

**SAWYER COUNTY**  
HAYWARD, WISCONSIN

**Federal and State Single Audit**  
**Year Ended December 31, 2013**

**INDEPENDENT AUDITOR'S REPORT**

SAWYER COUNTY, WISCONSIN

FEDERAL AND STATE SINGLE AUDIT REPORTS  
YEAR ENDED DECEMBER 31, 2013

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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

**Report on the Schedules of Expenditures of Federal and State Awards**

We have audited the accompanying schedules of expenditures of federal and state awards of Sawyer County, Wisconsin ("County") for the year ended December 31, 2013, and the related notes.

**Management's Responsibility**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 and OMB Circular A-133 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the expenditures of federal and state awards of Sawyer County, Wisconsin for the year ended 2013, in accordance with accounting principles generally accepted in the United States of America.

  
October 3, 2014

SAWYER COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2013

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		
Hospital Preparedness Program and Public Health Emergency Preparedness		
BIOT FOCUS A PLANNING (7/1/13 - 6/30/14)	93.074	\$ 30,317
BIOT FOCUS A PLANNING (8/1/12 - 7/31/13)	93.074	<u>22,229</u>
Subtotal Hospital Preparedness Program and Public Health Emergency Preparedness		<u>\$ 52,546</u>
Public Health Emergency Preparedness - Bioterrorism Preparedness	93.069	<u>\$ 6,253</u>
Immunization Grants - Cons Contracts Imm	93.268	<u>\$ 8,324</u>
Temporary Assistance for Needy Families - Basic County Allocation	93.558	<u>\$ 54,335</u>
Social Services Block Grant - Basic County Allocation	93.667	<u>\$ 94,766</u>
Medicaid Cluster		
TPA CLTS DD Autism	93.778	\$ 71
TPA CLTS DD other	93.778	25,515
TPA CLTS MH other	93.778	7,505
TPA CLTS PD other	93.778	14,476
CLTS DD other	93.778	1,242
CLTS MH other	93.778	314
CLTS PD other	93.778	1,255
Cons Contracts MCH	93.778	553
WIMCR	93.778	<u>21,977</u>
Subtotal Medicaid Cluster		<u>\$ 72,908</u>
Block Grants for Community Mental Health Services	93.958	<u>\$ 8,146</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>\$ 50,066</u>
Preventive Health and Health Services - Cons Contracts PHHS	93.991	<u>\$ 3,261</u>
Maternal and Child Health Services Block Grant to the States		
Cons Contracts MCH	93.994	\$ 9,097
Reproductive Health	93.994	<u>15,132</u>
Subtotal Maternal and Child Health Services Block Grant to the States		<u>\$ 24,229</u>
Subtotal Passed Through Department of Health Services - State		<u>\$ 374,834</u>
Passed through Department of Children and Families - State		
Promoting Safe & Stable Families	93.556	<u>\$ 33,310</u>
TANF Cluster (Temporary Assistance for Needy Families)		
Fraud Prevention and Investigation	93.558	\$ 2,545
Kinship Benefit	93.558	26,952
Kinship Assessments	93.558	2,362
Basic County Allocation	93.558	<u>27,246</u>
Subtotal TANF Cluster		<u>\$ 59,105</u>
Incentives AFDC Agency	93.560	<u>\$ 43</u>
Total Federal Financial Assistance forwarded		<u>\$ 467,292</u>

The accompanying notes are an integral part of this schedule.

## SAWYER COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2013

Administering Agency/Pass Thru Agency/Award Description	Federal CFDA Number	Federal Expenditures
Total Federal Financial Assistance brought forward		\$ 467,292
<u>U.S. Department of Health and Human Services (Continued)</u>		
Child Support-		
MSL Incentives	93.563	\$ 8,144
CS Regular Expenditures	93.563	232,588
CS Enforcement	93.563	(4,841)
CS Qualifying Non IV-D Activities	93.563	435
CS Medical Support GPR Earned	93.563	617
CS Performance Incentive	93.563	51,722
FPLS Fees	93.563	(672)
Subtotal Child Support		\$ 287,993
CCDF Cluster (Child Care and Development Fund)		
Childcare Certification	93.596	\$ 11,451
Childcare Administration and Program Operations	93.596	57,662
Subtotal CCDF Cluster		\$ 69,113
Child Welfare Services-Basic County Allocation	93.645	\$ 88,146
Foster Care - Title IV-E		
Basic County Allocation	93.658	\$ 14,335
CW Adam Walsh Foster/Adoptive Parent	93.658	28
Subtotal Foster Care Title IV-E		\$ 14,363
Social Services Block Grant	93.667	\$ 38,980
Chafee Foster Care Independence Program	93.674	\$ 16,750
Medicaid Cluster		
Incentives Medicaid Agency	93.778	\$ 97
Collections Medicaid Agency	93.778	(288)
Subtotal Medicaid Cluster		\$ (191)
Subtotal Passed Through Department of Children and Families - State		\$ 607,612
Passed Through Department of Corrections-State		
Foster Care-Title IV-E	93.658	\$ 3,059
Child Welfare Service	93.645	2,040
Subtotal Passed Through Department of Corrections - State		\$ 5,099
Passed Through Department of Administration		
Low Income Home Energy Assistance	93.568	\$ 31,500
Subtotal Passed Through Department of Administration - State		\$ 31,500
Passed Through Bayfield County		
Social Services Block Grant	93.667	\$ 1,076
Medical Assistance Program	93.778	155,996
Subtotal Passed Through Bayfield County		\$ 157,072
Total Federal Financial Assistance forwarded		\$ 1,176,117

The accompanying notes are an integral part of this schedule.

## SAWYER COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2013

Administering Agency/Pass Thru Agency/Award Description	Federal CFDA Number	Federal Expenditures
Total Federal Financial Assistance brought forward		\$ 1,176,117
<u>U.S. Department of Health and Human Services (Continued)</u>		
Passed Through Wood County		
TANF Cluster - IM Available Alloc.	93.558	\$ 2,734
Children's Health Insurance Program - IM Available Alloc.	93.767	15,832
Children's Health Insurance Program - IM Available Alloc. ACA	93.767	446
Medical Assistance Program - IM Available Alloc.	93.778	117,331
Medical Assistance Program - IM Available Alloc. ACA	93.778	3,557
Subtotal Passed Through Wood County		\$ 139,900
Total U.S. Department of Health and Human Services		\$ 1,316,017
<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	\$ 89,401
WIC Peer Counseling	10.557	9,550
Subtotal Special Supplemental Nutrition Program for Women, Infants & Children		\$ 98,951
SNAP Cluster (State Administrative Matching Grants for Supplemental Nutrition Assistance Program)		
FSET Admin 100% Fed Suppl	10.561	\$ 443
FSET Transp GPR/Fed Base	10.561	475
Subtotal SNAP Cluster		\$ 918
Subtotal Passed Through Department of Health Services - State		\$ 99,869
Passed through Department of Children and Families-State		
SNAP Cluster (State Administrative Matching Grants for Supplemental Nutrition Assistance Program)		
Incentives Food Stamp Agency	10.561	\$ 523
Subtotal Passed Through Department of Children and Families - State		\$ 523
Passed through Wood County		
SNAP Cluster (State Administrative Matching Grants for Supplemental Nutrition Assistance Program)		
IM Avail Alloc	10.561	\$ 84,608
PPACA	10.561	3,361
Subtotal Passed Through Wood County		\$ 87,969
Passed through Department of Natural Resources-State		
Forest Service Schools and Roads Cluster:		
Schools and Roads - National Forest Income	10.665	\$ 145,300
Schools and Roads - Payments in Lieu of Taxes	10.665	2,844
Subtotal Forest Service Schools and Roads Cluster - passed through Department of Natural Resources		\$ 148,144
Total U.S. Department of Agriculture		\$ 336,505
<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	\$ 17,061
Total Early Intervention Services (IDEA) Cluster - passed through Department of Health Services - State		\$ 17,061
Total U.S. Department of Education		\$ 17,061
Total Federal Financial Assistance Forwarded		\$ 1,669,583

The accompanying notes are an integral part of this schedule.

SAWYER COUNTY, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2013

Administering Agency/Pass Thru Agency/Award Description	Federal CFDA Number	Federal Expenditures
Total Federal Financial Assistance brought forward		\$ 1,669,583
<u>U.S. Department of Justice</u>		
Passed Through Wisconsin Department of Justice Crime Victim Assistance (VOCA)	16.575	\$ 43,717
Subtotal passed through Department of Justice		\$ 43,717
Total U.S. Department of Justice		\$ 43,717
<u>U.S. Department of Homeland Security</u>		
Passed through WI Department of Administration - Office of Justice Assistance Homeland Security Grant Program (wiscom)	97.067	\$ 8,999
Subtotal passed through WI Department of Administration - Office of Justice Assistance		\$ 8,999
Passed through Department of Administration - Department of Military Affairs Emergency Management	97.042	\$ 34,423
Subtotal passed through Department of Administration - Department of Military Affairs		\$ 34,423
Total U.S. Department of Homeland Security		\$ 43,422
<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 Cluster)	14.228	\$ 11,938
Total U.S. Department of Housing and Urban Development		\$ 11,938
<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	\$ 686,809
Transit Aids-Public Trans. For Non-Urban Areas (5311 Capital WI-18-9042)	20.509	40,141
Transit Aids-Public Trans. For Non-Urban Areas (5311 Capital WI-18-9045)	20.509	198,180
Transit Aids-Public Trans. For Non-Urban Areas (5311 Grant conferences)	20.509	4,200
Transit Aids-Public Trans. Fro Non-Urban Areas (5311 Capital WI-18-0046)	20.509	80,918
ARRA - Transit Aids Capital Assistance nonurbanized Area Formula Program (5311) Grant Number WI-86-X001	20.509	1,441,300
Subtotal Transit Aids		\$ 2,451,548
Highway Safety Cluster:		
State & Community Highway Safety (Intensive Supervision Program)	20.600	\$ 21,231
Occupant Protection Incentive Grants - Seat Belt Enforcement	20.602	5,008
Child Safety & Child Booster Seat Incentive Grant	20.613	3,991
Subtotal Highway Safety Cluster		\$ 30,230
Total U.S. Department of Transportation		\$ 2,481,778
Total Federal Financial Expenditures		\$ 4,250,438

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, 2013**

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred) Reimbursements January 1, 2013	Receipts		Expenditures		Accrued (Deferred) Reimbursements December 31, 2013
			Grant Reimburse- ments	Local Share	Grant Share	Local Share	
<u>Department of Health Services</u>							
Income Maintenance Allocation (through Wood County) 2013	435.283	\$ -	\$ 76,659	\$ 143,841	\$ 76,659	\$ 143,841	\$ -
Income Maintenance ACA (through Wood County) 2013	435.297	-	7,427	-	7,427	-	-
Income Maintenance ACA (through Wood County) 2013	435.298	-	62	-	62	-	-
Adult Protective Services 2013	435.312	-	22,724	-	22,724	-	-
COP 2013	435.367	-	28,704	-	28,704	-	-
Alzheimers Family Support 2013	435.381	-	5,556	183	5,556	183	-
Certified Mental Health Program 2013	435.517	-	14,355	-	14,355	-	-
Basic County Allocation 2013	435.561	-	560,229	693,354	560,229	693,354	-
Family Support Program 2013	435.577	-	36,075	-	36,075	-	-
State / County Match 2013	435.681	-	77,852	742,310	77,852	742,310	-
IMD-OBRA Relocations 2013	435.571	-	11,991	8,913	11,991	8,913	-
Birth to Three Initiative 2013	435.550	-	16,744	109,983	16,744	109,983	-
FSET Transp GPR 2013	435.233	-	475	-	475	-	-
TPA CLTS DD Autism 2013	435.832	-	49	-	49	-	-

**SAWYER COUNTY, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended December 31, 2013**

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred) Reimbursements January 1, 2013	Receipts		Expenditures		Accrued (Deferred) Reimbursements December 31, 2013
			Grant Reimburse- ments	Local Share	Grant Share	Local Share	
<u>Department of Health Services (continued)</u>							
TPA CLTS DD Other GPR 2013	435.835	\$ -	\$ 17,514	\$ -	\$ 17,514	\$ -	\$ -
CLTS DD OTH CWA Admi GPR 2013	435.835	-	1,236	-	1,236	-	-
TPA CLTS MH Other GPR 2013	435.841	-	5,121	-	5,121	-	-
CLTS MH OTH CWA Admin GPR 2013	435.841	-	308	-	308	-	-
TPA CLTS PD Other GPR 2013	435.847	-	9,933	-	9,933	-	-
CLTS PD OTH CWA Admin GPR 2013	435.847	-	1,249	-	1,249	-	-
Coordinated Services Team Counties 2014 2013	435.81099	(892)	-	-	892	-	-
Coordinated Services Team Counties 2015 2013	435.81030	-	42,387	-	46,249	-	3,862
Coordinated Services Team Counties 2016 2013	435.81038	-	4,690	-	-	-	(4,690)
WIC Farmers Market Grant 2013	435.154720	-	849	1,227	849	1,227	-
WWWP-GPR ss.255.06(2) 2013	435.157000	-	15,993	1,683	15,993	1,683	-
Cons Contracts Child LD 2013	435.157720	-	3,174	173	3,174	173	-
Cons Contracts MCH 2013	435.159320	-	553	1,157	553	1,157	-
Reproductive Health 2013	435.159321	-	11,670	34,965	11,670	34,965	-

**SAWYER COUNTY, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended December 31, 2013**

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred) Reimbursements January 1, 2013	Receipts		Expenditures		Accrued (Deferred) Reimbursements December 31, 2013
			Grant Reimburse- ments	Local Share	Grant Share	Local Share	
<b>Department of Health Services (continued)</b>							
Gambling Awareness 2013	435.533000	\$ -	\$ 3,203	\$ -	\$ 3,320	\$ -	\$ 117
Elder Abuse Service 2013	435.560490	6,000	17,033	-	18,722	-	7,689
Aging & Disability Resource Center (through Bayfield Cr 2013	435.560100	30,893	171,186	-	175,395	-	35,102
<b>Total Department of Health Services</b>		<b>\$ 36,001</b>	<b>\$ 1,165,001</b>	<b>\$ 1,737,789</b>	<b>\$ 1,171,080</b>	<b>\$ 1,737,789</b>	<b>\$ 42,080</b>
<b>Department of Children and Families</b>							
Incentives AFDC Agency	437-238	\$ -	\$ 34	\$ -	\$ 34	\$ -	\$ -
Incentives Medicaid Agency	437-267	-	97	-	97	-	-
Collections Medicaid Agency	437-267	-	(288)	-	(288)	-	-
Incentives Foodstamp Agency	437-267	-	523	-	523	-	-
CW Adam Walsh Foster/Adoptive Parent	437-3324	-	76	-	76	-	-
Basic County Allocation	437-3561	-	140,904	-	140,904	-	-
State / Couty Match	437-3681	-	24,836	364,582	24,836	364,582	-
CW Domestic Abuse / Children's Service	437-5102	-	40,000	10,021	40,000	10,021	-
CS State 2011 GPR/PR funding alloc	437-7502	-	23,080	96,962	23,080	96,962	-
<b>Total Department of Children and Families</b>		<b>\$ -</b>	<b>\$ 229,262</b>	<b>\$ 471,565</b>	<b>\$ 229,262</b>	<b>\$ 471,565</b>	<b>\$ -</b>
<b>Department of Corrections</b>							
Community Youth and Family Aids Program (Youth Aids)	410.313	\$ (8,568)	\$ 226,635	\$ 188,997	\$ 260,403	\$ 188,997	\$ 25,200
Community Intervention Program (Capacity Building)	410.302	772	3,188	-	3,565	-	1,149
<b>Total Department of Corrections</b>		<b>\$ (7,796)</b>	<b>\$ 229,823</b>	<b>\$ 188,997</b>	<b>\$ 263,968</b>	<b>\$ 188,997</b>	<b>\$ 26,349</b>

**SAWYER COUNTY, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended December 31, 2013**

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred) Reimbursements January 1, 2013	Receipts		Expenditures		Accrued (Deferred) Reimbursements December 31, 2013
			Grant Reimburse- ments	Local Share	Grant Share	Local Share	
<b><u>Department of Natural Resources</u></b>							
Wildlife Damage Claims	370.553 / 370.549	\$ 45,660	\$ 45,660	\$ -	\$ 28,012	\$ -	\$ 28,012
Snowmobile Aid-Trail Areas	370.569 / .574 / .575	(14,463)	99,695	-	88,395	-	(25,763)
All Terrain Vehicle Aid-Trail Areas	370.576 / 370.577	(11,518)	156,391	-	85,107	-	(82,802)
Boating, ATV, and Snowmobile Enforcement	370.381 / .550 / .551 / .552	6,800	32,632	36,227	32,851	36,227	7,019
Recreation Aids - Fish, Wildlife, and Forestry	370.564	(37,798)	5,722	-	80	-	(43,440)
Resource Aids - Forest Croplands and Managed Land	370.566	-	53,449	-	53,449	-	-
County Forest Administrator Grants	370.572	-	32,191	431	32,191	431	-
Boat Landing Project	370.573	(4,364)	-	16,588	6,728	16,588	2,364
Aquatic Invasive Species Control Grant	370.678	-	15,602	33,391	50,872	33,391	35,270
Total Department of Natural Resources		\$ (15,683)	\$ 441,342	\$ 86,637	\$ 377,685	\$ 86,637	\$ (79,340)
<b><u>Department of Transportation</u></b>							
Transit Operating Aids	395.104	\$ 87,252	\$ 374,590	\$ 316,040	\$ 350,505	\$ 316,040	\$ 63,167
Total Department of Transportation		\$ 87,252	\$ 374,590	\$ 316,040	\$ 350,505	\$ 316,040	\$ 63,167
<b><u>Department of Safety and Professional Services</u></b>							
Wisconsin Fund Private Sewage System	143.11	\$ -	\$ 13,971	\$ -	\$ 13,971	\$ -	\$ -
Total Department of Safety and Professional Services		\$ -	\$ 13,971	\$ -	\$ 13,971	\$ -	\$ -
<b><u>Department of Military Affairs</u></b>							
Emergency Management Planning Aid	465.337	\$ -	\$ 2,571	\$ -	\$ 5,141	\$ -	\$ 2,570
Total Department of Military Affairs		\$ -	\$ 2,571	\$ -	\$ 5,141	\$ -	\$ 2,570

**SAWYER COUNTY, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended December 31, 2013**

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred) Reimbursements January 1, 2013	Receipts		Expenditures		Accrued (Deferred) Reimbursements December 31, 2013
			Grant Reimburse- ments	Local Share	Grant Share	Local Share	
<u>Department of Agriculture, Trade and Consumer Protection</u>							
County Staff and Support	115.15	\$ 76,357	\$ 76,357	\$ 293,170	\$ 82,785	\$ 293,170	\$ 82,785
Land and Water Resource Management Implementation Projects	115.40	-	16,698	-	16,698	-	-
Total Department of Agriculture, Trade and Consumer Protection		\$ 76,357	\$ 93,055	\$ 293,170	\$ 99,483	\$ 293,170	\$ 82,785
<u>Department of Justice</u>							
County-Tribal Assistance	455.263	\$ (11,563)	\$ 58,508	\$ -	\$ 18,706	\$ -	\$ (51,365)
Total Department of Justice		\$ (11,563)	\$ 58,508	\$ -	\$ 18,706	\$ -	\$ (51,365)
<u>Department of Administration</u>							
Federal Public Benefits Grant (LIHEAP)	505.371	\$ 3,919	\$ 24,958	\$ -	\$ 24,480	\$ -	\$ 3,441
Traffic Stop Data Collection Grant	505.627	(54)	-	-	-	-	(54)
Land Information Board Grants	505.118	(9,737)	14,174	66	3,122	-	(20,855)
Total Department of Administration		\$ (5,872)	\$ 39,132	\$ 66	\$ 27,602	\$ -	\$ (17,468)
Total State Financial Assistance		\$ 158,696	\$ 2,647,255	\$ 3,094,264	\$ 2,557,403	\$ 3,094,198	\$ 68,778

SAWYER COUNTY, WISCONSIN

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED DECEMBER 31, 2013

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, 2013. 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, 2013, 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>\$4,452,275</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 \$34,075,714 which covers buildings, equipment, and vehicles owned by the County.

NOTE F –Clusters

Medicaid Cluster federal expenditures total \$349,601. \$72,908 passed through Wisconsin Department of Health Services, \$191 take-back through Wisconsin Department of Children and Families, \$120,888 passed through Wood County, Wisconsin, and \$155,996 passed through Bayfield County, Wisconsin.

SAWYER COUNTY, WISCONSIN

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED DECEMBER 31, 2013

NOTE G – Federal Award Expenditures passed through multiple departments

Temporary Assistance for Needy Families (93.558) federal expenditures total \$116,174. \$54,335 passed through Wisconsin Department of Health Services, \$59,105 passed through Wisconsin Department of Children and Families, and \$2,734 passed through Wood County, Wisconsin.

Social Services Block Grant (93.667) federal expenditures total \$134,822. \$94,766 passed through Wisconsin Department of Health Services, \$38,980 passed through Wisconsin Department of Children and Families, and \$1,076 passed through Bayfield County, Wisconsin.

Child Welfare Service (93.645) federal expenditures total \$90,186. \$88,146 passed through Wisconsin Department of Children and Families, and \$2,040 passed through Wisconsin Department of Corrections.

Foster Care – Title IV-E (93.658) federal expenditures total \$17,422. \$14,363 passed through Wisconsin Department of Children and Families and \$3,059 passed through Wisconsin Department of Corrections.

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, each major fund, and the aggregate remaining fund information of Sawyer County, Wisconsin ("County"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 3, 2014.

**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. 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 13-1 and 13-2.

### **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 13-3.

### **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 Hogan + Moe S.C.*

October 3, 2014

# Anderson·Hager·Moe

CERTIFIED PUBLIC ACCOUNTANTS  
*Hayward, Spooner and Rice Lake, Wisconsin*

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In Memoriam  
Gerald R. Anderson  
1948-2007

## 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, 2013. 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, 2013.

### **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 item 13-3. 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 each 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 13-1 and 13-2 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 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. Accordingly, this report is not suitable for any other purpose.

*Anderson Hagen + Moe S.C.*

October 3, 2014

SAWYER COUNTY, WISCONSIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2013

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  
93.778  
20.509  
20.509

Food Stamp Program  
Medical Assistance Program  
Formula Grants for Rural Areas  
ARRA - Formula Grants for Rural 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, 2013

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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
370.576 / 370.577	ATV Aids
395.104	Transit Operating Aids

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

Section II - Financial Statement Findings

Significant Deficiencies

13-1 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 for the financial statements despite being drafted by an accounting firm since Sawyer County's small size and limited staff in the clerk's office and accounting department.

SAWYER COUNTY, WISCONSIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2013

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Significant Deficiencies (continued)

13-2 Lack of timely cash reconciliation

Criteria: Internal controls should be in place to ensure that cash is timely reconciled between the general ledger and the bank the bank account reconciliations prepared by the Treasurer's department.

Condition: Ending cash balances as of December 31, 2013 did not agree between the general ledger and the bank reconciliations prepared by the Treasurer's department.

Context: Comparison of the Treasurer's department cash reconciliations to the general ledger revealed a difference between the general ledger and the Treasurer's reconciliations.

Cause: In 2013 the County had staff turnover in the accounting department and the general ledger cash accounts were not reconciled to the bank account reconciliations prepared by the Treasurer's department.

Effect: The general ledger ending cash balance was \$43,132 higher than the bank reconciliations prepared by the Treasurer's department.

Recommendation: Procedures should be implemented to require County management to timely reconcile the cash accounts between the general ledger and the bank account reconciliations prepared by the Treasurer's department.

Views of responsible officials and planned corrective actions: Sawyer County management recognizes the importance of timely reconciliation of cash accounts between the general ledger and the bank account reconciliations prepared by the Treasurer's department. The accounting department was able to make the adjustments to the general ledger needed for cash to reconcile. Procedures have been implemented to ensure the reconciliation is done monthly.

Section III - Federal and State Award Findings and Questioned Costs

- |  |                |
|--|----------------|
| 13-1 Oversight of the Financial Reporting Process                | see section II |
| 13-2 Lack of timely cash reconciliation                          | see section II |
| 13-3 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: The sum of the 2013 monthly expenditure reports submitted to the state for the Child Support department was less than the total expenses reported in the County Trial Balance.

Context: Comparison of submitted expenditure reports to monthly summary sheets showed amounts agreed except for December. Further comparison of the reported expenditures to the Trial Balance revealed under-reported expense.

Cause: Year end adjustments recorded by the accounting department were posted after the Child Support director prepared the December expenditure report. This resulted in under-reported expenditures.

Effect: The under-reported expenditures for 2013 was \$953. After the 66% reimbursement factor is applied, the County shorted itself \$629 of potential reimbursements.

Recommendation: Improve internal control by having the Child Support director work with the accounting department to verify all adjustments for Child Support expenses have been posted to the General Ledger for the year.

Views of Responsible Officials and Planned Corrective Actions: The Child Support director agrees that a year-end review of the final expenditure report before submitting would reduce the chance of under or over reporting expenses.

SAWYER COUNTY, WISCONSIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2013

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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	No
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	No
Department of Natural Resources	No
Department of Commerce	No
Department of Safety and Professional Services	No
Department of Agriculture, Trade and Consumer Protection	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  
10/3/14

5. Date of report

# SAWYER COUNTY, WISCONSIN

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2013

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### Finding 12-1 Significant 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 audit fieldwork, so as to make better budgeting decisions.

Current Status: Sawyer County hired an accounting manager in the spring of 2013. The accounting manager is working with departments to reduce the magnitude of the audit adjustments.

### Finding 12-2 Oversight of the Financial Reporting Process

Condition: The County does not have a system on internal controls that would enable management to conclude the 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 continues to assess whether outsourcing of this service is warranted due to the small size of the County staff and not having staff with the skills and experience to prepare GAAP basis financial statements.

### Finding 12-3 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 accounting manager and administrative committee review budget to actual reports each month for all departments.

### Finding 12-4 Purchase of Service                      Department of Health Services

Condition: Four service providers listed in the Schedule of Findings and Questioned Costs did not have audit reports 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 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 2012 Schedule of Findings and Questioned Costs have submitted audit reports to Sawyer County for 2012.

## SAWYER COUNTY, WISCONSIN

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2013

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#### 12-5 Child Support Program

Department of Children and Families

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

**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.

**Current Status:** The Child Support Director continues to summarize the expenditures for the monthly expenditure reports; prepare the monthly expenditure reports; and submit the monthly expenditure reports. The director did implement a process of comparing the expenditures to the general ledger.

#### Finding 12-6 Transit Program

Department of Transportation

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

**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.

**Current Status:** The excel formula error has been corrected. The Transit Program activity is recorded in a separate fund for 2013. The Section 5311 Operating Assistance Quarterly Requisition and Certification reports are reconciled back to the accounting records for the Transit Fund by the Transit manager prior to submission of the reports.