

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

FINANCIAL STATEMENTS AND REPORT ON  
FEDERAL AND STATE AWARDS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Aging and Disability Resource Center of Central Wisconsin ("ADRC-CW"), Wausau, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the ADRC-CW's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the ADRC-CW's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the ADRC-CW's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the ADRC-CW, Wausau, Wisconsin, as of December 31, 2016 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ADRC-CW's basic financial statements. The supplementary information as listed in the table of contents, which includes the schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Wisconsin State Single Audit Guidelines*, is presented for purposes of additional analysis 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 basic 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2017 on our consideration of the ADRC-CW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ADRC-CW's internal control over financial reporting and compliance.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
August 14, 2017

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## STATEMENT OF NET POSITION As of December 31, 2016

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	Governmental Activities
<b>ASSETS</b>	
Accounts receivable	\$ 95,526
Due from other governments	895,092
Restricted assets	
Cash	30,000
Capital assets being depreciated	294,746
Less: Accumulated depreciation	<u>(186,334)</u>
Total Assets	<u>1,129,030</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>1,681,256</u>
 <b>LIABILITIES</b>	
Accounts payable	127,450
Deposits	400
Due to other governments	574,494
Noncurrent Liabilities	
Due within one year	26,680
Due in more than one year	<u>609,731</u>
Total Liabilities	<u>1,338,755</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>638,054</u>
 <b>NET POSITION</b>	
Net investment in capital assets	108,412
Restricted for vehicle purchase	30,000
Unrestricted	<u>695,065</u>
 <b>TOTAL NET POSITION</b>	 <u>\$ 833,477</u>

See accompanying notes to the financial statements.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Human Services	\$ 6,809,846	\$ 879,861	\$ 5,174,524	\$ (755,461)
General Revenues				
Donations				575,270
Total General Revenues				575,270
<b>Change in Net Position</b>				(180,191)
NET POSITION - Beginning of Year				1,013,668
<b>NET POSITION - END OF YEAR</b>				<u>\$ 833,477</u>

See accompanying notes to the financial statements.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

BALANCE SHEET  
GENERAL FUND  
As of December 31, 2016

<b>ASSETS</b>		
Accounts receivable	\$	95,526
Due from other governments		895,092
Restricted cash		<u>30,000</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>1,020,618</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$	127,450
Due to other governments		574,494
Deposit		<u>400</u>
Total Liabilities		<u>702,344</u>
Deferred Inflows of Resources		
Unavailable revenues		<u>900,611</u>
Fund Balance		
Unassigned (deficit)		<u>(582,337)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$</b>	<b><u>1,020,618</u></b>
<b>RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION</b>		
Total fund balance	\$	(582,337)
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the fund statements		108,412
Unavailable receivables reported in the fund statements but recognized when earned in the government-wide statements		900,611
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.		(302,917)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		1,681,256
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		(638,054)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(333,494)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>833,477</u></b>

See accompanying notes to the financial statements.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND For the Year Ended December 31, 2016

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### REVENUES

Intergovernmental	\$ 4,451,775
Charges for services	24,176
Intergovernmental Charges for Services	
Marathon County	395,367
Wood County	198,278
Lincoln County	149,466
Langlade County	115,070
Donations	<u>575,270</u>
Total Revenues	<u>5,909,402</u>

### EXPENDITURES

Human Services	
Personal services	4,193,963
Contractual services	1,355,678
Supplies	294,273
Fixed charges	241,510
Grants, contributions and other	93,550
Capital outlay	<u>417,822</u>
Total Expenditures	<u>6,596,796</u>

**Excess (deficiency) of revenues over expenditures** (687,394)

FUND BALANCE - Beginning of Year 105,057

**FUND BALANCE - END OF YEAR** \$ (582,337)



## AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GENERAL FUND TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

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Net Change in Fund Balance - General Fund	\$ (687,394)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets are capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	417,822
Depreciation is reported in the government-wide statements	(42,499)
Some expenditures are reported as capital outlay in the fund financial statements but are not capitalized in the government-wide financial statements.	(389,956)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	720,253
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(21,693)
Net pension liability	(754,176)
Deferred inflows of resources related to pensions	(638,054)
Deferred outflows of resources related to pensions	<u>1,215,506</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (180,191)</u></b>
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# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

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# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### **A. REPORTING ENTITY**

The Aging and Disability Resource Center of Central Wisconsin (“ADRC-CW”) is a joint venture of Marathon, Wood, Lincoln and Langlade counties located in Central Wisconsin. The financial statements of ADRC-CW have been prepared in conformity with generally accepted accounting principles. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are described below.

In 2006, Marathon and Wood Counties entered into an Intergovernmental Cooperative Agreement under Section 66.0301 of the Wisconsin Statutes to operate a joint venture to provide aging and disability resource services to citizens of both counties. The joint venture began operations in 2007. Lincoln and Langlade counties joined in 2011.

As part of the agreement, the counties have adopted resolutions creating the Aging and Disability Resource Center of Central Wisconsin. The Aging and Disability Resource Center of Central Wisconsin Board consists of fifteen members as required under Wisconsin Statutes.

Two members are appointed by each governing body of each member county and seven members of ADRC-CW’s board are citizen members. Each of the seven citizen members shall be approved by the governing body of each member county.

Representatives shall be appointed for terms of no less than three (3) years or until the occurrence of any one of the following events: (1) the board receives written notice from the appointment member county of the replacement of the representative; (2) the withdrawal of the member county from this Agreement; or (3) the death or resignation of the representative. In such event, the member county may appoint a representative to replace the previously appointed representative for the remainder of the term of that representative.

The initial term of the representatives shall be designated as one year, two years or three years in order to create a rotating schedule for representatives to serve on the board from each member county. The governing body of each member county shall designate the terms of the initial representatives.

Representatives are entitled to reimbursement by his/her member county as authorized by the governing body of his/her member county. Citizen members shall be reimbursed by the board as set forth in its fiscal policy.

Upon becoming a party to this Agreement, each member county shall be entitled to appoint one non-voting ex officio member of the board to serve for a one-time limited term of one year from the date of the appointment.

Upon admission of a county and that county’s approval and execution of this Agreement, the county shall be entitled to appoint a representative(s) and an alternate representative to the board as specified in this agreement.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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## **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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### **A. REPORTING ENTITY (cont.)**

The employees of the Aging and Disability Resource Center of Central Wisconsin are considered employees of Marathon County for payroll and benefit purposes.

Each member county retains ownership of the current real property facilities used by each county. Personal property may be owned by ADRC-CW.

Marathon County serves as the fiscal agent for ADRC-CW. Marathon County also provides legal and employee resource services. Workers compensation and liability insurance is provided through Wisconsin Municipal Mutual Insurance Company (WMMIC).

### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

#### ***Government-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. The statements present governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. ADRC-CW does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Donations and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

#### ***Fund Financial Statements***

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

#### ***Fund Financial Statements (cont.)***

Funds are organized as major funds or non-major funds within the governmental statements. A fund is considered major if it is the primary operating fund of ADRC-CW or meets the following criteria:

- a. Total assets, liabilities, deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. In addition, any other governmental fund that ADRC-CW believes is particularly important to financial statement users may be reported as a major fund.

ADRC-CW reports the following major governmental fund:

General Fund – accounts for ADRC-CW's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

ADRC-CW has no other major or non-major governmental or enterprise funds.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

#### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

#### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are 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. For this purpose, ADRC-CW considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Intergovernmental aids and grants are recognized as revenues in the period ADRC-CW is entitled to the resources and the amounts are available. Amounts owed to ADRC-CW which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)**

#### **All Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY**

#### **1. Deposits and Investments**

Investment of ADRC-CW funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

ADRC-CW does not have any investments. If it did, ADRC-CW would be subject to Marathon County's investment policy as they are pooled together.

See Note II.A. for further information.

#### **2. Receivables**

Accounts receivable have not been shown net of an allowance for uncollectible accounts because of the likelihood of the collectibility for all significant receivables.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### **3. Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by other external parties. Current liabilities payable from these restricted assets, if any, are so classified. The excess of restricted assets over current liabilities is shown as restricted net position.

#### **4. Capital Assets**

##### ***Government-Wide Financial Statements***

Capital assets are defined by ADRC-CW as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Capital assets purchased by member counties for the use of ADRC-CW shall be carried on the books and depreciated by the member county that purchased the capital asset. Depreciable capital assets shall be rented to ADRC-CW by the owning member county for a period to coincide with the county's membership in ADRC-CW at a rate negotiated and set during the annual budgeting process.

If capital assets are purchased by ADRC-CW, the capital appropriations shall be carried on the books and depreciation amounts for capital assets shall be included in program operating expenses. Each member county shall receive a credit to its equity fund balance account for the amount of the capital appropriation provided for the purchase of capital assets.

Depreciation of all exhaustible capital assets purchased by ADRC-CW is recorded as an expense in the Statement of Revenues, Expenses, and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful lives by type of asset are as follows:

Equipment	5 - 10 years
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##### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

#### **5. Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### **6. *Compensated Absences***

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2016 are determined on the basis of current salary rates and include salary related payments.

#### **7. *Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

#### **8. *Equity Classifications***

##### ***Government-Wide Statements***

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is ADRC-CW's policy to use restricted resources first, then unrestricted resources as they are needed.



# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

#### **8. Equity Classifications (cont.)**

##### ***Fund Statements***

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, ADRC-CW classifies governmental fund balance as restricted. It is restricted because it consists of fund balance with constraints placed on its use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation. Negative unassigned fund balance may also exist if deficit balances result from the fund's operations.

#### **9. Pension**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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## NOTE II – DETAILED NOTES ON ALL FUNDS

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### **A. DEPOSITS AND INVESTMENTS**

ADRC-CW's cash balances at year end were pooled with other funds of Marathon County, the fiscal agent. All of the deposits of Marathon County are fully collateralized at year end.

### **B. RECEIVABLES**

All receivables are expected to be collected within one year.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *unavailable revenue* reported in the governmental fund consists of grants and other charges related to reimbursement for ADRC-CW services in the amount of \$900,611.

### **C. RESTRICTED ASSETS**

#### ***Restricted Cash***

Cash in the amount of \$30,000 has been set aside from 2016 program income for the purchase of a meal delivery vehicle. This restriction has been approved by the Greater Wisconsin Agency on Aging Resources.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

## NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)

### **D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated				
Equipment	\$ 266,880	\$ 27,866	\$ -	\$ 294,746
Less: Accumulated depreciation	(143,835)	(42,499)	-	(186,334)
Net Capital Assets Being Depreciated	\$ 123,045	\$ (14,633)	\$ -	\$ 108,412

Depreciation expense was charged entirely to the human services function.

### **E. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Other Liabilities					
Vested compensated absences	\$ 311,801	\$ 52,873	\$ 31,180	\$ 333,494	\$ 26,680
Net Pension Liability	-	302,917	-	302,917	-
Total Governmental Activities Long-Term Liabilities	\$ 311,801	\$ 355,790	\$ 31,180	\$ 636,411	\$ 26,680

### **F. LEASE DISCLOSURES**

ADRC-CW has no material capital or operating leases.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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## NOTE III – OTHER INFORMATION

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### A. EMPLOYEES' RETIREMENT SYSTEM

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE III – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Post-retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$180,180 in contributions from the ADRC-CW.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

## NOTE III – OTHER INFORMATION (cont.)

### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

#### ***Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2016, ADRC-CW reported a liability of \$302,917 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The ADRC-CW's proportion of the net pension liability was based on ADRC-CW's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, ADRC-CW's proportion was 0.018641268%, which was an increase of 0.000012236% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, ADRC-CW recognized pension expense of \$363,781.

At December 31, 2016, ADRC-CW reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,144	\$ 637,484
Changes of actuarial assumptions	211,515	570
Net differences between projected and actual earnings on pension plan investment	1,237,778	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,273	-
Employer contributions subsequent to the measurement date	179,546	-
Total	\$ 1,681,256	\$ 638,054

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE III – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$179,546 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 389,948	\$ 154,410
2018	389,948	154,410
2019	389,948	154,410
2020	325,099	154,410
2021	6,767	20,414

**Actuarial assumptions.** The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE III – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Long-term expected return on plan assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
US Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

## NOTE III – OTHER INFORMATION (cont.)

### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the ADRC-CW's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the ADRC-CW's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the ADRC-CW's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
ADRC-CW's proportionate share of the net pension liability (asset)	\$ 2,124,666	\$ 302,917	\$ (1,119,901)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2016, ADRC-CW reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

### B. RISK MANAGEMENT

ADRC-CW is exposed to various risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to and health care of employees. ADRC-CW participates in Marathon County's risk management program for insurance. The county has chosen to retain a portion of the risks through self-insurance programs and has also purchased insurance to transfer other risks to outside parties. A description of the county's risk management program can be found in Marathon County's 2016 Comprehensive Annual Financial Report.

### C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in the governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are incurred.



# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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## NOTE III – OTHER INFORMATION (cont.)

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### **C. COMMITMENTS AND CONTINGENCIES (cont.)**

From time to time, ADRC-CW is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and ADRC-CW's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on ADRC-CW's financial position or results of operations.

ADRC-CW has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

### **D. OTHER POSTEMPLOYMENT BENEFITS**

In prior reporting periods, ADRC-CW has reported other postemployment benefits because retirees and active employees paid health insurance premiums at blended rates. Employees of ADRC-CW are also employees of Marathon County. As of January 1, 2012, Marathon County changed the plan benefits such that no participants who retire after that date are permitted to stay on the county's health plan. Due to this change, the OPEB is no longer material to the financial statements and the liability has been removed.

### **E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement No. 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 4,824,804	\$ 5,318,060	\$ 4,451,775	\$ (866,285)
Charges for services	35,588	35,588	24,176	(11,412)
Intergovernmental Charges for Services				
Marathon County	395,367	395,367	395,367	-
Wood County	198,279	198,279	198,278	(1)
Lincoln County	149,466	149,466	149,466	-
Langlade County	115,070	115,070	115,070	-
Donations	588,246	594,286	575,270	(19,016)
Miscellaneous	500	500	-	(500)
Total Revenues	<u>6,307,320</u>	<u>6,806,616</u>	<u>5,909,402</u>	<u>(897,214)</u>
<b>EXPENDITURES</b>				
Human Services				
Personal services	4,262,372	4,282,170	4,193,963	88,207
Contractual services	1,356,830	1,418,384	1,355,678	62,706
Supplies	353,963	364,432	294,273	70,159
Fixed charges	236,016	234,316	241,510	(7,194)
Grants, contributions and other	71,139	97,950	93,550	4,400
Capital outlay	27,000	414,850	417,822	(2,972)
Total Expenditures	<u>6,307,320</u>	<u>6,812,102</u>	<u>6,596,796</u>	<u>215,306</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	(5,486)	(687,394)	(681,908)
FUND BALANCE - Beginning of Year	<u>105,057</u>	<u>105,057</u>	<u>\$ 105,057</u>	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 105,057</u>	<u>\$ 99,571</u>	<u>\$ (582,337)</u>	<u>\$ (681,908)</u>

See independent auditors' report and accompanying notes to required supplementary information.

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

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2016

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/15	0.01837169%	\$ 451,259	\$ 2,424,189	18.61%	102.74%
12/31/16	0.01864127%	302,917	2,520,108	12.02%	98.20%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2016

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 180,180	\$ 180,180	\$ -	2,520,108	7.15%
12/31/16	180,576	180,576	-	2,410,001	7.49%

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2016

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### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using the modified accrual basis of accounting as described in Note I.C.

An operating budget is adopted each fiscal year for the general fund in accordance with Section 65.90 of the Wisconsin Statutes.

The legally adopted budget and budgetary expenditure control is exercised at the function level in the general fund. Amendments to the budget are by a vote of two-thirds of the full ADRC-CW Board and, when applicable, the affected county entire board membership. Amendments are required any time the amounts of the appropriations (at the department/function level) are to be changed. Within the ADRC joint operation functions this only involves those changes that would affect the amount of levy support or fund balance provided by the member counties. For those budgeted functions administered for specific counties, amendments are required any time the amount or purpose/function of the appropriations changes. Amendments to the functions within the ADRC joint operations are required any time the appropriations need to be changed at the function level. Amendments to these functions are to be approved by two-thirds of the entire ADRC-CW Board and are reflected in the minutes to be distributed to the member counties. The ADRC-CW Board has the authority by majority vote to transfer funds between budgeted functions within ADRC-CW joint operations.

Appropriations lapse at year end unless specifically carried over. No appropriations were carried over to the following year.

### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The ADRC-CW is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions.* There were no changes in assumptions.

**SUPPLEMENTARY INFORMATION**

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Federal Grantor Agency Program Title	Federal CFDA Number	Passed Through Agency	Grant/Passed Through Agency ID	Expenditures
<b>FEDERAL PROGRAMS</b>				
<b>U.S. Department of Education</b>				
VR Grants to States	84.126	DWD	RHEBI548460	\$ 1,789
Total Department of Education				<u>1,789</u>
<b>U.S. Department of Health and Human Services</b>				
Special Programs for the Aging - Title III, Part D				
Disease Prevention and Health Promotion Services	93.043	GWAAR	12416	16,831
Aging Cluster				
Special Programs for the Aging - Title III, Part B				
Grants for Supportive Services and Senior Centers	93.044	GWAAR	11616	254,668
Special Programs for the Aging - Title III, Part C				
Nutrition Services	93.045	GWAAR	12016	218,764
Special Programs for the Aging - Title III, Part C				
Nutrition Services	93.045	GWAAR	12116	344,265
Nutrition Services Incentive Program	93.053	GWAAR	13216	<u>133,822</u>
Total Aging Cluster				<u>951,519</u>
National Family Caregiver Support, Title III, Part E	93.052	GWAAR	12516	106,558
Medicare Enrollment Assistance Program	93.071	GWAAR	75016	18,459
State Health Insurance Assistance Program	93.324	GWAAR	12716	20,900
Medicaid Cluster				
Medical Assistance Program	93.778	GWAAR	74010	39,225
Medical Assistance Program	93.778	DHS	FHCG309	1,179,109
Medical Assistance Program	93.778	GWAAR	75010	<u>8,823</u>
Total Medicaid Cluster				<u>1,227,157</u>
Total Department of Health and Human Service				<u>2,341,424</u>
<b>TOTAL FEDERAL PROGRAMS</b>				<b><u>\$ 2,343,213</u></b>

See accompanying notes to the Schedule of Expenditures of Federal and State Awards.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

State Grantor Agency Program Title	State ID Number	Expenditures
<b>STATE PROGRAMS</b>		
<b>Wisconsin Department of Health Services</b>		
ADRC MFP Relocation	435.560065	\$ 79,998
Aging & Disability Resrc Ctr/Family Care Resrc	435.560100	1,908,103
Title VII Elder Abuse Service	435.560490	74
Passed through Greater Wisconsin Agency on Aging Resources		
State Elderly Benefit Specialist	435.560024	117,923
EBS OCI Replacement	435.560327	27,601
State Senior Community Service Program	435.560330	35,146
Title III-C C/1	435.560350	243,447
Title III-C C/2	435.560360	23,697
Alzheimers Family & Caregiver Supp Prog	435.560381	<u>97,160</u>
Total passed through Greater Wisconsin Agency on Aging Resources		<u>544,974</u>
Total Wisconsin Department of Health Services		<u>2,533,149</u>
<b>Wisconsin Department of Workforce Development</b>		
State Internship LTE	445.509	<u>484</u>
Total Wisconsin Department of Workforce Development		<u>484</u>
<b>TOTAL STATE PROGRAMS</b>		<u>\$ 2,533,633</u>
<b>TOTAL FEDERAL AND STATE PROGRAMS</b>		<u>\$ 4,876,846</u>

See accompanying notes to the Schedule of Expenditures of Federal and State Awards.



# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2016

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### NOTE 1 – BASIS OF PRESENTATION

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The accompanying schedule of expenditures of federal and state awards (the “schedule”) includes the federal and state grant activity of the Aging and Disability Resource Center of Central Wisconsin (“ADRC-CW”) under programs of the federal and state government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of ADRC-CW it is not intended to and does not present the financial position or changes in net position of ADRC-CW.

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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

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### NOTE 3 – INDIRECT COST RATE

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ADRC-CW has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

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### NOTE 4 – PASS-THROUGH AGENCIES

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ADRC-CW received federal awards from the following pass-through agencies:

DHS	Wisconsin Department of Health Services
DWD	Wisconsin Department of Workforce Development
GWAAR	Greater Wisconsin Agency on Aging Resources

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

AGING AND DISABILITY RESOURCE CENTER GRANT  
 SETTLEMENT OF DHS COST REIMBURSEMENT AWARD  
 For the Year Ended December 31, 2016

	ADRC MFP-NH Relocate Fed	ADRC MFP-NH Relocation
DHS Identification Number	CARS profile 560061	CARS profile 560065
Award amount	Sum Sufficient	\$ 80,000.00
Award period	1/1/16- 12/31/16	1/1/16 - 12/31/16
Period of award within audit period	1/1/16 - 12/31/16	1/1/16 - 12/31/16
 Expenditures reported to DHS for payment	 \$ 55,342	 \$ 79,998
 Actual allowable cost of reward		
Program expenses		
ADRC program personnel	34,484	49,848
Direct expenses (travel, training, postage, etc.)	<u>12,776</u>	<u>18,467</u>
Total Program Expenses	47,260	68,315
 Management and General Expenses		
Administration Sal/Fringe (allocated first by FTE in program, then by 100% time reporting in ADRC program personnel)	<u>8,082</u>	<u>11,683</u>
 <b>TOTAL ALLOWABLE COSTS</b>	 <b><u>\$ 55,342</u></b>	 <b><u>\$ 79,998</u></b>

I & A EBS	DBS RC I&A	Resource CTR MA I&A Fed	Resource Ctr Screen Fed	Aging & Dis Resource Ctr
CARS profile 560071	CARS profile 560081	CARS profile 560087	CARS profile 560091	CARS profile 560100
Sum Sufficient 1/1/16 - 12/31/16	Sum Sufficient 1/1/16 - 12/31/16	Sum Sufficient 1/1/16 - 12/31/16	Sum Sufficient 1/1/11 - 12/31/16	\$ 1,982,179.00 1/1/16 - 12/31/16
Sum Sufficient 1/1/16 - 12/31/16	Sum Sufficient 1/1/16 - 12/31/16	Sum Sufficient 1/1/16 - 12/31/16	Sum Sufficient 1/1/16 - 12/31/16	Sum Sufficient 1/1/16 - 12/31/16
<u>\$ 69,690</u>	<u>\$ 137,567</u>	<u>\$ 677,410</u>	<u>\$ 239,100</u>	<u>\$ 1,908,103</u>
43,424	85,720	422,101	148,986	1,188,958
16,088	31,757	156,379	55,196	440,483
<u>59,512</u>	<u>117,477</u>	<u>578,480</u>	<u>204,182</u>	<u>1,629,441</u>
<u>10,178</u>	<u>20,090</u>	<u>98,930</u>	<u>34,918</u>	<u>278,662</u>
<u>\$ 69,690</u>	<u>\$ 137,567</u>	<u>\$ 677,410</u>	<u>\$ 239,100</u>	<u>\$ 1,908,103</u>

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Aging and Disability Resource Center of Central Wisconsin ("ADRC-CW") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise ADRC-CW's basic financial statements, and have issued our report thereon dated August 14, 2017.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. This significant deficiency is item 2016-001.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether ADRC-CW'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*.

**ADRC-CW's Response to Finding**

ADRC-CW's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. ADRC-CW's response was not subject 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 result 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.



Madison, Wisconsin  
August 14, 2017

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES*

Independent Auditors' Report

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

***Report on Compliance for Each Major Federal and Major State Program***

We have audited the Aging and Disability Resource Center of Central Wisconsin ("ADRC-CW")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of ADRC-CW's major federal and major state programs for the year ended December 31, 2016. ADRC-CW'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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of ADRC-CW's major federal and major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance, and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about ADRC-CW'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 ADRC-CW's compliance.

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

**Opinion on Each Major Federal and Major State Program**

In our opinion, ADRC-CW 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, 2016.

**Report on Internal Control Over Compliance**

Management of ADRC-CW 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 ADRC-CW'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 the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ADRC-CW'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. 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.

**Purpose of this Report**

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

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
August 14, 2017

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

### SECTION I – SUMMARY OF AUDITORS’ RESULTS

#### **FINANCIAL STATEMENTS**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

       yes        X   no

#### **FEDERAL OR STATE AWARDS**

Internal control over major programs:

- |  | Federal Programs  |                 | State Programs    |                            |
|--|-------------------|-----------------|-------------------|----------------------------|
| > Material weakness(es) identified?  | <u>      </u> yes | <u>  X  </u> no | <u>      </u> yes | <u>  X  </u> no            |
| > Significant deficiencies identified that are not considered to be material weakness(es)? | <u>      </u> yes | <u>  X  </u> no | <u>      </u> yes | <u>  X  </u> none reported |

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 516(a) of the Uniform Guidance?

       yes        X   no

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

Dollar threshold used to distinguish between type A and type B programs:

	\$ 750,000		\$ 250,000
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Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.778	Medical Assistance Program



# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

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### SECTION I – SUMMARY OF AUDITORS’ RESULTS (cont.)

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#### *FEDERAL OR STATE AWARDS (cont.)*

Identification of major state program:

<u>State Number</u>	<u>Name of State Program</u>
435.560100	Aging and Disability Resource Center Grant

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

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#### *FINDING 2016-001: INFORMATION TECHNOLOGY*

##### *REPEAT OF FINDING 2015-001*

**Criteria:** We performed our audit under Statements on Auditing Standards (SAS) AU-C Section 315, which required us to review ADRC-CW’s internal controls, including those over information technology. As a result, we identified certain general computer controls that could be strengthened.

**Condition/Context:** A properly designed system of internal control includes establishing proper information technology controls. This includes systems that are designed to limit the access or control of any one individual to your government’s assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner. At this time, proper information technology controls in the areas of logical and physical access security, and data backup and recovery are not in place at Marathon County (the fiscal agent for ADRC-CW).

**Cause:** Unknown.

**Effect:** Weaknesses in the internal controls over information technology increase the possibility of misstatements due to errors or fraud.

**Recommendation:** We recommend that a designated employee review the controls over logical and physical access, the related risks, and potential controls to determine whether additional controls should be implemented. This determination should take into consideration a cost / benefit analysis. We also recommend a formal process be put in place to complete back up restores on a periodic basis to ensure they are functioning as intended.

# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

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

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#### ***FINDING 2016-001: INFORMATION TECHNOLOGY*** (cont.)

##### ***Management's Response:*** (Marathon County, fiscal agent for ADRC of Central Wisconsin)

Since the time this finding was written, the Finance Department employee that has this access to Cayenta retired (September 2016) and the ability to access Cayenta outside the application interface is not available to the new employee.

The County has generic IDs for Cayenta for CPZ, Sheriff and the County Clerk's office. These logins are only used for cash receipting and reporting. The logins have no additional access to Cayenta. We cannot have logins for each person to receipt each transaction; that process would be extremely cumbersome. There are mitigating controls such as the drawers are balanced daily and the deposit is verified in the Treasurer's office.

The Social Services system was created "in-house" and is very old and as we implement a new system, the issue with logical and physical access and security should be fixed. The Active Directory system has complex passwords and the old application is being replaced, and the mitigating control is that you cannot log in to access the social services application without first accessing Active Directory.

***Official Responsible for Ensuring the Corrective Action Plan:*** Kristi Kordus, Marathon County Finance Director

***Planned Completion Date for the Corrective Action Plan:*** This plan is effective as of September 2016.

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

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None reported.

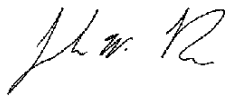
# AGING AND DISABILITY RESOURCE CENTER OF CENTRAL WISCONSIN

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

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### SECTION IV – OTHER ISSUES

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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 Health Services             yes        X   no  
    Department of Workforce Development             yes        X   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 firm director
- 
- 
- John Rader, CPA, Firm Director
5. Date of report      August 14, 2017