

**JEFFERSON COUNTY, WISCONSIN**

**AUDITOR'S COMMUNICATION TO THE  
COUNTY BOARD**

**For the Year Ended  
December 31, 2014**

**JEFFERSON COUNTY, WISCONSIN**  
**AUDITOR'S COMMUNICATION TO THE COUNTY BOARD**  
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Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

June 5, 2015

To the Board of Supervisors  
Members of the County Board  
Jefferson County  
311 S Center Ave  
Jefferson, Wisconsin 53549

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by audit standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on November 17, 2014.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our management letter, as well as a listing of future pronouncements that may affect the County, are enclosed within this document.

This information is intended solely for the use of the Board of Supervisors and management of Jefferson County and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads 'Sikich LLP'.

Sikich LLP

By: Daniel A. Berg, CPA  
Partner



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Naperville, Illinois 60563

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Certified Public Accountants & Advisors  
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June 5, 2015

To the Board of Supervisors  
Members of the County Board  
Jefferson County  
Jefferson, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activity, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Jefferson County, Wisconsin (the County) for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated October 14, 2014. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2014. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, the attached schedule summarized adjustments detected as a result of audit procedures and corrected by management.

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representation**

We have requested certain representations from management that are included in the management representation letter dated June 5, 2015.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis and the other required supplementary information, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Jefferson County  
June 5, 2015

With respect to the supplementary information accompanying the basic financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principle generally accepted in the United State of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on Introductory Section and the Statistical Section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

**Restriction on Use**

This information is intended solely for the use of the Board of Supervisors and management of the Jefferson County, Wisconsin and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Sikich LLP

By: Daniel A. Berg, CPA  
Partner

PASSED ADJUSTMENTS

**Jefferson County**

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For the Year Ended 12/31/2014

GENERAL,  
GOVERNMENTAL ACTIVITIES,  
PARKING,  
ALL OTHER FUNDS, AND  
BUSINESS-TYPE ACTIVITIES  
(OPINION UNITS)

All entries posted as Debit (Credit)

| Description  | Assets             | (Liabilities)     | (Retained<br>Earnings/Fund<br>Balance) | (Profit)<br>Loss   |
|--|--------------------|-------------------|--|--------------------|
| <b>GENERAL FUND</b>  |                    |                   |  |                    |
| Current Effect of Prior Period Passed AJE's that<br>have carried forward to Current Period | \$ -               | \$ -              | \$ -                                   | \$ -               |
| recorded.  | -                  | 56,122            | (56,122)                               | (56,122)           |
| <b>HUMAN SERVICES</b>  |                    |                   |  |                    |
| To record effect of unrecorded grant receivable  | (75,000)           | -                 | (75,000)                               | 75,000             |
| recorded.  | -                  | 22,984            | (22,984)                               | (22,984)           |
| <b>NONMAJOR FUNDS</b>  |                    |                   |  |                    |
| To record effect of worker's comp retention liability recorded.                            | -                  | 3,000             | (3,000)                                | (3,000)            |
| <b>GOVERNEMENTAL ACTIVITIES FUNDS</b>  |                    |                   |  |                    |
| Current Effect of Prior Period Passed AJE's that<br>have carried forward to Current Period | -                  | -                 | -                                      | -                  |
| Total governmental activities fund   | (75,000)           | 82,107            | (157,107)                              | (7,107)            |
| <b>HIGHWAY FUND/BUSINESS-TYPE ACTIVITIES</b>   |                    |                   |  |                    |
| Current Effect of Prior Period Passed AJE's that<br>have carried forward to Current Period | -                  | -                 | -                                      | -                  |
| To record effect of worker's comp retention liability recorded.                            | -                  | 28,690            | (28,690)                               | (28,690)           |
| <b>TOTAL OPINION UNITS</b>   | <b>\$ (75,000)</b> | <b>\$ 110,796</b> | <b>\$ (185,796)</b>                    | <b>\$ (35,796)</b> |

**Jefferson County - 00**

**Year End: December 31, 2014**

**Adjusting Journal Entries**

**Date: 1/1/2014 To 12/31/2014**

| <b>Number</b> | <b>Date</b> | <b>Name</b>                              | <b>Account No</b>        | <b>Debit</b>      | <b>Credit</b>      |
|---------------|-------------|--|--------------------------|-------------------|--------------------|
| 1             | 12/31/2014  | MISCELLANEOUS REVENUE                    | 100-486004-1401- GF-100  | 263,755.00        |                    |
| 1             | 12/31/2014  | TEMP INVEST - WMMIC                      | 100-111101-1401-6 GF-100 |                   | -263,755.00        |
|               |             | To adjust WMMIC to capitalization amount |                          |                   |                    |
|               |             |  |                          | <b>263,755.00</b> | <b>-263,755.00</b> |

**JEFFERSON COUNTY, WISCONSIN**

**MANAGEMENT LETTER**

**December 31, 2014**





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1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

To the Board of Supervisors  
Members of the County Board  
Jefferson County  
Jefferson, Wisconsin

In planning and performing our audit of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Jefferson County, Wisconsin (the County) as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Supervisors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties. We are available to discuss any of these comments and to assist in their implementation if requested.

A handwritten signature in black ink, appearing to read 'Sikich CP'.

Naperville, Illinois  
June 5, 2015

## **ADVISORY COMMENTS**

### **1. Financial Software**

The current financial software does not allow department heads and managers to monitor their budget to actual activity on a current or real time basis. They are required to review financial data on a monthly basis after it is prepared by the finance department. This delay in receiving and analyzing the financial activity for each department hampers their ability to closely monitor purchasing, expenditures and related budgetary and planning concerns.

### **2. Deposits Held by Mutual Insurance Company**

The County had recorded an investment in Wisconsin Municipal Mutual Insurance Company (WMMIC) in the amounts of \$1,046,755 and \$979,124 for the years ended December 31, 2014 and 2013, respectively, which represented the County's proportionate share of WMMIC equity. Per GASB Statement No. 16, only the County's original capitalization payment of \$783,000 should have been recorded as an asset. The County has adjusted the asset down to the appropriate level at December 31, 2014.

## **OTHER COMMENTS**

### **Future Accounting Pronouncements**

The Governmental Accounting Standards Board has issued a number of pronouncements that may impact the County in the future.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, which provides guidance related to pensions for governments whose employees are provided with pensions administered through a trust arrangement. Statement No. 68 is applicable for the fiscal year ending December 31, 2015.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations, provides guidance on classifying government combinations as mergers, acquisitions, or transfers and disposals of operations and provides accounting, financial reporting and disclosure requirements for these transactions. Statement No. 69 is applicable for the fiscal year ending December 31, 2015 and thereafter.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68, requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, this requires that the government recognize its contribution as a deferred outflow of resources. Statement No. 71 is to be implemented simultaneously with GASB Statement No. 68 in the fiscal year ending December 31, 2015.

## **OTHER COMMENTS**

### **Future Accounting Pronouncements (Continued)**

GASB Statement No. 72, Fair Value Measurement and Application, issued February 2015, which provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016.

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The statement builds upon the existing framework for financial reports of defined benefit OPEB plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 74 enhances note disclosures and RSI for both defined benefit and defined contribution OPEB plans. Statement No. 74 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions in Statement No. 74 are effective for OPEB plan or sponsoring employer financial statements for periods beginning after June 15, 2016.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as they relate to governments that provide benefits through OPEB plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 75 requires governments providing defined benefit OPEB to recognize their long-term obligation for OPEB as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions in Statement No.75 are effective for fiscal years beginning after June 15, 2017.

# Sikich Snapshot

## Organization

Sikich is a dynamic professional services firm specializing in accounting, technology, investment banking and advisory services. Founded in 1982, we are now one of the country's Top 35 largest CPA firms and among the top 1 percent of all enterprise resource planning solution partners in the world.

## Industries

Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

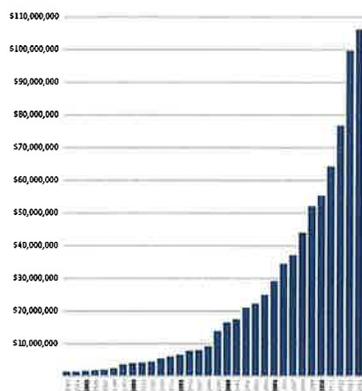
- › Agriculture
- › Construction & Real Estate
- › Government
- › Manufacturing & Distribution
- › Not-for-Profit
- › Oilfield Services

## Statistics

|                       |          |
|-----------------------|----------|
| 2014 Revenues .....   | \$106.5M |
| Total Partners .....  | 92       |
| Total Employees ..... | 573      |
| Total Personnel ..... | 665      |

Personnel count as of February 17, 2015

## Sikich Total Revenues



## Awards

- › *Accounting Today* Top 100 Firms: ranked 34th nationally, 2014
- › *Accounting Today* Regional Leaders – Top Firms: Great Lakes: ranked 4th, 2014
- › *Inc. Magazine's* Inc. 500|5000: ranked 4,627th fastest-growing private company nationally, 2013
- › *INSIDE Public Accounting* Top 50 Largest Accounting Firms: ranked 32nd nationally, 2014
- › Microsoft Dynamics Inner Circle and President's Club, 2014
- › *Milwaukee Business Journal* Largest Management Consulting Firms: ranked 12th, 2014
- › Best Places to Work in Indiana, 2014
- › Best Places to Work in Illinois, 2014
- › *Accounting Today* Top 100 Value Added Reseller: ranked 9th, 2014
- › Bob Scott's Top 100 Value Added Reseller: ranked 9th, 2015
- › *Bob Scott's Insights* Value Added Reseller Stars, 2014
- › *Crain's Chicago Business* Fast Fifty: ranked 49th, 2013
- › Alfred P. Sloan Award for Excellence in Workplace Effectiveness & Flexibility, 2013
- › *Daily Herald Business Ledger* Book of Lists: ranked 5th, "Accounting Firms;" Chicago Western Suburbs, 2013
- › *Springfield Business Journal* Book of Lists: ranked 1st, "Accounting Firms;" Springfield, Illinois, 2013
- › *Chicago Tribune's* Chicago's Top Workplaces, 2013
- › *Crain's Chicago Business* Top 25 Firms: ranked 11th in Chicagoland, 2013

## SERVICES

- › Accounting & Assurance
- › Business Valuation
- › Dispute Advisory
- › ERP & CRM Software
- › Executive Search & Staffing
- › Human Resources Consulting
- › Insurance Services
- › Investment Banking & Corporate Finance
- › IT Services
- › Marketing & Public Relations
- › Retirement Planning
- › Supply Chain
- › Tax Planning
- › Wealth Management



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## Certifications

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2014, Sikich LLP received its 9th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.



**Microsoft Partner**

Gold Enterprise Resource Planning

## Microsoft Partner

Sikich has earned a Microsoft ERP Gold competency; ranked among the top 1 percent of all Microsoft Dynamics partners worldwide; and carries the following certifications:

- ▶ Microsoft Small Business Specialist
- ▶ MCP (Microsoft Certified Professional)
- ▶ MCSE (Microsoft Certified System Engineer)
- ▶ CCNA (Cisco Certified Network Associate)
- ▶ CCDA (Certified Cisco Design Associate)
- ▶ CCEA (Citrix Certified Enterprise Administrator)
- ▶ MRMS (Microsoft Retail Management Systems)
- ▶ CISA (Certified Information Systems Auditor)
- ▶ CNE (Certified Novell Engineer)
- ▶ MS CSM (Microsoft Customer Service Manager)
- ▶ MS CAE (Microsoft Certified Account Executive)
- ▶ MCDBA (Microsoft Certified Database Admin.)



leading **edge** alliance

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## Sikich is proud to be part of the Leading Edge Alliance

The Leading Edge Alliance (LEA) is the second largest international association of independent accounting firms.\* The LEA is an international professional association of independently-owned accounting and consulting firms. Members are top quality firms who share an entrepreneurial spirit and a drive to be the premier provider of professional services in their chosen markets. The Alliance provides Sikich with an unbeatable combination: the comprehensive size and scope of a large multinational company while offering their clients the continuity, consistency, and quality service of a local firm.

*\*International Accounting Bulletin, 2011*



## Sikich is proud to be part of PrimeGlobal

PrimeGlobal is one of the top five largest associations of independent accounting firms in the world, providing a wide range of tools and resources to help member firms furnish superior accounting, auditing, and management services to clients around the globe.

*Securities are offered through Sikich Corporate Finance LLC, a registered broker dealer with the Securities Exchange Commission and a member of FINRA/SIPC. Advisory services offered through Sikich Financial, a Registered Investment Advisor. General securities offered through Triad Advisors, Member FINRA/SIPC. Triad Advisors and Sikich Financial are not affiliated.*

## LOCATIONS:

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(720) 200-0142

### Houston, TX

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### Indianapolis, IN

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### Milwaukee, WI

(262) 754-9400

### Rockford, IL

(815) 282-6565

### Springfield, IL

(217) 793-3363

### St. Louis, MO

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## CONNECT WITH US:



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