

**OZAUKEE COUNTY, WISCONSIN**  
**FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE REPORT**

**DECEMBER 31, 2012**

**OZAUKEE COUNTY, WISCONSIN**

December 31, 2012

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; REPORT ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133; AND REPORT ON THE SCHEDULE  
OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT GUIDELINES**

**Independent Auditors' Report**

To the County Board  
Ozaukee County, Wisconsin

**Report on Compliance for Each Major Federal and State Program**

We have audited Ozaukee County, Wisconsin's compliance 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 could have a direct and material effect on each of Ozaukee County, Wisconsin's major federal and state programs for the year ended December 31, 2012. Ozaukee 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Ozaukee County, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. 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 state program occurred. An audit includes examining, on a test basis, evidence about Ozaukee 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of Ozaukee County, Wisconsin's compliance.

**Opinion on Each Major Federal and State Program**

In our opinion, Ozaukee County, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

## **Report on Internal Control Over Compliance**

Management of Ozaukee County, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ozaukee County, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ozaukee County, Wisconsin'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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2012-04, 2012-05 and 2012-06 that we consider to be significant deficiencies.

Ozaukee County, Wisconsin's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of prior year audit findings and corrective action plan. Ozaukee County Wisconsin's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Schedule of State Financial Assistance Required by the *State Single Audit Guidelines***

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 Ozaukee County, Wisconsin as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Ozaukee County, Wisconsin's basic financial statements. We issued our report thereon dated June 24, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing

procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Schenck SC*

Certified Public Accountants  
Green Bay, Wisconsin  
July 25, 2013, except for the Schedules of  
Expenditures of Federal Awards and State  
Financial Assistance as to which the date is  
June 24, 2013

**OZAUKEE COUNTY, WISCONSIN**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2012

Grantor Agency/Pass through Agency Grant Title/Project Grant	Pass-Through Agency	Federal CFDA Number	Revenues				Total Expenditures
			(Accrued) or Deferred Revenue 1/1/12	Cash Received (Refunded)	Accrued or (Deferred) Revenue 12/31/12	Total Revenues	
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	WI Department of Health Services	10.561	\$ (37,926)	\$ 186,895	\$ 55,311	\$ 204,280	\$ 204,280
Special Supplemental Nutrition Program for Women, Infant, and Children	WI Department of Health Services	10.557	(17,982)	118,856	4,341	105,215	105,215
WIC Farmer's Market Nutrition Program	WI Department of Health Services	10.572	-	150	-	150	150
Environmental Quality Incentives Program	Direct Program	10.912	-	17,580	7,170	24,750	24,750
Total U.S. Department of Agriculture			(55,908)	323,481	66,822	334,395	334,395
<b>U.S. DEPARTMENT OF COMMERCE</b>							
Coastal Zone Management Program	WI Department of Administration	11.419	(9,975)	9,975	15,447	15,447	15,447
ARRA - Habitat Conservation	Direct Program	11.463	(61,714)	1,366,427	337,972	1,642,685	1,642,685
Total U.S. Department of Commerce			(71,689)	1,376,402	353,419	1,658,132	1,658,132
<b>U.S. DEPARTMENT OF THE INTERIOR- FISH AND WILDLIFE SERVICE</b>							
Great Lakes Restoration Initiative	Direct Program	15.662	-	73,178	5,000	78,178	78,178
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Edward Byrne Memorial Formula Grant Program	Direct Program	16.738	-	38,242	17,947	56,189	56,189
ARRA - Automated citizen reporting ability to new RMS	WI Department of Administration	16.803	(24,500)	24,500	-	-	-
Total U.S. Department of Justice			(24,500)	62,742	17,947	56,189	56,189
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>							
Transportation Enhancement Program							
CMAQ - Bus and Taxi	WI Department of Transportation	20.207	(16,763)	16,763	9,215	9,215	9,215
Federal Transit Capital Investment Grants	WI Department of Transportation	20.507	(495,719)	1,830,546	220,352	1,555,179	1,555,179
Highway Safety Grant- Child Car Seat/Booster Seat	WI Department of Health Services	20.613	(1,985)	5,985	-	4,000	4,000
Total U.S. Department of Transportation			(514,467)	1,853,294	229,567	1,568,394	1,568,394
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>							
State Indoor Radon Grant	WI Department of Health Services	66.032	-	2,500	-	2,500	2,500
Great Lakes Program	Direct Program	66.469	-	546,384	41,612	587,996	587,996
Beach Monitoring and Notification Program	WI Department of Health Services	66.472	-	17,282	-	17,282	17,282
Total U.S. Environmental Protection Agency			-	566,166	41,612	607,778	607,778
<b>U.S. DEPARTMENT OF ENERGY</b>							
Energy Efficiency and Conservation Block Grant- ARRA	WI Department of Commerce	81.128	-	178,697	-	178,697	178,697
<b>U.S. DEPARTMENT OF EDUCATION</b>							
Grants for Infants and Toddlers with Disabilities	WI Department of Health Services	84.181	-	97,190	-	97,190	97,190

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**OZAUKEE COUNTY, WISCONSIN**  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended December 31, 2012

Grantor Agency/Pass through Agency Grant Title/Project Grant	Pass-Through Agency	Federal CFDA Number	Revenues				Expenditures
			(Accrued) or Deferred Revenue 1/1/12	Cash Received (Refunded)	Accrued or (Deferred) Revenue 12/31/12	Total Revenues	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Preventive Health (Title III-D) <i>Aging Cluster</i>	Greater Wisconsin Agency on Aging Resources	93.043	(78)	2,941	365	3,228	3,228
Grants for Supportive Services and Senior Centers (Title III-B)	Greater Wisconsin Agency on Aging Resources	93.044	(2,959)	59,018	(877)	55,182	55,182
Nutrition Services (Title III-C)							
Congregate Meal Program (Title III C-1)	Greater Wisconsin Agency on Aging Resources	93.045	-	1,478	-	1,478	1,478
Home Delivered Meals (Title III C-2)	Greater Wisconsin Agency on Aging Resources	93.045	-	42,735	-	42,735	42,735
Subtotal - Nutrition Services (Title III-C)			-	44,213	-	44,213	44,213
Nutrition Services Incentive Program <i>Total Aging Cluster</i>	Greater Wisconsin Agency on Aging Resources	93.053	-	15,844	2,392	18,236	18,236
			(2,959)	119,075	1,515	117,631	117,631
National Family Caregiver Support Program (Title III-E)	Greater Wisconsin Agency on Aging Resources	93.052	(5,484)	29,221	2,550	26,287	26,287
Public Health Emergency Preparedness	WI Department of Health Services	93.069	(5,678)	78,377	-	72,699	72,699
Childhood Immunization Grants	WI Department of Health Services	93.268	-	14,037	-	14,037	14,037
National Public Health Improvement Initiative	WI Department of Health Services	93.507	-	5,000	-	5,000	5,000
Affordable Care Grant - ADRC	WI Department of Health Services	93.517	2,003	9,336	1,220	12,559	12,559
Community Transformation Grant	WI Department of Health Services	93.531	-	60,000	-	60,000	60,000
Family Preservation and Support Services	WI Department of Children and Families	93.556	(14,855)	71,505	-	56,650	56,650
Block Grants for Temporary Assistance for Needy Families	WI Department of Health Services	93.558	-	97,956	1,788	99,744	99,744
Block Grants for Temporary Assistance for Needy Families	WI Department of Children and Families	93.558	(4,407)	126,766	4,680	127,039	127,039
Total Block Grants for Temporary Assistance for Needy Families			(4,407)	224,722	6,468	226,783	226,783
Child Support Enforcement (Title IV-D)	WI Department of Children and Families	93.563	(141,310)	468,239	94,830	421,759	421,759
Low Income Home Energy Assistance	WI Department of Administration	93.568	(17,121)	37,886	8,881	29,646	29,646
Child Care Development Fund	WI Department of Children and Families	93.596	(2,394)	136,687	13,338	147,631	147,631
Chafee Education and Training Vouchers	WI Department of Children and Families	93.599	(907)	907	509	509	509
Child Welfare Services	WI Department of Children and Families	93.645	-	207,248	-	207,248	207,248
Child Welfare Services	WI Department of Corrections	93.645	287	5,192	1,386	6,865	6,865
Total Child Welfare Services-State Grants			287	212,440	1,386	214,113	214,113
Foster Care (Title IV-E)	WI Department of Children and Families	93.658	(51)	33,587	1,394	34,930	34,930
Foster Care (Title IV-E)	WI Department of Corrections	93.658	431	8,335	2,218	10,984	10,984
Total Foster Care			380	41,922	3,612	45,914	45,914

(Continued)

**OZAUKEE COUNTY, WISCONSIN**  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended December 31, 2012

Grantor Agency/Pass through Agency Grant Title/Project Grant	Pass-Through Agency	Federal CFDA Number	Revenues				Expenditures	
			(Accrued) or Deferred Revenue 1/1/12	Cash Received (Refunded)	Accrued or (Deferred) Revenue 12/31/12	Total Revenues		
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>								
Social Services Block Grant	WI Department of Health Services	93.667	(20)	207,539	(22)	207,497	207,497	
Social Services Block Grant	WI Department of Children and Families	93.667	-	91,626	-	91,626	91,626	
Total Social Services Block Grant			(20)	299,165	(22)	299,123	299,123	
Chafee Foster Care Independence Program	WI Department of Children and Families	93.674	1,168	7,815	6,016	14,999	14,999	
State Children's Insurance Program	WI Department of Health Services	93.767	(5,428)	33,304	10,350	38,226	38,226	
Medical Assistance Program	WI Department of Health Services	93.778	(224,818)	968,487	183,352	927,021	927,021	
Medical Assistance Program	Greater Wisconsin Agency on Aging Resources	93.778	-	5,136	-	5,136	5,136	
			(224,818)	973,623	183,352	932,157	932,157	
State Health Insurance Assistance Program	Greater Wisconsin Agency on Aging Resources	93.779	-	28,685	-	28,685	28,685	
Block Grants for Community Mental Health Services	WI Department of Health Services	93.958	(5,858)	51,233	12,798	58,173	58,173	
Block Grants for Prevention and Treatment of Substance Abuse	WI Department of Health Services	93.959	(724)	92,005	2,303	93,584	93,584	
Maternal and Child Health Services	WI Department of Health Services	93.994	-	14,520	974	15,494	15,494	
Total U.S. Department of Health and Human Services			(428,203)	3,012,645	350,445	2,934,887	2,934,887	
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>								
State Domestic Preparedness Equipment Support Program	WI Office of Justice Assistance	97.004	(7,132)	34,556	8,657	36,081	36,081	
Port Security Grant for Critical National Seaports	City of Milwaukee, Wisconsin	97.056	(4,222)	4,222	-	-	-	
Homeland Security Grant Program	WI Office of Justice Assistance	97.067	(1,181)	148,491	32,072	179,382	179,382	
Emergency Management Performance Grant	WI Department of Military Affairs	97.042						
2011			(11,310)	10,249	-	(1,061)	(1,061)	
2012			-	25,920	37,230	63,150	63,150	
			(11,310)	36,169	37,230	62,089	62,089	
Total U.S. Department of Homeland Security			(23,845)	223,438	77,959	277,552	277,552	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ (1,118,612)</b>	<b>\$ 7,767,233</b>	<b>\$ 1,142,771</b>	<b>\$ 7,791,392</b>	<b>\$ 7,791,392</b>

The notes to the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are an integral part of this schedule.

**OZAUKEE COUNTY, WISCONSIN**  
Schedule of State Financial Assistance  
For the Year Ended December 31, 2012

Grantor Agency/Pass-through Agency/ Grant Title/Project Grant	Pass-Through Agency	State I.D. Number	Revenues				Total Expenditures
			(Accrued) or Deferred Revenue 1/1/12	Cash Received (Refunded)	Accrued or (Deferred) Revenue 12/31/12	Total Revenues	
<b><u>DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION</u></b>							
Agricultural Clean Sweep	Direct Program	115.04	\$ -	\$ 1,735	\$ -	\$ 1,735	\$ 1,735
Soil and Water Resource Management							
County Staff and Support	Direct Program	115.15	(151,060)	257,619	28,491	135,050	135,050
Land and Water Resource Management	Direct Program	115.40	-	-	67,352	67,352	67,352
Total Department of Agriculture, Trade and Consumer Protection			(151,060)	259,354	95,843	204,137	204,137
<b><u>DEPARTMENT OF COMMERCE</u></b>							
Wisconsin Fund Private Sewage Replacement and Rehabilitation	Direct Program	143.110	-	32,631	9,350	41,981	41,981
<b><u>DEPARTMENT OF NATURAL RESOURCES</u></b>							
Wildlife Damage Claims and Abatement	Direct Program	370.553	(16,333)	16,333	12,661	12,661	12,661
Recreational Aids - Snowmobile Trails							
2010-2011	Direct Program	370.574	3,805	(3,805)	-	-	-
2011-2012	Direct Program	370.574	11,975	-	-	11,975	11,975
2011-2012 - County Bridge Replacement	Direct Program	370.574	16,980	-	(7,306)	9,674	9,674
2010-2012	Direct Program	370.574	(97)	-	97	-	-
2012-2013	Direct Program	370.574	-	32,488	(25,738)	6,750	6,750
River Protection Grant	Direct Program	370.675	-	7,490	-	7,490	7,490
Total Department of Natural Resources			16,330	52,506	(20,286)	48,550	48,550
<b><u>DEPARTMENT OF TRANSPORTATION</u></b>							
Elderly Handicapped Transportation Aid	Direct Program	395.101	-	189,619	-	189,619	189,619
New Freedom Mobility Management	Direct Program	395.104	-	1,217	-	1,217	1,217
Transit Operating Aids	Direct Program	395.104	(369,000)	1,018,592	450,056	1,099,648	1,099,648
Total Department of Transportation			(369,000)	1,209,428	450,056	1,290,484	1,290,484
<b><u>DEPARTMENT OF CORRECTIONS</u></b>							
Community Intervention Program	Direct Program	410.302	3,519	19,541	10,475	33,535	33,535
Community Youth and Family Aids	Direct Program	410.313	28,030	505,570	135,021	668,621	668,621
Total Department of Corrections			31,549	525,111	145,496	702,156	702,156

(Continued)

**OZAUKEE COUNTY, WISCONSIN**  
Schedule of State Financial Assistance (Continued)  
For the Year Ended December 31, 2012

Grantor Agency/Pass-through Agency/ Grant Title/Project Grant	State I.D. Number	Revenues				Total Revenues	Total Expenditures
		(Accrued) or Deferred Revenue 1/1/12	Cash Received (Refunded)	Accrued or (Deferred) Revenue 12/31/12			
<b>DEPARTMENT OF HEALTH SERVICES</b>							
Funeral/Cemetery	Direct Program	435.105	(2,818)	2,818	-	-	-
PF Non-Federal Program Revenue	Direct Program	435.200	2,507	(3,178)	(579)	(1,250)	(1,250)
IMAA State Share	Direct Program	435.283	(3,017)	134,318	1,034	132,335	132,335
IMAA Federal Share	Direct Program	435.284	(6,120)	6,120	-	-	-
Medical Assistance Program -Subrogation Collection	Direct Program	435.291	898	(5,744)	-	(4,846)	(4,846)
Adult Protective Services	Direct Program	435.312	(39,247)	59,145	32,432	52,330	52,330
Community Options Program	Direct Program	435.367	(49,735)	77,403	65,492	93,160	93,160
CLTS DD	Direct Program	435.460	(14,913)	14,913	-	-	-
CLTS MH	Direct Program	435.461	1,612	(1,612)	-	-	-
CLTS PD	Direct Program	435.462	(7,712)	7,712	-	-	-
Certified Mental Health Program	Direct Program	435.517	(42,712)	63,974	22,268	43,530	43,530
Birth to 3 Initiative	Direct Program	435.550	-	95,152	-	95,152	95,152
Basic County Allocation	Direct Program	435.561	-	1,369,974	-	1,369,974	1,369,974
Family Support Program	Direct Program	435.577	(17,128)	45,050	30,288	58,210	58,210
State/County Match	Direct Program	435.681	-	180,615	-	180,615	361,230
TPA CLTS DD OTHER GPR	Direct Program	435.805	-	84,819	-	84,819	84,819
TPA CLTS MH OTHER GPR	Direct Program	435.811	-	16,734	-	16,734	16,734
TPA CLTS PD OTHER GPR	Direct Program	435.817	-	17,573	-	17,573	17,573
WIC Farmers Market	Direct Program	435.154720	-	798	-	798	798
WWWP - GPR	Direct Program	435.157000	-	16,256	-	16,256	16,256
State Funded Lead Poisoning Prevention	Direct Program	435.157720	-	2,990	359	3,349	3,349
Maternal & Child Health Svc Blk	Direct Program	435.159320	-	1,066	72	1,138	1,138
ADRC MFP-NH RELOCATE GPR	Direct Program	435.560062	-	-	2,400	2,400	2,400
ADRC MFP- NH RELOC NON MA	Direct Program	435.560063	-	-	2,400	2,400	2,400
ADRC MFP- NH Relocation	Direct Program	435.560065	-	1,800	5,400	7,200	7,200
Aging and Disability Resource Center	Direct Program	435.560100	(2,956)	492,142	(3,458)	485,728	485,728
Elderly Benefit Specialist Program	Greater Wisconsin Agency on Aging Resources	435.560320	-	28,215	-	28,215	28,215
State Pharmaceutical Assistance Program	Greater Wisconsin Agency on Aging Resources	435.560327	-	1,671	3,480	5,151	5,151
Senior Community Services	Greater Wisconsin Agency on Aging Resources	435.560330	-	5,506	-	5,506	5,506
Congregate Meal Program (Title III C-1)	Greater Wisconsin Agency on Aging Resources	435.560350	-	42,756	-	42,756	42,756
Congregate Meal Program (Title III C-1)	Greater Wisconsin Agency on Aging Resources	435.560360	-	4,570	-	4,570	4,570
Alzheimer's Family and Caregiver Support	Greater Wisconsin Agency on Aging Resources	435.560381	(1,102)	15,911	2,588	17,397	17,397
Elder Abuse	Greater Wisconsin Agency on Aging Resources	435.560490	(13,178)	19,823	12,323	18,968	18,968
Coordinated Services Child	Direct Program	435.81055	(777)	7,136	2,471	8,830	8,830
Total Department of Health Services			(196,398)	2,806,426	178,970	2,788,998	2,969,613

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**OZAUKEE COUNTY, WISCONSIN**  
Schedule of State Financial Assistance (Continued)  
For the Year Ended December 31, 2012

Grantor Agency/Pass-through Agency/ Grant Title/Project Grant	State I.D. Number	Revenues				Total Expenditures	
		(Accrued) or Deferred Revenue 1/1/12	Cash Received (Refunded)	Accrued or (Deferred) Revenue 12/31/12	Total Revenues		
<b>DEPARTMENT OF CHILDREN AND FAMILIES</b>							
AW DOJ Fingerprint Background	Direct Program	437.3324	(138)	369	26	257	257
CW CQI- Case Review	Direct Program	437.3346	-		4,907	4,907	4,907
Basic County Allocation	Direct Program	437.3561	-	330,870	-	330,870	330,870
State/County Match	Direct Program	437.3681	-	58,335	-	58,335	116,670
CW WSACWIS Annual Operating Maintenance	Direct Program	437.3935	-	(11,373)	-	(11,373)	(11,373)
Child Support GPR	Direct Program	437.208	(358)	37,853	-	37,495	37,495
Total Department of Children and Families			(496)	416,054	4,933	420,491	478,826
<b>DEPARTMENT OF JUSTICE</b>							
DNA Sample Reimbursement	Direct Program	455.221	-	500	-	500	500
Victim and Witness Assistance Program		455.503, 455.532					
Program Cluster	Direct Program	& 455.539	(24,858)	46,884		22,026	22,026
Total Department of Justice			(24,858)	47,384	-	22,526	22,526
<b>DEPARTMENT OF MILITARY AFFAIRS</b>							
Emergency Planning Program	Direct Program	465.337					
2011-2012			(4,269)	4,269	-	-	-
2012-2013			-	5,351	13,889	19,240	19,240
			(4,269)	9,620	13,889	19,240	19,240
Computer Hazmat Equipment Grant							
2012	Direct Program	465.367	-	8,605	-	8,605	8,605
Total Department of Military Affairs			(4,269)	18,225	13,889	27,845	27,845
<b>DEPARTMENT OF ADMINISTRATION</b>							
Public Benefits	Direct Program	505.371	(6,139)	28,985	7,414	30,260	30,260
Land Information Board Grant	Direct Program	505.118	-	300	-	300	300
Total Department of Administration			(6,139)	29,285	7,414	30,560	30,560
<b>TOTAL STATE PROGRAMS</b>			<b>\$ (704,341)</b>	<b>\$ 5,396,404</b>	<b>\$ 885,665</b>	<b>\$ 5,577,728</b>	<b>\$ 5,816,678</b>

The notes to the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are an integral part of this schedule.

**OZAUKEE COUNTY, WISCONSIN**  
Notes to the Schedule of Federal Awards and the  
Schedule of State Financial Assistance  
For the Year Ended December 31, 2012

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance for Ozaukee County 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 2012 basic financial statements. Accrued revenue at year-end consists of program expenditures scheduled for reimbursement to the County in the succeeding year while deferred revenue represents advances for programs that exceed recorded County expenditures.

Federal Programs: Ozaukee County qualifies as a low risk auditee in accordance with paragraph 530 of OMB Circular A-133. Therefore major programs, as identified in Section I of the Schedule of Findings and Questioned Costs, represent those with combined expenditures exceeding 25% of total federal awards that also were deemed major programs based on the auditors' risk assessment. All other federal programs are considered non-major programs.

State Programs: Ozaukee County, Wisconsin, qualifies as a low risk auditee in accordance with the *State Single Audit Guidelines*. Therefore major programs represent those with combined expenditures exceeding 25% of total state financial assistance that also were deemed major programs based on the auditors' 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 Commerce  
State - Wisconsin Department of Health Services

**OZAUKEE COUNTY, WISCONSIN**  
Notes to the Schedule of Federal Awards and the  
Schedule of State Financial Assistance (continued)  
For the Year Ended December 31, 2012

**NOTE D - TITLE 19 MEDICAL ASSISTANCE PAYMENTS**

The Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance do not include recorded revenues 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.

**NOTE E - STATE DIRECT PAYMENTS**

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

**NOTE F - STATE OF WISCONSIN COMMUNITY AIDS REPORTING SYSTEM**

The Wisconsin Department of Children and Families (DCF), Health Services (DHS) and Workforce Development (DWD) utilize the Community Aids Reporting System (CARS) and the Central Office Reporting System (CORS) 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 DCF, DHS and DWD programs agree with the expenditures reported on the April 17, 2013 CARS for the Human Services Department and the December 2012 CORS for Child Support and W2 programs, with adjustments for accrued revenue at year-end.

**OZAUKEE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2012

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards and State Financial Assistance

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes

Type of auditors' report issued on compliance for major programs	Unmodified
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?	Yes

Identification of major federal programs:

CFDA Number	Name of Federal Program
11.463	ARRA - Habitat Conservation
66.469	Great Lakes Program
81.128	Energy Efficiency and Conservation Block Grant - ARRA
93.778	Medical Assistance Program
93.658	Foster Care (IV-E)

Identification of major state programs:

State ID Number	Name of State Programs
410.313	Community Youth and Family Aids
435.283	IMAA State Share
435.550	Birth to three initiative
435.561	Basic County Allocation
435.681	Community and Mental Health Services
435.805	TPA CLTS DD OTHER GPR
435.811	TPA CLTS MH OTHER GPR
435.817	TPA CLTS PD OTHER GPR
437.3561	Basic County Allocation
437.3681	Community and Mental Health Services
505.371	Public Benefits

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	Yes

**OZAUKEE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2012

**Section II - Financial Statement Findings**

Finding No.	Internal Control Deficiencies
-------------	-------------------------------

**2012-01      Adjustments to the County's Financial Records**

Condition: As part of our 2012 audit, we proposed adjusting journal entries that were material to the County's financial statement, mainly related to grant receivables.

Criteria: Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Cause: While County staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year end accrual entries for grant programs requires familiarity with grant claims and reports that would entail additional training and staff time to develop.

Effect: Year-end financial records prepared by the County may contain material misstatements.

Recommendation: We recommend the County designate an individual to obtain additional training in order to prepare year end receivable entries and other adjustments for all grant programs.

**2012-02      Capital Asset Additions**

Condition: County staff provides us with the current year asset additions and disposals, the method and rate of depreciation and the depreciation calculation. During our 2012 audit, we identified a material capital asset addition that was not reported to us by County staff.

Criteria: A material adjustment to the underlying accounting records is considered to be an internal control deficiency.

Cause: Although the County has a system in place to identify capital asset transactions throughout the year, infrastructure projects are occasionally missed.

Effect: The County could have capital assets transactions which are not reflected in the detailed capital records and the annual financial report.

Recommendation: We recommend the County develop a system to identify and record all infrastructure additions and disposals throughout the year.

**OZAUKEE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2012

**Section II - Financial Statement Findings (Continued)**

Finding No.	Internal Control Deficiencies
-------------	-------------------------------

**2012-03 Assistance with Preparation of Annual Financial Report**

**Condition:** Current County staff maintains accounting records which reflect the County's financial transactions; however, preparing the County's government-wide statements, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The County utilizes our expertise and knowledge of applicable accounting principles, financial statement formats, and note disclosures to prepare the government-wide statements in an efficient manner.

**Criteria:** The preparation and review of the government-wide statements by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.

**Cause:** County management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

**Effect:** Without our involvement, the County may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

**Recommendation:** We recommend the County continue reviewing the government-wide statements prepared by Schenck. While it may not be cost beneficial to train additional staff to completely prepare the government-wide statements, a thorough review of this information by appropriate staff of the County is necessary to obtain a complete and adequate understanding of the County's annual financial report.

**OZAUKEE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2012

**Section III - Federal Award and State Financial Assistance Findings and Questioned Costs**

Finding No.	Internal Control Deficiency
<b>2012-04</b>	<b>Financial Reporting for Federal and State Financial Assistance</b>
Federal CFDA #:	All federal programs
State ID #:	All state programs
Condition:	OMB Circular A-133 and the <i>State Single Audit Guidelines</i> requires the County to prepare appropriate financial statements, including the schedules of expenditures of federal awards and state financial assistance. While the current staff of the County maintain financial records supporting amounts reported in the schedules of expenditures of federal awards and state financial assistance, the County contracts with Schenck to compile the data from these records and prepare the single audit report for the County.
Criteria:	Having staff with expertise in federal and state financial reporting prepare the County's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal awards and state financial assistance, or accompanying notes to the schedule.
Cause:	The additional costs associated with hiring staff sufficiently experienced to prepare the County's single audit report, including the additional training time, outweigh the derived benefits.
Effect:	The County could receive federal or state grant awards which are not included in the accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance.
Recommendation:	Many governments of your size have designated personnel with the designed knowledge and skills related to various federal and state grant reporting. We recommend County personnel prepare the necessary information to ensure all federal and state financial assistance programs are properly reported in the County's single audit report.

**OZAUKEE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2012

**Section III - Federal Award and State Financial Assistance Findings and Questioned Costs (Continued)**

Finding No.	Compliance Deficiencies
<p><b>2012-05</b></p> <p>Federal CFDA #: 66.469            Agency: U.S. Environmental Protection Agency            Program Name: Great Lakes Program</p>	<p><b>Reporting</b></p> <p><b>Condition:</b> The County did not file the quarterly SF-425 reports for quarters 1 through 3 and the 4<sup>th</sup> Quarter (annual) SF-425 report was filed with the Las Vegas Finance Center after the 90 day deadline.</p> <p><b>Criteria:</b> Federal Financial Report (FFR) (SF-425/SF-425A (OMB No. 0348-0061)). Recipients use the FFR as a standardized format to report expenditures under Federal awards, as well as, when applicable, cash status (Lines 10.a, 10.b, and 10c). References to this report include its applicability as both an expenditure and a cash status report unless otherwise indicated. The signed grant agreement states, "Pursuant to 40 CFR 31.41(b) and 31.50(b), EPA recipients shall submit an annual Federal Financial Report (SF-425) to EPA no later than 90 calendar days following the end of the reporting quarter. The following reporting period end dates shall be used for interim reports: 3/31, 6/30, 9/30, or 12/31".</p> <p><b>Cause:</b> While the County does have a system in place to identify and monitor many grant reporting requirements, not all reporting for all grants is completed.</p> <p><b>Effect:</b> The County did not file the quarterly SF-425 reports for 2012 on a timely basis.</p> <p><b>Recommendation:</b> Many governments of your size have designated personnel with the designed knowledge and skills related to various federal and state grant reporting and monitoring. We recommend the County develop a system to identify and monitor grant reporting throughout the year. The employee assigned to complete the monitoring must have the designed knowledge and skills related to federal and state grant accounting and reporting.</p>

**OZAUKEE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2012

**Section III - Federal Award and State Financial Assistance Findings and Questioned Costs (Continued)**

Finding No.	Compliance Deficiencies
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**2012-06 Allowable Costs/Cost Principles - AMSO Allocation Plan**

Federal CFDA #: *Federal CFDA - Various programs passed through the Wisconsin Departments of Health Services & Children and Families*  
 Agency: *Services & Children and Families*  
 Program Name: *State IDs - Various programs passed through the Wisconsin Departments of Health Services & Children and Families*

Condition: Human Services did not have adequate documentation to support the AMSO allocation or employee count reports.

Criteria: OMB Circular A-133 and the *State Single Audit Guidelines* require Human Services to support their allocation methodology for agency management, support, and overhead costs, (AMSO), with adequate documentation. The Department is also required to submit employee count reports to the State for Federal reporting purposes.

Cause: Human Services was not reconciling reports to organizational charts and the department was not reviewing state reports.

Effect: Human Services may have allocated and claimed AMSO costs for reimbursement from various grant programs that were not allowable. Due to lack of documentation, questioned costs could not be determined.

Recommendation: We recommend Human Services update their organizational chart and reconcile this information as part of their AMSO allocation and employee count report.

**OZAUKEE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2012

**Section IV - Other Issues**

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

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

Department of Agriculture, Trade and Consumer Protection	X	Yes	_____	No
Department of Commerce	X	Yes	_____	No
Department of Natural Resources	X	Yes	_____	No
Department of Transportation	X	Yes	_____	No
Department of Corrections	X	Yes	_____	No
Department of Health Services	X	Yes	_____	No
Department of Children and Families	X	Yes	_____	No
Department of Justice	X	Yes	_____	No
Department of Military Affairs	X	Yes	_____	No
Department of Administration	X	Yes	_____	No

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

Name and signature of shareholder

  
 Michael W. Konecny, CPA

Date of report

July 25, 2013

**OZAUKEE COUNTY, WISCONSIN**  
Schedule of Prior Year Audit Findings and Corrective Action Plan  
For the Year Ended December 31, 2012

**Prior Year Audit Findings**

Management continues to believe the cost to hire additional staff to eliminate the control deficiency identified as 2011-01 outweigh the benefits to be received. Management reviews the single audit report prepared by Schenck.

**Corrective Action Plan**

**2012-01: Adjustments to the County's Financial Records**

We believe we are making progress toward this goal and will continue to make progress, but we will look into training to assist us.

**2012-02: Capital Asset Additions**

The state often bills the County months and sometimes years after completion of a road project. In the past we have been reluctant to close out a project because of this practice. In the future we will recognize the capital asset when our work is completed or in the case of a contracted project when essentially all work is completed. Our recent upgrade in ERP software should also aid in recognizing fixed assets.

**2012-03: Assistance with Preparation of Annual Financial Report**

We will continue to train staff on preparation of the government wide portion of the financial statements and believe we can complete this portion in the near future.

**2012-04: Financial Reporting for Federal and State Financial Assistance**

The State Single Audit has been a problem for the County to complete but we think we have made progress and will continue to improve. While we may not be able to complete the 2013 audit we believe we will in 2014.

**2012-05: Reporting**

We have dedicated personnel for this grant reporting and documentation. We believe our documentation is very thorough. We do have a problem with the receiving department's timeliness in getting the proper information to the dedicated person responsible for submitting the reports. This has been brought to the attention of the department and we hope it is now resolved.

**2012-06: Allowable Costs/Cost Principles - AMSO Allocation Plan**

We had this discussion with the auditors in the spring. Work was begun in May and finished in late June.

**ADDITIONAL INDEPENDENT AUDITORS' REPORT**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Independent Auditors' Report**

To the County Board  
Ozaukee County, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ozaukee County, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Ozaukee County, Wisconsin's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 15 dated June 24, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Ozaukee County, Wisconsin's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ozaukee County, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of Ozaukee County, Wisconsin's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02, and 2012-03 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ozaukee 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*.

## **Ozaukee County, Wisconsin's Response to Findings**

Ozaukee County, Wisconsin's response to the findings identified in our audit are described in the accompanying schedule of prior year audit findings and corrective action plan. Ozaukee County, Wisconsin's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Ozaukee County, Wisconsin's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ozaukee County, Wisconsin's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
June 24, 2013