

MARATHON COUNTY

Wausau, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2018

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 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, 2018, and the related notes to the financial statements, which collectively comprise Marathon County's basic financial statements, and have issued our report thereon dated July 29, 2019. Our report includes a reference to other auditors who audited the financial statements of North Central Health Care, a discretely presented component unit, as described in our report on Marathon County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marathon County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marathon County's internal control. Accordingly, we do not express an opinion on the effectiveness of Marathon County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-002 to be a significant deficiency.

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 is described in the accompanying schedule of findings and questioned costs. Marathon County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 29, 2019

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, 2018. 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 expended \$2,886,639 in federal awards which is not included in Marathon County's schedule of expenditures of federal and state awards during the year ended December 31, 2018. 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, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 2018-004. Our opinion on each major federal and major state program is not modified with respect to this matter.

Marathon County's Response to Finding

Marathon County's response to the noncompliance finding 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 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.

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 2018-003 and 2018-004, that we consider to be significant deficiencies.

Marathon County's Response to Findings

Marathon County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Marathon County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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, 2018, and the related notes to the financial statements, which collectively comprise Marathon County's basic financial statements. We issued our report thereon dated July 29, 2019, 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 Virchow Krause, LLP

Madison, Wisconsin
September 4, 2019

MARATHON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS					
U. S. Department of Agriculture					
CHILD NUTRITION CLUSTER					
School Breakfast Program 17-18	10.553	DPI	None	\$ 4,801	\$ -
School Breakfast Program 18-19	10.553	DPI	None	<u>3,704</u>	<u>-</u>
Total CFDA #10.553				<u>8,505</u>	<u>-</u>
National School Lunch Program 18-19	10.555	DPI	255.102	5,709	-
National School Lunch Program 17-18	10.555	DPI	None	<u>6,077</u>	<u>-</u>
Total CFDA #10.555				<u>11,786</u>	<u>-</u>
Total Child Nutrition Cluster				<u>20,291</u>	<u>-</u>
SNAP CLUSTER					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS	None	<u>563,497</u>	<u>-</u>
Total SNAP Cluster				<u>563,497</u>	<u>-</u>
NACD Technical Assistance Grant	10. Unknown	None	N/A	<u>40,000</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>623,788</u>	<u>-</u>
U. S. Department of Justice					
DEA CEASE Program	16.000	DOJ	None	2,491	1,254
Crime Victim Assistance/Crime Response 17-18	16.575	DOJ	12406	67,546	-
Crime Victim Assistance/Crime Response 18-19	16.575	DOJ	11269	<u>24,035</u>	<u>-</u>
Total CFDA #16.575				<u>91,581</u>	<u>-</u>
Drug Court Discretionary Grant Program/OWI	16.585	DOJ	None	195,903	-
State Criminal Alien Assistance Program	16.606	DOJ	2013-AP-BX-0739	380	-
State Criminal Alien Assistance Program 16-17	16.606	DOJ	2016-AP-BX-0282	<u>632</u>	<u>-</u>
Total CFDA #16.606				<u>1,012</u>	<u>-</u>
Public Safety Partnership & Community Policing Grants	16.710	DOJ	None	35,343	-
Edward Byrne Memorial Justice Assistance Grant Program/CEADEG	16.738	DOJ	2014-DJ-01-11043	26,269	-
Edward Byrne Memorial Justice Assistance Grant/Equip 18-19	16.738	DOJ	2018-DJ-BX-0016	<u>10,444</u>	<u>-</u>
Total CFDA #16.738				<u>36,713</u>	<u>-</u>
Total U. S. Department of Justice				<u>363,043</u>	<u>1,254</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, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS (cont.)					
U.S. Department of Transportation					
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
Highway Planning and Construction/MPO	20.205	DOT	0093-05-89	\$ 165,406	\$ -
Recreational Trails Program	20.219	DOT	RTP-865-17M	21	-
Total Highway Planning and Construction Cluster				<u>165,427</u>	<u>-</u>
HIGHWAY SAFETY CLUSTER					
State and Community Highway Safety/Seat Belt 17-18	20.600	DOT	0954-25-45	11,442	-
National Priority Safety Programs/Drive Sober 18	20.600	DOT	00T113882	4,000	-
Total CFDA #20.600				<u>15,442</u>	<u>-</u>
National Safety Priority Safety Programs/Car Seats	20.616	DOT	FG-2018-MARATHON-04167	3,939	3,939
Total Highway Safety Cluster				<u>19,381</u>	<u>-</u>
Interagency Hazardous Material Public Sector Training & Planning	20.703	DOT	None	2,445	-
Total U.S. Department of Transportation				<u>187,253</u>	<u>3,939</u>
U.S. Environmental Protection Agency					
State Indoor Radon Grants	66.032	DHS	150321	4,934	-
Nonpoint Source Implementation Grants	66.460	DNR	TRC37000CLY16	40,210	-
Nonpoint Source Implementation Grants/Fenwood	66.460	DNR	None	1,118	-
Total CFDA #66.460				<u>41,328</u>	<u>-</u>
DRINKING WATER STATE REVOLVING FUND CLUSTER					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DNR	None	39,468	-
Total Drinking Water State Revolving Fund Cluster				<u>39,468</u>	<u>-</u>
Total U.S. Environmental Protection Agency				<u>85,730</u>	<u>-</u>
U.S. Department of Education					
SPECIAL EDUCATION (IDEA) CLUSTER					
Special Education Grants to States/HV 17-18	84.027	None	None	39,385	-
Special Education Grants to States/HV 18-19	84.027	None	None	24,537	-
Total Special Education (IDEA) Cluster				<u>63,922</u>	<u>-</u>
Total U.S. Department of Education				<u>63,922</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, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS (cont.)					
U. S. Department of Health and Human Services					
Public Health Emergency Preparedness	93.069	DHS	None	\$ 68,352	\$ -
PPHF Capacity Building Assistance to Strengthen Public Health Immunization	93.539	DHS	None	29,622	-
Infrastructure and Performance financed in part by Prevention and Public Health funds	93.556	DCF	None	19,596	-
Promoting Safe and Stable Families					
TANF CLUSTER					
Temporary Assistance for Needy Families	93.558	DHS	None	71,211	-
Total TANF Cluster				<u>71,211</u>	<u>-</u>
Child Support Enforcement	93.563	DCF	None	1,208,936	-
Low Income Home Energy Assistance Block Grant	93.568	DCF	None	203,813	203,813
CCDF CLUSTER					
Child Care and Development Block Grant	93.575	DCF	None	188,200	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	None	318	-
Total CCDF Cluster				<u>188,518</u>	<u>-</u>
Grants to States for Access and Visitation Programs	93.597	DCF	None	57,913	-
Chafee Education and Training Vouchers Program (ETV)	93.599	DCF	None	377,939	-
Adoption and Legal Guardianship Incentive Payments	93.603	DCF	None	471	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	DCF	None	86,090	-
Foster Care - Title IV-E	93.658	DCF	None	1,028,056	-
Adoption Assistance	93.659	DCF	None	4,814	-
Social Services Block Grant	93.667	DHS	None	33,863	-
Child Abuse and Neglect State Grants	93.669	DCF	None	13,265	-
Preventive Health and Health Services Block Grant funded solely with					
Prevention and Public Health Funds (PPHF)	93.758	DHS	None	26	-
Children's Health Insurance Program	93.767	DHS	None	70,560	-

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, 2018

Grantor Agency / Program Title	Federal CFDA Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures	Payments to Subrecipients
FEDERAL PROGRAMS (cont.)					
U. S. Department of Health and Human Services (cont.)					
MEDICAID CLUSTER					
Medical Assistance Program	93.778	DHS	None	\$ 1,707,350	\$ -
Total Medicaid Cluster				<u>1,707,350</u>	<u>-</u>
Maternal and Child Health Services Block Grant to the States	93.994	DHS	Contract #38029	164,226	15,604
Total U.S. Department of Health and Human Services				<u>5,334,621</u>	<u>219,417</u>
U. S. Department of Homeland Security					
Disaster Grant-Public Assistance/Cattails	97.036	DMA	PA-05-WI-1944-PW-00293	604	-
Emergency Management Performance Grants 17-18	97.042	DMA	EMPG-WI-2018-C8337	134,134	-
Emergency Management Performance Grants 18-19	97.042	DMA	None	34,579	-
Total CFDA #97.042				<u>168,713</u>	<u>-</u>
Homeland Security Grant Program - HSGP	97.067	DMA	None	6,021	-
Total U. S. Department of Homeland Security				<u>175,338</u>	<u>-</u>
TOTAL FEDERAL PROGRAMS				<u>\$ 6,833,695</u>	<u>\$ 223,356</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, 2018

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	\$ 148,734	\$ -
Land and Water Resource Management	115.400	<u>219,012</u>	<u>-</u>
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection		<u>367,746</u>	<u>-</u>
Wisconsin Department of Natural Resources			
Boating Enforcement	370.550	11,776	-
County Snowmobile Enforcement 17-18	370.552	3,583	-
Wildlife Damage Abatement and Claims	370.553	105,147	-
County Conservation Aids	370.563	5,307	-
County Forest Wildlife Habitat Grant	370.564	893	-
County Forest Loans	370.567	29,053	-
County Forest Administration	370.572	56,195	-
Snowmobile Trail Aids/Special Projects	370.574	1,203	-
Snowmobile Trail Aids 15-16	370.574	31,006	-
Snowmobile Trail Aids 16-17	370.574	757	-
Snowmobile Trail Aids 17-18	370.574	254,629	-
Snowmobile Trail Aids/Maintenance 18-19	370.574	<u>130,693</u>	<u>-</u>
Total State Assistance #370.574		<u>418,288</u>	<u>-</u>
All-Terrain Vehicle Trails/Special Projects	370.577	247	-
All-Terrain Vehicle Trails/Summer 15-16	370.577	1,567	-
All-Terrain Vehicle Trails/Winter 16-17	370.577	18	-
All-Terrain Vehicle Trails/Summer 16-17	370.577	188	-
All-Terrain Vehicle Trails/Winter 17-18	370.577	68,457	-
All-Terrain Vehicle Trails/Summer 17-18	370.577	3,860	-
All-Terrain Vehicle Trails/Winter 18-19	370.577	416	-
All-Terrain Vehicle Trails/Summer 18-19	370.577	<u>7,153</u>	<u>-</u>
Total State Assistance #370.574		<u>81,906</u>	<u>-</u>
Environmental Aids/Lake Protection LPT-509-16	370.663	39,518	-
Acquisition and Development of Local Parks (Stewardship)/Knowles-Nelson	370.TA2	31,368	-
Targeted Runoff Management/Fenwood	370.TF1	<u>10,053</u>	<u>-</u>
Total Wisconsin Department of Natural Resources		<u>793,087</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, 2018

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
STATE PROGRAMS (cont.)			
Wisconsin Department of Transportation			
Planning Commission Program	395.202	\$ 41,351	\$ -
Elderly and Handicapped County Aids	395.101	<u>315,484</u>	<u>-</u>
Total Wisconsin Department of Transportation		<u>356,835</u>	<u>-</u>
Wisconsin Department of Health Services			
TB Dispensary 2017	None	4,033	-
TB Dispensary 2018	None	108	-
Regnl Radon INF Centers	435.103010	12,303	-
HIV PREV PS & LINKAGES	435.155957	152	-
COMM DISEASE CTRL & PREV	435.1558	<u>6,494</u>	<u>-</u>
HIV Prev PS & Linkages	435.155957	566	-
Cons Contracts CHHD LD	435.157720	13,938	-
Cons Contracts MCH	435.159322	2,706	-
TPCP-WIS-WINS	435.181004	13,140	7,300
TPCP-COM-INTRVN-LHD	435.181010	87,359	2,000
IMAA State Share ACA CY	435.276	1,118	-
IMAA Fed Share ACA CY	435.277	8	-
IMAA State Share	435.283	547,559	-
Children's Cop	435.377	200,093	-
Basic County Allocation	435.561	195,152	-
FPI NON-FED	435.600	30,815	-
CLTS BCA Match	435.820	55,356	-
CLTS FS Match	435.823	140,347	-
CLTS Other GPR	435.871	443,936	-
CLTS Autism GPR	435.874	106,079	-
CLTS Other CWA Admin GPR	435.877	15,757	-
IM REG PILOT Second 6MTHS	435.880	2,542	-
Specialized Services	435.882	(18,236)	-
Specialized Psych Serv<65	435.883	<u>(4,313)</u>	<u>-</u>
Total Wisconsin Department of Health Services		<u>1,857,012</u>	<u>9,300</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, 2018

Grantor Agency / Program Title	State ID Number	Expenditures	Payments to Subrecipients
STATE PROGRAMS (cont.)			
Wisconsin Department of Children and Families			
Food Stamp Agency Incentives	437.0965	\$ 19,845	\$ -
AFDC Agency Incentives	437.0975	29	-
Medicaid Agency Incentives	437.0980	5,366	-
CW Kinship Care Program - Benefits	437.3377	395,703	-
CW Kinship Care Program - Assessment	437.3380	17,022	-
JJ Community Intervention Program	437.3410	35,805	-
JJ AODA	437.3411	1,690	-
JJ Youth Aids	437.3413	1,433,506	-
Basic County Allocation	437.3561	779,416	-
CW Children & Families Allocations	437.3681	61,717	-
CW WSACWIS Annual Op Maint Fee	437.3935	(17,485)	-
PDS Partnership Fees	437.3940	(6,110)	-
CS State GPR Funding/PR Funding Allocation	437.7502	154,484	-
CS Medical Support GPR Earned Federal Match	437.7606	13,401	-
Total Wisconsin Department of Children and Families		<u>2,894,389</u>	<u>-</u>
Wisconsin Department of Justice			
DRCI Penalty Assessment-JAG Drug/CEADEG	None	18,177	-
Victim and Witness Assistance Program/Regional Training Facilities	455.532	92,711	-
Total Wisconsin Department of Justice		<u>110,888</u>	<u>-</u>
Wisconsin Department of Military Affairs			
State Match-Federal Disaster Assistance/Cattails	465.305	201	-
Emergency Response Equipment Grants/Hazmat	465.308	8,811	-
Emergency Planning Grant/SARA 18-19	465.337	15,668	-
Total Wisconsin Department of Military Affairs		<u>24,680</u>	<u>-</u>
Wisconsin Department of Administration			
Land Information Program-Aid to Counties/WLIP	505.166	51,902	-
Public Utility Benefits Program	505.371	121,925	121,925
Total Wisconsin Department of Administration		<u>173,827</u>	<u>121,925</u>
TOTAL STATE PROGRAMS		<u>\$ 6,578,464</u>	<u>\$ 131,225</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, 2018

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, 2018. 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, 2019 and the SPARC reports for December 2018. Federal/state funding splits for awards passed through Wisconsin Department of Health Services (DHS) are based on the splits provided by DHS. Federal/state funding splits for awards passed through Wisconsin Department of Children and Families (DCF) are based on the splits provided by DCF.

MARATHON COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2018

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
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, 2018

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? | <u> X </u> | yes | <u> </u> | no |
| > | Significant deficiency(ies) identified that are not considered to be material weaknesses? | <u> X </u> | yes | <u> </u> | no |
| | Noncompliance material to basic financial statements noted? | <u> </u> | yes | <u> X </u> | no |

FEDERAL AND STATE AWARDS

- | | Federal Programs | | State Programs | |
|--|-------------------|-----------------|-------------------|------------------|
| > Material weakness(es) identified? | <u> </u> yes | <u> X </u> no | <u> </u> yes | <u> X </u> no |
| > Significant deficiencies identified that are not considered to be material weakness(es)? | <u> </u> yes | <u> X </u> no | <u> X </u> yes | <u> </u> 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 *State Single Audit Guidelines*?

 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>
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MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

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>
435.283	IMAA State Share
435.871	Childrens Long Term Support
437.3377, 437.3380	CW Kinship Care

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

FINDING 2018-001 INTERNAL CONTROL OVER FINANCIAL REPORTING

Repeat of Finding 2017-001

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, 2018

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

FINDING 2018-001 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: September 30, 2020

FINDING 2018-002 SOLID WASTE DEPARTMENT

Criteria: Sufficient internal controls involve centralizing collections of County funds as much as is feasible, depositing funds on a regular basis, and reconciling this collection activity to the County's general ledger.

Condition: The County Solid Waste department receives payments on a regular basis from commercial haulers. Payments are sent directly to the Solid Waste office where they are posted into their Wasteworks system and then brought to the bank. The same individual is able to create the invoice, post the payment, prepare and deliver the deposit which results in a weakness over segregation of duties. In addition, the Solid Waste department should reconcile all collection activity to the County's general ledger, as currently this is not occurring.

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

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

Recommendation: We recommend the County and the Solid Waste department determine if payments could be sent directly to the County Treasurer's department. If this is not possible, then controls should be established so that solid waste collections are adequately safeguarded and reconciled to the County's general ledger.

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

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

FINDING 2018-002 SOLID WASTE DEPARTMENT (cont.)

Management's Response: The County Treasurer and Finance Department staff met with the staff of the Solid Waste Department in June 2018 and again in June 2019 to review their cash receipting procedures and initiate changes to adequately safeguard their collections.

Several of the key elements of this change have been completed and others will still need to be done. Here is a status update:

- < The Solid Waste department has changed its scale software from Wasteworks to Paradigm. With the implementation of Paradigm, credit card payments from Global Payments to the decentralized bank account used by Solid Waste have been eliminated and now are processed to the County's centralized bank account.

We are still working with the Solid Waste Department to complete the following items listed as a significant deficiency:

- < Have matching invoices in the Cayenta system but at this time the payments are sent back to the Solid Waste and applied against the invoice and the funds are deposited at the decentralized bank account used by Solid Waste.
- < Run Solid Waste invoicing out of Cayenta with the remittance address listed as the County Treasurer's office.
- < Receipt invoice payments into Cayenta first and deposit as part of the Treasurer's office bank deposit into the County's centralized bank account.
- < Eliminate the use of the separate decentralized bank account by the Solid Waste department.
- < Receipt over the counter payments at the Solid Waste department into Paradigm and deposit at least weekly with the County Treasurer's office and into the County's centralized bank account.
- < The Solid Waste department will look for ways to segregate some of the duties that are currently assigned to one position.

The County Treasurer and Finance Department will continue to work with the Solid Waste 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: September 30, 2020

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

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

FINDING 2018-003

Program State ID Number and Title: 437.3377 and 437.3380 CW Kinship Care Program

State Grantor: *Wisconsin Department of Children and Families*

Criteria: Chapter DCF 58.11(a) of the Wisconsin State Statutes states: “each agency administering the kinship care program shall establish a written policy describing its standards for establishing verification of the relative relationship and shall indicate whether any specific documents, such as a birth certificate, a marriage license, guardianship papers or paternity papers, will be required.” Since these eligibility determinations are required by State statute, it is necessary under the *State Single Audit Guidelines* to establish internal controls over eligibility determinations prior to benefit payments being paid.

Condition/Context: For the 12 case files tested, an independent review of initial eligibility determinations was not completed. This is not a statistically valid sample.

Cause: Eligibility was not reviewed due to lack of staffing and time to perform such review.

Effect: Ineligible participants could receive benefit payments resulting in questioned costs and noncompliance with state statutes surrounding the program.

Questioned Costs: None noted.

Recommendation: Program management should develop a process by which case file documentation is reviewed by a second person subsequent to the initial eligibility assessment and prior to the payment of benefits to the kinship care provider. This review process should be documented in the case file.

Management’s Response: Written procedures have been updated and implemented to include a review of initial kinship provider eligibility requirements by a second person prior to the payment of benefits, including documentation in the eWISACWIS case file.

Official Responsible for Ensuring the Corrective Action Plan: Aidyn Laurynz

Planned Completion Date for the Corrective Action Plan: July 30th, 2019

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018

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

FINDING 2018-004

Program State ID Number and Title: 437.3377 and 437.3380 CW Kinship Care Program

State Grantor: *Wisconsin Department of Children and Families*

Criteria: Chapter DCF 58.13 (1) of the Wisconsin State Statutes states: “An agency shall reassess eligibility of a kinship care relative for the kinship care program at least every 12 months after the date the agency initially began making payments to the kinship care relative, to determine if the requirements under ss. DCF 58.04 and 58.10 continue to be met.” Since reassessments are required every 12 months by Wisconsin state statutes, the county is required to comply with these standards.

Condition/Context: In a sample of 12 cases, there was one case that did not comply with the 12-month reassessment requirement. This particular case did not have any assessment documents (such as a background check, verification of residence, etc.) on file for 2018. This is not a statistically valid sample.

Cause: Unknown.

Effect: Ineligible participants could receive benefit payments resulting in questioned costs and noncompliance with state statutes surrounding the program.

Questioned Costs: Questioned costs were \$11,331 and were determined by projecting the exception amount noted during our testing over the total population.

Recommendation: We recommend program management review their Kinship Care cases on a regular basis to ensure that reassessments are completed consistent with statutory requirements.

Management’s Response: Written procedures have been updated and implemented to include a monthly review of annual reviews/reassessments for kinship providers to ensure compliance with the 12-month assessment requirement.

Official Responsible for Ensuring the Corrective Action Plan: Aidyn Laurynz

Planned Completion Date for the Corrective Action Plan: July 30th, 2019

MARATHON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

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
Department of Natural Resources
Department of Transportation
Department of Health Services
Department of Children and Families
Department of Justice
Department of Military Affairs
Department of Administration

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

[Handwritten signature]
John W. Rader, CPA, Firm Director

5. Date of report
September 4, 2019