



COUNTY OF MARATHON
COURTHOUSE 500 FOREST STREET WAUSAU, WISCONSIN 54403-5568

August 30, 2001

*Mr. Don Rahn, Partner
Virchow Krause
Ten Terrace Court
PO Box 7398
Madison, WI 53707-7398*

Dear Mr. Rahn:

The Finance and Property Committee for Marathon County will receive a copy of the Report on Internal Control (Including Memorandum on Accounting Procedures, Internal Controls and Other Matters), and will review the document at its next meeting. The Finance Department (Department) will continue to work on the items noted in the report to strengthen internal controls and increase operational efficiency. Listed below is the plan for implementing items discussed in the Report on Internal Controls.

The County would like to thank Don Rahn, Partner, Robert Schuettpelez, Audit Manager and the Virchow Krause staff for their work to complete our audit.

Response to Status of Prior Year Points

Highway Department

Capitalization Policy:

As noted in your comments, the County has written off all highway equipment under \$2,000 and follows the new capitalization threshold.

Inventory Procedures:

The Highway Department continues to look at improving controls over inventory. Automation and use of vendors to provide parts as needed has allowed the County to maintain less parts stock in inventory.

Solid Waste Department

Landfill Closure Payable:

The Solid Waste and Finance Director feel that the very conservative approach taken by Marathon County to report its closure payable provides assurances that there will be sufficient funds to pay closing costs of cell B.

GASB 34

Effective Dates:

The County will be ready for GASB34 reporting for the year ending December 31, 2002. The Finance Department is already preparing schedules and statements from the 2001 statements in preparation for implementation in 2002.

Major Changes:

1) MD&A - the MD&A is being written during the 2002 time frame and will be used in the 2002 report. The transition from the Transmittal Letter already produced for the CAFR will constitute a change but not one that will be extremely cumbersome.

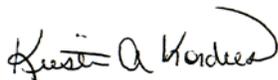
2) Government-wide financial statements -We are already working on the transition from the old reporting model to the new as the audited 2001 financial statements are used to develop the model for 2002.

3) The Government-wide financial statement will need to include infrastructure assets and depreciation on all capital assets. The County's fixed asset system has the capability to include depreciation schedules for capital assets. We are in the process of completing this transition for the end of 2002 financial reporting. The highway department is responsible for the record keeping of infrastructure assets and is working on capturing the data needed for inclusion into the CAFR.

Required Audit Communications

The listing of information in this section of the letter from Virchow Krause is an audit requirement. It is designed to give the auditors a format with which to make accurate and timely comment to the County regarding new and better procedures and bring audit issues to your attention. There is no further response by management at this point since there were no significant comments made by the auditors that need a written response.

Sincerely,
MARATHON COUNTY



Kristi Kordus, Finance Director