

SAWYER COUNTY
HAYWARD, WISCONSIN

Federal and State Single Audit
Year Ended December 31, 2012

INDEPENDENT AUDITOR'S REPORT

SAWYER COUNTY, WISCONSIN

FEDERAL AND STATE SINGLE AUDIT REPORTS
YEAR ENDED DECEMBER 31, 2012

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Anderson·Hager·Moe

CERTIFIED PUBLIC ACCOUNTANTS
Hayward, Spooner and Rice Lake, Wisconsin

10425 State Hwy. 27S • P. O. Box 986 • Hayward, WI 54843 PHONE (715) 634-2653 FAX (715) 634-2456 www.ahmcpa.com

Michael J. Hager, CPA
Randall J. Pachal, CPA
Susan E. Ritchie, CPA CVA
Larry R. Peterson, CPA
Karen J. Slaminski, CPA
Mark N. Beckman, CPA

In Memoriam
Gerald R. Anderson
1948-2007

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION- UNQUALIFIED OPINION ON SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY OMB CIRCULAR A-133

The Board of Supervisors
Sawyer County
Hayward, Wisconsin 54843

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 Sawyer County, Wisconsin ("County") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 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.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The accompanying schedules of expenditures of federal and state awards 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 basic 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 schedules of expenditures of federal awards and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.


September 24, 2013

SAWYER COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

Administering Agency/Pass Thru Agency/Award Description	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>		
Passed through Department of Health Services-State		
Social Services Block Grant		
Basic County Allocation	93.667	\$ 82,354
WIMCR Correction	93.667	(1,775)
Basic County Allocation	93.667	<u>38,958</u>
Subtotal Social Services Block Grant		<u>\$ 119,537</u>
Medicaid Cluster		
TPA CLTS DD other	93.778	\$ 24,955
TPA CLTS MH other	93.778	4,092
TPA CLTS PD other	93.778	14,519
CLTS DD other	93.778	3,206
CLTS MH other	93.778	780
CLTS PD other	93.778	1,571
Cons Contracts MCH	93.778	619
WIMCR	93.778	26,513
IM Available Alloc.	93.778	<u>118,945</u>
Subtotal Medicaid Cluster		<u>\$ 195,200</u>
Foster Care - Title IV-E		
Basic County Allocation	93.658	\$ 14,327
CW Adam Walsh Foster/Adoptive Parent	93.658	<u>20</u>
Subtotal Foster Care Title IV-E		<u>\$ 14,347</u>
TANF Cluster (Temporary Assistance for Needy Families)		
Basic county Allocation	93.558	\$ 42,031
WIMCR Correction	93.558	(906)
IM Available Allocation	93.558	2,772
Fraud Prevention & Investigation	93.558	1,599
Kinship Benefit	93.558	24,250
Kinship Assessments	93.558	2,015
Basic County Allocation	93.558	<u>27,230</u>
Subtotal TANF Cluster		<u>\$ 98,991</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>\$ 50,066</u>
Block Grants for Community Mental Health Services	93.958	<u>\$ 8,146</u>
Promoting Safe & Stable Families	93.556	<u>\$ 36,050</u>
Maternal and Child Health Services Block Grant to the States		
Cons Contracts MCH	93.994	\$ 8,430
Reproductive Health	93.994	<u>15,794</u>
Subtotal Maternal and Child Health Services Block Grant to the States		<u>\$ 24,224</u>
Child Welfare Services-Basic County Allocation	93.645	<u>\$ 88,096</u>
Substance Abuse and Mental Health Services	93.243	<u>\$ 87,488</u>
Preventive Health and Health Services - Cons Contracts PHHS	93.991	<u>\$ 795</u>
Children's Health Insurance Program - IM Available Allocation	93.767	<u>\$ 16,050</u>
Total Federal Financial Assistance forwarded		<u>\$ 738,990</u>

The accompanying notes are an integral part of this schedule.

SAWYER COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

Administering Agency/Pass Thru Agency/Award Description	Federal CFDA Number	Federal Expenditures
Total Federal Financial Assistance brought forward		\$ 738,990
<u>U.S. Department of Health and Human Services (Continued)</u>		
Passed through Department of Health Services-State (Continued)		
Chafee Foster Care Independence Program	93.674	\$ 14,782
Public Health Emergency Preparedness		
BIOT FOCUS A PLANNING	93.069	\$ 23,248
BIOT FOCUS A PLANNING	93.069	6,922
Subtotal Public Health Emergency Preparedness		\$ 30,170
Immunization Cluster:		
Immunization Grants - Cons Contracts Imm	93.268	\$ 8,324
Subtotal Passed Through Department of Health Services - State		\$ 792,266
Passed through Department of Children and Families - State		
Child Support-		
MSL Incentives	93.563	\$ 6,328
CS Regular Expenditures	93.563	259,829
CS Enforcement	93.563	(3,622)
CS Qualifying Non IV-D Activities	93.563	695
CS Medical Support GPR Earned	93.563	276
CS Performance Incentive	93.563	52,030
FPLS Fees	93.563	(534)
Subtotal Child Support		\$ 315,002
CCDF Cluster (Child Care and Development Fund)		
Childcare Certification	93.596	\$ 18,143
Childcare Administration and Program Operations	93.596	57,104
Subtotal CCDF Cluster		\$ 75,247
Foster Care - Title IV-E - eWISACWIS fiscal interface	93.658	\$ 3,183
Subtotal Passed Through Department of Children and Families - State		\$ 393,432
Total Federal Financial Assistance forwarded		\$ 1,185,698

The accompanying notes are an integral part of this schedule.

SAWYER COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

Administering Agency/Pass Thru Agency/Award Description	Federal CFDA Number	Federal Expenditures
Total Federal Financial Assistance brought forward		\$ 1,185,698
<u>U.S. Department of Health and Human Services (Continued)</u>		
Passed Through Department of Corrections-State		
Foster Care-Title IV-E	93.658	\$ 3,220
Child Welfare Service	93.645	2,013
Subtotal Passed Through Department of Corrections - State		\$ 5,233
Passed Through Department of Administration		
Low Income Home Energy Assistance	93.568	\$ 28,344
Subtotal Passed Through Department of Administration - State		\$ 28,344
Passed Through Bayfield County		
Social Services Block Grant	93.667	\$ 974
Medical Assistance Program	93.778	136,644
Subtotal Passed Through Bayfield County		\$ 137,618
Total U.S. Department of Health and Human Services		\$ 1,356,893
<u>U.S. Department of Agriculture</u>		
Passed through Department of Health Service-State		
Special Supplemental Nutrition Program for Women, Infants & Children		
WIC Total Grants	10.557	\$ 94,915
WIC Infrastructure	10.557	4,783
WIC Peer Counseling	10.557	10,708
Subtotal Special Supplemental Nutrition Program for Women, Infants & Children		\$ 110,406
SNAP Cluster (State Administrative Matching Grants for Supplemental Nutrition Assistance Program)		
IM Avail Alloc	10.561	\$ 85,772
FSET Admin 100% Fed Suppl	10.561	454
FSET Transp GPR/Fed Base	10.561	1,745
Subtotal SNAP Cluster		\$ 87,971
WIC Farmers Market Grant	10.572	\$ 134
Subtotal Passed Through Department of Health Services - State		\$ 198,511
Passed through Department of Natural Resources-State		
Forest Service Schools and Roads Cluster:		
Schools and Roads - National Forest Income	10.665	\$ 167,252
Schools and Roads - Payments in Lieu of Taxes	10.665	6,435
Subtotal Forest Service Schools and Roads Cluster - passed through Department of Natural Resources		\$ 173,687
Total U.S. Department of Agriculture		\$ 372,198
Total Federal Financial Assistance Forwarded		\$ 1,729,091

The accompanying notes are an integral part of this schedule.

SAWYER COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

Administering Agency/Pass Thru Agency/Award Description	Federal CFDA Number	Federal Expenditures
Total Federal Financial Assistance brought forward		\$ 1,729,091
<u>U.S. Department of Education</u>		
Early Intervention Services (IDEA) Cluster:		
Passed Through Department of Health Services - State Special Education - Grants for Infants and Families - Birth to Three Incentive	84.181	\$ 17,082
Total U.S. Department of Education		\$ 17,082
<u>U.S. Department of Justice</u>		
Passed Through Wisconsin Department of Justice Crime Victim Assistance (VOCA)	16.575	\$ 44,583
Subtotal passed through Department of Justice		\$ 44,583
Passed Through Department of Administration - Office of Justice Assistance ARRA - Edward Byrne Memorial Justice Assistance Grant Federal Award Number: 2009-SB-B9-2150	16.803	\$ 168,884
Subtotal passed through Department of Administration		\$ 168,884
Total U.S. Department of Justice		\$ 213,467
<u>U.S. Department of Homeland Security</u>		
Passed through WI Department of Administration - Office of Justice Assistance Homeland Security Grant Program	97.067	\$ -
Homeland Security Grant Program (wiscom)	97.067	312,092
Subtotal passed through WI Department of Administration - Office of Justice Assistance		\$ 312,092
Total U.S. Department of Homeland Security		\$ 312,092
<u>U.S. Department of Housing and Urban Development</u>		
Passed through Department of Commerce-State Comm. Develop Block Grant (CDBG - State Admin. Small Cities Program Clust	14.228	\$ 326,441
Total U.S. Department of Housing and Urban Development		\$ 326,441
<u>U.S. Department of Transportation</u>		
Passed through Department of Transportation-State		
Transit Aids-Public Trans. For Non-Urban Areas (5311 Grant)	20.509	\$ 720,514
Transit Aids-Public Trans. For Non-Urban Areas (5311 Capital WI-18-9042)	20.509	4,667
Transit Aids-Public Trans. For Non-Urban Areas (5311 Capital WI-18-9023)	20.509	262,054
Transit Aids-Public Trans. For Non-Urban Areas (5311 Grant conferences)	20.509	698
ARRA - Transit Aids Capital Assistance nonurbanized Area Formula Program (Grant Number WI-86-X001	20.509	74,309
Subtotal Transit Aids		\$ 1,062,242
New Freedom Program - (Transit Services Programs Cluster)	20.521	\$ 78,169
Highway Safety Cluster:		
State & Community Highway Safety (Intensive Supervision Program)	20.600	\$ 43,297
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	2,817
Occupant Protection Incentive Grants - Seat Belt Enforcement	20.602	11,298
Child Safety & Child Booster Seat Incentive Grant	20.613	3,946
Subtotal Highway Safety Cluster		\$ 61,358
Total U.S. Department of Transportation		\$ 1,201,769
Total Federal Financial Expenditures		\$ 3,799,942

The accompanying notes are an integral part of this schedule.

SAWYER COUNTY, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2012

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred) Reimbursements January 1, 2012	Receipts		Expenditures		Accrued (Deferred) Reimbursements December 31, 2012
			Grant Reimburse- ments	Local Share	Grant Share	Local Share	
<u>Department of Health Services</u>							
Adult Protective Services 2012	435.312	\$ -	\$ 22,724	\$ 1,191	\$ 22,724	\$ 1,191	\$ -
COP 2012	435.367	-	15,139	-	15,139	-	-
Income Maintenance Allocation 2012	435.283	-	76,568	-	76,568	-	-
Alzheimers Family Support 2012	435.381	-	5,550	104	5,550	104	-
Certified Mental Health Program 2012	435.517	-	14,091	-	14,091	-	-
Basic County Allocation 2012	435.561	-	618,213	643,826	618,213	643,826	-
WIMCR Correction 2012	435.561	-	(13,323)	-	(13,323)	-	-
Family Support Program 2012	435.577	-	37,087	-	37,087	-	-
State / County Match 2012	435.681	-	77,876	662,041	77,876	662,041	-
IMD-OBRA Relocations 2012	435.571	-	11,991	8,913	11,991	8,913	-
Birth to Three Initiative 2012	435.550	-	16,723	59,413	16,723	59,413	-
FSET Transp GPR 2012	435.233	-	1,745	-	1,745	-	-
TPA CLTS DD Other GPR 2012	435.835	-	16,817	-	16,817	-	-
CLTS DD OTH CWA Admi GPR 2012	435.835	-	1,557	1,643	1,557	1,643	-

SAWYER COUNTY, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2012

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred) Reimbursements January 1, 2012	Receipts		Expenditures		Accrued (Deferred) Reimbursements December 31, 2012
			Grant Reimburse- ments	Local Share	Grant Share	Local Share	
TPA CLTS MH Other GPR 2012	435.841	\$ -	\$ 2,758	\$ -	\$ 2,758	\$ -	\$ -
CLTS MH OTH CWA Admin GPR 2012	435.841	-	391	382	391	382	-
TPA CLTS PD Other GPR 2012	435.847	-	9,785	-	9,785	-	-
CLTS PD OTH CWA Admin GPR 2012	435.847	-	1,568	-	1,568	-	-
Coordinated Services Team Counties 2013 2012	435.81007	(4,691)	2,910	9	7,601	9	-
Coordinated Services Team Counties 2014 2012	435.81099	-	48,469	-	47,577	-	(892)
WIC Farmers Market Grant 2012	435.154720	-	715	1,255	715	1,255	-
WWWP-GPR ss.255.06(2) 2012	435.157000	-	15,994	3,400	15,994	3,400	-
Cons Contracts Child LD 2012	435.157720	-	3,194	542	3,194	542	-
Cons Contracts MCH 2012	435.159320	-	619	-	619	-	-
Reproductive Health 2012	435.159321	-	11,008	48,213	11,008	48,213	-
Gambling Awareness 2012	435.533100	49	49	-	-	-	-
Elder Abuse Service 2012	435.560490	4,000	15,033	2,314	17,033	2,314	6,000
Aging & Disability Resource Center (through Bayfield Coun 2012	435.560100	38,238	158,596	106	151,251	106	30,893
Total Department of Health Services		\$ 37,596	\$ 1,173,847	\$ 1,433,352	\$ 1,172,252	\$ 1,433,352	\$ 36,001

SAWYER COUNTY, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2012

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued	Receipts		Expenditures		Accrued
		(Deferred) Reimbursements January 1, 2012	Grant Reimburse- ments	Local Share	Grant Share	Local Share	(Deferred) Reimbursements December 31, 2012
Department of Children and Families							
CW Adam Walsh Foster/Adoptive Parent	437-3324	\$ -	\$ 55	\$ -	\$ 55	\$ -	\$ -
Basic County Allocation	437-3561	-	140,824	-	140,824	-	-
State / Couty Match	437-3681	-	25,010	233,435	25,010	233,435	-
CW Domestic Abuse / Children's Service	437-5102	-	40,000	6,212	40,000	6,212	-
CS State 2011 GPR/PR funding alloc	437-7502	-	23,160	110,773	23,160	110,773	-
Total Department of Children and Families		\$ -	\$ 229,049	\$ 350,420	\$ 229,049	\$ 350,420	\$ -
Department of Corrections							
Community Youth and Family Aids Program (Youth Aids)	410.313	\$ 81,964	\$ 286,577	\$ 279,111	\$ 196,045	\$ 279,111	\$ (8,568)
Community Intervention Program (Capacity Building)	410.302	2,217	9,385	-	7,940	-	772
Total Department of Corrections		\$ 84,181	\$ 295,962	\$ 279,111	\$ 203,985	\$ 279,111	\$ (7,796)
Department of Natural Resources							
Wildlife Damage Claims	370.553	\$ 38,805	\$ 38,805	\$ -	\$ 45,660	\$ -	\$ 45,660
Snowmobile Aid-Trail Areas	370.569 / .574 / .575	(3,799)	111,516	-	100,852	-	(14,463)
All Terrain Vehicle Aid-Trail Areas	370.576 / 370.577	(52,131)	92,543	-	133,156	-	(11,518)
Boating, ATV, and Snowmobile Enforcement	370.381 / .550 / .551 / .552	2,583	34,673	28,012	38,890	28,012	6,800
Recreation Aids - Fish, Wildlife, and Forestry	370.564	(33,089)	5,760	-	1,051	-	(37,798)
Resource Aids - Forest Croplands and Managed Land	370.566	-	54,647	-	54,647	-	-
County Forest Administrator Grants	370.572	-	31,846	3,050	31,846	3,050	-
Boating Project	370.573	-	4,364	-	-	-	(4,364)
Lake Management Grant	370.663	8,894	8,894	-	-	-	-
Capital Improvement Grant	370.500	-	50,000	5,083	50,000	5,083	-
Aquatic Invasive Species Control Grant	370.678	(24,260)	67,378	32,962	91,638	32,962	-
Total Department of Natural Resources		\$ (62,997)	\$ 500,426	\$ 69,107	\$ 547,740	\$ 69,107	\$ (15,683)

SAWYER COUNTY, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2012

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred) Reimbursements January 1, 2012	Receipts		Expenditures		Accrued (Deferred) Reimbursements December 31, 2012
			Grant Reimburse- ments	Local Share	Grant Share	Local Share	
<u>Department of Transportation</u>							
Elderly and Disabled County Aid	395.101	\$ -	\$ 68,117	\$ 13,623	\$ 68,117	\$ 13,623	\$ -
Transit Operating Aids	395.104	61,210	234,378	520,138	260,420	520,138	87,252
Total Department of Transportation		\$ 61,210	\$ 302,495	\$ 533,761	\$ 328,537	\$ 533,761	\$ 87,252
<u>Department of Safety and Professional Services</u>							
Wisconsin Fund Private Sewage System	143.11	\$ -	\$ 19,633	\$ -	\$ 19,633	\$ -	\$ -
Total Department of Safety and Professional Services		\$ -	\$ 19,633	\$ -	\$ 19,633	\$ -	\$ -
<u>Department of Military Affairs</u>							
Emergency Management Planning Aid	465.337	\$ 2,529	\$ 2,529	\$ -	\$ -	\$ -	\$ -
Total Department of Military Affairs		\$ 2,529	\$ 2,529	\$ -	\$ -	\$ -	\$ -
<u>Department of Agriculture, Trade and Consumer Protection</u>							
County Staff and Support	115.15	\$ 109,152	\$ 109,152	\$ 315,950	\$ 76,357	\$ 315,950	\$ 76,357
Land and Water Resource Management Implementation Projects	115.40	-	24,250	-	24,250	-	-
Total Department of Agriculture, Trade and Consumer Protection		\$ 109,152	\$ 133,402	\$ 315,950	\$ 100,607	\$ 315,950	\$ 76,357

SAWYER COUNTY, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2012

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued	Receipts		Expenditures		Accrued
		(Deferred) Reimbursements January 1, 2012	Grant Reimburse- ments	Local Share	Grant Share	Local Share	(Deferred) Reimbursements December 31, 2012
<u>Department of Justice</u>							
County-Tribal Assistance	455.263	\$ -	\$ 55,460	\$ -	\$ 43,897	\$ -	\$ (11,563)
Total Department of Justice		\$ -	\$ 55,460	\$ -	\$ 43,897	\$ -	\$ (11,563)
<u>Department of Administration</u>							
Federal Public Benefits Grant (LIHEAP)	505.371	\$ 13,589	\$ 31,375	\$ -	\$ 21,705	\$ -	\$ 3,919
Traffic Stop Data Collection Grant	505.627	(54)	-	-	-	-	(54)
Land Information Board Grants	505.118	(12,752)	13,760	69	16,844	-	(9,737)
Total Department of Administration		\$ 783	\$ 45,135	\$ 69	\$ 38,549	\$ -	\$ (5,872)
Total State Financial Assistance		\$ 232,454	\$ 2,757,938	\$ 2,981,770	\$ 2,684,249	\$ 2,981,701	\$ 158,696

SAWYER COUNTY, WISCONSIN

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED DECEMBER 31, 2012

NOTE A – Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the Schedules) include the federal and state grant activity of Sawyer County, Wisconsin ("County") under programs of the federal and state governments for the year ended December 31, 2012. 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* and the State Single Audit Guidelines. Because the Schedules present only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

NOTE B – Summary of Significant Accounting Policies

The County uses the modified accrual method of accounting for preparation of the financial statements, including the Schedule of Expenditures of Federal/State Awards.

Pass-through entity identifying numbers are presented where available.

NOTE C – Food Assistance

For the year ended December 31, 2012, the following unaudited amounts were paid directly by the State of Wisconsin to residents of Sawyer County as recipients under the following Federal Financial Assistance Programs:

Food Stamps	<u>\$4,730,966</u>
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NOTE D – Health Care Facility

The County does not operate a nursing home or other health care provider facility.

NOTE E - Insurance

The amount of insurance coverage that is carried by the County is \$32,794,412 which covers buildings, equipment, and vehicles owned by the County.

NOTE F –Clusters

Medicaid Cluster federal expenditures total \$331,844. \$195,200 passed through Wisconsin Department of Health Services and \$136,644 passed through Bayfield County, Wisconsin.

SAWYER COUNTY, WISCONSIN

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED DECEMBER 31, 2012

NOTE G – Federal Award Expenditures passed through multiple departments

Social Services Block Grant (93.667) federal expenditures total \$120,511. \$119,537 passed through Wisconsin Department of Health Services and \$974 passed through Bayfield County, Wisconsin.

Child Welfare Service (93.645) federal expenditures total \$90,109. \$88,096 passed through Wisconsin Department of Health Services and \$2,013 passed through Wisconsin Department of Corrections.

Foster Care – Title IV-E (93.658) federal expenditures total \$20,750. \$14,347 passed through Wisconsin Department of Health Services, \$3,220 passed through Wisconsin Department of Corrections, and \$3,183 passed through Wisconsin Department of Children and Families.

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

The Board of Supervisors
Sawyer County
Hayward, Wisconsin 54843

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 Sawyer County, Wisconsin ("County"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 24, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. See items 12-1, 12-2, and 12-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 12-4, 12-5, and 12-6.

County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Anderson Hogg + Moe S.C.

September 24, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Supervisors
Sawyer County
Hayward, Wisconsin 54843

Report on Compliance for Each Major Federal Program

We have audited Sawyer County, Wisconsin's ("County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the County's major federal and major state programs for the year ended December 31, 2012. The County's major federal and major state programs are identified in the summary of auditor's 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 major federal and major state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal and major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines*. Those standards, OMB Circular A-133, and the *Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and major state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal and Major State Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 or the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 12-4, 12-5, and 12-6. Our opinion on each major federal and major state program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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 12-1, 12-2, and 12-3 that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

This purpose of this report on internal control 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. Accordingly, this report is not suitable for any other purpose.

Anderson Hoogen + Moe S.C.

September 24, 2013

SAWYER COUNTY, WISCONSIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiencies identified that are not considered to be material weakness(es)?

Yes None Reported

Noncompliance material to the financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Yes No

Significant deficiencies identified that are not considered to be material weakness(es)?

Yes None Reported

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

Unqualified

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

Yes No

Identification of major federal program

CFDA Number

Name of Federal Program or Cluster

10.561
14.228
16.803
97.067
93.563
93.778
20.509

Food Stamp Program
Community Development Block Grant
ARRA - Edward Byrne Memorial Justice Assistance Grant
Homeland Security Grant Program
Child Support Enforcement
Medical Assistance Program
Formula Grants for other than Urbanized Areas

Dollar threshold used to distinguish between Type A and Type B Programs

\$300,000

Auditee qualified as a low-risk auditee?

Yes No

SAWYER COUNTY, WISCONSIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012

State Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiencies identified that are not considered to be material weakness(es)? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major state programs

<u>State Number</u>	<u>Name of State Program or Cluster</u>
435.560100	Aging and Disability Resource Centers
435.561 / 437-3561	Basic County Allocation
435.681 / 437-3681	State / County Match
410.313	Community Youth and Family Aids Program
370.569 / 370.574 / 370.575	Snowmobile Aids
395.104	Transit Operating Aids
115.15	County Staff and Support

Dollar threshold used to distinguish between Type A and Type B Programs \$100,000

Section II - Financial Statement Findings

Significant Deficiencies

12-1 Significant Audit Adjustments

Criteria: Internal controls should be in place to provide reasonable assurance that account balances are adjusted at year end to correct significant misstatements.

Condition: Management had not adjusted all account balances to reflect appropriate year-end balances.

Context: Significant adjustments were found during testing of account balances.

Cause: Management expects assistance from auditors in drafting certain adjusting entries, such as depreciation, interest expense accruals, and infrastructure improvements.

Effect: Because of the significant adjustments proposed for year end adjustments, budgeting decisions are being made based on unadjusted balances.

SAWYER COUNTY, WISCONSIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2012

Significant Deficiencies (continued)

12-1 Significant Audit Adjustments (continued)

Recommendation: Procedures should be implemented to require management to record adjustments prior to the audit fieldwork, so as to make better budgeting decisions.

Views of responsible officials and planned corrective actions: Sawyer County recognizes management's responsibility for internal controls and adjustments.

12-2 Oversight of the Financial Reporting Process

Criteria: Internal controls should be in place to provide reasonable assurance that County management takes responsibility for the financial statements.

Condition: The County does not have a system on internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP.

Context: The County outsources the drafting of the financial statements to ensure they are prepared in conformity with GAAP.

Cause: County's management does not have the internal controls in place to ensure financial statements would be prepared in conformity with GAAP without outsourcing these services to experienced accountants.

Effect: Because of the outsourcing of drafting the financial statements, County management relies upon an accounting firm to draft the financial statements and related disclosures.

Recommendation: Procedures should be implemented to require County management to review the drafted financial statements with the accounting firm and take responsibility for the finalized financial statements.

Views of responsible officials and planned corrective actions: Sawyer County recognizes management's responsibility the financial statements despite being drafted by an accounting firm since Sawyer County's small size and limited staff in the clerk's office.

12-3 Purchase Order System

Criteria: A purchase order system should be installed to centralize materials and supplies purchases to take advantage of larger order discounts, improve inventory control, and minimize over-expending budget line items.

Condition: Materials and supplies purchases are not centralized.

Context: Analytical review of the County's budget to actual comparison revealed expenditures in excess of budget for various line items.

Cause: The County does not have a system in place to centralize purchasing to ensure materials and supplies purchases are not expended above budgeted amounts.

Effect: Because of the lack of control over the purchasing of materials and supplies, numerous departments purchase their own materials and supplies, lose out on volume discounts, are not as aware of budget constraints.

SAWYER COUNTY, WISCONSIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012

12-3 Purchase Order System (continued)

Recommendation: Establish a central purchase order system to control the purchase of materials and supplies.

Views of responsible officials and planned corrective actions: Sawyer County tried a purchase order software program, but it did not work as expected. The County is striving to improve its accuracy in forecasting the revenues and expenditures for budgeting purposes, but when some departments are growing or shrinking, it is often difficult to anticipate the increase or decrease.

Section III - Federal and State Award Findings and Questioned Costs

- | | |
|--|----------------|
| 12-1 Significant Audit Adjustments | see section II |
| 12-2 Oversight of the Financial Reporting Process | see section II |
| 12-3 Purchase Order System | see section II |
| 12-4 Department of Health Services - Purchase of Service | |

The County has not received the four following provider agency audits:

	<u>CFDA No.</u>	<u>State ID</u>	<u>Questioned Costs</u>
1) Northland Community Services			
CARS #561 - Basic County Allocation	93.667; 93.558	435.561	\$ 1,008,004
2) Northland Counseling Emerg Mental Health			
CARS #561 - Basic County Allocation	93.667; 93.558	435.561	28,097
3) Northland Counseling Services			
CARS #81007 CST Counties 2013		435.81007	6,600
#81099 CST Counties 2014		435.81099	29,400
#569 Mental Health Block Grant	93.958		8,100
#561 Basic County Allocation	93.667; 93.558	435.561	290,284
#5102 CW Domestic Abuse Program		437-5102	15,840
4) Ventures Unlimited, Inc.			
CARS #561 - Basic County Allocation	93.667; 93.558	435.561	25,048
#367 - Community Options Program		435.367	8,756
Formula Grants for other than Urbanized Areas	20.509		5,106

Criteria: Department of Health Services State Single Audit Guidelines requires that audits of service providers not received by the County by the end of fieldwork and after the six month deadline be reported as a finding.

Condition: The four service providers listed above did not have audit reports turned into Sawyer County by the completion of fieldwork.

Context: The service provider population was 25 providers, each provider was reviewed to determine their need for an audit.

Cause: Service providers have not submitted a completed audit to the County by the end of fieldwork for the County's audit.

Effect: The cost of the service provider(s) may be disallowed.

SAWYER COUNTY, WISCONSIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2012

Section III - Federal and State Award Findings and Questioned Costs (continued)

12-4 Department of Health Services - Purchase of Services (continued)

Recommendation: The County should be more proactive with their service providers by reviewing the payment history for each service provider to determine which will need audits turned in and send them reminders.

Views of responsible officials and planned corrective actions: The County agrees that reminders to the service providers may help get some of the audits turned into the County on time.

12-5 Department of Children and Families - Child Support Program

Criteria: Department of Children and Families State Single Audit Guidelines requires any variance between reported costs and reimbursements to the County's ledger be identified in the finding section of the audit report.

Condition: Several 2012 monthly expenditure reports submitted to the state for the Child Support department either over-reported or under-reported expenses.

Context: Comparison of submitted expenditure reports to monthly summary sheets showed different amounts.

Cause: Timing between when invoices were received by Child Support and subsequently paid and posted to the general ledger contributed to monthly expenditure reports and monthly expenditures in the general ledger to differ. The Child Support director reported expenditures on the accrual basis throughout the year. The general ledger was kept on the cash basis throughout the year until year end adjustments were recorded for the modified accrual basis.

Effect: The net of the 2012 over-reported and under-reported expenses was \$912 under-reporting of expenses. After the 66% reimbursement factor is applied, the county shorted itself \$602 of potential reimbursements.

Recommendation: Improve internal control by having more than one person involved in expenditure report submission. One individual should prepare the reports and another should verify for accuracy by reconciling to the general ledger.

Views of Responsible Officials and Planned Corrective Actions: The Child Support director agrees that a review of the expenditure reports prior to submission would reduce the chance of under or over reporting expenses.

12-6 Department of Transportation - Formula Grants for other than Urbanized Areas

Criteria: Expenditures for reimbursement are to be actual expenditures.

Condition: The 4th quarter Section 5311 Operating Assistance Quarterly Requisition and Certification report over-reported the expenditures for the quarter by \$161,443.

Context: Comparing submitted expenditure reports to quarterly summary sheets and other backup showed different expenditure amounts for the 4th quarter.

Cause: An excel formula error caused \$139,917 of expenditures to be added into the total expenditures twice. The remaining \$21,526 of the over-reported expenditures came from 3rd quarter expenditures being included on the 4th quarter report, due to the period of the internal report being for July to December instead of October to December.

SAWYER COUNTY, WISCONSIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012

Effect: The 4th quarter expenditure report overstated expenditures by \$161,443. However, the County had expended enough throughout the year to fulfill its local share of expenditures according to the grant award when the 4th quarter expenditure report was recalculated during audit fieldwork to determine if the County received excess reimbursement.

Recommendation: Correct the excel formula error; reconcile the excel summary sheet back to the accounting records for each quarter prior to submitting expenditure reports for reimbursement. Also watch period dates to ensure the correct period expenditures are being reported for reimbursement.

Views of Responsible Officials and Planned Corrective Actions: The excel formula error has been corrected. The County has now put transit activities into a separate fund. This will help with reconciling expenditure reports to the accounting records prior to submission of quarterly expenditure reports for reimbursement. Greater care will be taken to watch the period dates to ensure expenditures being reported are from the proper date period.

Section IV - Other Issues

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

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

Department of Health Services	Yes
Department of Children and Families	Yes
Department of Workforce Development	No
Department of Corrections	No
Department of Administration	No
Department of Agriculture	No
Department of Justice	No
Department of Military Affairs	No
Department of Education	No
Department of Transportation	Yes
Department of Natural Resources	No
Department of Commerce	No
Public Service Commission	No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and Signature of partner

Michael J. Hager, CPA

5. Date of report

September 24, 2013

SAWYER COUNTY, WISCONSIN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2012

Finding 11-1 Material audit adjustments

Condition: Management had not adjusted all account balances to reflect appropriate year-end balances.

Recommendation: Procedures should be implemented to require management to record adjustments prior to the audit fieldwork, so as to make better budgeting decisions.

Current Status: Sawyer County is still working on implementing procedures to identify and record adjustments prior to audit fieldwork. Sawyer County did hire an accounting manager in the spring of 2013.

Finding 11-2 Oversight of the financial reporting process

Condition: The County does not have a system on internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP.

Recommendation: Procedures should be implemented to require County management to review the drafted financial statements with the accounting firm and take responsibility for the finalized financial statements.

Current Status: Sawyer County is still working on implementing procedures for reviewing and approving the financial statements and related disclosures outsourced to experienced accountants to be drafted.

Finding 11-3 Purchase order system

Condition: Materials and supplies purchases are not centralized.

Recommendation: Establish a central purchase order system to control the purchase of materials and supplies.

Current Status: Sawyer County is still working on implementing a more centralized purchasing system to help reduce over expending some budgeted items. This is helping their budgeting also.

Finding 11-4 Purchase of Service Department of Health Services

Condition: Four service providers listed in the Schedule of Findings and Questioned Costs did not have audit turned into Sawyer County by the completion of fieldwork.

Recommendation: The County should be more proactive with their service providers by reviewing the payment history for each service provider to determine which will need audits turned in and send them reminders.

Current Status: Each of the service providers listed in the 2011 Schedule of Findings and Questioned Costs have submitted audit reports to Sawyer County for 2011.

11-5 Child Support Program Department of Children and Families

Condition: Several 2011 monthly expenditure reports submitted to the state for the Child Support department either over-reported or under-reported expenses.

Recommendation: More than one individual should be involved in the submission of the expenditure reports. One individual should prepare the reports and another should verify for accuracy.

Current Status: The summarization of expenditures for the monthly expenditure reports; the preparation of the monthly expenditure reports; and the submission of the monthly expenditure reports is still being performed by one individual.