

MARQUETTE COUNTY

Montello, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2013

MARQUETTE 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
Marquette County
Montello, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marquette County, Wisconsin as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise Marquette County's basic financial statements and have issued our report thereon dated August 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marquette 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 Marquette County's internal control. Accordingly, we do not express an opinion on the effectiveness of Marquette County's internal control.

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

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

County Board of Supervisors
Marquette County

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marquette 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*.

Marquette County's Response to Finding

Marquette County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Marquette 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 Vichow Krause, LLP

Madison, Wisconsin
August 14, 2014



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

Independent Auditors' Report

To the County Board of Supervisors
Marquette County
Montello, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

We have audited Marquette County, Wisconsin's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of Marquette County's major federal and major state programs for the year ended December 31, 2013. Marquette County's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Marquette County's major federal and major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines*. Those standards, *OMB Circular A-133*, and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about Marquette County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and major state program. However, our audit does not provide a legal determination of the Marquette County's compliance.

To the County Board of Supervisors
Marquette County

Opinion on Each Major Federal and Major State Program

In our opinion, Marquette County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 or the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 2013-002. Our opinion on each major federal and major state program is not modified with respect to this matter.

Marquette County's Response to Findings

Marquette County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Marquette 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 Marquette 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 Marquette County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marquette 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-002, 2013-003 and 2013-004 that we consider to be significant deficiencies.

To the County Board of Supervisors
Marquette County

Marquette County's Response to Findings

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marquette County, Wisconsin of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise Marquette County's basic financial statements. We issued our report thereon dated August 14, 2014 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly Vichaw Krause LLP

Madison, Wisconsin
September 25, 2014

MARQUETTE COUNTY

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

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	(Accrued) Deferred Beginning Balance	Revenues			Total Revenues	Expenditures
				Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
FEDERAL PROGRAMS								
U. S. Department of Agriculture								
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS	\$ -	\$ 94,398	\$ -	\$ 94,398	\$ 94,398	
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DCF	-	314	-	314	314	
Total U.S. Department of Agriculture			-	94,712	-	94,712	94,712	
U.S. Department of Transportation								
State and Community Highway Safety	20.600	DOT	-	25,648	-	25,648	25,648	
U.S. Department of Education								
Safe and Drug-Free Schools and Communities-National Program	84.181	DHS	-	13,978	-	13,978	13,978	
U. S. Department of Health and Human Services								
Title III, Part F - Preventive Health	93.043	DHS	-	2,207	-	2,207	2,207	
Aging Cluster								
Title III, Part B - Grants for Supportive Services	93.044	DHS	-	27,964	-	27,964	27,964	
Title III, Part C - Nutrition Services	93.045	DHS	-	45,308	-	45,308	45,308	
Nutrition Services Incentive Program	93.053	DHS	-	20,850	-	20,850	20,850	
Total Aging Cluster			-	94,122	-	94,122	94,122	
Title III, Part E - National Family Caregiver Support								
Public Health Emergency Preparedness	93.052	DHS	-	10,475	-	10,475	10,475	
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned	93.069	DHS	-	4,974	-	4,974	4,974	
Cooperative Agreements	93.074	DHS	-	32,157	-	32,157	32,157	
Immunization Grants	93.268	DHS	-	19,736	-	19,736	19,736	
Promoting Safe and Stable Families	93.556	DCF	-	33,310	-	33,310	33,310	
Block Grants for Temporary Assistance for Needy Families	93.558	DHS	-	34,467	-	34,467	34,467	
Block Grants for Temporary Assistance for Needy Families	93.558	DCF	-	39,516	-	39,516	39,516	
Subtotal			-	73,983	-	73,983	73,983	
Child Support Enforcement	93.563	DCF	-	187,615	-	187,615	187,615	
Low Income Home Energy Assistance Block Grant	93.568	DOA	-	25,319	-	25,319	25,319	

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

MARQUETTE COUNTY

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

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	(Accrued) Deferred Beginning Balance	Revenues		Total Revenues	Expenditures
				Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
FEDERAL PROGRAMS (cont.)							
U. S. Department of Health and Human Services (cont.)							
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	\$ -	\$ 44,330	\$ -	\$ 44,330	\$ 44,330
Chafee Education and Training Vouchers Program	93.599	DCF	-	35	-	35	35
Child Welfare Service Grants - State Grants	93.645	DCF	-	8,302	-	8,302	8,302
Child Welfare Service Grants - State Grants	93.645	DOC	-	845	-	845	845
Subtotal			-	9,147	-	9,147	9,147
Foster Care - Title IV-E	93.658	DOC	-	1,267	-	1,267	1,267
Foster Care - Title IV-E	93.658	DCF	-	49,790	-	49,790	49,790
Subtotal			-	51,057	-	51,057	51,057
Social Services Block Grant	93.667	DHS	-	58,909	-	58,909	58,909
Social Services Block Grant	93.667	DCF	-	22,722	-	22,722	22,722
Subtotal			-	81,631	-	81,631	81,631
Chafee Foster Care Independence Program	93.674	DCF	-	11,000	-	11,000	11,000
Children's Health Insurance Program	93.767	DHS	-	17,225	-	17,225	17,225
Medical Assistance Program	93.778	DHS	-	303,022	-	303,022	303,022
Medical Assistance Program	93.778	DCF	-	74,058	-	74,058	74,058
Medical Assistance Program - W/MCR	93.778	DHS	-	47,574	-	47,574	47,574
Subtotal			-	424,654	-	424,654	424,654
Centers for Medicare and Medicaid Services Research Block Grants for Community Mental Health Services	93.779	DHS	-	5,113	-	5,113	5,113
Block Grants for Prevention and Treatment of Substance Abuse	93.958	DHS	-	75,134	-	75,134	75,134
Preventive Health and Health Services Block Grant	93.959	DHS	-	23,939	-	23,939	23,939
Maternal and Child Health Services Block Grant	93.991	DHS	-	3,839	-	3,839	3,839
Maternal and Child Health Services Block Grant	93.994	DHS	-	10,364	-	10,364	10,364
Subtotal			-	1,241,366	-	1,241,366	1,241,366
U.S. Department of Homeland Security							
Emergency Management Performance Grant	97.042	DMA	-	27,573	-	27,573	27,573
TOTAL FEDERAL PROGRAMS			\$ -	\$ 1,403,277	\$ -	\$ 1,403,277	\$ 1,403,277

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

MARQUETTE COUNTY

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

Grantor Agency / Program Title	State ID Number	Revenues			Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
STATE PROGRAMS						
Wisconsin Department of Agriculture, Trade and Consumer Protection						
County Staff and Support	115.150	\$ (100,004)	\$ 100,004	\$ 107,045	\$ 107,045	\$ 107,045
Land and Water Resource Management	115.400	(59,276)	59,276	70,983	70,983	70,983
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection		(159,280)	159,280	178,028	178,028	178,028
Wisconsin Department of Natural Resources						
Recreational Aids - Snowmobile Trail and Area	370.485	(48,850)	93,670	-	44,820	44,820
Wildlife Damage Claims and Abatement	370.553	-	31,396	-	31,396	31,396
Recycling Programs	370.670	-	75,253	-	75,253	75,253
Total Wisconsin Department of Natural Resources		(48,850)	200,319	-	151,469	151,469
Wisconsin Department of Transportation						
Elderly and Handicapped County Aids	395.101	-	68,117	-	68,117	68,117
Wisconsin Department of Corrections						
Youth Aids	410.313	-	82,361	-	82,361	82,361
Wisconsin Department of Health Services						
Fluoride Supplement	435.151734	-	1,774	-	1,774	1,774
Cons Contracts CHHD LD	435.157720	-	2,927	-	2,927	2,927
Cons Contracts MCH	435.159320	-	630	-	630	630
IMAA State Share	435.283	-	51,605	-	51,605	51,605
IMAA State Share Supp	435.292	-	2,445	-	2,445	2,445
IMAA Federal Share Supp	435.293	-	21	-	21	21
IMAA State Share ACA	435.297	-	15,421	-	15,421	15,421
IMAA Federal Share ACA	435.298	-	130	-	130	130
Adult Protective Services	435.312	-	13,185	-	13,185	13,185
Community Options Program	435.367	-	7,736	-	7,736	7,736

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

MARQUETTE COUNTY

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

Grantor Agency / Program Title	State ID Number	(Accrued) Deferred Beginning Balance	Revenues			Total Revenues	Expenditures
			Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
STATE PROGRAMS (cont.)							
Wisconsin Department of Health Services (cont.)							
Alzheimer's Family Support	435.381	\$ -	\$ 5,118	\$ -	\$ 5,118	\$ 5,118	
Certified Mental Health Program	435.517	-	14,355	-	14,355	14,355	
Integrated Services for Children with Severe Disabilities	435.530	-	10,095	-	10,095	10,095	
Birth to Three Initiative	435.550	-	13,717	-	13,717	13,717	
Basic County Allocation	435.561	-	326,621	-	326,621	326,621	
IDP Emergency Funds	435.567	-	19,801	-	19,801	19,801	
Family Support	435.577	-	16,119	-	16,119	16,119	
Base County Allocation - State Match	435.681	-	45,389	-	45,389	45,389	
TPA CLTS DD OTHER GPR	435.805	-	43,288	-	43,288	43,288	
TPA CLTS MH OTHER GPR	435.811	-	1,339	-	1,339	1,339	
CLTS DD OTH CWA ADMIN GPR	435.835	-	75	-	75	75	
Aging & Dis Resource Ctr	435.560010	-	157,033	-	157,033	157,033	
Benefit Specialist County	435.560320	-	28,215	-	28,215	28,215	
EBS OCI Replacement	435.560327	-	3,275	-	3,275	3,275	
Senior Community Svs Prog	435.560330	-	5,394	-	5,394	5,394	
Title 3C-1 Cong Meal Prog	435.560350	-	33,444	-	33,444	33,444	
Title 3C-2 Home Meals	435.560360	-	1,953	-	1,953	1,953	
Elder Abuse Service	435.560490	-	9,900	-	9,900	9,900	
Total Wisconsin Department of Health Services		-	831,005	-	831,005	831,005	
Wisconsin Department of Children and Families							
CTF Child Abuse & Neglect GPR	437.6071	-	60,937	-	60,937	60,937	
Food Stamp Agency Collections Take Back	437.267	-	(160)	-	(160)	(160)	
Food Stamp Agency Collections Incentive	437.267	-	474	-	474	474	
Subtotal		-	314	-	314	314	

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

MARQUETTE COUNTY

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

Grantor Agency / Program Title	State ID Number	(Accrued) Deferred Beginning Balance	Revenues		Total Revenues	Expenditures
			Cash Received (Refunded)	Accrued (Deferred) Ending Balance		
STATE PROGRAMS (cont.)						
Wisconsin Department of Children and Families (cont.)						
Adam Walsh Foster/Adoptive Parent Fingerprinting	437.332	\$ -	\$ 226	\$ -	\$ 226	\$ 226
Basic County Allocation	437.3561	-	82,135	-	82,135	82,135
F State/ County match	437.3681	-	14,477	-	14,477	14,477
CS RMS Allocated Mixed State Exp	437.7502	-	12,191	-	12,191	12,191
Total Wisconsin Department of Children and Families		-	170,230	-	170,280	170,280
Wisconsin Department of Justice						
Victim Witness	455.053	-	-	17,427	17,427	17,427
Regional Training Facilities	455.503	-	26,837	-	26,837	26,837
Total Wisconsin Department of Justice		-	26,837	17,427	44,264	44,264
Wisconsin Department of Military Affairs						
Public Safety - Emergency Government Disaster Assistance	465.305	-	2,638	-	2,638	2,638
Public Safety- Emergency Management- Response Equipment	465.308	-	11,935	-	11,935	11,935
Total Wisconsin Department of Military Affairs		-	14,573	-	14,573	14,573
Wisconsin Department of Administration						
Public Benefits	505.371	-	16,787	-	16,787	16,787
Land Information Board Grants	505.438	-	26,996	-	26,996	26,996
Total Wisconsin Department of Administration		-	43,783	-	43,783	43,783
TOTAL STATE PROGRAMS		\$ (208,130)	\$ 1,596,555	\$ 195,455	\$ 1,583,880	\$ 1,583,880

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

MARQUETTE COUNTY

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

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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

NOTE 3 – CARS/CORE REPORT DATES

The Schedule of Expenditures of Federal and State Awards includes adjustments through the Community Aids Reporting System (CARS) reports dated June 1, 2014 and CORE reports for December 2013.

NOTE 4 – PASS THROUGH GRANTORS

Federal funds have been passed through the following grantors:

- DOC – Wisconsin Department of Corrections
- DHS – Wisconsin Department of Health Services
- DCF – Wisconsin Department of Children and Families
- DOA – Wisconsin Department of Administration
- DOT – Wisconsin Department of Transportation
- DMA – Wisconsin Department of Military Affairs

MARQUETTE COUNTY

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

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- > Material weakness(es) identified? X yes no
- > Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

FEDERAL OR STATE AWARDS

Internal control over major programs:

- > Material weakness(es) identified? yes X no
- > Significant deficiency(ies) identified? X yes no

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

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

	<u> Federal Programs </u>		<u> State Programs </u>	
Auditee qualified as low-risk auditee?	<u> </u> yes	<u> X </u> no	<u> </u> yes	<u> X </u> no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
10.561	State Administration Matching Grants for the Supplemental Nutrition Assistance Program
93.563	Child Support Enforcement
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.778	Medical Assistance Program

	<u> Federal </u>	<u> State </u>
Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000	\$ 100,000

MARQUETTE COUNTY

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

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

FEDERAL OR STATE AWARDS (cont.)

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
115.150	County Staff and Support
115.400	Land and Water Resource Management
395.101	Elderly and Handicapped County Aids
435.283	IMAA State Share
435.292	IMAA State Share Supp
435.293	IMAA Federal Share Supp
435.297	IMAA State Share ACA
435.298	IMAA Federal Share ACA
435.561	Basic County Allocation
435.681	Base County Allocation – State Match
435.805	TPA CLTS DD Other GPR
435.811	TPA CLTS MH OTHER GPR
435.835	CLTS DD OTH CWA ADMIN GPR
435.560010	Aging and Disability Resource Center
437.3561	Basic County Allocation
435.3681	F State/County match
437.7502	CS RMS Allocated Mixed State Exp

MARQUETTE COUNTY

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

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

FINDING 2013-001: INTERNAL CONTROL OVER FINANCIAL REPORTING

Criteria: Statement on Auditing Standards (SAS) 115 requires auditors to communicate circumstances that were evaluated to be significant deficiencies or material weaknesses in the County's internal control over financial reporting.

Condition: The County's annual financial statements and schedule of expenditures of federal and state awards are prepared by the auditors. Under an ideal set of internal controls, which sufficient staff resources, the financial statements and schedule of expenditures of federal and state awards would be prepared by the County. Many governments choose to have the auditors prepare the financial statements and schedule of expenditures of federal and state awards. However, when this occurs, we are required to inform you that the auditing standards define this as a material weakness. In order for the County to avoid this comment, the system of internal controls would need to be able to accomplish the following:

- a. Present the books and records in such a condition that the auditor is not able to identify any material journal entries as a result of our audit procedures.
- b. Be capable of preparing a complete set of year-end financial statements in such a condition that the auditor is not able to identify any material changes as a result of the audit. This includes drafting the individual fund statements, making conversion entries, drafting the government-wide statements, and preparing footnote disclosures.
- c. Prepare the schedule of expenditures of federal and state awards in such a condition that the auditor is not able to identify any material changes as a result of the audit.

Accomplishing the task of preparing your complete financial statements and schedule of expenditures of federal and state awards is not practical for many governments; however, we are required by the auditing standards to inform you that this is considered a material weakness.

Cause: Due to staffing and financial limitations, certain controls are not easily implemented by the County.

Effect: Errors or irregularities could occur as part of these financial processes that may not be discovered by your staff.

Recommendation: We recommend that the County put in place procedures in order to evaluate if preparation of the financial statements and schedule of expenditures of federal and state awards by the County would be feasible.

Management's Response: The County acknowledges that it is not practical at this time for the county's finance department to prepare the county's financial statements or to prepare the schedule of expenditures of federal and state awards due to a small staff and the lack of expertise in these areas. The County will make every effort to present the books and records to the auditors in their final form ready for audit with all entries made.

MARQUETTE COUNTY

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

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

FINDING 2013-002

Program State ID Number and Title: 395.101 – Elderly and Handicapped County Aids
State Grantor: Wisconsin Department of Transportation

Criteria: Per the grant agreement, the county was to submit the semi-annual report covering the six month period January 1-June 30 by August 15, 2013. The second semi-annual report covering the six month period July 1-December 31 is to be submitted by March 1, 2014.

Condition: Both semi-annual 85.21 reports were submitted after the deadline stated in grant agreement. The first semi-annual report was submitted on August 23, 2013 and the second was submitted March 10, 2014.

Cause: Unknown

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

Questioned Costs: None noted.

Recommendation: We recommend the county submit the semi-annual reports by the required deadlines.

Management's Response: The county agrees that report deadlines are important. The current process of gathering data on transportation services requires manual tabulation and is time-consuming. The county is currently looking into purchasing a very low cost but high quality software program in 2014. The goal is to speed up the process of gathering data on transportation services and instead use that staff time towards delivery of services. Completing this goal will allow us to meet the report deadlines.

FINDING 2013-003

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

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

Condition: During our testing of DHS general requirements, it was noted that the county had paid two of the five providers tested more than the contracted amount in 2013. One contract was for \$15,300 and the County paid \$16,320. This results in an overpayment of \$1,020. Another contract was for \$39,370 and the County paid \$48,260. This results in an overpayment of \$8,890.

Cause: Unknown

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

Questioned Costs: None noted as the services provided were for allowable activities.

MARQUETTE COUNTY

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

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

FINDING 2013-003

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

Management's Response: The Human Services Board approves provider contracts and they also approve the payments to those providers. Every contract is approved with a contract payment maximum. However, the county may deem it necessary in order to meet statutory requirements relative to services to increase the contract payment maximum. The county is working with corp counsel on reviewing the contract language with regard to contract payment maximums. The county ensures that internal controls are met and recommendations from corp counsel on contract language are adhered to.

FINDING 2013-004

Program State ID Number and Title: 93.563 – Child Support Enforcement
Federal Grantor: United States Department of Health and Human Services
Passed Through Agency: Wisconsin Department of Children and Families

Criteria: The A-102 Common Rule and 2 CFR part 215 require that non-federal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. OMB Circular A-133 further requires auditors to obtain an understanding of the non-federal entity's internal control over federal programs. To minimize the risk of errors, internal controls should be in place for all program compliance requirements, including the preparation and submission of monthly reports, which should be reviewed and approved by a responsible party other than the original preparer.

Condition: During the months of January - July, the CORE reports were not reviewed by someone other than the preparer. During testing, we experienced difficulty in reconciling between the reported amounts and the support provided. However, we did not note any over reporting of costs for the two months. The department preparing these reports was dissolved in July and no issues were noted in subsequent report testing.

Cause: Unknown

Effect: There is a greater chance that errors may exist in the monthly reports.

Questioned Costs: None noted.

Recommendation: We recommend that the County continue with their process that was implemented starting in August of 2013.

Management's Response: The county intends on maintaining the organizational structure it adopted effective 8/1/13 moving responsibility of the child support program to the Human Services Department. The county also intends on maintaining internal control processes with regard to child support program reporting implemented 8/1/13.

MARQUETTE COUNTY

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

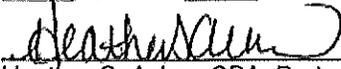
SECTION IV – OTHER ISSUES

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? yes X no

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, 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 Corrections	<u> </u>	yes	<u> X </u>	no
Department of Health Services	<u> X </u>	yes	<u> </u>	no
Department of Children and Families	<u> X </u>	yes	<u> </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

Heather S. Acker, CPA, Partner

5. Date of report September 25, 2014

MARQUETTE COUNTY
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2013

2013-001 *Internal Control Improvements*

See "Management's Response" for Finding 2013-001 in Section II of the Schedule of Findings and Questioned Costs.

2013-002 *395.101 – Elderly and Handicapped County Aids*

See "Management's Response" for Finding 2013-002 in Section II of the Schedule of Findings and Questioned Costs.

2013-003 *DHS General Requirements*

See "Management's Response" for Finding 2013-003 in Section II of the Schedule of Findings and Questioned Costs.

2013-004 *93.563 – Child Support Enforcement*

See "Management's Response" for Finding 2013-004 in Section II of the Schedule of Findings and Questioned Costs.