

MARINETTE COUNTY, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2015

MARINETTE COUNTY, WISCONSIN

December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the County Board
Marinette County, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Marinette County, Wisconsin ("the County") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County'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 did not audit the financial statements of the Marinette County Committee on Aging, Inc., and the Stephenson Public Library Foundation, Inc. which are presented as component units of Marinette County, Wisconsin and represent 94%, 98% and 92%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. These statements were audited by other auditors, whose report thereon has been furnished to us and our opinion, insofar as it relates to amounts included for the Marinette County Committee on Aging, Inc., and the Stephenson Public Library Foundation, Inc. is based solely upon the report of the other auditors. 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 of 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 auditors consider internal control relevant to the County'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 County'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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Health and Human Services special revenue fund, and County Roads and Bridges special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the schedules relating to pensions and other post-employment benefits on pages 63 through 66 be presented to supplement the basic financial statements. Such information, although not 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, the schedules of expenditures of federal awards and the schedule of state financial assistance are 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 2, 2016, on our consideration of the County'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 the 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 County's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
August 2, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS



FINANCE DEPARTMENT

Management's Discussion and Analysis December 31, 2015

This section of Marinette County's annual financial report presents our discussion and analysis of the County's financial activities during the fiscal year that ended December 31, 2015. Our discussion and analysis is based on currently known facts, decisions, or conditions.

Financial Highlights

- As of December 31, 2015, the net position of the County was \$101,137,345. Of this amount, \$30,219,527 is considered *unrestricted* and may be used to meet the County's ongoing obligations to citizens and creditors.
- Combining the (\$731,514) change in net position from the Governmental Activities, the \$186,234 increase in Business-type Activities with implementation of Governmental Accounting Standards Board (GASB) Statement 68 pension reporting requirement, the County's total net position increased by \$5,603,945 from the previous year. GASB Statement 68 requires employers who participate in a cost-sharing multiple-employer pension plan to include a proportionate share of the plans net pension liability and annual pension expense in the financial statements. The County participates in the multiple-employer Wisconsin Retirement System (WRS) and therefore for 2015 recorded a cumulative effect in accounting principle increase in net position of \$6,149,225. The increase was the result of the County's share of the WRS net pension asset and deferred outflows.
- The County's operating property tax rate increased \$.167 to \$4.444 per \$1,000 of property value for the year ended December 31, 2015. The increase in the operating tax rate was driven by a \$99,693,200 decrease in the County's equalized property valuation. For 2015 the County also initiated a debt service property tax of \$0.200 to service debt related to the County's Capital Improvement Plan.
- The operating tax levy increased \$144,584 (0.961%) from the prior year. This increase and the debt service levy were in compliance with the allowable tax levy limits imposed by the State of Wisconsin.
- As of December 31, 2015, the County's combined governmental funds reported ending fund balances totaling \$39,473,743, an increase of \$2,844,026 over the prior year. Positive results in County timber sale revenue, low winter maintenance cost for highway, unspent capital project debt and overall positive operating results accounted for the increase. Of the December 31, 2015 combined governmental fund balance of \$39,473,743, approximately 82% of this total amount, \$32,478,336 is *available for spending* at the County's discretion (*unrestricted fund balance*). The County's unrestricted fund balance of \$32,478,336 is further categorized based on constraints imposed upon the use of those funds. Of the total unrestricted fund balance, \$24,069,918 is committed by County Board action to specific purposes, \$796,625 is assigned for specific purpose by the governing body or by the Finance Director with the Administrator's approval, and \$7,611,793 is not committed or assigned (unassigned).
- As of December 31, 2015, the unrestricted fund balance for the general fund was \$30,564,975, or approximately 135% of total 2016 budgeted general fund operating expenditures. The unassigned general fund amount of \$8,298,417 represents 11.1% of the County's 2015 original adopted gross operational and debt service expenditure budgets which totaled \$74,554,598. Under the County's Fund Balance Policy, \$2,258,142 and \$1,881,785 of the \$8,298,417 unassigned general fund balance is classified for contingencies and cash flow requirements respectfully.

- The County Roads and Bridges Special Revenue Fund balance increased \$603,069 to \$910,243. Of the \$910,243 ending fund balance, \$275,556 is committed for specific projects leaving \$634,687 available for discretionary County Road spending. The relatively mild winter played a key role in the funds increase.
- The Health and Human Services (HHS) special revenue fund ended the year with a decrease of \$150,788. HHS Department structure and service changes, either State mandated or implemented to provide better service to Marinette County residents are affecting financial results. The 2015 HHS ending fund balance is \$379,859.
- At the end the 2015, the County's general obligation debt was \$27,860,000 compared to \$24,250,000 at the end of 2014. During 2015 the County issued \$5,945,000 of new debt under the Five Year Capital Improvement Plan. After current year debt service cost and a budgeted transfer out of \$642,942, the debt service fund ended the year with a net increase of \$19,567. The increase would have been greater by \$220,000 except for a Wisconsin Department of Revenue prior period adjustment of a vendor's sales tax return. The fund ended 2015 with a deficit of \$706,191. The planned deficit and related pay back of the general fund advance results from the early call of the Library Renovation debt in 2014. The deficit was considered when preparing the 2016 budget and will be considered in future debt service budgeting.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to Marinette County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplemental information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Marinette County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of Marinette County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of Marinette County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government; public protection; public ways and facilities; health; culture and recreation; education; forestry; and conservation and development. The business-type activities of the County include highway operations and the joint operation with Oconto County of a landfill (Solid Waste Fund).

The government-wide financial statements can be found on pages 17 - 20 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Marinette County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Marinette County maintains 18 individual governmental funds. Information for the County's major funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The County's major funds are the general fund; county roads and bridges, and health and human services special revenue funds; and the debt service fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for the major special revenue funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 21 - 28 of this report.

Proprietary funds. Marinette County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its Highway Department operations and 50% of the activities of a landfill operated jointly with Oconto County (Solid Waste Fund). *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Marinette County uses internal service funds to account for the County's various insurance activities, information services department, and motor pool. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Individual fund data for the internal service funds is provided in the *combining statements* elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Highway Department and the jointly operated landfill (Solid Waste Fund). Both funds are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 29 - 32 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of these funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 33 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34 - 62 of this report.

Management Discussion and Analysis
December 31, 2015

Other information. Required supplementary information relating to pensions and other post-employment benefits and the combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the basic financial statements. Required supplementary information and the Combining and individual fund statements and schedules can be found on pages 63 - 80.

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, the net position at the end of 2015 was \$101,137,345 compared to \$95,533,400 for the year ended 2014.

Marinette County's Net Position							
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	Total	Total Percentage Change
	2014	2014	2015	2015	2014	2015	2014-2015
Current & other assets	\$ 60,634,149	\$ 4,764,514	\$ 65,249,838	\$ 4,417,978	\$ 65,398,663	\$ 69,667,816	6.53%
Capital assets	76,962,862	6,966,293	79,618,598	7,675,367	83,929,155	87,293,965	4.01%
Total assets	137,597,011	11,730,807	144,868,436	12,093,345	149,327,818	156,961,781	5.11%
Deferred outflow of resources	465,048	240,707	3,193,992	579,020	705,755	3,773,012	434.61%
Long-term liabilities outstanding	29,939,314	390,089	33,495,473	274,930	30,329,403	33,770,403	11.35%
Other liabilities	6,267,962	1,979,770	7,620,070	1,924,123	8,247,732	9,544,193	15.72%
Total liabilities	36,207,276	2,369,859	41,115,543	2,199,053	38,577,135	43,314,596	12.28%
Deferred inflow of resources	15,923,038	-	16,282,852	-	15,923,038	16,282,852	2.26%
Net position:							
Net investment in capital assets	56,564,371	6,966,293	53,070,098	7,675,367	63,530,664	60,745,465	-4.38%
Restricted	3,517,730	-	9,467,457	704,896	3,517,730	10,172,353	189.17%
Unrestricted	25,849,644	2,635,362	28,126,478	2,093,049	28,485,006	30,219,527	6.09%
Net position:	\$ 85,931,745	\$ 9,601,655	\$ 90,664,033	\$ 10,473,312	\$ 95,533,400	\$ 101,137,345	5.87%

The largest portion of the County's net position (60%) reflects its investment in capital assets of \$60,745,465 (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the future, Marinette County will use a combination of County sales tax and a debt levy to provide for its debt service.

An additional portion of the County's net position (\$10,172,353) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$30,219,527) may be used to meet the County's ongoing obligations to citizens and creditors.

Change in net position. Governmental activities created a decrease in the County's net position of \$731,514 and Business-type activities increased the County's net position by \$186,234. After the year-end results, the County's net position totaled \$90,664,033 for the Governmental Activities and \$10,473,312 for the Business-type Activities. The key elements affecting the change in net position were as follows:

Governmental Activities:

- The property tax levy increased by \$144,584 (0.961%) from the prior year in compliance with the State imposed local unit levy limits. This increase was easily absorbed by employee benefit cost increases.
- For the most part, County Departments stayed within their original appropriations and returned unspent appropriations to the general fund.
- Increasing interest rates during 2015 resulted in County investment revenues being \$218,284 under budget. The County's total investment return for 2015 was \$381,716 compared to a gain of \$1,057,272 in 2014 and compared to the 2015 budgeted amount of \$600,000. The County has a large portion of investments in mortgage and bond type investments. With 2015 interest rates increasing, the market value on the County's longer term investments decreased. Interest rates on the 10 year Treasury started 2015 at 2.12 % and ended 2015 at 2.27%. The County does have \$19,058,908 of the general fund balance committed for investment revenue generation for tax reduction purposes.
- At the end of 2013 the County added another Forester to its Forestry Department. The additional Forester continues to increase the County's timber sale revenue. For 2015 timber sale revenues were \$3,685,654. This was \$728,754 above budgeted timber sales and \$387,755 above 2014 results. Total Forestry activity operating revenues were \$3,561,139. After expenditures, the County's Forestry operating activity showed net revenue for 2015 of \$2,810,318 compared to 2014 results of \$2,228,170.
- County contributions, funded by capital improvement debt, to capital road and bridge improvements were \$4,621,345 in 2015. The County received capital contributions for roads of \$210,475 from state sources in 2015. Depreciation and retirement costs on roads and bridges for 2015 totaled \$1,690,909.
- On July 31, 2015 the County's divested its interest in the Twin County Airport. The County had operated the airport jointly with Menominee County, Michigan. The divestiture resulted in the removal of \$2,370,007 in net assets. The County received no compensation for its share of the airport assets and the County is no longer obligated to submit an operating subsidy for the airport nor is the County liable for any obligations of the airport. The 2015 operating subsidy to airport was budgeted at \$43,500.
- As mentioned under the Financial Highlights, the County implemented GASB 68 for pension reporting and for 2015 recorded a cumulative effect in accounting principle increase in net position of \$6,149,225. The increase was the result of the County's share of the WRS net pension asset and deferred charges.

For the most part the foregoing elements affecting the County's net position are favorable or had little effect on the County's net position. For example, construction of new assets was offset by the related debt liability. However, the GASB 68 implementation and the divestiture from the Twin County Airport were the material changes affecting net position for 2015.

Business-type Activities:

The County's Business-type activities increased Marinette County's net position by \$186,234.

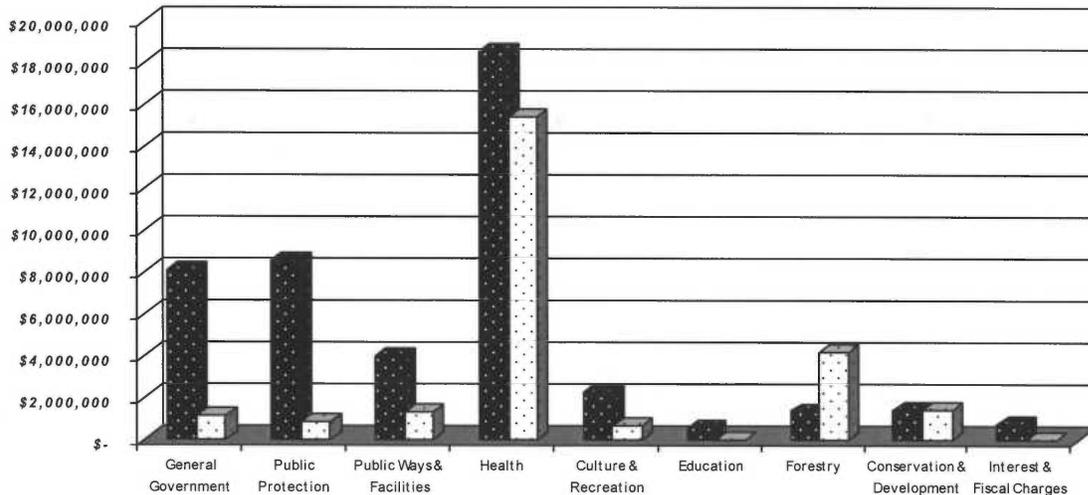
The Highway Department's total increase in net position of \$204,118 for 2015 compared to a prior year total increase in net position of \$354,149.

The Solid Waste Fund's 2015 operating loss was \$15,562 compared to the 2014 operating loss of \$65,394. Interest earnings of \$5,389 combined with the operating loss resulted in a net decrease in the Solid Waste Fund net position of \$10,173. Cash and cash equivalents decreased \$416,619 reflecting the purchase and construction of capital assets. Operating results of the landfill reflect the County's policy to provide competitive solid waste disposal alternatives within Marinette and Oconto County's. It is expected that all landfill closure and post closure cost will be fully funded at the end of landfill operations with no additional contributions needed from the Counties.

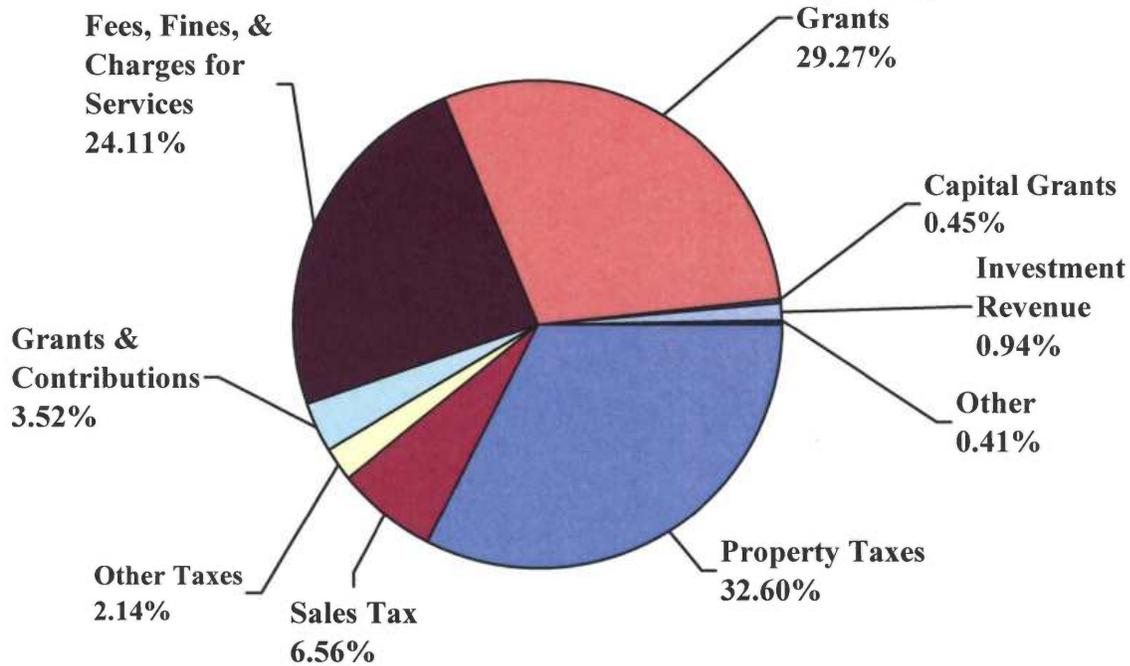
Management Discussion and Analysis
December 31, 2015

Marinette County's Change in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Revenues:						
Program revenues:						
Fees, fines, & charges for services	\$ 10,541,886	\$ 11,270,823	\$ 13,847,236	\$ 10,580,405	\$ 24,389,122	\$ 21,851,228
Operating grants and contributions	14,954,315	13,681,324	-	-	14,954,315	13,681,324
Capital grants and contributions	-	210,475	-	-	-	210,475
General revenues:						
Property & sales taxes	17,988,238	18,989,497	-	-	17,988,238	18,989,497
Other taxes	1,030,398	1,001,612	-	-	1,030,398	1,001,612
Grants & contributions not restricted to specific programs	1,508,391	1,644,447	-	-	1,508,391	1,644,447
Other	1,122,209	(1,741,082)	106,205	18,189	1,228,414	(1,722,893)
Total revenues	47,145,437	45,057,096	13,953,441	10,598,594	61,098,878	55,655,690
Expenses:						
General government	7,450,515	8,109,908	-	-	7,450,515	8,109,908
Public protection	9,132,379	8,554,670	-	-	9,132,379	8,554,670
Public ways & facilities	4,458,074	3,996,782	-	-	4,458,074	3,996,782
Health	20,505,400	18,543,944	-	-	20,505,400	18,543,944
Culture & recreation	2,120,728	2,329,458	-	-	2,120,728	2,329,458
Education	742,222	604,424	-	-	742,222	604,424
Forestry	1,332,969	1,401,530	-	-	1,332,969	1,401,530
Conservation & development	1,351,020	1,457,039	-	-	1,351,020	1,457,039
Interest & fiscal charges	790,272	790,855	-	-	790,272	790,855
Highway operations	-	-	13,084,425	9,840,985	13,084,425	9,840,985
Solid waste	-	-	576,657	571,375	576,657	571,375
Total expenses	47,883,579	45,788,610	13,661,082	10,412,360	61,544,661	56,200,970
Increase (decrease) in net position	(738,142)	(731,514)	292,359	186,234	(445,783)	(545,280)
Cumulative Effect of Change in Accounting Principle						
	-	5,463,802	-	685,423	-	6,149,225
Net Position - January 1	86,669,887	85,931,745	9,309,296	9,601,655	95,979,183	95,533,400
Net Position - December 31	\$ 85,931,745	\$ 90,664,033	\$ 9,601,655	\$ 10,473,312	\$ 95,533,400	\$ 101,137,345

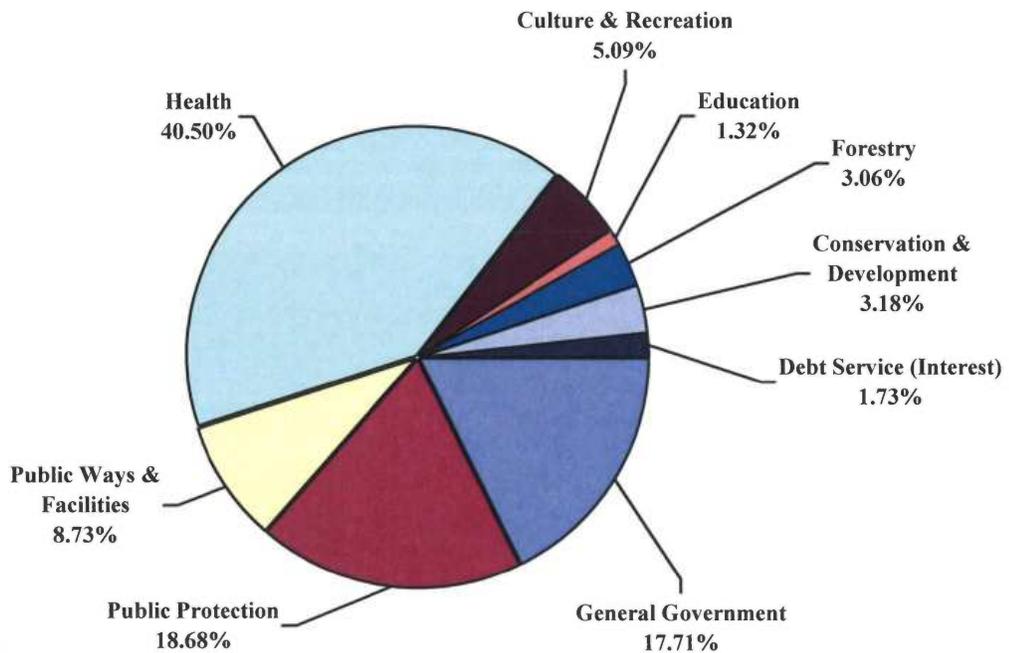
Expenses & Program Revenues - Governmental Activities



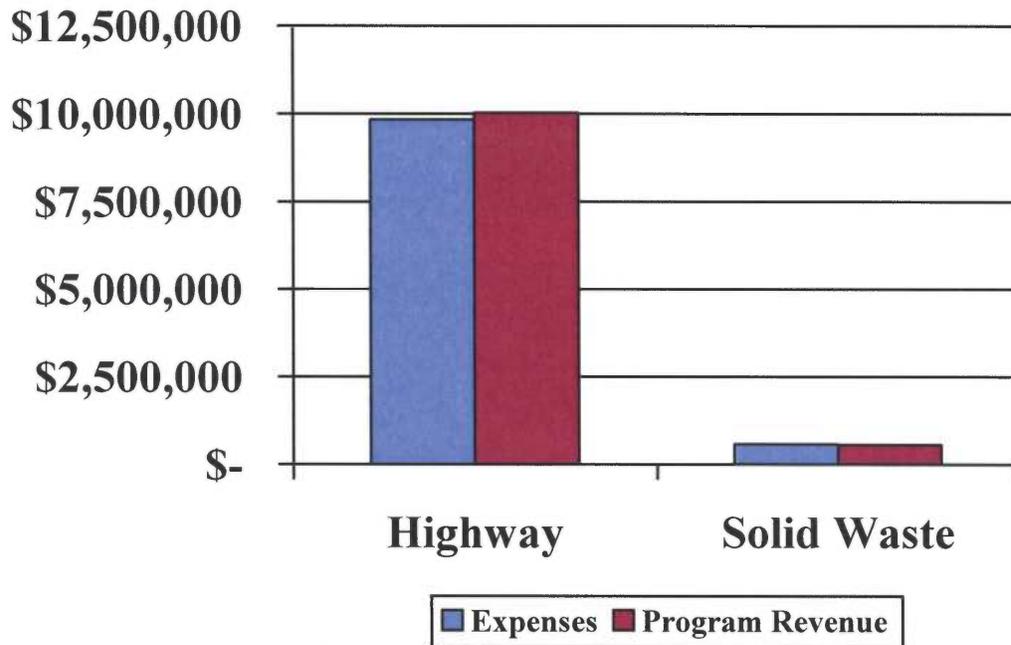
Revenues by Source - Governmental Activities Operating



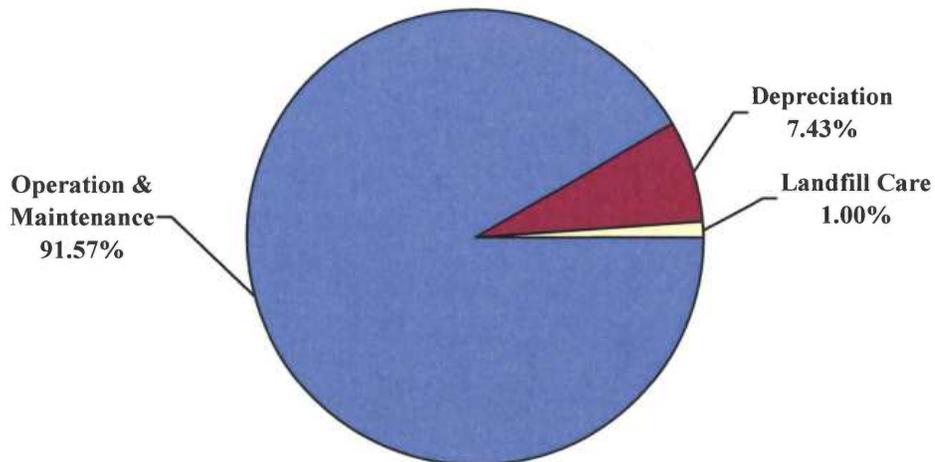
Expenses by Activity - Governmental Activities



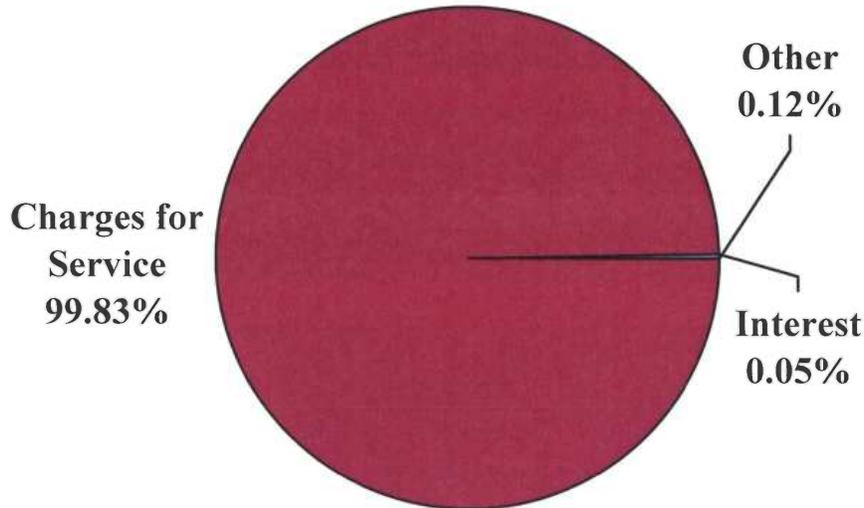
Expenses and Program Revenues - Business Type Activities



Expenses by Activity - Business Type Activities



Revenue by Source - Business Type Activities



Financial Analysis of Marinette County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Marinette County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, the *unrestricted fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of December 31, 2015, the County's combined governmental funds totaled \$39,473,743, an increase of \$2,844,026 from the prior year. Approximately 82% of this amount, \$32,478,336, constitutes *unrestricted fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is either classified as non-spendable or restricted to indicate that it is not available for new spending because it has already been committed 1) for current year purchases of inventory and prepayments that benefit periods beyond the end of the current year (\$51,347), 2) for non-liquid delinquent taxes (\$2,828,810) 3) for loans receivable that are not expected to be liquidated in the next year (\$1,289,429) 4) by grant, donor or other restrictions (\$2,825,820).

The general fund is the chief operating fund of the County. At the end of the current year, the unrestricted fund balance of the general fund was \$30,564,975, while the total fund balance was \$34,859,527. As a measure of the general fund's liquidity, it is useful to compare both the unrestricted fund balance and the total fund balance to total fund expenditures. Unrestricted fund balance represents 140% of total 2015 general fund expenditures, while total fund balance represents 159% of that same amount. This compares to prior year percentages of 133% and 153% respectively.

Marinette County's General fund balance increased by \$1,808,775 for the year ended December 31, 2015. Besides the additional timber sales revenue previously mentioned in the financial highlight section, other key factors of the increase include increased state utility tax revenues, unspent contingency funds, uncompleted capital maintenance/projects and an overall good year related to departments staying within their budgets.

Marinette County's General fund balance also benefited from a transfer in of \$75,755 from the Forestry and Parks Development fund. By County ordinance, proceeds from the sale of County owned delinquent tax deed parcels along with certain other forest/park related revenues are committed to the development of County owned forest and parks. The Fund has a cap of \$400,000. All funds above \$400,000 are transferred to the General Fund as revenues to fund operations.

The County's Health and Human Services (HHS) Special Revenue Fund decreased by \$150,788 to \$379,859 during the current year. Some of the net decrease was anticipated considering the application of \$400,000 of the HHS surplus fund balance to the 2015 budget. Major changes to HSS programs and services are still affecting overall HHS financial results. The current fund balance represents 2.1% of the total 2015 health and human services special revenue fund expenditures. The County's strong General Fund is available if necessary.

Results for the County's other major funds are listed under the financial highlight section

Proprietary funds. Marinette County's proprietary funds provide the same type of information found in the County's government-wide financial statements, but in more detail.

Unrestricted net position of the highway department enterprise fund at the end of the year amounted to \$2,611,927. The County's 2015 net position for the highway department increased \$204,118 from operating results. This compares to operating results providing an increase of \$254,149 in 2014. A net profit on the operation of highway equipment of \$99,883 continued to be a factor for the positive operating results. The 2014 profit on equipment operations was \$109,084. Increased State work, road construction supported the positive equipment operation result, as the equipment was used more. The cumulative effect of GASB 68 Pension Report added \$685,423 to the Highway Fund's overall net position.

Marinette County's share (50%) of the unrestricted net position of a landfill operated jointly with Oconto County and reported as the Solid Waste Fund decreased by \$10,173. An operating loss of \$15,562 was offset by \$5,389 in investment earnings. The decrease in net position for the solid waste fund in 2014 was \$59,189.

Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Additional expenditure appropriations during the year increased the original general fund expenditure budget by \$354,380. The change to the 2015 expenditure appropriations can be summarized as follows:

- Carryovers of unspent 2014 appropriations of \$131,685.
- A number of other items associated with departments for grant carry-overs, reserved fund carry-overs to complete various capital projects, and onetime expenses that were funded with additional revenues received by departments during the year.

Actual expenditures were less than final budgeted expenditures by \$1,582,494 primarily due to the following:

- Anticipated expenditures for recreation and conservation grant funded projects not occurring.
- Approximately \$435,000 in capital maintenance projects for the Courthouse were not completed during the current year and carried over to 2016. Additionally, some projects came in less than budget.
- Remaining contingency balance of \$150,000.
- Positive results in public protection of \$289,389.
- Overall positive results from several departments remaining under budget.

Management Discussion and Analysis
December 31, 2015

Actual revenues were \$565,669 greater than final budgeted revenues as result of the following:

- Additional State Utility tax of \$125,880
- County Forest timber sales
- Unrealized intergovernmental revenues for recreation and conservation programs. These deficits were not a factor in overall results, as the related expenditures also were not realized as mentioned above.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2015 amounts to \$87,293,965 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery/equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress. The total increase in the County's net investment in capital assets for the current year was \$3,364,810 mainly as a result of County road construction through the Capital Improvement Plan.

Marinette County's Capital Assets (Net of Accumulated Depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Land	\$ 4,823,476	\$ 4,865,776	\$ 113,989	\$ 113,989	\$ 4,937,465	\$ 4,979,765
Land improvements	-	-	664,348	1,193,759	664,348	1,193,759
Buildings & improvements	30,887,435	30,592,234	2,187,217	2,079,064	33,074,652	32,671,298
Machinery & equipment	3,256,187	3,227,480	4,000,739	4,288,555	7,256,926	7,516,035
Infrastructure	37,995,764	40,933,108	-	-	37,995,764	40,933,108
Total	\$ 76,962,862	\$ 79,618,598	\$ 6,966,293	\$ 7,675,367	\$ 83,929,155	\$ 87,293,965

Additional information on Marinette County's capital assets can be found in Note C.5 on pages 47 - 48 of this report.

Long-term debt. At the end of the year, the County's total general obligation debt outstanding was \$27,860,000. All of this debt is backed by the full faith and credit of the County.

Marinette County's Outstanding Debt General Obligation Debt						
	Governmental Activities		Business-type Activities		Totals	
	2014	2015	2014	2015	2014	2015
General Obligation Debt						
Bonds and notes	\$ 24,250,000	\$ 27,860,000	\$ -	\$ -	\$ 24,250,000	\$ 27,860,000

The County's total general-obligation debt balance did increase by \$3,610,000 (14.87%) in 2015. Debt issued in support of the Capital Improvement Plan caused the increase.

The County's general obligation debt is serviced by the ½ % County sales tax and supplemented by a debt service levy. In 2014 an internal advance from the General Fund of \$1,000,000 was utilized to help with the early retirement of the 2004 Library renovation debt. The balance on the advance is \$800,000 as of December 31, 2015. The advance is schedule to be paid off in four years.

Sales tax revenues are also used to fund County tourism and some capital outlay in the general fund. The 2015 transfer out of the debt service fund for the foregoing items was \$642,942. The 2016 budgeted transfer from the Debt Service fund was decreased to \$321,353.

In March of 2016, in conjunction with the subsequent issuance of debt for financing the 2016 capital projects as noted in footnote D of the financial statements, Standard and Poor's affirmed the County's rating of AA/Stable for the County's general obligation promissory notes. The good and bad factors in the rating include:

- Very weak local economy;
- Very strong budgetary flexibility;
- Adequate budgetary performance;
- Very strong liquidity
- Strong management

State statutes limit the amount of general obligation debt the County may issue to 5% of its total equalized valuation. The current debt limitation for the County is \$180,208,525 which is \$152,348,525 in excess of the County's \$27,860,000 in outstanding general obligation debt. The County further constricts its debt through a County Debt Policy.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Marinette County is currently 6.0% for April 2016, which is the latest available data at the time of this report. This compares to the State of Wisconsin's average unemployment rate of 4.4% and last April's County rate of 5.7%.
- The local economy for Marinette County is still seen as weak. The local unemployment rate has remained stable in the 6.0% range but is above the State rate. The Marinette Marine Corporation, one of the County's larger employers, is maintaining its workforce at 1,400 employees. The recent \$73 million expansion of facilities will allow the shipyard to compete for contracts now and into the future. Future Navy contracts are expected although funding for the construction for the ships always seems to be in the news. The large Marinette Marine contract does and will have a substantial subsidiary effect for smaller local support businesses. Bay Area Medical Center recently partnered with Aurora Health Care and is building a new facility. The partnership and possible new facility should strengthen services provided and add jobs. Several employers throughout the County in the 50 to 99-employee range also feel the effects of the weak local economy in their specialty industries and continue to recover. Tourism continues to be vital to Marinette County and is expected to remain stable as the development of tourism destinations continue in the County. The major retail center is in the City of Marinette and continues to develop as another major retailer has announced plans to open in the Mall. The Peshtigo Industrial area has attracted smaller industries recently as the location appears to be attractive. Agriculture and Forestry, staples of this County, also help support Marinette County's tax base.
- Inflationary trends in our region compare favorably to national indices.
- Marinette County's staff includes non-represented employees, elected officials and union employees. Union employees include certain Sheriff's Department employees represented by the Wisconsin Professional Police Association (WPPA). The WPPA contract runs through 2018.

The following factors were considered in preparing the County's 2016 budget:

State levy limit statutes provide that Counties may only increase their annual operating tax levy by the percentage change in new construction less improvements removed from the assessment roll in the last year. The limit can't go below zero. These levy limits are permanent per the 2011-13 state budget. The statutes established specific penalties for failure to meet the levy requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids. Under the limit, the County's operating tax levy increase for the 2016 budget was limited to \$107,848 or .71%.

As part of the 2016 general fund budget, the County applied \$6,500 of restricted, \$102,800 of committed, \$361,000 of assigned, and \$230,000 of unassigned fund balances. Total general fund amounts applied totaled \$700,300. Total restricted and committed special revenue and debt service fund balances applied to the 2016 budget were \$603,075. The application of the Health and Human Services fund balance was reduced from the prior year amount of \$400,000 to \$75,000 after considering the 2015 results and unknowns related to State mandated changes. Of the total funds applied (\$1,432,468) to the 2016 budget, \$1,202,468, represented funds specifically accumulated for special purposes or debt service. The County also transferred \$321,353 in expected surplus sale tax collections from the County's Debt Service Fund to the General Fund for specific capital outlay items and tourism expenditures in the 2016 budget.

The County's 2016 budget contains capital project expenditures of \$5,961,500 funded by a \$5,000,000 borrowing and surplus funds from the 2014 and 2015 debt issuance proceeds. Of this amount \$4,436,500 is for County Road construction.

The debt levy for 2016 of \$878,276 was required to help fund principal and interest payments related to the County's Capital Improvement Plan (CIP). The five year CIP was initiated in 2014. The County uses a combination of sales tax revenues and debt service levy to fund debt service requirements.

The application of \$402,306 of surplus funds back in the 2005 budget still significantly magnifies the effect of the State tax levy limits which started with the County's 2006 budget. Without the CIP and the related debt levy, the County would have been forced to reduce capital outlay and services. In addition to the sales tax being used for debt service, the County Board has approved the use of the sales tax funds for capital outlay and tourism items on a yearly basis.

The County has committed \$14,000,000 that was received from the 2008 sale of the Bay Area Medical Center facilities and \$5,058,908 previously committed for county health care to a property tax reduction fund (\$19,058,908). The investment income from this fund is considered in the budget process and used to fund County operations and keep property tax rates reduced if and when levy limits are removed. Low interest rates have hurt the County's investment returns in recent years.

During 2011 the County developed and approved a fund balance policy that is in compliance with Government Accounting Standards Board (GASB) 54 and defines the County's goals to maintaining a strong adequate fund balance while addressing future needs both planned as well as unplanned. The County is in compliance with the fund balance policy and considered the policy in the development of the County's 2016 Budget.

In 2014, the County also approved a Debt Policy which defines County debt limits by considering the tax burden on the County's taxpayers.

Contacting the County's Financial Management

Marinette County's financial report is designed to provide a general overview for those interested in County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Marinette County, 1926 Hall Avenue, Marinette, Wisconsin 54143.

BASIC FINANCIAL STATEMENTS

MARINETTE COUNTY, WISCONSIN
Statement of Net Position
December 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled cash and investments	\$ 36,449,130	\$ 1,299,127	\$ 37,748,257
Other cash and investments	-	-	-
Accounts receivable	1,839,390	47,202	1,886,592
Interest receivable	634,819	704	635,523
Taxes receivable	19,399,899	-	19,399,899
Loans receivable	2,202,775	-	2,202,775
Internal balances	(62,234)	62,234	-
Due from other governments	1,424,893	446,672	1,871,565
Inventories and prepaid items	382,154	1,291,434	1,673,588
Restricted cash and investments	266,357	919,067	1,185,424
Net pension asset	2,712,655	351,538	3,064,193
Capital assets (net of accumulated depreciation)			
Nondepreciable	4,865,776	113,989	4,979,765
Depreciable	74,752,822	7,561,378	82,314,200
TOTAL ASSETS	144,868,436	12,093,345	156,961,781
DEFERRED OUTFLOWS OF RESOURCES			
Retirement system unfunded liability amortization	-	225,662	225,662
Deferred charge on refunding	406,248	-	406,248
Deferred pension contributions & changes	2,787,744	353,358	3,141,102
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,193,992	579,020	3,773,012
LIABILITIES			
Accounts payable	1,133,473	50,147	1,183,620
Accrued liabilities	782,036	245,358	1,027,394
Due to other governments	1,410,805	-	1,410,805
Deposits from others	23,915	-	23,915
Unearned revenue	93,140	-	93,140
Accrued interest	235,564	-	235,564
Long-term obligations			
Unamortized premiums	1,079,650	-	1,079,650
Portion due or payable within one year:			
Bonds and notes payable	2,620,000	-	2,620,000
Compensated absences	241,487	6,134	247,621
Portion due or payable after one year:			
Bonds and notes payable	25,240,000	-	25,240,000
Compensated absences	2,173,385	55,203	2,228,588
Post employment insurance	6,082,088	219,727	6,301,815
Landfill care costs	-	1,622,484	1,622,484
TOTAL LIABILITIES	41,115,543	2,199,053	43,314,596
DEFERRED INFLOWS OF RESOURCES			
Property taxes	16,282,852	-	16,282,852
NET POSITION			
Net investment in capital assets	53,070,098	7,675,367	60,745,465
Restricted	9,467,457	704,896	10,172,353
Unrestricted	28,126,478	2,093,049	30,219,527
TOTAL NET POSITION	\$ 90,664,033	\$ 10,473,312	\$ 101,137,345

The notes to the basic financial statements are an integral part of this statement.

Component Units		
Committee on Aging	Association for Business & Industry	Stephenson Public Library Foundation
\$ -	\$ -	\$ -
248,311	6,098	1,799,143
70,308	142,204	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
42,347	2,640	-
<u>360,966</u>	<u>150,942</u>	<u>1,799,143</u>
-	-	-
-	-	-
-	-	-
-	-	-
38,234	-	-
27,091	2,381	-
-	-	-
-	-	-
-	-	-
-	-	-
1,443	100,000	-
-	-	-
10,610	-	-
-	-	-
-	-	-
<u>77,378</u>	<u>102,381</u>	<u>-</u>
-	-	-
-	-	-
42,347	2,640	-
-	-	-
<u>241,241</u>	<u>45,921</u>	<u>1,799,143</u>
<u>\$ 283,588</u>	<u>\$ 48,561</u>	<u>\$ 1,799,143</u>

MARINETTE COUNTY, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2015

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental				
General government	\$ 8,109,908	\$ 909,954	\$ 223,336	\$ -
Public protection	8,554,670	704,153	174,522	-
Public ways and facilities	3,996,782	-	1,164,231	210,475
Health	18,543,944	4,890,010	10,533,670	-
Culture and recreation	2,329,458	321,616	397,229	-
Education	604,424	13,159	-	-
Forestry	1,401,530	4,049,319	122,865	-
Conservation and development	1,457,039	382,612	1,065,471	-
Interest and fiscal charges	790,855	-	-	-
Total Governmental Activities	45,788,610	11,270,823	13,681,324	210,475
Business-type				
Highway	9,840,985	10,024,592	-	-
Solid waste	571,375	555,813	-	-
Total Business-type Activities	10,412,360	10,580,405	-	-
Total Marinette County	\$ 56,200,970	\$ 21,851,228	\$ 13,681,324	\$ 210,475
Component Unit				
Committee on Aging	\$ 982,799	\$ 244,159	\$ 764,469	\$ -
Association of Business & Industry	82,937	-	95,532	-
Stephenson Library Trust	23,893	-	22,624	-
Total Component Units	\$ 1,089,629	\$ 244,159	\$ 882,625	\$ -

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for public ways and facilities
- Property taxes, levied for health
- Property taxes, levied for debt service
- Sales taxes
- Other taxes
- Grants and contributions not restricted to specific programs
- Earnings (loss) on investments
- Change in investment in joint airport
- Lease revenue
- Gain (loss) on other property sales
- Miscellaneous

Total general revenues

Change in net position

Net position - January 1, as originally reported

Cumulative effect of change in accounting principle

Net position - January 1, as restated

Net position - December 31

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			Component Units		
Governmental Activities	Business-type Activities	Total	Committee on Aging	Association for Business & Industry	Stephenson Public Library Foundation
\$ (6,976,618)	\$ -	\$ (6,976,618)	\$ -	\$ -	\$ -
(7,675,995)	-	(7,675,995)	-	-	-
(2,622,076)	-	(2,622,076)	-	-	-
(3,120,264)	-	(3,120,264)	-	-	-
(1,610,613)	-	(1,610,613)	-	-	-
(591,265)	-	(591,265)	-	-	-
2,770,654	-	2,770,654	-	-	-
(8,956)	-	(8,956)	-	-	-
(790,855)	-	(790,855)	-	-	-
(20,625,988)	-	(20,625,988)	-	-	-
-	183,607	183,607	-	-	-
-	(15,562)	(15,562)	-	-	-
-	168,045	168,045	-	-	-
(20,625,988)	168,045	(20,457,943)	-	-	-
-	-	-	25,829	-	-
-	-	-	-	12,595	-
-	-	-	-	-	(1,269)
-	-	-	25,829	12,595	(1,269)
10,644,256	-	10,644,256	-	-	-
1,528,108	-	1,528,108	-	-	-
3,067,072	-	3,067,072	-	-	-
683,602	-	683,602	-	-	-
3,066,459	-	3,066,459	-	-	-
1,001,612	-	1,001,612	-	-	-
1,644,447	-	1,644,447	-	-	-
439,060	5,389	444,449	-	80	8,326
(2,370,007)	-	(2,370,007)	-	-	-
67,492	-	67,492	-	-	-
104,442	-	104,442	-	-	-
17,931	12,800	30,731	2,337	-	-
19,894,474	18,189	19,912,663	2,337	80	8,326
(731,514)	186,234	(545,280)	28,166	12,675	7,057
85,931,745	9,601,655	95,533,400	255,422	35,886	1,792,086
5,463,802	685,423	6,149,225	-	-	-
91,395,547	10,287,078	101,682,625	255,422	35,886	1,792,086
\$ 90,664,033	\$ 10,473,312	\$ 101,137,345	\$ 283,588	\$ 48,561	\$ 1,799,143

MARINETTE COUNTY, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2015

	Governmental Funds				Other Governmental Funds	Total Governmental Funds
	General	County Roads and Bridges	Health and Human Services	Debt Service		
ASSETS						
Pooled cash and investments	\$ 29,627,868	\$ 928,402	\$ 1,255,847	\$ -	\$ 3,848,965	\$ 35,661,082
Receivables						
Delinquent property taxes	3,117,102	-	-	-	-	3,117,102
Property taxes levied for subsequent year	10,660,733	1,516,835	3,107,008	878,276	-	16,162,852
Accounts	1,160,618	-	715,660	522,063	69,564	2,467,905
Interest	-	-	-	-	1,081	1,081
Loans	489,429	-	-	-	1,713,346	2,202,775
Due from debt service	1,208,687	-	-	-	-	1,208,687
Due from other governments	1,424,893	-	-	-	-	1,424,893
Prepaid items	51,347	-	-	-	-	51,347
Restricted assets - pooled cash and investments	-	-	-	-	266,357	266,357
TOTAL ASSETS	\$ 47,740,677	\$ 2,445,237	\$ 5,078,515	\$ 1,400,339	\$ 5,899,313	\$ 62,564,081
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 559,194	\$ 18,159	\$ 330,960	\$ -	\$ 175,229	1,083,542
Accrued liabilities	589,738	-	179,323	-	-	769,061
Due to general fund	-	-	-	1,208,687	-	1,208,687
Due to other governments	329,915	-	1,080,890	-	-	1,410,805
Deposits from others	23,915	-	-	-	-	23,915
Unearned revenue	92,665	-	475	-	-	93,140
Total Liabilities	1,595,427	18,159	1,591,648	1,208,687	175,229	4,589,150
Deferred Inflows of Resources						
Property taxes	10,660,733	1,516,835	3,107,008	878,276	-	16,162,852
Loans	-	-	-	-	1,713,346	1,713,346
Interest on delinquent taxes	554,267	-	-	-	-	554,267
Fines and forfeitures	70,723	-	-	-	-	70,723
Total Deferred Inflows of Resources	11,285,723	1,516,835	3,107,008	878,276	1,713,346	18,501,188
Fund Balances						
Nonspendable	4,169,587	-	-	-	-	4,169,587
Restricted	124,965	-	-	-	2,700,855	2,825,820
Committed	21,469,933	910,243	379,859	-	1,309,883	24,069,918
Assigned	796,625	-	-	-	-	796,625
Unassigned	8,298,417	-	-	(686,624)	-	7,611,793
Total Fund Balances	34,859,527	910,243	379,859	(686,624)	4,010,738	39,473,743
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 47,740,677	\$ 2,445,237	\$ 5,078,515	\$ 1,400,339	\$ 5,899,313	\$ 62,564,081

(Continued)

MARINETTE COUNTY, WISCONSIN
Balance Sheet (Continued)
Governmental Funds
December 31, 2015

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page \$ 39,473,743

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets	\$ 79,618,598	
Less: amount included below with internal service funds	(1,063,504)	78,555,094

Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds and notes payable	\$ (27,860,000)	
Loss on advance refunding	406,248	
Refinancing premium	(1,079,650)	
Compensated absences	(2,414,872)	
Post-employment health insurance	(6,082,088)	
Accrued interest on long-term obligations	(235,564)	(37,265,926)

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Loans receivable	\$ 1,713,346	
Interest on delinquent taxes	554,267	
Clerk of Courts receivable	70,719	2,338,332

The County's proportionate share of the Wisconsin Retirement System pension is not an available financial resource; therefore it is not reported in the financial statements:

Net pension asset	\$ 2,712,655	
Deferred outflow of resources - contributions and changes	2,787,744	5,500,399

Internal service funds are used by management to charge the costs of reproduction, motor pool, information services and the County's insurance to individual funds.

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 2,062,391

Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 17 - 18)

\$ 90,664,033

The notes to the basic financial statements are an integral part of this statement.

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	County Roads and Bridges	Health and Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 11,565,784	\$ 1,528,108	\$ 3,067,072	\$ -	\$ 16,844,566
Sales tax	-	-	-	3,066,459	3,066,459
Intergovernmental	4,867,002	1,374,706	9,815,786	4,895	16,062,389
Regulation and compliance	313,530	-	-	171,532	485,062
Charges for services	5,160,494	-	4,790,629	120,362	10,071,485
Commercial	535,273	-	-	334,323	869,596
Miscellaneous	612,590	-	-	7,933	620,523
Total Revenues	23,054,673	2,902,814	17,673,487	639,045	48,020,080
Expenditures					
Current					
General government	7,178,315	-	-	1,014,874	8,193,189
Public protection	8,446,169	-	-	98,638	8,544,807
Public ways and facilities	10,702	6,921,090	-	2,334	6,934,126
Health	1,101,111	-	17,824,275	6,235	18,931,621
Culture and recreation	2,278,449	-	-	78,962	2,357,411
Education	315,887	-	-	-	315,887
Forestry	1,289,254	-	-	-	1,289,254
Conservation and development	1,283,973	-	-	163,234	1,447,207
Debt Service					
Principal payments	-	-	-	2,335,000	2,335,000
Interest and fiscal charges	-	-	-	794,994	920,612
Total Expenditures	21,903,860	6,921,090	17,824,275	3,129,994	51,269,114
Excess (Deficiency) of Revenues Over Expenditures	1,150,813	(4,018,276)	(150,788)	620,067	(850,850)
Other Financing Sources (Uses)					
Long-term debt issued	-	-	-	5,945,000	5,945,000
Debt premium received	-	-	-	168,060	168,060
Transfers in	718,697	4,621,345	-	42,442	5,456,569
Transfers out	(60,735)	-	-	(642,942)	(5,476,569)
Total Other Financing Sources (Uses)	657,962	4,621,345	-	(600,500)	6,093,060
Net Change in Fund Balances	1,808,775	603,069	(150,788)	19,567	2,844,026
Fund Balances (Deficit) - January 1	33,050,752	307,174	530,647	(706,191)	36,629,717
Fund Balances (Deficit) - December 31	\$ 34,859,527	\$ 910,243	\$ 379,859	\$ (686,624)	\$ 39,473,743

(Continued)

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2015

Reconciliation to the Statement of Activities

Net Change in Fund Balances from previous page \$ 2,844,026

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditure. However, in the
statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital assets reported as current expenditures in governmental fund statements	\$ 5,546,241	
Depreciation expense reported in the statement of activities	<u>(2,838,339)</u>	
Amount by which capital outlays are greater than depreciation in current period		2,707,902

Some contributions of capital are not available as financial resources and
therefore are not reported as revenues in the governmental funds.

Investment in joint venture airport	(2,370,007)
-------------------------------------	-------------

In governmental funds the entire proceeds, if any, from the disposal of
capital assets is reported as an other financing source. In the statement
of activities only the gain (or loss) on the disposal is reported.

(207,065)

Certain employee benefits are reported in the governmental funds when amounts
are paid. The statement of activities reports the value of benefits earned during
the year. This year the accrual of these benefits increased by:

(234,859)

Change in the net pension asset and related deferred inflows and outflows of
resources as a result of employer contributions, changes in assumptions and
proportionate share and the difference between the expected and actual experience
of the pension plan.

36,597

Repayment of principal on long-term debt is reported in the governmental funds as
an expenditure, but is reported as a reduction in long-term debt in the statement
of net position and does not affect the statement of activities. The amount of
long-term debt principal payments in the current year is:

2,335,000

Interest payments on outstanding debt are reported in the governmental funds as an
expenditure when paid; in the statement of activities interest is reported as accrues.

15,417

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2015

Reconciliation to the Statement of Activities (Continued)

The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is: (5,945,000)

Long-term debt refinancing transactions are recorded in the governmental funds as expenditures, other financing sources and other uses, but the refinancing cost and premiums are amortized over the life of the new issue on the statement of activities.

Net amortization of debt premium and refunding expense (83,720)

Because some revenues are not collected soon enough after the County's year end, they are not considered available revenues and are deferred or not recognized in the government funds. This adjustment combines the net changes of the following:

Interest receivable on taxes	\$	4,793	
Clerk of court receivables		8,857	
Revolving loan receivables		<u>(91,000)</u>	
Combined adjustment			(77,350)

Internal service funds are used by the County to charge the costs of reproduction, motor pool, information services and the County's insurance to individual funds. The net revenue of the internal service funds and is reported with the governmental activities. 247,545

Change in Net Position of Governmental Activities as reported in the Statement of Activities (see pages 19 and 20) \$ (731,514)

The notes to the basic financial statements are an integral part of this statement.

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 11,552,322	\$ 11,552,322	\$ 11,565,784	\$ 13,462
Intergovernmental	4,584,613	4,840,600	4,867,002	26,402
Regulation and compliance	317,290	317,290	313,530	(3,760)
Charges for services	4,438,417	4,456,799	5,160,494	703,695
Commercial	823,582	749,382	535,273	(214,109)
Miscellaneous	542,368	572,611	612,590	39,979
Total Revenues	<u>22,258,592</u>	<u>22,489,004</u>	<u>23,054,673</u>	<u>565,669</u>
Expenditures				
General government	8,183,913	7,967,104	7,178,315	788,789
Public protection	8,464,730	8,735,558	8,446,169	289,389
Public ways and facilities	43,500	43,500	10,702	32,798
Health	1,153,878	1,146,830	1,101,111	45,719
Culture and recreation	2,482,254	2,505,820	2,278,449	227,371
Education	341,876	363,434	315,887	47,547
Forestry	1,198,809	1,385,087	1,289,254	95,833
Conservation and development	1,263,014	1,339,021	1,283,973	55,048
Total Expenditures	<u>23,131,974</u>	<u>23,486,354</u>	<u>21,903,860</u>	<u>1,582,494</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(873,382)</u>	<u>(997,350)</u>	<u>1,150,813</u>	<u>2,148,163</u>
Other Financing Sources (Uses)				
Transfers in	742,942	742,942	718,697	(24,245)
Transfers out	-	(60,735)	(60,735)	-
Total Other Financing Sources (Uses)	<u>742,942</u>	<u>682,207</u>	<u>657,962</u>	<u>(24,245)</u>
Net Change in Fund Balance	<u>(130,440)</u>	<u>(315,143)</u>	<u>1,808,775</u>	<u>2,123,918</u>
Fund Balance - January 1	<u>33,050,752</u>	<u>33,050,752</u>	<u>33,050,752</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 32,920,312</u>	<u>\$ 32,735,609</u>	<u>\$ 34,859,527</u>	<u>\$ 2,123,918</u>

The notes to the basic financial statements are an integral part of this statement.

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Health and Human Services Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 3,067,072	\$ 3,067,072	\$ 3,067,072	\$ -
Intergovernmental	11,980,462	12,006,045	9,815,786	(2,190,259)
Charges for services	5,944,302	5,944,302	4,790,629	(1,153,673)
Total Revenues	<u>20,991,836</u>	<u>21,017,419</u>	<u>17,673,487</u>	<u>(3,343,932)</u>
Expenditures				
Health	<u>21,391,836</u>	<u>21,457,419</u>	<u>17,824,275</u>	<u>3,633,144</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(400,000)</u>	<u>(440,000)</u>	<u>(150,788)</u>	<u>289,212</u>
Fund Balance - January 1	<u>530,647</u>	<u>530,647</u>	<u>530,647</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 130,647</u>	<u>\$ 90,647</u>	<u>\$ 379,859</u>	<u>\$ 289,212</u>

The notes to the basic financial statements are an integral part of this statement.

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - County Roads and Bridges
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,528,108	\$ 1,528,108	\$ 1,528,108	\$ -
Intergovernmental	1,160,000	1,261,816	1,374,706	112,890
Total Revenues	<u>2,688,108</u>	<u>2,789,924</u>	<u>2,902,814</u>	<u>112,890</u>
Expenditures				
Public Ways and Facilities	<u>7,046,398</u>	<u>7,362,656</u>	<u>6,921,090</u>	<u>441,566</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,358,290)</u>	<u>(4,572,732)</u>	<u>(4,018,276)</u>	<u>554,456</u>
Other Financing Sources				
Transfers in	<u>4,358,290</u>	<u>4,572,732</u>	<u>4,621,345</u>	<u>48,613</u>
Net Change in Fund Balance	-	-	603,069	603,069
Fund Balance - January 1	<u>307,174</u>	<u>307,174</u>	<u>307,174</u>	-
Fund Balance - December 31	<u>\$ 307,174</u>	<u>\$ 307,174</u>	<u>\$ 910,243</u>	<u>\$ 603,069</u>

The notes to the basic financial statements are an integral part of this statement.

MARINETTE COUNTY, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2015

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
ASSETS				
Current Assets				
Pooled cash and investments	\$ 985,731	\$ 313,196	\$ 1,298,927	\$ 788,048
Petty cash	-	200	200	-
Accounts receivable	-	47,202	47,202	5,168
Due from other governments	446,672	-	446,672	120,000
Interest receivable	-	704	704	-
Prepaid items	-	-	-	313,842
Inventories	1,291,434	-	1,291,434	16,965
Total Current Assets	2,723,837	361,302	3,085,139	1,244,023
Noncurrent Assets				
Restricted cash and investments	172,102	746,965	919,067	-
Net pension asset	351,538	-	351,538	-
Capital assets				
Land	51,475	62,514	113,989	-
Land improvements, net	36,991	1,156,768	1,193,759	-
Buildings, net	1,954,065	125,000	2,079,065	-
Machinery and equipment, net	4,126,043	162,511	4,288,554	1,063,504
Total Noncurrent Assets	6,692,214	2,253,758	8,945,972	1,063,504
TOTAL ASSETS	9,416,051	2,615,060	12,031,111	2,307,527
DEFERRED OUTFLOWS OF RESOURCES				
Retirement system unfunded liability amortization	225,662	-	225,662	-
Contributions and changes to pension	353,358	-	353,358	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	579,020	-	579,020	-
LIABILITIES				
Current Liabilities				
Accounts payable	16,879	33,267	50,146	49,927
Accrued liabilities	243,459	1,899	245,358	12,975
Compensated absences payable	6,134	-	6,134	-
Total Current Liabilities	266,472	35,166	301,638	62,902
Noncurrent Liabilities				
Compensated absences payable	55,203	-	55,203	-
Post employment health insurance	187,999	31,728	219,727	-
Accrued landfill closure/post closure care cost	-	1,622,484	1,622,484	-
Total Noncurrent Liabilities	243,202	1,654,212	1,897,414	-
TOTAL LIABILITIES	509,674	1,689,378	2,199,052	62,902
DEFERRED INFLOWS OF RESOURCES				
Property taxes	-	-	-	120,000
NET POSITION				
Net investment in capital assets	6,168,574	1,506,793	7,675,367	1,063,504
Restricted for pension	704,896	-	704,896	-
Unrestricted (deficit)	2,611,927	(581,111)	2,030,816	1,061,121
TOTAL NET POSITION	\$ 9,485,397	\$ 925,682	10,411,079	\$ 2,124,625

(Continued)

MARINETTE COUNTY, WISCONSIN
Statement of Net Position
Proprietary Funds
December 31, 2015

Some amounts reported for business-type activities in the statement of net position are different because certain internal service assets and liabilities are included with business-type activities.

62,233

Net Position of Business-Type Activities as Reported on the
Statement of Net Position (see page 17 - 18)

\$ 10,473,312

The notes to the basic financial statements are an integral part of this statement.

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December, 31, 2015

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Operating Revenues				
Charges for services	\$ 10,024,592	\$ 555,813	\$ 10,580,405	\$ 1,979,729
Operating Expenses				
Administration	-	41,572	41,572	680,306
Operation and maintenance	9,163,383	322,741	9,486,124	1,185,915
Landfill closure/post-closure care costs	-	103,957	103,957	-
Depreciation	669,891	103,105	772,996	231,485
Total Operating Expenses	9,833,274	571,375	10,404,649	2,097,706
Operating Income (Loss)	191,318	(15,562)	175,756	(117,977)
Nonoperating Revenues (Expenses)				
Property taxes	-	-	-	80,084
Insurance recoveries	-	-	-	37,005
Miscellaneous revenues	12,800	-	12,800	-
Investment earnings	-	5,389	5,389	-
Total Nonoperating Revenues (Expenses)	12,800	5,389	18,189	117,089
Income (Loss) Before Transfers	204,118	(10,173)	193,945	(888)
Transfer In	-	-	-	20,000
Capital contributions	-	-	-	220,722
Change in Net Position	204,118	(10,173)	193,945	239,834
Net Position - January 1, as originally reported	8,595,856	935,855	9,531,711	1,884,791
Cumulative Effect of Change in Accounting Principle	685,423	-	685,423	-
Net Position - January 1, as restated	9,281,279	935,855	10,217,134	1,884,791
Net Position - December 31	\$ 9,485,397	\$ 925,682	\$ 10,411,079	\$ 2,124,625
Change in Net Position, per above			\$ 193,945	
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.			(7,711)	
Change in Net Position of Business-Type Activities as Reported on the Statement of Activities (see pages 19 - 20)			\$ 186,234	

The notes to the basic financial statements are an integral part of this statement.

MARINETTE COUNTY, WISCONSIN
Statements of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Cash Flows from Operating Activities				
Receipts from customers	\$ 2,848,215	\$ 547,595	\$ 3,395,810	\$ 6,881
Receipts from internal activity and other governments	7,148,749	-	7,148,749	1,932,709
Payments to employees	(2,658,701)	(111,228)	(2,769,929)	(661,594)
Payments to suppliers	(6,703,994)	(243,844)	(6,947,838)	(1,093,646)
Net Cash Provided by Operating Activities	634,269	192,523	826,792	184,350
Cash Flows From Noncapital Financing Activities				
Property taxes	-	-	-	80,084
Insurance recoveries	-	-	-	37,005
Miscellaneous revenue	12,800	-	12,800	-
Transfer from general fund	-	-	-	20,000
Net Cash Provided by Noncapital Financing Activities	12,800	-	12,800	137,089
Cash Flows From Capital and Related Financing Activities				
Purchases and construction of capital assets	(1,034,358)	(614,588)	(1,648,946)	(386,383)
Contributed capital	-	-	-	220,722
Net Cash Used by Capital and Related Financing Activities	(1,034,358)	(614,588)	(1,648,946)	(165,661)
Cash Flows from Investing Activities				
Interest received on investments	-	5,446	5,446	-
Net Change in Cash and Cash Equivalents	(387,289)	(416,619)	(803,908)	155,778
Cash and Cash Equivalents - January 1	1,545,122	1,476,980	3,022,102	632,270
Cash and Cash Equivalents - December 31	\$ 1,157,833	\$ 1,060,361	\$ 2,218,194	\$ 788,048
Displayed as:				
Current assets				
Pooled cash and investments	\$ 985,731	\$ 313,396	\$ 1,299,127	\$ 788,048
Restricted assets				
Pooled cash and investments	172,102	746,965	919,067	-
Total Cash and Cash Equivalents	\$ 1,157,833	\$ 1,060,361	\$ 2,218,194	\$ 788,048
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 191,318	\$ (15,562)	\$ 175,756	\$ (117,977)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	669,891	103,105	772,996	231,485
Increase in postclosure care cost estimates	-	103,957	103,957	-
Change in assets and liabilities:				
Receivables, net	(27,628)	(8,219)	(35,847)	(40,863)
Post employment benefits	(42,146)	(4,323)	(46,469)	-
Prepaid items	104,164	13,240	117,404	43,409
Accounts and other payables	(261,330)	325	(261,005)	68,296
Net Cash Provided by Operating Activities	\$ 634,269	\$ 192,523	\$ 826,792	\$ 184,350

The notes to the basic financial statements are an integral part of this statement.

MARINETTE COUNTY, WISCONSIN
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2015

	Agency Funds
ASSETS	
Cash and investments	\$ 5,686,475
Receivables	
Delinquent property taxes	88,899
Property taxes levied for subsequent years	611,649
Prepaid items	700
TOTAL ASSETS	\$ 6,387,723
LIABILITIES	
Due to taxing districts	
Tax collections	\$ 4,314,498
Special assessments	94,001
Forest income	414,714
Accounts payable	851
Deposits payable	1,563,659
TOTAL LIABILITIES	\$ 6,387,723

The notes to the basic financial statements are an integral part of this statement.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Marinette County, Wisconsin ("the County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below:

1. Reporting Entity

Marinette County is a municipal corporation governed by an elected 30-member board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units that have a significant operational or financial relationship with the County. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County.

2. Component Units

BLENDING COMPONENT UNIT

The MAR-OCO Joint Landfill is operated in equal ownership shares by Oconto and Marinette counties. MAR-OCO is managed by a separate committee of six members consisting of three members of each County's Board of Supervisors. Accordingly, 50% of MAR-OCO's financial activity is reported by each County to reflect the landfill activities of the primary government.

DISCRETELY PRESENTED

The component unit columns in the basic financial statements represent the financial data of the Marinette County Committee on Aging, Inc. (MCCA), the Marinette County Association for Business and Industry, Inc. (MCABI), and the Stephenson Public Library Foundation, Inc. They are reported in separate columns to emphasize that the entities are legally separate from the County. The MCCA is a not-for-profit corporation that provides services primarily in connection with the "Older Americans Program" for the elderly of Marinette County. The County annually provides significant operating subsidies to the MCCA. Audited financial statements for the MCCA can be obtained from their administrative office in Crivitz, Wisconsin. The MCCA expended less than \$750,000 in federal funds during 2015 and therefore was not required to have an audit performed in accordance with the Uniform Guidance. Because the MCCA received funding of more than \$25,000 from the State of Wisconsin Department of Health and Family Services (DHFS) during 2015, the MCCA's audited financial statements include an audit performed in accordance with the DHFS's Provider Agency Audit Guide. The MCABI is a not-for-profit corporation that pursues economic development activities throughout Marinette County. The County's officials are responsible for appointing two members to the board of directors of the MCABI. The County provides the majority of funding for the MCABI and therefore this organization is included in the County's reporting entity as a discretely presented component unit. Audited financial statement for MCABI can be obtained from their administrative office in the Marinette County courthouse. The Stephenson Public Library Foundation, Inc. is a not-for-profit corporation that enhances the Stephenson Public Library by supplementing certain costs of the Library. Audited financial statements for the Stephenson Public Library Foundation, Inc. can be obtained from their administrative office in Marinette, Wisconsin.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Joint Venture

Through July 31, 2015, Marinette County was a participant with Menominee County, Michigan in a joint venture to operate the Twin County Airport located in the City of Menominee, Michigan. Previously, the Twin County Airport Commission (TCAC) was created for that purpose and was governed by a six-member board composed of three appointees from each county. Members from each county were appointed by the chairperson of that county board, subject to the approval of the respective county board. Both counties were obligated by agreement to share equally in providing the local funds necessary for the operation and improvement of the airport. During 2015, Marinette County remitted an operating subsidy of \$10,702. Effective July 31, 2015, Marinette County divested its interest in the Twin County Airport. Marinette County is no longer obligated to submit an operating subsidy nor is it liable for any obligations of the airport. Marinette County received no compensation for its share of the airport assets. This resulted in a loss on the financial statements of \$2,370,007. Complete financial statements for the TCAC can be obtained from the TCAC's office at 2801 North 22nd Street, Menominee, Michigan.

4. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds.

GENERAL FUND

This is the County's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

COUNTY ROADS AND BRIDGES SERVICES SPECIAL REVENUE FUND

This fund accounts for the County's expenditures related to construction and maintenance of County roads and bridges. A tax levy along with State aid provides the significant revenues for the fund.

MARINETTE COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND

This fund accounts for the County's many comprehensive and integrated programs which deal with the physical, social, mental, emotional, vocational and nutritional needs of individuals and families. Significant revenues include tax levy, Federal and State aid, and fees.

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. A county sales tax provides the revenue for the fund.

The County reports the following major enterprise funds:

HIGHWAY

This fund accounts for the costs associated with the operation and maintenance of the County's highway department facilities including all machinery and the County trunk highway system. Costs are billed to other County departments, the Wisconsin Department of Transportation or local municipalities on an actual cost basis plus a percent of direct labor to cover indirect costs. Machinery and equipment are charged out at an hourly rate basis that includes costs of operations, depreciation and overhead.

SOLID WASTE

This fund accounts for the operations and maintenance of a sanitary landfill serving as a solid waste disposal site for the entire County as well as for a materials recycling facility.

Additionally, the government reports the following fund types:

Internal service funds account for: self-insurance, information services, and central motor pool services provided to other departments or agencies of the County on a cost reimbursement basis.

The County accounts for assets held for individuals by various departments, funds held for other governmental agencies and property taxes collected on behalf of county municipalities in *agency funds*.

5. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's highway department and the County roads and bridges special revenue fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

6. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts and Loans Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or higher. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	Governmental Activities	Business-type Activities
	Years	
Land improvements	10 - 20	10 - 20
Buildings	50	25 - 50
Improvements other than buildings	25 - 40	10 - 50
Machinery and equipment	2 - 15	3 - 10
Infrastructure	20 - 50	-

g. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements or adopted policies and procedures. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County had three items that qualify for reporting in this category. 1). The Highway fund retirement system unfunded liability reported in the government-wide and proprietary funds statements of net position. The unfunded liability charge results from the previous pay off of the retirement liability. This amount is deferred and being amortized over a thirty year period. 2). A deferred charge on debt refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 3). The County's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. The County also has an additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources, loans receivable, interest on delinquent taxes and fines and forfeitures. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitation requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the County Board. These constraints can only be removed by the County Board using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of County Management. The County Board has authorized the County's Finance Committee to approve assignment of fund balance per recommendation of the Finance Director and County Administrator.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The County has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that is subject to restrictions that are imposed 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.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE B - STEWARDSHIP AND COMPLIANCE

Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During October, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the County. The County Administrator can make budget revisions within the line budget accounts for each activity or department. Budget revisions between activity or department accounts can only be made by the Finance Committee. The use of contingency funds more than ten percent of the amount budgeted for each activity or department along with all other budget amendments and transfers require approval by the County Board.
5. Encumbrance accounting is not used by the County to record commitments related to unperformed contracts for goods or services.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2015.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

PRIMARY GOVERNMENT

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Pooled cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the County's cash and investments totaled \$44,620,156 on December 31, 2015 as summarized below:

Petty cash and cash on hand	\$ 4,935
Deposits with financial institutions	19,523,914
Investments	25,091,307
	\$ 44,620,156

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 37,748,257
Restricted cash and investments	1,185,424
Fiduciary fund statement of net position	
Agency funds	5,686,475
	\$ 44,620,156

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the specific risks and the County's policy related to the risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. All trades of marketable securities are executed by delivery versus payment through an independent third party custodian and evidenced by safekeeping receipts in Marinette County's name.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per depository institution. Deposits with Financial Institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for all deposit accounts per official custodian per depository institution. In addition, the State of Wisconsin has a State Guarantee Fund

Which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2015, \$7,023,035 of the County's deposits with financial institutions was in excess of federal and state depository insurance limits and uncollateralized.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County does not have an additional credit risk policy. Presented below is the actual rating at time of purchase for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Federal National Mortgage Association	\$ 7,136,447	\$ -	\$ 7,136,447	\$ -	\$ -
Federal Home Loan Mortgage Corporation	6,745,573	-	6,745,573	-	-
Governmental Home Loan Mortgage Association	1,622,953	-	1,622,953	-	-
Small Business Association	705,423	-	705,423	-	-
Corporate Paper	2,829,290	-	2,829,290	-	-
Municipal Bonds	262,061	-	262,061	-	-
Wisconsin Local Government Investment Pool	5,090,442	-	-	-	5,090,442
Wisconsin Local Government Investment Pool - DNR	699,118	-	-	-	699,118
Totals	\$ 25,091,307	\$ -	\$ 19,301,747	\$ -	\$ 5,789,560

Concentration of Credit Risk

The investment policy of the County contains limitations on the amount that can be invested in any one issuer. The County considers non-negotiable certificates of deposits as investments for limitation purposes. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, certificates of deposit, and external investment pools) are as follows:

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Issuer	Investment Type	Reported Amount	Percent of Total
Federal National Mortgage Association (FNMA)	U.S.	\$7,136,447	18.7%
Federal Home Loan Mortgage Corporation (FHLMC)	U.S.	6,745,573	17.7%
Governmental National Mortgage Association (GNMA)	U.S.	1,622,953	4.3%
Small Business Association (SBA)	U.S.	705,423	1.8%
City of New York	U.S.	262,061	0.7%
Barclays Bank	U.S.	1,018,030	2.7%
General Electric	U.S.	805,140	2.1%
Westpac Bank	U.S.	1,006,120	2.6%

As of December 31, 2015, the County is not in violation of diversification limits as imposed by its investment policy.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The County's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal National Mortgage Association	\$ 7,136,447	\$ 1,162,059	\$ 4,194,751	\$ 1,779,637	\$ -
Federal Home Loan Mortgage Corporation	6,745,573	-	1,919,950	4,825,623	-
Governmental Home Loan Mortgage Association	1,622,953	264,778	225,848	937,654	194,673
Small Business Association	705,423	-	-	705,423	-
Corporate Paper	2,829,290	1,006,120	1,823,170	-	-
Municipal Bonds	262,061	-	-	262,061	-
Wisconsin Local Government Investment Pool	5,090,442	5,090,442	-	-	-
Wisconsin Local Government Investment Pool - DNR	699,118	699,118	-	-	-
Totals	\$ 25,091,307	\$ 8,222,517	\$ 8,163,719	\$ 8,510,398	\$ 194,673

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The County's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

MARINETTE COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Fair Value at Year End
Highly Sensitive Investments	
Federal National Mortgage Association	\$ 7,136,447
Federal Home Loan Mortgage Corporation	6,745,573
Governmental National Mortgage Association	1,622,953
Small Business Association	705,423
Corporate Paper	2,829,290
Municipal Bonds	262,061

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$5,789,560 at year-end directly and through the Wisconsin Department of Natural Resources. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2015, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

COMPONENT UNITS

At year end, the bank balance of Marinette County Committee on Aging, Inc. and Marinette County Association for Business & Industry, component units, were less than \$250,000 and, accordingly, covered by FDIC insurance.

The Stephenson Public Library Foundation, Inc., component unit has a bank balance and investments. The bank balance consists of various certificates of deposits and cash in money market funds. The investments are stated at fair market value and consist of various securities with local financial institution trust departments. At December 31, 2015 the investment cost was \$302,779 with a fair market value of \$285,321.

2. Property Tax Apportionments

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as deferred inflows of resources at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's general fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes recorded on December 31, 2015 for collection in 2016 are for the following:

State apportionment	\$ 611,649
County apportionment	16,282,852
Total	<u>\$ 16,894,501</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

The above County apportionment of \$16,282,852 is for financing 2016 operations and will be transferred in 2016 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds.

3. Delinquent Property Taxes - General Fund

Delinquent property taxes of the general fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deed properties.

On December 31, 2015, the County's general fund showed an investment of \$3,117,102 in delinquent taxes as follows:

Tax certificates	\$ 2,937,768
Tax deeds	179,334
Total	\$ 3,117,102

An aging of the total delinquent taxes of \$3,117,102 on December 31, 2015 follows:

Year Acquired	Total	Tax Certificates	Tax Deeds
Prior to 2009	\$ 32,098	\$ 1,230	\$ 30,868
2009	589	388	201
2010	27,232	1,317	25,915
2011	15,622	1,844	13,778
2012	7,722	7,330	392
2013	562,267	507,602	54,665
2014	934,872	921,836	13,036
2015	1,536,700	1,496,221	40,479
	\$ 3,117,102	\$ 2,937,768	\$ 179,334

Of the total of \$3,117,102 for delinquent taxes, \$288,291 was collected by the County within 60 days after December 31, 2015. The remaining unpaid balance of \$2,828,811 is recorded as nonspendable fund balance for the general fund.

4. Restricted Assets

Restricted assets on December 31, 2015 totaled \$1,185,424 and consisted of cash and investments held for the following purposes:

Special Revenue Fund	
Solid waste long-term care	\$ 266,357
Enterprise Fund	
Highway retirees health insurance	172,102
Solid waste long-term care/closure	746,965
Total Restricted Assets	\$ 1,185,424

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,823,476	\$ 42,300	\$ -	\$ 4,865,776
Capital assets, being depreciated:				
Buildings and improvements	44,386,456	630,055	-	45,016,511
Machinery and equipment	10,902,843	675,026	181,771	11,396,098
Infrastructure	59,294,726	4,621,345	1,690,908	62,225,163
Subtotals	114,584,025	5,926,426	1,872,679	118,637,772
Less accumulated depreciation for:				
Buildings and improvements	13,499,021	925,256	-	14,424,277
Machinery and equipment	7,646,656	695,610	173,648	8,168,618
Infrastructure	21,298,962	1,448,958	1,455,865	21,292,055
Subtotals	42,444,639	3,069,824	1,629,513	43,884,950
Total capital assets, being depreciated, net	72,139,386	2,856,602	243,166	74,752,822
Governmental activities capital assets, net	<u>\$ 76,962,862</u>	<u>\$ 2,898,902</u>	<u>\$ 243,166</u>	79,618,598
Less related long-term debt outstanding				<u>26,548,500</u>
Net investment in capital assets				<u>\$ 53,070,098</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 113,989	\$ -	\$ -	\$ 113,989
Capital assets, being depreciated:				
Land improvements	2,779,000	612,476	-	3,391,476
Buildings	4,923,350	73,709	-	4,997,059
Machinery and equipment	9,383,487	964,995	426,130	9,922,352
Subtotals	17,085,837	1,651,180	426,130	18,310,887
Less accumulated depreciation for:				
Land improvements	2,114,652	83,065	-	2,197,717
Buildings	2,736,133	181,862	-	2,917,995
Machinery and equipment	5,382,748	508,069	257,020	5,633,797
Subtotals	10,233,533	772,996	257,020	10,749,509
Total capital assets, being depreciated, net	6,852,304	878,184	169,110	7,561,378
Business-type activities capital assets, net	<u>\$ 6,966,293</u>	<u>\$ 878,184</u>	<u>\$ 169,110</u>	7,675,367
Less related long-term debt outstanding				-
Net investment in capital assets				<u>\$ 7,675,367</u>
Depreciation expense was charged to functions of the County as follows:				
Governmental activities				
General government				\$ 137,039
Public protection				589,501
Public ways and facilities				1,448,958
Health				71,677
Culture and recreation				47,247
Education				436,979
Forestry				104,229
Conservation and development				2,709
Allocated from internal service funds				231,485
Total depreciation expense - governmental activities				<u>\$ 3,069,824</u>
Business-type activities				
Highway				\$ 669,891
Solid waste				103,105
Total depreciation expense - business-type activities				<u>\$ 772,996</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the County, as reported in the fund financial statements, as of December 31, 2015 are detailed below:

	Interfund Receivables	Interfund Payables
Cash advance for cash flow		
General Fund	\$ 408,687	\$ -
Debt Service Fund	-	408,687
Totals	<u>\$ 408,687</u>	<u>\$ 408,687</u>
Long-term advance to other funds		
General Fund	\$ 800,000	\$ -
Debt Service Fund	-	800,000
Totals	<u>\$ 800,000</u>	<u>\$ 800,000</u>

Repayments of the long-term advance provided by the General Fund to the Debt Service Fund are to be made annually through 2019 at 3% interest. Annual principal and interest maturities of the long-term advance to the General Fund are detailed as follows:

Year Ended December 31,	Principal	Interest	Total
2016	\$ 200,000	\$ 24,000	\$ 224,000
2017	200,000	18,000	218,000
2018	200,000	12,000	212,000
2019	200,000	6,000	206,000
	<u>\$ 800,000</u>	<u>\$ 60,000</u>	<u>\$ 860,000</u>

Interfund transfers for the year ended December 31, 2015 were as follows:

	Transfer to:						
	General Fund	County Roads and Bridges	Debt Service	Information Services	2014 Capital Projects	2015 Capital Projects	Totals
Transfers from:							
General fund	\$ -	-	-	\$ 20,000		\$ 40,735	\$ 60,735
Debt service	642,942	-	-	-		-	642,942
2014 Capital projects	-	359,157	-	-		-	359,157
2015 Capital projects	-	4,262,188	42,442	-	33,350	-	4,337,980
Forestry & parks development	75,755	-	-	-	-	-	75,755
Totals	<u>\$ 718,697</u>	<u>\$ 4,621,345</u>	<u>\$ 42,442</u>	<u>\$ 20,000</u>	<u>\$ 33,350</u>	<u>\$ 40,735</u>	<u>\$ 5,476,569</u>

Transfers were used to move surplus sale tax revenues to other funds where expenditures have been authorized and move appropriated funds where budgeted to the fund that incurred the expenditure.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2015:

	Outstanding 1/1/15	Issued	Retired	Outstanding 12/31/15	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 14,815,000	\$ -	\$ 1,700,000	\$ 13,115,000	\$ 1,775,000
Notes-2014 CIP	9,435,000	-	635,000	8,800,000	700,000
Notes-2015 CIP	-	5,945,000	-	5,945,000	145,000
Total General Obligation Debt	24,250,000	5,945,000	2,335,000	27,860,000	2,620,000
Debt Premium	1,054,730	168,060	143,140	1,079,650	146,089
Post-employment health benefits payable	5,884,232	1,353,454	1,155,598	6,082,088	-
Compensated absences	2,377,869	37,003	-	2,414,872	241,487
Governmental activities Long-term obligations	<u>\$ 33,566,831</u>	<u>\$ 7,503,517</u>	<u>\$ 3,633,738</u>	<u>\$ 37,436,610</u>	<u>\$ 3,007,576</u>
Business-type activities:					
Post-employment health benefits payable					
	\$ 281,478	\$ -	\$ 61,751	\$ 219,727	\$ -
Compensated absences	120,679	-	59,342	61,337	6,134
Business-type activities Long-term obligations	<u>\$ 402,157</u>	<u>\$ -</u>	<u>\$ 121,093</u>	<u>\$ 281,064</u>	<u>\$ 6,134</u>

Total interest paid during the year on long-term debt totaled \$794,995.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds		
\$16,615,000 issued 3/15/12; \$125,000 to \$1,875,000 due annually to 2022; interest 1.50% to 4.00 %		\$ 13,115,000
Notes		
\$9,435,000 issued 2/12/14; \$635,000 to \$4,000,000 due annually to 2023; interest 1.0% to 3.0%		8,800,000
\$5,945,000 issued 3/10/15; \$145,000 to \$4,000,000 due annually to 2024; interest 2.0% to 2.5%		<u>5,945,000</u>
Total Outstanding General Obligation Debt		<u>\$ 27,860,000</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$27,860,000 on December 31, 2015 are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 2,620,000	\$ 805,365	\$ 3,425,365
2017	2,300,000	701,975	3,001,975
2018	2,300,000	656,975	2,956,975
2019	2,250,000	611,475	2,861,475
2020	2,300,000	554,975	2,854,975
2021-2024	16,090,000	1,122,537	17,212,537
	<u>\$ 27,860,000</u>	<u>\$ 4,453,302</u>	<u>\$ 32,313,302</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2015 was \$152,348,525 as follows:

Equalized valuation of the County	\$ 3,604,170,500
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	180,208,525
Total outstanding general obligation debt applicable to debt limitation	\$ 27,860,000
Less: Amounts available for financing general obligation debt	
Debt service fund	-
Net outstanding general obligation debt applicable to debt limitation	27,860,000
Legal Margin for New Debt	\$ 152,348,525

8. Pension Plan

a. 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 (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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.

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.

b. 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
2005	2.6%	7%
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%

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

c. 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, including teachers, 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 \$1,214,799 in contributions from the County.

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At December 31, 2015, the County reported an asset of \$3,064,193 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the County's proportion was 0.124749667%, which was a decrease of 0.00018768% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the County recognized pension expense of \$1,203,065.

At December 31, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 444,213
Net differences between projected and actual earnings on pension plan investments	1,483,830
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,690
Employer contributions subsequent to the measurement date	1,210,369
Total	\$ 3,141,102

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

\$1,210,369 reported as deferred outflows related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31,	Deferred Outflow of Resources
2015	\$ 440,184
2016	440,184
2017	440,184
2018	440,184
2019	169,997
Total	<u>\$ 1,930,733</u>

e. Actuarial Assumptions

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Asset:	December 31, 2014
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% - 5.8%
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, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

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:

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Debt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

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 County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the County's proportionate share of the net pension 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 (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
County's proportionate share of the net pension asset (liability)	\$ (8,644,616)	\$ 3,064,193	\$ 12,311,337

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://legis.wisconsin.gov/lab/> and reference report number 15-11.

f. Payable to the WRS

At December 31, 2015 the County reported a payable of \$213,159 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2015.

MARINETTE COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

9. Closure and Post-Closure Care Costs

The Marinette-Oconto (MAR-OCO) Joint Landfill is a solid waste landfill operation owned 50% by Marinette County and 50% by Oconto County. Marinette County records its 50% share of MAR-OCO's financial transactions in an enterprise fund on its financial statements. Federal and state laws and regulations require MAR-OCO to place covers on landfill increments as they are filled (closure costs) and to perform certain maintenance and monitoring functions (post-closure care) of the landfill site for forty years after the landfill stops accepting waste. Most closure costs are paid when individual landfill increments reach capacity for accepting waste and post-closure care costs will normally only be paid after the entire landfill stops accepting waste. In accordance with GASB Statement No. 18, MAR-OCO annually records an estimate of the closure and post-closure care costs as an operating expense during the life of the landfill based on landfill capacity used compared to total estimated capacity available. The resultant liabilities for these estimated operating expenses are reduced each year for actual payments made. An analysis of Marinette County's 50% share of the estimated liabilities for closure and post-closure care costs on December 31, 2015 follows:

	Landfill Closure Care	Landfill Post closure Care
Total estimated costs	\$ 986,856	\$ 2,451,280
Percentage of storage capacity used as of December 31, 2015	88.45%	58.27%
Total estimated liability for costs as of December 31, 2015	872,847	1,428,361
Less closure costs paid	678,724	-
Liabilities as of December 31, 2015	<u>\$ 194,123</u>	<u>\$ 1,428,361</u>

The above total costs of \$194,123 and \$1,428,361 for closure and post-closure care are estimates and subject to changes resulting from inflation/deflation, technology, or changes in applicable laws or regulations.

A portion of the above post-closure care costs of \$1,428,361 is being met through annual deposits into a separate cash and investment account for the enterprise fund. Marinette County's 50% share of the balance in the account on December 31, 2015 was \$746,965. In addition, MAR-OCO has established an irrevocable letter of credit in the amount of \$900,000 (County share of \$450,000) to provide additional funding for landfill closure. In accordance with Wisconsin Statutes, the Wisconsin Department of Natural Resources is the beneficiary of the letter of credit.

10. Fund Equity

In the financial statements, the governmental fund balances are classified in the following categories:

NONSPENDABLE FUND BALANCES

Portions of governmental fund balances are not in a spendable form or are required to be maintained intact. Fund balances in nonspendable form consisted of the following:

General Fund	
Prepaid items	\$ 51,347
Delinquent property taxes	2,828,810
Long-term loans receivable	1,289,429
Total Nonspendable Fund Balances	<u>\$ 4,169,586</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

RESTRICTED FUND BALANCES AND NET POSITION

Portions of governmental fund balances are restricted for specific purposes by constraints imposed by external providers. At December 31, 2015, restricted fund balances consisted of the following:

General Fund	
Sheriff Department honor guard uniforms	\$ 486
Sheriff Department canine	15,323
Family counseling	33,756
Veterans transportation	37,342
Wildlife habitat	28,807
County forest land acquisition	9,251
	<u>124,965</u>
Special Revenue Funds	
Land records modernization	147,280
Teen court	1,987
Jail assessments	44,807
Dog licenses	1,000
Nicolet library grant	12,805
Library donations	151,025
Peshtigo library - McCauley trust	189,470
Peshtigo library - Falkenberg trust	21,134
Community Development Block Grant - Revolving Loans	272,253
	<u>841,761</u>
2014 Capital projects	612,472
2015 Captial Projects	1,246,622
	<u>1,859,094</u>
Total Restricted Fund Balances - Governmental Balance Sheet	<u>2,825,820</u>
Outstanding Loan Balance - Community Development Block Grant	1,141,238
Pension asset	2,712,655
Deferred pension contributions and changes	2,787,744
Total Restricted Net Position - Statement of Net Position	<u>\$ 9,467,457</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

COMMITTED FUND BALANCES

Portions of governmental fund balances have been committed to specific purposes by the County Board. These amounts cannot be used for any other purpose unless the County Board approves the change. At December 31, 2015, committed fund balances consisted of the following:

General Fund	
Property tax reduction fund	\$ 19,058,908
Service level stabilization	2,000,000
Forestry heavy equipment	301,004
Tourism	11,418
Land information	74,942
Environmental site assessment	23,661
	<u>21,469,933</u>
Special Revenue Funds	
County roads and bridges	910,243
Health and Human Services	379,859
Solid waste long-term care	266,973
Forest and parks development	462,311
Revolving loan fund	580,599
	<u>2,599,985</u>
Total Committed Fund Balances	<u>\$ 24,069,918</u>

ASSIGNED FUND BALANCES

Portions of governmental fund balances have been assigned to specific purposes by County management with approval of the County's Finance Committee. These amounts cannot be used for any other purpose unless the Finance Committee approves the change. At December 31, 2015, assigned fund balances consisted of the following:

General Fund	
Capital maintenance	\$ 519,961
Subsequent years budget	230,000
County Department budget carryovers	46,664
Total Assigned Fund Balances	<u>\$ 796,625</u>

UNASSIGNED FUND BALANCES

Unassigned fund balance on December 31, 2015 totaled \$8,298,417 and of that amount, \$2,258,142 was allocated for contingencies and \$1,881,785 was allocated for cash flow requirements.

MARINETTE COUNTY, WISCONSIN

Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

11. Minimum Fund Balance Policy

The County has adopted the following fund balance policy:

Total General Fund Unassigned Fund Balance is to be maintained at a level of no less than 17% of total regular budgeted general fund operating expenditures.

Budgeted 2015 General Fund Operating Expenditures	\$ 22,581,416
	17%
17% of total budgeted regular General Fund Expenditures	<u>\$ 3,838,841</u>

The General Fund unassigned fund balance on December 31, 2015 totaled \$8,298,417.

NOTE D - OTHER INFORMATION

1. Other Post-Employment Benefits

Plan Description - The County provides health insurance coverage for certain retired employees and their dependents; for a maximum of eight years after retirement or until the age of 70 is attained, whichever occurs first. The retired employees contribute various percentages as determined by bargained or other agreements. Any employees hired after December 31, 2011 are not eligible for retiree health insurance benefits. There are 142 active and 63 retired employees in the plan.

Annual OPEB Cost and Net OPEB Obligation - The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 1,646,853
Interest on net OPEB	245,186
Adjustment to annual required contribution	<u>(377,057)</u>
Annual OPEB cost (expense)	1,514,982
Contributions made	<u>(1,378,877)</u>
Change in net OPEB obligation	136,105
OPEB obligation - beginning of year	<u>6,165,710</u>
OPEB obligation - end of year	<u>\$ 6,301,815</u>

The annual required contribution for the current year was determined as part of the January 1, 2016 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.0% discount rate, and (b) projected salary increases at 2.5%.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - OTHER INFORMATION (Continued)

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll. The remaining amortization period at December 31, 2015 is 22 years, and the remaining amount is \$17,563,589.

Trend Information - The County's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and prior two years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 1,829,663	76.30%	\$ 5,515,052
12/31/2014	1,875,740	67.35%	6,165,710
12/31/2015	1,514,982	91.02%	6,301,815

Funded Status and Funding Progress - As of January 1, 2016, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$17,563,589. The annual payroll for active employees covered by the plan for the 2016 fiscal year was \$7,145,322 for a ratio of the UAAL to covered payroll of 245.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 4.0% to discount expected liabilities to the valuation date. The 2017 and 2018 trend rates of 7.5% reflect the average annual change in costs (and premiums) based on expected changes for similar business. Rates for 2025 and beyond are based on projections of the Office of Actuary at the Centers for Medicare & Medicaid Services, as published in *National Health Expenditures Projections: 2013-2023*. Rates for 2019 through 2024 are scaled between the 2018 and 2025 rates. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2015 was 22 years.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - OTHER INFORMATION (Continued)

2. Risk Management

The County is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; or acts of God. 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. Financial transactions for the foregoing are recorded in a self-insurance internal service fund. On December 31, 2015 the self-insurance internal service fund had a net position surplus of \$624,681 allocated to the following risk management programs:

Life insurance	\$ 14,024
Property and liability insurance	(28,096)
Workers compensation	638,753
Net Position	\$ 624,681

A description of the County's risk management programs follows:

Property and Liability Insurance

During 1988, the County became a member of the Wisconsin County Mutual Insurance Corporation (WCMIC). WCMIC was created by several governmental units within the State of Wisconsin to provide general, auto and other liability insurance services to its members. The County pays premiums to WCMIC for its liability insurance coverage. The actuary for WCMIC determines charges to its members for the expected losses and loss adjustment expenses on which premiums are based. Premium charges for WCMIC are recorded as expenses of the self-insurance fund and are financed by charges to various funds of the County. The County's self-insured retention limit is \$25,000 for each occurrence with a maximum limit of \$100,000 annually. A separate financial report is issued annually by WCMIC.

The County also purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are also recorded as expenses of the self-insurance fund and are recovered by charges to various funds of the County.

Health Insurance

Beginning January 1, 2010 the County became participants in the Wisconsin County Associations Group Health Trust (GHT) for employee health insurance coverage. The County pays premiums to the GHT for its health insurance coverage. The actuary for GHT determines charges to the County for the expected health insurance claims. Premium charges for the GHT are recorded as expenses in the various County departments. Employee co-pays offset the County's health insurance expense.

Workers Compensation

The County has established a self-insurance fund to finance workers compensation awards for County employees. The program is funded by charges to County departments. The program also is supplemented by stop loss protection, which limits the County's annual liability. Fund expenses and the accrual of claim liabilities are accounted for in the same manner as discussed previously for the health self-insurance program. Changes in the fund's claims liability amount for 2014 and 2015 follow:

Year	Liability January 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31,
2014	\$ -	\$ 319,785	\$ 319,785	\$ -
2015	-	253,241	253,241	-

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - OTHER INFORMATION (Continued)

3. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2015 and 2016 budget years, the increase in the maximum allowable tax levy was limited to the greater of the percentage change in the County's January 1 equalized value as a result of net new construction. The actual limit for the County for the 2015 budget was 0.961%. For the 2016 budget year, the actual limit for the County 0.71%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In additions, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2006 and in certain other situations.

4. Contingencies

- a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under Uniform Grant Guidance has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.
- b. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and Corporation Counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

5. Cumulative Effect of Change in Accounting Principles

The County has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The cumulative effect of this change is summarized below:

	Governmental Activities	Business-type Activities	Total
		Highway Fund	
Net Pension Asset	\$ 4,376,164	\$ 549,488	\$ 4,925,652
Deferred Outflows of Resources	1,087,638	135,935	1,223,573
Total Cumulative Effect of Change In Accounting Principle	\$ 5,463,802	\$ 685,423	\$ 6,149,225

6. Subsequent Events

The County issued \$5,000,000 of tax exempt general obligation promissory notes priced on April 13, 2016 with principal amounts of \$100,000 to \$2,000,000 due annually through 2026, rates on the issue range from 2% to 2.25%.

REQUIRED SUPPLEMENTARY INFORMATION

MARINETTE COUNTY, WISCONSIN
Schedule of Funding Progress
Other Post-Employment Benefit Plan
For the Year Ended December 31, 2015

Actuarial Valuation Date January 1,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Projected Unit Credit	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2008	\$ -	\$ 25,829,284	0%	\$ 25,829,284	\$ 15,018,000	172%
2010	-	22,618,051	0%	22,618,051	16,243,386	139%
2012	-	21,743,204	0%	21,743,204	16,264,867	131%
2014	172,102	20,576,473	.83%	20,404,371	9,161,651	223%
2016	172,102	17,735,691	1.0%	17,563,589	7,145,322	246%

See Notes to Required Supplementary Information.

MARINETTE COUNTY, WISCONSIN
 Schedule of Employer Contributions
 Other Post-Employment Benefit Plan
 For the Year Ended December 31, 2015

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	\$ 788,539	\$ 2,347,206	33.59%
2009	839,060	2,406,715	34.86%
2010	794,912	2,178,760	36.48%
2011	1,403,252	2,202,513	63.71%
2012	1,296,633	2,017,671	64.26%
2013	1,396,117	1,908,382	73.16%
2014	1,263,223	1,967,444	64.21%
2015	1,378,877	1,646,853	83.73%

See Notes to Required Supplementary Information.

MARINETTE COUNTY, WISCONSIN
 Schedule of Proportionate Share of the Net Pension Asset
 Wisconsin Retirement System
 Last 10 Fiscal Years*

	2015
Proportion of the net pension asset	0.12474966%
Proportionate share of the net pension asset	\$ 3,064,193
Covered-employee payroll	\$ 16,438,902
Plan fiduciary net position as a percentage of the total pension asset	102.74%

* The amounts presented for each fiscal year were determined as of the calendar year-end of the prior year.

See Notes to Required Supplementary Information.

MARINETTE COUNTY, WISCONSIN
Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

	2015
Contractually required contributions	\$ 1,214,799
Contributions in relation to the contractually required contributions	\$ 1,214,799
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 16,438,902
Contributions as a percentage of covered-employee payroll	7.39%

* The amounts presented for each fiscal year were determined as of the calendar year-end of the prior year.

See Notes to Required Supplementary Information.

MARINETTE COUNTY, WISCONSIN
Notes to Required Supplementary Information
December 31, 2015

NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 68 AND 71

The County implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – *An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* for the fiscal year ended December 31, 2015. Information for prior years is not available.

NOTE B - WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms or assumptions for any participating employer in WRS.

NOTE C - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 45

The County implemented GASB Statement No. 45, Accounting and Financial Reporting by *Employers for Post-employment Benefits Other Than Pensions* for the calendar year ended December 31, 2008. Information for prior years is not available.

SUPPLEMENTARY INFORMATION

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues
General Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes				
General property	\$ 10,564,172	\$ 10,564,172	\$ 10,564,172	\$ -
Forest crop	50,000	50,000	47,940	(2,060)
Payment in lieu of taxes	273,000	273,000	300,669	27,669
Retained sales taxes	150	150	159	9
Real estate transfer fees	65,000	65,000	84,483	19,483
Interest on taxes	600,000	600,000	568,361	(31,639)
Total Taxes	11,552,322	11,552,322	11,565,784	13,462
Intergovernmental				
Federal aids				
SSA inmate incentive program	14,000	14,000	8,204	(5,796)
State aids				
Shared and Utility taxes	1,485,245	1,485,245	1,611,125	125,880
Exempt computers	37,000	37,000	33,322	(3,678)
Land information	20,000	20,000	10,751	(9,249)
Library	-	3,675	145	(3,530)
Victim witness program	30,000	30,000	31,981	1,981
Circuit court	164,093	164,093	180,604	16,511
Forest roads	70,479	70,479	70,358	(121)
Police training/ATV/Snowmobile/Other	65,692	65,692	72,659	6,967
Boat and water safety	10,594	10,594	6,430	(4,164)
Emergency government	64,461	59,569	71,232	11,663
Hazmat	10,000	10,000	6,527	(3,473)
Homeland security funding	15,000	15,000	9,470	(5,530)
Transportation	133,361	133,575	133,576	1
Child support program	584,462	590,732	574,308	(16,424)
ATV\Snowmobile trails and areas	506,081	506,081	392,189	(113,892)
Wildlife habitat management	100,562	100,562	93,109	(7,453)
Kirtland Warbler Grant	-	29,392	29,392	-
Targeted Run-Off Management (watershed)	600,000	600,000	600,000	-
S.W.R.M. automation grant	249,000	270,179	270,160	(19)
Forestry administrator	52,753	52,753	48,856	(3,897)
Hazard mitigation grant	3,701	7,302	3,651	(3,651)
Sustainable forestry grant	7,350	7,350	-	(7,350)
Veterans service	10,000	10,000	10,000	-
Aquatic invasive species	32,150	52,314	72,810	20,496
Charges for services				
Sheriff - local	40,000	40,000	62,373	22,373
Sheriff - state	120,000	120,000	110,035	(9,965)
Clerk	6,400	6,400	5,388	(1,012)
Finance	66,207	66,207	83,676	17,469
Forestry	44,827	221,211	225,243	4,032
Land information	38,000	38,000	39,428	1,428
Extension	3,195	3,195	-	(3,195)
Total Intergovernmental	4,584,613	4,840,600	4,867,002	26,402

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Regulation and Compliance				
Zoning permits and fees	24,750	24,750	27,800	3,050
Sanitary permits/reviews	84,000	84,000	85,010	1,010
Non-metallic mining fees	22,500	22,500	22,850	350
Occupational licenses	40	40	-	(40)
County ordinance forfeitures and defaults	112,000	112,000	99,458	(12,542)
County's share of state fines and forfeitures	74,000	74,000	78,412	4,412
Total Regulation and Compliance	317,290	317,290	313,530	(3,760)
Charges For Services				
Clerk	3,500	3,500	4,064	564
Treasurer	61,900	61,900	62,322	422
Child support	9,625	9,625	10,122	497
Circuit court	144,000	144,000	131,200	(12,800)
Witness fees	1,000	1,000	440	(560)
Family court counseling	8,500	8,500	7,999	(501)
Guardian ad litem fees	86,250	86,250	75,025	(11,225)
District Attorney	10,000	10,000	10,564	564
Register of deeds	210,100	210,100	229,674	19,574
Sheriff fees	252,500	252,500	255,965	3,465
Board of prisoners at county jail	130,000	130,000	145,340	15,340
Inmate reimbursements	125,000	125,000	55,914	(69,086)
Jail canteen	31,500	31,500	33,941	2,441
Accident photos and reports	1,700	1,700	2,060	360
Coroner fees	40,020	40,020	40,790	770
Library	34,000	34,000	35,397	1,397
Parks	190,100	190,100	217,678	27,578
County forest	2,956,900	2,956,900	3,685,654	728,754
Land information	65,440	77,996	74,557	(3,439)
Human resources	-	-	88	88
Camp Bird	65,000	65,000	64,115	(885)
Tourism	-	4,426	4,426	-
Extension program	11,382	12,782	13,159	377
Total Charges For Services	4,438,417	4,456,799	5,160,494	703,695
Commercial				
Investment income	600,000	600,000	381,716	(218,284)
Other - interest	40,605	40,605	42,469	1,864
Rent of county buildings and offices	27,497	53,297	48,432	(4,865)
Land leases	17,180	17,180	19,060	1,880
Sale of county property	138,300	38,300	43,596	5,296
Total Commercial	823,582	749,382	535,273	(214,109)

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous				
Revenues from departments				
Human services buildings	359,618	359,618	359,618	-
Library building	70,459	70,459	70,459	-
Motor pool	18,500	18,500	18,500	-
Maintenance other	5,120	7,858	10,542	2,684
Family court commissioner	2,400	2,400	1,611	(789)
Clerk of court	4,000	4,000	12,815	8,815
Corporation counsel	1,571	1,571	1,499	(72)
Finance	33,800	43,116	49,794	6,678
District attorney	10,000	10,000	12,330	2,330
Emergency management	-	-	199	199
Forestry	5,000	10,000	10,035	35
CDBG and MAR-OCO administrative	7,400	7,400	7,488	88
Human resources	7,500	17,790	17,702	(88)
Donations	17,000	18,263	19,548	1,285
Insurance recoveries	-	1,636	20,450	18,814
Total Miscellaneous	<u>542,368</u>	<u>572,611</u>	<u>612,590</u>	<u>39,979</u>
 Total Revenues	 <u>\$ 22,258,592</u>	 <u>\$ 22,489,004</u>	 <u>\$ 23,054,673</u>	 <u>\$ 565,669</u>

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures
General Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government				
County board	\$ 203,789	\$ 235,171	\$ 211,791	\$ 23,380
Administrator	222,948	236,262	212,435	23,827
Clerk	154,492	165,353	161,119	4,234
Treasurer	239,547	265,929	260,236	5,693
Finance	1,128,150	637,068	629,569	7,499
Elections	28,050	27,650	11,601	16,049
Property management	30,327	39,857	39,857	-
Human resources	191,793	215,486	215,486	-
Independent auditing	24,350	25,450	25,450	-
Special accounting	5,567	5,567	5,567	-
District attorney	252,887	282,431	262,587	19,844
Victim witness program	55,636	61,872	61,650	222
Corporation counsel	174,192	182,751	160,670	22,081
Circuit court	353,346	361,046	335,734	25,312
Clerk of court	538,138	554,688	534,275	20,413
Family court commissioner	145,779	171,739	171,739	-
Family court commissioner - mediation services	10,000	10,000	10,000	-
Law library	7,500	7,500	3,694	3,806
Coroner	112,820	112,820	107,342	5,478
Register of deeds	247,190	318,082	313,115	4,967
Land information	923,010	987,017	971,529	15,488
Courthouse	1,949,978	2,008,872	1,573,075	435,797
Tax deed expense	30,300	27,281	24,977	2,304
Personal property chargeback	2,000	2,000	297	1,703
Illegal taxes	2,000	60,861	60,861	-
Employee health insurance	16,000	16,000	15,067	933
Retirees health insurance	883,044	797,512	797,512	-
State special charges	1,080	1,080	1,080	-
Contingency	250,000	149,759	-	149,759
Total General Government	8,183,913	7,967,104	7,178,315	788,789
Public Protection				
Sheriff and traffic	4,135,807	4,328,660	4,178,186	150,474
Central dispatch	1,372,254	1,405,138	1,362,441	42,697
MEG unit	99,797	100,802	100,802	-
Civil service commission	1,775	1,775	503	1,272
Fire suppression	1,500	1,500	1,340	160
Emergency management	58,183	81,958	77,416	4,542
Emergency management EMPG grant	45,085	40,193	38,470	1,723
Emergency management EPCRA grant	23,031	23,031	22,669	362
Emergency management hazmat grants	10,000	10,000	6,527	3,473
Emergency management other grants	15,000	15,417	9,887	5,530
Ambulance and rescue squads	32,050	32,050	32,050	-
Jail	2,670,248	2,695,034	2,615,878	79,156
Total Public Protection	8,464,730	8,735,558	8,446,169	289,389

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures (Continued)
General Fund
For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Ways and Facilities				
Airport	43,500	43,500	10,702	32,798
Health				
Committee on aging	301,632	301,908	301,908	-
Child support program	679,311	674,233	631,545	42,688
Employee wellness	15,000	15,000	15,000	-
Veterans relief	4,020	3,611	3,035	576
Veterans service officer	150,865	149,028	147,498	1,530
Burial of veterans	3,050	3,050	2,125	925
Total Health	<u>1,153,878</u>	<u>1,146,830</u>	<u>1,101,111</u>	<u>45,719</u>
Culture and Recreation				
Library	1,119,805	1,132,990	1,117,355	15,635
Fairs and exhibits	10,000	10,000	10,000	-
Snowmobile/ATV trails/Water recreation	514,872	520,217	396,703	123,514
Parks	837,577	842,613	754,391	88,222
Total Culture and Recreation	<u>2,482,254</u>	<u>2,505,820</u>	<u>2,278,449</u>	<u>227,371</u>
Education				
University extension program	285,876	316,756	269,209	47,547
U.W. Center	56,000	46,678	46,678	-
Total Education	<u>341,876</u>	<u>363,434</u>	<u>315,887</u>	<u>47,547</u>
Forestry				
County forest	1,150,809	1,061,794	995,505	66,289
Forestry roads	14,000	289,293	289,293	-
Forestry equipment	34,000	34,000	4,456	29,544
Total Forestry	<u>1,198,809</u>	<u>1,385,087</u>	<u>1,289,254</u>	<u>95,833</u>
Conservation and Development				
Wildlife habitat management	17,916	17,916	2,909	15,007
Wildlife damage	89,068	89,418	82,243	7,175
Hazardous mitigation grant	3,701	7,302	7,302	-
Kirtland warbler grant	-	29,392	29,392	-
Lake Noquebay dam	3,000	3,000	3,000	-
Aquatic invasive species and other lake grants	44,459	44,969	23,614	21,355
Yellow Floating Heart grant	1,020	1,184	1,184	-
S.W.R.M. automation grant	267,214	292,403	292,403	-
Targeted run-off management	600,000	600,000	600,000	-
Non-metallic mining	19,498	19,498	12,420	7,078
Land conservation grant	-	11,186	7,026	4,160
Pemebonwon barrier removal	-	52	52	-
Regional planning commission	18,115	18,115	18,115	-
Conservation camp	8,000	8,240	7,967	273
Tourism	107,559	112,882	112,882	-
Economic development	83,464	83,464	83,464	-
Total Conservation and Development	<u>1,263,014</u>	<u>1,339,021</u>	<u>1,283,973</u>	<u>55,048</u>
Total Expenditures	<u>\$ 23,131,974</u>	<u>\$ 23,486,354</u>	<u>\$ 21,903,860</u>	<u>\$ 1,582,494</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Library Grants Fund - This fund is used to account for federal and state library grants, including state grants that are passed through the Nicolet Federated Library System to Marinette County.

Solid Waste Long-term Care Fund - This fund is used to account for expenditures associated with maintaining the North County Landfill Site.

Dog License Fund - This fund is used to account for dog license collections and payment of dog damage claims.

Library Donation Fund - This fund is used to account for donations to the County Library that are to be used for library purposes.

Peshtigo Library McCauley and Falkenberg Trust Funds - These funds are used to account for donations received for Peshtigo library operations or projects.

Forestry and Parks Development - This fund is used to account for certain revenues that are to be used to develop the County's forest and parks

Jail Assessments - This fund is used to account for assessment fees collected that are to be used for jail improvements.

Land Records Modernization - This fund is used to account for Register of Deeds fees that are to be used for the modernization of land records.

Revolving Loan Fund - This fund is used to account for contributions and long-term debt proceeds from the County used to finance economic development loans to business firms and industries within the County. Repayment of principal and interest on the loans is used to finance additional economic development loans. The revolving loan program is administered by the Marinette County Industrial Development Corporation.

Teen Court Fund - This fund is used to account for activities of teen court.

Community Development Block Grant Fund - This fund is used to account for economic development grants received by the County from the Wisconsin Department of Development that are used to finance economic development loans to business firms and industries within the County. Repayment of principal and interest on the loans is used to finance additional economic development loans. The community development block grant fund is administered by the Marinette County Industrial Development Corporation.

2014 Capital Projects – This fund is used to account for the 2014 borrowing by the County that are to be used for roads and other capital outlay.

2015 Capital Projects – This fund is used to account for the 2015 borrowing by the County that are to be used for roads and other capital outlay.

MARINETTE COUNTY, WISCONSIN

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds							
	Library Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust	Forestry & Parks Development	Jail Assessments
ASSETS								
Pooled cash and investments	\$ 13,248	\$ -	\$ 6,231	\$ 150,522	\$ 194,114	\$ 21,886	\$ 413,111	\$ 42,915
Receivables								
Accounts	-	-	3	1,000	-	-	49,224	2,132
Interest	-	616	-	-	418	47	-	-
Loans	-	-	-	-	-	-	-	-
Restricted assets								
Pooled cash and investments	-	266,357	-	-	-	-	-	-
TOTAL ASSETS	\$ 13,248	\$ 266,973	\$ 6,234	\$ 151,522	\$ 194,532	\$ 21,933	\$ 462,335	\$ 45,047
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 443	\$ -	\$ 5,234	\$ 497	\$ 5,062	\$ 799	\$ 24	\$ 240
Deferred Inflows of Resources								
Loans	-	-	-	-	-	-	-	-
Fund Balances								
Restricted	12,805	-	1,000	151,025	189,470	21,134	-	44,807
Committed	-	266,973	-	-	-	-	462,311	-
Total Fund Balances	12,805	266,973	1,000	151,025	189,470	21,134	462,311	44,807
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,248	\$ 266,973	\$ 6,234	\$ 151,522	\$ 194,532	\$ 21,933	\$ 462,335	\$ 45,047

(Continued)

MARINETTE COUNTY, WISCONSIN

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds (Continued)				Capital Projects Fund	Capital Projects Fund	Totals 2015
	Land Records Modernization	Revolving Loan Fund	Teen Court	Community Development Block Grant	2014 Capital Projects	2015 Capital Projects	
ASSETS							
Pooled cash and investments	\$ 180,410	\$ 582,956	\$ 2,023	\$ 274,132	\$ 629,839	\$ 1,337,578	\$ 3,848,965
Receivables							
Accounts	12,424	954	-	3,827	-	-	69,564
Interest	-	-	-	-	-	-	1,081
Loans	-	572,108	-	1,141,238	-	-	1,713,346
Restricted assets							
Pooled cash and investments	-	-	-	-	-	-	266,357
TOTAL ASSETS	\$ 192,834	\$ 1,156,018	\$ 2,023	\$ 1,419,197	\$ 629,839	\$ 1,337,578	\$ 5,899,313
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 45,554	\$ 3,311	\$ 36	\$ 5,706	\$ 17,367	\$ 90,956	\$ 175,229
Deferred Inflows of Resources							
Loans	-	572,108	-	1,141,238	-	-	1,713,346
Fund Balances							
Restricted	147,280	-	1,987	272,253	612,472	1,246,622	2,700,855
Committed	-	580,599	-	-	-	-	1,309,883
Total Fund Balances	147,280	580,599	1,987	272,253	612,472	1,246,622	4,010,738
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 192,834	\$ 1,156,018	\$ 2,023	\$ 1,419,197	\$ 629,839	\$ 1,337,578	\$ 5,899,313

MARINETTE COUNTY, WISCONSIN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds							
	Library Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust	Forestry & Parks Development	Jail Assessments
Revenues								
Intergovernmental								
State aid	\$ 4,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regulations and compliance - fees	-	-	6,235	-	-	-	18,060	38,525
Charges for services	-	-	-	-	-	-	120,362	-
Commercial								
Loan repayments								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Interest on investments	-	1,655	-	-	858	95	-	-
Sale of County property	-	-	-	-	-	-	60,846	-
Miscellaneous								
Donations	-	-	-	7,663	-	-	-	-
Total Revenues	<u>4,895</u>	<u>1,655</u>	<u>6,235</u>	<u>7,663</u>	<u>858</u>	<u>95</u>	<u>199,268</u>	<u>38,525</u>
Expenditures								
General government	-	-	-	-	-	-	-	-
Public protection	-	-	-	-	-	-	-	31,638
Public ways and facilities	-	2,334	-	-	-	-	-	-
Health	-	-	6,235	-	-	-	-	-
Culture and recreation	5,054	-	-	6,093	5,534	1,079	61,202	-
Conservation and development	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total Expenditures	<u>5,054</u>	<u>2,334</u>	<u>6,235</u>	<u>6,093</u>	<u>5,534</u>	<u>1,079</u>	<u>61,202</u>	<u>31,638</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(159)</u>	<u>(679)</u>	<u>-</u>	<u>1,570</u>	<u>(4,676)</u>	<u>(984)</u>	<u>138,066</u>	<u>6,887</u>
Other Financing Sources (Uses)								
Long-term debt issued	-	-	-	-	-	-	-	-
Debt Premium Received	-	-	-	-	-	-	-	-
Transfer In	-	-	-	-	-	-	-	-
Transfer to County Roads & Bridges	-	-	-	-	-	-	-	-
Transfer to 2014 Capital Projects	-	-	-	-	-	-	-	-
Transfer to Debt Service Fund	-	-	-	-	-	-	(75,755)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,755)</u>	<u>-</u>
Net Change in Fund Balance	<u>(159)</u>	<u>(679)</u>	<u>-</u>	<u>1,570</u>	<u>(4,676)</u>	<u>(984)</u>	<u>62,311</u>	<u>6,887</u>
Fund Balance - January 1	<u>12,964</u>	<u>267,652</u>	<u>1,000</u>	<u>149,455</u>	<u>194,146</u>	<u>22,118</u>	<u>400,000</u>	<u>37,920</u>
Fund Balance - December 31	<u>\$ 12,805</u>	<u>\$ 266,973</u>	<u>\$ 1,000</u>	<u>\$ 151,025</u>	<u>\$ 189,470</u>	<u>\$ 21,134</u>	<u>\$ 462,311</u>	<u>\$ 44,807</u>

(Continued)

MARINETTE COUNTY, WISCONSIN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds (Continued)				Capital Projects	Capital Projects	Totals 2015
	Land Records Modernization	Revolving Loan Fund	Teen Court	Community Development Block Grant	2014 Capital Projects	2015 Capital Projects	
Revenues							
Intergovernmental							
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,895
Regulations and compliance - fees	108,712	-	-	-	-	-	171,532
Charges for services	-	-	-	-	-	-	120,362
Commercial							
Loan repayments							
Principal	-	158,242	-	72,033	-	-	230,275
Interest	-	11,839	-	21,281	-	-	33,120
Interest on investments	-	1,045	-	393	1,474	4,562	10,082
Sale of County property	-	-	-	-	-	-	60,846
Miscellaneous							
Donations	-	-	270	-	-	-	7,933
Total Revenues	108,712	171,126	270	93,707	1,474	4,562	639,045
Expenditures							
General government	146,904	-	666	-	419,167	448,137	1,014,874
Public protection	-	-	-	-	67,000	-	98,638
Public ways and facilities	-	-	-	-	-	-	2,334
Health	-	-	-	-	-	-	6,235
Culture and recreation	-	-	-	-	-	-	78,962
Conservation and development	-	149,178	-	14,056	-	-	163,234
Interest and fiscal charges	-	-	-	-	-	125,618	125,618
Total Expenditures	146,904	149,178	666	14,056	486,167	573,755	1,489,895
Excess (Deficiency) of Revenues Over Expenditures	(38,192)	21,948	(396)	79,651	(484,693)	(569,193)	(850,850)
Other Financing Sources (Uses)							
Long-term debt issued	-	-	-	-	-	5,945,000	5,945,000
Debt Premium Received	-	-	-	-	-	168,060	168,060
Transfer In	-	-	-	-	33,350	40,735	74,085
Transfer to County Roads & Bridges	-	-	-	-	(359,157)	(4,262,188)	(4,621,345)
Transfer to 2014 Capital Projects	-	-	-	-	-	(33,350)	(33,350)
Transfer to Debt Service Fund	-	-	-	-	-	(42,442)	(118,197)
Total Other Financing Sources (Uses)	-	-	-	-	(325,807)	1,815,815	1,414,253
Net Change in Fund Balance	(38,192)	21,948	(396)	79,651	(810,500)	1,246,622	563,403
Fund Balance - January 1	185,472	558,651	2,383	192,602	1,422,972	-	3,447,335
Fund Balance - December 31	\$ 147,280	\$ 580,599	\$ 1,987	\$ 272,253	\$ 612,472	\$ 1,246,622	\$ 4,010,738

INTERNAL SERVICE FUNDS

Self-Insurance Fund - This fund is used to account for charges to County departments for employees' health and dental claims, workers compensation awards and insurance premiums for property and liability insurance.

Information Services Fund - This fund is used to account for the accumulation of costs associated with electronic data processing, printing and various copy machines that are allocated to County departments based on usage and services provided.

Central Motor Pool Fund - This fund is used to account for the rental of motor vehicles to other County departments and the related costs for providing such services.

MARINETTE COUNTY, WISCONSIN
Combining Statement of Net Position
Internal Service Funds
December 31, 2015

	Self- Insurance	Information Services	Central Motor Pool	Totals
ASSETS				
Current Assets				
Pooled cash and investments	\$ 310,824	\$ 423,811	\$ 53,413	\$ 788,048
Receivables				
Accounts	209	4,445	514	5,168
Property taxes levied for subsequent year	120,000	-	-	120,000
Prepaid items	313,842	-	-	313,842
Inventories	-	16,965	-	16,965
Total Current Assets	<u>744,875</u>	<u>445,221</u>	<u>53,927</u>	<u>1,244,023</u>
Capital Assets				
Machinery and equipment	-	1,455,807	721,053	2,176,860
Accumulated depreciation	-	(579,027)	(534,329)	(1,113,356)
Net Capital Assets	<u>-</u>	<u>876,780</u>	<u>186,724</u>	<u>1,063,504</u>
TOTAL ASSETS	<u>744,875</u>	<u>1,322,001</u>	<u>240,651</u>	<u>2,307,527</u>
LIABILITIES				
Current Liabilities				
Accounts payable	2	47,220	2,705	49,927
Accrued liabilities	192	12,783	-	12,975
TOTAL CURRENT LIABILITIES	<u>194</u>	<u>60,003</u>	<u>2,705</u>	<u>62,902</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	120,000	-	-	120,000
NET POSITION				
Net investment in capital assets	-	876,780	186,724	1,063,504
Unrestricted	624,681	385,217	51,223	1,061,121
	<u>\$ 624,681</u>	<u>\$ 1,261,997</u>	<u>\$ 237,947</u>	<u>\$ 2,124,625</u>

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2015

	Self- Insurance	Information Services	Central Motor Pool	Totals
Operating Revenues				
Charges for services	\$ 586,857	\$ 1,236,176	\$ 156,696	\$ 1,979,729
Operating Expenses				
Claims and premiums	680,306	-	-	680,306
Operation and maintenance	-	1,089,359	96,556	1,185,915
Depreciation	-	158,566	72,919	231,485
Total Operating Expenses	680,306	1,247,925	169,475	2,097,706
Operating Income (Loss)	(93,449)	(11,749)	(12,779)	(117,977)
Nonoperating Revenues (Expenses)				
General property taxes	80,084	-	-	80,084
Insurance recoveries/dividends	22,215	-	14,790	37,005
Total Nonoperating Revenues (Expenses)	102,299	-	14,790	117,089
Income (Loss) Before Transfers	8,850	(11,749)	2,011	(888)
Transfer In	-	20,000	-	20,000
Capital contributions	-	220,722	-	220,722
Change in Net Position	8,850	228,973	2,011	239,834
Total Net Position - January 1	615,831	1,033,024	235,936	1,884,791
Total Net Position - December 31	\$ 624,681	\$ 1,261,997	\$ 237,947	\$ 2,124,625

MARINETTE COUNTY, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2015

	Self- Insurance	Information Services	Central Motor Pool	Totals
Cash Flows from Operating Activities				
Receipts from customers/insured	\$ -	\$ 6,881	\$ -	\$ 6,881
Internal activity - payments from other funds	546,941	1,229,072	156,696	1,932,709
Payment to employees	(79,460)	(582,134)	-	(661,594)
Payment to suppliers/providers	(537,973)	(454,761)	(100,912)	(1,093,646)
Net Cash Provided (Used) by Operating Activities	(70,492)	199,058	55,784	184,350
Cash Flows from Noncapital Financing Activities				
Property taxes	80,084	-	-	80,084
Insurance recoveries	22,215	-	14,790	37,005
Transfer from general fund	-	20,000	-	20,000
Net Cash Provided by Noncapital Financing Activities	102,299	20,000	14,790	137,089
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	-	(270,870)	(115,513)	(386,383)
Contributed capital	-	220,722	-	220,722
Net Cash Used by Capital and Related Financing Activities	-	(50,148)	(115,513)	(165,661)
Increase (Decrease) in Cash and Cash Equivalents	31,807	168,910	(44,939)	155,778
Cash and Cash Equivalents - January 1	279,017	254,901	98,352	632,270
Cash and Cash Equivalents - December 31	\$ 310,824	\$ 423,811	\$ 53,413	\$ 788,048
Displayed as:				
Current Assets				
Pooled cash and investments	\$ 310,824	\$ 423,811	\$ 53,413	\$ 788,048
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (93,449)	\$ (11,749)	\$ (12,779)	\$ (117,977)
Depreciation	-	158,566	72,919	231,485
Change in assets and liabilities:				
Receivables, net	(40,125)	(224)	(514)	(40,863)
Prepaid items	24,147	19,262	-	43,409
Accounts and other payables	38,935	33,203	(3,842)	68,296
Net Cash Provided (Used) by Operating Activities	\$ (70,492)	\$ 199,058	\$ 55,784	\$ 184,350

MARINETTE COUNTY, WISCONSIN
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2015

	Agency Funds								Totals
	State Tax Apportionment	District Taxes and Collections	Human Services Protective Payee	Sheriff Inmate	Clerk of Court Deposits	MAR-OCO Landfill Deposits	Section 125 Flex Plan	Employee Wellness Program	
ASSETS									
Cash and investments	\$ -	\$ 4,122,665	\$ 138,279	\$ 19,370	\$ 331,946	\$ 1,060,361	\$ 479	\$ 13,375	\$ 5,686,475
Receivables									
Delinquent property taxes	-	88,899	-	-	-	-	-	-	88,899
Property taxes levied for subsequent year	611,649	-	-	-	-	-	-	-	611,649
Prepaid items	-	-	-	-	-	-	-	700	700
TOTAL ASSETS	<u>\$ 611,649</u>	<u>\$ 4,211,564</u>	<u>\$ 138,279</u>	<u>\$ 19,370</u>	<u>\$ 331,946</u>	<u>\$ 1,060,361</u>	<u>\$ 479</u>	<u>\$ 14,075</u>	<u>\$ 6,387,723</u>
LIABILITIES									
Liabilities									
Due to taxing districts									
Tax collections	\$ 611,649	\$ 3,702,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,314,498
Special assessments	-	94,001	-	-	-	-	-	-	94,001
Forest income	-	414,714	-	-	-	-	-	-	414,714
Accounts payable	-	-	-	-	-	-	479	372	851
Deposits payable	-	-	138,279	19,370	331,946	1,060,361	-	13,703	1,563,659
TOTAL LIABILITIES	<u>\$ 611,649</u>	<u>\$ 4,211,564</u>	<u>\$ 138,279</u>	<u>\$ 19,370</u>	<u>\$ 331,946</u>	<u>\$ 1,060,361</u>	<u>\$ 479</u>	<u>\$ 14,075</u>	<u>\$ 6,387,723</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the County Board
Marinette County, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marinette County, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Marinette County, Wisconsin's basic financial statements, and have issued our report thereon dated August 2, 2016. Our report includes a reference to other auditors who audited the financial statements of the Marinette County Committee on Aging, Inc. and the Stephenson Public Library Foundation, Inc., as described in our report on Marinette County, Wisconsin's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marinette County, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
August 2, 2016

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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

To the County Board
Marinette County, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Marinette County, Wisconsin's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Marinette County, Wisconsin's major federal and state programs for the year ended December 31, 2015. Marinette County, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Marinette County, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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* issued by the Wisconsin Department of Administration. Those standards, 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 state program occurred. An audit includes examining, on a test basis, evidence about Marinette County, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, Marinette County, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of Marinette County, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Marinette County, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with 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 the Marinette County, Wisconsin's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2015-001 that we consider to be significant deficiencies.

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.



Certified Public Accountants
Green Bay, Wisconsin
August 2, 2016

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
FEDERAL PROGRAMS		
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Special Supplemental Nutrition Program for Women, Infants and Children	WI Department of Health Services	10.557
State Administrative Matching Grants for Food Stamp Program	Brown County	10.561
Total U.S. Department of Agriculture		
<u>U.S. DEPARTMENT OF THE INTERIOR FISH AND WILDLIFE SERVICES</u>		
Fish and Wildlife Management Assistance	Direct Program	15.608
National Fire Plan	WI Department of Natural Resources	15.228
Total U.S. Department of the Interior Fish and Wildlife Services		
<u>U.S. DEPARTMENT OF JUSTICE</u>		
CEASE	WI Department of Justice	16.579
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>		
Highway Safety Cluster		
State and Community Highway Safety		20.600
Human Services Department	WI Department of Transportation	
Alcohol Impaired Driving Countermeasures Incentive grants	WI Department of Transportation	20.601
Total Highway Safety Cluster		
Hazmat Public Sector Training and Planning Grants	WI Department of Military Affairs	20.703
Total U.S. Department of Transportation		
<u>ENVIRONMENTAL PROTECTION AGENCY</u>		
State Indoor Radon Grants	WI Department of Health Services	66.032
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Early Intervention Services Cluster		
Grants for Infants and Toddlers with Disabilities	WI Department of Health Services	84.181
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Environmental Public Health and Emergency Response	WI Department of Health Services	93.070
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	WI Department of Health Services	93.074
Immunization Cluster		
Childhood Immunization Grants	WI Department of Health Services	93.268
Family Preservation and Support Services	WI Department of Children and Families	93.556
Temporary Assistance for Needy Families	WI Department of Health Services	93.558
Temporary Assistance for Needy Families	Brown County	93.558
Temporary Assistance for Needy Families	WI Department of Children and Families	93.558
Total Temporary Assistance for Needy Families		

(Continued)

(Accrued) Deferred Revenue 1/1/15	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/15	Total Revenues	Total Expenditures
\$ (23,903)	\$ 184,943	\$ 22,309	\$ 183,349	\$ 183,349
(32,081)	205,323	39,946	213,188	213,188
(55,984)	390,266	62,255	396,537	396,537
11,825	-	(11,825)	-	-
(3,719)	3,719	3,651	3,651	3,651
8,106	3,719	(8,174)	3,651	3,651
-	3,030	-	3,030	3,030
-	4,000	-	4,000	4,000
(10,656)	41,154	-	30,498	30,498
(10,656)	45,154	-	34,498	34,498
-	3,460	-	3,460	3,460
(10,656)	48,614	-	37,958	37,958
-	2,500	-	2,500	2,500
-	37,056	-	37,056	37,056
-	4,903	206	5,109	5,109
(16,736)	91,993	12,126	87,383	87,383
(4,612)	16,028	-	11,416	11,416
-	42,827	-	42,827	42,827
-	82,956	14,733	97,689	97,689
(607)	5,440	1,175	6,008	6,008
(41,776)	232,253	43,632	234,109	234,109
(42,383)	320,649	59,540	337,806	337,806

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2015

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
FEDERAL PROGRAMS (Continued)		
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>		
Child Support Enforcement (Title IV-D)	WI Department of Children and Families	93.563
Low Income Home Energy Assistance	WI Department of Administration	93.568
Child Care Development Fund	WI Department of Children and Families	93.596
Chafee Education and Training Vouchers	WI Department of Children and Families	93.599
Child Welfare Services - State Grants	WI Department of Children and Families	93.645
Child Welfare Services - State Grants	WI Department of Corrections	93.645
Total Child Welfare Services - State Grants		
Foster Care (Title IV-E)	WI Department of Children and Families	93.658
Foster Care (Title IV-E)	WI Department of Corrections	93.658
Total Foster Care (Title IV-E)		
Social Services Block Grant	WI Department of Health Services	93.667
Social Services Block Grant	WI Department of Children and Families	93.667
Total Social Services Block Grant		
Youth Independent Living	WI Department of Children and Families	93.674
State Children's Insurance Program	Brown County	93.767
Total State Children's Insurance Program		
Medical Assistance Program		93.778
Human Services	WI Department of Health Services	
Human Services - TPA	WI Department of Health Services	
Human Services	Brown County	
Public Health	WI Department of Health Services	
Total Medical Assistance Program		
Centers for Medicare and Medicaid Services Research, Demonstrations & Evaluations	WI Department of Health Services	93.779
Money Follows the Person Rebalancing Demonstration	WI Department of Health Services	93.791
Block Grants for Community Mental Health Services	WI Department of Health Services	93.958
Block Grants for Prevention and Treatment of Substance Abuse	WI Department of Health Services	93.959
Preventive Health and Social Services Block Grant	WI Department of Health Services	93.758
Material and Child Health Services Block Grant	WI Department of Health Services	93.994
Total U.S. Department of Health and Human Services		
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>		
Emergency Management Performance Grants	WI Department of Military Affairs	97.042

TOTAL EXPENDITURES OF FEDERAL AWARDS

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

(Accrued) Deferred Revenue 1/1/15	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/15	Total Revenues	Total Expenditures
(138,477)	506,063	144,369	511,955	511,955
(31,036)	107,049	9,206	85,219	85,219
(1,114)	36,523	7,999	43,408	43,408
-	151	-	151	151
-	23,646	-	23,646	23,646
(996)	5,184	295	4,483	4,483
(996)	28,830	295	28,129	28,129
(112)	146,765	88	146,741	146,741
(1,394)	8,373	491	7,470	7,470
(1,506)	155,138	579	154,211	154,211
(9)	153,676	27,128	180,795	180,795
-	64,718	-	64,718	64,718
(9)	218,394	27,128	245,513	245,513
(15,594)	15,594	15,021	15,021	15,021
(5,091)	35,935	7,279	38,123	38,123
(5,091)	35,935	7,279	38,123	38,123
(647,330)	2,940,343	670,653	2,963,666	2,963,666
-	195,140	-	195,140	195,140
(40,036)	272,372	54,211	286,547	286,547
(313)	1,308	-	995	995
(687,679)	3,409,163	724,864	3,446,348	3,446,348
(1,067)	1,067	-	-	-
(13,797)	33,976	(9,035)	11,144	11,144
(14,828)	92,016	(50,395)	26,793	26,793
(11,740)	12,047	76,095	76,402	76,402
-	6,628	908	7,536	7,536
(5,149)	23,014	-	17,865	17,865
(991,814)	5,157,988	1,026,185	5,192,359	5,192,359
(21,032)	50,874	25,429	55,271	55,271
\$ (1,071,380)	\$ 5,694,047	\$ 1,105,695	\$ 5,728,362	\$ 5,728,362

MARINETTE COUNTY, WISCONSIN
 Schedule of State Financial Assistance
 For the Year Ended December 31, 2015

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
STATE PROGRAMS		
<u>DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION</u>		
Clean Sweep Grant	Passed thru Brown County	115.04
Basic Annual Staffing Grants	Direct Program	115.15
Land & Water Resource Management Plan Implementation	Direct Program	115.40
Total Department of Agriculture, Trade and Consumer Protection		
<u>DEPARTMENT OF SAFETY & PROFESSIONAL SERVICES</u>		
Wisconsin Fund Private Sewage System Replacement	Direct Program	165.202
<u>DEPARTMENT OF NATURAL RESOURCES</u>		
Utility Terrain Vehicle (UTV) Aids	Direct Program	370.548
Boating Enforcement Aids	Direct Program	370.550
All Terrain Vehicle Enforcement	Direct Program	370.551
Snowmobile Enforcement	Direct Program	370.552
Wildlife Damage Claims and Abatement		370.553
County Conservation Aids	Direct Program	370.563
County Forest Wil	Direct Program	370.564
County Forest Administration	Direct Program	370.572
Recreational Aids - Snowmobile Trails and Area Aid	Direct Program	370.574 & 370.575
Recreational Aids - All-Terrain Vehicle		370.576 &
	Direct Program	370.577
Nonpoint Source Pollution	Direct Program	370.662
Environmental Aids - Lake Protection Grant	Direct Program	370.663
Invasive Aquatic Species	Direct Program	370.678
Total Department of Natural Resources		
<u>DEPARTMENT OF TRANSPORTATION</u>		
Elderly and Handicapped Transportation Aids	Direct Program	395.101
<u>DEPARTMENT OF CORRECTIONS</u>		
Community Intervention Program	Direct Program	410.302
Community Youth and Family Aids	Direct Program	410.313
Total Department of Corrections		

(Continued)

(Accrued) Deferred Revenue 1/1/15	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/15	Total Revenues	Total Expenditures
\$ -	\$ 507	\$ -	\$ 507	\$ 507
(1,133)	153,614	-	152,481	152,481
-	-	117,679	117,679	117,679
(1,133)	154,121	117,679	270,667	270,667
-	6,136	-	6,136	6,136
(10,060)	20,370	15,520	25,830	25,830
-	6,430	-	6,430	6,430
-	15,116	-	15,116	15,116
-	8,462	-	8,462	8,462
(129,893)	129,893	82,245	82,245	82,245
(8,250)	-	8,250	-	-
-	10,864	-	10,864	10,864
-	48,856	-	48,856	48,856
50,427	101,687	36,464	188,578	188,578
(95,072)	186,470	76,074	167,472	167,472
(300,000)	300,000	600,000	600,000	600,000
1,250	-	3,750	5,000	5,000
(33,252)	6,392	81,983	55,123	55,123
(524,850)	834,540	904,286	1,213,976	1,213,976
-	130,961	-	130,961	130,961
(4,427)	8,702	5,519	9,794	9,794
(97,167)	551,282	31,940	486,055	486,055
(101,594)	559,984	37,459	495,849	495,849

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2015

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
STATE PROGRAMS		
<u>DEPARTMENT OF HEALTH SERVICES (Continued)</u>		
Medicaid Personal Care Program (See Note D)	Direct Program	N/A
Wisconsin Medicaid Cost Reporting (See Note D)	Direct Program	N/A
Fraud Prevention Investigation State Funds	Brown County	435.600
IM Available Allocation - State	Brown County	435.283
IMAA State Share ACA	Brown County	435.297
IMAA Federal ACA	Brown County	435.298
Adult Protective Services	Direct Program	435.312
Community Options Programs	Direct Program	435.367
Medical Assistance Program Benefits		
COP W Program	Direct Program	435.338
CIP II Program	Direct Program	435.348
CIP II Comm Relocate - Non Federal	Direct Program	435.369
CIP II Diversions - Non Federal	Direct Program	435.375
FCT - CIP II	Direct Program	435.392
ICFMR Nonfed	Direct Program	435.407
FC Transition CIP1B Nonfed	Direct Program	435.410
CIP II MFP Non Federal	Direct Program	435.478
Coordinated Services County	Direct Program	435.515
Certified Mental Health Program	Direct Program	435.517
CIP 1B Program	Direct Program	435.564
CIP 1A Program	Direct Program	435.580
CLTS OTHER GPR	Direct Program	435.871
CLTS AUTISM GPR	Direct Program	435.874
Other CWA Admin GPR	Direct Program	435.877
Autism CWA Admin GPR	Direct Program	435.880
MA COP LTS Expansion	Direct Program	435.1425
Non-Resident	Direct Program	435.531
Birth to Three	Direct Program	435.550
Basic County Allocation	Direct Program	435.561
IDP Emergency Funds	Direct Program	435.567
Family Support Program	Direct Program	435.577
County CST Initiatives	Direct Program	435.591
Community and Mental Health Services	Direct Program	435.681
Fluoride Mouthrinse	Direct Program	435.151735
Special Supplemental Food Program for Women, Infants and Children	Direct Program	435.154720
Birth Defects - Children and Youths with Special Needs Project		435.154790
Wisconsin Well Women Program	Direct Program	435.157000
Lead Poisoning Prevention	Direct Program	435.157720
Maternal and Child Health Services	Direct Program	435.159320
Elder Abuse	Greater Wisconsin Agency on Aging	435.560490
Ageing and Disability Resource Center	Direct Program	435.560100
ADRC Project Expense	Direct Program	435.560114
Total Department of Health Services		

(Continued)

(Accrued) Deferred Revenue 1/1/15	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/15	Total Revenues	Total Expenditures
(2,864)	7,184	-	4,320	4,320
-	241,256	-	241,256	241,256
(26,211)	73,766	7,961	55,516	55,516
(220)	619	67	466	466
-	2,283	6,849	9,132	9,132
(272,192)	716,676	17,949	462,433	462,433
(10,982)	216,507	(57,599)	147,926	147,926
(45,095)	609,160	(105,845)	458,220	458,220
48,389	36,515	(24,627)	60,277	60,277
33,395	52,083	(42,409)	43,069	43,069
(21,179)	27,422	12,558	18,801	18,801
(142,768)	188,707	94,527	140,466	140,466
(27,011)	40,672	31,129	44,790	44,790
(21,530)	24,653	(188)	2,935	2,935
-	14,843	44,530	59,373	59,373
(22,905)	22,905	22,905	22,905	22,905
(53,972)	401,780	(67,629)	280,179	280,179
-	210,649	(43,886)	166,763	166,763
-	31,148	-	31,148	31,148
-	115,800	-	115,800	115,800
(628)	628	1,462	1,462	1,462
(2,039)	8,600	-	6,561	6,561
(33,283)	33,283	-	-	-
(25,444)	25,444	40,254	40,254	40,254
-	35,589	-	35,589	35,589
-	894,428	158,854	1,053,282	1,053,282
-	10,651	57,649	68,300	68,300
11,362	29,053	11,553	51,968	51,968
(5,712)	5,712	-	-	-
-	124,043	-	124,043	124,043
-	326	976	1,302	1,302
(433)	1,732	433	1,732	1,732
-	1,650	-	1,650	1,650
(6,106)	6,106	-	-	-
(1,608)	5,913	1,949	6,254	6,254
(313)	1,308	-	995	995
(2,894)	26,792	3,390	27,288	27,288
(2,494)	300,409	(3,456)	294,459	294,459
(1,410)	1,410	-	-	-
(636,147)	4,547,705	169,356	4,080,914	4,080,914

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2015

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
STATE PROGRAMS (Continued)		
<u>DEPARTMENT OF CHILDREN AND FAMILIES</u>		
Foster Parent Training	Direct Program	437.1010
AW DOJ Fingerprint Background	Direct Program	437.3324
Basic County Allocation	Direct Program	437.3561
Community and Mental Health Services	Direct Program	437.3681
Child Support	Direct Program	437.7502
Total Department of Children and Families		
<u>DEPARTMENT OF JUSTICE</u>		
Victim and Witness Assistance Program - A Program Cluster	Direct Program	455.503, 455.532 & 455.539
Treatment Alternatives and Diversion Program (TAD)	Direct Program	455.271
Total Department of Justice		
<u>DEPARTMENT OF MILITARY AFFAIRS</u>		
EPCRA Emergency Planning Grant	Direct Program	465.337
Confined Space Training	Direct Program	465.342
EPCRA Computer & Hazmat Equipment Grant	Direct Program	465.367
Total Department of Military Affairs		
<u>DEPARTMENT OF ADMINISTRATION</u>		
Education & Training	Direct Program	505.118
Public Benefits	Direct Program	505.371
Total Department of Administration		
TOTAL STATE PROGRAMS		

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

(Accrued) Deferred Revenue 1/1/15	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/15	Total Revenues	Total Expenditures
-	150	-	150	150
(302)	302	239	239	239
-	233,942	-	233,942	233,942
-	41,017	-	41,017	41,017
-	62,353	-	62,353	62,353
(302)	337,764	239	337,701	337,701
(15,906)	31,273	16,614	31,981	31,981
(32,811)	111,973	45,340	124,502	124,502
(48,717)	143,246	61,954	156,483	156,483
(6,784)	14,765	7,980	15,961	15,961
-	6,010	-	6,010	6,010
-	6,527	-	6,527	6,527
(6,784)	27,302	7,980	28,498	28,498
-	29,552	-	29,552	29,552
(20,287)	66,180	5,992	51,885	51,885
(20,287)	95,732	5,992	81,437	81,437
\$ (1,339,814)	\$ 6,837,491	\$ 1,304,945	\$ 6,802,622	\$ 6,802,622

MARINETTE COUNTY, WISCONSIN
Notes to the Schedule of Expenditures of Federal Awards
and the Schedule of State Financial Assistance
For the Year Ended December 31, 2015

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance for Marinette County, Wisconsin, are presented in accordance with the requirements of the Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The federal and state awards of the Marinette County Committee on Aging, Inc., a component unit of Marinette County, are reported in a separate report and are not included in this report.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the County's 2015 basic financial statements. Accrued revenue at year-end consists of state program expenditures scheduled for reimbursement to the County in the succeeding year while deferred revenue represents advances for state programs that exceed recorded County expenditures.

Major federal and state financial assistance programs are identified in the Schedule of Findings and Questioned Costs and are determined as follows:

Federal Programs: Marinette County, Wisconsin, qualifies as a low risk auditee in accordance with the Uniform Guidance. Therefore major programs represent those with combined expenditures exceeding 20% of total federal awards that also were deemed major programs based on the auditors' risk assessment. All other federal programs are considered non-major programs.

State Programs: Marinette County, Wisconsin, qualified as a low risk auditee in accordance with the *State Single Audit Guidelines*. Therefore major programs represent those with combined expenditures exceeding 20% of total state financial assistance that also were deemed major programs based on the auditors' risk assessment. In addition, certain state financial assistance programs were designated state major by the state granting agency and therefore considered state major. All other state financial assistance programs are considered nonmajor programs.

Certain programs administered by the Wisconsin Department of Natural Resources may have been included in the Schedule of State Financial Assistance for presentation purposes only and are not subject to audit as major programs by the *State Single Audit Guidelines*.

NOTE C - OVERSIGHT AGENCIES

The federal and state oversight agencies for the County are as follows:

Federal – Environmental Protection Agency
State – Wisconsin Department of Health Services

MARINETTE COUNTY, WISCONSIN
Notes to the Schedule of Expenditures of Federal Awards
and the Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2015

NOTE D - TITLE 19 MEDICAL ASSISTANCE PAYMENTS

The Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance do not include repayments received by the County's Human Service Department for various Title 19 Medical Assistance programs. The payments are considered a contract for services between the State and the County and therefore are not reported as federal awards or state financial assistance. Payments received under the Medicaid Personal Care Program, Wisconsin Medicaid Cost Reporting (WIMCR), Comprehensive Community Services and Case Management Agency Providers are categorized as amounts received from the Title 19 Medical Assistance program.

NOTE E - STATE DIRECT PAYMENTS

Payments made directly to recipients and vendors by the State of Wisconsin under the FoodShare Wisconsin program on behalf of the County are not included in the Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance.

NOTE F - STATE OF WISCONSIN REPORTING SYSTEM

The Wisconsin Department of Health Services (DHS), Department of Children and Families (DCF), and Department of Workforce Development (DWD) utilize the Community Aids Reporting System (CARS) and the Central Office Reporting System (CORe) for reimbursing the County for various federal and state program expenditures. The expenditures reported on the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance for various DHS, DCF and DWD programs agree with the expenditures reported on the May 2016 CARS for the Human Services Department and the December, 2015 CORe for Child Support and W2 programs, with adjustments for anticipated receivables.

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2015

Section I – Summary of Auditors’ Results

Basic Financial Statements

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

Federal Awards and State Financial Assistance

Internal control over major program:	
• Material weakness(es) identified?	No
• Significant deficiency identified?	Yes
Type of auditors’ report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Uniform Guidance?	Yes
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	Yes

Identification of major federal program:

CFDA Number	Name of Federal Program
93.778	Medical Assistance Program

Audit threshold used to determine between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee	Yes

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended December 31, 2015

Section I – Summary of Auditors’ Results (Continued)

Identification of major state programs:

State ID Number	Name of State Program
435.283	IM Available Allocation - State
435.297	IMAA State Share ACA
435.298	IMAA Federal ACA
	Medical Assistance Program Benefits
435.338	COP W Program
435.348	CIP II Program
435.369	CIP II Comm Relocate - Non Federal
435.375	CIP II Diversions - Non Federal
435.392	FCT - CIP II
435.407	ICFMR Nonfed
435.410	FC Transition CIP1B Nonfed
435.478	CIP II MFP Non Federal
435.564	CIP 1B Program
435.580	CIP 1A Program
435.871	CLTS Other GPR
435.874	CLTS Autism GPR
435.877	Other CWA Admin GPR
435.880	Autism CWA Admin GPR
N/A	Medicaid Personal Care Program
435.367	Community Options Program
435.561	Basic County Allocation
435.560100	Aging and Disability Resource Center
437.3561	Basic County Allocation
437.7502	Child Support

Section II – Financial Statement Findings

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2015.

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended December 31, 2015

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

Finding No.	Internal Control Deficiency
-------------	-----------------------------

2014-001 Financial Reporting for Federal and State Financial Assistance

Federal CFDA – All
State IDs – All

Compliance Requirement: Reporting.

Condition: Uniform Guidance and the *State Single Audit Guidelines* require the County to prepare appropriate financial statements including the schedule of expenditures of federal awards and state financial assistance. While the current staff of the County maintains financial records supporting amounts reported in the schedules of expenditures of federal awards and state financial assistance, the County contracts with Schenck to compile the data from these records and assist in the preparation of the single audit report for the County.

Criteria: Having staff with expertise in federal and state financial reporting prepare the County's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal awards and state financial assistance, or accompanying notes to the schedule.

Effect: The County could receive federal or state grant awards which are not included in the accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance.

Cause: The additional costs associated with hiring staff sufficiently experienced to prepare the County's single audit report, including the additional training time, outweigh the derived benefits.

Recommendation: We recommend County personnel continue reviewing the County's single audit report. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the County is necessary to ensure all federal and state financial assistance programs are properly reported in the County's single audit report.

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended December 31, 2015

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

Finding No.	Uniform Guidance Finding
2015-001	<p>Uniform Grant Guidance Implementation</p> <p><i>Federal CFDA – All</i></p> <p>Compliance Requirement: Allowable costs/costs principles, cash management, procurement, reporting.</p> <p>Condition: The County has various policies and procedures in place to safeguard its assets and establish related controls over receipts, disbursements, payroll transactions and general ledger maintenance. Federal awards received and disbursed by the County are managed through these county-wide policies and procedures; however, the policies and procedures have not been evaluated to ensure compliance with the requirements of Uniform Guidance.</p> <p>Criteria: Uniform Guidance requires the County to maintain certain polices related to cash management, cost allowability, procurement, and conflict of interest provisions, along with appropriate financial management systems and internal controls over federal awards to safeguard federal funds.</p> <p>Cause: The County has not finalized an assessment of its financial management system and related internal controls over federal awards, along with an evaluation of existing policies for compliance with Uniform Guidance by year end.</p> <p>Effect: The County could become noncompliant with requirements of Uniform Guidance, resulting in future findings and questioned costs related to federal awards administered by the County. The County's 2015 audit in accordance with the requirements of Uniform Guidance did not identify any instances of noncompliance with respect to direct and material compliance requirements of its major federal award program.</p> <p>Recommendation: We recommend the County finalize the assessment of its financial management system and related internal controls over federal awards during the 2016 fiscal year. This assessment should include evaluate existing policies and procedures to determine where additional enhancements should be made or new policies created, a plan to communicate these policies to County employees, and procedures to periodically review and update, as considered necessary.</p>

MARINETTE COUNTY, WISCONSIN
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2015

Section IV - Other Issues

- | | |
|--|-----|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| | |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| Department of Agriculture, Trade and Consumer Protection | Yes |
| Department of Safety and Professional Services | Yes |
| Department of Natural Resources | Yes |
| Department of Transportation | Yes |
| Department of Corrections | Yes |
| Department of Health Services | Yes |
| Department of Children and Families | Yes |
| Department of Justice | Yes |
| Department of Military Affairs | Yes |
| Department of Administration | Yes |
| | |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |



Jon T. Trautman, CPA

- | | |
|----------------------------------|----------------|
| 4. Name and signature of partner | |
| | |
| 5. Date of report | August 2, 2016 |

MARINETTE COUNTY, WISCONSIN
 Schedule of Prior Year Audit Findings and Corrective Action Plan
 For the Year Ended December 31, 2015

Prior Year Audit Findings

The findings noted in the 2014 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. Management continues to believe the cost to hire additional staff to eliminate the control deficiency identified as 2014-001 outweigh the benefits to be received. Management reviews the single audit report prepared by Schenck. Finding 2014-002 has been resolved.

Corrective Action Plan

Finding No.	Corrective Action Plan
2014-001	<p>Financial Reporting for Federal and State Financial Assistance</p> <p>Management believes the cost of additional staff time and training to prepare these items outweigh the benefits to be received. Management will continue to review the schedules and financial information.</p>
2015-001	<p>Uniform Grant Guidance Implementation</p> <p>The County worked on centralizing all financial policies, including grant management policies, during 2015 and has created a Financial Policy Manual in 2016. This Manual will incorporate specific policies related to Uniform Guidance and will be finalized during 2016.</p>