

# **MARATHON COUNTY**

Wausau, Wisconsin

## **REPORT ON FEDERAL AND STATE AWARDS**

For the Year Ended December 31, 2017

# MARATHON COUNTY

## TABLE OF CONTENTS For the Year Ended December 31, 2017

---

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 – 2
Report on Compliance for Each Major Federal and Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the <i>State Single Audit Guidelines</i>	3 – 5
Schedule of Expenditures of Federal and State Awards	6 – 12
Notes to Schedule of Expenditures of Federal and State Awards	13 – 14
Schedule of Findings and Questioned Costs	15 – 22

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 the 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, 2017, 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 28, 2018. 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.

## **Internal Control Over Financial Reporting (cont.)**

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 have not been 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 as items 2017-001, 2017-002, and 2017-003 that we consider to be significant deficiencies.

## **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 Findings**

Marathon County's response to the findings identified in our audit are 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 28, 2018

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE 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'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, 2017. Marathon County's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Marathon County's basic financial statements include the operations of North Central Health Care, which received \$2,907,454 in federal awards which is not included in Marathon County's schedule of expenditures of federal awards during the year ended December 31, 2017. Our audit, described below, did not include the operations of North Central Health Care because the component unit engaged other auditors to perform an audit in accordance with the Uniform Guidance.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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 a 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.

### ***Auditors' Responsibility*** (cont.)

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, 2017.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2017-004 and 2017-005. 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 are 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 each 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.

## **Report on Internal Control Over Compliance (cont.)**

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 have not been 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 2017-004 and 2017-005, 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 are 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 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, 2017, 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 28, 2018, 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.



Madison, Wisconsin  
August 29, 2018

**MARATHON COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2017

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>FEDERAL PROGRAMS</b>					
<b>U. S. Department of Agriculture</b>					
CHILD NUTRITION CLUSTER					
School Breakfast Program 16-17	10.553	DPI	None	\$ 4,549	\$ -
School Breakfast Program 17-18	10.553	DPI	None	3,670	-
Total CFDA #10.553				<u>8,219</u>	<u>-</u>
National School Lunch Program 16-17	10.555	DPI	None	6,962	-
National School Lunch Program 17-18	10.555	DPI	None	5,525	-
Total CFDA #10.555				<u>12,487</u>	<u>-</u>
Total Child Nutrition Cluster				<u>20,706</u>	<u>-</u>
SNAP CLUSTER					
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS	No Information Provided	547,805	-
Total SNAP Cluster				<u>547,805</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>568,511</u>	<u>-</u>
<b>U.S. Department of Justice</b>					
DEA CEASE Program	16.000	DOJ	None	1,303	1,254
Joint Law Enforcement Operations/OCDETF 81	16.111	None	GL-WIW-81	1,604	-
Juvenile Justice and Delinquency Prevention	16.540	None	None	1,211	-
Crime Victim Assistance/Crime Response 16-17	16.575	DOJ	2015-VO-01-11950-DE-02	67,057	-
Crime Victim Assistance/Crime Response 17-18	16.575	DOJ	12406	19,753	-
Total CFDA #16.575				<u>86,810</u>	<u>-</u>
State Criminal Alien Assistance Program	16.606	None	2013-AP-BX-0739	3,305	-
State Criminal Alien Assistance Program 16-17	16.606	None	2016-AP-BX-0282	3,286	-
Total CFDA #16.606				<u>6,591</u>	<u>-</u>
Public Safety Partnership & Community Policing Grants	16.710	DOJ	None	26,747	-
Public Safety Partnership & Community Policing Grants	16.710	DOJ	None	55,296	-
Total CFDA #16.710				<u>82,043</u>	<u>-</u>
Edward Byrne Memorial Justice Assistance Grant Program/CEAPEG	16.738	DOJ	2014-DJ-01-11043	26,269	-
Edward Byrne Memorial Justice Assistance Grant Program/Equip 16-17	16.738	None	2016-DJ-BX-0421	10,679	-
Total CFDA #16.738				<u>36,948</u>	<u>-</u>
Total U.S. Department of Justice				<u>216,510</u>	<u>1,254</u>
<b>U.S. Department of Transportation</b>					
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
Highway Planning and Construction/MPO	20.205	DOT	0093-05-89	152,858	-
Total Highway Planning and Construction Cluster				<u>152,858</u>	<u>-</u>

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, 2017

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>FEDERAL PROGRAMS (cont.)</b>					
<b>U.S. Department of Transportation (cont.)</b>					
<b>HIGHWAY SAFETY CLUSTER</b>					
State and Community Highway Safety/Seat Belt 16-17	20.600	DOT	0953-25-69	\$ 15,794	\$ -
State and Community Highway Safety/Seat Belt 17-18	20.600	DOT	0954-25-45	2,211	-
Total CFDA #20.600				<u>18,005</u>	<u>-</u>
National Safety Priority Safety Programs/Car Seats	20.616	DOT	FG-2017-MARATHON-03825	4,590	4,590
Total Highway Safety Cluster				<u>22,595</u>	<u>4,590</u>
Interagency Hazardous Material Public Sector Training & Planning	20.703	DMA	HM-HMP-180-10-01-00	4,301	-
Total U.S. Department of Transportation				<u>179,754</u>	<u>4,590</u>
<b>U.S. Environmental Protection Agency</b>					
State Indoor Radon Grants	66.032	DHS	CONTRACT #34650	4,934	-
Nonpoint Source Implementation Grants	66.460	DNR	TRC37000CLY16	5,150	-
Nonpoint Source Implementation Grants/Fenwood	66.460	DNR	None	300	-
Total CFDA #66.460				<u>5,450</u>	<u>-</u>
<b>DRINKING WATER STATE REVOLVING FUND CLUSTER</b>					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DNR	None	33,190	-
Total Drinking Water State Revolving Fund Cluster				<u>33,190</u>	<u>-</u>
Total U.S. Environmental Protection Agency				<u>43,574</u>	<u>-</u>
<b>U.S. Department of Education</b>					
<b>SPECIAL EDUCATION (IDEA) CLUSTER</b>					
Special Education Grants to States/HV 16-17	84.027	None	None	33,440	-
Special Education Grants to States/HV 17-18	84.027	None	None	27,026	-
Total Special Education (IDEA) Cluster				<u>60,466</u>	<u>-</u>
Total U.S. Department of Education				<u>60,466</u>	<u>-</u>
<b>U. S. Department of Health and Human Services</b>					
Public Health Emergency Preparedness/PHP 17-18	93.069	DHS	Contract #34650	2,605	-
Hospital Preparedness Program (HPP) and PHEP Aligned Cooperative Agreements/PHP 16-17	93.074	DHS	Contract #30539	39,470	-
Hospital Preparedness Program (HPP) and PHEP Aligned Cooperative Agreements/PHP 17-18	93.074	DHS	Contract #34650	36,095	-
Hospital Preparedness Program (HPP) and PHEP Aligned Cooperative Agreements/Training	93.074	DHS	5U90TP000561-05	2,180	-
Total CFDA #93.074				<u>77,745</u>	<u>-</u>

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, 2017

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>FEDERAL PROGRAMS (cont.)</b>					
<b>U. S. Department of Health and Human Services (cont.)</b>					
Maternal and Child Health Federal Consolidated Programs/WI Med Home Sys 2015	93.110	DHS	None	\$ 5,000	\$ -
Immunization Cooperative Agreements	93.268	DHS	Contract #34650	32,949	-
Promoting Safe and Stable Families	93.556	DCF	No Information Provided	61,479	-
<b>TANF CLUSTER</b>					
Block Grants for Temporary Assistance for Needy Families	93.558	DCF	No Information Provided	621,573	-
Block Grants for Temporary Assistance for Needy Families	93.558	DHS	No Information Provided	<u>23,384</u>	-
Total TANF Cluster				<u>644,957</u>	-
Child Support Enforcement	93.563	DCF	No Information Provided	1,319,355	-
Low Income Home Energy Assistance Block Grant	93.568	DOA	No Information Provided	154,711	154,711
<b>CCDF CLUSTER</b>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	No Information Provided	<u>192,991</u>	-
Total CCDF Cluster				<u>192,991</u>	-
Chafee Education and Training Vouchers Program	93.599	DCF	No Information Provided	414,544	-
Children's Justice Grants to States	93.643	DOJ	2018-LE-01-12479	4,510	-
Child Welfare Service Grants - State Grants	93.645	DCF	No Information Provided	80,127	-
Foster Care - Title IV-E	93.658	DCF	No Information Provided	938,072	-
Adoption Assistance	93.659	DCF	No Information Provided	6,081	-
Social Services Block Grant	93.667	DHS	No Information Provided	61,031	-
Child Abuse and Neglect State Grants	93.669	DCF	No Information Provided	5,125	-
Chafee Foster Care Independence Program	93.674	DCF	No Information Provided	1,081	-
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance (PPHF)	93.733	DHS	Contract #30539	3,394	-
Preventative Health and Health Services Block Grant/Prevention 16-17	93.758	DHS	Contract #30539	12,402	-
Children's Health Insurance Program	93.767	DHS	No Information Provided	71,194	-
<b>MEDICAID CLUSTER</b>					
Medical Assistance Program	93.778	DHS	No Information Provided	1,404,637	-
Medical Assistance Program-CLTS Grandfather Fed	93.778	DHS	No Information Provided	157,996	-
Medical Assistance Program/Cons Contracts MCH	93.778	DHS	Contract #34650	<u>2,449</u>	-
Total Medicaid Cluster				<u>1,565,082</u>	-
Maternal and Child Health Services Block Grant to the States/MCH	93.994	DHS	Contract #34650	46,121	-
Maternal and Child Health Services Block Grant to the States/CYSHCN	93.994	DHS	Contract #34650	<u>136,204</u>	<u>15,604</u>
Total CFDA #93.994				<u>182,325</u>	<u>15,604</u>
Total U.S. Department of Health and Human Services				<u>5,836,760</u>	<u>170,315</u>

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, 2017

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
<b>FEDERAL PROGRAMS (cont.)</b>					
<b>U.S. Department of Homeland Security</b>					
Disaster Grant-Public Assistance/Cattails	97.036	DMA	PA-05-WI-1944-PW-00293	\$ 536	\$ -
Emergency Management Performance Grants 16-17	97.042	DMA	EMPG-WI-2017-C8337	56,690	-
Emergency Management Performance Grants 17-18	97.042	DMA	None	<u>26,644</u>	-
Total CFDA #97.042				<u>83,334</u>	-
Homeland Security Grant Program	97.067	DMA	2016-HSW-02A-10894	<u>4,500</u>	-
Total U.S. Department of Homeland Security				<u>88,370</u>	-
<b>TOTAL FEDERAL PROGRAMS</b>				<u>\$ 6,993,945</u>	<u>\$ 176,159</u>

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, 2017

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
<b>STATE PROGRAMS</b>			
<b>Wisconsin Department of Agriculture, Trade and Consumer Protection</b>			
County Staff and Support	115.150	\$ 145,872	\$ -
Land and Water Resource Management	115.400	154,610	-
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection		<u>300,482</u>	<u>-</u>
<b>Wisconsin Department of Natural Resources</b>			
Boating Enforcement	370.550	10,441	-
County Snowmobile Enforcement 16-17	370.552	2,056	-
Wildlife Damage Abatement and Claims	370.553	72,825	-
County Conservation Aids	370.563	4,589	-
County Forest Wildlife Habitat Grant	370.564	1,227	-
County Forest Loans	370.567	14,692	-
County Forest Administration/16-17	370.572	16,493	-
County Forest Administration	370.572	55,658	-
Total State Assistance #370.572		<u>72,151</u>	<u>-</u>
Snowmobile Trail Aids 16-17	370.574	220,629	-
Snowmobile Trail Aids 17-18	370.574	137,117	-
Snowmobile Trail Aids/Special Projects	370.574	41,617	-
Total State Assistance #370.574		<u>399,363</u>	<u>-</u>
All-Terrain Vehicle Trails/Special Projects	370.577	665	-
All-Terrain Vehicle Trails/Summer 16-17	370.577	11,391	-
All-Terrain Vehicle Trails/Summer 17-18	370.577	8,091	-
All-Terrain Vehicle Trails/Winter 16-17	370.577	70,603	-
All-Terrain Vehicle Trails/Winter 17-18	370.577	746	-
Total State Assistance #370.577		<u>91,496</u>	<u>-</u>
Environmental Aids/Lake Protection LPT-509-16	370.663	33,554	-
Aquatic Invasive Species Control	370.678	1,884	-
Acquisition and Development of Local Parks (Stewardship)/Knowles-Nelson	370.TA2	180,005	-
Targeted Runoff Management/Fenwood	370.TF1	1,288	-
Total Wisconsin Department of Natural Resources		<u>885,571</u>	<u>-</u>

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, 2017

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
<b>STATE PROGRAMS (cont.)</b>			
<b>Wisconsin Department of Transportation</b>			
TRaCs Enforcement Grant	None	\$ 4,000	\$ -
TRaCs/Mobilization Equipment Grant	None	1,000	-
Elderly and Disabled County Aids	395.101	302,967	-
Planning Commission Program	395.202	<u>13,374</u>	-
Total Wisconsin Department of Transportation		<u>321,341</u>	<u>-</u>
<b>Wisconsin Department of Health Services</b>			
TB Dispensary 2016	None	5,576	-
Regional Radon Inf Centers	435.103010	12,303	-
HIV PREV PS & LINKAGES	435.155957	3,799	-
Cons Contracts CHHD LD	435.157720	13,938	-
Cons Contracts MCH	435.159320	2,449	-
TPCP-WIS-WINS	435.181005	11,588	-
TPCP-COM-INTRVN-LHD	435.181012	55,027	-
IMAA State Share ACA CY	435.276	34,478	-
IMAA Fed Share ACA CY	435.277	234	-
IMAA State Share	435.283	487,704	-
IMAA Federal Share	435.284	14,956	-
Children's Cop	435.377	211,989	-
Basic County Allocation	435.561	357,803	-
FPI NON-FED	435.600	20,771	-
Base County Allocation - State Match	435.681	69,856	-
CLTS BCA Match	435.820	29,486	-
CLTS FS Match	435.823	90,992	-
CLTS Other GPR	435.871	331,943	-
CLTS Autism GPR	435.874	112,866	-
CLTS Other CWA Admin GPR	435.877	7,048	-
IM REG PILOT Second 6MTHS	435.880	1,718	-
CLTS Autism CWA Admin GPR	435.882	(17,484)	-
CLTS PF BCA Matched	435.883	<u>(2,325)</u>	-
Total Wisconsin Department of Health Services		<u>1,856,715</u>	<u>-</u>
<b>Wisconsin Department of Children and Families</b>			
Food Stamp Agency Incentives	437.0965	15,906	-
AFDC Agency Incentives	437.0975	81	-
Medicaid Agency Incentives	437.098	6,429	-
Administration of Citizen Review Panels	437.3030	3,966	-

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, 2017

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
<b>STATE PROGRAMS (cont.)</b>			
<b>Wisconsin Department of Children and Families (cont.)</b>			
JJ Community Intervention Program	437.3410	\$ 33,463	\$ -
JJ Community Intervention Program-Non-SPARC	437.3410	57,160	-
Total State Assistance #437.3410		<u>90,623</u>	<u>-</u>
JJ AODA	437.3411	13,863	-
JJ Youth Aids	437.3413	1,442,393	-
Basic County Allocation	437.3561	771,797	-
CW WSACWIS Annual Op Maint Fee	437.3935	(17,485)	-
PDS Partnership Fees	437.394	(6,110)	-
CS MSL Incentive Even FFY	437.7332	54,259	-
CS State GPR Funding/PR Funding Allocation	437.7502	156,305	-
CS Medical Support GPR Earned Federal Match	437.7606	12,146	-
CS Federal Parent Locator Services	437.7903	(3,824)	-
Total Wisconsin Department of Children and Families		<u>2,540,349</u>	<u>-</u>
<b>Wisconsin Department of Justice</b>			
DRCI Penalty Assessment-JAG Drug/CEADEG	None	18,177	-
Victim and Witness Assistance Program/Regional Training Facilities	455.503	100,700	-
Total Wisconsin Department of Justice		<u>118,877</u>	<u>-</u>
<b>Wisconsin Department of Military Affairs</b>			
State Match-Federal Disaster Assistance/Cattails	465.305	179	-
Emergency Planning Grant/SARA 16-17	465.337	22,716	-
Emergency Planning Grant/SARA 17-18	465.337	10,037	-
Total State Assistance #465.337		<u>32,753</u>	<u>-</u>
Total Wisconsin Department of Military Affairs		<u>32,932</u>	<u>-</u>
<b>Wisconsin Department of Administration</b>			
Land Information Program-Aid to Counties/WLIP	505.166	50,000	-
Public Utility Benefits Program	505.371	123,779	123,779
Total Wisconsin Department of Administration		<u>173,779</u>	<u>123,779</u>
<b>TOTAL STATE PROGRAMS</b>		<u>\$ 6,230,046</u>	<u>\$ 123,779</u>

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, 2017

---

#### **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, 2017. 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/SPARC REPORT DATES**

---

The Schedule of Expenditures of Federal and State Awards includes adjustments through the Community Aids Reporting System (CARS) reports dated June 1, 2018 and the SPARC reports for December 2017. Federal/state funding splits for awards passed through Wisconsin Department of Health Services (DHS) are based on the splits provided by DHS on January 12, 2018. Federal/state funding splits for awards passed through Wisconsin Department of Children and Families (DCF) are based on the splits provided by DCF on September 20, 2017.

## MARATHON COUNTY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2017

---

#### **NOTE 4 – INDIRECT COST RATE**

---

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

---

#### **NOTE 5 – PASS-THROUGH AGENCIES**

---

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

DHS	Wisconsin Department of Health Services
DCF	Wisconsin Department of Children and Families
DOA	Wisconsin Department of Administration
DNR	Wisconsin Department of Natural Resources
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, 2017

### SECTION I – SUMMARY OF AUDITORS’ RESULTS

#### **FINANCIAL STATEMENTS**

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP:

*Unmodified*

Internal control over financial reporting:

- |   |  |       |     |       |    |
|---|--|-------|-----|-------|----|
| > | Material weakness(es) identified?  | _____ | yes | _X_   | 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**

- |  | Federal Programs |     | State Programs |    |       |     |       |    |
|--|------------------|-----|----------------|----|-------|-----|-------|----|
| > Material weakness(es) identified?  | _____            | yes | _X_            | no | _____ | yes | _X_   | no |
| > Significant deficiencies identified that are not considered to be material weakness(es)? | _____            | yes | _X_            | no | _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 2 CFR 200.516(a) of the Uniform Guidance or the <i>State Single Audit Guidelines</i> ? | _____ | yes | _X_   | no | _X_ | yes | _____ | no |
| Auditee qualified as low-risk auditee?  | _X_   | yes | _____ | no | _X_ | yes | _____ | no |

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
93.778	Medicaid Cluster – Medical Assistance Program

- |  | Federal Programs  | State Programs    |
|--|-------------------|-------------------|
| Dollar threshold used to distinguish between type A and type B programs:     | \$ <u>750,000</u> | \$ <u>250,000</u> |
| Dollar threshold used to distinguish between DHS type A and type B programs: |                   | \$ <u>250,000</u> |

# MARATHON COUNTY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2017

---

### 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>
370.574	Snowmobile Trail Aids
395.101	Elderly and Disabled County Aids
437.3413	JJ Youth Aids

---

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

---

#### *FINDING 2017-001 INTERNAL CONTROL OVER FINANCIAL REPORTING*

##### **Repeat of Finding 2016-001**

**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 and misstatements in the general ledger were identified during the audit.

**Cause:** The County does not have the resources required to identify and correct all misstatements in the financial records or to prepare the annual financial statements in conformity with generally accepted accounting principles.

**Effect:** There is a greater risk that the County’s interim financial records and annual financial statements contain material misstatements or missing disclosures.

**Recommendation:** The County may consider and implement additional internal control procedures to ensure the accuracy of its financial records as well as the preparation of the annual financial statements.

# MARATHON COUNTY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2017

---

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

---

#### *FINDING 2017-001 INTERNAL CONTROL OVER FINANCIAL REPORTING (cont.)*

**Management Response:** The County has implemented procedures for county personnel that prepare the financial statements to review transactions and accounts so that the financial statements would be free of any material errors. 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 statements that are free of material misstatement.

The Finance Department staff does attend GFOA and other governmental accounting training and maintains the knowledge and ability to complete the financial statements in house. If in the future additional resources become available, the County will review the final financial transactions and entries and develop the comprehensive annual financial report in house.

**Official Responsible for Ensuring the Corrective Action Plan:** Marathon County Finance Director.

**Planned Completion Date for the Corrective Action Plan:** April 19, 2019

#### *FINDING 2017-002 DECENTRALIZED ACTIVITIES – CENTRAL WISCONSIN AIRPORT & LANDFILL*

##### **Repeat of Finding 2016-002**

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

**Condition:** For the majority of the year, the Central Wisconsin Airport (CWA) collected significant amounts of funds and did not deposit them on a regular basis. Both the County landfill and CWA have an individual who is responsible for invoicing, collecting payments, preparing deposits, and delivering the funds which results in a weakness over segregation of duties.

**Cause:** Limited staffing and past procedures have not been revised.

**Effect:** Controls are weakened when there is a lack of segregation of duties, centralized collections do not occur, and deposits are not made regularly.

**Recommendation:** We recommend the County, CWA and the landfill determine if payments could be sent directly to the County Treasurer's office for deposit. If this is not possible, the collections at CWA should be deposited on a more frequent basis and controls should be established so that airport and landfill funds are adequately safeguarded.

# MARATHON COUNTY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2017

---

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

---

#### **FINDING 2017-002 DECENTRALIZED ACTIVITIES – CENTRAL WISCONSIN AIRPORT & LANDFILL (cont.)**

**Management's Response:** The County Treasurer and Finance Department staff met with the staff of the Solid Waste Department on June 13, 2018 to review their cash receipting procedures and initiate changes to adequately safeguard their collections. Several key elements were identified.

The County Treasurer and Finance Department help to continue to work with the Landfill staff to develop a plan to facilitate this change.

**Official Responsible for Ensuring the Corrective Action Plan:** Marathon County Finance Director.

**Planned Completion Date for the Corrective Action Plan:** March 31, 2019

#### **FINDING 2017-003 TREASURER'S OFFICE**

##### **Repeat of Finding 2016-003**

**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 tax collection software system that the County utilizes was not reconciled to the County's general ledger in 2015 and is not able to produce historical reports or interface with the County's general ledger. While 2016 and 2017 activity did reconcile, the discrepancy between the Land Records system and Cayenta general ledger still exists. Additionally, adjustments to the Land Records system are periodically being reviewed. However, this review is not being documented.

**Cause:** There are system limitations within the tax collection system that do not allow historical reports to be reproduced.

**Effect:** Internal controls cannot be relied upon over adjustments to the tax system.

**Recommendation:** 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 documented 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, 2017

---

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

---

##### *FINDING 2017-003 TREASURER'S OFFICE (cont.)*

**Management's Response:** The Finance Department will work with the Treasurer's office and City County Information Technology Commission to develop a set of procedures to balance the Land Records system with Cayenta. The two systems balanced for past years' taxes and do balance for 2016 and 2017. The land records application cannot rerun reports from prior dates. The Land Records system was programmed in house so there is no vendor to contact to make changes in the programming at this point.

There are two items to note on the process of recording receipts from the land records system to Cayenta. Each day amounts collected by the Treasurer's office for various categories are posted to the accounts (land records). The subsequent day, the financial activity is posted through Cayenta cash receipts by the County Treasurer's office. This does provide a problem for timing and possible errors due to double receipting. The Land Records system is not interfaced with Cayenta so the previous day's activity must be posted by cash receipt at the Treasurer's office not through manual journal entries.

Lastly, the current Land Records system is old (26 years old) and many of the requested improvements that you suggested are not possible on the system without major programming changes. In 2017, the County went out for RFP to purchase a new Land Records system with many of the suggestions that you have listed and they will be a requirement in the new system. The RFP responses have been evaluated and a new land records software, Ascent from Transcendent Technologies, has been selected. Implementation of the new system is ongoing at this time with a "go live" date of September 2018. We will update the procedures for reconciling the new land records system to Cayenta. The new system's additional functionality should eliminate many of the concerns listed in this letter.

**Official Responsible for Ensuring the Corrective Action Plan:** Marathon County Finance Director.

**Planned Completion Date for the Corrective Action Plan:** December 31, 2018

# MARATHON COUNTY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2017

---

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

---

#### *FINDING 2017-004*

**Program State ID Number and Title:** 395.101 Elderly and Disabled County Aids

**State Grantor:** *Wisconsin Department of Transportation*

**Criteria:** The quarterly reports required by the State were not reviewed by someone other than the preparer. In addition, the two reports tested were not submitted by the applicable due date.

**Condition/Context:** The grant agreement with the State requires the annual report be submitted by March 31<sup>st</sup> of the following year and all quarterly reports to be submitted by the end of the following month. Someone other than the preparer should be reviewing the quarterly reports before submission. This is not a statistically valid sample.

**Cause:** The County did not have the appropriate staffing and time available to review or submit the reports on a timely basis.

**Effect:** The reports were not properly submitted to the State by the required deadline. The quarterly reports could contain errors without any review.

**Questioned Costs:** None noted.

**Recommendation:** We recommend the County submit the reports by the deadlines set forth by the State and that the quarterly reports be reviewed by someone other than the preparer.

**Management's Response:** The CPZ staff assigned to administer the WisDOT Grant will establish a new approach to submitting the required quarterly reports. The Administrative Coordinator will begin each new year of the grant cycle by scheduling times on the Outlook calendars of the Administrative Coordinator, the Program Manager and the Accounting Manager to establish the deadlines for the receiving of the necessary information from the service providers and the deadlines for submittal of the quarterly reports to WisDOT. The Administrative Coordinator will receive the necessary information from the service providers and prepare the quarterly report forms. Upon completion of the forms, the Program Manager will review and sign the quarterly reports before submitting them to WisDOT.

**Official Responsible for Ensuring the Corrective Action Plan:** Conservation, Planning and Zoning Department Director.

**Planned Completion Date for the Corrective Action Plan:** August 20, 2018

## MARATHON COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2017

---

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

---

##### *FINDING 2017-005*

**Program State ID Number and Title:** 395.101 Elderly and Disabled County Aids

**State Grantor:** *Wisconsin Department of Transportation*

**Criteria:** Payroll allocations should be reviewed to ensure they are accurate and appropriate. In addition, payroll charges to a grant must be supported by the documentation required by the Uniform Guidance.

**Condition/Context:** During testing of expenditures it was found that 10% of an individual's total annual payroll was allocated to the grant, but it was determined that only 4% of this individual's time was actually spent on the grant. This is not a statistically valid sample.

**Cause:** A budgeted number was used to allocate payroll expenditures.

**Effect:** The expenditures charged to the grant were overstated.

**Questioned Costs:** Total questioned costs amount to \$4,616, which is the difference between the actual payroll costs and the budgeted payroll costs for State ID 395.101 Elderly and Disabled County Aids.

**Recommendation:** We recommend that the allocation of payroll expenditures be allocated based on actual time spent working on the grant program.

**Management's Response:** The CPZ staff administering the WisDOT Grant will use a new approach to identifying the payroll expenditures allocated to the Grant. Instead of using a percentage of annual payroll expenses, staff will establish the payroll expenses based on actual time spent working on the grant program. The actual time allocated to the grant will be established and monitored in the County's Intellitime System. The Intellitime System allows for the coding and tracking of a person's time based on a particular code (or program). When applying for the grant program, the time established to administer the grant will be developed and included for each of the CPZ staff members working on the grant program. The actual time spent and the corresponding payroll expenditures will be identified and reported back to WisDOT on the Quarterly report forms.

**Official Responsible for Ensuring the Corrective Action Plan:** Conservation, Planning and Zoning Department Director.

**Planned Completion Date for the Corrective Action Plan:** September 4, 2018

**MARATHON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2017

**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 noncompliance, nonmaterial noncompliance, 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	<u>      </u> Yes	<u>  X  </u> No
Department of Natural Resources	<u>      </u> Yes	<u>  X  </u> No
Department of Transportation	<u>  X  </u> Yes	<u>      </u> No
Department of Health Services	<u>      </u> Yes	<u>  X  </u> No
Department of Children and Families	<u>      </u> Yes	<u>  X  </u> No
Department of Justice	<u>      </u> Yes	<u>  X  </u> No
Department of Military Affairs	<u>      </u> Yes	<u>  X  </u> No
Department of Administration	<u>      </u> 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



John W. Rader, CPA, Firm Director

5. Date of report August 29, 2018