

LINCOLN COUNTY
Merrill, Wisconsin

SINGLE AUDIT REPORT
December 31, 2004



**Clifton
Gunderson LLP**
Certified Public Accountants & Consultants

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	5
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	7
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS	8
CORRECTIVE ACTION PLAN AND STATUS OF PRIOR YEAR AUDIT FINDINGS	11
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE FINANCIAL ASSISTANCE PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND SCHEDULE OF EXPENDITURES OF STATE AWARDS IN ACCORDANCE WITH THE <i>STATE SINGLE AUDIT GUIDELINES</i>	12
SCHEDULE OF EXPENDITURES OF STATE AWARDS	14
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS	18
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS	19
CORRECTIVE ACTION PLAN AND STATUS OF PRIOR YEAR STATE AUDIT FINDINGS	20



**Independent Auditor's 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***

Members of the Lincoln County
Board of Supervisors
Lincoln County
Merrill, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Wisconsin, as of and for the year ended December 31, 2004, which collectively comprise Lincoln County, Wisconsin's basic financial statements and have issued our report thereon dated April 28, 2005. In our report we refer to the report of other auditors who have audited the PineCrest Nursing Home, an enterprise fund of the County. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lincoln County, Wisconsin's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Lincoln County, Wisconsin's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the above reportable condition to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of Lincoln County, Wisconsin, in a separate letter dated April 28, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln County, Wisconsin'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*.

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



Stevens Point, Wisconsin
April 28, 2005

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program, Internal Control
Over Compliance, and Schedule of Expenditures of Federal Awards in Accordance with
OMB Circular A-133**

Members of the Lincoln County
Board of Supervisors
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* that are applicable to each of its major federal programs for the year ended December 31, 2004. Lincoln County, Wisconsin's major federal programs are identified in the summary of audit results section of the accompanying schedule of federal findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal 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*. Those standards 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 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 on Lincoln County, Wisconsin's compliance with those requirements.

As described in item 04-2 in the accompanying schedule of findings and questioned costs, Lincoln County, Wisconsin, did not comply with requirements regarding fiscal records and reporting that are applicable to its Child Support Enforcement Program. Compliance with such requirements is necessary, in our opinion, for Lincoln County 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 programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of Lincoln County, Wisconsin, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lincoln County, Wisconsin's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

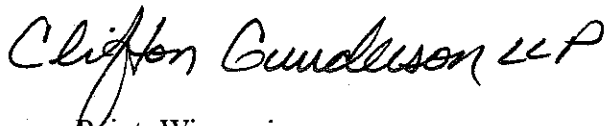
We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Lincoln County, Wisconsin's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 04-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Wisconsin, as of and for the year ended December 31, 2004, and have issued our report thereon dated April 28, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Lincoln County, Wisconsin's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.

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



Stevens Point, Wisconsin
August 4, 2005

LINCOLN COUNTY, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2004

	<u>CFDA</u>	<u>Expenditures</u>
	<u>Number</u>	
U.S. DEPARTMENT OF ADMINISTRATION		
Wisconsin Department of Justice		
Byrne Grant Funds	16.579	\$ 6,327
U.S. DEPARTMENT OF THE INTERIOR		
Save America's Treasures	15.929	60,050
U.S. DEPARTMENT OF AGRICULTURE		
Wisconsin Department of Health and Social Services		
Food Distribution	10.570	29,321
Food Stamps	10.561	86,583
Total U.S. Department of Agriculture		115,904
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Wisconsin Department of Commerce		
Community Development Block Grant	14.228	196,021
FEDERAL EMERGENCY MANAGEMENT ASSISTANCE		
Wisconsin Department of Military Affairs		
Homeland Security Grant	97.004	219,691
Emergency Management Performance Grant	97.042	39,691
State Domestic Preparedness Equipment Support Program	97.055	2,243
Total Federal Emergency Management Assistance		261,625
U.S. DEPARTMENT OF EDUCATION		
Wisconsin Department of Health and Family Services		
Safe and Stable Families	84.186	38,197
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Wisconsin Department of Health and Family Services		
Public Health and Social Services Emergency Fund	93.001	777
Aging-elder Abuse	93.041	14,338
Aging-Title III-D	93.043	3,538
Aging-Title III-B	93.044	44,187
Aging-Title III-C	93.045	129,446
Aging-Title III-E	93.052	18,861
Childhood Immunization Grants	93.268	7,301
CDC Investigations and Technical Assistance	93.283	32,035
Family Preservation and Support Services	93.556	31,339
Social Services Block Grant	93.667	182,007
State Children's Insurance Program	93.767	5,931
Medical Assistance:	93.778	
Social and Community Services		2,545,219
Public Health		806
Preventive Health and Social Services Block Grant	93.991	6,592
Maternal and Child Health Social Services Block Grant	93.994	12,526

LINCOLN COUNTY, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2004

	<u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)		
Wisconsin Department of Workforce Development		
AFDC Agency Incentive	93.560	\$ 137
Child Support Enforcement (Title IV-D)	93.563	356,857
Child Care Development Fund	93.596	38,700
Medical Assistance	93.778	171
Wisconsin Department of Administration		
Low-income Home Energy Assistance	93.568	28,120
Wisconsin Department of Corrections		
Child Welfare Services	93.645	16,296
Foster Care (Title IV-E)	93.658	<u>134,152</u>
Total U.S. Department of Health and Human Services		<u>3,609,336</u>
TOTAL FEDERAL AWARDS		\$ <u>4,287,460</u>

This schedule should only be read in connection with the accompanying notes
to the schedule of expenditures of federal awards.

LINCOLN COUNTY, WISCONSIN
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS
December 31, 2004

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lincoln County, Wisconsin, and is presented on the modified-accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Unless otherwise noted, the County provided matching funds in accordance with the federal requirements. For the year ended December 31, 2004, adequate matching funds were provided for all federal programs presented.

This information is an integral part of the accompanying schedule.

LINCOLN COUNTY, WISCONSIN
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004

Section II—Financial Statement Findings

FINDING NO. 04-1. INTERNAL CONTROLS OVER FINANCIAL REPORTING

Finding:

We noted incompatible functions in certain departments for cash receipting and requisition of goods and services, which represent a weakness in the internal control structure due to inadequate segregation of accounting duties.

Recommendation

We recommend the County Board and the various County committees keep this lack of proper segregation in mind when reviewing financial information and in making decisions based upon departmental information.

Response:

The County is in agreement with Clifton Gunderson LLP regarding the lack of proper segregation over certain departments for cash receipting and requisition of goods and services. We want to stress this is due to a limited budget that causes this lack of an adequate number of employees. The County's Board of Supervisors and departmental management are committed to providing accurate and timely information to the appropriate authorities and remaining in compliance with program requirements.

LINCOLN COUNTY, WISCONSIN
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004

Section III—Federal Award Findings and Questioned Costs

FINDING NO. 04-2. *INADEQUATE DOCUMENTATION OF EXPENSES FOR CHILD SUPPORT ENFORCEMENT PROGRAM*

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Wisconsin Department of Workforce Development
Child Support Enforcement - CFDA # 93.563
Year Ended December 31, 2004

Finding:

The Lincoln County, Wisconsin Child Support Agency (CSA) uses the services of the Lincoln County Corporation Counsel (Cooperative Agency) under a cooperative agreement dated December 1, 2003. Based on our testing of payroll records and other supporting documentation, we determined that 97.5% of the Assistant Corporation Counsel's payroll costs were charged as child support expenses from January 1, 2004 through July 2, 2004, in the amount of \$ 35,584. These submittals were made by the Social Services Department pursuant to established procedures. The payroll records and other supporting documentation indicates that certain of the Assistant Corporation Counsel's activities during that time period may have included non-child support activities. We could not determine how much of the time and related costs were non-child support related.

The Assistant Corporation Counsel was provided support by the Legal Secretary position during the same time period. The Legal Secretary's payroll cost is charged 50% directly to the CSA and 50% to the Corporation Counsel office. The portion of these payroll costs charged to the Corporation Counsel office in the amount of \$ 12,153 for the period from January 1, 2004 through December 31, 2004, were allocated 100% to the support of the Assistant Corporation Counsel, and accordingly were all charged as child support expenses. Therefore, for the portion of the Assistant Corporation Counsel's time that is determined to be non-child support related, the same portion would apply to the Legal Secretary's cost incurred in the Corporate Counsel office.

Recommendation:

The Lincoln County CSA should review the 2004 time incurred by the Assistant Corporation Counsel from January 1, 2004 through July 2, 2004, and compare information to case files and other available information to determine the amount of any non-child support costs submitted for reimbursement.

Response:

Lincoln County will review all records from January 1, 2004 to July 2, 2004 for any discrepancies and if necessary, discuss those with the State of Wisconsin Department of Workforce Development Bureau of Child Support.

**LINCOLN COUNTY, WISCONSIN
CORRECTIVE ACTION PLAN AND STATUS OF
PRIOR YEAR AUDIT FINDINGS
December 31, 2004**

CORRECTIVE ACTION PLAN

FINDING NO. 04-1. *INTERNAL CONTROLS OVER FINANCIAL REPORTING*

We will discuss the issue at the Department Head meeting and inform them that in cases where adequate segregation of duties is not possible, the department head is responsible to provide close supervision and review of accounting information to prevent or detect errors and/or irregularities. The goal will be to have the suggested plans for all recommendations implemented by July 1, 2005.

FINDING NO. 04-2. *INADEQUATE DOCUMENTATION OF EXPENSES FOR CHILD SUPPORT ENFORCEMENT PROGRAM*

Lincoln County, Wisconsin will review the Assistant Corporation Counsel's time records and supporting documentation and determine the portion of payroll costs, along with a proportionate amount of the Legal Secretary's time, that may be non-child support related.

Corrective action has already been taken by the Corporation Counsel's office since July 2, 2004 to ensure only child support related activities are claimed for reimbursement.

PRIOR YEAR AUDIT FINDINGS

The finding 03-1 reported in the prior year was still in existence and is reported above as finding 04-1.

The finding 03-2 reported in the prior year was still in existence a portion of 2004 and is reported above as finding 04-2. Lincoln County is currently working with the State of Wisconsin Department of Workforce Development to resolve the child support expenses for 2002 and 2003.



**Clifton
Gunderson LLP**

Certified Public Accountants & Consultants

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major State Financial Assistance Program, Internal Control Over
Compliance, and Schedule of Expenditures of State Awards
in Accordance with the *State Single Audit Guidelines***

Members of the Lincoln County
Board of Supervisors
Lincoln County
Merrill, Wisconsin

Compliance

We have audited the compliance of Lincoln County, Wisconsin, with the types of compliance requirements described in the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that are applicable to each of its major state programs for the year ended December 31, 2004. Lincoln County, Wisconsin's major state programs are identified in the notes to the schedules of expenditures of state awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major 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 *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards and 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 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 on Lincoln County, Wisconsin's compliance with those requirements.

In our opinion, Lincoln County, Wisconsin, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with *State Single Audit Guidelines* and which are described in the accompanying schedule of state findings and questioned costs as item 04S-1.

Internal Control Over Compliance

The management of Lincoln County, Wisconsin, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered Lincoln County, Wisconsin's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *State Single Audit Guidelines*.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Lincoln County, Wisconsin's ability to administer a major state program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying federal schedule of findings and questioned costs as item 04-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

Schedule of Expenditures of State Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Wisconsin, as of and for the year ended December 31, 2004, and have issued our report thereon dated April 28, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Lincoln County, Wisconsin's basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required *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.

This report is intended solely for the information and use of the Board of Supervisors, management, and the Wisconsin Department of Administration and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cliffon Gunderson LLP

Stevens Point, Wisconsin
August 4, 2005

LINCOLN COUNTY, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
 Year Ended December 31, 2004

State ID Number	Accrued or (Deferred) Revenues at January 1, 2004	Expenditures	Reimbursements		Adjustments	Accrued or (Deferred) Revenues at December 31, 2004
			Grantor	Local/Other		
MAJOR STATE PROGRAMS						
Department of Agriculture, Trade and Consumer Protection						
Soil and Conservation Project Aids						
115.15	\$ 32,529	\$ 203,326	\$ 85,273	\$ 118,326	\$ -	\$ 32,256
115.40	63,864	42,054	61,335	-	(42,343)	2,240
	96,393	245,380	146,608	118,326	(42,343)	34,496
Total Department of Agriculture, Trade and Consumer Protection						
Department of Natural Resources						
Recreational Aids - Snowmobile Trail and Area Aid						
370.574 & 370.575	(39,878)	97,447	38,200	2,591	(15)	16,763
	-	6,384	40,989	-	-	(34,605)
	(39,878)	103,831	79,189	2,591	(15)	(17,842)
Total Department of Natural Resources						
Department of Corrections						
Child Welfare Services - State Grant						
410.313	107,337	388,434	451,342	-	-	44,429
Department of Health and Family Services						
Community Options Program						
435.367	37,641	278,611	267,685	-	-	48,567
435.283	-	190,867	146,613	44,254	-	-
435.506	23,706	85,286	102,960	-	-	6,032
435.338	5,687	201,927	207,614	-	-	-
435.348	4,794	148,554	152,351	-	-	997
435.561	-	381,720	381,720	-	-	-
435.564	45,884	206,533	235,421	-	-	16,996
435.580	39,324	188,248	218,008	-	-	9,564
435.681	-	317,872	317,872	-	-	-
	157,036	1,999,618	2,030,244	44,254	-	82,156
Total Department of Health and Family Services						

LINCOLN COUNTY, WISCONSIN
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 Year Ended December 31, 2004

State ID Number	Accrued or (Deferred) Revenues at January 1, 2004	Expenditures	Reimbursements		Adjustments	Accrued or (Deferred) Revenues at December 31, 2004
			Grantor	Local/Other		
445.315	\$ 23,454	\$ -	\$ 23,454	\$ -	\$ -	\$ -
Department of Workforce Development						
W-2 Agencies	344,342	2,737,263	2,730,837	163,171	(42,358)	143,239
TOTAL MAJOR STATE PROGRAMS						
NONMAJOR STATE PROGRAMS						
Department of Commerce						
Wisconsin Fund Private Sewage System Replacement or Rehabilitation Grant Program						
143.110	-	66,883	66,883	-	-	-
Department of Natural Resources						
Wildlife Damage Claims and Abatement						
370.553	3,567	-	3,567	-	-	18,010
2004	-	34,384	16,374	-	-	-
All-Terrain Vehicle (ATV) Program						
370.576	69	116,668	116,832	85	-	(180)
2003-2004	-	19,369	31,545	-	-	(12,176)
2004-2005	-	-	-	-	-	-
Total Department of Natural Resources						
	3,636	170,421	168,318	85	-	5,654
Department of Health and Family Services						
Funeral and Cemetery						
435.105	-	23,522	23,522	-	-	-
435.131	-	13,803	13,803	-	-	-
Medical Assistance Transportation						
435.157720	-	3,657	-	-	-	3,657
Lead Poisoning						
435.158125	-	27,824	27,824	-	-	-
Tobacco Intervention						
435.158127	-	6,750	6,750	-	-	-
WI Wins	-	803	-	-	-	803
Maternal and Child Health Svc Blk						
435.284	-	2,059	2,059	-	-	-
Income Maintenance Administration - Federal Share						
435.342	547	79,097	-	-	-	79,644
Children and Family Incentives						
435.377	-	35,690	35,690	-	-	-
Kinship Care Base Benefit						
435.380	-	11,960	11,960	-	-	-
Kinship Care Assessments						
435.550	-	37,639	-	-	-	37,639
Grants for Infants and Toddlers w/Disabilities						
435.577	13,385	32,071	-	-	-	45,456
State Funded						

LINCOLN COUNTY, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
 Year Ended December 31, 2004

State ID Number	Accrued or (Deferred) Revenues at January 1, 2004	Expenditures	Reimbursements		Adjustments	Accrued or (Deferred) Revenues at December 31, 2004
			Grantor	Local/Other		
Department of Health and Family Services (Continued)						
Alzheimers Family and Caregiver Support						
2003	\$ 4,297	\$ -	\$ 4,297	\$ -	\$ -	\$ -
2004	-	12,976	9,220	-	-	3,756
Senior Community Services						
2004	-	6,526	6,526	-	-	-
Benefit Specialist - Aging						
2003	8	-	8	-	-	-
2004	-	28,215	23,308	-	-	4,907
Total Department of Health and Family Services	18,237	322,592	164,967	-	-	175,862
Department of Workforce Development						
Child Support Enforcement						
State Use Only	244	-	244	-	-	-
2003	323	-	323	-	-	-
Work Comp Ins Prem - Offset	(625)	-	(625)	-	-	(224)
State Use Only	(48)	(176)	-	-	-	139
State Use Only	31	108	-	-	-	8,163
W-2 offset	7,680	483	-	-	-	-
Medical Assistance Program	549	-	549	-	-	-
W-2 Emergency Assistance	898	-	898	-	-	-
Total Department of Workforce Development	9,052	415	1,389	-	-	8,078
Department of Justice						
Reimbursement for Victim Witness Services						
2003	11,565	-	11,565	-	-	-
2004	-	41,085	13,847	16,669	-	10,569
Total Department of Justice	11,565	41,085	25,412	16,669	-	10,569
Department of Military Affairs						
Emergency Planning Grant Program						
2003	5,214	-	5,214	-	-	-
2004	-	39,691	1,992	32,449	-	5,250
Total Department of Military Affairs	5,214	39,691	7,206	32,449	-	5,250

LINCOLN COUNTY, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
 Year Ended December 31, 2004

State ID Number	Accrued or (Deferred) Revenues at January 1, 2004	Expenditures	Reimbursements		Adjustments	Accrued or (Deferred) Revenues at December 31, 2004
			Grantor	Local/Other		
Department of Administration						
Land Information Grants						
2001	\$ 6,122	\$ -	\$ 6,122	\$ -	\$ -	\$ -
2002	(6,817)	10,487	-	-	-	3,670
2004	-	300	300	-	-	-
Public Benefits Funds	2,150	3,646	5,106	-	-	690
Total Department of Administration	1,455	14,433	11,528	-	-	4,360
Wisconsin Department of Transportation						
Elderly and Handicapped Transportation County Aids						
2003	(54,074)	61,195	52,659	11,222	-	(56,760)
TOTAL NONMAJOR STATE PROGRAMS	(4,915)	716,715	498,362	60,425	-	153,013
TOTAL STATE PROGRAMS	\$ 339,427	\$ 3,453,978	\$ 3,229,199	\$ 225,596	\$ (42,358)	\$ 296,252

This schedule should be read only in connection with the accompanying notes to the schedule of expenditures of state awards.

LINCOLN COUNTY, WISCONSIN
NOTES TO THE SCHEDULES OF EXPENDITURES
OF STATE AWARDS
December 31, 2004

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards includes the state grant activity of Lincoln County, Wisconsin, and is presented on the modified-accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of *State Single Audit Guidelines*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Unless otherwise noted, the County provided matching funds in accordance with the state requirements. For the year ended December 31, 2004, adequate matching funds were provided for all state programs presented.

NOTE 2 - STATE MAJOR PROGRAM DEFINITION

State programs reported are those required to be included by the *State Single Audit Guidelines*, published by Wisconsin Department of Administration. State major programs have \$100,000 in qualifying expenditures on a grant (not identification number) basis or have been so designated by state agencies.

State award programs tested as "Major" programs for Lincoln County, Wisconsin, were determined to be the following for 2004:

County Staff and Support	- 115.150
Land and Water Resources	- 115.400
Community Options Program	- 435.367
Brain Injury Waiver	- 435.506
CIP II / COP W	- 435.338
Basic County Allocation	- 435.561
State/County Match	- 435.681
CIP IB	- 435.564
CIP IA	- 435.580
Income Maintenance Administration	- 435.283

NOTE 3 - STATE DIRECT PAYMENTS (UNAUDITED)

Benefits distributed by the State directly to residents of Lincoln County were:

W-2 Benefits (including Child Care)	\$ 656,291
Food Stamps	884,388

LINCOLN COUNTY, WISCONSIN
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
December 31, 2004

FINDINGS AND QUESTIONED COSTS - MAJOR STATE AWARD PROGRAMS

FINDING NO. 04S-1 *SUBRECIPIENT MONITORING*

Finding:

Various Health and Human Services programs administered by the County's Social Services and Developmental Disabilities Departments receive funding from the Wisconsin Department of Health and Family Services, Department of Workforce Development, Department of Corrections, and the Department of Administration. The funding from these departments is allocated to various local agencies (subrecipients) in accordance with purchase of service contracts between the County and the local agencies.

The County's subrecipient monitoring process includes the contract requirement that the local agencies submit annual financial and compliance audit reports to the Social Services and Developmental Disabilities Departments within 180 days after the agency's fiscal year. At the completion of our audit fieldwork at the County, three subrecipient reports had not yet been received, Harbor Senior Concepts, TLC for Seniors, and VNE with total awards for the year ended December 31, 2004, of \$146,887, \$38,558, and \$17,726, respectively. All 2003 reports had been received.

Recommendation:

The County has an excellent monitoring system in place and should continue to pursue submission of audit reports and contact agencies that have not submitted reports within the 180 day time period.

Response:

Lincoln County agrees with the recommendation made by Clifton Gunderson LLP and will continue to monitor sub-recipient reports to be sure all are submitted in accordance with the *State Single Audit Guidelines*.

**LINCOLN COUNTY, WISCONSIN
CORRECTIVE ACTION PLAN AND STATUS OF
PRIOR YEAR STATE AUDIT FINDINGS
December 31, 2004**

CORRECTIVE ACTION PLAN

FINDING NO. 04S-1 *SUBRECIPIENT MONITORING*

Lincoln County will continue to monitor sub-recipient reports to be sure all are submitted in accordance with the *State Single Audit Guidelines*.

PRIOR YEAR AUDIT FINDING

The prior year single audit disclosed no significant findings, and no significant uncorrected, unresolved findings exist from prior single audits.