MARATHON COUNTY

Wausau, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2013

MARATHON COUNTY

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For the Year Ended December 31, 2013

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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*

Independent Auditors' Report

To the County Board of Supervisors
Marathon County
Wausau, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marathon County, Wisconsin as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Marathon County's basic financial statements and have issued our report thereon dated June 20, 2014. Our report includes a reference to other auditors who audited the financial statements of North Central Health Care, a discretely presented component unit, as described in our report on Marathon 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 Marathon 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 Marathon County's internal control. Accordingly, we do not express an opinion on the effectiveness of Marathon 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 and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. This material weakness is item 2013-001.

To the County Board of Supervisors
Marathon County

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. These significant deficiencies are items 2013-002 and 2013-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marathon 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Marathon County's Response to Finding

Marathon County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Marathon 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.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 20, 2014

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
REQUIRED BY OMB CIRCULAR A-133 AND THE *STATE SINGLE AUDIT GUIDELINES*

Independent Auditors' Report

To the County Board of Supervisors
Marathon County
Wausau, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

We have audited Marathon County, Wisconsin's 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 Marathon County's major federal and major state programs for the year ended December 31, 2013. Marathon 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.

Marathon County's basic financial statements include the operations of the Children with Disabilities Education Board which received $1,045,777 in federal and state awards and the operation of North Central Health Care which received $7,369,850 in federal and state awards which are not included in the schedule of expenditures of federal and state awards for the year ended December 31, 2013. Our audit, described below, did not include the operations of the Children with Disabilities Education Board or North Central Health Care because these component units had separate audits in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Marathon 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 *State Single Audit 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 Marathon 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 Marathon County's compliance.

Opinion on Each Major Federal and Major State Program

In our opinion, Marathon 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 items 2013-004, 2013-005, 2013-006, and 2013-008. Our opinion on each major federal and major state program is not modified with respect to these matters.

Marathon County's Response to Findings

Marathon County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Marathon 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 Marathon 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 Marathon County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *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 Marathon 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 a 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.

To the County Board of Supervisors
Marathon County

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 2013-006, 2013-007, and 2013-008 that we consider to be significant deficiencies.

Marathon County's Response to Findings

Marathon 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. Marathon 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.

Purpose of This Report

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 results of that testing based on the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the State Single Audit Guidelines

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marathon County, Wisconsin as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Marathon County's basic financial statements. Our report was modified to include a reference to other auditors who audited the financial statements of North Central Health Care, as described in our report on Marathon County's financial statements. We issued our report thereon dated June 20, 2014, 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 and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and is 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 expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
September 8, 2014

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency/ Program Title	Federal CFDA Number	Pass Through Agency	Grant/Pass-Through Grantor's Number	Accrued (Deferred) Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	Expenditures
FEDERAL PROGRAMS								
US Department of Agriculture								
CHILD NUTRITION CLUSTER								
School Breakfast Program/Juv Detention	10.553	DPI	None Assigned	$ 529	$ 2,930	$ 1,990	$ 4,391	$ 4,391
School Breakfast Program/Shelter Home	10.553	DPI	None Assigned	551	2,346	958	2,753	2,753
Subtotal				1,080	5,276	2,948	7,144	7,144
National School Lunch Prog/Juvenile Detention	10.555	DPI	None Assigned	804	4,370	3,106	6,672	6,672
National School Lunch Prog/Shelter Home	10.555	DPI	None Assigned	804	3,554	1,446	4,196	4,196
Subtotal				1,608	7,924	4,552	10,868	10,868
Total Child Nutrition Program Cluster				2,688	13,200	7,500	18,012	18,012
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS	No Info Provided	178,122	1,022,022	177,129	1,021,029	1,021,029
Soil & Water Conservation/GLCI	10.902	DATCP	11105	(50,000)	-	(49,756)	244	244
Soil & Water Conservation/GLCI	10.902	DATCP	12205	-	-	10	10	10
Soil & Water Conservation/GLCI	10.902	DATCP	12205-10	-	-	4,383	4,383	4,383
Total CFDA #10.902				(50,000)	-	(45,363)	4,637	4,637
Total US Department of Agriculture				130,810	1,035,222	139,266	1,043,678	1,043,678
US Department of Justice								
Juvenile Accountability Block Grants/Early Truancy	16.523	DOJ	2010/2011-JB-13-9869	2,487	12,800	4,564	14,877	14,877
Juvenile Accountability Block Grants/Early Truancy	16.523	DOJ	2011-JB-13-10183	-	-	5,542	5,542	5,542
Total CFDA #16.523				2,487	12,800	10,106	20,419	20,419
Crime Victim Assistance/Crime Response 12-13	16.575	DOJ	2011-070-15	17,567	81,705	-	64,138	64,138
Crime Victim Assistance/Crime Response 13-14	16.575	DOJ	2012-070-16	-	-	17,241	17,241	17,241
Total CFDA #16.575				17,567	81,705	17,241	81,379	81,379
Drug Court Discretionary Grant Program/OWI Court 12-13	16.585	None	2010-DC-BX-0031	21,692	143,566	-	121,874	121,874
Violence Against Women Formula Grant/VAWA Asst DA 12-13	16.588	DOJ	2010/2012-VA-02B-9620	453	35,672	18,616	53,835	53,835
Violence Against Women Formula Grant/VAWA Asst DA 13-14	16.588	DOJ	2012/2013-VA-02BX/02B-10148	-	-	35,624	35,624	35,624
Total CFDA #16.588				453	35,672	54,240	89,459	89,459
State Criminal Alien Assistance Program/SCAAP	16.606	None	2012-AP-BX-0808	(20,230)	13,631	(30,862)	2,999	2,999
Public Safety Partnership and Community Policing Grant/Ed Bryn Discr	16.710	DOJ	None Assigned	85	464	-	379	379

See accompanying notes to schedule of expenditures of federal and state awards.

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency/ Program Title	Federal CFDA Number	Pass Through Agency	Grant/Pass-Through Grantor's Number	Accrued (Deferred) Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	Expenditures
FEDERAL PROGRAMS (cont.)								
US Department of Justice (cont.)								
Edward Byrne Memorial Justice Assistance/Equipment 2013	16.738	None	2013-DJ-BX-0164	$ -	$ -	$ 13,791	$ 13,791	$ 13,791
Edward Byrne Memorial Justice Assistance/CEADEG	16.738	DOJ	2012-DJ-01-10031	-	26,269	-	26,269	26,269
Edward Byrne Memorial Justice Assistance/Equipment	16.738	None	2011-DJ-BX-2324	1,457	1,457	-	-	-
Edward Byrne Memorial Justice Assistance/Impr Ser Init	16.738	None	2010-DJ-BX-0419	1,680	1,680	-	-	-
Edward Byrne Memorial Justice Assistance/JAG Equip	16.738	None	2012-DJ-BX-0266	3,892	3,892	10,846	10,846	10,846
Total CFDA #16.738				7,029	33,298	24,637	50,906	50,906
Total US Department of Justice				29,083	321,136	75,362	367,415	367,415
US Department of Transportation								
Highway Planning & Construction/MPO	20.205	DOT	0093-05-89	58,615	107,074	29,606	78,065	78,065
Highway Planning & Construction/Bituminous	20.205	DOT	6665-00-72	-	69	-	69	69
Highway Planning & Construction/Bituminous	20.205	DOT	9481-00-73	-	518	-	518	518
Highway Planning & Construction/Bituminous	20.205	DOT	6655-00-70	-	561,355	-	561,355	561,355
Highway Planning & Construction/Bituminous	20.205	DOT	9478-02-71	-	470	-	470	470
Highway Planning & Construction/Bituminous	20.205	DOT	6666-00-73	-	1,064	-	1,064	1,064
Total CFDA #20.205				58,615	670,550	29,606	641,541	641,541
Metropolitan Transportation Planning	20.505	DOT	0093-05-06	369	2,339	-	1,970	1,970
HIGHWAY SAFETY CLUSTER								
State & Community Highway Safety/DDACTS	20.600	DOT	0952-40-85	149	149	-	-	-
State & Community Highway Safety/Speed 12-13	20.600	DOT	0953-40-79	3,120	16,759	-	13,639	13,639
State & Community Highway Safety/Seat Belt 12-13	20.600	DOT	0953-25-69	4,320	13,860	-	9,540	9,540
Subtotal				7,589	30,768	-	23,179	23,179
Alcohol Impaired Driving Countermeasures Incentive/ Alcohol Enforce 2013	20.601	DOT	0953-31-02	1,980	15,768	-	13,788	13,788
Child Safety and Child Booster Seats Incentive/CPS Car Seat	20.613	DOT	0952-24-13	-	5,000	1,560	6,560	6,560
Total Highway Safety Program Cluster				9,569	51,536	1,560	43,527	43,527
Interagency Hazard Material Public Section Training and Planning Grant/Other Em	20.703	DMA/DEM	HM-HMP-180-10-01-00	5,750	23,239	-	17,489	17,489
Payments for Small Community Air Service Development/CWA	20.930	None	DOT-OST-2010-0124	-	23,417	(15,105)	8,312	8,312
Total US Department of Transportation				74,303	771,081	16,061	712,839	712,839

See accompanying notes to schedule of expenditures of federal and state awards.

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency/ Program Title	Federal CFDA Number	Pass Through Agency	Grant/Pass-Through Grantor's Number	Accrued (Deferred) Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	Expenditures
FEDERAL PROGRAMS (cont.)								
Environmental Protection Agency								
State Indoor Radon	66.032	DHS/DPH	Contract #22356	$ -	$ 1,342	$ 171	$ 1,513	$ 1,513
Capitalization Grant for Drinking Water State Revolving Funds/DNR	66.468	DNR	No Info Provided	4,537	24,790	5,395	25,648	25,648
Brownfield Assessment & Cleanup Cooperative Agreements	66.818	None	00E01081	-	29,505	80,369	109,874	109,874
Total Environmental Protection Agency				4,537	55,637	85,935	137,035	137,035
US Department of Education								
Special Education, IDEA Part B/HV 12-13	84.027	None	No Info Provided	-	23,464	-	23,464	23,464
Special Education, IDEA Part B/HV 13-14	84.027	None	No Info Provided	-	-	23,912	23,912	23,912
Total CFDA #84.027				-	23,464	23,912	47,376	47,376
Total US Department of Education				-	23,464	23,912	47,376	47,376
US Department of Health & Human Services								
Public Health Emergency Preparedness/PHP Consortium	93.069	DHS/DPH	No Info Provided	(80,405)	-	(78,767)	1,638	1,638
Hospital Preparedness Program & PHEP Aligned Cooperative Agreements/ Local PHP	93.074	DHS/DPH	Contract #17500	(24,157)	-	(24,157)	-	-
Hospital Preparedness Program & PHEP Aligned Cooperative Agreements	93.074	DHS/DPH	Contract #17500	20,963	67,330	-	46,367	46,367
Hospital Preparedness Program & PHEP Aligned Cooperative Agreements	93.074	DHS/DPH	Contract #23622	-	27,041	4,809	31,850	31,850
Hospital Preparedness Program & PHEP Aligned Cooperative Agreements	93.074	DHS/DPH	Contract #21421	(8,590)	59,525	-	68,115	68,115
Hospital Preparedness Program & PHEP Aligned Cooperative Agreements	93.074	DHS/DPH	Contract #23622	-	52,570	(15,067)	37,503	37,503
Total CFDA #93.074				(11,784)	206,466	(34,415)	183,835	183,835
Immunization Grants/Consolidated Contract	93.268	DHS/DPH	Contract #21984	-	32,142	-	32,142	32,142
Drug Free Communities, DFC 11-12	93.276	None	5H79SP015980-08	(2,239)	19,753	-	21,992	21,992
Drug Free Communities, DFC 12-13	93.276	None	5H79SP015980-09	10,112	100,324	1,440	91,652	91,652
Drug Free Communities, DFC 13-14	93.276	None	5H79SP015980-10	-	13,928	8,226	22,154	22,154
Total CFDA #93.276				7,873	134,005	9,666	135,798	135,798
Affordable Care Act: CDC/Asthma 12-13	93.283	None	No Info Provided	233	5,000	-	4,767	4,767

See accompanying notes to schedule of expenditures of federal and state awards.

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency/ Program Title	Federal CFDA Number	Pass Through Agency	Grant/Pass-Through Grantor's Number	Accrued (Deferred) Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	Expenditures
FEDERAL PROGRAMS (cont.)								
US Department of Health & Human Services (cont.)								
PPHF Natitional Public Health Improvement Initiative/Infrastructure	93.507	DHS/DPH	Contract #22505	$ 5,900	$ 73,861	$ -	$ 67,961	$ 67,961
PPHF Community Transformation 12-13	93.531	None	421K385	25,472	158,000	-	132,528	132,528
PPHF Community Transformation 13-14	93.531	None	No Info Provided	-	-	35,388	35,388	35,388
Total CFDA #93.531				25,472	158,000	35,388	167,916	167,916
NPAO Local Plan Implement/Breastfeeding	93.548	DHS/DPH	Contract #21984	-	-	3,591	3,591	3,591
Promoting Safe and Stable Families/Family Preserv	93.556	DCF	No Info Provided	41,589	98,692	-	57,103	57,103
Temporary Assistance for Needy Families	93.558	DHS	No Info Provided	12,776	51,092	4,099	42,415	42,415
Temporary Assistance for Needy Families	93.558	DCF	No Info Provided	20,119	359,896	54,225	394,002	394,002
Total CFDA #93.558				32,895	410,988	58,324	436,417	436,417
Child Support Enforcement	93.563	DCF	No Info Provided	497,920	1,417,354	255,656	1,175,090	1,175,090
Low Income Home Energy Assistance Block Grant	93.568	DOA	No Info Provided	16,925	152,080	23,034	158,189	158,189
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	No Info Provided	35,303	332,483	56,284	353,464	353,464
Chafee Education & Training Vouchers Program	93.599	DCF	No Info Provided	45,723	357,923	34,323	346,523	346,523
Child Welfare Service Grants - State Grants	93.645	DOC	No Info Provided	(58)	11,773	721	12,552	12,552
Child Welfare Service Grants - State Grants	93.645	DCF	No Info Provided	-	64,383	-	64,383	64,383
Total CFDA #93.645				(58)	76,156	721	76,935	76,935
Foster Care Title IV-E	93.658	DCF	No Info Provided	2,086	401,265	2,693	401,872	401,872
Foster Care Title IV-E	93.658	DOC	No Info Provided	(92)	17,655	1,081	18,828	18,828
Total CFDA #93.658				1,994	418,920	3,774	420,700	420,700
Social Services Block Grant	93.667	DHS	No Info Provided	17,592	47,373	1,624	31,405	31,405
Social Services Block Grant	93.667	DCF	No Info Provided	-	176,353	-	176,353	176,353
Total CFDA #93.667				17,592	223,726	1,624	207,758	207,758
Child Abuse & Neglect Grant	93.669	DCF	No Info Provided	1,251	6,217	1,792	6,758	6,758

See accompanying notes to schedule of expenditures of federal and state awards.

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency/ Program Title	Federal CFDA Number	Pass Through Agency	Grant/Pass-Through Grantor's Number	Accrued (Deferred) Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	Expenditures
FEDERAL PROGRAMS (cont.)								
US Department of Health & Human Services (cont.)								
Chafee Foster Care Independence Program	93.674	DCF	No Info Provided	$ 12,271	$ 45,897	$ 4,049	$ 37,675	$ 37,675
Children's Health Insurance Program	93.767	DHS	No Info Provided	21,993	164,626	21,630	164,263	164,263
Medical Assistance/Consolidated Contract MCH	93.778	DHS/DPH	Contract #21984	-	2,405	-	2,405	2,405
Medical Assistance Program	93.778	DHS	No Info Provided	18,821	542,703	(39,444)	484,438	484,438
Medical Assistance Program	93.778	DHS	No Info Provided	125,891	1,201,498	157,727	1,233,334	1,233,334
Medical Assistance Program	93.778	DHS	No Info Provided	16,911	42,363	19,435	44,887	44,887
Total CFDA #93.778				161,623	1,788,969	137,718	1,765,064	1,765,064
HIV Care Formula Grant/HIV Partner	93.917	DHS/DPH	No Info Provided	(613)	4,455	551	5,619	5,619
Preventive Health & Health Services Block Grant	93.991	DHS/DPH	Contract #17374	(4,658)	-	(4,658)	-	-
Preventive Health & Health Services Block Grant, 12-13	93.991	DHS/DPH	Contract #21758	(1,221)	6,918	-	8,139	8,139
Total CFDA #93.991				(5,879)	6,918	(4,658)	8,139	8,139
Maternal & Child Health Services Block Grant/CYSHCN	93.994	DHS/DPH	Contract #22336	(21,709)	125,399	(19,333)	127,775	127,775
Maternal & Child Health Services Block Grant to States	93.994	DHS/DPH	Contract #21984	(1,126)	39,258	807	41,191	41,191
Total CFDA #93.994				(22,835)	164,657	(18,526)	168,966	168,966
Total US Department of Health & Human Services				804,983	6,279,535	511,759	5,986,311	5,986,311
US Department of Homeland Security								
Disaster Grant-Public Assistance/Cattails	97.036	DMA/DEM	PA05-WI-1944-PW00293	(7,061)	-	(6,536)	525	525
Hazard Mitigation Grant/Hazmat-Stettin	97.039	DMA/DEM	FEMA-1944-DR-WI	2,634	391,513	83,433	472,312	472,312
Emergency Management Performance Grants 11-12	97.042	DMA/DEM	None Assigned	48,962	48,962	-	-	-
Emergency Management Performance Grant12-13	97.042	DMA/DEM	None Assigned	11,681	40,394	44,723	73,436	73,436
Emergency Managementt Performance Grant 13-14	97.042	DMA/DEM	None Assigned	-	-	24,160	24,160	24,160
Total CFDA #97.042				60,643	89,356	68,883	97,596	97,596
Homeland Security/Alert	97.067	DMA	2010-HS-02A-9401	66,512	66,512	-	-	-
Total US Department of Homeland Security				122,728	547,381	145,780	570,433	570,433
TOTAL FEDERAL PROGRAMS				$ 1,166,444	$ 9,033,456	$ 998,075	$ 8,865,087	$ 8,865,087

See accompanying notes to schedule of expenditures of federal and state awards.

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

State Grantor Agency/ Program Title	State Number	Revenues: Accrued (Deferred) Beginning Balance	Revenues: Cash Received (Refunded)	Revenues: Accrued (Deferred) Ending Balance	Revenues: Total Revenues	Expenditures
STATE PROGRAMS						
WI Department of Agriculture, Trade & Consumer Protection						
Grazing Lands Conservation	115.000	$ 40,000	$ 40,000	$ -	$ -	$ -
Clean Sweep/HHW	115.040	15,000	17,840	-	2,840	2,840
County Staff & Support	115.150	-	134,924	8,465	143,389	143,389
Land & Water Resource Management/LWRM Direct	115.400	13,798	111,124	65,665	162,991	162,991
Total WI Department of Agriculture, Trade & Consumer Protection		68,798	303,888	74,130	309,220	309,220
WI Department of Natural Resources						
On-Q Holstein Runoff	370.TE1	-	38,969	-	38,969	38,969
Nonpoint Source Pollution Abatement/Target Resource	370.424	-	-	159,706	159,706	159,706
Enforcement Aids-Boating Enforcement	370.550	1,757	2,259	-	502	502
Enforcement Aids-All Terrain Vehicle Enforcement/ATV 12-13	370.551	293	1,849	-	1,556	1,556
Enforcement Aids-Snowmobiling Enforcement/Snowmobile 12-13	370.552	1,855	5,675	-	3,820	3,820
Enforcement Aids-Snowmobiling Enforcement/Snowmobile Equipment	370.552	7,500	2,043	5,457	-	-
Total State Assistance #370.552		9,355	7,718	5,457	3,820	3,820
Wildlife Damage Claim & Abatement	370.553	16,410	44,352	36,112	64,054	64,054
Resource Aids - County Conservation Aids	370.563	-	3,719	-	3,719	3,719
Recreational Aids-Fish, Wildlife & Forestry/Wildlife Habitat	370.564	-	1,487	-	1,487	1,487
Resource Aids - Co Forest Loans/State Aid	370.567	-	14,691	-	14,691	14,691
County Forest Administrator Grant	370.572	-	51,662	-	51,662	51,662
Rec. Aids - County Snowmobile Trail Aid 07-08	370.574	(19,124)	-	(6,870)	12,254	12,254
Rec. Aids - Snowmobile Trail Aid 12-13	370.574	18,795	269,837	97,767	348,809	348,809
Rec. Aids - Snowmobile Trail Aid 13-14	370.574	-	99,738	22,202	121,940	121,940
Rec. Aids - Snowmobile Trail Aid/Special Projects	370.574	(8,170)	-	(8,170)	-	-
Total State Assistance #370.574		(8,499)	369,575	104,929	483,003	483,003

See accompanying notes to schedule of expenditures of federal and state awards.

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

State Grantor Agency/ Program Title	State Number	Revenues: Accrued (Deferred) Beginning Balance	Revenues: Cash Received (Refunded)	Revenues: Accrued (Deferred) Ending Balance	Revenues: Total Revenues	Expenditures
STATE PROGRAMS (cont.)						
WI Department of Natural Resources (cont.)						
All-Terrain Vehicle Program/Special Projects	370.577	$ (4,540)	$ 22,388	$ (26,104)	$ 824	$ 824
All-Terrain Vehicle Program/Summer 12-13	370.577	1,443	5,627	-	4,184	4,184
All-Terrain Vehicle Program/Summer 13-14	370.577	-	6,150	(1,336)	4,814	4,814
All-Terrain Vehicle Program/Winter 12-13	370.577	(34,010)	34,895	-	68,905	68,905
All-Terrain Vehicle Program/Winter 13-14	370.577	-	34,690	(34,690)	-	-
Total State Assistance #370.577		(37,107)	103,750	(62,130)	78,727	78,727
Environmental Aids/Lake Protection	370.663	33,330	33,330	-	-	-
Environmental Aids/Lake Protection	370.663	7,317	8,356	15,760	16,799	16,799
Environmental Aids/Lake Protection	370.663	37,500	32,637	4,863	-	-
Environmental Aids/Lake Protection	370.663	(12,500)	-	37,500	50,000	50,000
Environmental Aids/Lake Protection	370.663	(12,500)	-	21,529	34,029	34,029
Environmental Aids/Lake Protection	370.663	(12,500)	-	9,127	21,627	21,627
Environmental Aids/Lake Protection-Shoreland	370.663	(1,250)	-	(1,250)	-	-
Total State Assistance #370.663		39,397	74,323	87,529	122,455	122,455
Total WI Department of Natural Resources		21,606	714,354	331,603	1,024,351	1,024,351
WI Department of Transportation						
Alcohol Impaired Driving/Div Justice 12-13	None	-	21,427	176	21,603	21,603
Alcohol Impaired Driving/Div Justice 13-14	None	-	-	21,711	21,711	21,711
Total Alcohol Impaired State Assistance		-	21,427	21,887	43,314	43,314
Elderly and Handicapped County Aids	395.101	(9,841)	322,133	-	331,974	331,974
Planning Commission Program	395.202	1,983	9,369	136	7,522	7,522
Total WI Department of Transportation		(7,858)	352,929	22,023	382,810	382,810

See accompanying notes to schedule of expenditures of federal and state awards.

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

State Grantor Agency/ Program Title	State Number	Revenues: Accrued (Deferred) Beginning Balance	Revenues: Cash Received (Refunded)	Revenues: Accrued (Deferred) Ending Balance	Revenues: Total Revenues	Expenditures
STATE PROGRAMS (cont.)						
WI Department of Corrections						
Community Intervention	410.302	$ -	$ 58,010	$ -	$ 58,010	$ 58,010
Youth Aids	410.313	(5,615)	1,147,917	70,294	1,223,826	1,223,826
Total WI Department of Corrections		(5,615)	1,205,927	70,294	1,281,836	1,281,836
WI Department of Health Services						
TB Dispensary/2012	None	1,134	13,719	-	12,585	12,585
TB Dispensary/2013	None	-	3,091	-	3,091	3,091
Total TB Dispensary		1,134	16,810	-	15,676	15,676
State Indoor Radon	435.103010	(1,500)	12,950	1,653	16,103	16,103
Funeral/Cemetery	435.105	1,001	1,001	-	-	-
PUBLIC HEALTH CLUSTER						
WWWP-GPR CC CFY	435.157000	(37,669)	38,874	(32,582)	43,961	43,961
Cons Contracts CHHD LD	435.157720	-	13,364	17	13,381	13,381
TPCP - Com Interventions - LHD	435.158125	-	43,486	3,750	47,236	47,236
TPCP - Com Interventions - LHD	435.158125	(59,463)	-	(59,463)	-	-
TPCP - WI Wins	435.158127	4,073	7,158	2,744	5,829	5,829
Cons Contracts MCH	435.159320	-	2,405	-	2,405	2,405
Total Public Health Program Cluster		(93,059)	105,287	(85,534)	112,812	112,812
TPCP-WIS-WINS	435.181005	-	4,023	1,351	5,374	5,374
TPCP-COM-INTRVN-LHD	435.181012	880	47,463	-	46,583	46,583
FSET Admin GPR/Fed Base	435.231	71,256	86,896	27,499	43,139	43,139
FSET Admin GPR/Fed Base	435.233	356	9,354	(53)	8,945	8,945
FSET Retent GPR/Fed Base	435.235	(96)	3,133	(558)	2,671	2,671
IMAA State Share	435.283	34,598	883,500	-	848,902	848,902
IMAA Federal Share	435.284	44,168	29,277	14,891	-	-
Medicaid Subrogation Collection	435.291	(19,741)	(23,010)	(927)	(4,196)	(4,196)
IMAA State Share Supp	435.292	-	9,030	15,385	24,415	24,415
IMAA Federal Share Supp	435.293	-	76	129	205	205

See accompanying notes to schedule of expenditures of federal and state awards.

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

State Grantor Agency/ Program Title	State Number	Revenues: Accrued (Deferred) Beginning Balance	Revenues: Cash Received (Refunded)	Revenues: Accrued (Deferred) Ending Balance	Revenues: Total Revenues	Expenditures
STATE PROGRAMS (cont.)						
WI Department of Health Services (cont.)						
IMAA State Share ACA	435.297	$ -	$ 204,658	$ 33,656	$ 238,314	$ 238,314
IMAA Federal Share ACA	435.298	-	1,719	283	2,002	2,002
Community Options Program (COP)	435.367	-	70,442	-	70,442	70,442
CLTS DD Non-federal	435.450	9,735	9,735	-	-	-
CLTS MH Non Federal	435.451	272	272	-	-	-
CLTS Non Federal Other	435.460	(32,172)	(32,172)	-	-	-
CLTS MH Non Fed Other	435.461	1,025	1,025	-	-	-
CLTS PD Non Fed Other	435.462	(1,313)	(1,313)	-	-	-
Basic County Allocation	435.561	132,054	340,038	11,346	219,330	219,330
Family Support Program	435.577	(471)	47,307	11,854	59,632	59,632
Base County Allocation - State Match	435.681	26,470	35,291	(7,019)	1,802	1,802
TPA CLTS DD Autism GPR	435.802	-	90,144	-	90,144	90,144
TPA CLTS DD Other GPR	435.805	-	200,580	-	200,580	200,580
TPA CLTS MH Autism GPR	435.808	-	9,639	-	9,639	9,639
TPA CLTS MH Other GPR	435.811	-	23,576	-	23,576	23,576
TPA CLTS PD Other GPR	435.817	-	24,242	-	24,242	24,242
CLTS DD Aut CWA Admin GPR	435.832	2,374	10,860	(7,689)	797	797
CLTS DD Oth CWA Admin GPR	435.835	2,275	12,821	11,106	21,652	21,652
CLTS MH Aut CWA Admin GPR	435.838	642	1,308	(1,436)	(770)	(770)
CLTS MH Oth CWA Admin GPR	435.841	261	2,947	(1,570)	1,116	1,116
CLTS MH Oth CWA Admin GPR	435.847	505	3,011	977	3,483	3,483
CLTS Pr Yr Adj Aut Loc State	435.850	1,229	1,229	-	-	-
CLTS Pr Yr Adj Oth Loc State	435.853	3,063	3,063	-	-	-
Csh Adj TPA CLTS BCA Mtch	435.918	(5,591)	(6,184)	13,791	13,198	13,198
Csh Adj TPA CLTS COP Mtch	435.920	(88,920)	(168,193)	(67,373)	(146,646)	(146,646)
Total WI Department of Health Services		90,435	2,071,835	(28,238)	1,953,162	1,953,162

See accompanying notes to schedule of expenditures of federal and state awards.

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

State Grantor Agency/ Program Title	State Number	Revenues: Accrued (Deferred) Beginning Balance	Revenues: Cash Received (Refunded)	Revenues: Accrued (Deferred) Ending Balance	Revenues: Total Revenues	Expenditures
STATE PROGRAMS (cont.)						
WI Department of Children & Families						
Regional Training Facilities	437.267	$ -	$ 3,380	$ 284	$ 3,664	$ 3,664
Foster Care Title IV-E/AW DOJ Fingerprint Background	437.3324	394	1,165	321	1,092	1,092
CQI Case Review Related Expenses	437.3346	2,757	2,757	-	-	-
CW Foster Parent Competency Based T-Reporting Line	437.3396	1,203	1,203	4,575	4,575	4,575
Basic County Allocation	437.3561	-	636,832	-	636,832	636,832
CW Cty Data Leadership Initiative	437.3611	159	159	-	-	-
F State/ County match	437.3681	(32)	112,240	-	112,272	112,272
Child Support Enforcement	437.7502	-	110,568	-	110,568	110,568
Total WI Department of Children & Families		4,481	868,304	5,180	869,003	869,003
WI Department of Justice						
DRCI Penalty Assessment-JAG Drug/CEADEG	None	-	18,177	-	18,177	18,177
Regional Training Facilities	455.503	-	62,315	-	62,315	62,315
Total WI Department of Justice		-	80,492	-	80,492	80,492
WI Department of Military Affairs						
Public Safety - Emergency Government Disaster Assistance	465.305	(2,354)	-	(2,179)	175	175
Public Safety - Emergency Government Disaster Assistance	465.305	429	65,242	13,906	78,719	78,719
Total State Assistance #465.305		(1,925)	65,242	11,727	78,894	78,894
Emergency Response Equipment/Hazmat	465.308	8,605	15,306	-	6,701	6,701
Emergency Planning/SARA 11-12	465.337	15,974	15,974	-	-	-
Emergency Planning/SARA 12-13	465.337	4,759	15,797	15,796	26,834	26,834
Emergency Planning/SARA 13-14	465.337	-	-	8,306	8,306	8,306
Total State Assistance #465.337		20,733	31,771	24,102	35,140	35,140
Total WI Department of Military Affairs		27,413	112,319	35,829	120,735	120,735

See accompanying notes to schedule of expenditures of federal and state awards.

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

State Grantor Agency/ Program Title	State Number	Revenues: Accrued (Deferred) Beginning Balance	Revenues: Cash Received (Refunded)	Revenues: Accrued (Deferred) Ending Balance	Revenues: Total Revenues	Expenditures
STATE PROGRAMS (cont.)						
WI Department of Administration						
Land Info Board/Education-Training	505.116	$ (480)	$ 300	$ (780)	$ -	$ -
Low Income Home Energy Assistance Program	505.371	8,558	92,171	20,610	104,223	104,223
Total WI Department of Administration		8,078	92,471	19,830	104,223	104,223
Total State Programs		$ 207,338	$ 5,802,519	$ 530,651	$ 6,125,832	$ 6,125,832

See accompanying notes to schedule of expenditures of federal and state awards.

MARATHON COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2013

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "schedule") includes the federal and state grant activity of Marathon County under programs of the federal and state government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of Marathon County, it is not intended to and does not present the financial position, changes in net position or cash flows of Marathon County.

The reporting entity for Marathon County is based upon criteria established by the Governmental Accounting Standards Board. Marathon County is the primary government according to GASB criteria, while the Children with Disabilities Education Board and North Central Health Center are component units. Federal and state awards received directly by both entities are not included in this report since they have been audited by other auditors for their grants and those amounts are reported in a separate report.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, 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. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

NOTE 3 – CARS/CORE REPORT DATES

The Schedule of Expenditures of Federal and State Awards includes adjustments through the Community Aids Reporting System (CARS) reports dated April 15, 2014 and the CORe reports for December 2013.

NOTE 4 – PASS-THROUGH AGENCIES

Marathon County received federal awards from the following pass-through agencies:

DATCP	Wisconsin Department of Agriculture, Trade and Consumer Protection
DHS	Wisconsin Department of Health Services
DCF	Wisconsin Department of Children and Families
DOA	Wisconsin Department of Administration
DEM	Wisconsin Department of Emergency Management
DNR	Wisconsin Department of Natural Resources
DPH	Wisconsin Department of Public Health
DOJ	Wisconsin Department of Justice
DOT	Wisconsin Department of Transportation
DPI	Wisconsin Department of Public Instruction
DOC	Wisconsin Department of Corrections
DMA	Wisconsin Department of Military Affairs

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2013

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: *unmodified*

Internal control over financial reporting:

>	Material weakness(es) identified?	X	yes	____ no
>	Significant deficiencies identified that are not considered to be material weaknesses?	X	yes	____ no
	Noncompliance material to basic financial statements noted?	____	yes	X no

FEDERAL AND STATE AWARDS

Internal control over major programs:

>	Material weakness(es) identified?	____	yes	X no
>	Significant deficiencies identified that are not considered to be material weakness(es)?	X	yes	____ no

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

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

	Federal Programs		State Programs	
Auditee qualified as low-risk auditee?	____ Yes	X No	____ Yes	X No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
93.563	Child Support Enforcement
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.599	Chafee Education and Training Vouchers Program (ETV)
93.658	Foster Care Title IV-E
93.778	Medical Assistance Program
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between federal type A and type B programs: $ 300,000

Dollar threshold used to distinguish between other state type A and type B programs $ 100,000

SECTION I – SUMMARY OF AUDITORS' RESULTS (cont.)

Identification of major state programs:

State Number	Name of State Program
395.101	Specialized Transportation Assistance
395.202	Highway Planning and Construction MPO
435.283	IMAA State Share
435.284	IMAA Federal Share
435.561	Basic County Allocation
435.681	Base County Allocation – State Match
435.802	TPA CLTS DD Autism GPR
435.805	TPA CLTS DD Other GPR
435.808	TPA CLTS MH Autism GPR
435.811	TPA CLTS MH Other GPR
435.817	TPA CLTS PD Other GPR
435.832	CLTS DD AUT CWA ADMIN GPR
435.835	CLTS DD OTH CWA ADMIN GPR
435.838	CLTS MH AUT CWA ADMIN GPR
435.841	CLTS MH OTH CWA ADMIN GPR
435.847	CLTS PD OTH CWA ADMIN GPR
437.3561	Basic County Allocation
437.3681	F State/County Match
437.7502	Child Support IV-D
465.305	Hazard Mitigation Grant
505.371	Low Income Home Energy Assistance Program

The following federal program was tested as a major program according to the requirements of the *State Single Audit Guidelines:*

CFDA Number	Name of Federal Program
93.778	Medical Assistance/Comprehensive Community Services

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

FINDING 2013-001 INTERNAL CONTROL OVER FINANCIAL REPORTING

Criteria: According to Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, sufficient internal controls should be in place that provide for the preparation of reliable financial statements that are fairly presented in conformity with generally accepted accounting principles.

Condition: Marathon County's financial records contained material misstatements and the auditors prepared the financial statements in accordance with generally accepted accounting principles.

***Cause*:** The County has chosen to contract with the auditors for preparation of the annual financial statements. Material journal entries were identified by the auditors.

Effect: The County's financial records were materially misstated. The auditors proposed and made audit entries that were material to the County's financial statements during the 2013 audit. In addition, the auditors prepared the financial statements.

Recommendation: The County may consider and implement additional internal control procedures to ensure the accuracy of its financial records.

Management's Response: With increased workload for each of the Finance Department staff, it was determined that the auditors prepare the financial statements for 2013.

The County reviewed transactions and accounts that met transaction dollar limits, reviewed transactions during the year and completed additional pre-audit work to verify all transactions were appropriate. The County takes the accuracy of its financial reporting very seriously and will continue to strive to create financial records that are free of material misstatements.

Official Responsible for Ensuring the Corrective Action Plan: Kristi Kordus, Marathon County Finance Director.

Planned Completion Date for the Corrective Action Plan:
Complete and review financial transactions during the year: on-going.
Complete additional pre-audit work on specific transactions accounts: April 2015.
Review staff workload in future years to see if the department has the funds and capacity to create the financial statements in house.

FINDING 2013-002 INTERNAL CONTROL ENVIRONMENT

Criteria: According to Statement on Auditing Standards (SAS) Nos. 104-111, collectively known as the risk assessment standards, sufficient internal accounting controls should be in place that mitigate the risk of material misstatement in the financial records due to fraud or error.

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (cont.)

FINDING 2013-002 INTERNAL CONTROL ENVIRONMENT (cont.)

Condition: We identified key controls that ideally should be present or strengthened in order to mitigate the risk of material misstatement in relation to the County's significant transaction cycles as follows:

Entity-Wide Controls

A formal fraud risk evaluation process should be in place. This is a control process that should exist and be performed by a newly created audit committee, the finance committee, or similar organization.

Controls Over Cash

Bank reconciliations for the County's general checking account are being performed by someone who is independent of processing transactions flowing through the checking account. However, this bank reconciliation is not being independently reviewed and documented as such.

Cause: Certain controls do not exist due to County staffing and processes.

Effect: Due to the lack of certain controls, there is a risk that material misstatements due to fraud or error may go undetected in the County's financial records.

Recommendation: The County should designate a person within the organization to review these potential controls and make a suggestion on the County's ability and cost (including time) to implement some or all of them.

Management's Response:

Entity-Wide Controls: The Finance and Property Committee does review the CAFR, Internal Control Letter, Management Response and Single Audit Report.

Controls over Cash: The County does verify decentralized bank accounts by someone independent of processing the transactions. The County will initiate a similar procedure for the County's general checking account.

Official Responsible for Ensuring the Corrective Action Plan: Kristi Kordus, Marathon County Finance Director.

Planned Completion Date for the Corrective Action Plan: Entity-wide controls-The Finance Committee does review all annual financial statements and audits. The County will incorporate more risk assessment functions into the duties of the Finance and Property Committee by December 2014.

The County will initiate a similar procedure for verifying the County's general checking account by September 2014.

SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (cont.)

FINDING 2013-003 DEPARTMENTAL CONTROLS/DECENTRALIZED ACTIVITIES

***Criteria*:** Auditing standards state that a lack of adequate segregation of duties is a weakness in internal control.

***Condition*:** A department at Marathon County does not have adequate segregation of duties regarding their accounting procedures.

***Cause*:** A county department lacks the personnel necessary to adequately segregate financial and accounting duties.

***Effect*:** Financial records and assets at the department without adequate segregation of duties is at more risk for misstatement due to fraud or errors.

***Recommendation*:** The County may consider and implement additional internal control procedures to ensure adequate segregation of duties in all departments. In lieu of additional controls, the County may rely on continued or increased involvement by the appropriate committees.

Management's Response: The County management will continue to look at ways we can mitigate the risk posed by the lack of segregation of duties in the departments identified in your letter. As part of this process, staff from the Finance Department would meet with various departments and evaluate different aspects of the accounting cycles in order to identify opportunities for additional segregation of duties.

Official Responsible for Ensuring the Corrective Action Plan: Kristi Kordus, Marathon County Finance Director.

Planned Completion Date for the Corrective Action Plan: The County will continue to work on implementing additional internal control procedures on an on-going basis.

FINDING 2013-004

State Grantor: *Wisconsin Department of Children and Families (DCF) General Requirements*

Criteria: The DCF general requirements found in the *State Single Audit Guidelines* states that Random Moment Sampling (RMS) responses should be reasonably supported by appropriate documentation.

Condition/Context: One out of the twenty-five items tested did not have supporting documentation consistent with the reported program activity.

Questioned Costs: None

Cause: Unknown

Effect: The caseworker could be working on a different program than what the RMS sample states and could result in an inaccurate distribution of expenditures to programs for financial reporting to the state.

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2013-004 (cont.)

Recommendation: We recommend the County establish controls, such as internal review procedures, to ensure that RMS responses are consistent with supporting documentation.

Management's Response: Economic support staff will be reminded the importance of documenting work being performed on the case in CARES when reporting to RMS.

Official Responsible for Ensuring the Corrective Action Plan: Jane Huebsch, Support Program Manager

Planned Completion Date for the Corrective Action Plan: September 30, 2014

FINDING 2013-005

***Program State ID Number and Title*:** 435.802 – TPA CLTS DD Autism GPR
435.805 – TPA CLTS DD Other GPR
435.808 – TPA CLTS MH Autism GPR
435.811 – TPA CLTS MH Other GPR
435.817 – TPA CLTS PD Other GPR
435.832 – CLTS DD AUT CWA ADMIN GPR
435.835 – CLTS DD OTH CWA ADMIN GPR
435.838 – CLTS MH AUT CWA ADMIN GPR
435.841 – CLTS MH OTH CWA ADMIN GPR
435.847 – CLTS PD OTH CWA ADMIN GPR

***State Grantor*:** Wisconsin Department of Children and Families

***Criteria*:** DCF requires that the County notify the parent/guardian they have the right to change services or providers of services during the six month and annual reviews of Individual Service Plans (ISP)

***Condition/Context*:** During our testing, it was noted that in one of the nine files selected the parent/guardian did not sign the ISP acknowledging their right to change services or providers of services.

Cause: Unknown.

***Effect*:** The parent/guardian may have wanted a change of services or providers of services, but did not receive them.

Questioned Costs: None

***Recommendation*:** We recommend that the County have parents/guardians sign the ISP as part of every six month and annual review.

Management's Response: CLTS Social Workers will be reminded of the importance of having the parent/guardian sign the ISP at every 6 month and annual review. Children's Support Services Supervisor will complete the 6 month file review checklist for all 6 month reviews. CLTS Social Worker will complete the checklist for annual reviews prior to sending onto the state.

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2013-005 (cont.)

Official Responsible for Ensuring the Corrective Action Plan: Amber Myska, Children's Support Services Supervisor

Planned Completion Date for the Corrective Action Plan: September 3, 2014

FINDING 2013-006

***Program State ID Number and Title*:** 435.802 – TPA CLTS DD Autism GPR
435.805 – TPA CLTS DD Other GPR
435.808 – TPA CLTS MH Autism GPR
435.811 – TPA CLTS MH Other GPR
435.817 – TPA CLTS PD Other GPR
435.832 – CLTS DD AUT CWA ADMIN GPR
435.835 – CLTS DD OTH CWA ADMIN GPR
435.838 – CLTS MH AUT CWA ADMIN GPR
435.841 – CLTS MH OTH CWA ADMIN GPR
435.847 – CLTS PD OTH CWA ADMIN GPR

***State Grantor*:** Wisconsin Department of Children and Families

***Criteria*:** Chapter IV of the Medicaid Home and Community-Based Services Waivers Manual states that providers must be properly trained and credentialed to deliver the authorized services.

***Condition/Context*:** During testing, it was noted that the County does not actively monitor subrecipients to verify they are keeping up with the required trainings.

Cause: Unknown.

***Effect*:** The provider may not have adequate training to provide services for that individual.

Questioned Costs: None

***Recommendation*:** During 2014, the County implemented requirements with their subcontractors to submit training documentation. We recommend the County verify that the required documentation is submitted.

Management's Response: A training verification tracking process will be developed and implemented to track training verification paperwork.

Official Responsible for Ensuring the Corrective Action Plan: Amber Myska, Children's Support Services Supervisor

Planned Completion Date for the Corrective Action Plan: September 30, 2014

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2013-007

***Program State ID Number and Title*:** 395.202 – Highway Planning and Construction MPO
***State Grantor*:** Wisconsin Department of Transportation

***Criteria*:** The *State Single Audit Guidelines* require that local entities receiving state awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. *State Single Audit Guidelines* further requires auditors to obtain an understanding of the local entity's internal control over state programs. To minimize the risk of errors, internal controls should be in place for all program compliance requirements, including the preparation and submission of monthly reports, which should be reviewed and approved by a responsible party other than the original preparer.

***Condition/Context*:** Quarterly reports submitted to the State of Wisconsin's Department of Transportation were not reviewed by someone other than the preparer. While there were no compliance issues noted while reviewing the accuracy of the monthly reports, it is important that the County implement effective controls over the process to minimize the risk of incorrect reporting.

Cause: Unknown

***Effect*:** Reports could be submitted that contain errors.

Questioned Costs: None

***Recommendation*:** We recommend that an employee other than the preparer review all reports before they are submitted to grantors.

Management's Response: All quarterly reports will be prepared by the support staff and then reviewed by the Program Manager prior to submittal. As per the new WIS DOT Reporting Forms, the Preparer and Program Manger needs to review and sign the form before submittal.

Official Responsible for Ensuring the Corrective Action Plan: David Mack, Program Manager

Planned Completion Date for the Corrective Action Plan: September 30, 2014

FINDING 2013-008

***Program State ID Number and Title*:** 395.101 – Specialized Transportation
***State Grantor*:** Wisconsin Department of Transportation

***Criteria*:** The grant agreement with the state requires the second semi-annual report to be submitted by March 1st of the following year. The grant agreement also requires that the annual report be submitted by March 31st of the following year.

***Condition*:** The second semi-annual report and the annual report were not submitted by the required deadlines.

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS (cont.)

FINDING 2013-008 (cont.)

***Cause*:** Unknown

***Effect*:** The county is not in compliance with the reporting requirements set forth in the grant agreement.

***Recommendation*:** We recommend the County submit the reports prior to the deadlines set by the state.

Management's Response: Due to staff changes, the reports for 2013 were not submitted on time. 2014 reports to date have been submitted on time. Reminders have been added to Outlook calendars for the Program Manger and Administrative Manager to ensure deadlines are not missed.

Official Responsible for Ensuring the Corrective Action Plan: David Mack, Program Manager and Diane Hanson, Administrative Manager.

Planned Completion Date for the Corrective Action Plan: Completed. Deadlines have been met for the semiannual report that was due August 15, 2014. Deadlines will continue to be met.

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2013

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? ____ Yes X No

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, 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 Agriculture, Trade and Consumer Protection		Yes	X	No
Department of Natural Resources		Yes	X	No
Department of Transportation	X	Yes		No
Department of Corrections		Yes	X	No
Department of Health Services	X	Yes		No
Department of Children and Families	X	Yes		No
Department of Justice		Yes	X	No
Department of Military Affairs		Yes	X	No
Department of Administration		Yes	X	No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? X Yes ____ No

4. Name and signature of partner

Thomas A. Scheidegger, CPA, Partner

5. Date of report September 8, 2014