

CITY OF MARSHFIELD, WISCONSIN

SINGLE AUDIT REPORT

DECEMBER 31, 2014



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CPAs AND SO MUCH MORE.

CITY OF MARSHFIELD, WISCONSIN

December 31, 2014

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**INDEPENDENT AUDITORS' 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**

To the City Council
City of Marshfield, 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, each major fund, and the aggregate remaining fund information of the City of Marshfield, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Marshfield's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 12 dated April 24, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Marshfield, Wisconsin'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 the City of Marshfield, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Marshfield, Wisconsin'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Marshfield, Wisconsin'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*.

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 City of Marshfield, Wisconsin'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 City of Marshfield, Wisconsin's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Wausau, Wisconsin
April 24, 2015



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

To the City Council
City of Marshfield, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the City of Marshfield, Wisconsin's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the City of Marshfield, Wisconsin's major federal and state programs for the year ended December 31, 2014. The City of Marshfield, Wisconsin's major federal and state programs are identified in the summary of auditors' 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 the City of Marshfield, Wisconsin's major federal and 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* issued by the Wisconsin Department of Administration. 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 state program occurred. An audit includes examining, on a test basis, evidence about the City of Marshfield, Wisconsin'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 state program. However, our audit does not provide a legal determination of the City of Marshfield, Wisconsin's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of Marshfield, Wisconsin 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 state programs for the year ended December 31, 2014.

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Report on Internal Control Over Compliance

Management of the City of Marshfield, Wisconsin 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 the City of Marshfield, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or 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 the City of Marshfield, Wisconsin'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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Awards and the Schedule of State Financial Assistance 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 the City of Marshfield, Wisconsin as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Marshfield, Wisconsin's basic financial statements. We issued our report thereon dated April 24, 2015, 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 awards and schedule of state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and are 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 awards and schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



Certified Public Accountants
Wausau, Wisconsin
April 24, 2015

CITY OF MARSHFIELD, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

Federal Grantor Agency/Program Title	Pass-through Agency	Federal CFDA Number
U.S. Department of Agriculture		
Rural Business Opportunity Grant Program	Direct Program	10.773
Total Department of Agriculture		
U.S. Department of Housing and Urban Development		
Community Development Block Grant Program	WI Department of Commerce	14.228
Total Department of Housing and Urban Development		
U.S. Department of Transportation		
Highway Planning and Construction	WI Department of Transportation	20.205
Formula Grants for Other than Urbanized Areas	WI Department of Transportation	20.509
Total Department of Transportation		
U.S. Department of Justice		
Bulletproof Vest Partnership Program	Direct Program	16.607
State and Community Highway Safety	WI Department of Transportation	20.600
Public Safety Partnership and Community Policing Grant	Direct Program	16.710
Supervised Visitation, Safe Havens for Children	Direct Program	16.527
Bryne Memorial Justice Assistance Grant Program	Waushara County, Wisconsin	16.738
Bryne Memorial Justice Assistance Grant Program	City of Berlin, Wisconsin	16.738
Total Bryne Memorial Justice Assistance Grant Program		
Total Department of Justice		
U.S. Department of Energy		
Conservation Research and Development	Wisconsin Department of Administration	81.086
Renewable Energy Research and Development	Electric Power Research Institute	81.087
Total Department of Energy		

TOTAL FEDERAL PROGRAMS

The notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

Revenues				Total Expenditures
(Accrued) Deferred Balance 1/1/14	Cash Received (Refunded)	Accrued (Deferred) Balance 12/31/14	Total Revenues	
\$ -	\$ 271	\$ -	\$ 271	\$ 271
-	271	-	271	271
-	14,125	-	14,125	14,125
-	14,125	-	14,125	14,125
-	22,509	-	22,509	22,509
(49,868)	232,707	99,186	282,025	282,025
(49,868)	255,216	99,186	304,534	304,534
-	948	-	948	948
(4,000)	4,000	-	-	-
-	34,226	-	34,226	34,226
-	120,443	9,478	129,921	129,921
-	14,478	-	14,478	14,478
-	3,316	-	3,316	3,316
-	17,794	-	17,794	17,794
(4,000)	177,411	9,478	182,889	182,889
-	500	-	500	500
-	104,466	-	104,466	104,466
-	104,966	-	104,966	104,966
\$ (53,868)	\$ 551,989	\$ 108,664	\$ 606,785	\$ 606,785

CITY OF MARSHFIELD, WISCONSIN
 Schedule of State Financial Assistance
 For the Year Ended December 31, 2014

Federal Grantor Agency/Program Title	Pass-through Agency	State ID Number
Department of Transportation		
Urban Mass Transit Assistance	Direct Program	395.104
Department of Natural Resources		
Recycling Consolidated Grant	Direct Program	370.370
Wisconsin Urban Nonpoint Source Water Pollution Abatement & Stormwater Management Grant Program	Direct Program	370.658
Total Department of Natural Resources		
Department of Health Services		
EMS Funding Assistance Program	Direct Program	435.119
Department of Justice		
MEG Penalty Surcharge	Waushara County, Wisconsin	455.255
MEG Penalty Surcharge	City of Berlin, Wisconsin	455.255
Total MEG Penalty Surcharge		
Department of Military Affairs		
Hazardous Material Aid	Direct Program	465.306
TOTAL STATE PROGRAMS		

The notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

Revenues				Total Expenditures
(Accrued) Deferred Balance 1/1/14	Cash Received (Refunded)	Accrued (Deferred) Balance 12/31/14	Total Revenues	
\$ (69,909)	\$ 215,826	\$ 16,868	\$ 162,785	\$ 162,785
-	62,161	-	62,161	62,161
-	14,428	-	14,428	14,428
-	76,589	-	76,589	76,589
-	7,531	-	7,531	7,531
-	4,572	-	4,572	4,572
-	2,210	-	2,210	2,210
-	6,782	-	6,782	6,782
-	8,313	-	8,313	8,313
\$ (69,909)	\$ 315,041	\$ 16,868	\$ 262,000	\$ 262,000

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CITY OF MARSHFIELD, WISCONSIN
Notes to the Schedule of Expenditures of Federal Awards
and Schedule of State Financial Assistance
For the Year Ended December 31, 2014

NOTE A - BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance for the City of Marshfield, Wisconsin, is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the City's 2014 basic financial statements. Accrued revenue at year-end consists of federal program expenditures scheduled for reimbursement to the City in the succeeding year while deferred revenue represents advances for federal programs that exceed recorded City expenditures.

Major federal financial assistance programs are identified in the Schedule of Findings and Questioned Costs. Additional information is presented below:

Federal Programs: City of Marshfield, Wisconsin, does not qualify as a low risk auditee in accordance with paragraph 530 of OMB Circular A-133. Therefore major programs represent those with combined expenditures exceeding 50% of total federal awards that also were deemed major programs based on the auditors' risk assessment. All other federal programs are considered non-major programs.

State Programs: The City of Marshfield, Wisconsin, does not qualify as a low risk auditee in accordance with the *State Single Audit Guidelines*. Therefore major programs represent those with combined expenditures exceeding 50% of total state financial assistance that also were deemed major programs based on the auditor's risk assessment.

NOTE C - OVERSIGHT AGENCIES

The federal and state oversight agencies for the City follows:

Federal - U.S. Department of Justice
State - Wisconsin Department of Transportation

CITY OF MARSHFIELD, WISCONSIN
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2014

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Noncompliance material to basic financial statements noted?	No

Federal Awards and State Financial Assistance

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors' 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 Circular A-133?	No

Identification of major federal and state programs:

CFDA Number	Name of Federal Program
20.509	Formula Grants for Other than Urbanized Areas
81.087	Renewable Energy Research and Development

State ID Number	Name of State Program
395.104	Urban Mass Transit Assistance

Audit threshold used to determine between Type A and Type B programs:

Federal	\$300,000
State	\$100,000

Auditee qualified as low-risk auditee	No
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CITY OF MARSHFIELD, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended December 31, 2014

Section II - Financial Statement Finding

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2014.

Section III - Federal and State Award Findings and Questioned Costs

There are no audit findings and questioned costs required to be reported under OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended December 31, 2014.

Section IV - Other Issues

Does the auditors' report or the notes to the financial statement include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

_____ Yes X No

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 Health Services
- Department of Justice
- Department of Natural Resources
- Department of Military Affairs
- Department of Transportation

_____	Yes	<u> X </u>	No
_____	Yes	<u> X </u>	No
_____	Yes	<u> X </u>	No
_____	Yes	<u> X </u>	No
_____	Yes	<u> X </u>	No

Name and signature of shareholder



Jon Trautman, CPA

Date of report

April 24, 2015

CITY OF MARSHFIELD, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2014

Prior Year Audit Findings

There were not any findings in the prior year.

Corrective Action Plan

No corrective action plan is required.