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LINCOLN COUNTY, WISCONSIN
FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE REPORT
DECEMBER 31, 2006

LINCOLN COUNTY, WISCONSIN

December 31, 2006

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL AND STATE PROGRAM, INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES AND THE SCHEDULES
OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

To the County Board
Lincoln County
Merrill, Wisconsin

Compliance

We have audited the compliance of Lincoln 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* issued by the Wisconsin Department of Administration that are applicable to each of its major federal and state programs for the year ended December 31, 2006. Lincoln County, Wisconsin's major federal and 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 state programs is the responsibility of Lincoln County, Wisconsin's management. Our responsibility is to express an opinion on Lincoln County, Wisconsin's compliance based on our audit.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, guidelines and OMB Circular A-133 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 and state program occurred. An audit includes examining, on a test basis, evidence about Lincoln County, Wisconsin'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 Lincoln County, Wisconsin's compliance with those requirements.

As described in item 2006-01 in the accompanying schedule of findings and questioned costs, Lincoln County, Wisconsin did not comply with the requirement regarding allowable costs that is applicable to the medical assistance program. Compliance with such requirement is necessary, in our opinion, for Lincoln County, Wisconsin to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Lincoln County, Wisconsin complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2006.



Internal Control Over Compliance

The management of Lincoln County, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Lincoln County, Wisconsin's internal control over compliance with the requirements that could have a direct and material effect on a major federal and 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 the Lincoln County, Wisconsin's internal control over compliance.

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 and state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal and state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal and state program that is more than inconsequential will not be prevented or detected by the Lincoln County, Wisconsin's internal control.

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 and state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined above.

Schedule of Expenditure of Federal Awards and State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, Wisconsin as of and for the year ended December 31, 2006, and have issued our report thereon dated July 20, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Lincoln County, Wisconsin's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of state financial assistance 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.

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

This report is intended solely for the information and use of the County Board, management, others within the entity, and 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.



Certified Public Accountants
Green Bay, Wisconsin
July 20, 2007

LINCOLN COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	Federal CFDA Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/13/2006	Total Revenue	Total Expenditures
U.S. Department of Justice						
Wisconsin Department of Justice						
Byrne Grant Funds	16.579	\$ 1,838	\$ 1,838	\$ 1,046	\$ 1,046	\$ 1,046
CEASE		-	400	-	400	400
Total U.S. Department of Administration		<u>1,838</u>	<u>2,238</u>	<u>1,046</u>	<u>1,446</u>	<u>1,446</u>
U.S. Department of the Interior						
Save America's Treasures	15.929	-	-	62,077	62,077	62,077
U.S. Department of Agriculture						
Wisconsin Department of Health and Family Services						
Food stamps	10.561	-	74,725	7,955	82,680	82,680
U.S. Department of Housing and Urban Development						
Wisconsin Department of Commerce						
Community Development Block Grant	14.228	-	204,000	-	204,000	204,000
U.S. Department of Transportation						
Wisconsin Department of Natural Resources						
National Recreation Trails	20.219	-	5,350	-	5,350	5,350
Wisconsin Department of Transportation						
Highway Safety	20.600	-	5,985	-	5,985	5,985
Total U.S. Department of Transportation		-	<u>11,335</u>	-	<u>11,335</u>	<u>11,335</u>
Environmental Protection Agency						
Wisconsin Department of Health and Family Services						
Indoor Radon	66.032	-	1,500	(5)	1,495	1,495

(Continued)

LINCOLN COUNTY, WISCONSIN
 Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	Federal CFDA Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/13/2006	Total Revenue	Total Expenditures
U.S. Department of Homeland Security						
Wisconsin Department of Military Affairs						
Homeland Security Grant	97.067	-	-	17,039	17,039	17,039
Emergency Management Performance Grant	97.042	9,087	14,908	20,966	26,787	26,787
Pre-Disaster Mitigation Grant	97.044	-	11,719	-	11,719	11,719
Total Federal Emergency Management Assistance		<u>9,087</u>	<u>26,627</u>	<u>38,005</u>	<u>55,545</u>	<u>55,545</u>
U. S. Department of Education						
Wisconsin Department of Health and Family Services						
Birth to Three Initiative	84.181	-	33,330	-	33,330	33,330
U.S. Department of Health and Human Services						
Wisconsin Department of Health and Family Services						
Aging-Title III-D	93.043	-	2,582	877	3,459	3,459
Aging-Title III-B	93.044	-	27,461	13,704	41,165	41,165
Aging-Title III-C	93.045	-	29,008	50,895	79,903	79,903
Aging-Title III-E	93.052	-	18,056	1,262	19,318	19,318
Aging-Nutrition Services Incentive Program	93.053	-	24,091	-	24,091	24,091
Childhood Immunization Grants	93.268	-	15,826	-	15,826	15,826
CDC Investigations and Technical Assistance	93.283	-	37,035	-	37,035	37,035
Family Preservation and Support Services	93.556	-	46,155	181	46,336	46,336
Medical Assistance Program	93.558	-	46,541	423	46,964	46,964
Child Welfare Services	93.645	-	11,972	109	12,081	12,081
Foster Care (Title IV-E)	93.658	-	98,021	891	98,912	98,912
Social Services Block Grant	93.667	-	92,858	844	93,702	93,702
Safe and Stable Families	93.669	-	13	-	13	13
Youth Independent Living II	93.674	-	3,023	(3,023)	-	-
Children's Insurance Program	93.767	-	18,843	2,063	20,906	20,906

(Continued)

LINCOLN COUNTY, WISCONSIN
 Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	Federal CFDA Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/31/2006	Total Revenue	Total Expenditures
U.S. Department of Health and Human Services (Continued)						
Wisconsin Department of Health and Family Services (Continued)						
Medical Assistance	93.778	-	3,222,000	160,834	3,382,834	3,382,834
Social and Community Services		-	876	-	876	876
Public Health		-	634	150	784	784
State Pharmaceutical Assistance Programs	93.786	-	5,395	-	5,395	5,395
Preventive Health and Social Services Block Grant	93.991	-	11,961	-	11,961	11,961
Maternal and Child Health Social Services Block Grant	93.994	-				
Wisconsin Department of Workforce Development		-	221,901	23,107	245,008	245,008
Child Support Enforcement (Title IV-D)	93.563	-	36,862	-	36,862	36,862
Child Care Development Fund	93.596	-				
Wisconsin Department of Administration		8,806	26,827	6,950	24,971	24,971
Low-income Home Energy Assistance	93.568					
Wisconsin State Elections Board		-	-	130,870	130,870	130,870
Voting Access for Individuals with Disabilities	93.617	-				
Wisconsin Department of Corrections						
Child Welfare Services	93.645	(1,447)	5,339	(130)	6,656	6,656
Foster Care (Title IV-E)	93.658	(1,447)	5,339	(130)	6,656	6,656
Total U.S. Department of Health and Human Services		5,912	4,008,619	389,877	4,392,584	4,392,584
TOTAL FEDERAL AWARDS		<u>\$ 16,837</u>	<u>\$ 4,362,374</u>	<u>\$ 498,955</u>	<u>\$ 4,844,492</u>	<u>\$ 4,844,492</u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

LINCOLN COUNTY, WISCONSIN
Schedule of State Financial Assistance
For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	State ID Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/31/2006	Total Revenue	Total Expenditures
Department of Agriculture, Trade and Consumer Protection						
Soil and Conservation Project Aids	115.15	\$ 30,936	\$ 87,469	\$ 55,229	\$ 111,762	\$ 111,762
Basic Annual Staffing	115.40	81,949	128,249	-	46,300	46,300
LWRM Plan Implementation						
Total Department of Agriculture, Trade and Consumer Protection		112,885	215,718	55,229	158,062	158,062
Department of Corrections						
Community Youth & Family Aids	410.313	(93,568)	345,228	(8,356)	430,440	430,440
Department of Commerce						
Wisconsin Fund Private Sewage System Replacement or Rehabilitation Grant Program	143.110	-	68,697	-	68,697	68,697
Department of Natural Resources						
Recreational Aids-Snowmobile Trail and Area Aid	370.574 & 370.575	15,881 (40,972)	17,520 92,133	- (2,400) (66,653)	1,639 130,705 8,205	1,639 130,705 8,205
Local Park Aids Stewardship Grant	370.421	(89,425)	-	(62,452)	26,973	26,973
S-ADLP2-881 New Wood River Acquisition		-	-	601	601	601
S-ADLP2-824 Prairie River Dells		-	13,415	-	13,415	13,415
S-ADLP2-921 Tug Lake County Park	370.572	-	70,348	(19,219)	51,129	51,129
Sustainable Forestry Grant	370.553					
Wildlife Damage Claims and Abatement		20,323	20,323	-	-	-
2005			22,244	8,779	31,023	31,023
2006						
Resource Aids-County Conservation Aids	370.563	-	-	209	209	209
2006						

(Continued)

LINCOLN COUNTY, WISCONSIN
 Schedule of State Financial Assistance (Continued)
 For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	State ID Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/31/2006	Total Revenue	Total Expenditures
Department of Natural Resources (Continued)						
All-Terrain Vehicle (ATV) Program						
2004-2005	370.576	23,160	-	32,118	8,958	8,958
2005-2006		2,268	19,192	(3,375)	13,549	13,549
2006-2007		-	20,665	3,912	24,577	24,577
Lake Management Grant	370.664	-	3,600	-	3,600	3,600
Total Department of Natural Resources		<u>(68,765)</u>	<u>354,298</u>	<u>(108,480)</u>	<u>314,583</u>	<u>314,583</u>
Department of Health and Family Services						
Community Options Program	435.367	44,737	268,069	(11,995)	211,337	211,337
Income Maintenance Administration - State Share	435.283	8	139,598	-	139,590	139,590
Brain Injury Waiver	435.506	9,890	93,795	-	83,905	83,905
COP - W	435.338	-	191,810	9,730	201,540	201,540
CIP II	435.348	11,635	167,737	(6,498)	149,604	149,604
Basic County Allocation	435.561	26,358	525,220	4,532	503,394	503,394
CIP 1 B	435.564	24,186	330,368	-	306,182	306,182
CIP 1 A	435.580	118,655	543,662	-	425,007	425,007
Community Services and Mental Health	435.681	45,761	87,799	53,841	95,879	95,879
Funeral and Cemetery	435.105	125	19,628	(658)	18,845	18,845
Medical Assistance Transportation	435.131	2,500	25,580	2,835	25,915	25,915
Medical Assistance Transportation Administration	435.132	356	1,592	458	1,694	1,694
Diabetes Grant	435.15043	-	3,290	-	3,290	3,290
Dental Health	435.151736	-	-	5,550	5,550	5,550
Lead Poisoning	435.157720	-	3,203	-	3,203	3,203
WI Wins Enforcement	435.158116	-	600	-	600	600
Tobacco Intervention	435.158125	-	27,824	-	27,824	27,824
WI Wins	435.158127	-	6,750	-	6,750	6,750
Maternal and Child Health Svc Bk	435.159320	-	873	-	873	873
Income Maintenance Administration - Federal Share	435.284	484	3,099	286	2,901	2,901
Children and Family Incentives	435.342	14,053	123,791	-	109,738	109,738
Medicaid Subrogation Collection	435.291	(20,100)	(21,708)	(961)	(2,569)	(2,569)
CIP II Community Relocation	435.369	1,877	10,089	10,414	18,626	18,626

(Continued)

LINCOLN COUNTY, WISCONSIN
 Schedule of State Financial Assistance (Continued)
 For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	State ID Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/31/2006	Total Revenue	Total Expenditures
Department of Health and Family Services (Continued)						
Kinship Care Base Benefit	435.377	6,567	47,625	(1,283)	39,775	39,775
Kinship Care Assessments	435.380	1,054	1,922	2,198	3,066	3,066
Grants for Infants and Toddlers w/Disabilities	435.550	-	38,845	-	38,845	38,845
Family Support Program	435.577	7,368	33,984	12,413	39,029	39,029
Program Integrity	435.750	(486)	(486)	-	-	-
Voluntary Medical Refunds	435.909	(559)	(559)	-	-	-
State Funded	435.950	(195)	(195)	-	-	-
Health Check	435.967	2,630	2,630	-	-	-
General Relief Block Grant	435.990	-	75	-	75	75
Elder Abuse	435.560490	-	-	-	-	-
Alzheimers Family and Caregiver Support	435.560381	-	8,328	4,206	12,534	12,534
2005		2,659	2,659	-	-	-
2006		-	5,737	7,239	12,976	12,976
Aging-Title III-C-2	435.560360	-	2,707	489	3,196	3,196
2006		-	-	-	-	-
Aging-Title III-C-1	435.560350	-	10,659	45,700	56,359	56,359
2006		-	-	-	-	-
Senior Community Services	435.560330	-	2,425	4,101	6,526	6,526
2006		-	-	-	-	-
Benefit Specialist-Aging	435.560320 & 435.560318	4,513	4,513	-	-	-
2005		-	22,429	5,786	28,215	28,215
2006		-	-	-	-	-
Total Department of Health and Family Services		<u>304,076</u>	<u>2,735,967</u>	<u>148,383</u>	<u>2,580,274</u>	<u>2,580,274</u>
Department of Workforce Development						
Child Day Care Program	445.347	57	997	310	1,250	1,250
Child Support Enforcement	445.301	(33)	(148)	(25)	(140)	(140)
State Use Only	445.334	-	-	-	-	-
Total Department of Workforce Development		<u>24</u>	<u>849</u>	<u>285</u>	<u>1,110</u>	<u>1,110</u>

(Continued)

LINCOLN COUNTY, WISCONSIN
 Schedule of State Financial Assistance (Continued)
 For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	State ID Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/31/2006	Total Revenue	Total Expenditures
Department of Justice						
Reimbursement for Victim Witness Services	455.503 & 455.532 & 455.537	12,497 -	12,497 12,913	- 13,373	26,286	- 26,286
Total Department of Justice		<u>12,497</u>	<u>25,410</u>	<u>13,373</u>	<u>26,286</u>	<u>26,286</u>
Department of Military Affairs						
Computer & Hazmat Equipment Grant	465.367	-	9,991	-	9,991	9,991
Emergency Planning Grant Program	465.337	5,418	5,418	-	7,257	-
2005		-	1,819	5,438	7,257	7,257
2006		<u>5,418</u>	<u>17,228</u>	<u>5,438</u>	<u>17,248</u>	<u>17,248</u>
Total Department of Military Affairs						
Department of Administration						
Land information grants	505.118	-	300	-	300	300
2006	505.371	3,503	10,038	2,670	9,205	9,205
Public Benefits Funds		<u>3,503</u>	<u>10,338</u>	<u>2,670</u>	<u>9,505</u>	<u>9,505</u>
Total Department of Administration						
Wisconsin Department of Transportation						
Elderly and handicapped transportation county aids	395.101	(58,540)	66,744	(61,749)	63,535	63,535
2006		<u>217,530</u>	<u>3,840,477</u>	<u>46,793</u>	<u>3,669,740</u>	<u>3,669,740</u>
TOTAL STATE PROGRAMS						

The notes to the schedule of state financial assistance are an integral part of this schedule.

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LINCOLN COUNTY, WISCONSIN

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
December 31, 2006

NOTE A - BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards for Lincoln County, Wisconsin, are 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* issued by the Wisconsin Department of Administration.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the County's 2006 basic financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the County in the succeeding year while deferred revenue represents advances for federal and state programs that exceed recorded County expenditures.

Major federal and state financial assistance programs are identified in the Schedule of Findings and Questioned Costs and are determined as follows:

Federal Programs: Lincoln County, Wisconsin, does not qualify as a low risk auditee in accordance with paragraph 530 of OMB Circular A-133. Therefore major programs represent those with combined expenditures exceeding 50% of total federal awards that also were deemed major programs based on the auditor's risk assessment. All other federal programs are considered non-major programs.

State Programs: Lincoln County, Wisconsin, does not qualify as a low risk auditee in accordance with the *State Single Audit Guidelines*. Therefore major programs represent those with combined expenditures exceeding 50% of total state financial assistance that also were deemed major programs based on the auditor's risk assessment. In addition, certain state financial assistance programs were designated state major by the state granting agency and therefore considered state major. All other state financial assistance programs are considered non-major programs.

NOTE C - OVERSIGHT AGENCIES

The federal and state oversight agencies for the County are as follows:

Federal - U.S. Department of the Interior
State - Wisconsin Department of Health and Family Services

NOTE D - TITLE 19 MEDICAL ASSISTANCE PAYMENTS

The Schedule of Federal Awards and Schedule of State Financial Assistance do not include recorded revenues of \$176,144 received by the County for Title 19 Medical Assistance. The payments are considered a contract for services between the State and the County and therefore are not reported as federal awards or state financial assistance. Presented below is a summary of Title 19 Medical Assistance payments for 2006 received by various County departments:

Social Services	\$ 12,729
Developmental Disabilities	160,776
Public Health	2,639
	<u>\$ 176,144</u>

LINCOLN COUNTY, WISCONSIN

Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
December 31, 2006

NOTE E - STATE DIRECT PAYMENTS

Payments made under the food stamp program directly to recipients and vendors by the State of Wisconsin are not included in the Schedule of Federal Awards and Schedule of State Financial Assistance

NOTE F - STATE OF WISCONSIN REPORTING SYSTEMS

The Wisconsin Department of Health and Family Services (DHFS) and Department of Workforce Development (DWD) utilize the Community Aids Reporting System (CARS) and the Central Office Reporting System (CORG) for reimbursing the County for various federal and state program expenditures. The expenditures reported on the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance for various DHFS and DWD programs agree with the expenditures reported on the May 2007 CARS for the Human Services Department and the December 2006 CORG for Child Support and Child Daycare programs.

NOTE G - REVOLVING LOAN FUND FOR ECONOMIC DEVELOPMENT

In current and prior years, the County received community development block grants to finance economic development loans made to local businesses. During 2006, the County received grant income of \$204,000 program income of \$32,400 and expended \$204,000 for an economic loan.

At December 31, 2006 outstanding notes receivable totaled \$308,486. In addition, the County has available \$57,553 for future economic development expenditures.

LINCOLN COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2006

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Reportable condition identified that is not considered to be a material weakness? None Reported

Noncompliance material to basic financial statements noted? No

Federal and State Awards Programs

Internal control over major program:

- Material weakness(es) identified No
- Reportable condition(s) identified that are not considered to be material weakness(es)? None Reported

Type of auditors' report issued on compliance for major programs

Child Support Enforcement Unqualified

Medical Assistance Program Qualified

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Guidelines? No

Identification of major federal and state programs:

CFDA Number	Name of Federal Programs
93.563	Child Support Enforcement (Title IV-D)
93.778	Medical Assistance

State ID Number	Name of State Programs
N/A	Medicaid Personal Care Program
N/A	Case Management
410.313	Community Youth & Family Aids
435.283	Income Maintenance Administration
435.338	COP W Program
435.348	CIP II Program
435.367	Community Options Program
435.506	Brain Injury Waiver
435.564	CIP 1B Program
435.580	CIP 1A Program
445.347	Child Day Care Program

Audit threshold used to determine between Type A and Type B programs:

Federal Awards \$300,000

State Awards \$100,000

Auditee qualified as low-risk auditee No

Section II - Financial Statement Findings

Finding No.	Financial Statement Findings
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There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2006.

LINCOLN COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended December 31, 2006

Section III – Federal and State Awards Findings and Questioned Costs

Finding No.	OMB Circular A-133 Findings	Questioned Costs
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2006-01 Allowable Costs - Developmental Disabilities Center

Condition: The Developmental Disabilities Center serves developmentally disabled clients of Lincoln County. Costs to provide services are reported on the State of Wisconsin Human Services Reporting System (HSRS) and reimbursed through the Community Aids Reporting System (CARS). Services provided by Lincoln County personnel are also reported on the HSRS. The County does not currently have a system in place to develop unit costs for these services and periodically reconcile costs reported for reimbursement to actual costs incurred. As a result, the County has over-reported its costs to provide these services by \$870,766, and with a federal matching rate of 57.45%, the amount received under the medical assistance program for these questioned costs total \$501,124, as summarized below:

SPC Description	SPC Number	Over-reported Costs
Prevocational services	108	\$ 424,135
Case Management	604	74,079
Supported employment	615	34,052
Day Center Services	706	338,498
		\$ 870,764

CARS Profile	CARS Number	Over-reported Costs	
CLTS DD Federal	428	\$ 1,437	\$ 82
CLTS PD Federal	448	1,081	62
BIW Federal	507	32,786	18,86
CIP 1B Federal	563	742,990	427,59
CIP 1A Federal	581	92,470	53,21
		\$ 870,764	\$ 501,12

Criteria: OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* states that "Billing rates used to charge Federal awards shall be based on the estimated costs of providing the services, including an estimate of the allocable central service costs". It further requires a comparison of the revenue generated for each billed service to actual allowable costs be made at least annually with changes made to adjust the rate prospectively or refund any excess to the grantor agency.

Cause: The County was not aware that it should periodically review the revenue generated to actual costs and make rate adjustments.

Recommendation: We recommend County review its present system for accumulating cost information and reconcile, at least quarterly, revenues generated by services provided under these programs to actual costs incurred and make modifications to the per unit rate, as deemed appropriate.

LINCOLN COUNTY, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2006

Prior Year Audit Findings

Findings 05-2, 05-3, and 05-4 were resolved with the State of Wisconsin during 2006. Finding 05-1 on internal controls over financial reporting related to department operations was not considered a material weakness in 2006.

Corrective Action Plan

Finding No.	Compliance Finding
2006-01	The County will review it's procedures for accumulating cost information in the Developmental Disabilities Center. The County will make at least quarterly reviews of actual costs and make appropriate adjustments to the per unit rates in order for the rates to reflect actual costs.

LINCOLN COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	Federal CFDA Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/13/2006	Total Revenue	Total Expenditures
U.S. Department of Justice						
Wisconsin Department of Justice						
Byrne Grant Funds	16.579	\$ 1,838	\$ 1,838	\$ 1,046	\$ 1,046	\$ 1,046
CEASE		-	400	-	400	400
Total U.S. Department of Administration		<u>1,838</u>	<u>2,238</u>	<u>1,046</u>	<u>1,446</u>	<u>1,446</u>
U.S. Department of the Interior						
Save America's Treasures	15.929	-	-	62,077	62,077	62,077
U.S. Department of Agriculture						
Wisconsin Department of Health and Family Services						
Food stamps	10.561	-	74,725	7,955	82,680	82,680
U.S. Department of Housing and Urban Development						
Wisconsin Department of Commerce						
Community Development Block Grant	14.228	-	204,000	-	204,000	204,000
U.S. Department of Transportation						
Wisconsin Department of Natural Resources						
National Recreation Trails	20.219	-	5,350	-	5,350	5,350
Wisconsin Department of Transportation						
Highway Safety	20.600	-	5,985	-	5,985	5,985
Total U.S. Department of Transportation		-	<u>11,335</u>	-	<u>11,335</u>	<u>11,335</u>
Environmental Protection Agency						
Wisconsin Department of Health and Family Services						
Indoor Radon	66.032	-	1,500	(5)	1,495	1,495

(Continued)

LINCOLN COUNTY, WISCONSIN
 Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	Federal CFDA Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/13/2006	Total Revenue	Total Expenditures
U.S. Department of Homeland Security						
Wisconsin Department of Military Affairs						
Homeland Security Grant	97.067	-	-	17,039	17,039	17,039
Emergency Management Performance Grant	97.042	9,087	14,908	20,966	26,787	26,787
Pre-Disaster Mitigation Grant	97.044	-	11,719	-	11,719	11,719
Total Federal Emergency Management Assistance		<u>9,087</u>	<u>26,627</u>	<u>38,005</u>	<u>55,545</u>	<u>55,545</u>
U. S. Department of Education						
Wisconsin Department of Health and Family Services						
Birth to Three Initiative	84.181	-	33,330	-	33,330	33,330
U.S. Department of Health and Human Services						
Wisconsin Department of Health and Family Services						
Aging-Title III-D	93.043	-	2,582	877	3,459	3,459
Aging-Title III-B	93.044	-	27,461	13,704	41,165	41,165
Aging-Title III-C	93.045	-	29,008	50,895	79,903	79,903
Aging-Title III-E	93.052	-	18,056	1,262	19,318	19,318
Aging-Nutrition Services Incentive Program	93.053	-	24,091	-	24,091	24,091
Childhood Immunization Grants	93.268	-	15,826	-	15,826	15,826
CDC Investigations and Technical Assistance	93.283	-	37,035	-	37,035	37,035
Family Preservation and Support Services	93.556	-	46,155	181	46,336	46,336
Medical Assistance Program	93.558	-	46,541	423	46,964	46,964
Child Welfare Services	93.645	-	11,972	109	12,081	12,081
Foster Care (Title IV-E)	93.658	-	98,021	891	98,912	98,912
Social Services Block Grant	93.667	-	92,858	844	93,702	93,702
Safe and Stable Families	93.669	-	13	-	13	13
Youth Independent Living II	93.674	-	3,023	(3,023)	-	-
Children's Insurance Program	93.767	-	18,843	2,063	20,906	20,906

(Continued)

LINCOLN COUNTY, WISCONSIN
 Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	Federal CFDA Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/31/2006	Total Revenue	Total Expenditures
U.S. Department of Health and Human Services (Continued)						
Wisconsin Department of Health and Family Services (Continued)						
Medical Assistance	93.778	-	3,222,000	160,834	3,382,834	3,382,834
Social and Community Services		-	876	-	876	876
Public Health		-	634	150	784	784
State Pharmaceutical Assistance Programs	93.786	-	5,395	-	5,395	5,395
Preventive Health and Social Services Block Grant	93.991	-	11,961	-	11,961	11,961
Maternal and Child Health Social Services Block Grant	93.994	-				
Wisconsin Department of Workforce Development		-				
Child Support Enforcement (Title IV-D)	93.563	-	221,901	23,107	245,008	245,008
Child Care Development Fund	93.596	-	36,862	-	36,862	36,862
Wisconsin Department of Administration						
Low-income Home Energy Assistance	93.568	8,806	26,827	6,950	24,971	24,971
Wisconsin State Elections Board						
Voting Access for Individuals with Disabilities	93.617	-	-	130,870	130,870	130,870
Wisconsin Department of Corrections						
Child Welfare Services	93.645	(1,447)	5,339	(130)	6,656	6,656
Foster Care (Title IV-E)	93.658	(1,447)	5,339	(130)	6,656	6,656
Total U.S. Department of Health and Human Services		5,912	4,008,619	389,877	4,392,584	4,392,584
TOTAL FEDERAL AWARDS		\$ 16,837	\$ 4,362,374	\$ 498,955	\$ 4,844,492	\$ 4,844,492

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

LINCOLN COUNTY, WISCONSIN
Schedule of State Financial Assistance
For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	State ID Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/31/2006	Total Revenue	Total Expenditures
Department of Agriculture, Trade and Consumer Protection						
Soil and Conservation Project Aids	115.15	\$ 30,936	\$ 87,469	\$ 55,229	\$ 111,762	\$ 111,762
Basic Annual Staffing	115.40	81,949	128,249	-	46,300	46,300
LWRM Plan Implementation						
Total Department of Agriculture, Trade and Consumer Protection		112,885	215,718	55,229	158,062	158,062
Department of Corrections						
Community Youth & Family Aids	410.313	(93,568)	345,228	(8,356)	430,440	430,440
Department of Commerce						
Wisconsin Fund Private Sewage System Replacement or Rehabilitation Grant Program	143.110	-	68,697	-	68,697	68,697
Department of Natural Resources						
Recreational Aids-Snowmobile Trail and Area Aid	370.574 & 370.575	15,881 (40,972)	17,520 92,133 74,858	- (2,400) (66,653)	1,639 130,705 8,205	1,639 130,705 8,205
Local Park Aids Stewardship Grant	370.421	(89,425)	-	(62,452)	26,973	26,973
S-ADLP2-881 New Wood River Acquisition		-	-	601	601	601
S-ADLP2-824 Prairie River Dells		-	13,415	-	13,415	13,415
S-ADLP2-921 Tug Lake County Park	370.572	-	70,348	(19,219)	51,129	51,129
Sustainable Forestry Grant	370.553					
Wildlife Damage Claims and Abatement		20,323	20,323	-	-	-
2005			22,244	8,779	31,023	31,023
2006						
Resource Aids-County Conservation Aids	370.563	-	-	209	209	209
2006						

(Continued)

LINCOLN COUNTY, WISCONSIN
 Schedule of State Financial Assistance (Continued)
 For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	State ID Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/31/2006	Total Revenue	Total Expenditures
Department of Natural Resources (Continued)						
All-Terrain Vehicle (ATV) Program						
2004-2005	370.576	23,160	-	32,118	8,958	8,958
2005-2006		2,268	19,192	(3,375)	13,549	13,549
2006-2007		-	20,665	3,912	24,577	24,577
Lake Management Grant	370.664	-	3,600	-	3,600	3,600
Total Department of Natural Resources		<u>(68,765)</u>	<u>354,298</u>	<u>(108,480)</u>	<u>314,583</u>	<u>314,583</u>
Department of Health and Family Services						
Community Options Program	435.367	44,737	268,069	(11,995)	211,337	211,337
Income Maintenance Administration - State Share	435.283	8	139,598	-	139,590	139,590
Brain Injury Waiver	435.506	9,890	93,795	-	83,905	83,905
COP - W	435.338	-	191,810	9,730	201,540	201,540
CIP II	435.348	11,635	167,737	(6,498)	149,604	149,604
Basic County Allocation	435.561	26,358	525,220	4,532	503,394	503,394
CIP 1 B	435.564	24,186	330,368	-	306,182	306,182
CIP 1 A	435.580	118,655	543,662	-	425,007	425,007
Community Services and Mental Health	435.681	45,761	87,799	53,841	95,879	95,879
Funeral and Cemetery	435.105	125	19,628	(658)	18,845	18,845
Medical Assistance Transportation	435.131	2,500	25,580	2,835	25,915	25,915
Medical Assistance Transportation Administration	435.132	356	1,592	458	1,694	1,694
Diabetes Grant	435.15043	-	3,290	-	3,290	3,290
Dental Health	435.151736	-	-	5,550	5,550	5,550
Lead Poisoning	435.157720	-	3,203	-	3,203	3,203
WI Wins Enforcement	435.158116	-	600	-	600	600
Tobacco Intervention	435.158125	-	27,824	-	27,824	27,824
WI Wins	435.158127	-	6,750	-	6,750	6,750
Maternal and Child Health Svc Bk	435.159320	-	873	-	873	873
Income Maintenance Administration - Federal Share	435.284	484	3,099	286	2,901	2,901
Children and Family Incentives	435.342	14,053	123,791	-	109,738	109,738
Medicaid Subrogation Collection	435.291	(20,100)	(21,708)	(961)	(2,569)	(2,569)
CIP II Community Relocation	435.369	1,877	10,089	10,414	18,626	18,626

(Continued)

LINCOLN COUNTY, WISCONSIN
 Schedule of State Financial Assistance (Continued)
 For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	State ID Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/31/2006	Total Revenue	Total Expenditures
Department of Health and Family Services (Continued)						
Kinship Care Base Benefit	435.377	6,567	47,625	(1,283)	39,775	39,775
Kinship Care Assessments	435.380	1,054	1,922	2,198	3,066	3,066
Grants for Infants and Toddlers w/Disabilities	435.550	-	38,845	-	38,845	38,845
Family Support Program	435.577	7,368	33,984	12,413	39,029	39,029
Program Integrity	435.750	(486)	(486)	-	-	-
Voluntary Medical Refunds	435.909	(559)	(559)	-	-	-
State Funded	435.950	(195)	(195)	-	-	-
Health Check	435.967	2,630	2,630	-	-	-
General Relief Block Grant	435.990	-	75	-	75	75
Elder Abuse	435.560490	-	-	-	-	-
Alzheimers Family and Caregiver Support	435.560381	-	8,328	4,206	12,534	12,534
2005		2,659	2,659	-	-	-
2006		-	5,737	7,239	12,976	12,976
Aging-Title III-C-2	435.560360	-	2,707	489	3,196	3,196
2006		-	-	-	-	-
Aging-Title III-C-1	435.560350	-	10,659	45,700	56,359	56,359
2006		-	-	-	-	-
Senior Community Services	435.560330	-	2,425	4,101	6,526	6,526
2006		-	-	-	-	-
Benefit Specialist-Aging	435.560320 & 435.560318	4,513	4,513	-	-	-
2005		-	22,429	5,786	28,215	28,215
2006		-	-	-	-	-
Total Department of Health and Family Services		<u>304,076</u>	<u>2,735,967</u>	<u>148,383</u>	<u>2,580,274</u>	<u>2,580,274</u>
Department of Workforce Development						
Child Day Care Program	445.347	57	997	310	1,250	1,250
Child Support Enforcement	445.301	(33)	(148)	(25)	(140)	(140)
State Use Only	445.334	-	-	-	-	-
Total Department of Workforce Development		<u>24</u>	<u>849</u>	<u>285</u>	<u>1,110</u>	<u>1,110</u>

(Continued)

LINCOLN COUNTY, WISCONSIN
 Schedule of State Financial Assistance (Continued)
 For the Year Ended December 31, 2006

Grantor Agency/Passthrough Agency Program Title/Year	State ID Number	Accrued/ (Deferred) 1/1/2006	Cash Received	Accrued/ (Deferred) 12/31/2006	Total Revenue	Total Expenditures
Department of Justice						
Reimbursement for Victim Witness Services	455.503 & 455.532 & 455.537	12,497 -	12,497 12,913	- 13,373	26,286	- 26,286
Total Department of Justice		<u>12,497</u>	<u>25,410</u>	<u>13,373</u>	<u>26,286</u>	<u>26,286</u>
Department of Military Affairs						
Computer & Hazmat Equipment Grant	465.367	-	9,991	-	9,991	9,991
Emergency Planning Grant Program	465.337	5,418	5,418	-	7,257	-
2005		-	1,819	5,438	7,257	7,257
2006		<u>5,418</u>	<u>17,228</u>	<u>5,438</u>	<u>17,248</u>	<u>17,248</u>
Total Department of Military Affairs						
Department of Administration						
Land information grants	505.118	-	300	-	300	300
2006	505.371	3,503	10,038	2,670	9,205	9,205
Public Benefits Funds		<u>3,503</u>	<u>10,338</u>	<u>2,670</u>	<u>9,505</u>	<u>9,505</u>
Total Department of Administration						
Wisconsin Department of Transportation						
Elderly and handicapped transportation county aids	395.101	(58,540)	66,744	(61,749)	63,535	63,535
2006		<u>217,530</u>	<u>3,840,477</u>	<u>46,793</u>	<u>3,669,740</u>	<u>3,669,740</u>
TOTAL STATE PROGRAMS						

The notes to the schedule of state financial assistance are an integral part of this schedule.

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LINCOLN COUNTY, WISCONSIN

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
December 31, 2006

NOTE A - BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards for Lincoln County, Wisconsin, are 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* issued by the Wisconsin Department of Administration.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the County's 2006 basic financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the County in the succeeding year while deferred revenue represents advances for federal and state programs that exceed recorded County expenditures.

Major federal and state financial assistance programs are identified in the Schedule of Findings and Questioned Costs and are determined as follows:

Federal Programs: Lincoln County, Wisconsin, does not qualify as a low risk auditee in accordance with paragraph 530 of OMB Circular A-133. Therefore major programs represent those with combined expenditures exceeding 50% of total federal awards that also were deemed major programs based on the auditor's risk assessment. All other federal programs are considered non-major programs.

State Programs: Lincoln County, Wisconsin, does not qualify as a low risk auditee in accordance with the *State Single Audit Guidelines*. Therefore major programs represent those with combined expenditures exceeding 50% of total state financial assistance that also were deemed major programs based on the auditor's risk assessment. In addition, certain state financial assistance programs were designated state major by the state granting agency and therefore considered state major. All other state financial assistance programs are considered non-major programs.

NOTE C - OVERSIGHT AGENCIES

The federal and state oversight agencies for the County are as follows:

- Federal - U.S. Department of the Interior
- State - Wisconsin Department of Health and Family Services

NOTE D - TITLE 19 MEDICAL ASSISTANCE PAYMENTS

The Schedule of Federal Awards and Schedule of State Financial Assistance do not include recorded revenues of \$176,144 received by the County for Title 19 Medical Assistance. The payments are considered a contract for services between the State and the County and therefore are not reported as federal awards or state financial assistance. Presented below is a summary of Title 19 Medical Assistance payments for 2006 received by various County departments:

Social Services	\$ 12,729
Developmental Disabilities	160,776
Public Health	2,639
	<u>\$ 176,144</u>

LINCOLN COUNTY, WISCONSIN

Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)
December 31, 2006

NOTE E - STATE DIRECT PAYMENTS

Payments made under the food stamp program directly to recipients and vendors by the State of Wisconsin are not included in the Schedule of Federal Awards and Schedule of State Financial Assistance

NOTE F - STATE OF WISCONSIN REPORTING SYSTEMS

The Wisconsin Department of Health and Family Services (DHFS) and Department of Workforce Development (DWD) utilize the Community Aids Reporting System (CARS) and the Central Office Reporting System (CORG) for reimbursing the County for various federal and state program expenditures. The expenditures reported on the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance for various DHFS and DWD programs agree with the expenditures reported on the May 2007 CARS for the Human Services Department and the December 2006 CORG for Child Support and Child Daycare programs.

NOTE G - REVOLVING LOAN FUND FOR ECONOMIC DEVELOPMENT

In current and prior years, the County received community development block grants to finance economic development loans made to local businesses. During 2006, the County received grant income of \$204,000 program income of \$32,400 and expended \$204,000 for an economic loan.

At December 31, 2006 outstanding notes receivable totaled \$308,486. In addition, the County has available \$57,553 for future economic development expenditures.

LINCOLN COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2006

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Reportable condition identified that is not considered to be a material weakness? None Reported

Noncompliance material to basic financial statements noted? No

Federal and State Awards Programs

Internal control over major program:

- Material weakness(es) identified No
- Reportable condition(s) identified that are not considered to be material weakness(es)? None Reported

Type of auditors' report issued on compliance for major programs

Child Support Enforcement Unqualified

Medical Assistance Program Qualified

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Guidelines? No

Identification of major federal and state programs:

CFDA Number	Name of Federal Programs
93.563	Child Support Enforcement (Title IV-D)
93.778	Medical Assistance

State ID Number	Name of State Programs
N/A	Medicaid Personal Care Program
N/A	Case Management
410.313	Community Youth & Family Aids
435.283	Income Maintenance Administration
435.338	COP W Program
435.348	CIP II Program
435.367	Community Options Program
435.506	Brain Injury Waiver
435.564	CIP 1B Program
435.580	CIP 1A Program
445.347	Child Day Care Program

Audit threshold used to determine between Type A and Type B programs:

Federal Awards \$300,000

State Awards \$100,000

Auditee qualified as low-risk auditee No

Section II - Financial Statement Findings

Finding No.	Financial Statement Findings
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There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2006.

LINCOLN COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended December 31, 2006

Section III – Federal and State Awards Findings and Questioned Costs

Finding No.	OMB Circular A-133 Findings	Questioned Costs
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2006-01 Allowable Costs - Developmental Disabilities Center

Condition: The Developmental Disabilities Center serves developmentally disabled clients of Lincoln County. Costs to provide services are reported on the State of Wisconsin Human Services Reporting System (HSRS) and reimbursed through the Community Aids Reporting System (CARS). Services provided by Lincoln County personnel are also reported on the HSRS. The County does not currently have a system in place to develop unit costs for these services and periodically reconcile costs reported for reimbursement to actual costs incurred. As a result, the County has over-reported its costs to provide these services by \$870,766, and with a federal matching rate of 57.45%, the amount received under the medical assistance program for these questioned costs total \$501,124, as summarized below:

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Criteria: OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* states that "Billing rates used to charge Federal awards shall be based on the estimated costs of providing the services, including an estimate of the allocable central service costs". It further requires a comparison of the revenue generated for each billed service to actual allowable costs be made at least annually with changes made to adjust the rate prospectively or refund any excess to the grantor agency.

Cause: The County was not aware that it should periodically review the revenue generated to actual costs and make rate adjustments.

Recommendation: We recommend County review its present system for accumulating cost information and reconcile, at least quarterly, revenues generated by services provided under these programs to actual costs incurred and make modifications to the per unit rate, as deemed appropriate.

LINCOLN COUNTY, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2006

Prior Year Audit Findings

Findings 05-2, 05-3, and 05-4 were resolved with the State of Wisconsin during 2006. Finding 05-1 on internal controls over financial reporting related to department operations was not considered a material weakness in 2006.

Corrective Action Plan

Finding No.	Compliance Finding
2006-01	The County will review it's procedures for accumulating cost information in the Developmental Disabilities Center. The County will make at least quarterly reviews of actual costs and make appropriate adjustments to the per unit rates in order for the rates to reflect actual costs.