

**AGING AND DISABILITY RESOURCE CENTER
OF CENTRAL WISCONSIN**

Wausau, Wisconsin

COMMUNICATION TO THOSE CHARGED
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended December 31, 2014

**AGING AND DISABILITY RESOURCE CENTER
OF CENTRAL WISCONSIN**

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**REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS
IDENTIFIED IN THE AUDIT TO THOSE CHARGED WITH GOVERNANCE**

To the Board Members
Aging and Disability Resource Center
of Central Wisconsin
Wausau, Wisconsin

In planning and performing our audit of the financial statements of the Aging and Disability Resource Center of Central Wisconsin (ADRC-CW) as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing 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 its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

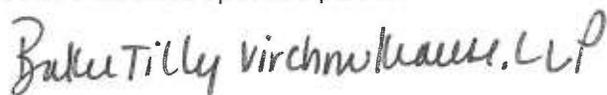
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a 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 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 following deficiency in ADRC-CW's internal control to be a material weakness:

> Internal Control Over Financial Reporting

ADRC-CW's written response to the material weakness identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, those charged with governance, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.



Madison, Wisconsin
August 27, 2015

INTERNAL CONTROL OVER FINANCIAL REPORTING

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit included a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- > There is adequate staffing to prepare financial reports throughout the year and at year-end.
- > Material misstatements are identified and corrected during the normal course of duties.
- > Complete and accurate financial statements, including footnotes, are prepared.
- > Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified a control deficiency that is considered to be a material weakness surrounding the preparation of financial statements and footnotes.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles.

This level of internal control over financial reporting can be a difficult task for governments that operate with only enough staff to process monthly transactions and reports, and often rely on their auditors to prepare certain year-end audit entries and financial statements.

Management's Response

The ADRC-CW does not have sufficient professionally trained staff to prepare a complete set of year-end financial statements. Due to budget constraints, it is unlikely that ADRC-CW will be in a position to hire, train, and house professional staff to complete this task in the near future.

OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE

TWO WAY COMMUNICATION REGARDING YOUR AUDIT

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - > Identify types of potential misstatements.
 - > Consider factors that affect the risks of material misstatement.
 - > Design tests of controls, when applicable, and substantive procedures.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

- c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.
- d. We address the significant risks or material noncompliance, whether due to fraud or error, through our detailed audit procedures.
- e. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material noncompliance related to the federal and state awards whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of the federal and state awards and to determine whether they have been implemented. We will use such knowledge to:
 - > Identify types of potential noncompliance.
 - > Consider factors that affect the risks of material noncompliance.
 - > Design tests of controls, when applicable, and other audit procedures.

TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)

e. (cont.)

Our audit will be performed in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, OMB Circular A-133, and the *State Single Audit Guidelines*.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, OMB Circular A-133 and the *State Single Audit Guidelines*, our report will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of the testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and OMB Circular A-133 and the *State Single Audit Guidelines* in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

f. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for reporting material noncompliance while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the entity's federal and state awards. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material noncompliance, whether caused by error or fraud, is detected.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the ADRC-CW board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- e. Have you had any significant communications with regulators?
- f. Are there other matters that you believe are relevant to the audit of the financial statements or the federal or state awards?

Also, is there anything that we need to know about the attitudes, awareness, and actions of ADRC-CW concerning:

- a. ADRC-CW's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)

With regard to the timing of our audit, here is some general information. We do preliminary financial audit work during the months of October-December in conjunction with Marathon County's preliminary fieldwork, acting as your fiscal agent. Our final fieldwork is scheduled during July to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

**COMMUNICATION OF OTHER CONTROL DEFICIENCIES, RECOMMENDATIONS,
AND INFORMATIONAL POINTS TO MANAGEMENT THAT ARE NOT
MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES**

DECENTRALIZED CASH COLLECTIONS

Many governments collect cash at numerous decentralized locations that are separate from the primary system of accounting procedures and controls. The opportunity for theft is often higher at those locations because one person is frequently involved in most, if not all, aspects of a transaction (i.e. lack of segregation of duties).

Examples in your government that fit this situation include donation collections at congregate nutrition sites.

Management is responsible for designing and implementing controls and procedures to detect and prevent fraud. As a result, we recommend that management review its decentralized cash collection procedures and controls on a periodic basis and make changes as necessary to strengthen the internal control environment. Reviewing the adequacy of the controls is a responsibility of the governing body.

Below are example procedures and controls to help mitigate the risk of loss at decentralized cash collection points:

- > Perform surprise procedures at decentralized locations (cash counts, walkthrough of processes, etc.)
- > Require regular cash deposits to minimize collection on-hand
- > Perform a month-to-month and year-to-year comparisons to look for unusual changes in collections
- > Perform a detailed analysis of average collections at the various collection sites to be aware of sudden or unusual changes
- > If collecting from a drop box site, consider sending two people to collect the funds, especially during peak times

We commend ADRC-CW for already implementing some of these procedures and controls. As always, the cost of controls and staffing must be weighed against the benefits of safeguarding your assets.

Management's Response

The ADRC-CW management reviewed the processes used to collect donations and minor charges at the various sites throughout our region. Given the limited resources available and the large geographic area involved, management feels it is impractical to increase the staffing needed to achieve proper segregation of duties at these sites. However, the following processes were implemented for cash collection:

- > Cash donations collected at congregate nutrition sites remain in a locked box until it is brought to the local office. Nutrition site staff do not have access to open this box. This box is brought to the local office on a daily basis in most locations. In those instances where the distance traveled from the nutrition site to the local office is too far to do daily and the amount collected is a relatively small amount, the box containing the donations is locked in a secure location on site and brought to the local office on a weekly basis.

DECENTRALIZED CASH COLLECTIONS (cont.)

Management's Response (cont.)

- > Two clerical staff in each local office count the cash and checks received, one records this information and provides it to the County Treasurer's office each day, the other staff member verifies the information and prepares the bank deposit.
- > As designed, no individual has access to the cash without another individual present.
- > The ADRC-CW is now providing a monthly statement to congregate meal participants that request them, similar to what is provided to our home delivered meal participants. This allows them to mail contributions directly to the ADRC-CW offices if they choose to do so, which reduces the amount of cash handled at our nutrition sites.

ADRC-CW management will continue to monitor the cash collection process and will take steps to improve the process even further.

PRIOR YEAR POINTS

INTERNAL CONTROL ENVIRONMENT

In the prior year audit we communicated to you controls we believed were important in reducing risk of errors or irregularities in the County's accounting processes. One of those controls we recommended was an independent review of the bank reconciliation for the County's general checking account. ADRC-CW's depository balances are accounted for within this checking account. During 2014, we noted that the bank reconciliation is being independently reviewed.

In addition, we recommended that the ADRC-CW consider a formal fraud risk evaluation process be performed by a newly created audit committee, the finance committee, or a similar organization. We noted that in a prior year, the board approved a resolution establishing the Finance Committee to review internal controls at the ADRC-CW. We commend the ADRC-CW for taking these first steps towards addressing these types of risks and encourage the ADRC-CW to pursue the program to further mitigate risk. We are available to assist as questions arise.

Current Year Status

These comments are resolved.

INFORMATION TECHNOLOGY

As part of our 2014 audit of Marathon County (fiscal agent for ADRC-CW), we evaluated information technology controls as they relate to financially significant applications. Our procedures primarily focused on documenting and evaluating general computer controls, including:

- > Logical access to data and applications
- > Change and incident management
- > System development and deployment
- > Data backup and recovery

From our review, we have identified the following areas where we recommend controls be reviewed and potentially strengthened.

PRIOR YEAR POINTS (cont.)

INFORMATION TECHNOLOGY (cont.)

Logical and Physical Access Security

During our audit we noted that there were 13 shared system accounts with access to the Cayenta application. There is a risk that accountability cannot be established within Cayenta and that unauthorized users may have access to the financial application. Marathon County should perform a review of accounts with access to Cayenta and ensure that all users have a unique ID. Any generic, shared, temporary, and system accounts should be removed or disabled.

Marathon County should strengthen password configuration settings for the Active Directory/Cayenta Systems/application. The passwords do not provide adequate security for the applications as simple passwords can be used that have the tendency to be easily guessed.

While external access is being logged and user accounts locked out after five failed logon attempts, Marathon County does not proactively monitor both internal access on the network and financial applications as well as external access. In addition there are no procedures to resolve or escalate security violations should they occur. There is a risk that access violations are not being monitored and could lead to inaccurate financial reporting. Marathon County should update their procedures to require proactive monitoring of external and internal security violations through the use of an alert or notification tool. This will reduce the risk that a security violation (e.g., brute force hacking) could occur. In addition, there should be a procedure to resolve or escalate any security violations until resolution.

Current Year Status

These comments are still valid.

Management's Response

The Cayenta application access review is being completed and documented on an annual basis by the Finance Department. County staff will also work with CCITC staff to review ways to strengthen password configuration setting for the Active Directory/Cayenta Systems applications. These methods will include training users to understand the need to provide strong passwords to access these applications.

The appropriate County staff will work with the CCITC staff to explore ways to proactively monitor internal and external access to the network and financial applications. We will develop a framework to review methods on how we can develop effective procedures that resolve or escalate future security violations. These procedures would incorporate the use of proactive monitoring of external and internal security violations through the use of a security tool that would provide an alert or similar such notification of a violation. CCITC is currently reviewing your comments and developing options for the County.

INFORMATIONAL POINTS

GASB 67 AND 68

The Wisconsin Department of Employee Trust Funds sent an Employer Bulletin (“Bulletin”) to all Wisconsin Retirement System Employers related to the new GASB pension reporting requirements. The Bulletin was dated December 1, 2014 (Vol.31, No. 16).

As noted in the Bulletin, GASB 67 affects the Wisconsin Retirement System (“WRS” or “the Plan”) for its year ended December 31, 2014. GASB 68 affects the employers participating in the Plan. GASB 68 will affect the County, and thus ADRC-CW, as of December 31, 2015.

WRS has provided the general information necessary for employers to implement GASB 68. There will be a significant impact on your financial statements including:

- > ADRC-CW's proportionate share of the WRS's net pension asset will be reported in your government-wide financial statements for the first time.
- > The footnote disclosures will have significant changes.

We are available to assist you with the implementation of this new standard.

GASB UPDATES

The following is a schedule of GASB projects that could require changes for ADRC-CW:

Task or Event	Effective Date	Impact
GASB 68 – Accounting and Financial Reporting for Pensions and GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68	For fiscal year ending December 31, 2015	Your entity belongs to the Wisconsin Retirement System (WRS). WRS has provided the information necessary for the employers to implement GASB 68. The government's share of the net pension asset will be reported in its full-accrual funds and the government-wide financial statements. The footnote disclosures will have significant changes.
GASB 72 – Fair Value Measurement and Application	For fiscal year ending December 31, 2016	The objective of this project is to review and consider alternatives for the further development of the definition of fair value, the methods used to measure fair value and the applicability of fair value guidance to investments and other items currently reported at fair value, and the potential disclosures about fair value.
Current Agenda Project: Leases	The GASB Board is scheduled to issue an Exposure Draft in January 2016	The objective of this project is to re-examine issues associated with lease accounting, consider improvements to existing guidance, and provide a basis for the GASB Board to consider whether the current guidance is appropriate based on the definitions of assets and liabilities.

INFORMATIONAL POINTS (cont.)

GASB UPDATES (cont.)

The GASB has two other projects which are on hold. They include the conceptual framework for recognition and economic condition reporting – financial projections.

The GASB revisits GASB standards ten (10) years after issuance. The GASB is currently revisiting GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, as well as reporting model-related pronouncements including Statements Nos. 37, 41, and No. 46 and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. The GASB has indicated that they are revisiting the following major provisions of these standards: management’s discussion and analysis, government-wide financial statements, fund financial statements, capital asset reporting, budgetary comparisons, special purpose government reporting, and related notes to financial statements. In addition, the GASB is revisiting debt extinguishments, which includes a reexamination of GASB Statement Nos. 7, 23, and 62. We will share updates with you as they become available.

Full lists of projects, as well as many resources, are available on GASB’s website which is located at www.gasb.org.

OMB UNIFORM GUIDANCE FOR FEDERAL AWARDS NOW IN EFFECT

As reported to you in the past, the U.S. Office of Management and Budget (OMB) issued comprehensive grant reform rules titled “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” which affect federal awards issued after December 26, 2014. Therefore, the new federal awards and funding increments you receive in 2015 will be subject to these rules.

The grant reform is intended to streamline the guidance on administrative requirements, cost principles, and audit requirements for federal awards. The uniform guidance superseded OMB Circulars A-21, A-50, A-87, A-89, A-102, A-110, A-122, and A-133.

Some of the most significant changes impacting many governments include payroll reporting, subrecipient monitoring, procurement, indirect costs, and various changes to the allowability of certain costs. It is important for management to perform a comprehensive analysis of the new rules to determine what changes may be necessary to ensure your compliance. Visit our website at www.bakertilly.com/grantreform for additional resources or call us with your questions.

REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE

To the Board Members
Aging and Disability Resource Center
of Central Wisconsin
Wausau, Wisconsin

Thank you for using Baker Tilly Virchow Krause, LLP as your auditor.

We have completed our audit of the financial statements of the Aging and Disability Resource Center of Central Wisconsin (ADRC-CW) for the year ended December 31, 2014, and have issued our report thereon dated August 27, 2015. This letter presents communications required by our professional standards.

***OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED
IN THE UNITED STATES OF AMERICA, GOVERNMENT AUDITING STANDARDS,
OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES***

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, OMB Circular A-133, and the *State Single Audit Guidelines*. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or those charged with governance of their responsibilities.

We considered ADRC-CW's internal control over financial reporting 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 ADRC-CW's internal control over financial reporting. We also considered internal control over compliance with types of requirements that could have a direct and material effect on a major federal and major state program to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for a major federal and 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.

As part of obtaining reasonable assurance about whether ADRC-CW's financial statements are free of 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. Also, in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, we examined, on a test basis, evidence about ADRC-CW'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* that could have a direct and material effect on each of its major federal and state programs for the purpose of expressing an opinion on ADRC-CW's compliance with those requirements. While our audit provides a reasonable basis for our opinion on compliance, it does not provide a legal determination on ADRC-CW's compliance with those requirements.

We have issued a separate document which contains the results of our audit procedures to comply with OMB Circular A-133 and the *State Single Audit Guidelines*.

To the Board Members
Aging and Disability Resource Center
of Central Wisconsin

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in client prepared documents, such as official statements related to debt issues.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our Communication to those Charged with Governance and Management dated August 21, 2014.

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES

Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by ADRC-CW are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by ADRC-CW during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates affecting the financial statements.

Financial Statement Disclosures

The disclosures in the financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

There were no such misstatements identified.

However, we did prepare GASB No. 34 conversion entries which are summarized in the "Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position" and the "Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities" in the financial statements.

To the Board Members
Aging and Disability Resource Center
of Central Wisconsin

DISAGREEMENTS WITH MANAGEMENT

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

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter. This letter follows this required communication

INDEPENDENCE

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

Relating to our audit of the financial statements of ADRC-CW for the year ended December 31, 2014, Baker Tilly Virchow Krause, LLP hereby confirms that we are in our professional judgment, independent with respect to the ADRC-CW in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. We provided no services to the ADRC-CW other than audit services provided in connection with the audit of the current year's financial statements and nonaudit services which in our judgment to not impair our independence.

- > Financial statement preparation
- > Trial balance formatting from general ledger data

None of these nonaudit services constitute an audit under generally accepted accounting standards, including *Government Auditing Standards*.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the ADRC-CW auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Board Members
Aging and Disability Resource Center
of Central Wisconsin

OTHER MATTERS

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

RESTRICTIONS ON USE

This information is intended solely for the use of the ADRC-CW board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss the information included in this letter and any other matters. Thank you for allowing us to serve you.



Madison, Wisconsin
August 27, 2015

MANAGEMENT REPRESENTATIONS

August 27, 2015



Baker Tilly Virchow Krause, LLP
Ten Terrace Court
P.O. Box 7398
Madison, WI 53707-7398

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of the Aging and Disability Resource Center of Central Wisconsin (ADRC-CW) as of December 31, 2014 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund (General Fund) of the Aging and Disability Resource Center of Central Wisconsin and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.

6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards.
8. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
9. Guarantees, whether written or oral, under which the ADRC-CW is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of ADRC-CW Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
12. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
13. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
14. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
15. There are no known related parties or related party relationships and transactions of which we are aware.

Other

16. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
17. We have a process to track the status of audit findings and recommendations.

18. We have identified to you any previous financial audits, attestation engagements, and other studies (if any) related to the audit objectives and whether related recommendations have been implemented.
19. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
20. The ADRC-CW has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
21. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
22. There are no:
 - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c. Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
 - d. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
23. In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
 - a. Financial statement preparation
 - b. Trial balance formatting from general ledger data

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.
24. The Aging and Disability Resource Center of Central Wisconsin (ADRC-CW) has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
25. The Aging and Disability Resource Center of Central Wisconsin (ADRC-CW) has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
26. There are no component units, joint ventures, or other related organizations.
27. The financial statements properly classify all funds and activities.

28. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
29. The Aging and Disability Resource Center of Central Wisconsin (ADRC-CW) has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
30. No provision for uncollectible receivables is necessary.
31. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
32. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
33. Deposits and investment securities are properly classified as to risk, and investments are properly valued. Collateralization agreements with financial institutions, if any, have been properly disclosed.
34. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
35. We have appropriately disclosed the Aging and Disability Resource Center of Central Wisconsin (ADRC-CW)'s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
36. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
37. With respect to the supplementary information, (SI):
 - a. We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - a. If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
38. We assume responsibility for, and agree with, the findings of specialists in evaluating the other post-employment liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

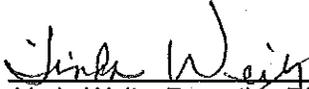
39. With respect to federal and state award programs:

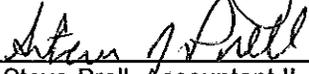
- a. We are responsible for understanding and complying with and have complied with the requirements of the Single Audit Act Amendments of 1996, OMB Circular A 133, *Audits of States, Local Governments, and Non-Profit Organizations*, *State Single Audit Guidelines*, including requirements relating to preparation of the schedule of expenditures of federal and state awards (SEFSA).
- b. We acknowledge our responsibility for presenting the SEFSA in accordance with the requirements of OMB Circular A-133 §310.b and the State Single Audit Guidelines, and we believe the SEFSA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b and the *State Single Audit Guidelines*. The methods of measurement and presentation of the SEFSA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFSA.
- c. If the SEFSA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFSA no later than the date we issue the SEFSA and the auditors' report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and the *State Single Audit Guidelines* and included in the SEFSA, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal and state program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provide reasonable assurance that we are administering our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in the internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.
- g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal or state agencies or pass-through entities relevant to the programs and related activities.
- h. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements including when applicable, those set forth in the OMB Circular A-133 Compliance Supplement and the State Single Audit Guidelines, relating to federal and state awards and have identified and disclosed to you all amounts questioned (if any) and any known noncompliance with the direct and material compliance requirements of federal and state awards.
- j. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

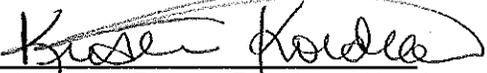
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation agreements, and internal or external monitoring that directly relate to the objectives of the compliance audit, if any, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to the compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. We are not aware of any instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
- r. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
- t. We have charged costs to federal and state awards in accordance with applicable cost principles.
- u. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and the *State Single Audit Guidelines* and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- v. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- w. We are responsible for preparing and implementing a corrective action plan for each audit finding.
- x. We have disclosed to you all contracts or other agreements with our service organizations, and we have disclosed to you all communications from the service organization relating to noncompliance at the service organizations.

Sincerely,

Aging and Disability Resource Center of Central Wisconsin (ADRC-CW)

Signed: 
Linda Weitz, Executive Director

Signed: 
Steve Prell, Accountant II

Signed: 
Kristi Kordus, Finance Director of Marathon County