

Audit Results  
**Marathon County**

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Year Ended 12/31/17



# Agenda

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YOUR EXPERIENCED CLIENT SERVICE TEAM	
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This presentation was prepared as part of our audit, has consequential limitations, is restricted to those charged with governance and, if appropriate, Management, and should not be used by anyone other than those specified parties.

# Your Experienced Client Service Team



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Baker Tilly's team of professionals brings significant state and local government expertise to Marathon County. Collectively, they bring over 60 years of auditing public sector client experience to your audit. Their enthusiasm and commitment result in proactive, innovative service focused on your business issues. The team members can be reached as indicated below:



**Carla A. Gogin, CPA**  
**Partner**  
**608 240 2460**  
**[Carla.Gogin@bakertilly.com](mailto:Carla.Gogin@bakertilly.com)**

Carla Gogin, partner with Baker Tilly Virchow Krause, LLP, is a member of the public sector practice group. She has been with the firm since 1993, serving the financial needs of state and local government clients and serving in various firm leadership roles. She has assisted many municipalities and counties implement new Governmental Accounting Standards Board (GASB) pronouncements and to understand new auditing standards impacting the profession.

Carla is the Engagement partner-in-charge for the Marathon County audit.

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**John W. Rader, CPA, MBA**  
**Director**  
**608 240 2431**  
**[John.Rader@bakertilly.com](mailto:John.Rader@bakertilly.com)**

John Rader is a director with the public sector practice group. He has been with Baker Tilly since 2001. He specializes in providing financial auditing and consulting services to governmental units including counties, cities, villages and towns as well as the University of Wisconsin Athletic Department, airports, healthcare facilities and several state agencies.

John is a Director assisting with the Marathon County audit.

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**Stephanie M. Nelson, CPA**  
**Manager**  
**608 240 2692**  
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Stephanie Nelson, senior accountant with Baker Tilly Virchow Krause, LLP, has over five years of experience with Baker Tilly. She specializes in providing accounting and auditing services to state and local government entities, including municipalities, counties and school districts.

Stephanie is a Manager assisting with the Marathon County Audit.

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# Your Experienced Client Service Team



**Paul M. McEvilly**  
**Senior Accountant**  
**608 240 2687**  
**Paul.Mcevilly@bakertilly.com**

Paul McEvilly, senior accountant with Baker Tilly Virchow Krause, LLP, has been with the firm since 2014. Paul is a member of the state and local government team and specializes in providing auditing and accounting services to state and local government entities. Clients consist of municipalities, counties, governmental agencies, and not-for-profits.

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**Casandra Chase**  
**Senior Accountant**  
**608 240 6785**  
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Casandra Chase, senior accountant with Baker Tilly Virchow Krause, LLP, has been with the firm since 2015. Casandra is a member of the public sector group, specializing in audit services for governmental clients, including municipalities, counties and school districts.

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**Daniel Karnick**  
**Accountant**  
**608 362 7301**  
**Daniel.Karnick@bakertilly.com**

Daniel Karnick, staff accountant with Baker Tilly Virchow Krause, LLP, has been with the firm since 2016. Daniel is a member of the state and local government team and specializes in providing auditing and accounting services to municipal clients.

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**Kacey Spoerl**  
**Accountant**  
**608 240 1337**  
**Kacey.Spoerl@bakertilly.com**

Kacey Spoerl, staff accountant with Baker Tilly Virchow Krause, LLP, has been with the firm since 2017. Kacey is a member of the state and local government team and specializes in providing auditing and accounting services to municipal clients.

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# Section I

## Status of Our Audit



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# Status of Our Audit and Areas of Audit Emphasis



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## Status of the audit

- > We have completed our audit of the County's financial statements for the year ended December 31, 2017. Our audit was performed in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.
- > We have issued an unmodified opinion on the financial statements.
- > We have issued an unmodified opinion on the Schedule of Passenger Facility Charges, Receipts, and Disbursements of the Central Wisconsin Airport, as presented on the cash basis, for the year ended December 31, 2017.
- > We are in the process of completing our audit of the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and State Single Audit Guidelines.

# Section II

## Financial Results



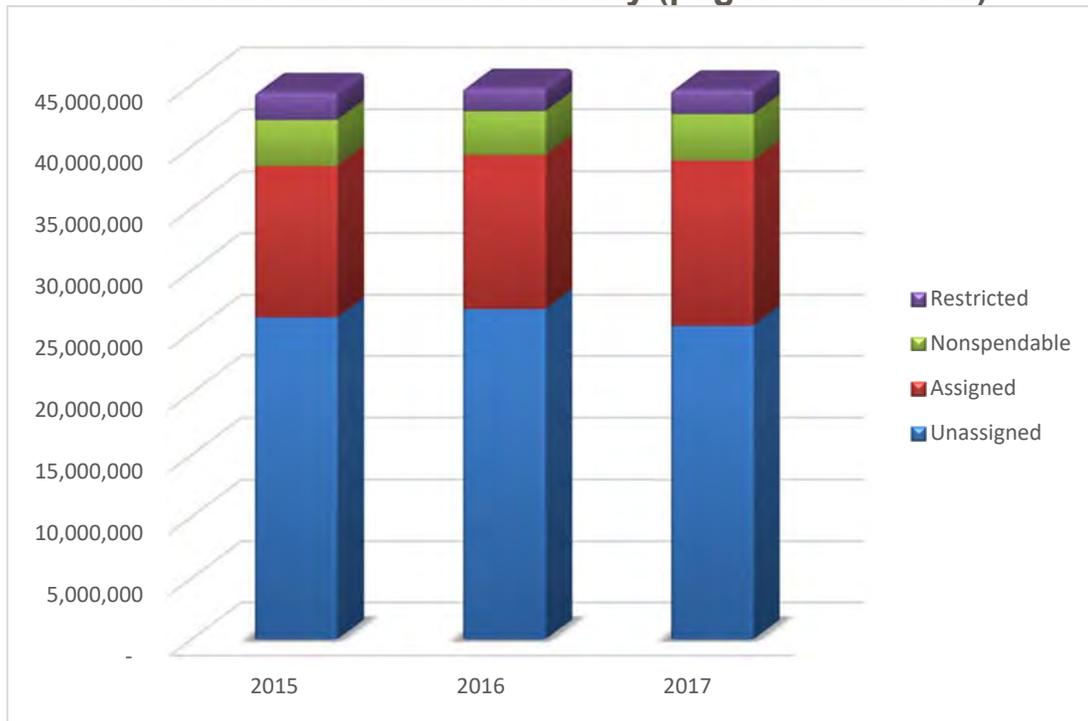
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## Financial Results – General Fund (pages 91-97)

	<u>Actual</u>	<u>Final Amended Budget</u>	<u>Variance</u>
Revenues and other financing sources	\$ 65,673,845	\$ 66,063,526	\$ (389,681)
Expenditures and other financing uses	<u>(65,799,149)</u>	<u>(71,617,290)</u>	<u>5,818,141</u>
Revenues over (under) expenditures	(125,304)	<u>\$ (5,553,764)</u>	<u>\$ 5,428,160</u>
Fund balance – beginning of year	<u>44,768,678</u>		
Fund Balance – End of Year	<u>\$ 44,643,374</u>		

# Financial Results

**General Fund Balance History (pages 18 and 112)**



Fund Balance Components	2015	2016	2017
Unassigned	\$ 26,212,229	\$ 26,885,557	\$ 25,539,836
Assigned	12,237,628	12,449,347	13,362,982
Restricted	2,266,011	1,897,420	2,004,903
Nonspendable	3,714,563	3,536,354	3,735,653
<b>Total</b>	<b>\$ 44,430,431</b>	<b>\$ 44,768,678</b>	<b>\$ 44,643,374</b>

**MINIMUM FUND BALANCE POLICY (PAGE 42)**

The county has a formal minimum fund balance policy for the General Fund. That policy is to maintain a working capital fund of 8.3% of the current year's general fund, social improvement fund, and debt service fund budgeted expenditures. The county also has a minimum fund balance for the Highway Fund. That policy is to maintain a working capital fund of 10% of the current year budgeted expenditures, The minimum fund balance policies are calculated as follows:

	General Fund	Enterprise Fund
General Fund	\$ 71,617,290	\$ -
Social Improvement	25,604,176	-
Debt Service Fund	1,740,488	-
Highway Fund	-	<u>29,128,680</u>
	<u>\$ 98,961,954</u>	<u>29,128,680</u>
Minimum	8.33%	10%
Balance at December 31, 2017	\$ 8,243,531	2,912,868
	\$ 24,898,264	\$ 6,375,143

# Financial Results

## Financial Results – Other Governmental Funds (page 20)

	Social Improvement Fund	Capital Improvement Fund	Debt Service Fund
Revenues	\$ 19,052,957	\$ 508,056	\$ 1,668,277
Expenditures	(17,903,986)	(2,441,193)	(1,691,224)
Other financing sources	<u>(1,958,021)</u>	<u>1,476,959</u>	<u>-</u>
Net change in fund balance	(809,050)	(456,178)	(22,947)
Fund balance – beginning of year	<u>3,754,795</u>	<u>7,215,955</u>	<u>1,639,764</u>
Fund Balance – End of Year	<u>\$ 2,945,745</u>	<u>\$ 6,759,777</u>	<u>\$ 1,616,817</u>

# Financial Results

## Financial Results – Proprietary funds (page 23)

	<u>Landfill</u>	<u>County Highway</u>	<u>Internal Services Funds</u>
Revenues	\$ 3,185,800	\$ 4,922,756	\$ 14,363,237
Expenditures	(5,189,192)	(12,752,810)	(14,635,223)
Nonoperating revenues(expenses)	(213,080)	7,441,286	613,136
Transfers	<u>-</u>	<u>3,302,291</u>	<u>444,582</u>
Change in net position	(2,216,472)	2,913,523	785,732
Net Position – beginning of year	<u>15,477,097</u>	<u>42,767,348</u>	<u>12,589,156</u>
Net Position – End of Year	<u>\$ 13,260,625</u>	<u>\$ 45,680,871</u>	<u>\$ 13,374,888</u>

# Financial Results

## G.O. Debt Outstanding Legal Debt Margin (page 54)

Pursuant of Section 67.03 Wisconsin Statutes, the total indebtedness of the county for general purposes may not exceed 5% of the value of the taxable property located therein for state purposes.

Equalized Value		\$	10,590,161,600
Debt Margin Percentage			5%
Legal Debt Limit			529,508,080
Outstanding General Obligation Debt	\$	7,890,000	
Less amount available in the Debt service Fund		(1,546,894)	
Total Amount of Debt Applicable to Debt Margin			6,343,106
Legal Debt Margin		\$	523,164,974
Percentage of Debt Capacity Used			1.21%
Prior Year			1.65%

## Debt Service Compared to Governmental Expenditures

<u>Governmental Funds</u>			
Principal		\$	1,675,736
Interest			15,488
Debt service expenditures			1,691,224
Total governmental expenditures	\$	84,462,054	
Less: Capital outlay		(2,686,339)	
Non-capital governmental expenditures			81,775,715
Percentage of debt service compared to			
Non-capital governmental expenditures			2.07%
Prior year			5.6%

# Section III

## Required Communications



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# Required Communications

*Refer to the Required Communications Document.*

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards, the Uniform Guidance, and the State Single Audit Guidelines**

**Other Information in Documents Containing Audited Financial Statements**

**Planned Scope and Timing of the Audit**

**Qualitative Aspects of the Entity's Significant Accounting Practices**

Accounting policies  
Significant accounting estimates  
Financial statement disclosures

**Difficulties encountered during the audit**

- > We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and corrected misstatements**

- > Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. See the separate document for a listing.

**Disagreements with management**

- > For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Management's consultations with other independent accountants**

- > In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

# Required Communications

## Representations requested from management

### Independence

- > We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and Marathon County that, in our professional judgment, may reasonably be thought to bear on our independence.

### Other significant matters, finding or issues

- > In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

## **Section IV**

# Accounting and Auditing Standards Update

# Accounting and Auditing Standards Update

**The Governmental Accounting Standards Board (GASB) approved the following:**

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment issues*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*

# Communication to Those Charged with Governance and Management

## Material Weaknesses

- > None

## Significant Deficiencies

- > Internal Control Over Financial Reporting
- > Decentralized Activities
- > Treasurer's Office

## Prior Year Recommendations

- > Information Technology
- > Decentralized Activities
- > Decentralized Cash Collections

## Informational Points

- > Government Fraud Prevention and Detection
- > Vendor Fraud
- > Resources for State and Local Government Boards
- > GASB Updates
- > Upcoming Lease Standard
- > New Reporting Requirements For Fiduciary Activities