drug-Free Schools and Communities-National Program	84.181	DHS	N/A	-	62,711	-	62,711	62,711
ARRA - Early Intervention Program for Infants and Toddlers with Disabilities	84.393	DCF	N/A	-	23,331	-	23,331	23,331
Total U.S. Department of Education				-	86,042	-	86,042	86,042

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, 2010

Grantor Agency / Program Title	Federal CFDA Number	Pass Through Agency	Pass Through Agency ID Number	Revenues					Expenditures
				(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
<b>U. S. Department of Health and Human Services</b>									
Block Grants for Temporary Assistance for Needy Families	93.558	DHS	N/A	\$ -	\$ 138,562	\$ -	\$ 138,562	\$ 138,562	
Block Grants for Temporary Assistance for Needy Families	93.558	DCF	N/A	-	38,326	-	38,326	38,326	
Total Block Grants for Temporary Assistance for Needy Families				-	176,888	-	176,888	176,888	
Block Grants for Community Mental Health Services	93.958	DHS	N/A	-	17,541	-	17,541	17,541	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	N/A	-	117,836	-	117,836	117,836	
Social Services Block Grant	93.667	DHS	N/A	-	271,599	-	271,599	271,599	
Medical Assistance Program - WIMCR	93.778	DHS	N/A	-	493,912	-	493,912	493,912	
Medical Assistance Program	93.778	DHS	N/A	-	760,837	-	760,837	760,837	
Federal Match EBS	93.778	GWAAR	N/A	-	36,151	30,620	66,771	66,771	
Medical Assistance Program	93.778	DCF	N/A	-	125	-	125	125	
Total Medical Assistance Program				-	1,291,025	30,620	1,321,645	1,321,645	
Title III, Part F - Preventive Health Aging Cluster	93.043	GWAAR	N/A	(1,898)	5,580	1,174	4,856	4,856	
Title III, Part B - Grants for Supportive Services	93.044	GWAAR	N/A	-	54,892	6,706	61,598	61,598	
Title III, Part C - Nutrition Services	93.045	GWAAR	N/A	(8,142)	63,526	40,285	95,669	95,669	
Nutrition Services Incentive Program	93.053	GWAAR	N/A	(20,797)	39,743	23,214	42,160	42,160	
ARRA - Aging Home-Delivered Nutrition Services for States	93.705	GWAAR	N/A	-	6,216	-	6,216	6,216	
ARRA - Aging Congregate Nutrition Services for States	93.707	GWAAR	N/A	-	14,825	-	14,825	14,825	
Total Aging Cluster				(28,939)	179,202	70,205	220,468	220,468	
Title III, Part E - National Family Caregiver Support	93.052	GWAAR	N/A	(712)	25,512	2,593	27,393	27,393	
Medicare Enrollment Assistance Program	93.071	GWAAR	N/A	-	3,070	1,691	4,761	4,761	
Centers for Medicare and Medicaid Services Research	93.779	GWAAR	N/A	-	12,611	1,439	14,050	14,050	
Child Support Enforcement	93.563	DCF	N/A	-	495,665	-	495,665	495,665	
ARRA - Child Support Enforcement	93.563	DCF	N/A	-	378,730	-	378,730	378,730	
Total Child Support Enforcement				-	874,395	-	874,395	874,395	
Children's Health Insurance Program	93.767	DHS	N/A	-	17,810	-	17,810	17,810	
ARRA - Immunization Program and Vaccines for Children Grants	93.712	DHS	N/A	(1,454)	10,401	-	8,947	8,947	
Family Support Payments to States - Assistance Payments	93.560	DCF	N/A	-	(55)	-	(55)	(55)	
Refugee and Entrant Assistance - State Administered Programs	93.566	DCF	N/A	-	1,374	-	1,374	1,374	
Regional Training Facilities	93.588	DCF	N/A	-	(6)	-	(6)	(6)	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	N/A	-	170,266	-	170,266	170,266	
Child Welfare Service Grants - State Grants	93.645	DCF	N/A	-	4,277	-	4,277	4,277	
Foster Care - Title IV-E	93.658	DCF	N/A	-	6,177	-	6,177	6,177	
Low Income Home Energy Assistance Block Grant	93.568	DOA	N/A	(9,032)	104,798	5,658	101,424	101,424	
Total U.S. Department of Health and Human Services				(42,035)	3,290,301	113,380	3,361,646	3,361,646	
<b>U.S. Department of Homeland Security</b>									
Disaster Assistance - Public Assistance	97.036	DOMA	N/A	-	53,803	-	53,803	53,803	
Homeland Security Grant	97.067	DOA	07HS057494FE	-	113,573	-	113,573	113,573	
Total U.S. Department of Homeland Security				-	167,376	-	167,376	167,376	
<b>TOTAL FEDERAL PROGRAMS</b>				<b>\$(368,560)</b>	<b>\$ 7,203,353</b>	<b>\$ 135,096</b>	<b>\$ 6,969,889</b>	<b>\$ 6,969,889</b>	

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, 2010

Grantor Agency / Pass-Through 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						
Land and Water Resource Management	115.400	\$ (123,575)	\$ 123,575	\$ 64,293	\$ 64,293	\$ 64,293
Wisconsin Department of Natural Resources						
Recreational Aids - Snowmobile Trail and Area	370.485	-	50,475	-	50,475	50,475
Boating Enforcement Aids	370.550	-	11,050	-	11,050	11,050
Wildlife Damage Claims	370.553	-	7,581	-	7,581	7,581
Total Wisconsin Department of Natural Resources		-	69,106	-	69,106	69,106
Wisconsin Department of Transportation						
Elderly and Handicapped County Aids	395.101	-	150,434	-	150,434	150,434
Wisconsin Department of Corrections						
Youth Aids	410.313	-	464,710	-	464,710	464,710
Wisconsin Department of Health Services						
Funeral/Cemetery W-2 & Non W-2	435.105	-	75,049	-	75,049	75,049
Medicaid Transportation	435.131	-	96,918	-	96,918	96,918
MA Transportation Administration	435.132	-	12,192	-	12,192	12,192
FSET Admin GPR/Fed Base	435.231	-	11,607	-	11,607	11,607
FSET Admin GPR/Fed Base	435.233	-	3,026	-	3,026	3,026
FSET Retent GPR/Fed Base	435.235	-	393	-	393	393
IMAA State Share	435.283	-	213,289	-	213,289	213,289
IMAA Federal Share	435.284	-	13,849	-	13,849	13,849
Medicaid Subrogation Collection	435.291	-	(28,408)	-	(28,408)	(28,408)
Adult Protective Services	435.312	-	46,441	-	46,441	46,441
Community Options Program	435.367	-	170,767	-	170,767	170,767
Alzheimer's Family Support	435.381	-	9,285	-	9,285	9,285
CLTS DD Non-federal	435.450	-	140,893	-	140,893	140,893
CLTS MH Non Federal	435.451	-	19,643	-	19,643	19,643
CLTS Non Federal Other	435.460	-	51,708	-	51,708	51,708
CLTS MH Non Fed Other	435.461	-	24,724	-	24,724	24,724
CLTS PD Non Fed Other	435.462	-	13,536	-	13,536	13,536
Certified Mental Health Program	435.517	-	26,649	-	26,649	26,649
Non-Resident Reimbursement	435.531	-	1,089	-	1,089	1,089
Birth to Three Initiative	435.550	-	59,964	-	59,964	59,964
Basic County Allocation	435.561	-	1,006,631	-	1,006,631	1,006,631
Family Support	435.577	-	36,933	-	36,933	36,933
Base County Allocation - State Match	435.681	-	155,500	-	155,500	155,500
Regional Crisis Grants	435.811	-	55,368	-	55,368	55,368
MA Crisis Training - Nonfed	435.811	-	3,786	-	3,786	3,786
Passed Through Greater Wisconsin Area on Aging Resources Special Programs for the Aging:						
Senior Community Svs Prog	435.560330	(594)	6,716	1,270	7,392	7,392
Title 3C-1 Cong Meal Prog	435.560350	(4,143)	60,121	40,552	96,530	96,530
Title 3C-2 Home Meals	435.560360	(491)	3,349	2,092	4,950	4,950
FC Enrollment Counselor	435.560610	-	5,663	3,120	8,783	8,783
Total Wisconsin Department of Health Services		(5,228)	2,296,681	47,034	2,338,487	2,338,487

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, 2010

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues			Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
<b>Wisconsin Department of Children and Families</b>						
County Allocated Shared - W-2 Other Work Activities	437.215	\$ -	\$ 2,564	\$ -	\$ 2,564	\$ 2,564
County Allocated Shared - W-2 Parenting & Life Skills Training	437.215	-	954	-	954	954
County Allocated Shared - W-2 Retention & Life Skills Training	437.215	-	751	-	751	751
County Allocated Shared - W-2 SSI/SSDI Advocacy	437.215	-	942	-	942	942
County Allocated Shared - TANF Eligibility	437.215	-	9,254	-	9,254	9,254
County Allocated Shared - EA Eligibility	437.215	-	3,666	-	3,666	3,666
County Allocated Shared - Refugee	437.215	-	4,240	-	4,240	4,240
W-2 Other work activities	437.215	-	856	-	856	856
W-2 Retention and Advancement Services	437.215	-	234	-	234	234
W-2 Administration	437.215	-	93	-	93	93
W-2 Emergency Ass't	437.215	-	14,384	-	14,384	14,384
Job Access Loan Rpmt - Cash	437.223	-	(538)	-	(538)	(538)
AFDC Agency Collection Take Back	437.238	-	(97)	-	(97)	(97)
AFDC Agency Incentive	437.238	-	54	-	54	54
Children First	437.265	-	10	-	10	10
County Allocated Shared - Children First	437.265	-	16,634	-	16,634	16,634
Food Stamp Agency Collections Incentive	437.267	-	270	-	270	270
MA Agency Incentive	437.267	-	125	-	125	125
Total Wisconsin Department of Children and Families		-	54,392	-	54,392	54,392
<b>Wisconsin Department of Justice</b>						
Tribal Law Enforcement	455.277	-	28,442	-	28,442	28,442
Victim Witness Program	455.532	(21,080)	45,071	24,808	48,799	48,799
Total Wisconsin Department of Justice		(21,080)	73,513	24,808	77,241	77,241
<b>Wisconsin Department of Military Affairs</b>						
Public Safety - Emergency Government Disaster Assistance	465.305	-	1,488	-	1,488	1,488
Emergency Planning Grant	465.337	-	25,131	-	25,131	25,131
Total Wisconsin Department of Military Affairs		-	26,619	-	26,619	26,619
<b>Wisconsin Department of Veteran Affairs</b>						
County Veterans Service Officer	485.001	-	12,894	-	12,894	12,894
<b>Wisconsin Department of Administration</b>						
Land Information Board Grants	505.116	-	37,750	-	37,750	37,750
Utility Public Benefits - Low Income Assistance	505.371	-	64,497	-	64,497	64,497
Total Wisconsin Department of Administration		-	102,247	-	102,247	102,247
<b>TOTAL STATE PROGRAMS</b>		<b>\$ (149,883)</b>	<b>\$ 3,319,779</b>	<b>\$ 136,135</b>	<b>\$ 3,306,031</b>	<b>\$ 3,306,031</b>

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, 2010

---

#### NOTE 1 – REPORTING ENTITY

---

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

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

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

The schedule includes only those programs required to be included in accordance with the *State Single Audit Guidelines*.

---

#### NOTE 2 – BASIS OF PRESENTATION

---

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

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* and the *State Single Audit Guidelines*.

---

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

---

Direct payments to individuals from the State of Wisconsin on behalf of Sauk County for the year ended December 31, 2010 include:

<u>Program</u>	<u>CFDA No.</u>	<u>Unaudited Amount</u>
Food Stamp Program	10.561	\$ 7,918,230
W-2 Benefits	93.558	<u>92,811</u>
Total		<u>\$ 8,011,041</u>

## SAUK COUNTY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2010

---

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

---

The county received the following payments from Wisconsin Medical Assistance through EDS Federal Corporation in 2010:

<u>County Department</u>	<u>Provider No.</u>	<u>Unaudited Amount</u>
Sauk County Public Health Nursing	41520200	\$ 29,675
Sauk County Health Care Center	20132500	3,680,136
Sauk County Human Services	43078900	201,677
Sauk County Human Services	43170100	150,021
Sauk County Human Services	43421900	1,103,392
Total		<u>\$ 5,164,901</u>

---

#### NOTE 5 – CARS/CORE REPORT DATES

---

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

<u>Agency Number</u>	<u>Date</u>
56-034	May 1, 2011
56-037	May 1, 2011

The Schedule of Expenditures of Federal and State Awards includes adjustments through the December 31, 2010 CORE report.

## SAUK COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2010

---

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

---

##### *FINANCIAL STATEMENTS*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

       yes        X   no

##### *FEDERAL OR STATE AWARDS*

Internal control over major programs:

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

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

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

       yes        X   no

                     Federal Programs

                     State Programs

Auditee qualified as low-risk auditee?

       yes        X   no             yes        X   no

Identification of major federal programs:

CFDA Numbers

Name of Federal Program or Cluster

14.228	Community Development Block Grant/State's Program
93.563	Child Support Enforcement
93.563	ARRA Funds – Child Support Enforcement

                     Federal

                     State

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

                     \$300,000

                     \$100,000

## SAUK COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2010

---

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

---

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

Identification of major state programs:

State Number	Name of State Program
410.313	Youth Aids
435.367	Community Options Program
435.561	Basic County Allocation
435.681	Basic County Allocation/State Match
435.450/451/460/ 461/462	Community Long-Term Support Waivers

---

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

---

##### *FINDING 10-1: INTERNAL ACCOUNTING CONTROLS*

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

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

- > Approval of invoices
- > Health care receivables are reconciled at year end, but should be reconciled more frequently to ensure timely collections and make sure that receivables recorded are valid
- > All adjusting journal entries and supporting documentation should be reviewed and approved by an appropriate person who is not the original preparer
- > GASB No. 34 conversion entries and supporting documentation should be reviewed and approved by an appropriate person who is not the original preparer
- > Client-prepared annual financial statements, including fund financial statements and government-wide statements, should be reviewed by a responsible party that is not involved in the preparation of the financial statements
- > The county should have a process in place to track internal/external changes to the county's IT system
- > The county should enforce strong password rules for their computer systems
- > The county should have a policy to track access rights changes to the IT system
- > CARS/CORE reports and their reconciliation to the general ledger should be reviewed by someone other than the preparer



## SAUK COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2010

---

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

---

##### *FINDING 10-1: INTERNAL ACCOUNTING CONTROLS (cont.)*

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

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

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

##### *FINDING 10-2: INTERNAL CONTROL OVER FINANCIAL REPORTING*

**Criteria:** Statement on Auditing Standards (SAS) No. 115 requires us to report a significant deficiency when certain internal controls are not in place. Entities should have adequate internal controls in place to prepare an accurate schedule of expenditures of federal and state awards.

**Condition:** We, as your auditors, prepared the schedule of expenditures of federal and state awards.

**Effect:** The schedule of expenditures of federal and state awards is not available to the county until it is completed by the auditors.

**Recommendation:** We recommend that the county put in place procedures to prepare a complete and accurate schedule of expenditures of federal and state awards.

**Management's Response:** Sauk County is proud that no material journal entries or changes to the financial statements or footnotes were recommended by the auditors. We continue to strive to record all transactions appropriately, as well as prepare the resulting financial statements with a high degree of accuracy. Cross training of staff throughout the county departments, particularly in the Accounting Department, will emphasize review of each other's work. We will further consider the costs versus the benefits of county staff preparing the schedule of expenditures of federal and state awards.

## SAUK COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2010

---

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

---

##### *FINDING 10-3: DEPARTMENT OF HEALTH SERVICES GENERAL REQUIREMENTS*

**Criteria:** The DHS general requirements require the county to provide information on the nature of funding to its providers so that the provider can have the appropriate type of audit.

**Condition:** Contracts that the county entered into with certain providers did not contain language that would allow for the provider to determine the nature of funding sources (federal, state, local, mixture).

**Effect:** Subrecipients may not be aware of the audit requirements and required audits may not be performed.

**Questioned Costs:** None

**Recommendation:** We recommend that the county include language in its subrecipient contracts as to the nature of funding (federal, state, local, mixture) so that the provider can have the appropriate type of audit.

**Management's Response:** This information was incorporated in contracts entered in late 2010, as well as all 2011 contracts.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2010

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
---	-----	---	----

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

- |   |   |     |    |
|---|---|-----|----|
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | X | yes | no |
|---|---|-----|----|

- Thomas A. Scheidegger  
Thomas A. Scheidegger, CPA Partner

- Page 16