

MARATHON COUNTY

Wausau, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2015

MARATHON COUNTY

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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, 2015, 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 27, 2016. 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the County Board of Supervisors
Marathon County

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. These significant deficiencies are items 2015-001, 2015-002, 2015-003, and 2015-004.

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 result 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 27, 2016

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 THE UNIFORM GUIDANCE 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 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, 2015. 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 \$1,033,414 in federal and state awards and the operation of North Central Health Care which received \$8,411,977 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, 2015. 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 the Uniform Guidance.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance, 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.

To the County Board of Supervisors
Marathon County

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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance or the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2015-005 and 2015-006. 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 the Uniform Guidance 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 2015-005 and 2015-006 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 and corrective action plan. 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 the Uniform Guidance 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 the Uniform Guidance 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, 2015 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 27, 2016, 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 the Uniform Guidance 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 Vichow Krause, LLP

Madison, Wisconsin
September 15, 2016

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Grant/Passed Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS					
U.S. Department of Agriculture					
CHILD NUTRITION CLUSTER					
School Breakfast Program 14-15	10.553	DPI	None Assigned	\$ 3,858	\$ -
School Breakfast Program 15-16	10.553	DPI	None Assigned	4,046	-
Total CFDA #10.553				<u>7,904</u>	<u>-</u>
National School Lunch Program 14-15	10.555	DPI	None Assigned	6,007	-
National School Lunch Program 15-16	10.555	DPI	None Assigned	6,268	-
Total CFDA #10.555				<u>12,275</u>	<u>-</u>
Total Child Nutrition Program Cluster				<u>20,179</u>	<u>-</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS	No Information Provided	590,100	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DCF	No Information Provided	4,511	-
Total CFDA #10.561				<u>594,611</u>	<u>-</u>
Soil and Water Conservation/GLCI 11105	10.902	DATCP	11105	25,066	-
Soil and Water Conservation/GLCI 12104	10.902	DATCP	12104	42,444	-
Total CFDA #10.902				<u>67,510</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>682,300</u>	<u>-</u>
U.S. Department of Justice					
DEA CEASE Program	16.unknown	DOJ	None Assigned	1,465	-
Joint Law Enforcement Operations/OCDETF	16.111	DOJ	GL-WIW-0068	211	-
Juvenile Justice and Delinquency Prevention	16.540	DOA	No Information Provided	1,211	-

See 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, 2015

Grantor Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Grant/Passed Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS (cont.)					
U.S. Department of Justice (cont.)					
Crime Victim Assistance/Crime Response 14-15	16.575	DOJ	2013-VO-01-10674	\$ 64,623	\$ -
Crime Victim Assistance/Crime Response 15-16	16.575	DOJ	2014-VO-1-11269	<u>21,438</u>	<u>-</u>
Total CFDA #16.575				<u>86,061</u>	<u>-</u>
 Violence Against Women Formula Grant/VAWA 14-15	 16.588	 DOJ	 14-VA-02B-10720	 45,046	 -
State Criminal Alien Assistance Program 14-15	16.606	None	2014-AP-BX-0421	116	-
State Criminal Alien Assistance Program 15-16	16.606	None	2015-AP-BX-0490	<u>3,527</u>	<u>-</u>
Total CFDA #16.606				<u>3,643</u>	<u>-</u>
 Edward Byrne Memorial Justice Assistance Grant Program/CEADEG	 16.738	 DOJ	 2014-DJ-01-11043	 26,269	 -
Edward Byrne Memorial Justice Assistance Grant Program/Equip 15	16.738	None	2015-DJ-BX-0005	<u>5,751</u>	<u>5,751</u>
Total CFDA #16.738				<u>32,020</u>	<u>5,751</u>
Total U.S. Department of Justice				<u>169,657</u>	<u>5,751</u>

See 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, 2015

Grantor Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Grant/Passed Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS (cont.)					
U.S. Department of Transportation					
Highway Planning & Construction/Bituminous	20.205	DOT	9478-05-70	\$ 2,637	\$ -
Highway Planning & Construction/Infrastructure	20.205	DOT	6668-02-00	186	-
Highway Planning & Construction/Infrastructure	20.205	DOT	6676-03-03	1,258	-
Highway Planning & Construction/Infrastructure	20.205	DOT	6676-03-76	5,005	-
Highway Planning & Construction/Infrastructure	20.205	DOT	6999-13-71	202	-
Highway Planning & Construction/Infrastructure	20.205	DOT	9440-04-00	5,130	-
Highway Planning & Construction/Infrastructure	20.205	DOT	9440-04-70	12,995	-
Highway Planning & Construction/Infrastructure	20.205	DOT	9491-04-70	58,753	-
Highway Planning and Construction/MPO	20.205	DOT	0093-05-89	<u>178,312</u>	-
Total CFDA #20.205				<u>264,478</u>	-
HIGHWAY SAFETY CLUSTER					
State & Community Highway Safety/Speed 14-15	20.600	DOT	0955-40-47	7,658	-
Child Safety and Child Booster Seats Incentive Grants	20.613	DOT	0952-24-13	3,986	-
National Priority Safety Programs/Alcohol 14-15	20.616	DOT	0955-00-08	4,448	-
National Priority Safety Programs/Alcohol 15-16	20.616	DOT	0956-00-35	<u>1,254</u>	-
Total Highway Safety Cluster				<u>17,346</u>	-
Interagency Hazardous Materials Public Sector Training and Planning	20.703	DMA/DEM	HM-HMP-180-10-01-00	<u>10,432</u>	-
Total U.S. Department of Transportation				<u>292,256</u>	-

See 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, 2015

Grantor Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Grant/Passed Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS (cont.)					
U.S. Environmental Protection Agency					
State Indoor Radon Grants	66.032	DHS/DPH	Contract #27459	\$ 2,766	\$ -
Nonpoint Source Implementation Grants/Garman	66.460	DNR	CW18-37000-N14	2,753	-
Nonpoint Source Implementation Grants/Zah	66.460	DNR	CW27-37000-N13	<u>12,673</u>	-
Total CFDA #66.46C				<u>15,426</u>	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DNR	PRO-C-25	26,025	-
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	None	00E01081	<u>103,813</u>	-
Total U.S. Environmental Protection Agency				<u>148,030</u>	-
U.S. Department of Energy					
State Energy Program/WI Refueling Readiness	81.041	DOA	DE-EE0006222	<u>15,000</u>	-
U.S. Department of Education					
Special Education Grants to States/HV 15-16	84.027	None	No Information Provided	<u>25,325</u>	-
U.S. Department of Health and Human Services					
Public Health Emergency Preparedness 14-15	93.069	DHS/DPH	Contract #24180	49,457	-
Public Health Emergency Preparedness 15-16	93.069	DHS/DPH	Contract #27459	<u>37,946</u>	-
Total CFDA #93.06C				<u>87,403</u>	-
Environmental Public Health and Emergency Response/Asthma 14-15	93.070	DHS/DPH	No Information Provided	5,000	-
Environmental Public Health and Emergency Response/Asthma 15-16	93.070	DHS/DPH	No Information Provided	<u>294</u>	-
Total CFDA #93.07C				<u>5,294</u>	-

See 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, 2015

Grantor Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Grant/Passed Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS (cont.)					
U.S. Department of Health and Human Services(cont.)					
Hospital Preparedness Program & PHEP Aligned Cooperative Agreements/Ebola 15-	93.074	DHS/DPH	3U90TP000561-0382	\$ 4,547	\$ -
Maternal and Child Health Federal Consolidated Programs	93.110	DHS/DPH	Contract #27459	5,351	-
Maternal and Child Health Federal Consolidated Programs 20'	93.110	DHS/DPH	No Information Provided	<u>5,000</u>	-
Total CFDA #93.110				<u>10,351</u>	-
Immunization Cooperative Agreements	93.268	DHS/DPH	Contract #27459	32,821	-
Center for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	DHS/DPH	Contract #27459	2,693	-
Promoting Safe and Stable Families	93.556	DCF	No Information Provided	57,103	-
Block Grants for Temporary Assistance for Needy Families	93.558	DHS	No Information Provided	21,795	-
Block Grants for Temporary Assistance for Needy Families	93.558	DCF	No Information Provided	<u>399,093</u>	-
Total CFDA #93.558				<u>420,888</u>	-
Family Support Payments to States - Assistance Payments	93.560	DCF	No Information Provided	80	-
Child Support Enforcement	93.563	DCF	No Information Provided	1,285,631	-
Low Income Home Energy Assistance Block Grant	93.568	DOA	No Information Provided	210,604	210,604
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	No Information Provided	290,541	-
Chafee Education and Training Vouchers Program	93.599	DCF	No Information Provided	377,607	-
Child Welfare Service Grants - State Grants	93.645	DCF	No Information Provided	67,307	-
Foster Care - Title IV-E	93.658	DCF	No Information Provided	480,010	-
Social Services Block Grant	93.667	DHS	No Information Provided	40,030	-
Social Services Block Grant	93.667	DCF	No Information Provided	<u>184,218</u>	-
Total CFDA #93.667				<u>224,248</u>	-
Child Abuse and Neglect State Grants	93.669	DCF	No Information Provided	7,361	-
Chafee Foster Care Independence Program	93.674	DCF	No Information Provided	36,596	-

See 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, 2015

Grantor Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Grant/Passed Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS (cont.)					
U.S. Department of Health and Human Services(cont.)					
Preventive Health and Health Services Block Grant 12-13	93.758	DHS/DPH	Contract #24180	\$ 11,248	\$ -
Children's Health Insurance Program	93.767	DHS	No Information Provided	73,283	-
Medical Assistance Program	93.778	DHS	No Information Provided	682,581	-
Medical Assistance Program	93.778	DHS	No Information Provided	721,308	-
Medical Assistance Program	93.778	DCF	No Information Provided	3,441	-
Medical Assistance Program	93.778	DHS	No Information Provided	10,294	-
Medical Assistance Program/Cons Contracts MCH	93.778	DHS/DPH	Contract #27459	<u>2,709</u>	<u>-</u>
Total CFDA #93.778				<u>1,420,333</u>	<u>-</u>
HIV Care Formula Grant	93.917	DHS/DPH	Contract #27459	6,469	-
HIV Prevention Activities - Health Department Based	93.940	DHS/DPH	Contract #27459	4,031	-
Preventive Health and Health Services Block Grant 15-16	93.991	DHS/DPH	Contract #27459	1,514	-
Maternal and Child Health Services Block Grant to the States/MCH	93.994	DHS/DPH	Contract #27459	48,659	-
Maternal and Child Health Services Block Grant to the States/CYSHC	93.994	DHS/DPH	Contract #27459	<u>149,388</u>	<u>-</u>
Total CFDA #93.994				<u>198,047</u>	<u>-</u>
Total U.S. Department of Health and Human Services				<u>5,316,010</u>	<u>210,604</u>

See 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, 2015

Grantor Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Grant/Passed Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS (cont.)					
U.S. Department of Homeland Security					
Disaster Grant - Public Assistance/Cattails	97.036	DMA/DEM	PA05-WI-1944-PW00293	\$ 474	\$ -
Emergency Management Performance Grants 14-15	97.042	DMA/DEM	None Assigned	70,424	-
Emergency Management Performance Grants 15-16	97.042	DMA/DEM	None Assigned	<u>23,232</u>	<u>-</u>
Total CFDA #97.042				<u>93,656</u>	<u>-</u>
Pre-Disaster Mitigation 15-16	97.047	DMA/DEM	PDMC-PL-05-WI-2014-008	18,750	-
Homeland Security Grant Program/Equipment 14-15	97.067	DMA	2013-HSW-02A-10500	<u>6,766</u>	<u>-</u>
Total U.S. Department of Homeland Security				<u>119,646</u>	<u>-</u>
TOTAL FEDERAL PROGRAMS				<u>\$ 6,768,224</u>	<u>\$ 216,355</u>

See 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, 2015

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
STATE PROGRAMS			
Wisconsin Department of Agriculture, Trade and Consumer Protection			
County Staff and Support	115.150	\$ 139,374	\$ -
Land and Water Resource Management	115.400	<u>182,258</u>	<u>-</u>
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection		<u>321,632</u>	<u>-</u>
Wisconsin Department of Natural Resources			
Boating Enforcement	370.550	8,006	-
ATV Enforcement Patrol 14-15	370.551	2,622	-
County Snowmobile Enforcement 14-15	370.552	4,915	-
County Snowmobile Enforcement/Equipment	370.552	<u>8,246</u>	<u>-</u>
Total State Assistance #370.552		<u>13,161</u>	<u>-</u>
Wildlife Damage Abatement and Claims	370.553	68,372	-
County Conservation Aids	370.563	4,267	-
County Forest Wildlife Habitat Grant	370.564	1,412	-
County Forest Administration	370.572	54,696	-

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
STATE PROGRAMS (cont.)			
Wisconsin Department of Natural Resources (cont.)			
Snowmobile Trail Aids 07-08	370.574	\$ 66	\$ -
Snowmobile Trail Aids 14-15	370.574	263,749	-
Snowmobile Trail Aids 15-16	370.574	113,835	-
Total State Assistance #370.574		<u>377,650</u>	<u>-</u>
All-Terrain Vehicle Trails/Special Projects	370.577	565	-
All-Terrain Vehicle Trails/Summer 14-15	370.577	7,988	-
All-Terrain Vehicle Trails/Summer 15-16	370.577	4,658	-
All-Terrain Vehicle Trails/UTV 14-15	370.577	2,050	-
All-Terrain Vehicle Trails/UTV 15-16	370.577	2,075	-
All-Terrain Vehicle Trails/Winter 14-15	370.577	70,040	-
Total State Assistance #370.577		<u>87,376</u>	<u>-</u>
Environmental Aids/Lake Protection LPT-450-13	370.663	17,583	-
Environmental Aids/Lake Protection LPT-451-13	370.663	12,288	-
Environmental Aids/Lake Protection LPT-454-14	370.663	19,095	-
Total State Assistance #370.663		<u>48,966</u>	<u>-</u>
Targeted Runoff Management/Brost	370.TF1	150,000	-
Targeted Runoff Management/Garman	370.TF1	20,185	-
Targeted Runoff Management/Geiger	370.TF1	3,129	-
Targeted Runoff Management/Haas	370.TF1	14,955	-

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
STATE PROGRAMS (cont.)			
Wisconsin Department of Natural Resources (cont.)			
Targeted Runoff Management/Zahn	370.TF1	\$ 1,102	\$ -
Targeted Runoff Management/Zernick	370.TF1	<u>190,883</u>	<u>-</u>
Total State Assistance #370.TF1		<u>380,254</u>	<u>-</u>
Total Wisconsin Department of Natural Resources		<u>1,046,782</u>	<u>-</u>
Wisconsin Department of Transportation			
Alcohol Impaired Driving/Div Justice 14-15	None	35,425	-
Alcohol Impaired Driving/Div Justice 15-16	None	<u>23,356</u>	<u>-</u>
Total Alcohol Impaired Driving State Assistance		<u>58,781</u>	<u>-</u>
Elderly and Disabled County Aids	395.101	299,766	-
Planning Commission Program	395.202	<u>16,027</u>	<u>-</u>
Total Wisconsin Department of Transportation		<u>374,574</u>	<u>-</u>
Wisconsin Department of Corrections			
Youth Aids	410.313	<u>1,473,215</u>	<u>-</u>
Wisconsin Department of Health Services			
TB Dispensary/2014	None	5,107	-
TB Dispensary/2015	None	<u>177</u>	<u>-</u>
Total TB Dispensary State Assistance		<u>5,284</u>	<u>-</u>

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
STATE PROGRAMS (cont.)			
Wisconsin Department of Health Services (cont.)			
Regional Radon Inf Centers	435.103010	\$ 12,303	\$ -
WWWP GPR CC	435.157010	36,768	-
Cons Contracts CHHD LD	435.157720	13,381	-
Cons Contracts MCH	435.159320	2,709	-
TPCP-WIS-WINS	435.181005	10,152	-
TPCP-COM-INTRVN-LHD	435.181012	86,365	-
IMAA State Share	435.283	439,169	-
IMAA Federal Share	435.284	5,811	-
IMAA State Share Supp	435.292	30,406	-
IMAA Federal Share Supp	435.293	189	-
IMAA State Share ACA	435.297	228,869	-
IMAA Federal Share ACA	435.298	1,419	-
Community Options Program	435.367	118,183	-
Regional Enrollment Network	435.4401	9,088	-
Basic County Allocation	435.561	234,321	-
Family Support	435.577	50,826	-
CLTS Other GPR	435.871	183,393	-
CLTS Autism GPR	435.874	157,200	-
CLTS Other CWA Admin GPR	435.877	9,138	-
CLTS Autism CWA Admin GPR	435.880	4,140	-
CLTS PF BCA Matched	435.883	(2,806)	-
 Total Wisconsin Department of Health Services		 <u>1,636,308</u>	 <u>-</u>

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
STATE PROGRAMS (cont.)			
Wisconsin Department of Children and Families			
AFDC Agency Incentive	437.238	\$ 62	\$ -
Food Stamp Agency Collections Take Back	437.267	(116)	-
Food Stamp Agency Collections Incentive	437.267	4,627	-
MA Agency Incentive	437.267	3,610	-
MA Agency Collection Take Back	437.267	<u>(169)</u>	-
Total State Assistance #437.267		<u>7,952</u>	<u>-</u>
Adam Walsh Foster/Adoptive Parent Fingerprinting	437.3324	1,278	-
CW PS Program Payments YR 1	437.3341	34,031	-
CW PS Program Payments YR 2	437.3342	27,255	-
CW Foster Parent Competency Based T-Reporting Line	437.3396	2,203	-
Basic County Allocation	437.3561	665,905	-
Basic County Allocation Overmatch	437.3681	92,756	-
CW WSACWIS Annual Op Maint Fee	437.3935	(17,485)	-
CS State GPR Funding/PR Funding Allocation	437.7502	<u>168,118</u>	<u>-</u>
Total Wisconsin Department of Children and Families		<u>982,075</u>	<u>-</u>
Wisconsin Department of Justice			
DRCI Penalty Assessment-JAG Drug/CEADEG	None	18,177	-
DNA Sample Reimbursement	455.221	149	-
Victim and Witness Assistance Program/Regional Training Facilities	455.503	<u>98,382</u>	<u>-</u>
Total Wisconsin Department of Justice		<u>116,708</u>	<u>-</u>

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2015

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
STATE PROGRAMS (cont.)			
Wisconsin Department of Military Affairs			
State Match - Federal Disaster Assistance/Cattails	465.305	\$ 158	\$ -
Emergency Response Equipment Grants/Hazmat	465.308	2,720	-
Emergency Planning Grants/SARA 14-15	465.337	22,569	-
Emergency Planning Grants/SARA 15-16	465.337	<u>8,383</u>	-
Total State Assistance #465.337		<u>30,952</u>	-
Total Wisconsin Department of Military Affairs		<u>33,830</u>	-
Wisconsin Department of Administration			
Land Information Program	505.116	400	-
Low Income Home Energy Assistance Program	505.371	<u>129,234</u>	<u>129,234</u>
Total Wisconsin Department of Administration		<u>129,634</u>	<u>129,234</u>
TOTAL STATE PROGRAMS		<u>\$ 6,114,758</u>	<u>\$ 129,234</u>

MARATHON COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2015

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, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. 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 March 1, 2016 and the CORE reports for December 2015.

NOTE 4 – INDIRECT COST RATE

Marathon County has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

MARATHON COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2015

NOTE 5 – 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
DMA	Wisconsin Department of Military Affairs

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

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

FEDERAL AND STATE AWARDS (cont.)

Identification of major state programs:

<u>State Number</u>	<u>Name of State Program</u>
410.313	Youth Aids
435.283	IMAA State Share
435.284	IMAA Federal Share
435.297	IMAA State Share ACA
435.298	IMAA Federal Share ACA
435.561	Basic County Allocation
435.871	CLTS OTHER GPR
435.874	CLTS AUTISM GPR
435.877	CLTS OTHER CWA ADMIN GPR
435.880	CLTS AUTISM CWA ADMIN GPR
437.3561	Basic County Allocation
435.3681	Basic County Allocation Overmatch
437.7502	CS State GPR Funding/PR Funding Allocation

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

FINDING 2015-001 INTERNAL CONTROL OVER FINANCIAL REPORTING

Repeat of Finding 2014-001

Criteria: According to Statement on Auditing Standards (SAS) AU-C Section 315, sufficient internal controls should be in place that provide for the preparation of reliable financial statements, including the schedule of expenditures of federal and state awards, that are fairly presented in conformity with generally accepted accounting principles.

Condition: 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.

Effect: The auditors prepared the financial statements which presents risks over financial reporting that errors may occur and not be detected.

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

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

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

FINDING 2015-001 INTERNAL CONTROL OVER FINANCIAL REPORTING (cont.)

Management Response: With increased workload for each of the Finance Department staff, it was determined that the auditors prepare the financial statements for 2015.

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. There were no material audit entries for the 2015 financial statements.

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 for 2016: April 2017.

Review staff workload in future years to see if the department has the funds and capacity to create the financial statements in house.

FINDING 2015-002 DECENTRALIZED ACTIVITIES – CENTRAL WISCONSIN AIRPORT

Repeat of Finding 2014-002

Criteria: Sufficient internal controls involve centralizing collections of County funds as much as feasible and depositing funds on a regular basis.

Condition: For the majority of the year, the Central Wisconsin Airport collected significant amounts of funds and did not deposit them on a regular basis.

Cause: Past procedures have not been evaluated until recently.

Effect: Controls are weakened when centralized collections do not occur and deposits are not made regularly.

Recommendation: County and airport staff should determine if payments could be sent directly to the County Treasurer's office for daily deposit.

Management's Response: The County changed its Accounts Receivable billing practices and as of December 2015, the department has had its invoices payments sent directly to the County Treasurer's office. The County Treasurer and Finance Director will continue to work with CWA to verify that monthly invoices payments are sent directly to the Treasurer's office.

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

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

FINDING 2015-002 DEPARTMENTAL CONTROLS/DECENTRALIZED ACTIVITIES (cont.)

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

Planned Completion Date for the Corrective Action Plan: This plan is effective as of December 2015.

The County will continue to work on implementing additional internal control procedures on an on-going basis.

FINDING 2015-003 TREASURER'S OFFICE

Criteria: We performed our audit under Statements on Auditing Standards (SAS), AU-C Section 315, which required us to review the County's internal controls. As a result, we identified certain controls that we considered to be key controls that were not in place during the year under audit.

Condition/Context: The County's Treasurer's office has multiple financial responsibilities as defined within Wisconsin State Statutes, including the collection of delinquent property or real estate taxes as well as performing settlements with the other taxing jurisdictions that collect currently owed taxes. During the month of August, the County Treasurer's office "settles" with other governments that collect taxes throughout the year until this settlement date. During this settlement process, the County underpaid two cities the amount they were owed. While it was subsequently discovered by the County, controls should be in place to prevent these types of errors from occurring. Further, the tax collection software system that the County utilizes was not reconciled to the County's general ledger and is not able to produce historical reports or interface with the County's general ledger. Finally, adjustments made in the tax system are not being independently reviewed.

Cause: There are system limitations within the tax collection system that do not allow historical reports to be reproduced. In addition, there was a change in the Treasurer's position in 2015.

Effect: The County underpaid two municipalities and did not reconcile between the tax collection software and the general ledger at the end of 2015. Internal controls cannot be relied upon over adjustments to the tax system.

Recommendation: We recommend that all settlements be prepared by someone with a strong knowledge of the settlement process and independently reviewed prior to settlement. We recommend that the tax collection software and the general ledger reconcile at all times during the year. Further, we recommend that the County work with the software vendor to determine if historical reports could be produced, if the two systems could interface, and if a report could be generated whereby a review of all adjustments could be performed by someone independent of posting journal entries.

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

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

FINDING 2015-003 TREASURER'S OFFICE (cont.)

Management's Response: The Finance Department will work with the Treasurer's office to develop a set of procedures to balance the Land Records system with Cayenta. The two systems balanced in past years. The land records application cannot rerun reports from prior dates to verify ending balances so we will complete the current reconciliation and maintain monthly reconciliations of the two systems.

The current Land Records system is old and many of the requested improvements that you suggested are not possible on the system without major programming changes. In 2016, the County is going out for RFP to purchase a new Land Records system and hopefully many of the suggestions that you have listed will be functioning in the new system.

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

Planned Completion Date for the Corrective Action Plan: The reconciliation of Land Records to Cayenta will be completed in September 2016. The RFP for a new Land Records system and implementation of a new system will be completed by the end of 2017.

FINDING 2015-004 INFORMATION TECHNOLOGY

Criteria: We performed our audit under Statements on Auditing Standards (SAS) AU-C Section 315, which required us to review the County's internal controls, including those over information technology. As a result, we identified certain general computer controls that could be strengthened.

Condition/Context: A properly designed system of internal control includes establishing proper information technology controls. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner. At this time, the proper information technology controls regarding user access are not in place. Further, the County does not have a formal process in place to complete backup restores on a periodic basis to ensure that the backups are functioning as intended, and some of the backups are kept onsite.

Cause: Unknown.

Effect: Weaknesses in the internal controls over information technology controls increases the possibility of misstatements due to errors or fraud.

Recommendation: We recommend that a designated employee review the controls over user access, the related risks, and potential controls to determine whether additional controls should be implemented. This determination should take into consideration a cost / benefit analysis. We also recommend a formal process be put in place to complete back up restores on a periodic basis to ensure they are functioning as intended.

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

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

FINDING 2015-004 INFORMATION TECHNOLOGY (cont.)

Management's Response: We have contacted our accounting software vendor to look at how to provide better control over the access to Cayenta outside of the application interface. The proposed procedures that are required for the Finance Department to make changes are lengthy and we will look at having Cayenta complete the change or approve the required changes prior to Finance completing the change.

Our strategy for testing Cayenta restores is using the same type of back up process as we do for a routine backup to restore test environments. We will look to formalize this process and do an annual test.

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

Planned Completion Date for the Corrective Action Plan: This plan is effective as of September 2016.

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

SECTION III – FEDERAL AWARDS AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2015-005

Program State ID Number and Title: 435.871 – TPA CLTS OTHER GPR
435.874 – TPA CLTS AUTISM GPR
435.877 – CLTS OTHER CWA ADMIN GPR
435.880 – CLTS AUTISM CWA ADMIN GPR

Award Number: 2015-40

State Grantor: Wisconsin Department of Health Services

Repeat of finding 2014-004

Criteria: DHS audit guidance states that the County waiver agency is required to establish Cost Sharing Agreements with the participant's family where appropriate. The MA Waiver Eligibility and Cost Sharing Worksheet (Form F-20919) and/or CARES screen should be completed in order to complete this requirement. The parental payment liability also needs to be calculated. Both forms should be updated annually.

Condition/Context: During our testing, it was noted that one of the individuals selected for testing did not have a current copy of the MA Waiver Eligibility and Cost Sharing Worksheet (Form F-20919) and one individual did not have the parental payment liability calculation. The sample was not a statistically valid sample.

Cause: Unknown.

Effect: The County may not be applying cost share or parental payment liability payments when appropriate.

Questioned Costs: None noted

Recommendation: We recommend the County implement a system for tracking and verifying all documents are updated appropriately.

Management's Response: The Children's Long Term Support supervisor will randomly select CLTS cases submitted for annual recertification and complete a recertification review checklist to assure documentation is complete.

Official Responsible for Ensuring the Corrective Action Plan: Julie Jensen, Children's Long Term Support Supervisor

Planned Completion Date for the Corrective Action Plan: September 30, 2016

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2015

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

FINDING 2015-006

State Grantor: Wisconsin Department of Health Services (DHS) General Requirements

Criteria: According to the DHS State Single Audit Guidelines General Requirements, counties must follow acceptable procurement standards when purchasing care and services using funds from DHS. One of the ways that a County follows these standards is to ensure that payments for care and services do not exceed the amount specified in the contract.

Condition/Context: During our testing of DHS general requirements, it was noted that the County had paid one of the four providers tested more than the contracted amount in 2015. One of the contracts tested was for \$193,362 and the County paid \$248,062. This results in an overpayment of \$54,700. The sample is not considered statistically valid.

Cause: The County was using two systems in 2015 for tracking the contracts and information was not entered in both systems consistently.

Effect: There is potential that the County could pay a provider for unallowable costs.

Questioned Costs: None noted.

Recommendation: The County should implement control procedures to ensure that providers are not paid more than their contracted amount.

Management's Response: The contract monitoring process will be completed using summary reports with data from the County's general ledger software, ensuring all payments made to vendors are included when completing contract monitoring.

Official Responsible for Ensuring the Corrective Action Plan: Jean Schult, Fiscal Services Manager

Planned Completion Date for the Corrective Action Plan: September 30, 2016

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2015

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	<u> X </u>	No
Department of Natural Resources	_____	Yes	<u> X </u>	No
Department of Transportation	_____	Yes	<u> X </u>	No
Department of Corrections	_____	Yes	<u> X </u>	No
Department of Health Services	<u> X </u>	Yes	_____	No
Department of Children and Families	_____	Yes	<u> X </u>	No
Department of Justice	_____	Yes	<u> X </u>	No
Department of Military Affairs	_____	Yes	<u> X </u>	No
Department of Administration	_____	Yes	<u> X </u>	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



 Heather S. Acker, CPA, Partner

5. Date of report September 15, 2016

MARATHON COUNTY

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR NON-COMPLIANCE WITH FEDERAL AND STATE REQUIREMENTS For the Year Ended December 31, 2015

FINDING 2014-001 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, including the schedule of expenditures of federal and state awards, that are fairly presented in conformity with generally accepted accounting principles.

Condition: Marathon County's financial records contained material misstatements, the auditors prepared the financial statements in accordance with generally accepted accounting principles, and material changes were made to the schedule of expenditures of federal and state awards.

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

Effect: The County's financial records and schedule of expenditures of federal and state awards were materially misstated. The auditors proposed and made an audit entry that was material to the County's financial statements during the 2014 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 Response:

With increased workload for each of the Finance Department staff, it was determined that the auditors prepare the financial statements for 2014.

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 2016.
- > Review staff workload in future years to see if the department has the funds and capacity to create the financial statements in house.

Current Year Status:

- For the 2015 audit, formally implement and document the use of a financial statement checklist. This will provide assurance that the County has reviewed and complied with the requirements of GAAP for financial reporting for the 2015 financial statements.
- Review the annual auditor "get ready" letter, prepare all work papers and communicate with the auditors on any items that need clarification or additional consultation prior to the actual audit (on-going from December 2015-April 2016).
- In December 2015, the County worked with its independent auditors to create a Uniform Guidance Implementation Guide for Marathon County. This guide will provide the road map for the County to

implement the changes made by the US Office of Management and Budget in regards to the Federal Grant Awards issued after December 26, 2014.

- Provided training for Finance Department staff through state and national professional associations to stay current on all GAAP, GASB and Single Audit guidelines.
 - Two Finance Department staff members attended a week long GFOA Governmental Accounting training session in August 2015.
 - The Finance Director attended the June 2015 GFOA annual conference and attended sessions on the annual GAAP/GASB update, avoiding common financial report deficiencies and implementing the OMB's new "Super Circular".
 - Most Finance Department staff attended webinars or similar training in relation to new accounting guidelines, federal guidelines, or fraud prevention techniques.

MARATHON COUNTY

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR NON-COMPLIANCE WITH FEDERAL AND STATE REQUIREMENTS For the Year Ended December 31, 2015

FINDING 2014-002 DEPARTMENT 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 are 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 Response:

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.

Current Year Status:

Corrective action was taken as follows:

- The Finance Department sent a year-end memo to all departments for procedures to follow for timeliness of cash receipting, payment of 2015 invoices and accounts receivable payment processing. The Finance Department and County Treasurer's office continue to work with departments to monitor receipting and payment functions in each individual department.
- November 2015, the County Treasurer, Finance Director, and Finance Department Accounting Professional attended a Wisconsin County's Association educational seminar on fraud risk, prevention management and response.
- The Audit/Risk Assessment Committee will continue to work on best practice policies that will be implemented throughout the County. In January 2015, the Committee approved the Treasury Management-Bank Account Fraud Prevention Policy.

MARATHON COUNTY

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR NON-COMPLIANCE WITH FEDERAL AND STATE REQUIREMENTS
For the Year Ended December 31, 2015

FINDING 2014-003

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.

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.

Questioned Costs: None noted

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

Management Response: Economic support staff will be reminded of the importance of documenting work being performed on the case in CARES when reporting to RMS. The Fiscal Services Manager will attend a unit meeting to emphasize RMS and CARES case noting.

Official Responsible for Ensuring the Corrective Action Plan: Jane Huebsch, Support Program Manager and Jean Schult, Fiscal Services Manager.

Planned Completion Date for the Corrective Action Plan: September 30, 2015

Current Year Status: Corrective action was taken consistent with the corrective action plan.

MARATHON COUNTY

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR NON-COMPLIANCE WITH FEDERAL AND STATE REQUIREMENTS For the Year Ended December 31, 2015

FINDING 2014-004

Program State ID Number and Title: 435.871 – TPA CLTS OTHER GPR
435.874 – TPA CLTS AUTISM GPR
435.877 – CLTS OTHER CWA ADMIN GPR
435.880 – CLTS AUTISM CWA ADMIN GPR

State Grantor: Wisconsin Department of Health Services

Criteria: DHS audit guidance states that the County waiver agency is required to establish Cost Sharing Agreements with the participant's family where appropriate. The MA Waiver Eligibility and Cost Sharing Worksheet (Form F-20919) and/or CARES screen should be completed in order to complete this requirement. This should be updated annually.

Condition/Context: During our testing, it was noted that one of the individuals selected for testing did not have a current copy of the MA Waiver Eligibility and Cost Sharing Worksheet (Form F-20919).

Cause: Unknown

Effect: The County may not be applying cost share when appropriate.

Questioned Costs: None noted

Recommendation: We recommend the County implement a system for tracking and verifying all documents are updated appropriately.

Management Response: The MA Waiver Eligibility and Cost Sharing Worksheet (Form F-20919) has been added to the annual recertification packet for staff to complete. CLTS staff will be reminded of the requirement to have F-20919 as part of the annual recertification process.

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

Planned Completion Date for the Corrective Action Plan: September 30, 2015

Current Year Status: Corrective action was taken consistent with the corrective action plan.



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COUNTY OF MARATHON, WISCONSIN
Corrective Action Plan
For the Year Ended December 31, 2015

FINDING 2015-001 INTERNAL CONTROL OVER FINANCIAL REPORTING

Repeat of Finding 2014-001

Criteria: According to Statement on Auditing Standards (SAS) AU-C Section 315, sufficient internal controls should be in place that provide for the preparation of reliable financial statements, including the schedule of expenditures of federal and state awards, that are fairly presented in conformity with generally accepted accounting principles.

Condition: 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.

Effect: The auditors prepared the financial statements which presents risks over financial reporting that errors may occur and not be detected.

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 2015.

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. There were no material audit entries for the 2015 financial statements.

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 for 2016: April 2017.

Review staff workload in future years to see if the department has the funds and capacity to create the financial statements in house.



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COUNTY OF MARATHON, WISCONSIN
Corrective Action Plan
For the Year Ended December 31, 2015

FINDING 2015-002 DEPARTMENTAL CONTROLS/DECENTRALIZED ACTIVITIES

Repeat of Finding 2014-002

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

Condition: For the majority of the year, a department at Marathon County did 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 changed its Accounts Receivable billing practices and as of the end of 2015, the department has had its invoiced payments sent directly to the County Treasurer's office. The County Treasurer and Finance Director will continue to work with CWA to verify that monthly invoice payments are sent directly to the Treasurer's office.

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

Planned Completion Date for the Corrective Action Plan: This plan is effective as of December 2015.

The County will continue to work on implementing additional internal control procedures on an on-going basis.



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COUNTY OF MARATHON, WISCONSIN
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For the Year Ended December 31, 2015

FINDING 2015-003 TREASURER'S OFFICE

Criteria: We performed our audit under Statements on Auditing Standards (SAS), AU-C Section 315, which required us to review the County's internal controls. As a result, we identified certain controls that we considered to be key controls that were not in place during the year under audit.

Condition: The County's Treasurer's office has multiple financial responsibilities as defined within Wisconsin State Statutes, including the collection of delinquent property or real estate taxes as well as performing settlements with the other taxing jurisdictions that collect currently owed taxes. During the month of August, the County Treasurer's office "settles" with other governments that collect taxes throughout the year until this settlement date. During this settlement process, the County underpaid two cities the amount they were owed. While it was subsequently discovered by the County, controls should be in place to prevent these types of errors from occurring. Further, the tax collection software system that the County utilizes was not reconciled to the County's general ledger and is not able to produce historical reports or interface with the County's general ledger. Finally, adjustments made in the tax system are not being independently reviewed.

Cause: There are system limitations within the tax collection system that do not allow historical reports to be reproduced. In addition, there was a change in the Treasurer's position in 2015.

Effect: The County underpaid two municipalities and did not reconcile between the tax collection software and the general ledger at the end of 2015. Internal controls cannot be relied upon over adjustments to the tax system.

Recommendation: We recommend that all settlements be prepared by someone with a strong knowledge of the settlement process and independently reviewed prior to settlement. We recommend that the tax collection software and the general ledger reconcile at all times during the year. Further, we recommend that the County work with the software vendor to determine if historical reports could be produced, if the two systems could interface, and if a report could be generated whereby a review of all adjustments could be performed by someone independent of posting journal entries.

Management's Response: The Finance Department will work with the Treasurer's office to develop a set of procedures to balance the Land Records system with Cayenta. The two systems balanced in past years. The land records application cannot rerun reports from prior dates to verify ending balances so we will complete the current reconciliation and maintain monthly reconciliations of the two systems.

The current Land Records system is old and many of the requested improvements that you suggested are not possible on the system without major programming changes. In 2016, the County is going out for RFP to purchase a new Land Records system and hopefully many of the suggestions that you have listed will be functioning in the new system.

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



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COUNTY OF MARATHON, WISCONSIN
Corrective Action Plan
For the Year Ended December 31, 2015

FINDING 2015-003 TREASURER'S OFFICE (CONTINUED)

Planned Completion Date for the Corrective Action Plan: The reconciliation of Land Records to Cayenta will be completed in September 2016. The RFP for a new Land Records system and implementation of a new system will be completed by the end of 2017.



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COUNTY OF MARATHON, WISCONSIN
Corrective Action Plan
For the Year Ended December 31, 2015

FINDING 2015-004 INFORMATION TECHNOLOGY

Criteria: We performed our audit under Statements on Auditing Standards (SAS) AU-C Section 315, which required us to review the County's internal controls, including those over information technology. As a result, we identified certain general computer controls that could be strengthened.

Condition: A properly designed system of internal control includes establishing proper information technology controls. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner. At this time, the proper information technology controls regarding user access are not in place. Further, the County does not have a formal process in place to complete backup restores on a periodic basis to ensure that the backups are functioning as intended, and some of the backups are kept onsite.

Cause: Unknown.

Effect: Weaknesses in the internal controls over information technology controls increases the possibility of misstatements due to errors or fraud.

Recommendation: We recommend that a designated employee review the controls over user access, the related risks, and potential controls to determine whether additional controls should be implemented. This determination should take into consideration a cost I benefit analysis. We also recommend a formal process be put in place to complete back up restores on a periodic basis to ensure they are functioning as intended.

Management's Response: We have contacted our accounting software vendor to look at how to provide better control over the access to Cayenta outside of the application interface. The proposed procedures that are required for the Finance Department to make changes are lengthy and we will look at having Cayenta complete the change or approve the required changes prior to Finance completing the change.

Our strategy for testing Cayenta restores is using the same type of back up process as we do for a routine backup to restore test environments. We will look to formalize this process and do an annual test.

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

Planned Completion Date for the Corrective Action Plan: This plan is effective as of September 2016.



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COUNTY OF MARATHON, WISCONSIN
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For the Year Ended December 31, 2015

FINDING 2015-005

Program State ID Number and Title: 435.871 – TPA CLTS OTHER GPR
435.874 – TPA CLTS AUTISM GPR
435.877 – CLTS OTHER CWA ADMIN GPR
435.880 – CLTS AUTISM CWA ADMIN GPR

Award Number: 2015-40

State Grantor: Wisconsin Department of Health Services

Repeat of Finding 2014-004

Criteria: DHS audit guidance states that the County waiver agency is required to establish Cost Sharing Agreements with the participant's family where appropriate. The MA Waiver Eligibility and Cost Sharing Worksheet (Form F-20919) and/or CARES screen should be completed in order to complete this requirement. The parental payment liability also needs to be calculated. Both forms should be updated annually.

Condition/Context: During our testing, it was noted that one of the individuals selected for testing did not have a current copy of the MA Waiver Eligibility and Cost Sharing Worksheet (Form F-20919) and one individual did not have the parental payment liability calculation. The sample was not a statistically valid sample.

Cause: Unknown.

Effect: The County may not be applying cost share or parental payment liability payments when appropriate.

Questioned Costs: None noted

Recommendation: We recommend the County implement a system for tracking and verifying all documents are updated appropriately.

Management's Response: The Children's Long Term Support supervisor will randomly select CLTS cases submitted for annual recertification and complete a recertification review checklist to assure documentation is complete.

Official Responsible for Ensuring the Corrective Action Plan: Julie Jensen, Children's Long Term Support Supervisor

Planned Completion Date for the Corrective Action Plan: September 30, 2016



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COUNTY OF MARATHON, WISCONSIN
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FINDING 2015-006

State Grantor: Wisconsin Department of Health Services (DHS) General Requirements

Criteria: According to the DHS State Single Audit Guidelines General Requirements, counties must follow acceptable procurement standards when purchasing care and services using funds from DHS. One of the ways that a County follows these standards is to ensure that payments for care and services do not exceed the amount specified in the contract.

Condition/Context: During our testing of DHS general requirements, it was noted that the County had paid one of the four providers tested more than the contracted amount in 2015. One of the contracts tested was for \$193,362 and the County paid \$248,062. This results in an overpayment of \$54,700. The sample is not considered statistically valid.

Cause: The County was using two systems in 2015 for tracking the contracts and information was not entered in both systems consistently.

Effect: There is potential that the County could pay a provider for unallowable costs.

Questioned Costs: None noted

Recommendation: The County should implement control procedures to ensure that providers are not paid more than their contracted amount.

Management's Response: The contract monitoring process will be completed using summary reports with data from the County's general ledger software, ensuring all payments made to vendors are included when completing contract monitoring.

Official Responsible for Ensuring the Corrective Action Plan: Jean Schult, Fiscal Services Manager

Planned Completion Date for the Corrective Action Plan: September 30, 2016