

MARINETTE COUNTY, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2007

MARINETTE COUNTY, WISCONSIN
December 31, 2007

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December 31, 2007

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**INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND SCHEDULE OF STATE FINANCIAL ASSISTANCE**

To the County Board
Marinette County, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Marinette County, Wisconsin ("the County") as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Marinette County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Marinette County Committee on Aging, Inc. and the Marinette County Association for Business & Industry, Inc. which are presented as component units of Marinette County, Wisconsin. These statements reflect total assets and revenues constituting 1 percent and 2 percent, respectively, of the total primary government. 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 Marinette County Association for Business & Industry, Inc., is based solely upon the report of the other auditors.

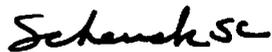
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based upon our audit and the report of other auditors, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and health and human services special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2008 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

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 supplemental information, and the accompanying schedule of expenditures of federal awards and schedule of state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Certified Public Accountants
Green Bay, Wisconsin
July 14, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

December 31, 2007

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, 2007. Our discussion and analysis is based on currently known facts, decisions, or conditions.

Financial Highlights

- As of December 31, 2007, the assets of the County exceeded the County's liabilities by \$86,257,409 (*net assets*). Of this amount, \$21,695,208 is considered *unrestricted net assets* and may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$3,860,249 from the previous year. Contributing factors to the net asset increase include interest revenue above budget, gains on long-term investments, and contributions for capital improvements for the Library renovation and Hospital Building. Other factors contributing to changes in total net assets are listed under the Government-wide Financial Analysis section.
- The property tax rate was reduced \$.22 to \$3.83 per \$1,000 of property value for the year ended December 31, 2007. The operating net tax levy increased by \$290,801 (2.3%) from the prior year. This increase along with the \$5,095 decrease in the County's special purpose levy totaled the allowable increase imposed by the State of Wisconsin levy limit (2.25%).
- As of December 31, 2007, the County's combined governmental funds reported ending fund balances totaling \$26,562,351, a decrease of \$2,591,305 in comparison with the prior year. The construction cost for the Library Renovation project was the main reason for the decrease. Favorable results in the General and Health & Human Services fund helped offset the Renovation spending. Of the ending \$26,562,351 total governmental fund balance, approximately 67% of this total amount, \$17,906,971 is *available for spending* at the County's discretion (the *unreserved fund balance*). Of the County's unreserved fund balance, \$10,582,837 is designated.
- The Health and Human Services (HHS) special revenue fund ended the year with an increase of \$364,977. Unanticipated revenues more than offset the planned 2007 application of \$400,000 from the HHS surplus fund balance. The 2007 results improved the HHS December 31, 2007 fund balance to \$1,171,333.
- As of December 31, 2007, the unreserved fund balance for the general fund was \$15,041,450, or approximately 78% of total general fund expenditures. The unreserved/undesignated amount of \$7,324,134 represents 9.2% of the County's 2008 original adopted gross expenditure budget.
- During 2007, the County retired \$2,225,000 in general obligation debt reducing overall debt to \$46,025,000. After a budgeted transfer out of \$466,043, the debt service fund ended the year with a net decrease of \$87,984. Funds reserved at the end of 2007 for debt service were \$3,601,759 with an additional \$781,943 to be transferred to the other funds for the 2008 budget.

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

The *statement of activities* presents information showing how the County's net assets changed during the most recent year. All changes in net assets 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 18 - 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*.

Management Discussion Analysis
December 31, 2007

Marinette County maintains 17 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, health and human services special revenue fund, 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 fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 21 - 26 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, print shop/central duplicating 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 27 - 29 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 30 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 31 - 52 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 53 - 66.

Management Discussion Analysis
December 31, 2007

Government-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$86,257,409 at the close of 2007 compared to \$82,397,160 for the year ended 2006.

	Governmental	Business-Type	Governmental	Business-Type	Total	Total	Total
	Activities	Activities	Activities	Activities			
	2006	2006	2007	2007	2006	2007	Change
Current & other assets	\$68,776,409	\$3,563,858	\$65,689,415	\$4,177,871	\$72,340,267	\$69,867,286	-3.42%
Capital assets	91,096,517	7,560,486	94,920,727	7,475,737	98,657,003	102,396,464	3.79%
Total assets	159,872,926	11,124,344	160,610,142	11,653,608	170,997,270	172,263,750	0.74%
Long-term liabilities							
outstanding	50,072,983	1,455,369	47,870,386	1,749,785	51,528,352	49,620,171	-3.70%
Other liabilities	36,619,331	452,427	35,784,234	601,936	37,071,758	36,386,170	-1.85%
Total liabilities	86,692,314	1,907,796	83,654,620	2,351,721	88,600,110	86,006,341	-2.93%
Net assets:							
Invested in Capital							
assets net of related							
debt	44,856,517	7,282,437	50,905,727	7,101,041	52,138,954	58,006,768	11.25%
Restricted	7,177,865	-	6,555,433	-	7,177,865	6,555,433	-8.67%
Unrestricted	21,146,230	1,934,111	19,494,362	2,200,846	23,080,341	21,695,208	-6.00%
Total net assets	\$73,180,612	\$9,216,548	\$76,955,522	\$9,301,887	\$82,397,160	\$86,257,409	4.68%

The largest portion of the County's net assets (67%) reflects its investment in capital assets (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. Marinette County uses the County sales tax to provide for its debt service.

An additional portion of the County's net assets (\$6,555,433) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$21,695,208) may be used to meet the County's ongoing obligations to citizens and creditors.

Change in net assets. Governmental Activities led to an increase in the County's net assets of \$3,774,910 and Business-type activities increased the County's net assets by \$85,339. After the yearend results, the County's net assets totaled \$76,955,522 for the Governmental Activities and \$9,301,887 for the Business-type Activities. The key elements affecting the change in net assets were as follows:

Management Discussion Analysis
December 31, 2007

Governmental Activities:

- The property tax levy increased by \$285,706 (2.25%) from the prior year in accordance with the State imposed local unit levy limits. This increase was easily absorbed by employee salary and benefit cost increases.
- Contributions of building and land improvements at the hospital by Bay Area Medical Center (BAMC) added \$1,593,069 in net assets. The non-profit organization leases the building from Marinette County. In addition to the contributed improvements, BAMC makes lease payments to the County equal to the debt service requirements on County debt related to the hospital. The 2007 lease payment resulted in \$1,050,000 in debt being removed and increasing the County's net assets.
- Excellent departmental results staying within their original appropriations and returning surplus funds to the general fund.
- Although interest rates declined over the year, investment income exceeded budgeted amounts by \$333,080 helped by the to market adjustments of certain investments.
- Although down from 2006 results (\$2,250,147), forestry revenues still generated \$1,707,565 in 2007. This was \$333,535 under the budgeted forestry revenues. After expenditures, the County's Forestry activity showed net revenues of \$871,539.
- Continued investment in capital assets such as the Library Renovation Project and infrastructure contributed to the gain in net assets. Funding for the Library projected consisted on prior year debt proceeds and 2007 donations of \$371,070 and a Community Development Block Grant of \$206,000.

Business-type Activities:

The County's Business-type activities increased Marinette County's net assets by \$85,339. Both of the County's Business-type activities had operating losses for 2007, but after non-operating revenues were considered and before internal service fund results were allocated, both the Highway and Solid Waste funds showed net asset increases.

The Highway Fund's operating loss was \$184,343 compared to a prior year operating loss of \$259,572. The \$198,088 non-operating tax levy revenue for the Highway activity covered the operating loss resulting in a \$13,745 overall gain.

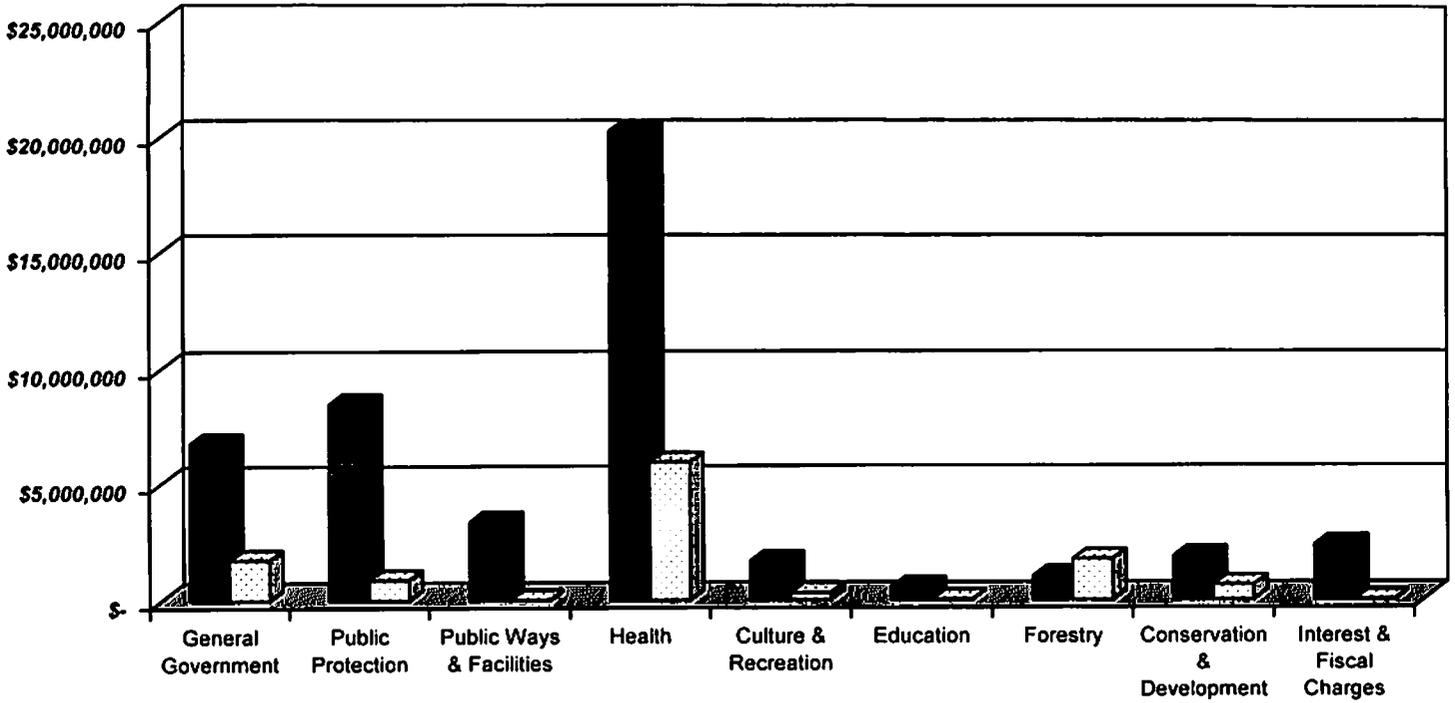
The Solid Waste Fund operating loss was \$45,907 compared to the 2006 operating loss of \$81,852. Strong interest earnings resulted in the Solid Waste Fund having a positive net change in assets of \$30,797. Cash and cash equivalents for the Fund increased by \$109,912 reflecting the non-cash operating expenses of depreciation and landfill closure/post-closure care cost.

Management Discussion Analysis
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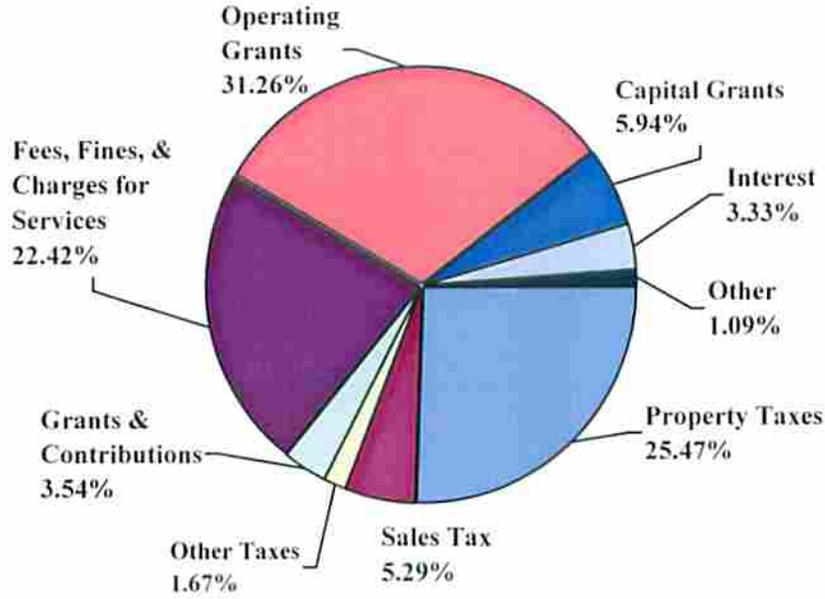
Marinette County's Change in Net Assets						
	Governmental		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Revenues:						
Program revenues:						
Fees, fines, & charges for services	\$ 11,132,905	\$ 11,257,457	\$ 8,229,241	\$ 7,558,133	\$ 19,362,146	\$ 18,815,590
Operating grants & contributions	15,245,024	15,690,836	28,192	-	15,273,216	15,690,836
Capital grants and contributions	2,164,966	2,979,704	-	-	2,164,966	2,979,704
General revenues:						
Property & sales taxes	15,253,056	15,441,631	231,592	198,088	15,484,648	15,639,719
Other taxes	813,646	837,597	-	-	813,646	837,597
Grants & contributions not restricted to specific programs	1,771,659	1,774,882	-	-	1,771,659	1,774,882
Other	3,063,595	2,219,088	90,334	76,704	3,153,929	2,295,792
Total revenues	49,444,851	50,201,195	8,579,359	7,832,925	58,024,210	58,034,120
Expenses:						
General government	5,818,532	6,757,265	-	-	5,818,532	6,757,265
Public protection	8,691,902	8,483,133	-	-	8,691,902	8,483,133
Public ways & facilities	3,226,396	3,366,329	-	-	3,226,396	3,366,329
Health	20,483,685	20,305,605	-	-	20,483,685	20,305,605
Culture & recreation	1,977,284	1,684,905	-	-	1,977,284	1,684,905
Education	908,569	572,181	-	-	908,569	572,181
Forestry	1,020,924	1,024,038	-	-	1,020,924	1,024,038
Conservation & development	2,341,806	1,871,471	-	-	2,341,806	1,871,471
Interest & fiscal charges	2,365,752	2,361,358	-	-	2,365,752	2,361,358
Highway operations	-	-	8,164,980	7,356,642	8,164,980	7,356,642
Solid waste	-	-	442,548	390,944	442,548	390,944
Total expenses	46,834,850	46,426,285	8,607,528	7,747,586	55,442,378	54,173,871
Increase (decrease) in net assets	2,610,001	3,774,910	(28,169)	85,339	2,581,832	3,860,249
Transfers	-	-	-	-	-	-
Net assets - January 1	70,570,611	73,180,612	9,244,717	9,216,548	79,815,328	82,397,160
Net assets - December 31	\$ 73,180,612	\$ 76,955,522	\$ 9,216,548	\$ 9,301,887	\$ 82,397,160	\$ 86,257,409

Management Discussion Analysis
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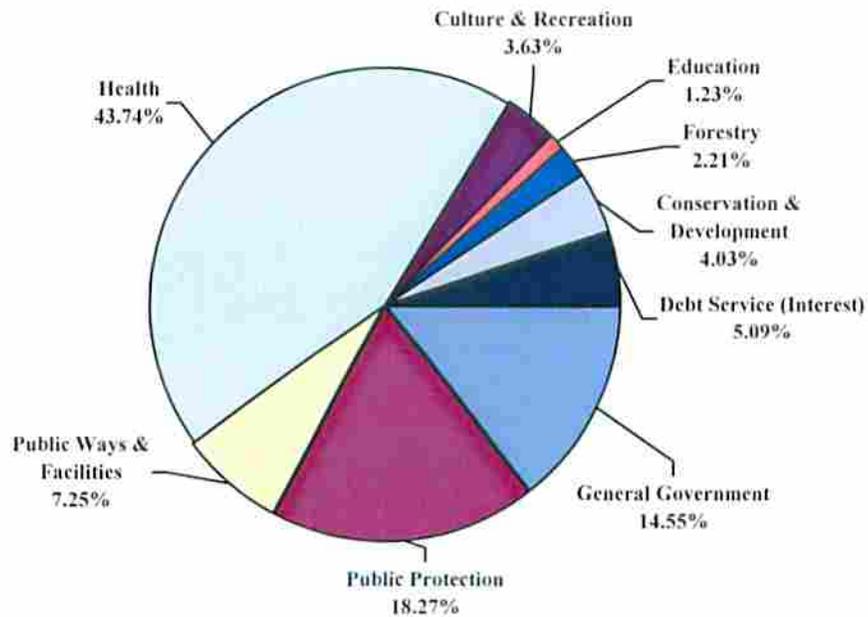
Expenses & Program Revenues - Governmental Activities



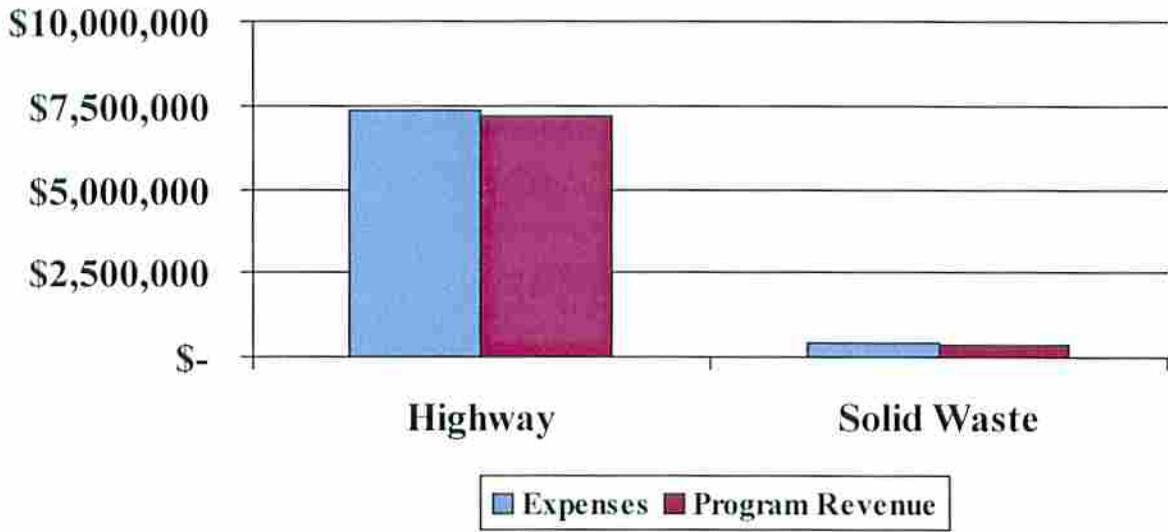
Revenues by Source - Governmental Activities



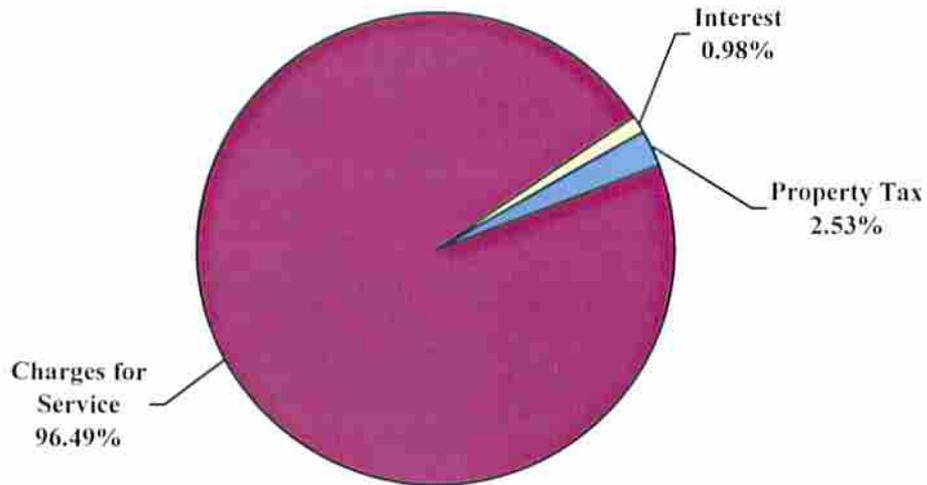
Expenses by Activity - Governmental Activities



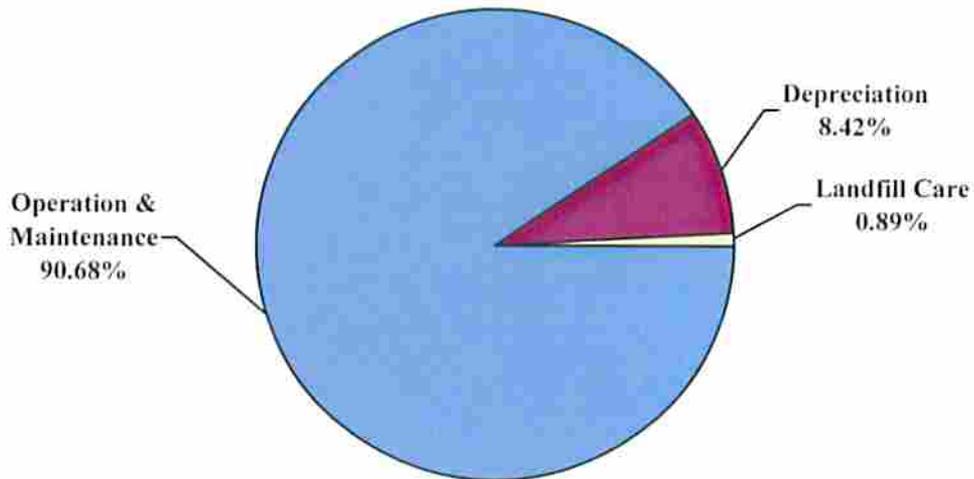
Expenses and Program Revenues - Business Type Activities



Revenue by Source - Business Type Activities



Expenses by Activity - 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 *unreserved 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, 2007, the County's combined governmental funds totaled \$26,562,351, a decrease of \$2,591,305 in comparison with the prior year. Approximately 67% of this amount, \$17,906,971, constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is *reserved* 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 (\$71,769), 2) for non-liquid delinquent taxes (\$2,003,289) 3) for loans receivable that are not expected to be liquidated in the next year (\$696,620) 4) for application to subsequent years budget (\$781,943) 5) for debt retirement (\$3,601,759) and 6) the advance to the self insurance fund of which \$1,500,000 is not expected to be recovered and repaid in the next year.

The general fund is the chief operating fund of the County. At the end of the current year, the unreserved fund balance of the general fund was \$15,041,450, while the total fund balance was \$19,313,128. As a measure of the general fund's liquidity, it is useful to compare both the unreserved fund balance and the total fund balance to total fund expenditures. Unreserved fund balance represents 78% of total general fund expenditures, while total fund balance represents 100 % of that same amount. This compares to prior year percentages of 77% and 100% respectively.

Marinette County's General fund balance increased by \$180,834 for the year ended December 31, 2007. The key factor in the net general fund increase was the better than expected return on the County's investments.

The County's Health and Human Services Special Revenue Fund increased by \$364,977 to \$1,171,333 during the current year. The County did apply \$400,000 of surplus HHS funds to the 2007 budget. The net increase even after the application of surplus funds was a result of higher than anticipated state revenues. The current fund balance represents 6.5% of the total 2007 health and human services special revenue fund expenditures.

The County Roads and Bridges Fund saw a net fund balance decrease of \$266,743 resulting in a fund deficit of \$131,306. Winter maintenance expenditures were the main cause for the unfavorable results.

The County's Self-Insurance Internal Service Fund continued to run an operating deficit, but only of \$132,270. Net assets did increase by \$560,188 after stop-loss insurance recoveries of \$536,563 were received. The increase reduced the 2007 ending deficit to \$1,447,921. The County continues to explore various health care options including changing healthcare networks. Increased insurance premiums and employee co-pay contributions are expected to further reduce the deficit.

Management Discussion Analysis
December 31, 2007

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 assets of the highway department enterprise fund at the end of the year amounted to \$1,871,460. Net assets for the highway department increased by \$13,745. This compares to the loss of \$27,980 in 2006. The Highway fund's 2007 operating loss of \$184,343 was covered by the \$198,088 of non-operating tax levy revenue. Improved results in machinery operations contributed to the improvement in Highway fund results.

Unrestricted net assets of Marinette County's share of a landfill operated jointly with Oconto County and reported in the solid waste fund totaled \$612,575. The total increase in net assets for the solid waste fund was \$30,797. An operating loss of \$45,907 was covered by \$76,704 in interest earnings. Non-cash depreciation and landfill closure/post closure care expenses of \$175,517 lead to a \$109,912 increase in fund cash.

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 appropriations during the year increased the original general fund expenditure budget by \$1,867,641. The additional appropriations can be summarized as follows:

- Carryovers of unspent 2006 appropriations of approximately \$76,353.
- Increase of \$304,731 for courthouse heating and cooling improvements.
- Approximately a \$200,000 increase for capital outlay items for Sheriff Road Patrol and Jail Outlay. Funding from donations, grants and non-lapsing funds.
- Increase of \$122,274 for wireless 911-implementation.
- Additional grants of approximately \$700,000 for conservation and development, mainly for watershed programs.
- A number of other items associated with departments for grant carry-overs, reserved fund carry-overs to complete various projects, and onetime expenses that were funded with additional revenues received by the department during the year.

During the year, actual revenues were \$1,193,207 less than expected revenues. The majority of the short fall between budget and actual was a result of intergovernmental revenues for various conservation and emergency government programs not being realized. This did not affect the overall financial results, as the related expenditures also did not occur. Unrealized regulation and compliance revenues were immaterial (\$46,277). County forest revenue was \$333,535 below budget, significantly contributing to the \$379,401 unfavorable variance in charges for services revenues and the overall unrealized revenue budget.

Actual expenditures were less than final budgeted expenditures by \$1,497,672 primarily due to the following:

- Anticipated grant expenditures in emergency government and conservation not occurring as mentioned above.
- Some scheduled capital maintenance projects for the Courthouse also were not completed during the current year and carried over to 2008.

Management Discussion Analysis
December 31, 2007

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, 2007 amounts to \$102,396,464 (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 investment in capital assets for the current year was \$3,739,461. Major additions for 2007, besides infrastructure, were for hospital facility improvements contributed by BAMC and the Library Renovation Project.

Marinette County's Capital Assets (Net of Accumulated Depreciation)						
	Governmental Activities		Business-Type Activities		Totals	
	2006	2007	2006	2007	2006	2007
Land	\$4,865,487	\$5,188,445	\$113,989	\$113,989	\$4,979,476	\$5,302,434
Land improvements	199,139	100,907	824,398	847,609	1,023,537	948,516
Buildings & Improvements	56,798,191	60,901,836	3,512,018	3,330,269	60,310,209	64,232,105
Machinery & Equipment	4,685,491	4,267,029	3,011,507	3,183,870	7,696,998	7,450,899
Infrastructure	23,203,112	23,606,685	-	-	23,203,112	23,606,685
Construction in progress	1,345,097	855,825	98,574	-	1,443,671	855,825
Total	\$91,096,517	\$94,920,727	\$7,560,486	\$7,475,737	\$98,657,003	\$102,396,464

Additional information on Marinette County's capital assets can be found in Note C.6 on pages 43 - 44 of this report.

Long-term debt. At the end of the year, the County's total bonded debt outstanding was \$46,025,000. 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	
	2006	2007	2006	2007	2006	2007
General Obligation Debt:						
Bonds and Notes	\$ 48,250,000	\$ 46,025,000	\$ -	\$ -	\$ 46,950,000	\$ 48,250,00

The County's total general-obligation debt balance decreased by \$2,225,000 (4.61%) in 2007. Scheduled debt service of \$2,225,000 resulted in the overall debt decrease with no new issues for the year.

The County's debt is serviced by the .5% County sales tax and rent payments from the BAMC. The rent payments are used to service the Hospital Facility debt. Sales tax revenue was down slightly in 2007 at \$2,655,952 compared to \$2,786,587 in 2006. Funds restricted for debt service at the end of 2007 decreased by \$87,984 to \$4,383,702.

An original budgeted transfer out of the debt service fund for capital outlay projects in the general and County highway funds of \$466,043 lead to the \$87,984 decrease noted above. The budgeted transfer was expected to equal the debt service fund anticipated surplus in 2007, but the reduced revenues resulted in the noted shortfall.

Management Discussion Analysis
December 31, 2007

The County maintained its "A1" rating from Moody's Investors Service for 2007. Per Moody's "The A1 rating reflects the county's modest but growing tax base, strong reserve levels, an average debt profile, balanced against below average wealth indices, and the potential for pressure on future budgets."

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 \$185,076,840 which is significantly in excess of the County's \$46,025,000 in outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Marinette County is currently 5.3% for April 2008, 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%.
- The economic condition and outlook of the County is considered stable. No major plant closings or cut backs occurred in 2007 and the loss of smaller employers are usually replaced by new ventures. Karl Schmidt Unisia Inc located in Marinette employs over 1,000 employees and continues to grow. Marinette Marine, the County's second largest employer, employing 900 plus, was awarded major contracts during 2007 and continues to add to their workforce. Several employers through out the County in the 50 to 99-employee range also have seen substantial increases in specialty industries. Tourism continues to be vital to Marinette County and should continue to grow with the development of the Governor Thompson State Park located in the western part of the County. The major retail center is in the City of Marinette and continues to grow. 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. The union employees are represented by one of five unions. The unions are the Courthouse Employees, Local 1752, AFSCME, AFL-CIO; Highway Employees, International Union of Operating Engineers, Local 139S; Library employees, Local 1752, AFSCME, AFL-CIO; Professional employees, Local 1752-A, AFSCME, AFL-CIO; and the Sheriff's Department, Wisconsin Professional Police Association (WPPA). The International Union of Operating Engineers Local 139S and the WPPA have contracts with the County through 2009, and all three AFSCME contracts are settled through 2008.

The following factors were considered in preparing the County's 2008 budget:

Limits have been imposed on the property tax levy rates and actual levies for Wisconsin counties. Counties must be in compliance with the lower of the two limits.

There are separate limits for the operating and the debt service tax rates. The baseline for tax levy rate limits is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the County qualifies for one of the exceptions allowed under the state statute.

Management Discussion Analysis
December 31, 2007

The levy limit was created under 2007-09 state budget. The levy limits provide that the County may only increase the tax levy for 2008 by the largest of 3.86% or the percentage change in new construction less improvements removed from the assessment roll in the last year. For 2009 the 3.86% factor of the cap is reduced to 2%. This levy limit sunsets January 1, 2009. Future levy limits are expected in the State's future budgets.

The statute establishes specific penalties for failure to meet the tax rate and levy freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids.

Upon the adoption of the budget for the 2008 calendar year, the County was \$4,730,370 under its operational levy limit. This equates to a tax rate of \$1.30 per \$1,000 of equalized value. For comparison purposes, the total tax rate for the 2008 budget was \$3.72. As previously mentioned the County does not issue a debt service levy and relies on the County's sales tax for debt service.

The County was forced to limit its 2007 tax levy under the levy freeze. The tax levy increase for the 2008 budget was limited to \$483,560 or 3.72% - slightly under the 3.86% cap. To comply with the limit, the County applied \$300,000 in surplus general funds and \$781,943 from the County's sales tax fund. The application of \$402,306 of surplus funds back in the 2005 budget significantly magnified the effect of the State tax levy freeze which started with the County's 2006 budget. Without the use of the sales tax surplus funds for the recent budgets, the County would have been forced to reduce services further. The County Board has approved the use of the surplus sales tax funds for capital outlay and tourism items on a yearly basis. Currently the County's sales tax collections are producing surplus revenues of, not considering the transfers out, between \$700,000 and \$900,000. Surplus sales tax funds are to be used to call debt when callable and if feasible.

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 Assets
December 31, 2007

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Committee on Aging	Association for Business & Industry	Stephenson Library Trust
ASSETS						
Pooled cash and investments	\$ 22,157,111	\$ 1,153,013	\$ 23,310,124	\$ -	\$ -	\$ -
Other cash and investments	-	-	-	59,285	54,866	1,279,748
Accounts receivable	2,875,744	281,559	3,157,303	52,786	-	-
Interest receivable	373,948	-	373,948	-	-	16,220
Taxes receivable	15,510,195	250,263	15,760,458	-	-	-
Loans receivable	2,471,299	-	2,471,299	-	-	-
Lease receivable	17,325,000	-	17,325,000	-	-	-
Internal balances	326,398	(326,398)	-	-	-	-
Due from other governments	1,778,498	687,998	2,466,496	-	-	-
Inventories and prepaid expenses	189,061	1,381,112	1,570,173	-	-	-
Investment in joint airport	2,407,272	-	2,407,272	-	-	-
Restricted cash and investments	274,889	750,324	1,025,213	-	-	-
Capital assets (net of accumulated depreciation)						
Nondepreciable	6,044,271	113,989	6,158,260	-	-	-
Depreciable	88,876,456	7,361,748	96,238,204	6,000	1,999	-
TOTAL ASSETS	160,610,142	11,653,608	172,263,750	118,071	56,865	1,295,968
LIABILITIES						
Accounts payable	1,981,047	319,348	2,300,395	16,626	-	-
Accrued liabilities	852,078	2,230	854,308	10,934	1,760	-
Due to other governments	179,751	-	179,751	-	-	-
Deposits from others	70,772	30,095	100,867	-	-	-
Unearned revenue	32,162,668	250,263	32,412,931	-	-	-
Accrued interest	537,918	-	537,918	-	-	15,463
Long-term obligations						
Portion due or payable within one year:						
Bonds and notes payable	2,300,000	-	2,300,000	4,103	-	37,322
Compensated absences	184,539	29,626	214,165	-	-	-
Leases payable	-	237,748	237,748	-	-	-
Portion due or payable after one year:						
Bonds and notes payable	43,725,000	-	43,725,000	1,765	-	934,678
Compensated absences	1,660,847	266,631	1,927,478	-	-	-
Leases payable	-	93,739	93,739	-	-	-
Landfill care costs	-	1,122,041	1,122,041	-	-	-
TOTAL LIABILITIES	83,654,620	2,351,721	86,006,341	33,428	1,760	987,463
NET ASSETS						
Invested in capital assets, net of related debt	50,905,727	7,101,041	58,006,768	6,000	1,999	-
Restricted for:						
Debt service	3,601,759	-	3,601,759	-	-	-
Solid waste long-term care	280,790	-	280,790	-	-	-
Loan programs	2,672,884	-	2,672,884	-	-	-
Unrestricted	19,494,362	2,200,846	21,695,208	78,643	53,106	308,505
TOTAL NET ASSETS	\$ 76,955,522	\$ 9,301,887	\$ 86,257,409	\$ 84,643	\$ 55,105	\$ 308,505

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

MARINETTE COUNTY, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2007

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental				
General government	\$ 6,757,265	\$ 1,735,809	\$ 355,110	\$ -
Public protection	8,483,133	880,145	232,087	-
Public ways and facilities	3,366,329	-	1,566,627	-
Health	20,305,605	5,925,708	10,690,693	2,718,069
Culture and recreation	1,684,905	301,520	676,000	206,000
Education	572,181	21,150	4,247	-
Forestry	1,024,038	1,748,204	147,373	-
Conservation and development	1,871,471	644,921	864,099	-
Interest and fiscal charges	2,361,358	-	1,154,600	55,635
Total Governmental Activities	46,426,285	11,257,457	15,690,836	2,979,704
Business-type				
Highway	7,356,642	7,213,096	-	-
Solid waste	390,944	345,037	-	-
Total Business-type Activities	7,747,586	7,558,133	-	-
Total Marinette County	\$ 54,173,871	\$ 18,815,590	\$ 15,690,836	\$ 2,979,704
Component Unit				
Committee on Aging	\$ 863,964	\$ 179,564	\$ 712,059	\$ -
Association for Business & Industry	98,791	-	92,672	-
Stephenson Library Trust	1,073,020	-	44,186	-
Total Component Units	\$ 2,035,775	\$ 179,564	\$ 848,917	\$ -

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for public ways and facilities
- Property taxes, levied for health
- Sales taxes
- Other taxes
- Grants and contributions not restricted to specific programs
- Earnings on investments
- Change in investment in joint airport
- Lease revenue
- Gain on exchange of land
- Miscellaneous

Total general revenues

Change in assets

Net assets - January 1

Net assets - December 31

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

Net (Expense) Revenue and Changes in Net Assets			Component Units		
Governmental Activities	Business-type Activities	Total	Committee on Aging	Association for Business & Industry	Stephenson Library Trust
\$ (4,666,346)	\$ -	\$ (4,666,346)	\$ -	\$ -	\$ -
(7,370,901)	-	(7,370,901)	-	-	-
(1,799,702)	-	(1,799,702)	-	-	-
(971,135)	-	(971,135)	-	-	-
(501,385)	-	(501,385)	-	-	-
(546,784)	-	(546,784)	-	-	-
871,539	-	871,539	-	-	-
(362,451)	-	(362,451)	-	-	-
(1,151,123)	-	(1,151,123)	-	-	-
(16,498,288)	-	(16,498,288)	-	-	-
-	(143,546)	(143,546)	-	-	-
-	(45,907)	(45,907)	-	-	-
-	(189,453)	(189,453)	-	-	-
(16,498,288)	(189,453)	(16,687,741)	-	-	-
-	-	-	27,659	-	-
-	-	-	-	(6,119)	-
-	-	-	-	-	(1,028,834)
-	-	-	27,659	(6,119)	(1,028,834)
8,170,805	-	8,170,805	-	-	-
1,995,921	198,088	2,194,009	-	-	-
2,618,953	-	2,618,953	-	-	-
2,655,952	-	2,655,952	-	-	-
837,597	-	837,597	-	-	-
1,774,882	-	1,774,882	-	-	-
1,670,059	76,704	1,746,763	3,564	2,651	62,911
186,488	-	186,488	-	-	-
34,203	-	34,203	-	-	-
41,231	-	41,231	-	-	-
287,107	-	287,107	-	-	-
20,273,198	274,792	20,547,990	3,564	2,651	62,911
3,774,910	85,339	3,860,249	31,223	(3,468)	(965,923)
73,180,612	9,216,548	82,397,160	53,420	58,573	1,274,428
\$ 76,955,522	\$ 9,301,887	\$ 86,257,409	\$ 84,643	\$ 55,105	\$ 308,505

MARINETTE COUNTY, WISCONSIN

Balance Sheet

Governmental Funds

December 31, 2007

	Governmental Funds			Other Governmental Funds	Total Governmental Funds
	General	Health and Human Services	Debt Service		
ASSETS					
Pooled cash and investments	\$ 15,375,463	\$ 700	\$ 4,049,085	\$ 2,114,818	\$ 21,540,066
Receivables					
Delinquent property taxes	2,293,131	-	-	-	2,293,131
Property taxes levied for subsequent year	8,428,067	2,713,027	-	2,020,643	13,161,737
Accounts	323,779	907,779	1,184,690	299,464	2,715,712
Loans	653,411	43,016	-	1,774,872	2,471,299
Leases	17,325,000	-	-	-	17,325,000
Due from other governments	462,372	1,316,127	-	-	1,778,499
Due from other funds	43,209	-	-	-	43,209
Advances to other funds	1,402,053	-	-	-	1,402,053
Inventories	4,937	-	-	-	4,937
Prepaid items	66,832	-	-	-	66,832
Restricted assets - pooled cash and investments	-	-	-	274,889	274,889
TOTAL ASSETS	\$ 46,378,254	\$ 4,980,649	\$ 5,233,775	\$ 6,484,686	\$ 63,077,364
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 330,330	\$ 732,141	\$ 125,073	\$ 245,947	\$ 1,433,491
Accrued liabilities	590,500	245,747	-	-	836,247
Due to other governments	179,751	-	-	-	179,751
Deposits from others	70,772	-	-	-	70,772
Deferred revenue	25,893,773	2,718,889	725,000	4,544,551	33,882,213
Advance from general fund	-	112,539	-	-	112,539
Total Liabilities	27,065,126	3,809,316	850,073	4,790,498	36,515,013
Fund Balances					
Reserved for					
Inventories	4,937	-	-	-	4,937
Prepaid items	66,832	-	-	-	66,832
Noncurrent assets	4,199,909	-	-	-	4,199,909
Applied to subsequent budget	-	-	781,943	-	781,943
Debt retirement	-	-	3,601,759	-	3,601,759
Unreserved					
Designated, reported in					
General fund	7,717,316	-	-	-	7,717,316
Special revenue funds	-	1,171,333	-	1,371,865	2,543,198
Capital project funds	-	-	-	322,323	322,323
Undesignated, reported in					
General fund	7,324,134	-	-	-	7,324,134
Total Fund Balances	19,313,128	1,171,333	4,383,702	1,694,188	26,562,351
TOTAL LIABILITIES AND FUND BALANCES	\$ 46,378,254	\$ 4,980,649	\$ 5,233,775	\$ 6,484,686	\$ 63,077,364

(Continued)

MARINETTE COUNTY, WISCONSIN
Balance Sheet (Continued)
Governmental Funds
December 31, 2007

Reconciliation to the Statement of Net Assets

Total Fund Balances as shown on previous page \$ 26,562,351

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

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

Investment in joint airport	\$ 2,407,272	
Capital assets	94,920,727	
Less: amount included below with internal service funds	<u>(469,452)</u>	96,858,547

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	\$ (46,025,000)	
Compensated absences	(1,845,386)	
Accrued interest on long-term obligations	<u>(537,918)</u>	(48,408,304)

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

Loans receivable	\$ 1,774,872	
Interest on delinquent taxes	373,948	
Clerk of Courts receivable	<u>55,427</u>	2,204,247

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 assets.

(261,319)

Net Assets of Governmental Activities as Reported on the Statement of Net Assets (see page 18)

\$ 76,955,522

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, 2007

	General	Health and Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 8,862,962	\$ 2,606,953	\$ -	\$ 2,007,921	\$ 13,477,836
Sales taxes	-	-	2,655,952	-	2,655,952
Intergovernmental	4,658,698	9,932,868	-	2,506,188	17,097,754
Regulation and compliance	441,033	-	-	6,696	447,729
Charges for services	3,061,731	5,814,287	-	-	8,876,018
Commercial	3,826,198	-	-	635,757	4,461,955
Miscellaneous	591,723	-	55,635	391,671	1,039,029
Total Revenues	21,442,345	18,354,108	2,711,587	5,548,233	48,056,273
Expenditures					
Current					
General government	5,975,961	-	-	426	5,976,387
Public protection	7,787,603	-	-	-	7,787,603
Public ways and facilities	52,500	-	-	3,999,128	4,051,628
Health	1,105,503	17,989,131	-	6,696	19,101,330
Culture and recreation	2,196,963	-	-	3,611,444	5,808,407
Education	355,673	-	-	28,878	384,551
Forestry	1,030,601	-	-	-	1,030,601
Conservation and development	825,105	-	-	1,071,025	1,896,130
Debt Service					
Principal payments	-	-	2,225,000	-	2,225,000
Interest and fiscal charges	-	-	2,385,941	-	2,385,941
Total Expenditures	19,329,909	17,989,131	4,610,941	8,717,597	50,647,578
Excess (Deficiency) of Revenues Over Expenditures					
	2,112,436	364,977	(1,899,354)	(3,169,364)	(2,591,305)
Other Financing Sources (Uses)					
Transfers in	345,811	-	2,277,413	160,276	2,783,500
Transfers out	(2,277,413)	-	(466,043)	(40,044)	(2,783,500)
Total Other Financing Sources and Uses	(1,931,602)	-	1,811,370	120,232	-
Net Change in Fund Balances	180,834	364,977	(87,984)	(3,049,132)	(2,591,305)
Fund Balances - January 1	19,132,294	806,356	4,471,686	4,743,320	29,153,656
Fund Balances - December 31	\$ 19,313,128	\$ 1,171,333	\$ 4,383,702	\$ 1,694,188	\$ 26,562,351

(Continued)

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2007

Reconciliation to the Statement of Net Assets

Net Change in Fund Balances from previous page		\$ (2,591,305)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Capital assets reported as current expenditures in governmental fund statements	\$ 7,761,788	
Depreciation expense reported in the statement of activities	<u>(4,001,870)</u>	
Amount by which capital outlays are less than depreciation in current period		3,759,918
<p>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.</p>		
		(68,681)
<p>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:</p>		
		(22,403)
<p>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 assets and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:</p>		
		2,225,000
<p>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 it accrues.</p>		
		24,583
<p>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:</p>		
Interest receivable on taxes	\$ 32,772	
Clerk of court receivables	736	
Revolving loan receivables	(318,232)	
Investment in joint venture airport	186,488	
Combined adjustment		<u>(98,236)</u>
<p>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.</p>		
		<u>546,034</u>
<p>Change in Net Assets of Governmental Activities as reported in the Statement of Activities (see pages 19 and 20)</p>		
		<u><u>\$ 3,774,910</u></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 - General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 8,789,015	\$ 8,789,015	\$ 8,862,962	\$ 73,947
Intergovernmental	4,453,706	5,848,049	4,658,698	(1,189,351)
Regulation and compliance	487,310	487,310	441,033	(46,277)
Charges for services	3,411,485	3,441,132	3,061,731	(379,401)
Commercial	3,523,588	3,526,786	3,826,198	299,412
Miscellaneous	459,961	543,260	591,723	48,463
Total Revenues	<u>21,125,065</u>	<u>22,635,552</u>	<u>21,442,345</u>	<u>(1,193,207)</u>
Expenditures				
General government	5,617,533	6,250,260	5,975,961	274,299
Public protection	7,358,983	7,879,352	7,787,603	91,749
Public ways and facilities	52,500	52,500	52,500	-
Health	1,098,498	1,114,728	1,105,503	9,225
Culture and recreation	2,324,909	2,589,355	2,196,963	392,392
Education	335,957	358,820	355,673	3,147
Forestry	1,001,513	1,030,821	1,030,601	220
Conservation and development	856,226	1,551,745	825,105	726,640
Total Expenditures	<u>18,646,119</u>	<u>20,827,581</u>	<u>19,329,909</u>	<u>1,497,672</u>
Excess of Revenues Over Expenditures	<u>2,478,946</u>	<u>1,807,971</u>	<u>2,112,436</u>	<u>304,465</u>
Other Financing Sources (Uses)				
Transfers in	345,767	345,767	345,811	(44)
Transfers out	(2,277,413)	(2,277,413)	(2,277,413)	-
Total Other Financing Sources (Uses)	<u>(1,931,646)</u>	<u>(1,931,646)</u>	<u>(1,931,602)</u>	<u>(44)</u>
Net Change in Fund Balance	547,300	(123,675)	180,834	304,421
Fund Balance - January 1	<u>19,022,488</u>	<u>17,366,846</u>	<u>19,132,294</u>	<u>(1,765,448)</u>
Fund Balance - December 31	<u>\$ 19,569,788</u>	<u>\$ 17,243,171</u>	<u>\$ 19,313,128</u>	<u>\$ (1,461,027)</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, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,606,953	\$ 2,606,953	\$ 2,606,953	\$ -
Intergovernmental	8,563,079	9,525,214	9,932,868	407,654
Charges for services	6,240,447	6,257,741	5,814,287	(443,454)
Total Revenues	<u>17,410,479</u>	<u>18,389,908</u>	<u>18,354,108</u>	<u>(35,800)</u>
Expenditures				
Health	<u>17,810,479</u>	<u>18,785,379</u>	<u>17,989,131</u>	<u>796,248</u>
Net Change in Fund Balance	(400,000)	(395,471)	364,977	760,448
Fund Balance - January 1	<u>806,356</u>	<u>806,356</u>	<u>806,356</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 406,356</u>	<u>\$ 410,885</u>	<u>\$ 1,171,333</u>	<u>\$ 760,448</u>

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

MARINETTE COUNTY, WISCONSIN

Statement of Net Assets

Proprietary Funds

December 31, 2007

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
ASSETS				
Current Assets				
Pooled cash and investments	\$ 90,146	\$ 1,062,867	\$ 1,153,013	\$ 617,045
Receivables				
Accounts	248,966	32,593	281,559	104,605
Property taxes levied for subsequent year	250,263	-	250,263	55,327
Due from other governments	687,998	-	687,998	-
Inventories	1,035,096	-	1,035,096	43,609
Prepaid items	346,016	-	346,016	73,683
Total Current Assets	2,658,485	1,095,460	3,753,945	894,269
Noncurrent Assets				
Restricted cash and investments	96,670	653,654	750,324	-
Capital assets				
Land	51,475	62,514	113,989	-
Land improvements, net	60,200	787,409	847,609	-
Buildings, net	3,327,939	2,330	3,330,269	-
Machinery and equipment, net	3,015,489	168,381	3,183,870	469,452
Total Noncurrent Assets	6,551,773	1,674,288	8,226,061	469,452
TOTAL ASSETS	9,210,258	2,769,748	11,980,006	1,363,721
LIABILITIES				
Current Liabilities				
Accounts payable	307,080	12,268	319,348	547,555
Accrued liabilities	-	2,230	2,230	15,831
Advance from general fund	-	-	-	1,289,514
Unearned revenue - property taxes	250,263	-	250,263	55,327
Deposits from others	30,095	-	30,095	-
Total Current Liabilities	587,438	14,498	601,936	1,908,227
Noncurrent Liabilities				
Note payable to general fund	43,209	-	43,209	-
Compensated absences payable	296,257	-	296,257	-
Accrued landfill closure/post closure care cost	-	1,122,041	1,122,041	-
Leases payable	331,487	-	331,487	-
Total Noncurrent Liabilities	670,953	1,122,041	1,792,994	-
TOTAL LIABILITIES	1,258,391	1,136,539	2,394,930	1,908,227
NET ASSETS				
Invested in capital assets, net of related debt	6,080,407	1,020,634	7,101,041	469,452
Unrestricted (deficit)	1,871,460	612,575	2,484,035	(1,013,958)
TOTAL NET ASSETS (DEFICIT)	\$ 7,951,867	\$ 1,633,209	9,585,076	\$ (544,506)

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

(283,189)

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

\$ 9,301,887

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 Assets
Proprietary Funds
For the Year Ended December 31, 2007

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Operating Revenues				
Charges for services	\$ 7,213,096	\$ 345,037	\$ 7,558,133	\$ 9,114,286
Operating Expenses				
Claims and premiums	-	-	-	7,965,190
Operation and maintenance	6,812,107	215,427	7,027,534	1,116,668
Landfill closure/post-closure care costs	-	74,700	74,700	-
Depreciation	585,332	100,817	686,149	163,155
Total Operating Expenses	7,397,439	390,944	7,788,383	9,245,013
Operating Income (Loss)	(184,343)	(45,907)	(230,250)	(130,727)
Nonoperating Revenues				
Property taxes	198,088	-	198,088	145,440
Investment earnings	-	76,704	76,704	10,815
Insurance recoveries	-	-	-	538,653
Gain on disposal of capital assets	-	-	-	22,650
Total Nonoperating Revenues	198,088	76,704	274,792	717,558
Change in Net Assets	13,745	30,797	44,542	586,831
Total Net Assets (Deficit) - January 1	7,938,122	1,602,412		(1,131,337)
Total Net Assets (Deficit) - December 31	\$ 7,951,867	\$ 1,633,209		\$ (544,506)
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.			40,797	
Change in Net Assets of Business-Type Activities as Reported on the Statement of Activities (see pages 19 - 20)			\$ 85,339	

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

MARINETTE COUNTY, WISCONSIN
Statements of Cash Flows
Proprietary Funds
For Year Ended December 31, 2007

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Cash Flows from Operating Activities				
Receipts from customers	\$ 3,516,442	\$ 351,029	\$ 3,867,471	\$ 931,220
Receipts from internal activity and other governments	3,660,558	-	3,660,558	8,328,130
Payments to employees	(3,213,095)	(93,991)	(3,307,086)	(605,293)
Payments to suppliers	(3,534,513)	(135,546)	(3,670,059)	(8,679,296)
Net Cash Provided (Used) by Operating Activities	429,392	121,492	550,884	(25,239)
Cash Flows From Noncapital Financing Activities				
Property taxes	198,088	-	198,088	145,440
Insurance recoveries	-	-	-	538,653
Net Cash Provided by Noncapital Financing Activities	198,088	-	198,088	684,093
Cash Flows From Capital and Related Financing Activities				
Purchases and construction of capital assets	(513,953)	(79,201)	(593,154)	(296,127)
Disposal of capital assets gain/(loss)	-	-	-	22,650
Lease and other debt payments	(35,873)	-	(35,873)	-
Debt proceeds	124,275	-	-	-
Advance from general fund	(15,163)	-	(15,163)	(710,847)
Net Cash Provided (Used) by Capital and Related Financing Activities	(440,714)	(79,201)	(644,190)	(984,324)
Cash Flows from Investing Activities				
Interest received on investments	-	67,621	67,621	10,815
Net Increase (Decrease) in Cash and Cash Equivalents	186,766	109,912	172,403	(314,655)
Cash and Cash Equivalents - January 1	50	1,606,609	1,606,659	931,700
Cash and Cash Equivalents - December 31	\$ 186,816	\$ 1,716,521	\$ 1,779,062	\$ 617,045
Displayed as:				
Current assets				
Pooled cash and investments	\$ 90,146	\$ 1,062,867	\$ 1,153,013	\$ 617,045
Restricted assets				
Pooled cash and investments	96,670	653,654	750,324	-
Total Cash and Cash Equivalents	\$ 186,816	\$ 1,716,521	\$ 1,903,337	\$ 617,045
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (184,343)	\$ (45,907)	\$ (230,250)	\$ (130,727)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expenses	585,332	100,817	686,149	163,155
Change in assets and liabilities:				
Receivables, net	(104,639)	5,992	(98,647)	145,063
Prepaid items	(132,961)	74,700	(58,261)	24,483
Accounts and other payables	266,003	(14,110)	251,893	(227,213)
Net Cash Provided (Used) by Operating Activities	\$ 429,392	\$ 121,492	\$ 550,884	\$ (25,239)

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, 2007

	Agency Funds
ASSETS	
Cash and Investments	\$ 6,992,989
Receivables	
Delinquent property taxes	63,002
Property taxes levied for subsequent years	628,173
TOTAL ASSETS	\$ 7,684,164
LIABILITIES	
Due to taxing districts	
Tax collections	\$ 5,212,834
Special assessments	64,658
Forest income	190,072
Deposits payable	2,216,600
TOTAL LIABILITIES	\$ 7,684,164

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

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

BLENDED 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 \$500,000 in federal funds during 2007 and therefore was not required to have an audit performed in accordance with Office of Management and Budget Circular A-133. Because the MCCA received funding of more than \$25,000 from the State of Wisconsin Department of Health and Family Services (DHFS) during 2007, 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 statements for the MCABI can be obtained from their administrative office in Marinette, Wisconsin. 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, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Joint Venture

Marinette County is a participant with Menominee County, Michigan in a joint venture to operate the Twin County Airport located in the City of Menominee, Michigan. The Twin County Airport Commission (TCAC) was created for that purpose. The TCAC is governed by a six-member board composed of three appointees from each county. Members from each county are appointed by the chairperson of that county board, subject to the approval of the respective county board. Both counties are obligated by agreement to share equally in providing the local funds necessary for the operation and improvement of the airport. During 2007, Marinette County remitted an operating subsidy of \$52,500. Complete financial statements for the TCAC can be obtained from the TCAC's office at 2801 North 22nd Street, Menominee, Michigan.

Marinette County's total investment in the joint airport is \$2,407,272 as of December 31, 2007.

4. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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.

HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND

The 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.

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.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 administration 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, print shop and duplicating, 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.

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.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 function and various other functions of the County. 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 *non-operating* 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 non-operating revenues and expenses.

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

6. Assets, Liabilities and Net Assets or Equity

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 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. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net assets 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, 2007

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 fund balance reserve amounts 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 fund balance reserve amounts 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:

	Governmental Activities	Business-type Activities
	Years	
<u>Assets</u>		
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. 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.

h. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

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

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - Amount of net assets that are 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 assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

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, 2007

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

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

- a. 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.
- b. 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.
- c. During the year, formal budgetary integration is employed as a management control device for the governmental funds.
- d. 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 and for not more than ten percent of the amount budgeted. All other budget amendments and transfers require approval by the County Board.
- e. 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, 2007.

2. Deficit Fund Equity

The following funds had deficit fund equity as of December 31, 2007:

Fund	Deficit Fund Equity
Internal Service	
Self-insurance	\$ (2,008,109)
Print shop and duplicating	(122,813)

The County anticipates funding the above deficits from future revenues and tax levies of the funds.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

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 \$31,328,326 on December 31, 2007 as summarized below:

Petty cash and cash on hand	\$ 5,115
Deposits with financial institutions	12,086,062
Investments	19,237,149
	<u>\$ 31,328,326</u>

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 23,310,124
Restricted cash and investments	1,025,213
Fiduciary funds	
Agency funds	6,992,989
	<u>\$ 31,328,326</u>

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. The County does not have an additional custodial credit policy.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. 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, 2007, \$5,015,037 of the County's deposits with financial institutions were in excess of federal 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. Presented below is the actual rating as of year end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Federal National Mortgage Association	\$ 1,685,708	\$ -	\$ 1,685,708	\$ -	\$ -
Federal Home Loan Mortgage Corporation	6,128,085	-	6,128,085	-	-
Federal Home Loan Bank	1,000,200	-	1,000,200	-	-
Wisconsin local government investment pool	10,423,156	-	-	-	10,423,156
Totals	\$ 19,237,149	\$ -	\$ 8,813,993	\$ -	\$ 10,423,156

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 3% or more of total County investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total Investments
Federal National Mortgage Association	U.S.	\$ 1,685,708	9%
Federal Home Loan Mortgage Corporation	U.S.	6,128,085	32%
Federal Home Loan Bank	U.S.	1,000,200	5%

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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 does not have a formal investment policy that 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	\$ 1,685,708	\$ 289,420	\$ 411,288	\$ 985,000	\$ -
Federal Home Loan Mortgage Corporation	6,128,085	967,260	1,910,780	3,250,045	-
Federal Home Loan Bank	1,000,200	1,000,200	-	-	-
Wisconsin local government investment pool	10,423,156	10,423,156	-	-	-
Totals	\$ 19,237,149	\$ 12,680,036	\$ 2,322,068	\$ 4,235,045	\$ -

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):

Highly Sensitive Investments	Fair Value at Year End
Federal National Mortgage Association	\$ 1,685,708
Federal Home Loan Mortgage Corporation	6,128,085
Federal Home Loan Bank	1,000,200

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$10,423,156 at year-end. 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, 2007, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

Investments in the Wisconsin Local Government Investment Pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance, and income on the investment during the calendar quarter a loss occurs.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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 \$100,000 and, accordingly, covered by FDIC insurance. The bank balance of the Stephenson Library Trust consists of certificates of deposit at local banks.

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 revenue 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, 2007 for collection in 2007 are for the following:

State apportionment	\$ 628,173
County apportionment	<u>13,467,327</u>
Total	<u><u>\$ 14,095,500</u></u>

The above County apportionment of \$13,467,327 is for financing 2007 operations and will be transferred in 2007 from deferred revenue to current revenues of the County's governmental and proprietary funds.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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, 2007, the County's general fund showed an investment of \$2,293,131 in delinquent taxes as follows:

Tax certificates	\$ 2,229,258
Tax deeds	63,873
Total	\$ 2,293,131

An aging of the total delinquent taxes of \$2,293,131 on December 31, 2007 follows:

Year Acquired	Total	Tax Certificates	Tax Deeds
Prior to 2001	\$ 35,322	\$ 3,969	\$ 31,353
2001	1,655	332	1,323
2002	794	455	339
2003	1,797	830	967
2004	11,259	8,023	3,236
2005	262,088	258,545	3,543
2007	568,677	568,133	544
2008	1,411,539	1,388,971	22,568
	\$ 2,293,131	\$ 2,229,258	\$ 63,873

Of the total of \$2,293,131 for delinquent taxes, \$289,842 was collected by the County within 60 days after December 31, 2007. The remaining unpaid balance of \$2,003,289 is recorded as reserved fund balance for the general fund.

4. Restricted Assets

Restricted assets on December 31, 2007 totaled \$1,025,213 and consisted of cash and investments held for the following purposes:

Solid waste long-term care	\$ 274,889
Enterprise Fund	
Solid waste	653,654
Highway	96,670
Total Restricted Assets	\$ 1,025,213

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

5. Lease Receivable

In 2000 Marinette County entered into a twenty-year lease of its general hospital to Bay Area Medical Center, Inc, a private not-for-profit corporation. This lease amended and restated a previous lease of the facility dated October 1, 1985. Under terms of the lease, Bay Area Medical Center, Inc. agreed to deposit with the County \$1,948,763 and also agreed to pay monthly lease payments to the County commencing January 1, 2001. The deposit and monthly lease payments are sufficient to pay, when due, annual principal and interest payments incurred by the County for general obligation debt that was used to finance improvements to the general hospital. Annual lease payments ranging from \$1,948,763 to \$2,323,938, including interest, are due through 2019. The principal of remaining lease payments due totaled \$17,325,000 on December 31, 2007. See Note D.6 for termination of lease in 2008.

6. Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,865,487	\$ 322,958	\$ -	\$ 5,188,445
Construction in progress	1,345,097	855,826	1,345,097	855,826
Total capital assets, not being depreciated	6,210,584	1,178,784	1,345,097	6,044,271
Capital assets, being depreciated:				
Land improvements	1,334,873	-	106,077	1,228,796
Buildings and improvements	82,886,570	6,082,341	-	88,968,911
Machinery and equipment	8,863,932	632,316	385,374	9,110,874
Infrastructure	40,605,694	1,509,571	636,558	41,478,707
Subtotals	133,691,069	8,224,228	1,128,009	140,787,288
Less accumulated depreciation for:				
Land improvements	1,135,734	98,232	106,077	1,127,889
Buildings and improvements	26,088,378	1,978,697	-	28,067,075
Machinery and equipment	4,178,441	982,096	316,692	4,843,845
Infrastructure	17,402,581	1,106,000	636,558	17,872,023
Subtotals	48,805,134	4,165,025	1,059,327	51,910,832
Total capital assets, being depreciated, net	84,885,935	4,059,203	68,682	88,876,456
Governmental activities capital assets, net	\$ 91,096,519	\$ 5,237,987	\$ 1,413,779	94,920,727
Less related long-term debt outstanding				44,015,000
Invested in capital assets, net of related debt				\$ 50,905,727

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

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
Construction in progress	98,574	-	98,574	-
Total capital assets, not being depreciated	<u>212,563</u>	-	<u>98,574</u>	<u>113,989</u>
Capital assets, being depreciated:				
Land improvements	2,363,603	98,574	-	2,462,177
Buildings	4,798,350	-	-	4,798,350
Machinery and equipment	7,342,065	614,715	335,518	7,621,262
Subtotals	<u>14,504,018</u>	<u>713,289</u>	<u>335,518</u>	<u>14,881,789</u>
Less accumulated depreciation for:				
Land improvements	1,539,205	75,363	-	1,614,568
Buildings	1,286,332	181,749	-	1,468,081
Machinery and equipment	4,330,558	429,037	322,203	4,437,392
Subtotals	<u>7,156,095</u>	<u>686,149</u>	<u>322,203</u>	<u>7,520,041</u>
Total capital assets, being depreciated, net	<u>7,347,923</u>	<u>27,140</u>	<u>13,315</u>	<u>7,361,748</u>
Business-type activities capital assets, net	<u>\$ 7,560,486</u>	<u>\$ 27,140</u>	<u>\$ 111,889</u>	<u>7,475,737</u>
Less related long-term debt outstanding				<u>374,696</u>
Invested in capital assets, net of related debt				<u>\$ 7,101,041</u>
Depreciation expense was charged to functions of the County as follows:				
Governmental activities				
General government				\$ 201,345
Public protection				927,722
Public ways and facilities				1,106,001
Health				1,672,504
Culture and recreation				9,620
Education				214,123
Forestry				28,599
Conservation and development				5,111
Total depreciation expense - governmental activities				<u>\$ 4,165,025</u>
Business-type activities				
Highway				\$ 585,332
Solid waste				100,817
Total depreciation expense - business-type activities				<u>\$ 686,149</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

7. 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, 2007 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 1,402,053	\$ -
Special Revenue Funds		
Health and human services	-	112,539
Internal Service Funds		
Print shop and duplicating	-	255,448
Self-insurance	-	1,034,066
Totals	\$ 1,402,053	\$ 1,402,053

Interfund transfers for the year ended December 31, 2007 were as follows:

	Transfer to:			
	General Fund	Debt Service	County Roads and Bridges	Totals
Transfers from:				
General fund	\$ -	\$ 2,277,413	\$ -	\$ 2,277,413
Debt service	305,767	-	160,276	466,043
Special revenue - Drug Enforcement	40,044	-	-	40,044
Totals	\$ 345,811	\$ 2,277,413	\$ 160,276	\$ 2,783,500

Transfers are used to: 1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; 2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and 3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

8. Deferred Revenues

Governmental activities and governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue were as follows:

	Unavailable	Unearned
Subsequent year tax levy receivable		
General fund	\$ -	\$ 8,428,067
Special revenue funds		
Health and human services	-	2,713,027
County roads and bridges	-	2,020,643
Internal service fund		
Self-insurance	-	55,327
Revenues collected in advance		
General fund	-	140,706
Special revenue fund		
County roads and bridges	-	749,036
Health and human services	-	5,862
Lease receivable		
General fund	-	17,325,000
Loans receivable		
Special revenue funds		
Computer loan program	28,305	-
Revolving loan	681,232	-
Community development block grant	1,065,335	-
Pledge receivable		
Debt service	-	725,000
Totals	<u>\$ 1,774,872</u>	<u>\$ 32,162,668</u>

The loans receivable of \$1,774,872 represents various economic development loans of \$1,746,567 to local industries and business firms and loans of \$28,305 County employees for the purchase of computer hardware and software. Repayment of principal and interest on the loans is recorded as revenue in the revolving loan and community development block grant special revenue funds and is used to finance additional loans. The lease receivable is detailed in Note C.5.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

9. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2007:

	Outstanding 1/1/07	Issued	Retired	Outstanding 12/31/07	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 21,475,000	\$ -	\$ 1,375,000	\$ 20,100,000	\$ 1,450,000
Notes	26,775,000		850,000	25,925,000	850,000
Total General Obligation Debt	48,250,000	-	2,225,000	46,025,000	2,300,000
Compensated absences	1,822,983	22,403	-	1,845,386	184,539
Governmental activities Long-term obligations	\$ 50,072,983	\$ 22,403	\$ 2,225,000	\$ 47,870,386	\$ 2,484,539
Business-type activities:					
Compensated absences	\$ 193,872	\$ 102,385	\$ -	\$ 296,257	\$ 29,626
Capital leases payable	214,157	124,275	6,945	331,487	237,748
Business-type activities Long-term obligations	\$ 408,029	\$ 226,660	\$ 6,945	\$ 627,744	\$ 267,374

Total interest paid during the year on long-term debt totaled \$2,385,941.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$23,170,000 issued 6/15/00; \$950,000 to \$2,150,000 due annually through 2019; interest 5.5% to 6.5%	\$ 18,450,000
\$3,135,000 issued 7/1/02; \$225,000 to \$375,000 due annually through 2012; interest 2.5% to 4.0%	1,650,000
Total Bonds	20,100,000

Notes

\$5,000,000 issued 11/1/98; \$550,000 to \$600,000 due in 2008; interest 4.25%	600,000
\$2,800,000 issued 2/1/01; \$125,000 to \$1,000,000 due annually through 2010; interest 4.1% to 4.375%	2,075,000
\$20,100,000 issued 6/4/03; \$1,000,000 to \$2,000,000 due annually beginning in 2011 through 2022; interest 3.5% to 5%	20,100,000
\$3,250,000 issued 8/15/06; \$100,000 to \$2,100,000 due annually beginning in 2008 through 2016; interest 3.75% to 4%	3,150,000
Total Notes	25,925,000

Total Outstanding General Obligation Debt **\$ 46,025,000**

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$46,025,000 on December 31, 2007 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2008	\$ 2,300,000	\$ 2,288,194	\$ 4,588,194
2009	2,600,000	2,179,800	4,779,800
2010	2,800,000	2,055,476	4,855,476
2011	2,850,000	1,919,363	4,769,363
2012	3,010,000	1,777,987	4,787,987
2013-2017	18,665,000	6,460,002	25,125,002
2018-2022	13,800,000	1,768,974	15,568,974
	<u>\$ 46,025,000</u>	<u>\$ 18,449,796</u>	<u>\$ 64,474,796</u>

Included in the above general obligation debt of \$46,025,000 are \$18,450,000 of bonds issued in 2000. While the bonds are a general obligation of the County, the debt service payments on the bonds are entirely financed through lease payments by Bay Area Medical Center through a lease as discussed in Note C.5.

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, 2007 was \$142,653,599 as follows:

Equalized valuation of the County	\$ 3,701,536,800
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	185,076,840
Total outstanding general obligation debt applicable to debt limitation	\$ 46,025,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>3,601,759</u>
Net outstanding general obligation debt applicable to debt limitation	42,423,241
Legal Margin for New Debt	<u>\$ 142,653,599</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

10. 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 share of the estimated liabilities for closure and post-closure care costs on December 31, 2007 follows:

	Landfill Closure Care	Landfill Postclosure Care
Total estimated costs	\$ 563,813	\$ 2,451,280
Percentage as of December 31, 2008	88.4872%	41.76%
Total estimated liability for costs as of December 31, 2008	498,902	1,023,656
Less closure costs paid	400,517	-
Liabilities as of December 31, 2008	<u>\$ 98,385</u>	<u>\$ 1,023,656</u>

The above total costs of \$98,385 and \$1,023,656 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 post-closure care costs of \$1,023,656 is being met through annual deposits into a separate cash and investment account for the enterprise fund. The balance in the account on December 31, 2007 was \$653,654.

11. Fund Equity

In the fund financial statements, portions of governmental fund balances are reserved and not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2007, fund balance was reserved as follows:

General Fund	
Reserved for inventories	\$ 4,937
Reserved for prepaid items	66,832
Reserved for delinquent property taxes	2,003,289
Reserved for loans receivable	696,620
Reserved for advance to self-insurance fund	1,500,000
	<u>\$ 4,271,678</u>
Debt Service Fund	
Applied to subsequent budget	\$ 781,943
Reserved for debt retirement	3,601,759
	<u>\$ 4,383,702</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Also in the fund financial statements, portions of governmental fund balances have been designated to represent tentative management plans that are subject to change. At December 31, 2007, fund balance was designated as follows:

<u>Designated For</u> Subsequent Years' Expenditures Current operations	Fund Allocation			
	Total	General	Special Revenue	Capital Projects
	\$ 10,582,837	\$ 7,717,316	\$ 2,543,198	\$ 322,323

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system. All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the WRS for the year ended December 31, 2007 was \$14,744,179 the employer's total payroll was \$15,101,941. The total required contribution for the year ended December 31, 2007 was \$1,604,893, which consisted of \$740,676, or 5.0% of covered payroll from the employer and \$864,217, or 5.9% of covered payroll from employees. The required contribution for employees for the year ended December 31, 2007 was financed by the County. Total contributions for the years ending December 31, 2006 and 2005 were \$1,566,925 and \$1,534,703 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. The final average earnings are the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE D - OTHER INFORMATION (Continued)

2. Other Post-Employment Benefits

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 County finances the health insurance benefits on a pay-as-you-go basis. For the year ended December 31, 2007, the County recognized expenditures/expenses of \$603,074 for retirees' health insurance premiums as follows:

General fund expenditures	\$ 403,628
Highway enterprise fund expense	199,446
	\$ 603,074

The cost of future health insurance premiums for employees retired as of December 31, 2007 is estimated at \$3,544,540 as follows:

Fund	No. of Retired Employees	Estimated Total Costs	Expenditure/Expense Year		
			2008	2009	2010-2016
General	35	\$ 2,201,486	\$ 478,336	\$ 446,500	\$ 1,276,650
Highway enterprise	17	1,343,054	262,387	275,252	805,415
	52	\$ 3,544,540	\$ 740,723	\$ 721,752	\$ 2,082,065

3. 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, 2007 the self-insurance internal service fund had a net asset deficit of \$1,447,921 allocated to the following risk management programs:

Property and liability insurance	46,944
Health self-insurance	(2,202,248)
Workers compensation	702,104
Net Assets (Deficit)	\$ (1,447,921)

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.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE D - OTHER INFORMATION (Continued)

Health Self-Insurance

County employees, retirees and employee dependents are eligible for medical and dental benefits from the self-insurance fund. Funding is provided by charges to County departments, employees and retirees. The program is supplemented by annual stop loss insurance protection of \$100,000, or in some cases \$250,000, for individual claims and \$8,624,134 for aggregate claims. Fund expenses consist of payments to a third-party administrator for medical and dental claims, stop loss insurance premiums and administrative fees. The claims liability of \$507,871 reported in the fund at December 31, 2007 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for 2006 and 2007 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2006	\$ 650,473	\$ 6,479,533	\$ 6,520,601	\$ 609,405
2007	609,405	6,872,004	6,973,538	507,871

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 2006 and 2007 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2006	\$ -	\$ 49,472	\$ 49,472	\$ -
2007	-	44,747	44,747	-

4. Property Tax Levy Limit

Wisconsin Act 20 of 2007, effective October 26, 2007, imposes limits on property tax levies for all Wisconsin cities, villages, towns and counties for a two-year period. The Act limits the increase in the tax levy for 2008 to the greater of the percentage change in the County's January 1 equalized value as a result of net new construction or 3.86 percent. For 2009 the 3.86 percent is replaced by two percent. The limit for the County for the 2007 budget was 3.86. The levy limit is applied to both operations and debt service. However, the Act allows the limit to be increased for debt service authorized prior to July 1, 2005 and in certain other situations.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2007

NOTE D - OTHER INFORMATION (Continued)

5. 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 OMB Circular A-133 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.

6. Subsequent Event – Sale of General Hospital Building

On February 20, 2008, the County closed on the sale of its general hospital building to Bay Area Medical Center, Inc. for \$14,000,000. Under terms of the sale agreement, Bay Area Medical Center, Inc. also provided funds and entered into an escrow agreement to defease the County's outstanding General Obligation Refunding Bonds dated June 15, 2000, which totaled \$18,450,000 on December 31, 2007. The sale terminated the 2000 building lease between the County and Bay Area Medical Center, Inc.

SUPPLEMENTAL INFORMATION

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues
General Fund
Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes				
General property	\$ 8,025,365	\$ 8,025,365	\$ 8,025,365	\$ -
Forest crop	32,500	32,500	76,126	43,626
Payment in lieu of taxes	221,000	221,000	282,800	61,800
Retained sales	150	150	130	(20)
Real estate transfer fees	90,000	90,000	81,148	(8,852)
Interest on taxes	420,000	420,000	397,393	(22,607)
Total Taxes	8,789,015	8,789,015	8,862,962	73,947
Intergovernmental				
Federal aids				
SSA Inmate Incentive Program	3,200	3,200	7,600	4,400
State aids				
Shared taxes	1,726,412	1,726,412	1,738,265	11,853
Exempt computers	35,000	35,000	36,617	1,617
Land information	82,595	208,542	129,226	(79,316)
Victim witness program	26,761	27,251	29,788	2,537
Circuit court	196,138	196,138	196,096	(42)
Forest roads	75,318	75,318	75,318	-
Police training and other	10,800	10,800	10,600	(200)
ATV/Snowmobile enforcement/TRACs	26,541	71,541	65,265	(6,276)
Emergency government	41,294	51,419	54,599	3,180
S.A.R.A. grant	22,934	22,934	18,242	(4,692)
Hazmat	4,000	9,996	5,728	(4,268)
Homeland security funding	-	5,399	5,399	-
Emergency 911 system	-	300,000	122,274	(177,726)
Transportation	123,443	123,443	123,443	-
Extension	4,800	4,800	4,247	(553)
Child support program	455,686	461,284	468,135	6,851
Child support incentive payments	131,986	135,186	154,665	19,479
ATV/Snowmobile trails and areas	632,548	865,627	464,090	(401,537)
Wildlife habitat management	134,974	144,974	122,872	(22,102)
Lake Noquebay watershed grant	-	265,079	-	(265,079)
Targeted Run-Off Management (watershed)	-	300,000	-	(300,000)
Peshtigo/Thunder River grant	48,471	48,471	9,879	(38,592)
S.W.R.M. automation grant	189,796	191,232	173,738	(17,494)
Forestry administrator	42,000	42,000	42,636	636
Hazard mitigation grant	8,000	8,000	25,136	17,136
Sustainable forestry grant	7,663	7,663	4,283	(3,380)
Veterans service	12,100	11,582	11,582	-
Boat and water safety	11,864	11,864	7,645	(4,219)
Wisconsin Costal Management	-	-	12,528	12,528
Charges for services				
Sheriff - local	49,500	105,047	139,727	34,680
Sheriff - state	62,000	62,000	57,344	(4,656)
Shelter group home	231,282	231,282	231,282	-

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Intergovernmental (Continued)				
Charges for services (continued)				
Clerk	1,500	1,500	2,730	1,230
Forestry	25,000	25,000	30,219	5,219
Land information	28,000	53,333	72,768	19,435
Extension	-	2,632	2,632	-
Veterans	2,100	2,100	2,100	-
Total Intergovernmental	4,453,706	5,848,049	4,658,698	(1,189,351)
Regulation and Compliance				
Zoning permits and fees	20,800	20,800	21,798	998
Sanitary permits/reviews	120,450	120,450	99,730	(20,720)
Non-metallic mining fees	26,000	26,000	31,205	5,205
Firewood permits	9,700	9,700	10,420	720
Occupational licenses	60	60	20	(40)
Jail assessments	57,000	57,000	64,371	7,371
County ordinance forfeitures and defaults	142,000	142,000	117,535	(24,465)
County's share of state fines and forfeitures	110,000	110,000	94,621	(15,379)
County share agriculture use penalty	1,300	1,300	1,333	33
Total Regulation and Compliance	487,310	487,310	441,033	(46,277)
Charges For Services				
Clerk	4,050	4,050	3,545	(505)
Treasurer	48,800	48,800	45,632	(3,168)
Child support	11,975	11,975	12,910	935
Circuit court	169,700	198,987	171,283	(27,704)
Witness fees	3,000	3,000	1,480	(1,520)
Family court counseling	10,000	10,170	10,170	-
Guardian ad litem fees	42,500	42,500	79,545	37,045
District Attorney	9,500	9,500	9,383	(117)
Register of deeds	205,085	205,085	194,558	(10,527)
Sheriff fees	208,321	208,321	196,575	(11,746)
Board of prisoners at county jail	145,600	145,600	93,571	(52,029)
Inmate reimbursements	45,000	45,000	82,910	37,910
Jail canteen	21,397	21,397	12,046	(9,351)
Accident photos and reports	3,200	3,200	2,319	(881)
Coroner fees	25,050	25,050	25,200	150
Library	27,000	27,000	26,500	(500)
Parks	172,085	172,085	177,370	5,285
Land records modernization	70,000	70,000	63,765	(6,235)
County forest	2,041,100	2,041,100	1,707,565	(333,535)
Land information	53,700	53,700	48,600	(5,100)
Camp Bird	65,000	65,000	69,208	4,208
Tourism	12,000	12,000	9,078	(2,922)
Extension program	17,422	17,612	18,518	906
Total Charges For Services	3,411,485	3,441,132	3,061,731	(379,401)

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Commercial				
Investment Income				
Temporary investments - interest	850,000	850,000	1,147,173	297,173
Health care improvement fund - interest	250,000	250,000	281,484	31,484
Other - Interest	20,947	20,947	25,370	4,423
Rent of county buildings and offices	2,300,791	2,300,791	2,304,003	3,212
Land leases	9,850	9,850	9,800	(50)
Sale of county property	42,000	45,198	36,831	(8,367)
Sale of county land	50,000	50,000	21,537	(28,463)
Total Commercial	3,523,588	3,526,786	3,826,198	299,412
Miscellaneous				
Revenues from departments				
Human services buildings	285,601	285,601	285,601	-
Library building	84,524	84,524	102,187	17,663
Motor pool	12,500	12,500	12,500	-
Family court commissioner	1,880	1,880	1,880	-
Clerk of court	10,000	10,000	7,210	(2,790)
Corporation counsel	1,580	1,580	1,618	38
Finance	5,051	5,051	5,051	-
District Attorney	6,300	9,499	9,171	(328)
CDBG and MAR-OCO adm	18,375	18,375	37,759	19,384
Human resources	8,700	8,700	9,324	624
Emergency management	-	800	4,262	3,462
Donations	1,150	44,450	45,644	1,194
Insurance recoveries	21,000	21,000	12,761	(8,239)
All other	3,300	39,300	56,755	17,455
Total Miscellaneous	459,961	543,260	591,723	48,463
Total Revenues	\$ 21,125,065	\$ 22,635,552	\$ 21,442,345	\$ (1,193,207)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government				
County board	\$ 212,030	\$ 213,057	\$ 207,461	\$ 5,596
Administrator	196,462	201,597	200,195	1,402
Clerk	136,709	150,873	148,541	2,332
Treasurer	214,375	225,671	218,533	7,138
Finance	316,980	332,620	332,620	-
Elections	10,200	46,200	31,001	15,199
Property management	13,000	13,000	7,574	5,426
Human Resources	143,865	159,783	152,161	7,622
Independent auditing	23,700	23,700	23,000	700
Special accounting	5,567	5,567	5,567	-
District attorney	210,933	258,553	258,553	-
Victim witness program	49,558	54,975	54,975	-
Corporation counsel	151,446	188,506	188,506	-
Circuit court	277,015	325,983	325,983	-
Clerk of court	565,737	573,912	556,181	17,731
Family court commissioner	62,435	66,543	48,294	18,249
Family court commissioner - mediation services	10,000	11,000	11,000	-
Law library	20,000	22,094	22,094	-
Coroner	96,565	99,414	99,414	-
Register of deeds	315,230	327,553	326,926	627
Land information	900,492	953,960	887,956	66,004
Land records modernization	70,000	81,500	65,962	15,538
Courthouse	1,176,817	1,481,548	1,378,088	103,460
Tax deed expense	19,100	19,100	15,963	3,137
Personal property chargeback	3,000	3,000	2,504	496
Illegal taxes	2,000	2,000	1,133	867
Retirees health insurance	411,957	406,191	403,628	2,563
Paying agent service charges	575	575	363	212
State special charges	1,785	1,785	1,785	-
Total General Government	5,617,533	6,250,260	5,975,961	274,299
Public Protection				
Sheriff and traffic	3,264,135	3,489,624	3,446,102	43,522
Central Dispatch	1,198,692	1,241,419	1,228,529	12,890
MEG unit	83,376	98,026	97,491	535
Civil service commission	6,820	6,820	1,593	5,227
Fire suppression	1,000	3,450	3,450	-
Emergency management	58,256	70,818	57,319	13,499
Emergency management EMPG grant	26,902	28,331	28,331	-
Emergency management EPCRA grant	13,852	13,687	13,687	-

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures (Continued)
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Protection (Continued)				
Emergency management computer hazmat grant	10,000	15,996	11,034	4,962
Emergency management Predisaster milig. grant	12,747	8,672	8,672	-
Emergency management Homeland security grant	-	5,399	5,399	-
Emergency management Hazmat grant	4,000	13,645	6,326	7,319
Emergency 911 system	-	122,274	122,274	-
Ambulance and rescue squads	31,250	32,050	32,050	-
Sheltered group home	231,282	231,282	231,282	-
Jail	2,405,949	2,487,137	2,485,269	1,868
Jail canteen	10,722	10,722	8,795	1,927
Total Public Protection	7,358,983	7,879,352	7,787,603	91,749
Public Ways and Facilities				
Airport	52,500	52,500	52,500	-
Health				
Committee on aging	282,340	282,340	280,313	2,027
Child support program	651,650	662,906	661,290	1,616
Veterans relief	10,721	9,973	9,697	276
Veterans service officer	150,587	156,309	151,665	4,644
Burial of veterans	3,200	3,200	2,538	662
Total Health and Social Services	1,098,498	1,114,728	1,105,503	9,225
Culture and Recreation				
Library	867,936	873,071	849,461	23,610
Fairs and exhibits	10,000	70,000	69,962	38
Snowmobile/ATV trails and areas	646,294	834,208	467,289	366,919
Parks	723,979	737,899	737,399	500
Recreation land	76,700	74,177	72,852	1,325
Total Culture and Recreation	2,324,909	2,589,355	2,196,963	392,392
Education				
University extension program	281,957	306,345	303,632	2,713
U.W. Center	54,000	52,475	52,041	434
Total Education	335,957	358,820	355,673	3,147
Forestry				
County forest	996,513	1,025,821	1,025,821	-
Forestry equipment	5,000	5,000	4,780	220
	1,001,513	1,030,821	1,030,601	220

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures (Continued)
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Conservation and Development				
Camp Bird	147,069	147,569	134,788	12,781
Wildlife habitat management	41,017	57,122	57,122	-
Wildlife damage	111,912	121,912	99,811	22,101
Gypsy moth program	28,213	28,213	3,514	24,699
Contributions to sports clubs	750	750	696	54
Lake Noquebay dam	1,500	1,500	1,500	-
Lake Noquebay watershed	-	265,079	-	265,079
Peshigo/Thunder River grant	48,471	48,471	9,879	38,592
S.W.R.M. automation grant	204,310	192,586	163,123	29,463
Targeted run-off management		300,000	-	300,000
Non-metallic mining	38,106	38,106	25,317	12,789
Site assessment of property	20,000	69,278	70,910	(1,632)
Comprehensive planning	-	60,406	60,406	-
Regional planning commission	16,436	16,436	16,436	-
Tourism	109,500	115,375	92,661	22,714
Economic development	88,942	88,942	88,942	-
Total Conservation and Development	<u>856,226</u>	<u>1,551,745</u>	<u>825,105</u>	<u>726,640</u>
 Total Expenditures	 <u>\$ 18,646,119</u>	 <u>\$ 20,827,581</u>	 <u>\$ 19,329,909</u>	 <u>\$ 1,497,672</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

County Roads and Bridges Fund - This fund is used to account for general property taxes and state aids that are used to finance maintenance and construction expenditures for County roads and bridges.

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 for a twenty year period commencing with the site closing on December 27, 1991.

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.

Computer Loan Program Fund - This fund is used to account for loans to County employees for the purchase of computer hardware and software.

PALS Program Fund - This fund is used to account for donations to the Health and Human Services Department that are used for youth services.

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.

Drug Enforcement Fund - This fund is used to account for activities of drug enforcement.

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 Association for Business and Industry.

CAPITAL PROJECTS FUND

Stephenson Library Renovation - This fund is used to account for debt proceeds and donations received for the renovation of the Stephenson Library.

MARINETTE COUNTY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Special Revenue Funds							
	County Roads and Bridges	Library Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust	Computer Loan Program
ASSETS								
Pooled cash and investments	\$ 396,945	\$ 3,737	\$ -	\$ 7,110	\$ 17,697	\$ 203,270	\$ 22,922	\$ 46,696
Receivables								
Property taxes levied for subsequent year	2,020,643	-	-	-	-	-	-	-
Accounts	228,000	-	6,939	307	-	6,191	699	-
Loans	-	-	-	-	-	-	-	28,305
Restricted assets								
Pooled cash and investments	-	-	274,889	-	-	-	-	-
TOTAL ASSETS	\$ 2,645,588	\$ 3,737	\$ 281,828	\$ 7,417	\$ 17,697	\$ 209,461	\$ 23,621	\$ 75,001
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 7,215	\$ 587	\$ 1,038	\$ 6,417	\$ 2,701	\$ 377	\$ -	\$ -
Deferred revenue								
Property taxes	2,020,643	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	28,305
Unearned state aid	749,036	-	-	-	-	-	-	-
Total Liabilities	<u>2,776,894</u>	<u>587</u>	<u>1,038</u>	<u>6,417</u>	<u>2,701</u>	<u>377</u>	<u>-</u>	<u>28,305</u>
Fund Balances								
Unreserved	<u>(131,306)</u>	<u>3,150</u>	<u>280,790</u>	<u>1,000</u>	<u>14,996</u>	<u>209,084</u>	<u>23,621</u>	<u>46,696</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,645,588	\$ 3,737	\$ 281,828	\$ 7,417	\$ 17,697	\$ 209,461	\$ 23,621	\$ 75,001

MARINETTE COUNTY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Special Revenue Funds					Capital Projects Fund	Totals 2007
	PALS Program	Revolving Loan Fund	Teen Court	Drug Enforcement	Community Development Block Grant	Stephenson Library Renovation	
ASSETS							
Pooled cash and investments	\$ 15,326	\$ 668,069	\$ 5,551	\$ 4,945	\$ 234,797	\$ 487,753	\$ 2,114,818
Receivables							
Property taxes levied for subsequent year	-	-	-	-	-	-	2,020,643
Accounts	-	-	-	-	-	57,328	299,464
Loans	-	681,232	-	-	1,065,335	-	1,774,872
Restricted assets							
Pooled cash and investments	-	-	-	-	-	-	274,889
TOTAL ASSETS	\$ 15,326	\$ 1,349,301	\$ 5,551	\$ 4,945	\$ 1,300,132	\$ 545,081	\$ 6,484,686
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,854	\$ 222,758	\$ 245,947
Deferred revenue							
Property taxes	-	-	-	-	-	-	2,020,643
Loans receivable	-	681,232	-	-	1,065,335	-	1,774,872
Unearned state aid	-	-	-	-	-	-	749,036
Total Liabilities	-	681,232	-	-	1,070,189	222,758	4,790,498
Fund Balances							
Unreserved	15,326	668,069	5,551	4,945	229,943	322,323	1,694,188
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,326	\$ 1,349,301	\$ 5,551	\$ 4,945	\$ 1,300,132	\$ 545,081	\$ 6,484,686

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2007

	Special Revenue Funds							
	County Roads and Bridges	Library Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust	
Revenues								
Taxes								
General property	\$ 1,995,921	\$ -	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental								
State aid	1,566,627	11,245	-	-	-	-	-	-
Regulations and compliance								
License fees	-	-	-	6,696	-	-	-	-
Commercial								
Loan Repayments								
Principal	-	-	-	-	-	-	-	28,442
Interest	-	-	-	-	-	-	-	-
Interest on investments	-	-	14,162	-	-	9,711	1,078	-
Miscellaneous								
Donations	-	-	-	-	20,276	-	-	-
Total Revenues	3,562,548	11,245	26,162	6,696	20,276	9,711	1,078	28,442
Expenditures								
General government	-	-	-	-	-	-	-	-
Public ways and facilities	3,989,567	-	9,561	-	-	-	-	-
Health	-	-	-	6,696	-	-	-	-
Culture and recreation	-	13,677	-	-	17,410	10,213	1,125	-
Education	-	-	-	-	-	-	-	28,878
Conservation and development	-	-	-	-	-	-	-	-
Total Expenditures	3,989,567	13,677	9,561	6,696	17,410	10,213	1,125	28,878
Excess (Deficiency) of Revenues Over Expenditures	(427,019)	(2,432)	16,601	-	2,866	(502)	(47)	(436)
Other Financing Sources (Uses)								
Transfers in	160,276	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	160,276	-	-	-	-	-	-	-
Net Change in Fund Balance	(266,743)	(2,432)	16,601	-	2,866	(502)	(47)	(436)
Fund Balance - January 1	135,437	5,582	264,189	1,000	12,130	209,586	23,668	47,132
Fund Balance (Deficit) - December 31	\$ (131,306)	\$ 3,150	\$ 280,790	\$ 1,000	\$ 14,996	\$ 209,084	\$ 23,621	\$ 46,696

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2007

	Special Revenue Funds					Capital Project Fund	Totals 2007
	PALS Program	Revolving Loan Fund	Teen Court	Drug Enforcement	Community Development Block Grant	Stephenson Library Renovation	
Revenues							
Taxes							
General property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,007,921
Intergovernmental							
State aid	-	-	-	41,834	680,482	206,000	2,506,188
Regulations and compliance							
License fees	-	-	-	-	-	-	6,696
Commercial							
Loan Repayments							
Principal	-	181,568	-	-	183,357	-	393,367
Interest	-	27,005	-	-	42,580	-	69,585
Interest on investments	-	26,661	-	-	12,455	108,738	172,805
Miscellaneous							
Donations	-	-	325	-	-	371,070	391,671
Total Revenues	-	235,234	325	41,834	918,874	685,808	5,548,233
Expenditures							
General government	-	-	426	-	-	-	426
Public ways and facilities	-	-	-	-	-	-	3,999,128
Health	-	-	-	-	-	-	6,696
Culture and recreation	-	-	-	-	-	3,569,019	3,611,444
Education	-	-	-	-	-	-	28,878
Conservation and development	-	73,400	-	-	997,625	-	1,071,025
Total Expenditures	-	73,400	426	-	997,625	3,569,019	8,717,597
Excess (Deficiency) of Revenues Over Expenditures	-	161,834	(101)	41,834	(78,751)	(2,883,211)	(3,169,364)
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	160,276
Transfers out	-	-	-	(40,044)	-	-	(40,044)
Total Other Financing Sources (Uses)	-	-	-	(40,044)	-	-	120,232
Net Change in Fund Balance	-	161,834	(101)	1,790	(78,751)	(2,883,211)	(3,049,132)
Fund Balance - January 1	15,326	508,235	5,652	3,155	308,694	3,205,534	4,743,320
Fund Balance (Deficit) - December 31	\$ 15,326	\$ 668,069	\$ 5,551	\$ 4,945	\$ 229,943	\$ 322,323	\$ 1,694,188

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 and allocation of costs associated with electronic data processing.

Print Shop and Duplicating Fund - This fund is used to account for costs of the printing department 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 Assets
Internal Service Funds
December 31, 2007

	Self- Insurance	Information Services	Print Shop and Duplicating	Central Motor Pool	Totals 2007
ASSETS					
Current Assets					
Pooled cash and investments	\$ 8,658	\$ 504,401	\$ -	\$ 103,986	\$ 617,045
Receivables					
Accounts	83,995	-	14,742	5,868	104,605
Property taxes levied for subsequent year	55,327	-	-	-	55,327
Prepaid items	1,363	72,320	-	-	73,683
Inventories	-	-	43,609	-	43,609
Total Current Assets	149,343	576,721	58,351	109,854	894,269
Capital Assets					
Machinery and equipment	-	1,257,009	102,498	452,884	1,812,391
Accumulated depreciation	-	(987,558)	(81,643)	(273,738)	(1,342,939)
Net Capital Assets	-	269,451	20,855	179,146	469,452
TOTAL ASSETS	149,343	846,172	79,206	289,000	1,363,721
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	507,871	28,147	9,094	2,443	547,555
Accrued liabilities	-	12,613	3,218	-	15,831
Deferred revenue - property taxes	55,327	-	-	-	55,327
Advances from general fund	1,034,066	-	255,448	-	1,289,514
TOTAL CURRENT LIABILITIES	1,597,264	40,760	267,760	2,443	1,908,227
NET ASSETS					
Invested in capital assets, net of related debt	-	269,451	20,855	179,146	469,452
Unrestricted (deficit)	(1,447,921)	535,961	(209,409)	107,411	(1,013,958)
TOTAL NET ASSETS (DEFICIT)	\$ (1,447,921)	\$ 805,412	\$ (188,554)	\$ 286,557	\$ (544,506)

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2007

	Self- Insurance	Information Services	Print Shop and Duplicating	Central Motor Pool	Totals 2007
Operating Revenues					
Charges for services	\$ 7,832,920	\$ 870,129	\$ 286,654	\$ 124,583	\$ 9,114,286
Operating Expenses					
Claims and premiums	7,965,190	-	-	-	7,965,190
Operation and maintenance	-	693,341	348,089	75,238	1,116,668
Depreciation	-	103,693	4,306	55,156	163,155
Total Operating Expenses	7,965,190	797,034	352,395	130,394	9,245,013
Operating Income (Loss)	(132,270)	73,095	(65,741)	(5,811)	(130,727)
Nonoperating Revenues					
General property taxes	145,440	-	-	-	145,440
Insurance recoveries	536,563	-	-	2,090	538,653
Gain on disposal of assets	-	-	-	22,650	22,650
Interest/dividend earnings	10,455	-	-	360	10,815
Total Nonoperating Revenues	692,458	-	-	25,100	717,558
Income (Loss)	560,188	73,095	(65,741)	19,289	586,831
Total Net Assets (Deficit) - January 1	(2,008,109)	732,317	(122,813)	267,268	(1,131,337)
Total Net Assets (Deficit) - December 31	\$ (1,447,921)	\$ 805,412	\$ (188,554)	\$ 286,557	\$ (544,506)

MARINETTE COUNTY, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2007

	Self- Insurance	Information Services	Print Shop and Duplicating	Central Motor Pool	Totals 2007
Cash Flows from Operating Activities					
Receipts from customers/insured	\$ 808,310	\$ 20,946	\$ 101,964	\$ -	\$ 931,220
Internal activity - payments from other funds	7,163,574	855,662	180,139	128,755	8,328,130
Payment to employees	(42,322)	(434,084)	(128,887)	-	(605,293)
Payment to suppliers/providers	(8,071,902)	(317,184)	(216,235)	(73,975)	(8,679,296)
Net Cash Provided (Used) by Operating Activities	(142,340)	125,340	(63,019)	54,780	(25,239)
Cash Flows from Noncapital Financing Activities					
Insurance recoveries	536,563	-	-	2,090	538,653
Property taxes	145,440	-	-	-	145,440
Net Cash Flows from Noncapital Financing Activities	682,003	-	-	2,090	684,093
Cash Flows from Capital and Related Financing Activities					
Purchases of capital assets	-	(210,075)	-	(86,052)	(296,127)
Disposal of capital assets gain/(loss)	-	-	-	22,650	22,650
Advance from general fund	(773,866)	-	63,019	-	(710,847)
Net Cash Provided (Used) by Capital and Related Financing Activities	(773,866)	(210,075)	63,019	(63,402)	(984,324)
Cash Flows from Investing Activities					
Interest received on investments	10,455	-	-	360	10,815
Increase (Decrease) in Cash and Cash Equivalents	(223,748)	(84,735)	-	(6,172)	(314,655)
Cash and Cash Equivalents - January 1	232,406	589,136	-	110,158	931,700
Cash and Cash Equivalents - December 31	\$ 8,658	\$ 504,401	\$ -	\$ 103,986	\$ 617,045
Displayed as:					
Current Assets					
Pooled cash and investments	\$ 8,658	\$ 504,401	\$ -	\$ 103,986	\$ 617,045
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (132,270)	\$ 73,095	\$ (65,741)	\$ (5,811)	\$ (130,727)
Depreciation	-	103,693	4,306	55,156	163,155
Change in assets and liabilities:					
Receivables, net	138,964	6,479	(4,552)	4,172	145,063
Prepaid items	44,479	(21,614)	1,618	-	24,483
Accounts and other payables	(193,513)	(36,313)	1,350	1,263	(227,213)
Net Cash Provided (Used) by Operating Activities	\$ (142,340)	\$ 125,340	\$ (63,019)	\$ 54,780	\$ (25,239)

MARINETTE COUNTY, WISCONSIN
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2007

	Agency Funds								Totals 2007
	State Tax Appor- tionment	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	\$ -	\$ 4,776,389	\$ 74,662	\$ 18,349	\$ 396,903	\$ 1,716,521	\$ 4,379	\$ 5,786	\$ 6,992,989
Receivables									
Delinquent property taxes	-	63,002	-	-	-	-	-	-	63,002
Property taxes levied for subsequent year	628,173	-	-	-	-	-	-	-	628,173
TOTAL ASSETS	\$ 628,173	\$ 4,839,391	\$ 74,662	\$ 18,349	\$ 396,903	\$ 1,716,521	\$ 4,379	\$ 5,786	\$ 7,684,164
LIABILITIES AND FUND BALANCE									
Liabilities									
Due to taxing districts									
Tax collections	\$ 628,173	\$ 4,584,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,212,834
Special assessments	-	64,658	-	-	-	-	-	-	64,658
Forest income	-	190,072	-	-	-	-	-	-	190,072
Deposits payable	-	-	74,662	18,349	396,903	1,716,521	4,379	5,786	2,216,600
TOTAL LIABILITIES	\$ 628,173	\$ 4,839,391	\$ 74,662	\$ 18,349	\$ 396,903	\$ 1,716,521	\$ 4,379	\$ 5,786	\$ 7,684,164

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

**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 the financial statements of the governmental activities, the business-type activities, the 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, 2007, which collectively comprise Marinette County's basic financial statements and have issued our report thereon dated July 14, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Marinette County, Wisconsin's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of Marinette County, Wisconsin's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Marinette County, Wisconsin's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marinette County, Wisconsin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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*.

We noted certain matters that we reported to management of Marinette County, Wisconsin in a separate letter dated July 14, 2008.

This report is intended solely for the information and use of the County Board, and is not intended to be and should not be used by anyone other than these specified parties.

Schenck SC

Certified Public Accountants
Green Bay, Wisconsin
July 14, 2008

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES

To the County Board
Marinette County, Wisconsin

Compliance

We have audited the compliance of Marinette County, Wisconsin, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that are applicable to each of its major federal and state programs for the year ended December 31, 2007. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of Marinette County, Wisconsin's management. Our responsibility is to express an opinion on Marinette County, Wisconsin's compliance based on our audit.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, guidelines and OMB Circular A-133 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. Our audit does not provide a legal determination on Marinette County, Wisconsin's compliance with those requirements.

In our opinion, Marinette County, Wisconsin, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of Marinette County, Wisconsin, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Marinette County, Wisconsin's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test, 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 Marinette County, Wisconsin's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal and state program on a timely basis. **A significant deficiency** is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal and state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal and state program that is more than inconsequential will not be prevented or detected by Marinette County, Wisconsin's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined above. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of, management, the County Board, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Schauch & C

Certified Public Accountants
Green Bay, Wisconsin
July 14, 2008

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Grantor Agency/Passthrough Agency/ Grant Title, Award or Project Number	Federal CFDA Number	(Accrued) Deferred Revenue 1/1/07	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/07	Total Revenues	Total Expenditures
FEDERAL PROGRAMS						
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed through Wisconsin Department of Health and Family Services						
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	\$ (13,174)	\$ 172,977	\$ 4,325	\$ 164,128	\$ 164,128
Stamp Program	10.561	(36,618)	263,944	40,070	267,396	267,396
WIC Farmers' Market Nutrition Program	10.572	(44)	44	-	-	-
Passed through Wisconsin Department of Workforce Development						
State Administrative Matching Grants for Food Stamp Program	10.561	(15,943)	42,850	12,247	39,154	39,154
Total U.S. Department of Agriculture		(65,779)	479,815	56,642	470,678	470,678
<u>U.S. DEPARTMENT OF COMMERCE</u>						
Passed through Wisconsin Department of Administration						
Coastal Management Grants	11.419	-	12,528	-	12,528	12,528
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>						
Passed through the Wisconsin Department of Commerce						
Community Development Block Grant Federal Block Grant	14.228	-	830,482	56,000	886,482	886,482
<u>U.S. DEPARTMENT OF THE INTERIOR</u>						
Passed through Wisconsin Department of Natural Resources						
National Fire Plan	15.228	-	25,136	-	25,136	25,136
<u>U.S. DEPARTMENT OF JUSTICE</u>						
Passed through the Wisconsin Department of Justice						
Byrne Formula Grant Programs CEASE	16.579	-	1,283	-	1,283	1,283
Victim Witness Effort		(990)	990	1,124	1,124	1,124
Total U.S. Department of Justice		(990)	2,273	1,124	2,407	2,407
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>						
Passed through Wisconsin Department of Transportation						
State and Community Highway Safety Sheriff's Department Grant No. 0937-05-10 - TRACS	20.600	-	45,000	-	45,000	45,000
Human Services Department Grant No. 0937-02-62 - Safety Seats		-	987	-	987	987
Passed through Wisconsin Department of Military Affairs						
Hazmat Public Sector Training and Planning Grants	20.703	-	12,279	-	12,279	12,279
Total U.S. Department of Transportation		-	58,266	-	58,266	58,266
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed through the Wisconsin Department of Health and Family Services						
Grants for Infants and Toddlers with Disabilities	84.181	-	38,423	-	38,423	38,423
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Passed through Wisconsin Department of Health and Family Services						
Public Health Emergency Preparedness	93.069	-	9,765	-	9,765	9,765
Childhood Immunization Grants	93.268	(40)	35,565	(5,862)	29,663	29,663
Centers for Disease Control and Preventions - Investigations and Technical Assistance	93.283	-	19,531	-	19,531	19,531

(Continued)

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2007

Grantor Agency/Passthrough Agency/ Grant Title, Award or Project Number	Federal CFDA Number	(Accrued) Deferred Revenue 1/1/07	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/07	Total Revenue	Total Expenditures
FEDERAL PROGRAMS (Continued)						
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)						
Family Preservation and Support Services	93.556	(12,820)	46,190	12,980	46,350	46,350
Temporary Assistance for Needy Families	93.558	-	100,474	-	100,474	100,474
Chafee Education and Training Vouchers	93.599	(1,637)	2,186	1,418	1,967	1,967
Child Welfare Services - State Grants	93.645	-	25,118	-	25,118	25,118
Foster Care (Title IV-E)	93.658	-	213,180	-	213,180	213,180
Social Services Block Grant	93.667	(1,015)	201,962	-	200,947	200,947
Safe and Stable Families	93.669	(4)	4	-	-	-
Youth Independent Living	93.674	(4,925)	13,668	8,773	17,516	17,516
State Children's Insurance Program	93.767	(6,139)	53,251	6,825	53,937	53,937
Medical Assistance Program	93.778					
Human Services		(491,260)	3,111,927	475,116	3,095,783	3,095,783
Public Health		-	1,325	-	1,325	1,325
Block Grants for Community Mental Health Services	93.958	-	91,332	-	91,332	91,332
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(15,124)	77,590	12,707	75,173	75,173
Preventive Health and Social Services Block Grant	93.991	-	7,849	-	7,849	7,849
Material and Child Health Services Block Grant	93.994	(3,303)	21,505	227	18,429	18,429
Passed through Wisconsin Department of Workforce Development						
Temporary Assistance for Needy Families	93.558	(4,173)	31,013	7,355	34,195	34,195
Child Support Enforcement (Title IV-D)	93.563	(69,532)	589,962	102,967	623,397	623,397
Child Care Development Fund	93.596	(18,343)	17,788	20,838	20,283	20,283
Passed through Wisconsin Department of Justice						
Children's Justice Grants	93.643	-	3,198	-	3,198	3,198
Passed through Wisconsin Department of Administration						
Low Income Home Energy Assistance	93.568	(63,090)	187,753	43,358	168,021	168,021
Passed through Brown County, Wisconsin						
Public Health Emergency Preparedness Centers for Disease Control and Preventions - Investigations and Technical Assistance	93.069	-	1,798	-	1,798	1,798
Investigations and Technical Assistance	93.283	-	3,598	-	3,598	3,598
Passed through Wisconsin Department of Corrections						
Child Welfare Services - State Grants	93.645	(620)	4,163	5,385	8,928	8,928
Foster Care (Title IV-E)	93.658	(620)	4,163	5,385	8,928	8,928
Total U.S. Department of Health and Human Services		(692,645)	4,875,858	697,472	4,880,685	4,880,685
U.S. DEPARTMENT OF HOMELAND SECURITY						
Passed through the Wisconsin Department of Military Affairs						
Emergency Management Performance Grants	97.042					
FFY 2006 (7/1/06 - 6/30/07)		(14,333)	17,102	-	2,769	2,769
FFY 2007 (7/1/07 - 6/30/08)		-	15,165	15,165	30,330	30,330
Pre-Disaster Mitigation Grant (PDM)	97.047	(30,171)	-	36,675	6,504	6,504
Homeland Security Grant Program	97.067					
Public Information Officer Training		-	2,615	-	2,615	2,615
Passed through the Wisconsin Department of Administration - Office of Justice Assistance						
Homeland Security Grant Program, Mutual Aid Interoperability Round Two	97.067	-	5,399	-	5,399	5,399
Total U.S. Department of Homeland Security		(44,504)	40,281	51,840	47,617	47,617
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ (803,918)	\$ 6,363,062	\$ 863,078	\$ 6,422,222

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

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance
For the Year Ended December 31, 2007

Grantor Agency/Passthrough Agency/ Grant Title, Award or Project Number	State I.D. Number	(Accrued) Deferred Revenue 1/1/07	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/07	Total Revenues	Total Expenditures
STATE PROGRAMS						
<u>DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION</u>						
Basic Annual Staffing Grants	115.15	\$ (18,549)	\$ 129,639	\$ 22,871	\$ 133,961	\$ 133,961
Land & Water Resource Management Plan Implementation	115.40	-	39,477	-	39,477	39,477
Total Department of Agriculture, Trade and Consumer Protection		(18,549)	169,116	22,871	173,438	173,438
<u>DEPARTMENT OF COMMERCE</u>						
Wisconsin Fund Private Sewage System	143.110	-	17,038	-	17,038	17,038
<u>DEPARTMENT OF NATURAL RESOURCES</u>						
Wildlife Damage Claims and Abatement 2006	370.553	(75,326)	75,326	-	-	-
2007		-	28,391	71,420	99,811	99,811
County Forest Wildlife Habitat Improvement	370.563	-	23,060	-	23,060	23,060
Recreational Aids - Snowmobile Trails and Area Aid	370.574 & 370.575	79,244	224,583	(117,220)	186,607	186,607
Recreational Aids - All-Terrain Vehicle	370.576 & 370.577	140,078	141,631	(3,061)	278,648	278,648
Environmental Aids-Brownsfield Site Assessment	370.687	-	-	44,064	44,064	44,064
Total Department of Natural Resources		143,996	492,991	(4,797)	632,190	632,190
<u>DEPARTMENT OF TRANSPORTATION</u>						
Elderly and Handicapped Transportation Aids	395.101	-	123,443	-	123,443	123,443
<u>DEPARTMENT OF CORRECTIONS</u>						
Community Intervention Program	410.302	-	17,450	-	17,450	17,450
Community Youth and Family Aids	410.313	(40,067)	269,149	348,260	577,342	577,342
Total Department of Corrections		(40,067)	286,599	348,260	594,792	594,792
<u>DEPARTMENT OF HEALTH AND FAMILY SERVICES</u>						
Fraud	435.95	(4,124)	8,456	1,768	6,100	6,100
Funeral/Cemetery W-2 and Non W-2	435.105	(16,699)	93,655	13,929	90,885	90,885
PF Non Federal Program Revenue	435.200	550	(839)	(62)	(351)	(351)
Children and Family Incentives	435.342	(7,782)	120,398	6,786	119,402	119,402
Community Options Programs	435.367	(189,734)	484,345	210,061	504,672	504,672
Kinship Care Base Benefit	435.377	(18,525)	116,135	-	97,610	97,610
Kinship Care Assessments	435.380	-	3,328	4,844	8,172	8,172
Medical Assistance Program Benefits						
Medicaid Transportation	435.131	(1,240)	74,137	5,109	78,006	78,006
Medicaid Transportation Administration	435.132	(5,592)	10,139	1,427	5,974	5,974
IM Available Allocation - State	435.283	-	233,094	1,312	234,406	234,406
IM Available Allocation - Federal	435.284	(852)	6,761	856	6,765	6,765
Medicaid Subrogation Collection	435.291	10,569	(23,610)	(1,255)	(14,296)	(14,296)
COP W Program	435.338	(37,420)	354,440	23,161	340,181	340,181
CIP II Program	435.348	4,006	47,982	3,419	55,407	55,407
CIP II Comm Relocate - Non Federal	435.369	(78,304)	129,408	101,551	152,655	152,655
CIP II Diversions - Non Federal	435.375	(16,770)	40,687	9,386	33,303	33,303
CLTS	435.450	10,157	128,073	(17,042)	121,188	121,188
CLTS MH	435.451	(154)	3,980	345	4,171	4,171
Brain Injury Waiver Program	435.506	(4,120)	82,944	7,345	86,169	86,169
CIP 1B Program	435.564	41,756	312,107	(35,345)	318,518	318,518
CIP 1A Program	435.580	(1,111)	215,540	3,328	217,757	217,757

(Continued)

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance
For the Year Ended December 31, 2007

Grantor Agency/Passthrough Agency/ Grant Title, Award or Project Number	State I.D. Number	(Accrued) Deferred Revenue 1/1/07	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/07	Total Revenues	Total Expenditures
STATE PROGRAMS (Continued)						
DEPARTMENT OF HEALTH AND FAMILY SERVICES (Continued)						
Integrated Service Child Disb	435.530	-	7,400	-	7,400	7,400
Non-Resident	435.531	-	4,137	10,879	15,016	15,016
Birth to Three	435.550	-	43,677	-	43,677	43,677
Basic County Allocation	435.561	-	1,091,347	-	1,091,347	1,091,347
IDP Emergency Funds	435.567	(60,379)	60,379	42,825	42,825	42,825
Family Support Program	435.577	(9,823)	45,491	13,702	49,370	49,370
Community and Mental Health Services	435.681	-	196,193	-	196,193	196,193
ACT 684 Adjustment	435.684	(614,902)	497,090	-	(117,812)	(117,812)
State Admin Matching Grants for Food Stamp Program						
Program Integrity	435.750	-	11,119	-	11,119	11,119
Health Check/Other Services - Admin	435.966	(845)	845	47	47	47
Health Check/Other Services - Part	435.967	(12,186)	12,186	475	475	475
Fluoride Mouthrinse	435.151735	(898)	1,223	974	1,299	1,299
Special Supplemental Food Program for						
Women, Infants and Children	435.154720	-	1,299	433	1,732	1,732
Wisconsin Well Women Program	435.157000	-	21,458	-	21,458	21,458
Lead Poisoning Prevention	435.157720	(389)	6,949	-	6,560	6,560
TPCP-WI Wins Enforcement	435.158116	-	788	-	788	788
TPCP-WI Wins Initiative	435.158117	-	3,000	-	3,000	3,000
TPCP-WI Wins	435.158127	-	9,850	-	9,850	9,850
Maternal and Child Health Services	435.159320	-	1,321	-	1,321	1,321
Nutrition	435.159339	-	4,680	-	4,680	4,680
Passed thru Bay Area Agency on Aging						
Elder Abuse	435.560490	-	24,325	-	24,325	24,325
Total Department of Health and Family Services		(1,014,811)	4,485,917	410,258	3,881,364	3,881,364
DEPARTMENT OF WORKFORCE DEVELOPMENT						
Child Support Non-IV D	445.301	(577)	2,104	-	1,527	1,527
FEV - State Share No Match	445.315	(4,173)	31,013	7,355	34,195	34,195
Vital Records and Unemployment Intercept Fees	445.334	58	(463)	(14)	(419)	(419)
Food Stamp Program	445.367	(15,943)	42,850	12,247	39,154	39,154
Total Department of Workforce Development		(20,635)	75,504	19,588	74,457	74,457
DEPARTMENT OF JUSTICE						
Victim and Witness Services	455.503	(12,647)	12,647	-	-	-
Victim Witness Funds	455.532	-	12,142	16,032	28,174	28,174
Total Department of Justice		(12,647)	24,789	16,032	28,174	28,174
DEPARTMENT OF MILITARY AFFAIRS						
EPCRA Emergency Planning Grant	465.337					
FFY 2006 (10/1/05 - 9/30/06)		(6,542)	6,542	-	-	-
FFY 2007 (10/1/06 - 9/30/07)		-	6,467	6,467	12,934	12,934
Wisconsin Disaster Assistance Fund	465.365	-	-	5,829	5,829	5,829
EPCRA Computer & Hazmat Equipment Grant	465.367	-	5,308	-	5,308	5,308
Total Department of Military Affairs		(6,542)	18,317	12,296	24,071	24,071

(Continued)

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance
For the Year Ended December 31, 2007

Grantor Agency/Passthrough Agency/ Grant Title, Award or Project Number	State I.D. Number	(Accrued) Deferred Revenue 1/1/07	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/07	Total Revenues	Total Expenditures
<u>DEPARTMENT OF ADMINISTRATION</u>						
Planning Grant	505.110	-	-	35,947	35,947	35,947
Land Information Board	505.116	-	300	-	300	300
Public Benefits	505.371	(6,685)	22,131	4,212	19,658	19,658
Digital Recording Grant	505.630	(6,400)	6,400	-	-	-
Total Department of Administration		<u>(13,085)</u>	<u>28,831</u>	<u>40,159</u>	<u>55,905</u>	<u>55,905</u>
<u>PUBLIC SERVICE COMMISSION</u>						
Telemedicine Grant	N/A	-	16,294	-	16,294	16,294
E911	N/A	-	-	146,469	146,469	146,469
Total Public Service Commission		<u>-</u>	<u>16,294</u>	<u>146,469</u>	<u>162,763</u>	<u>162,763</u>
TOTAL STATE PROGRAMS		<u>\$ (982,340)</u>	<u>\$ 5,738,839</u>	<u>\$ 1,011,136</u>	<u>\$ 5,767,635</u>	<u>\$ 5,767,635</u>

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

MARINETTE COUNTY, WISCONSIN

Notes to the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance
Year Ended December 31, 2007

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the County's 2007 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.

The programs included in the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are separated into major and non-major categories. Additional information on each category is presented below:

Federal Programs: Marinette County qualifies as a low risk auditee in accordance with paragraph 530 of OMB Circular A-133. Therefore major programs, as identified in Section I of the Schedule of Findings and Questioned Costs, represent those with combined expenditures exceeding 25% 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 25% 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.

NOTE C - OVERSIGHT AGENCIES

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

Federal - U.S. Department of Health and Human Services
State - Wisconsin Department of Health and Family Services

MARINETTE COUNTY, WISCONSIN

Notes to the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance
Year Ended December 31, 2007

NOTE D - TITLE 19 MEDICAL ASSISTANCE PAYMENTS

The Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance does not include recorded revenues of \$4,854,129 received by the County for Title 19 Medical Assistance. 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. Presented below is a summary of Title 19 Medical Assistance payments for 2007 received by the County's Health and Human Services Department:

Social and Mental Health Services	\$ 4,823,427
Public Health Services	<u>30,702</u>
Total	<u>\$ 4,854,129</u>

NOTE E - STATE OF WISCONSIN COMMUNITY AIDS REPORTING SYSTEM

The Wisconsin Department of Health and Family Services (DHFS) 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 DHFS and DWD programs agree with the expenditures reported on the 2007 CARS for the Human Services Department and the December, 2007 COrE for Child Support and W2 programs.

MARINETTE COUNTY, WISCONSIN
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2007

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued: Unqualified
 Internal control over financial reporting:
 • Material weakness(es) identified? No
 • Significant deficiency identified that is not considered to be a material weakness? 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 that are not considered to be material weakness(es)? None Reported
 Type of auditors' report issued on compliance for major programs Unqualified
 Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? No
 Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Guidelines No

Identification of major federal program:

CFDA Number	Name of Federal Program
14.228	CDBG
93.778	Medical Assistance Program

Audit threshold used to determine between Type A and Type B programs: \$300,000
 Auditee qualified as low-risk auditee Yes

Identification of major state programs:

State ID Number	Name of State Program
115.15	Basic Annual Staffing Grant
115.40	Land and Water Resources Managements
370.574-75	Snowmobile Aids
370.576-77	ATV
395.101	Elderly and Handicapped Transportation Aids
435.367	Community Options Program
N/A	Wisconsin Medicaid Cost Reporting Medical Assistance Program Benefits
435.283	IMAA State Share
435.342	Children and Family Incentives
435.367	Community Options Program
435.338	COP W Program
435.348	CIP II Program
435.369	CIP II Comm relocate
435.450	CLTS
435.506	Brain Injury Waiver Program
435.564	CIP 1B Program
435.580	CIP 1A Program
435.561	Basic County Allocation
435.681	Community and Mental Health Services
N/A	E911 Grant

MARINETTE COUNTY, WISCONSIN
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2007

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, 2007.

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

There are no audit findings and questioned costs required to be reported under OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations" for the year ended December 31, 2007.

MARINETTE COUNTY, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
Year Ended December 31, 2007

Prior Year Audit Findings

There were no findings or questioned costs for federal awards for the year ended December 31, 2006.

Corrective Action Plan

No corrective action plan is required.

STATE FINANCIAL REPORT FORM



INDEPENDENT AUDITORS' REPORT ON STATE FINANCIAL REPORT FORM

To the County Board
Marinette County, Wisconsin

State of Wisconsin • Department of Revenue
Division of State and Local Finance
Bureau of Local Government Services
2135 Rimrock Road #6-97
P.O. Box 8971
Madison, Wisconsin 53708-8971

In connection with our audit of the basic financial statements of Marinette County for the year ended December 31, 2007, we have also examined the 2007 Financial Report Form A required to be submitted to the Wisconsin Department of Revenue (WDR) by Wisconsin Administration Rule, Tax 16. The 2007 Financial Report Form A has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion the 2007 Financial Report Form A, with the attached revisions, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Since the 2007 Financial Report Form A has already been filed with the WDR, the County anticipates the WDR will adjust the filed copy to agree with the attached account revisions.

Schenck SC

Certified Public Accountants
Green Bay, Wisconsin
July 14, 2008

MARINETTE COUNTY, WISCONSIN
Revisions to 2007 State Financial Report

Seq/Acct Number	Amount Reported	Correct Amount	Correct Principal Incurred	Correct Principal Outstanding
103-43560	\$ 10,362,927	\$ 10,486,966		
930-50400			\$ 2,141,643	\$ 2,141,643
210-53330	1,139,161	1,020,513		
210-53340	261,172	-		
210-53490	-	379,820		