

**WASHBURN COUNTY, WISCONSIN
FEDERAL AND STATE SINGLE AUDIT REPORTS
YEAR ENDED DECEMBER 31, 2015**

DRAFT

**WASHBURN COUNTY, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2015**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	1
SCHEDULE OF STATE FINANCIAL ASSISTANCE	4
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE	9
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	12
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	13
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND <i>STATE SINGLE AUDIT GUIDELINES</i>	15
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	18

DRAFT

**WASHBURN COUNTY, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Agency/Pass-Through Agency/ Program Title and Year	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Accrued (Deferred) Reimbursements 1/1/15	Prior Years Adjustments	Federal Expenditures	Grant Reimburse- ments	Accrued (Deferred) Reimbursements 12/31/15
<u>Department of Agriculture</u>									
Special Supplemental Nutrition Assistance Program for Women, Infants and Children: WIC Program	10.557	WI DHS	CARS Line # 154710	\$ -	\$ 277	\$ -	\$ 96,842	\$ 96,634	\$ 485
State Matching Grant for Food Stamp Program (SNAP Cluster): Supplement Nutrition Assistance Program Income Maintenance Contract	10.561	WI DCF WI DHS / GRIM	CORe Line #961, 965 CORe Line #961, 965	-	54 13,510	-	1,489 64,190	1,463 57,756	80 19,944
Total SNAP Cluster				-	13,564	-	65,679	59,219	20,024
Total Department of Agriculture				-	13,841	-	162,521	155,853	20,509
<u>Department of Justice</u>									
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.804	WI DOJ	0950-39-13	-	2,739	-	2,261	5,000	-
<u>Department of Transportation</u>									
Highway Planning and Construction Cluster: Highway Planning and Construction: CTH "A-H"	20.205	WI DOT	Project A-H	-	-	-	51,767	-	51,767
National Recreational Trails Grant: 9/12/12-6/30/14	20.219	WI DNR	RTA-405-10	-	75,000	-	-	75,000	-
Total Highway Planning and Construction Cluster				-	75,000	-	51,767	75,000	51,767
<u>Department of Education</u>									
Special Education Grants for Infants and Families: Birth to Three Initiative	84.181	WI DHS	CARS Line #550	-	-	-	16,675	16,675	-
<u>Department of Health and Human Services</u>									
Preventive Health - Title III D	93.043	GWAAR	CARS Line #560510	-	916	-	1,423	1,852	487
Aging Cluster: Supportive Services - Title III B	93.044	GWAAR	CARS Line #560340	-	891	-	26,591	26,591	891
Title III-Part C-Nutrition Services: Congregate Nutrition - Title III C-1	93.045	GWAAR	CARS Line #560350	-	-	-	4,834	4,834	-
Home Delivered Nutrition - Title III C-2		GWAAR	CARS Line #560360	-	-	-	14,497	14,497	-
Total Title III, Part C Nutrition Services				-	-	-	19,331	19,331	-
Nutrition Services Incentive Program: Total Aging Cluster	93.053	GWAAR	CARS Line #560422	-	-	-	16,743	16,743	-
National Family Caregivers Support Program	93.052	GWAAR	CARS Line #560520	-	891 1,153	-	62,665 9,245	62,665 8,883	891 1,515

See Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

WASHBURN COUNTY, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2015

Federal Grantor Agency/Pass-Through Agency/ Program Title and Year	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Accrued (Deferred) Reimbursements 1/1/15	Prior Years Adjustments	Federal Expenditures	Grant Reimburse- ments	Accrued (Deferred) Reimbursements 12/31/15
Department of Health and Human Services (Continued)									
Public Health Emergency Preparedness	93.069	WI DHS	CARS Line #155015	\$ -	\$ -	\$ -	\$ 27,146	\$ 27,146	\$ -
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)	93.074	WI DHS	CARS Line #75, 155050	-	-	-	5,306	5,306	-
Immunization Cooperative Agreements	93.268	WI DHS	CARS Line #155020	-	-	-	6,447	6,447	-
State Health Insurance Assistance Program - (4/1/14-3/31/15)	93.324	GWAAR	CARS Line #560432	-	-	-	5,794	5,794	-
State Health Insurance Assistance Program - (4/1/15 - 3/31/16)	93.324	GWAAR	CARS Line #560432	-	505	-	920	746	679
Promoting Safe and Stable Families	93.556	WI DCF	CORe Line #3306	-	5,552	-	33,310	33,310	5,552
Temporary Assistance for Needy Families (TANF Cluster):	93.558								
Children and Families Basic Allocation		WI DCF	CARS Line #3377, 3380, 3561	-	4,094	-	45,542	43,607	6,029
Social Services and Community Programs Contract		WI DHS	CARS Line #515, 561	-	-	-	52,357	52,357	-
Income Maintenance Contract		WI DHS / GRIM	CARS Line #561	-	437	-	2,074	1,866	645
Total TANF Cluster				-	4,531	-	99,973	97,830	6,674
Child Support Enforcement	93.563	** WI DCF	CORE # 7332, 7477, 7482, 7502, 7506, 7903	-	52,054	-	235,567	231,095	56,526
Low-Income Home Energy Assistance	93.568	WI DOA	AD1296173.65	-	11,818	-	38,215	43,722	6,311
Child Care Development Program	93.596	WI DCF	CORe Line #831, 852	-	4,206	-	21,750	20,008	5,948
Stephanie Tubbs Jones Child Welfare Services Program:	93.645								
Basic Children and Families Allocation		WI DCF	CORe Line #3561	-	-	-	9,051	9,051	-
Community Youth and Family Aids Program		WI DOC	CARS # RDOC	-	1,127	-	1,731	1,645	1,213
Total Stephanie Tubbs Jones Child Welfare Services Program				-	1,127	-	10,782	10,696	1,213
Foster Care-Title IV-E:	93.658								
Basic Children and Families Allocation		WI DCF	CORe Line #3341, 3342, 3561	-	4,372	-	157,951	159,505	2,818
Community Youth and Family Aids Program		WI DOC	CARS # RDOC	-	1,579	-	3,060	2,493	2,146
Total Foster Care - Title IV-E				-	5,951	-	161,011	161,998	4,964
Chafee Foster Care Independence Program	93.674	WI DOC	CORe Line #3360	-	1,301	-	4,044	4,810	535
Social Services Block Grant:	93.667								
State Health Insurance Assistance Program:									
Nutrition Revitalization (5/1/14-5/31/15)		GWAAR	CARS Line #560352	-	-	-	304	-	304
Nutrition Revitalization (9/15/15-9/30/2016)		GWAAR	CARS Line #560352	-	12,588	-	2,674	15,262	-
Social Services and Community Programs Contract		WI DHS	CARS Line #561	-	-	-	75,114	75,114	-
Children and Families Basic County Allocation		WI DCF	CORe Line #3561	-	-	-	13,964	13,964	-
Aging and Disability Resource Center (ADRC)		WI DHS	CARS Line #563	-	-	-	472	472	-
Total Social Services Block Grant				-	12,588	-	92,528	104,812	304
Children's Insurance Program	93.767	WI DHS / GRIM	FY 2015	-	2,528	-	12,012	10,808	3,732

** Major Federal Program

See Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Federal Grantor Agency/Pass-Through Agency/ Program Title and Year	Federal CFDA #	Pass-Through Entity	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Accrued (Deferred) Reimbursements 1/1/15	Prior Years Adjustments	Federal Expenditures	Grant Reimburse- ments	Accrued (Deferred) Reimbursements 12/31/15
Department of Health and Human Services (Continued)									
Medicaid Cluster:	93.778	**							
I & A OCI Replacement Federal Match		GWAAR	CARS Line #560029	\$ -	\$ -	\$ -	\$ 1,242	\$ 1,242	\$ -
I & A EBS Replacement Federal Match		GWAAR	CARS Line #560021	-	-	-	9,010	9,010	-
Medical Assistance		WI DWD	CORe Line #980	-	77	-	495	556	16
Case Management		WI DHS	FY 2015	-	1,753	-	24,469	24,370	1,852
Human Services Contract		WI DHS	CARS Line #967, 81078	-	262	-	751	1,013	-
Wisconsin Medicaid Cost Reporting Program		WI DHS	CARS Line #684	-	-	-	146,216	146,216	-
Aging and Disability Resource Center (ADRC)		WI DHS / Barron County, WI	CARS Line #560081, 560082, 560085, 560071, 560072, 560074, 560075, 560087, 560088, 560091, 560092, 560095	-	24,560	-	87,694	83,663	28,591
Maternal and Child Health Services		WI DHS	CARS Line # 75, 159320	-	-	-	10,447	10,447	-
Income Maintenance		WI DHS / GRIM	CARS Line #75	-	18,736	-	89,016	80,094	27,658
Claims Paid to Providers Via Third Party Administrator									
Medical Assistance	93.778	**		-	5,028	-	164,694	132,439	37,283
Total Medicaid Cluster				-	50,416	-	534,034	489,050	95,400
Block Grants for Community Mental Health Services	93.958	WI DHS	CARS Line #569	-	558	-	8,386	8,944	-
Substance Abuse	93.959	WI DHS	CARS Line #570, 591, 81029	-	4,191	-	26,253	31,952	(1,508)
Preventive Health and Health Service Block Grant	93.991	WI DHS	CARS Line #159220	-	-	-	5,064	5,064	-
Maternal and Child Health Services Block Grant									
MCH Consolidated Contract	93.994	WI DHS	CARS Line #159320	-	-	-	8,993	8,993	-
Reproductive Health	93.994	WI DHS	CARS Line #159321	-	-	-	14,233	14,233	-
Total Maternal and Child Health Services Block Grant				-	-	-	23,226	23,226	-
Total Department of Health and Human Services				-	202,291	-	1,425,101	1,396,164	231,592
Department of Homeland Security									
Hazard Mitigation Grant	97.039	WI DMA	4076.4-P	-	8,125	-	7,564	-	15,689
Emergency Management Performance Grant	97.042	WI DMA	FY 2015 EMPG	-	22,976	-	23,470	30,966	15,480
Total Department of Homeland Security				-	31,101	-	31,034	30,966	31,169
TOTAL FEDERAL AWARD EXPENDITURES				\$ -	\$ 324,972	\$ -	\$ 1,689,359	\$ 1,679,658	\$ 335,037

** Major Federal Program

See Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**WASHBURN COUNTY, WISCONSIN
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2015**

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred)	Prior Years Adjustments	Expenditures	Receipts		Accrued (Deferred)
		Reimbursements 1/1/15			Grant Reimburse- ments	Local Share	Reimbursements 12/31/15
Department of Agriculture, Trade and Consumer Protection							
Soil and Water Resource Management:							
Soil and Water Resource Management Program	115.15	\$ 97,295	\$ -	\$ 133,537	\$ 97,295	\$ 39,413	\$ 94,124
Land and Water Resource Management Projects	115.40	3,751	-	38,645	32,054	-	10,342
Total Department of Agriculture, Trade and Consumer Protection		101,046	-	172,182	129,349	39,413	104,466
Department of Commerce							
Environmental Aids - Private Sewage System Grants	143.110	-	-	6,125	3,694	2,431	-
Department of Natural Resources							
Wildlife Damage Claims and Abatement	370.553	9,674	-	17,340	14,483	-	12,531
Recreation Aid	370.564	-	-	7,032	7,032	-	-
Forest Road Aid	370.567	-	-	30,060	30,060	-	-
Little Grassy Lake Dam	370.572	-	-	1,225	-	167	1,058
County Forest Sustainable Grant	370.572	-	-	48,985	48,985	-	-
Recreational Boating Facilities	370.573	6,786	-	4,130	6,786	2,065	2,065
Recreation Aids - Snowmobile Trails and Areas:							
7/1/14-6/30/15 S-4354	370.575	-	-	29,850	-	-	29,850
8/15/12-6/30/13 S-4209	370.575	(6,281)	-	-	-	-	(6,281)
7/1/15-6/30/16 S-4448	370.575	-	-	31,413	31,413	-	-
7/1/15-6/30/16 S-4495	370.575	-	-	15,087	20,325	-	(5,238)
12/15/14-6/30/16 MS15-01	370.575	-	-	3,555	6,300	-	(2,745)
10/10/14-6/30/16 MS15-02	370.575	(6,006)	-	8,326	-	-	2,320
8/15/13-6/3/14 S-4281	370.575	8,682	-	-	8,682	-	-

See Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**WASHBURN COUNTY, WISCONSIN
SCHEDULE OF STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2015**

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred)	Prior Years Adjustments	Expenditures	Receipts		Accrued (Deferred)	
		Reimbursements 1/1/15			Grant Reimburse- ments	Local Share	Reimbursements 12/31/15	
Department of Natural Resources (Continued)								
Resource Aids - ATV Project Aids:								
11/17/10-6/30/12	ATV-2077	370.576	\$ 183,641	\$ -	\$ -	\$ 183,641	\$ -	\$ -
10/2/12-6/30/14	ATV-3025	370.576	24,655	-	-	24,655	-	-
7/1/13-6/30/14	ATV-3089	370.576	31,785	-	-	31,785	-	-
7/1/13-6/30/14	ATV-3160	370.576	(5,153)	-	36,740	-	-	31,587
7/1/13-6/30/14	ATV-3187	370.576	-	-	6,965	-	-	6,965
7/1/13-6/30/14	ATV-3200	370.576	(23,250)	-	16,110	-	-	(7,140)
7/1/13-6/30/14	ATV-3201	370.576	(30,375)	-	246	-	-	(30,129)
7/1/13-6/30/14	ATV-3206	370.576	(48,975)	-	55,259	-	-	6,284
7/1/13-6/30/14	ATV-3213	370.576	(19,500)	-	3,289	-	-	(16,211)
7/1/14-6/30/16	ATV-3233	370.576	-	-	1,749	1,749	-	-
7/1/13-6/30/14	ATV-3246	370.576	3,730	-	23,339	26,650	-	419
3/25/15-6/30/17	ATV-3250	370.576	-	-	20,511	56,520	-	(36,009)
7/1/15-6/30/15	ATV-3297	370.576	-	-	26,882	32,020	-	(5,138)
7/1/15-6/30/16	ATV-3324	370.576	-	-	6,990	6,990	-	-
10/1/15-6/30/17	ATV-3349	370.576	-	-	-	51,375	-	(51,375)
10/6/15-6/30/17	ATV-3371	370.576	-	-	10,906	83,880	-	(72,974)
7/1/15-6/30/16	ATV-16029	370.576	-	-	5,165	5,170	-	(5)
7/1/13-6/30/14	UTV-15027	370.576	-	-	5,132	-	-	5,132
Sustainable Forestry Grant	370.TA2**	-	-	-	754,872	752,500	-	2,372
Lake Planning Grant	370.664	-	17,655	-	22,972	17,655	5,743	17,229
Recycling Grant Aids	370.670	-	-	-	83,425	83,425	-	-
Total Department of Natural Resources			<u>147,068</u>	<u>-</u>	<u>1,277,555</u>	<u>1,532,081</u>	<u>7,975</u>	<u>(115,433)</u>
Department of Transportation								
Elderly and Handicapped County Aids:								
Elderly and Handicapped Transportation:								
	395.101	-	-	-	85,106	68,117	16,989	-
Department of Corrections								
Community Intervention								
	410.302	-	-	-	8,299	1,830	6,469	-
Community Intervention								
	410.302	-	-	-	6,300	-	-	6,300
Youth Aids - AODA								
	410.313	(776)	-	-	-	(776)	-	-
Youth Aids - Community Services								
	410.313	110,834	-	-	604,165	169,581	407,633	137,785
Total Department of Corrections			<u>110,058</u>	<u>-</u>	<u>618,764</u>	<u>170,635</u>	<u>414,102</u>	<u>144,085</u>

** Major State Financial Assistance Program

See Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred)	Prior Years Adjustments	Expenditures	Receipts		Accrued (Deferred)
		Reimbursements 1/1/15			Grant Reimburse- ments	Local Share	Reimbursements 12/31/15
Department of Health Services							
Women's, Infants', and Children's Farmers Market Grant	435.154720	\$ 10	\$ -	\$ 577	\$ 573	\$ -	\$ 14
WWWP - GPR	435.157000	-	-	5,098	5,098	-	-
Consolidated Contracts - CHHD LD	435.157720	(418)	-	1,165	1,559	-	(812)
Consolidated Contracts MCH	435.159320	-	-	686	686	-	-
Reproductive Health	435.159321	-	-	11,602	11,604	-	(2)
IM Available Allocation - State Share	435.283	**	-	37,520	59,343	-	(21,823)
Adult Protective System	435.312	-	-	18,024	18,024	-	-
Community Options Program	435.367	(1,359)	-	74,765	64,495	-	8,911
Coordinated Services	435.515	-	-	59,374	59,374	-	-
Certified Mental Health Program	435.517	-	-	14,355	14,355	-	-
Grants for Infants and Toddlers	435.550	-	-	16,365	16,365	-	-
State Funded Basic Allocation	435.561	**	-	444,052	444,052	-	-
Aging Disability Resource Center	435.560100	37,474	-	134,416	128,302	-	43,588
IMD - OBRA Relocations	435.571	-	-	14,450	14,450	-	-
Family Support Program	435.577	3,471	-	17,475	15,192	-	5,754

** Major State Financial Assistance Program

DRAFT

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred)	Prior Years Adjustments	Expenditures	Receipts		Accrued (Deferred)
		Reimbursements 1/1/15			Grant Reimburse- ments	Local Share	Reimbursements 12/31/15
Department of Health Services (Continued)							
Human Services Contract	435.681	\$ 46,281	\$ -	\$ 61,708	\$ 61,708	\$ -	\$ 46,281
Passed through Greater Wisconsin Area Agency on Aging:							
Elderly Benefit Specialist Program	435.560320	-	-	31,350	28,215	3,135	-
Elderly Benefit Specialist Program - Other	435.560327	-	-	3,275	3,275	-	-
State Senior Community Services	435.560330	-	-	6,486	5,837	649	-
Congregate Nutrition	435.560350	-	-	136,809	54,474	82,335	-
Home Delivered Meal Program	435.560360	-	-	7,704	1,019	6,685	-
Alzheimer's Family Support Program	435.560381	4,955	-	5,540	10,136	-	359
Elder Abuse Service	435.560490	8,770	-	9,497	15,013	1,851	1,403
Department of Children and Families:							
Supplemental Nutrition Assistance Program	437.267	131	-	1,984	2,019	-	96
Basic County Allocation	437.3561	**	-	101,111	101,111	-	-
WISACWIS Ongoing Charges and Pass Through	437.3604	-	-	(1,978)	(1,978)	-	-
State/County Match	437.3681	**	-	333,006	20,718	312,288	-
Total Department of Health and Family Services		99,315	-	1,546,416	1,155,019	406,943	83,769
Department of Justice							
Victim and Witness Assistance Program-A Program Cluster:	455.503, 532,	18,269	-	38,140	35,554	-	20,855
** Major State Financial Assistance Program							

See Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

State Grantor Agency/ Program Title and Year	State I.D. Number	Accrued (Deferred)	Prior Years Adjustments	Expenditures	Receipts		Accrued (Deferred)
		Reimbursements 1/1/15			Grant Reimburse- ments	Local Share	Reimbursements 12/31/15
Department of Military Affairs							
Emergency Planning Grant Program:							
Hazmat Grant	465.308	\$ -	\$ -	\$ 299	\$ 299	\$ -	\$ -
Hazard Mitigation	465.305	-	-	2,615	-	-	2,615
HMEP Training Grant	465.310	-	-	475	475	-	-
LEPC Emergency Planning Grant	465.337	3,666	-	3,665	4,899	-	2,432
Total Department of Military Affairs		<u>3,666</u>	<u>-</u>	<u>7,054</u>	<u>5,673</u>	<u>-</u>	<u>5,047</u>
Department of Administration							
Comprehensive Planning Grant:							
Comprehensive Planning Activities	505.110	28,506	-	-	-	-	28,506
Land Information Board Grant	505.118	(36,856)	-	1,000	64,966	-	(100,822)
Utility Public Benefits - Low Income Assistance	505.371	11,634	-	20,012	27,515	1,808	2,323
Passed Through Burnett County:							
Treatment Alternatives and Diversion Program	2014-TD-01-10374	1,644	-	18,101	18,981	-	764
Total Department of Administration		<u>4,928</u>	<u>-</u>	<u>39,113</u>	<u>111,462</u>	<u>1,808</u>	<u>(69,229)</u>
Subtotal State Financial Assistance		<u>\$ 484,350</u>	<u>\$ -</u>	<u>3,790,455</u>	<u>\$ 3,211,584</u>	<u>\$ 889,661</u>	<u>\$ 173,560</u>
Paid Claims by Third Party Administrator				113,882			
Medical Assistance - Community Long Term Support							
Deduct: Local Share of Expenditures					<u>(889,661)</u>		
TOTAL STATE FINANCIAL ASSISTANCE EXPENDITURES					<u><u>\$ 3,014,676</u></u>		

^^ See Note 5

WASHBURN COUNTY, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE
DECEMBER 31, 2015

NOTE 1 REPORTING ENTITY

Washburn County is governed by a board of supervisors consisting of twenty-one elected members.

The financial reporting entity for the County is based upon criteria set forth in generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial reporting entity is defined by GASB to consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The basic financial statements of the County consist of the primary government and a discretely presented component unit as described below.

Component Unit

Washburn County Industrial Development Agency, Ltd. Washburn County Industrial Development Agency, Ltd. (Agency) was organized in 1989 by the County when the County received intergovernmental funds to finance a loan to a private business. Proceeds received from the repayment of this loan are being used by the Agency to finance other loans to local businesses to promote industrial development. The Agency is governed by a seven member board statutorily comprised of the county board chairman, finance committee chairman, county treasurer, corporation counsel and three public members appointed by the county board. The Agency receives no funding from nor provides any funding to the County. The Agency maintains its financial statements on a fiscal year ending June 30. Financial statements of the Agency for the year ending June 30, 2015 are presented in the County's 2015 audited basic financial statements as a discretely presented component unit. The Agency's financial statements are separately audited and can be obtained from Washburn County.

NOTE 2 BASIS OF PRESENTATION

The schedules of expenditures of federal awards and state financial assistance have been presented on a basis to reflect the flow of available funds in the individual programs as follows:

Expenditures – Expenditures are presented on the accrual basis of accounting. Grant expenditures represent the amount of program funds expended during the year.

Receipts – Receipts recorded under the Grant Reimbursement category represent actual program funds received by the County during the year. Receipts recorded under the Local Share category, if any, represent the amounts of local funds used to finance the County's share of program expenditures on selected programs.

WASHBURN COUNTY, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE
DECEMBER 31, 2015

NOTE 2 BASIS OF PRESENTATION (CONTINUED)

Accrued Reimbursement – Amounts recorded as accrued reimbursements represent the excess of program funds expended over available program funds. Such amounts represent program funds receivable by the County, except as discussed in Note 4.

Deferred Reimbursement – Amounts recorded as deferred reimbursements represent available (unexpended) program funds held by the County.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Washburn County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 ADJUSTMENTS TO BEGINNING ACCRUED (DEFERRED) REIMBURSEMENT

Prior year adjustments included in the schedules of expenditures of federal awards and state financial assistance represent adjustments to the January 1, 2015 accrued (deferred) reimbursement balances of the individual programs based on subsequent funding of the programs in 2015 and/or adjustment of accruals resulting from prior year audit findings.

NOTE 5 CDBG PROGRAMS REVOLVING LOAN FUND

Housing Rehabilitation

The County was awarded Community Development Block Grants for financing housing rehabilitation loans. Repayments received by the County on these loans are recorded in a separate special revenue fund and are to be used to finance similar housing rehabilitation loans. The following is a description of the loans outstanding under the program at December 31, 2015:

Owner-Occupied Loans. The County had eighty-one (81) owner-occupied mortgage loans outstanding at December 31, 2015 totaling \$871,207. These notes become due and payable in full only "in the event that the maker:

- a. No longer continues to occupy the premises securing this note as a full-time residence, or
- b. Transfers any legal or equitable interest in the mortgage premises to anyone for any reason."

Receivables have been recorded in the special revenue fund in the amount of the outstanding balances on these loans and were equally offset by deferred inflow of resources recorded therein. Revenue is recognized in the special revenue fund as collections are received on these loans.

**WASHBURN COUNTY, WISCONSIN
 NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
 ASSISTANCE
 DECEMBER 31, 2015**

NOTE 5 CDBG PROGRAMS REVOLVING LOAN FUND (Continued)

Transactions of the revolving loan fund for the year ending December 31, 2015 are summarized as follows:

Fund Balance January 1, 2015	\$ 1,057
Loan Repayments	61,245
Interest Income	12
Loans Made from Fund	10,275
Administration Paid from Fund	<u>(23,413)</u>
Fund Balance December 31, 2015	<u>\$ 49,176</u>

The above transactions are not included in the schedule of expenditures of federal awards.

NOTE 6 CLAIMS PAID VIA THIRD PARTY ADMINISTRATOR

Amounts shown as paid via Third Party Administrator (TPA) are payments made by a TPA for County authorized services. The TPA makes payments directly to service providers, and receives reimbursement for these services directly from the Wisconsin Department of Health Services (DHS). The activity between the TPA and service providers is not recorded in the County's financial accounting system; however, DHS guidance dictates that these transactions are to be included in the Schedules of Expenditures of Federal Awards and State Financial Assistance.

DRAFT

**WASHBURN COUNTY, WISCONSIN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
DECEMBER 31, 2015**

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2014-001

SEE CURRENT YEAR FINDING 2015-001.

Reason for finding's recurrence: The County continues to rely upon the audit firm to prepare the financial statements in a format compatible with GAAP. Management will review and approve these financial statements prior to the issuance. The Finance Director is the official responsible for ensuring corrective action of the deficiency. See the related current year finding for more details.

2014-002

SEE CURRENT YEAR FINDING 2015-002.

Reason for finding's recurrence: The County reviewed its controls as it related to making journal entries and the County was able to reduce the number of audit adjustments proposed by the audit firm necessary to adjust accounts in accordance with GAAP. The main reason this finding has reoccurred is due to the implementation of GASB 68/71. Management will review and approve these entries prior to recording them. The Finance Director is the official responsible for ensuring corrective action of the deficiency. See the related current year finding for more details.

2014-003

SEE CURRENT YEAR FINDING 2015-003.

Reason for finding's recurrence: The County continues to work to achieve segregation of duties whenever cost effective. The County has re-evaluated internal controls with the audit firm in County departments and has determined that this finding still applies to certain small departments of the County. The Finance Director is the official responsible for ensuring corrective action of the deficiency. See the related current year finding for more details.

B. MAJOR FEDERAL PROGRAM AWARDS

None

C. MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS

None

D. STATE GENERAL REQUIREMENTS

None

**INDEPENDENT AUDITORS' 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**

Honorable Members
of the Board of Supervisors
Washburn County, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and 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 discretely presented component unit, each major fund and the aggregate remaining fund information of Washburn County, Wisconsin (County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated REPORT DATE. Our report includes a reference to other auditors who audited the financial statements of the Washburn County Industrial Development Agency, Ltd., as described in our report on Washburn County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002 and 2015-003 to be material weaknesses.

Honorable Members
of the Board of Supervisors
Washburn County, Wisconsin

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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Washburn County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Rice Lake, Wisconsin
REPORT DATE

DRAFT

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES

Honorable Members of the Board of Supervisors
Washburn County, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Washburn County, Wisconsin's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. We have also audited the County's compliance with types of compliance requirements described in the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration that are applicable to each of its major state programs (including federal programs required to be tested as major state programs) for the same period. The County's major federal programs and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Component Unit

Washburn County's basic financial statements include the operations of the Washburn County Industrial Development Agency, Ltd., which expended \$643,517 in federal awards that is not included in the schedule of expenditures of federal awards during the year ended December 31, 2015. Our audit, described below, did not include the operations of the Washburn County Industrial Development Agency Ltd. because it operates on a June 30 fiscal year-end and receives its own audit of expenditures of federal awards.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards, the Uniform Guidance, and the State guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Honorable Members
of the Board of Supervisors
Washburn County, Wisconsin

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

Opinion on Each Major Federal and 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 to each of its major federal and state programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2015.

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 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State Single Audit Guidelines, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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 program less severe than a material weakness in internal control over compliance, yet important enough to merit attention of 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance and *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Honorable Members
of the Board of Supervisors
Washburn County, Wisconsin

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Schedule of State Financial Assistance Required by State Single Audit Guidelines

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Washburn County as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Washburn County's basic financial statements. We issued our report thereon dated REPORT DATE, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and State Single Audit Guidelines, respectively, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

Rice Lake, Wisconsin
REPORT DATE

DRAFT

**WASHBURN COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2015**

PART I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes none reported
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X none reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X none reported
- Significant deficiency(ies) identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X none reported

Identification of major Federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.563	Child Support Enforcement
93.778	Medical Assistance Program - Medicaid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

**WASHBURN COUNTY, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2015**

State Awards

Internal control over major programs:

- Material weakness(es) identified? yes none reported
- Significant deficiency(ies) identified? yes none reported

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

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

Identification of major State programs:

<u>State ID Number(s)</u>	<u>Name of State Program or Cluster</u>
370.TA2	Sustainable Forestry Grant
435.283	IM Available Allocation - State Share
435.561	State Funded Basic County Allocation
437.3561	Basic County Allocation
437.3681	State/County Match

Dollar threshold used to distinguish between type A and type B programs: \$250,000

Auditee qualified as low-risk auditee? yes no

DRAFT

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

FINDING: 2015-001 Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP)

Criteria: It is the County's responsibility to have controls in place to prevent or detect a material misstatement in the annual financial statements, including footnote disclosures.

Condition: The County does not have an internal control policy in place over annual financial reporting that would enable management to conclude its annual financial statements and related footnote disclosures are complete and presented in accordance with Generally Accepted Accounting Principles (GAAP).

Context: The County has informed us that they do not have an internal control policy in place over the annual financial reporting and that they do not have the necessary staff and expertise to prevent or detect a material misstatement in the annual financial statements including footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Cause: The County relies on the audit firm to prepare the annual financial statements and related footnote disclosures.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the County's internal controls.

Recommendation: The County should continue to evaluate their internal staff and expertise to determine if an internal control policy over the annual financial reporting is beneficial.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The County will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the annual financial statements. The Finance Director is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The CAP is ongoing.

Plan to Monitor Completion of CAP:

The County Board will be monitoring this corrective action plan.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (CONTINUED)

FINDING: 2015-002 Material Audit Adjustments

- Criteria:** The County should have controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.
- Condition:** The audit firm proposed and the County posted to its general ledger accounts journal entries for correcting certain misstatements.
- Context:** The County has informed us that they will review adjustments proposed by us and will endeavor to minimize the number and amount of proposed adjustments in future audits, but will continue to rely upon the audit firm to propose such audit adjustments as are necessary to adjust accounts in accordance with Generally Accepted Accounting Principles (GAAP). Management will review and approve those entries prior to recording them.
- Cause:** The County has not established controls to ensure that all accounts are adjusted to their appropriate year end balances in accordance with GAAP.
- Effect:** The potential exists that financial statements of the County may include inaccurate information not detected or prevented by County staff.
- Recommendation:** The County should continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year end balances in accordance with GAAP.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The County will continue to rely upon the audit firm to propose audit adjustments necessary to adjust accounts in accordance with GAAP. Management will review and approve these entries prior to recording them. The Finance Director is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The CAP is ongoing.

Plan to Monitor Completion of CAP:

The County Board will be monitoring this corrective action plan.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (CONTINUED)

FINDING: 2015-003 Limited Segregation of Duties

- Criteria:** Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.
- Condition:** In some of the smaller County offices the available staff precludes a proper separation of duties to assure adequate internal control.
- Context:** The limited size of the County's staff in some departments responsible for accounting and financial duties precludes a complete segregation of incompatible duties. The County has informed us that it may not be cost effective to hire the additional personnel required to achieve complete segregation of duties.
- Cause:** The condition is due to limited staff available and an overlook by the finance department.
- Effect:** The potential exists that the design of the internal controls over financial reporting could affect the ability of the County to record, process, summarize and report financial data consistently with the assertions of management in the financial statements. In addition, this lack of segregation of duties may result in the County's inability to prevent /detect misappropriation of County assets.
- Recommendation:** The County should continue to evaluate its staffing in order to segregate incompatible duties whenever possible.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (CONTINUED)

FINDING: 2015-003 Limited Segregation of Duties (Continued)

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The County continues to work to achieve segregation of duties whenever cost effective. The Finance Director is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The CAP is ongoing.

Plan to Monitor Completion of CAP:

The County Board will be monitoring this corrective action plan.

Compensating Controls and Mitigating Factors:

The cash disbursements process includes approval of the disbursement by the department head and approval of each voucher and coding by the finance department. The payroll disbursements process includes department head approval of timesheets and personnel department review of timesheets and approval of coding. The receipts process includes pre-numbering and a reconciliation of departmental batch receipt reports performed by the Treasurer. In addition to the above, the Treasurer also reviews the account coding and completes bank reconciliations monthly and is reconciled to the general ledger.

DRAFT

PART III: FINDINGS RELATED TO MAJOR FEDERAL AWARD PROGRAMS:

None.

PART IV: FINDINGS RELATED TO MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS:

None.

PART V: OTHER ISSUES

1. Do the auditors' 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 auditors' report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, excess revenue or excess reserve) related to grants or contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Agriculture, Trade and Consumer Protection No

Department of Justice No

Department of Military Affairs No

Department of Veterans Affairs No

Department of Natural Resources No

Department of Transportation No

Department of Administration No

Department of Corrections No

Department of Health Services No

Department of Children and Families No

3. Was a management letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of Principal Brock Geyen, CPA

5. Date of Report REPORT DATE