

MARINETTE COUNTY, WISCONSIN

ANNUAL FINANCIAL REPORT

**DECEMBER 31, 2009
(Reissued)**

MARINETTE COUNTY, WISCONSIN

December 31, 2009

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* Schedule was corrected for the inclusion of CFDA No. 93.563 – Child Support Enforcement (Title IV-D) and 93.563 – ARRA Child Support Enforcement (Title IV-D) as major federal programs. These programs were not included as major federal programs in the original report.



**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 aggregate 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, 2009, 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., the Marinette County Association for Business & Industry, Inc., and the Stephenson Public Library Foundation, Inc. which are presented as component units of Marinette County, Wisconsin. 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, 2009, 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 and county roads and bridges special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note D.2, the County has implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions, for the fiscal year ended December 31, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2010 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, schedule of funding progress and the schedule of employer contributions are not a required part the basic financial statements but are 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.

Schenck & Co.

Certified Public Accountants
Green Bay, Wisconsin
June 25, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS



FINANCE DEPARTMENT

Management's Discussion and Analysis December 31, 2009

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, 2009. Our discussion and analysis is based on currently known facts, decisions, or conditions.

Financial Highlights

- As of December 31, 2009, the assets of the County exceeded the County's liabilities by \$93,080,529 (*net assets*). Of this amount, \$35,622,505 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 \$1,492,014 from the previous year. Contributing factors to the net asset increase include County timber sales being \$654,661 above budget, grant contributions for capital improvements at the jointly owed Twin County Airport, and employee health insurance expenses being considerable less than expected. Overall the Forestry activity showed program revenues exceeding expenses by \$1,637,913. Other factors contributing to changes in total net assets are listed under the Government-wide Financial Analysis section.
- For 2008 the County implemented Governmental Accounting Standards Board (GASB) statement 45. The GASB statement requires certain reporting requirements for Other Post Employment Benefits other than retirement plans. The current year effect to the County's Governmental Activities Net Assets was a reduction of \$1,406,324. Additional the net effect to the Business-Type activities were a reduction of \$173,498.
- The property tax rate was reduced \$.05 to \$3.65 per \$1,000 of property value for the year ended December 31, 2009. The operating net tax levy increased by \$280,176 (2.09%) from the prior year. This increase along with the \$10,873 decrease in the County's special purpose levy kept the County in compliance with the allowable tax levy limits imposed by the State of Wisconsin.
- As of December 31, 2009, the County's combined governmental funds reported ending fund balances totaling \$36,979,234, an increase of \$536,540 in comparison with the prior year. As mention previously the County's timber sales came in significantly over budget. Interest on delinquent property taxes also was over budget by \$116,531 as the poor economy lead property owners to delay paying their property taxes. Transfers from the general fund of \$1,555,124 to the County Roads and Bridges Fund to cover a deficit and fund the construction of a County Road resulted in the general fund decreasing by \$607,645. Of the ending \$36,979,234 total governmental fund balance, approximately 90% of this total amount, \$33,350,795 is *available for spending* at the County's discretion (the *unreserved fund balance*). Of the County's unreserved fund balance, \$26,350,795 is designated.

Management Discussion and Analysis
December 31, 2009

- The County Roads and Bridges special revenue fund benefited from the \$1,555,124 transfer from the General Fund mentioned above. The overall fund balance increased by \$1,403,101 ending with a fund balance of \$1,372,971. A reduction in State and Local highway related work resulted in additional charges to the County Roads and Bridges special revenue fund for regular and winter maintenance as the County's Highway Department strived to maintain its work force. The maintenance accounts within the special revenue fund ended the year with a \$295,197 deficit. The overall ending surplus fund balance of \$1,372,971 in the County Roads and Bridges special revenue fund is committed to the construction of certain County roads.
- The Health and Human Services (HHS) special revenue fund ended the year with an increase of \$116,009. Additional revenues from American Recovery and Reinvestment Act and the Wisconsin Medicaid Cost Reporting programs along with department staff vacancies, more than offset the planned 2009 application of \$400,000 from the HHS fund balance. The 2009 results increased the HHS December 31, 2009 fund balance to \$1,265,242.
- As of December 31, 2009, the unreserved fund balance for the general fund was \$29,952,041, or approximately 142% of total general fund expenditures. The unreserved/undesignated amount of \$7,000,000 represents 8.7% of the County's 2010 original adopted gross operational and debt service expenditure budgets which totaled \$80,257,908.
- During 2009, the County retired \$475,000 in general obligation debt reducing overall debt to \$24,000,000. After the retirement and a budgeted transfer out of \$1,050,000 the debt service fund ended the year with a net increase of \$217,168. Funds reserved at the end of 2009 for debt service were \$277,656.

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.)

Management Discussion and Analysis
December 31, 2009

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 20 - 22 of this report.

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

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

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

Marinette County maintains 15 individual governmental funds. Information for the County's major funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The County's major funds are the general fund; county roads and bridges, and health and human services special revenue funds; and the debt service fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 23 - 29 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 30 - 32 of this report.

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

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34 - 57 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 60 - 73.

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 \$93,080,529 at the close of 2009 compared to \$91,588,515 for the year ended 2008.

Management Discussion and Analysis
December 31, 2009

Marinette County's Net Assets							
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	Total	Total	Total Percentage Change
	2008	2008	2009	2009	2008	2009	2008-2009
Current & other assets	\$59,576,047	\$5,021,558	\$63,074,577	\$4,853,358	\$64,597,605	\$67,927,935	5.16%
Capital assets	66,940,933	7,093,462	66,759,799	7,065,696	74,034,395	73,825,495	-0.28%
Total assets	126,516,980	12,115,020	129,834,376	11,919,054	138,632,000	141,753,430	2.25%
Long-term liabilities outstanding	27,196,477	1,623,009	28,276,338	1,776,538	28,819,486	30,052,876	4.28%
Other liabilities	17,414,035	809,964	17,997,081	622,944	18,223,999	18,620,025	2.17%
Total liabilities	44,610,512	2,432,973	46,273,419	2,399,482	47,043,485	48,672,901	3.46%
Net assets:							
Invested in Capital assets net of related debt	46,785,595	6,969,692	47,605,582	6,987,518	53,755,287	54,593,100	1.56%
Restricted	2,973,081	-	3,164,924	-	2,973,081	3,164,924	6.45%
Unrestricted	32,147,792	2,712,355	33,090,451	2,532,054	34,860,147	35,622,505	2.19%
Total net assets	\$81,906,468	\$9,682,047	\$83,860,957	\$9,519,572	\$91,588,515	\$93,380,529	1.96%

The largest portion of the County's net assets (58%) 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 (\$3,164,924) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$35,622,505) 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 \$1,654,489 and Business-type activities decreased the County's net assets by \$162,475. After the yearend results, the County's net assets totaled \$83,560,957 for the Governmental Activities and \$9,512,572 for the Business-type Activities. The key elements affecting the change in net assets were as follows:

Governmental Activities:

- The property tax levy increased by \$280,176 (2.09%) 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.
- For the most part, departments stayed within their original appropriations and returned unspent appropriations to the general fund.

Management Discussion and Analysis
December 31, 2009

- Although investment interest rates continued to decline over the year, investment income was only \$66,081 below budget. The County's total investment revenue for 2009 was \$1,401,569. The County has placed \$14,000,000 in a designated fund for investment revenue generation for tax reduction purposes.
- Interest collections on delinquent property taxes were \$116,531 over expected collections of \$440,000. The poor economy resulted in property owners delaying the payment of their property taxes.
- County forestry revenues generated \$2,674,911 in 2009. This was \$654,661 above budgeted forestry revenues and \$184,602 above 2008 results (\$2,490,309). After expenditures, the County's Forestry activity showed net revenues for 2009 of \$1,637,913.
- Continued investment in capital assets and infrastructure contributed to the gain in net assets. Capital road and bridge expenditures amounted to \$2,165,267. A net increase in the County's investment in the joint airport of \$226,121 was mainly through contributed federal funding for airport capital asset additions.

Business-type Activities:

The County's Business-type activities decreased Marinette County's net assets by \$162,475.

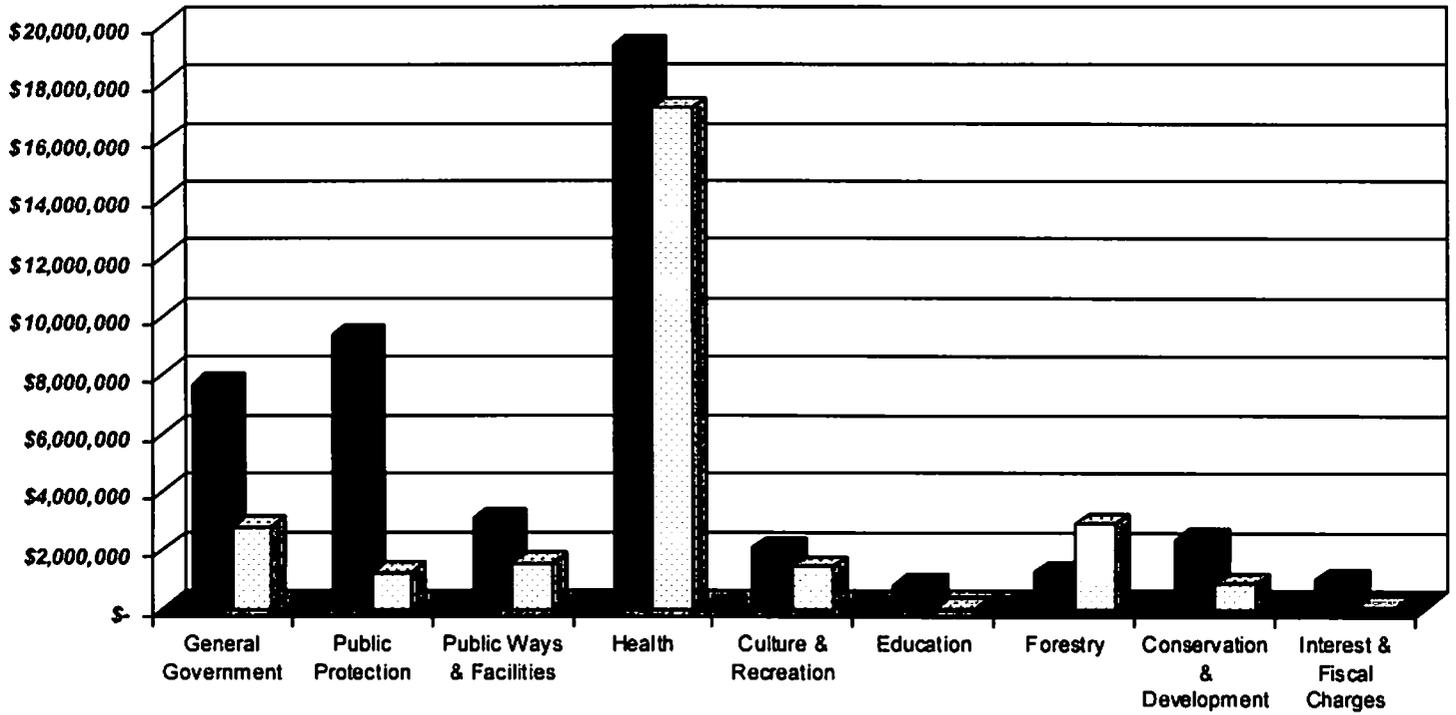
The Highway Department had a \$487,385 operating loss for 2009 compared to a prior year operating income of \$22,532. A tax levy of \$248,449 for the Highway reduced the total Highway Department decrease in net assets to \$238,936.

The Solid Waste Fund's 2009 operating loss was \$106,421 compared to the 2008 operating loss of \$45,907. Interest earnings of \$14,607 and a grant of \$3,600 reduced the net reduction in the Solid Waste Fund net assets to \$88,214. Cash and cash equivalents decreased by \$203,511 with the \$309,302 capital outlay investment in the landfill. Without the investment, cash would have increased by \$415,093 reflecting the landfills non-cash operating expenses of depreciation and landfill closure/post-closure care cost.

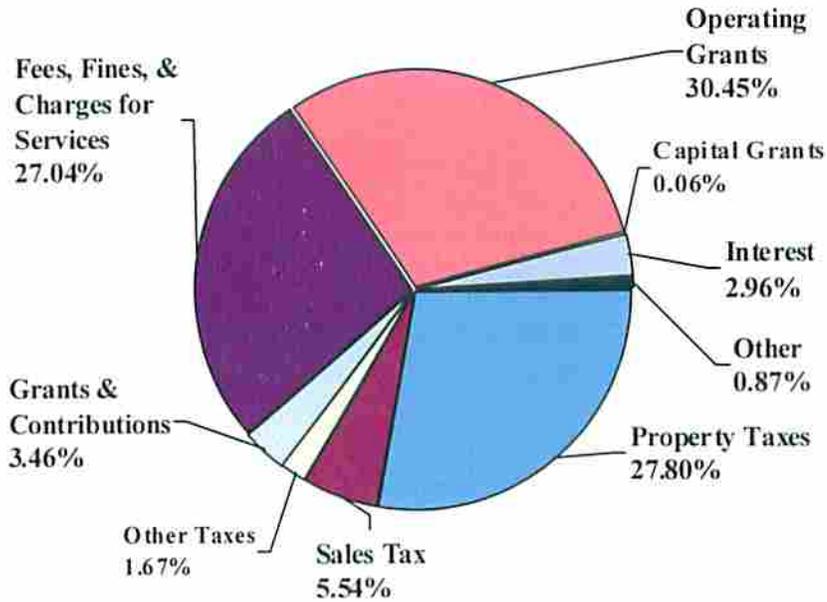
Management Discussion and Analysis
December 31, 2009

Marinette County's Change in Net Assets						
	Governmental		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues:						
Program revenues:						
Fees, fines, & charges for services	\$ 12,648,460	\$ 13,125,146	\$ 8,684,512	\$ 7,496,055	\$ 21,332,972	\$ 20,621,201
Operating grants & contributions	15,505,378	14,777,165	-	3,600	15,505,378	14,780,765
Capital grants and contributions	1,053,764	29,009	-	-	1,053,764	29,009
General revenues:						
Property & sales taxes	16,163,569	16,179,791	219,869	248,449	16,383,438	16,428,240
Other taxes	770,472	884,788	-	-	770,472	884,788
Grants & contributions not restricted to specific programs	1,763,155	1,677,487	-	-	1,763,155	1,677,487
Other	5,849,645	1,861,911	38,214	14,607	5,887,859	1,876,518
Total revenues	53,754,443	48,535,297	8,942,595	7,762,711	62,697,038	56,298,008
Expenses:						
General government	8,396,528	7,683,116	-	-	8,396,528	7,683,116
Public protection	8,925,405	9,359,044	-	-	8,925,405	9,359,044
Public ways & facilities	4,220,003	3,066,046	-	-	4,220,003	3,066,046
Health	18,536,408	19,296,729	-	-	18,536,408	19,296,729
Culture & recreation	2,769,160	2,066,203	-	-	2,769,160	2,066,203
Education	784,437	809,347	-	-	784,437	809,347
Forestry	1,382,889	1,240,158	-	-	1,382,889	1,240,158
Conservation & development	1,902,471	2,358,356	-	-	1,902,471	2,358,356
Interest & fiscal charges	1,886,196	1,001,809	-	-	1,886,196	1,001,809
Highway operations	-	-	8,143,650	7,472,212	8,143,650	7,472,212
Solid waste	-	-	418,785	452,974	418,785	452,974
Total expenses	48,803,497	46,880,808	8,562,435	7,925,186	57,365,932	54,805,994
Increase (decrease) in net assets	4,950,946	1,654,489	380,160	(162,475)	5,331,106	1,492,014
Net assets - January 1	76,955,522	81,906,468	9,301,887	9,682,047	86,257,409	91,588,515
Net assets - December 31	\$ 81,906,468	\$ 83,560,957	\$ 9,682,047	\$ 9,519,572	\$ 91,588,515	\$ 93,080,529

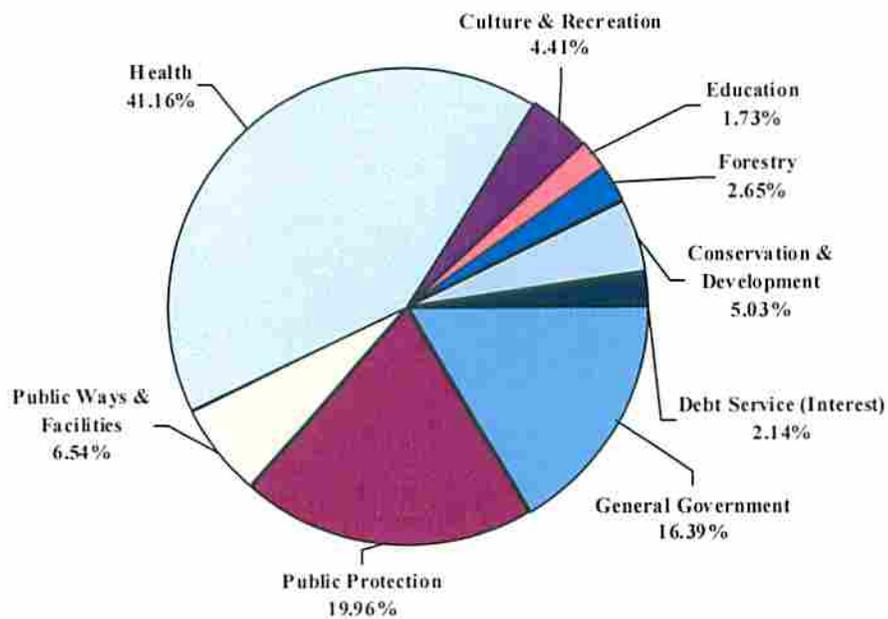
Expenses & Program Revenues - Governmental Activities



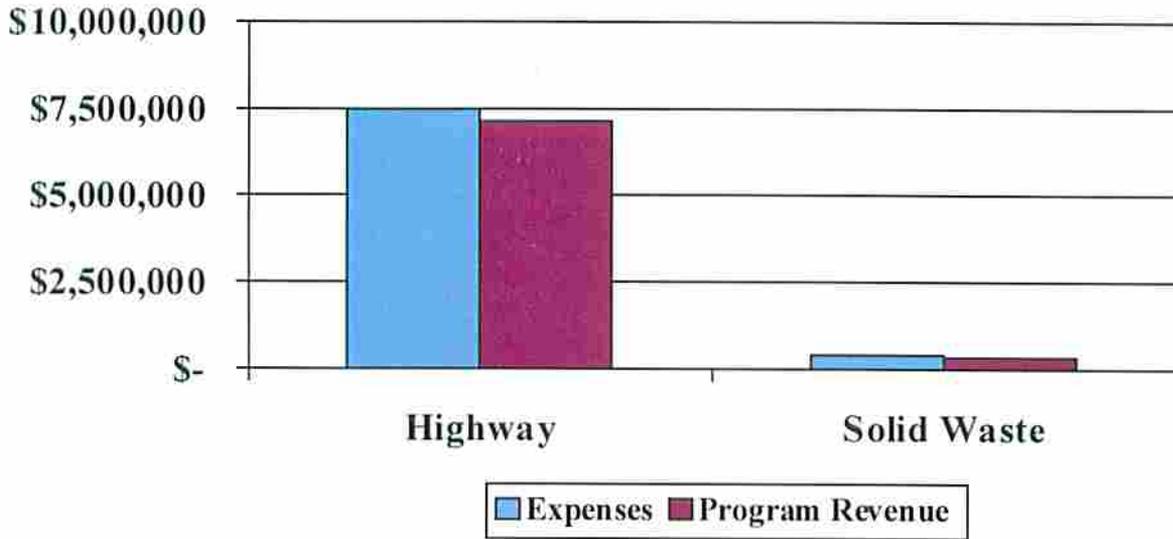
Revenues by Source - Governmental Activities



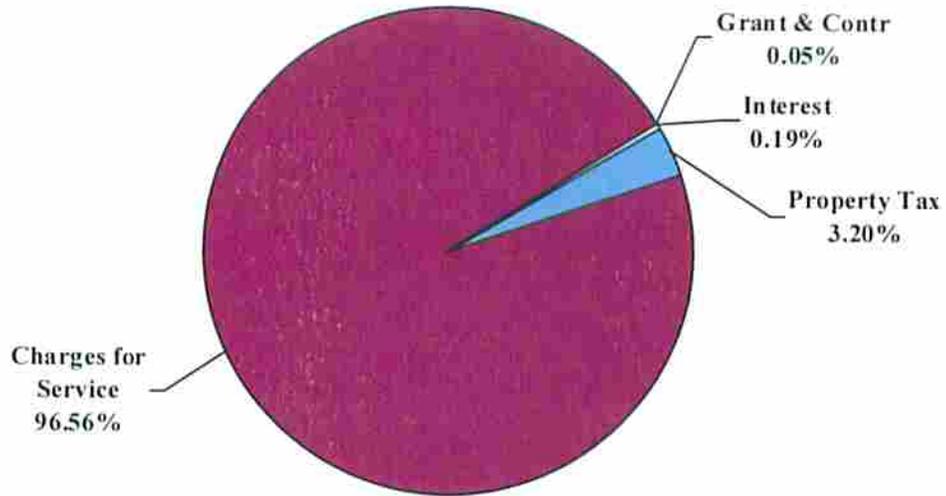
Expenses by Activity - Governmental Activities



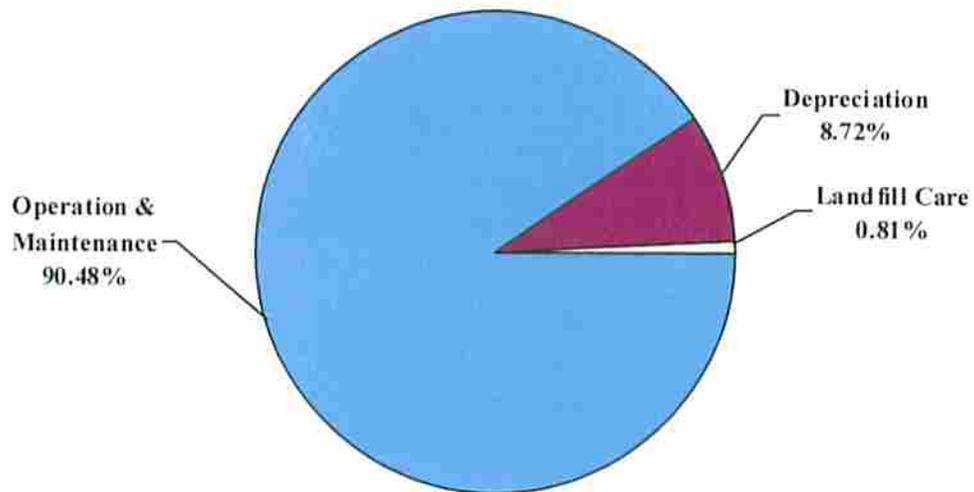
Expenses and Program Revenues - Business Type Activities



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, 2009, the County's combined governmental funds totaled \$36,979,234, an increase of \$536,540 in comparison with the prior year. Approximately 90% of this amount, \$33,350,795, 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 (\$81,894), 2) for non-liquid delinquent taxes (\$2,643,371) 3) for loans receivable that are not expected to be liquidated in the next year (\$625,518) 4) for debt retirement (\$277,656).

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 \$29,952,041, while the total fund balance was \$33,302,824. 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 142% of total general fund expenditures, while total fund balance represents 158% of that same amount. This compares to prior year percentages of 143% and 157% respectively.

Marinette County's General fund balance decreased by \$607,645 for the year ended December 31, 2009. The key factor in the net general fund decrease was the transfer of \$1,555,124 to the County Roads and Bridges special revenue fund. The transfer was offset by excellent results in the County timber sales which came in \$654,661 over budget. The transfer to the County Roads and Bridges Fund was to cover prior year deficits within the fund (\$555,124) and to fund a major County road reconstruction project.

The County's Health and Human Services Special Revenue Fund increased by \$116,009 to \$1,265,242 during the current year. The net increase was not anticipated considering the application of \$400,000 of the surplus fund balance to the 2009 budget. Higher than expected Federal and State revenues along with unfilled staff vacancies lead to the positive variation from the budget. The current fund balance represents 6.7% of the total 2009 health and human services special revenue fund expenditures.

The County Roads and Bridges Fund saw a net fund balance increase of \$1,403,101 increasing the December 31, 2009 fund balance to \$1,372,971. Transfers in from the County's General Fund (\$1,555,124) and the Debt Service fund of \$533,000 intended for County Road construction projects offset high winter and summer maintenance expenditures. The ending fund balance of \$1,372,971 is designated for uncompleted construction projects.

Management Discussion and Analysis
December 31, 2009

The County's Self-Insurance Internal Service Fund accounts for the County's health, life, workers compensation, property, and liability insurance. For 2009 the County experienced a significant decline in claims in the health insurance segment of the fund. The reduced claim expenditures along with increased health insurance premiums resulted in an operating surplus of \$1,488,766 in the health insurance segment. With stop-loss insurance recoveries and other miscellaneous revenues, net assets for the entire fund increased by \$1,751,796 to \$2,302,149. For 2010 the County is purchasing health insurance for its employees through the Wisconsin County Association Group Health insurance program. After final closeout of the County's self-insurance health insurance program, the County is considering using surplus funds to assist with health insurance premiums in future budgets.

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 \$2,149,688. Net assets for the highway department decreased by \$238,936 in 2009. This compares to the increase of \$242,401 in 2008. The Highway fund's 2009 operating loss of \$487,385 was partial offset by the \$248,449 of non-operating tax levy revenue. Reductions in revenues from the State and local sources were the main factor for the operating loss. Additional highway expenditures (\$113,233) as result of GASB 45, accounting for other post employment benefits, also contributed to the loss.

Unrestricted net assets of Marinette County's share of a landfill operated jointly with Oconto County and reported in the solid waste fund totaled \$308,626. The total decrease in net assets for the solid waste fund in 2009 was \$88,214. An operating loss of \$106,421 was reduced by \$18,204 in interest earnings and a \$3,600 grant award. The County's 2009 capital investment in the landfill of \$309,302 is reflected in the funds increase in net assets categorized as invested in capital assets which increased by \$238,886. Non-cash depreciation and landfill closure/post closure care expenses of \$165,412 lead to the overall \$85,931 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 \$1,637,818. The additional appropriations can be summarized as follows:

- Carryovers of unspent 2008 appropriations of approximately \$60,456.
- Approximately a \$500,000 increase for training, capital outlay items and other expenditures for public protection. Funding came from donations, grants, and contingency.
- Increase of \$30,330 for wireless 911-implementation.
- Increase of \$150,000 for recreation projects funded by the State and non-lapsing funds.
- Increase of \$200,000 for Forestry heavy equipment purchases funded by non-lapsing funds.
- Increase of \$143,000 for Conservation and Development programs funded by State grants.
- 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 departments during the year.

Management Discussion and Analysis
December 31, 2009

- During the year, actual revenues were \$479,990 less than expected revenues. The majority of the revenue deficit was a result of unrealized intergovernmental revenues for watershed programs. This deficit was not a factor in overall results, as the related expenditures also were not realized. Positives in County timber sales (\$654,661) and interest on taxes (\$116,531) help push the overall general fund results to the positive position

Actual expenditures were less than final budgeted expenditures by \$1,728,674 primarily due to the following:

- Anticipated grant expenditures in recreation 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 2009.
- Open employee positions in some departments were not filled immediately.

The large positive variance in budget to actual expenditures was offset by the previously mention transfer from the General Fund to the County Roads and Bridges special revenue fund.

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, 2009 amounts to \$73,825,495 (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 decrease in the County's investment in capital assets for the current year was \$208,069 as depreciation expense exceeded additions. The main increases were from infrastructure additions.

Marinette County's Capital Assets (Net of Accumulated Depreciation)						
	Governmental Activities		Business-Type Activities		Totals	
	2008	2009	2008	2009	2008	2009
Land	\$4,516,273	\$4,558,073	\$113,989	\$113,989	\$4,630,262	\$4,672,062
Land improvements	-	-	779,450	1,051,672	779,450	1,051,672
Buildings & Improvements	34,821,905	34,132,737	3,148,521	2,966,773	37,970,426	37,099,510
Machinery & Equipment	3,591,677	2,960,767	3,051,502	2,933,262	6,643,179	5,894,029
Infrastructure	24,011,078	25,108,222	-	-	24,011,078	25,108,222
Construction in progress	-	-	-	-	-	-
Total	\$66,940,933	\$66,759,799	\$7,093,462	\$7,065,696	\$74,034,395	\$73,825,495

Additional information on Marinette County's capital assets can be found in Note C.6 on page 48 of this report.

Management Discussion and Analysis
December 31, 2009

Long-term debt. At the end of the year, the County's total general obligation debt outstanding was \$24,000,000. 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	
	2008	2009	2008	2009	2008	2009
General Obligation Debt:						
Bonds and Notes	\$ 24,475,000	\$24,000,000	\$ -	\$ -	\$ 24,475,000	\$ 24,000,000

The County's total general-obligation debt balance did decrease by \$475,000 (1.94%) in 2009. Scheduled debt service resulted in the debt decrease. There were no new issues for the year.

The County's remaining general obligation debt is serviced by the .5% County sales tax. Funds restricted for debt service at the end of 2009 increased by \$217,167 to \$277,656.

An original budgeted transfer out of the debt service fund for capital outlay projects in the general and County highway funds of \$1,050,000 was covered by surplus sales tax. The difference between surplus sales tax revenues and the transfer was \$156,229. The 2010 budgeted transfer out of the Debt Service fund was reduced to \$865,150 to increase surplus debt service funds available for future debt service requirements.

The County maintained its "A1" rating from Moody's Investors Service for 2009. 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." In April of 2010 Moody's recalibrated its long-term U.S. municipal ratings to its global rating scale. The recalibration did not reflect an improvement in credit quality or a change in credit opinion for rated municipal debt. Under the Moody's global rating scale, Marinette County was rated Aa2.

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 \$191,413,995 which is significantly in excess of the County's \$24,000,000 in outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Marinette County is currently 10.2% for April 2010, which is the latest available data at the time of this report. This compares to the State of Wisconsin's average unemployment rate of 8.5% and last April's rate of 11.9%.
- Several Marinette County manufactures are depended on the auto industry. Thus the economic condition of the County has been affected by the national recession and especially the poor performance of the auto industry. Several area employers have cut back through layoffs or staggered workweeks but are increasing their workforce as the auto industry and the local area slowly recover. Marinette Marine, one of the County's larger employer, employing 900 plus, was awarded a major contract during 2009 and is stable at this time. Marinette Marine is currently bidding on a major multiyear contract which if awarded, could lead to an increase in employment by 1,000 employees with a substantial subsidiary effect for local small businesses. Bay Area Medical Center also suffered from the recession, but not as severely as other industries. Several employers throughout the County in the 50 to 99-employee range also have felt the effect of the recession in their specialty industries. Tourism continues to be vital to Marinette County and is expected to remain stable as the development of the Governor Thompson State Park located in the western part of the County continues. The major retail center is in the City of Marinette and also appears stable at this time with the announcement of the Walmart Store expansion. 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 AFSCME unions have contracts with the County through 2011, the International Union of Operating Engineers Local 139S union contract is through 2012 and the WPPA contract is not settled at this time.

The following factors were considered in preparing the County's 2010 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.

The levy limit was continued under 2009-11 state budgets. The levy limits provide that the County may only increase the tax levy for 2010 by the larger of 3.00% or the percentage change in new construction less improvements removed from the assessment roll in the last year. For 2010 the County's levy limit was 3.00%. 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.

Management Discussion and Analysis
December 31, 2009

Upon the adoption of the budget for the 2010 calendar year, the County was \$4,556,902 under its operational levy rate limit. This equates to a tax rate of \$1.22 per \$1,000 of equalized value. For comparison purposes, the total tax rate for the 2010 budget was \$3.79. 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 has used surplus sales tax revenues to fund capital outlay and tourism expenditures in past years and for 2010.

The County was forced to limit its 2010 tax levy under the levy limit freeze. The tax levy increase for the 2010 budget was limited to \$483,703 or 3.53%. The 3.53% includes a .53% increase attributed to section 66.0602(3)(cm), Wis, Stats., which allows the County to recapture unused 2008 levy capacity (\$72,938). To comply with the limit, the County applied \$200,000 in surplus general funds and \$865,150 from the County's sales tax fund. The early retirement of callable debt in prior years allowed the County to increase the amount of sales tax revenues applied to the 2010 budget.

The application of \$402,306 of surplus funds back in the 2005 budget still significantly magnifies 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 will be used to call debt when callable and if feasible.

The County has designated \$14,000,000 that was received from the sale of Bay Area Medical Center as a property tax reduction fund. The investment income from this fund is to be used to fund County operations and keep property tax rates reduced if and when levy limits are removed.

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, 2009

	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	\$ 35,017,852	\$ 1,505,316	\$ 36,523,168	\$ -	\$ -	\$ -
Other cash and investments	-	-	-	110,644	48,009	1,302,373
Accounts receivable	3,344,143	179,494	3,523,637	54,323	-	-
Interest receivable	624,510	11,218	635,728	-	-	-
Taxes receivable	17,146,583	214,176	17,360,759	-	-	-
Loans receivable	3,097,901	-	3,097,901	-	-	-
Internal balances	(73,740)	73,740	-	-	-	-
Due from other governments	830,859	700,161	1,531,020	-	-	-
Inventories and prepaid expenses	272,335	1,400,616	1,672,951	-	-	-
Investment in joint airport	2,535,783	-	2,535,783	-	-	-
Restricted cash and investments	278,351	768,637	1,046,988	-	-	-
Capital assets (net of accumulated depreciation)						
Nondepreciable	4,558,073	113,989	4,672,062	-	-	-
Depreciable	62,201,726	6,951,707	69,153,433	90,618	873	-
TOTAL ASSETS	129,834,376	11,919,054	141,753,430	255,585	48,882	1,302,373
LIABILITIES						
Accounts payable	2,437,974	358,975	2,796,949	22,776	-	-
Accrued liabilities	420,268	575	420,843	16,208	1,448	-
Due to other governments	120,137	-	120,137	-	-	-
Deposits from others	106,549	-	106,549	-	-	-
Unearned revenue	14,066,643	214,176	14,280,819	-	-	-
Accrued interest	130,316	-	130,316	-	-	11,953
Long-term obligations						
Portion due or payable within one year:						
Bonds and notes payable	500,000	-	500,000	2,462	-	34,101
Compensated absences	215,194	20,633	235,827	-	-	-
Leases payable	-	25,131	25,131	-	-	-
Portion due or payable after one year:						
Bonds and notes payable	23,500,000	-	23,500,000	2,624	-	861,368
Compensated absences	1,936,747	185,701	2,122,448	-	-	-
Post employment insurance	2,839,591	286,731	3,126,322	-	-	-
Leases payable	-	53,047	53,047	-	-	-
Landfill care costs	-	1,254,513	1,254,513	-	-	-
TOTAL LIABILITIES	46,273,419	2,399,482	48,672,901	44,070	1,448	907,422
NET ASSETS						
Invested in capital assets, net of related debt	44,769,799	6,987,518	51,757,317	63,438	873	-
Invested in joint airport, net of related debt	2,535,783	-	2,535,783	-	-	-
Restricted for:						
Debt service	277,656	-	277,656	-	-	-
Solid waste long-term care	278,815	-	278,815	-	-	-
Loan programs	2,608,453	-	2,608,453	-	-	-
Unrestricted	33,090,451	2,532,054	35,622,505	148,077	46,561	394,951
TOTAL NET ASSETS	\$ 83,560,957	\$ 9,519,572	\$ 93,080,529	\$ 211,515	\$ 47,434	\$ 394,951

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, 2009

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental				
General government	\$ 7,683,116	\$ 2,315,826	\$ 465,135	\$ -
Public protection	9,359,044	917,442	310,091	-
Public ways and facilities	3,066,046	-	1,556,878	-
Health	19,296,729	6,208,733	10,930,024	-
Culture and recreation	2,066,203	350,280	1,045,835	29,009
Education	809,347	13,077	6,291	-
Forestry	1,240,158	2,741,783	136,288	-
Conservation and development	2,358,356	578,005	271,873	-
Interest and fiscal charges	1,001,809	-	54,750	-
Total Governmental Activities	46,880,808	13,125,146	14,777,165	29,009
Business-type				
Highway	7,472,212	7,149,502	-	-
Solid waste	452,974	346,553	3,600	-
Total Business-type Activities	7,925,186	7,496,055	3,600	-
Total Marinette County	\$ 54,805,994	\$ 20,621,201	\$ 14,780,765	\$ 29,009
Component Unit				
Committee on Aging	\$ 906,715	\$ 178,689	\$ 767,625	\$ 63,438
Association for Business & Industry	124,504	-	108,698	-
Stephenson Library Trust	42,052	-	39,292	-
Total Component Units	\$ 1,073,271	\$ 178,689	\$ 915,615	\$ 63,438

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 other property sales
- 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
\$ (4,902,155)	\$ -	\$ (4,902,155)	\$ -	\$ -	\$ -
(8,131,511)	-	(8,131,511)	-	-	-
(1,509,168)	-	(1,509,168)	-	-	-
(2,157,972)	-	(2,157,972)	-	-	-
(641,079)	-	(641,079)	-	-	-
(789,979)	-	(789,979)	-	-	-
1,637,913	-	1,637,913	-	-	-
(1,508,478)	-	(1,508,478)	-	-	-
(947,059)	-	(947,059)	-	-	-
<u>(18,949,488)</u>	<u>-</u>	<u>(18,949,488)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(322,710)	(322,710)	-	-	-
-	(102,821)	(102,821)	-	-	-
-	(425,531)	(425,531)	-	-	-
<u>(18,949,488)</u>	<u>(425,531)</u>	<u>(19,375,019)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	103,037	-	-
-	-	-	-	(15,806)	-
-	-	-	-	-	(2,760)
-	-	-	103,037	(15,806)	(2,760)
8,873,832	-	8,873,832	-	-	-
1,850,031	248,449	2,098,480	-	-	-
2,767,286	-	2,767,286	-	-	-
2,688,642	-	2,688,642	-	-	-
884,788	-	884,788	-	-	-
1,677,487	-	1,677,487	-	-	-
1,439,061	14,607	1,453,668	1,666	1,882	40,836
226,121	-	226,121	-	-	-
40,268	-	40,268	-	-	-
125,362	-	125,362	200	-	-
31,099	-	31,099	1,619	-	-
<u>20,603,977</u>	<u>263,056</u>	<u>20,867,033</u>	<u>3,485</u>	<u>1,882</u>	<u>40,836</u>
1,654,489	(162,475)	1,492,014	106,522	(13,924)	38,076
<u>81,906,468</u>	<u>9,682,047</u>	<u>91,588,515</u>	<u>104,993</u>	<u>61,358</u>	<u>356,875</u>
<u>\$ 83,560,957</u>	<u>\$ 9,519,572</u>	<u>\$ 93,080,529</u>	<u>\$ 211,515</u>	<u>\$ 47,434</u>	<u>\$ 394,951</u>

MARINETTE COUNTY, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2009

	Governmental Funds				Other Governmental Funds	Total Governmental Funds
	General	County Roads and Bridges	Health and Human Services	Debt Service		
ASSETS						
Pooled cash and investments	\$ 29,204,465	\$ 1,402,890	\$ 731,040	\$ -	\$ 500,512	\$ 31,838,907
Receivables						
Delinquent property taxes	3,154,004	-	-	-	-	3,154,004
Property taxes levied for subsequent year	8,806,873	2,185,425	2,947,281	-	3,000	13,942,579
Accounts	1,515,195	-	1,084,324	1,147,812	9,951	3,757,282
Loans	625,518	-	36,132	-	2,436,251	3,097,901
Due from other governments	306,429	-	524,430	-	-	830,859
Advances to other funds	121,565	-	-	-	-	121,565
Inventories	5,001	-	-	-	-	5,001
Prepaid items	76,893	-	-	-	-	76,893
Restricted assets - pooled cash and investments	-	-	-	-	278,351	278,351
TOTAL ASSETS	\$ 43,815,943	\$ 3,588,315	\$ 5,323,207	\$ 1,147,812	\$ 3,228,065	\$ 57,103,342
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 483,968	\$ 29,919	\$ 1,049,196	\$ 41,691	\$ 28,273	\$ 1,633,047
Accrued liabilities	352,860	-	61,488	-	-	414,348
Due to other governments	120,137	-	-	-	-	120,137
Deposits from others	106,549	-	-	-	-	106,549
Deferred revenue	9,449,605	2,185,425	2,947,281	706,900	2,439,251	17,728,462
Advance from other funds	-	-	-	121,565	-	121,565
Total Liabilities	10,513,119	2,215,344	4,057,965	870,156	2,467,524	20,124,108
Fund Balances						
Reserved for						
Inventories	5,001	-	-	-	-	5,001
Prepaid items	76,893	-	-	-	-	76,893
Noncurrent assets	3,268,889	-	-	-	-	3,268,889
Debt retirement	-	-	-	277,656	-	277,656
Unreserved						
Designated, reported in						
General fund	22,952,041	-	-	-	-	22,952,041
Special revenue funds	-	1,372,971	1,265,242	-	760,541	3,398,754
Undesignated, reported in						
General fund	7,000,000	-	-	-	-	7,000,000
Total Fund Balances	33,302,824	1,372,971	1,265,242	277,656	760,541	36,979,234
TOTAL LIABILITIES AND FUND BALANCES	\$ 43,815,943	\$ 3,588,315	\$ 5,323,207	\$ 1,147,812	\$ 3,228,065	\$ 57,103,342

(Continued)

MARINETTE COUNTY, WISCONSIN
Balance Sheet
Governmental Funds
December 31, 2009

Reconciliation to the Statement of Net Assets

Total Fund Balances as shown on previous page		\$ 36,979,234
 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	\$ 2,535,783	
Capital assets	66,759,798	
Less: amount included below with internal service funds	<u>(335,852)</u>	68,959,729
 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	\$ (24,000,000)	
Compensated absences	(2,151,941)	
Post employment health insurance	(2,839,591)	
Accrued interest on long-term obligations	<u>(130,316)</u>	(29,121,848)
 Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Loans receivable	\$ 2,436,251	
Pledges receivable	706,900	
Interest on delinquent taxes	508,712	
Clerk of Courts receivable	<u>59,956</u>	3,711,819
 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.		
		<u>3,032,023</u>
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (see page 20)		<u><u>\$ 83,560,957</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 Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	County Roads and Bridges	Health and Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 9,652,620	\$ 1,850,031	\$ 2,767,286	\$ -	\$ -	\$ 14,269,937
Sales taxes	-	-	-	2,688,642	-	2,688,642
Intergovernmental	5,236,925	1,556,878	10,201,265	-	11,654	17,006,722
Regulation and compliance	361,097	-	-	-	7,141	368,238
Charges for services	4,014,060	-	6,113,535	-	-	10,127,595
Commercial	1,593,038	-	-	-	463,098	2,056,136
Miscellaneous	655,117	-	-	54,750	32,399	742,266
Total Revenues	21,512,857	3,406,909	19,082,086	2,743,392	514,292	47,259,536
Expenditures						
Current						
General government	6,133,071	-	-	-	353	6,133,424
Public protection	8,648,542	-	-	-	-	8,648,542
Public ways and facilities	61,852	4,091,932	-	-	9,407	4,163,191
Health	1,133,566	-	18,966,077	-	7,141	20,106,784
Culture and recreation	2,043,115	-	-	-	84,878	2,127,993
Education	382,379	-	-	-	29,392	411,771
Forestry	1,229,883	-	-	-	-	1,229,883
Conservation and development	1,452,470	-	-	-	966,526	2,418,996
Debt Service						
Principal payments	-	-	-	475,000	-	475,000
Interest and fiscal charges	-	-	-	1,007,412	-	1,007,412
Total Expenditures	21,084,878	4,091,932	18,966,077	1,482,412	1,097,697	46,722,996
Excess (Deficiency) of Revenues Over Expenditures	427,979	(685,023)	116,009	1,260,980	(583,405)	536,540
Other Financing Sources (Uses)						
Transfers in	539,500	2,088,124	-	6,188	20,000	2,653,812
Transfers out	(1,575,124)	-	-	(1,050,000)	(28,688)	(2,653,812)
Total Other Financing Sources (Uses)	(1,035,624)	2,088,124	-	(1,043,812)	(8,688)	-
Net Change in Fund Balances	(607,645)	1,403,101	116,009	217,168	(592,093)	536,540
Fund Balances (Deficit) - January 1	33,910,469	(30,130)	1,149,233	60,488	1,352,634	36,442,694
Fund Balances - December 31	\$ 33,302,824	\$ 1,372,971	\$ 1,265,242	\$ 277,656	\$ 760,541	\$ 36,979,234

(Continued)

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2009

Reconciliation to the Statement of Net Assets

Net Change in Fund Balances from previous page	\$	536,540
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditure. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as current expenditures in governmental fund statements	\$ 2,594,124	
Depreciation expense reported in the statement of activities	<u>(2,590,301)</u>	
Amount by which capital outlays are more than depreciation in current period		3,823
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.		
		(114,131)
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:		
		(1,596,149)
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:		
		475,000
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities interest is reported as it accrues.		
		5,603
Because some revenues are not collected soon enough after the County's year end, they are not considered available revenues and are deferred or not recognized in the government funds. This adjustment combines the net changes of the following:		
Interest receivable on taxes	\$ 62,392	
Clerk of court receivables	3,474	
Revolving loan receivables	542,292	
Donation pledges receivable	(55,966)	
Investment in joint venture airport	226,121	
Combined adjustment	<u>778,313</u>	
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.		
		<u>1,565,490</u>
Change in Net Assets of Governmental Activities as reported in the Statement of Activities (see pages 21 and 22)		
		<u>\$ 1,654,489</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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 9,249,126	\$ 9,567,815	\$ 9,652,620	\$ 84,805
Intergovernmental	5,814,957	6,377,372	5,236,925	(1,140,447)
Regulation and compliance	437,790	423,790	361,097	(62,693)
Charges for services	3,414,236	3,441,209	4,014,060	572,851
Commercial	1,621,300	1,621,484	1,593,038	(28,446)
Miscellaneous	497,498	561,177	655,117	93,940
Total Revenues	21,034,907	21,992,847	21,512,857	(479,990)
Expenditures				
General government	6,078,512	6,325,886	6,133,071	192,815
Public protection	8,036,218	8,760,172	8,648,542	111,630
Public ways and facilities	70,200	70,800	61,852	8,948
Health	1,173,276	1,201,177	1,133,566	67,611
Culture and recreation	2,220,516	2,314,395	2,043,115	271,280
Education	367,079	389,572	382,379	7,193
Forestry	1,091,850	1,307,812	1,229,883	77,929
Conservation and development	2,138,083	2,443,738	1,452,470	991,268
Total Expenditures	21,175,734	22,813,552	21,084,878	1,728,674
Excess (Deficiency) of Revenues Over Expenditures	(140,827)	(820,705)	427,979	1,248,684
Other Financing Sources (Uses)				
Transfers in	517,000	539,500	539,500	-
Transfers out	-	(1,575,124)	(1,575,124)	-
Total Other Financing Sources (Uses)	517,000	(1,035,624)	(1,035,624)	-
Net Change in Fund Balance	376,173	(1,856,329)	(607,645)	1,248,684
Fund Balance - January 1	33,910,469	33,910,469	33,910,469	-
Fund Balance - December 31	\$ 34,286,642	\$ 32,054,140	\$ 33,302,824	\$ 1,248,684

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, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,767,286	\$ 2,767,286	\$ 2,767,286	\$ -
Intergovernmental	9,723,549	9,808,206	10,201,265	393,059
Charges for services	6,449,407	6,459,067	6,113,535	(345,532)
Total Revenues	<u>18,940,242</u>	<u>19,034,559</u>	<u>19,082,086</u>	<u>47,527</u>
Expenditures				
Health	<u>19,340,242</u>	<u>19,577,879</u>	<u>18,966,077</u>	<u>611,802</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(400,000)</u>	<u>(543,320)</u>	<u>116,009</u>	<u>659,329</u>
Fund Balance - January 1	<u>1,149,233</u>	<u>1,149,233</u>	<u>1,149,233</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 749,233</u>	<u>\$ 605,913</u>	<u>\$ 1,265,242</u>	<u>\$ 659,329</u>

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

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - County Roads and Bridges
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,042,107	\$ 1,850,031	\$ 1,850,031	\$ -
Intergovernmental	3,621,293	3,813,369	1,556,878	(2,256,491)
Total Revenues	<u>5,663,400</u>	<u>5,663,400</u>	<u>3,406,909</u>	<u>(2,256,491)</u>
Expenditures				
Public Ways and Facilities	<u>6,641,452</u>	<u>8,196,576</u>	<u>4,091,932</u>	<u>4,104,644</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(978,052)</u>	<u>(2,533,176)</u>	<u>(685,023)</u>	<u>1,848,153</u>
Other Financing Sources				
Transfers in	<u>533,000</u>	<u>2,088,124</u>	<u>2,088,124</u>	<u>-</u>
Net Change in Fund Balance	<u>(445,052)</u>	<u>(445,052)</u>	<u>1,403,101</u>	<u>1,848,153</u>
Fund Balance - January 1	<u>(30,130)</u>	<u>(30,130)</u>	<u>(30,130)</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (475,182)</u>	<u>\$ (475,182)</u>	<u>\$ 1,372,971</u>	<u>\$ 1,848,153</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, 2009

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
ASSETS				
Current Assets				
Pooled cash and investments	\$ 595,207	\$ 910,109	\$ 1,505,316	\$ 3,178,945
Receivables				
Accounts	153,970	36,742	190,712	211,371
Property taxes levied for subsequent year	214,176	-	214,176	50,000
Due from other governments	700,161	-	700,161	-
Inventories	1,084,689	-	1,084,689	46,426
Prepaid items	315,927	-	315,927	144,015
Total Current Assets	3,064,130	946,851	4,010,981	3,630,757
Noncurrent Assets				
Restricted cash and investments	79,805	688,832	768,637	-
Capital assets				
Land	51,475	62,514	113,989	-
Land improvements, net	54,398	997,275	1,051,673	-
Buildings, net	2,966,304	468	2,966,772	-
Machinery and equipment, net	2,811,645	121,617	2,933,262	335,852
Total Noncurrent Assets	5,963,627	1,870,706	7,834,333	335,852
TOTAL ASSETS	9,027,757	2,817,557	11,845,314	3,966,609
LIABILITIES				
Current Liabilities				
Accounts payable	308,161	50,814	358,975	804,926
Accrued liabilities	-	575	575	5,920
Compensated absences payable	20,633	-	20,633	-
Leases payable	28,585	-	28,585	-
Unearned revenue - property taxes	214,176	-	214,176	50,000
Total Current Liabilities	571,555	51,389	622,944	860,846
Noncurrent Liabilities				
Compensated absences payable	185,701	-	185,701	-
Post employment health insurance	265,576	21,155	286,731	-
Accrued landfill closure/post closure care cost	-	1,254,513	1,254,513	-
Leases payable	49,593	-	49,593	-
Total Noncurrent Liabilities	500,870	1,275,668	1,776,538	-
TOTAL LIABILITIES	1,072,425	1,327,057	2,399,482	860,846
NET ASSETS				
Invested in capital assets, net of related debt	5,805,644	1,181,874	6,987,518	335,852
Unrestricted	2,149,688	308,626	2,458,314	2,769,911
TOTAL NET ASSETS	\$ 7,955,332	\$ 1,490,500	9,445,832	\$ 3,105,763

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.

73,740

Net Assets of Business-Type Activities as Reported on the Statement of Net Assets (see page 20)

\$ 9,519,572

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, 2009

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Operating Revenues				
Charges for services	\$ 7,149,502	\$ 346,553	\$ 7,496,055	\$ 10,482,165
Operating Expenses				
Claims and premiums	-	-	-	7,993,026
Operation and maintenance	7,031,260	288,112	7,319,372	1,067,801
Landfill closure/post-closure care costs	-	65,158	65,158	-
Depreciation	605,627	99,704	705,331	163,531
Total Operating Expenses	<u>7,636,887</u>	<u>452,974</u>	<u>8,089,861</u>	<u>9,224,358</u>
Operating Income (Loss)	<u>(487,385)</u>	<u>(106,421)</u>	<u>(593,806)</u>	<u>1,257,807</u>
Nonoperating Revenues				
Property taxes	248,449	-	248,449	106,000
Insurance recoveries	-	-	-	363,658
Grant award	-	3,600	3,600	-
Gain on disposal of capital assets	-	-	-	2,700
Investment earnings	-	14,607	14,607	-
Total Nonoperating Revenues	<u>248,449</u>	<u>18,207</u>	<u>266,656</u>	<u>472,358</u>
Change in Net Assets	(238,936)	(88,214)	(327,150)	1,730,165
Total Net Assets - January 1	<u>8,194,268</u>	<u>1,578,714</u>		<u>1,375,598</u>
Total Net Assets - December 31	<u>\$ 7,955,332</u>	<u>\$ 1,490,500</u>		<u>\$ 3,105,763</u>

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.

164,675

Change in Net Assets of Business-Type Activities as Reported on the Statement of Activities (see pages 21 - 22)

\$ (162,475)

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, 2009

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Cash Flows from Operating Activities				
Receipts from customers	\$ 2,811,551	\$ 350,739	\$ 3,162,290	\$ 962,890
Receipts from internal activity and other governments	4,468,387	-	4,468,387	9,401,964
Payments to employees	(3,208,622)	(107,755)	(3,316,377)	(658,266)
Payments to suppliers	(3,723,125)	(157,081)	(3,880,206)	(8,182,499)
Net Cash Provided by Operating Activities	348,191	85,903	434,094	1,524,089
Cash Flows From Noncapital Financing Activities				
Property taxes	248,448	-	248,448	106,000
State Grant Awards	-	3,600	3,600	-
Insurance recoveries	-	-	-	363,658
Net Cash Provided by Noncapital Financing Activities	248,448	3,600	252,048	469,658
Cash Flows From Capital and Related Financing Activities				
Purchases and construction of capital assets	(452,500)	(309,302)	(761,802)	(92,705)
Disposal of capital assets gain/(loss)	113,525	-	113,525	2,700
Lease and other debt payments	(45,592)	-	(45,592)	-
Net Cash Used by Capital and Related Financing Activities	(384,567)	(309,302)	(693,869)	(90,005)
Cash Flows from Investing Activities				
Interest received on investments	-	16,288	16,288	-
Net Change in Cash and Cash Equivalents	212,072	(203,511)	8,561	1,903,742
Cash and Cash Equivalents - January 1	462,940	1,802,452	2,265,392	1,275,203
Cash and Cash Equivalents - December 31	\$ 675,012	\$ 1,598,941	\$ 2,273,953	\$ 3,178,945
Displayed as:				
Current assets				
Pooled cash and investments	\$ 595,207	\$ 910,109	\$ 1,505,316	\$ 3,178,945
Restricted assets				
Pooled cash and investments	79,805	688,832	768,637	-
Total Cash and Cash Equivalents	\$ 675,012	\$ 1,598,941	\$ 2,273,953	\$ 3,178,945
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (487,385)	\$ (106,421)	\$ (593,806)	\$ 1,257,807
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expenses	605,627	99,704	705,331	163,531
Change in assets and liabilities:				
Receivables, net	189,799	69,344	259,143	(153,856)
Prepaid items	161,154	-	161,154	26,866
Accounts and other payables	(121,004)	23,276	(97,728)	229,741
Net Cash Provided by Operating Activities	\$ 348,191	\$ 85,903	\$ 434,094	\$ 1,524,089

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, 2009

	Agency Funds
ASSETS	
Cash and Investments	\$ 7,211,823
Receivables	
Accounts	100
Delinquent property taxes	125,028
Property taxes levied for subsequent years	650,502
TOTAL ASSETS	\$ 7,987,453
LIABILITIES	
Due to taxing districts	
Tax collections	\$ 5,639,424
Special assessments	128,223
Forest income	260,462
Deposits payable	1,959,344
TOTAL LIABILITIES	\$ 7,987,453

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

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 2009 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 2009, 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, 2009

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 2009, Marinette County remitted an operating subsidy of \$61,852. 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 \$2,535,783 as of December 31, 2009.

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

This fund accounts for the County's many comprehensive and integrated programs which deal with the physical, social, mental, emotional, vocational and nutritional needs of individuals and families.

COUNTY ROADS AND BRIDGES SERVICES SPECIAL REVENUE FUND

This fund accounts for the County's expenditures related to construction and maintenance of County roads and bridges.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 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.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2009

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	Business-type
	Activities	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, 2009

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, 2009

NOTE B - STEWARDSHIP AND COMPLIANCE

Budgets and Budgetary Accounting

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

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

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2009.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

PRIMARY GOVERNMENT

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

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

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

The carrying amount of the County's cash and investments totaled \$44,781,979 on December 31, 2009 as summarized below:

Petty cash and cash on hand	\$ 5,115
Deposits with financial institutions	15,463,830
Investments	29,313,034
	<u>\$ 44,781,979</u>

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 36,523,168
Restricted cash and investments	1,046,988
Fiduciary funds	
Agency funds	7,211,823
	<u>\$ 44,781,979</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. All trades of marketable securities are executed by delivery versus payment through an independent third party custodian and evidenced by safekeeping receipts in Marinette County's name.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

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 \$250,000 per official custodian through December 31, 2013. In addition, the County's non-interest bearing transaction accounts are fully insured under the Temporary Liquidity Guarantee Program through December 31, 2010. On January 1, 2014, the coverage limit for all accounts will return to \$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, 2009, \$5,072,405 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. The County does not have an additional credit risk policy. Presented below is the actual rating at time of purchase for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Federal National Mortgage Association	\$ 3,013,939	\$ -	\$ 3,013,939	\$ -	\$ -
Federal Home Loan Mortgage Corporation	8,472,744	-	8,472,744	-	-
Governmental Home Loan Mortgage Association	6,877,677	-	6,877,677	-	-
Small Business Association	1,874,886	-	1,874,886	-	-
Wisconsin Local Government Investment Pool	8,379,737	-	-	-	8,379,737
Wisconsin Local Government Investment Pool - DNR	694,051	-	-	-	694,051
Totals	\$ 29,313,034	\$ -	\$ 20,239,246	\$ -	\$ 9,073,788

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount	Percent of Total
Federal National Mortgage Association	U.S.	\$ 3,013,939	8%
Federal Home Loan Mortgage Corporation	U.S.	8,472,744	21%
Governmental National Mortgage Association	U.S.	6,877,677	17%
Small Business Association	U.S.	1,874,886	5%

As of December 31, 2009, the County exceeded the diversification limits as imposed by its investment policy for the following issuer. The County's investment in Federal Home Loan Mortgage Corporation was at 21% of the total portfolio compared to the 20% diversification limit.

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal National Mortgage Association	\$ 3,013,939	\$ -	\$ 1,458,322	\$ 1,555,617	\$ -
Federal Home Loan Mortgage Corporation	8,472,744	1,904,508	-	636,116	5,932,120
Governmental Home Loan Mortgage Association	6,877,677	-	3,131,629	722,892	3,023,156
Small Business Association	1,874,886	-	-	-	1,874,886
Wisconsin Local Government Investment Pool	8,379,737	8,379,737	-	-	-
Wisconsin Local Government Investment Pool - DNR	694,051	694,051	-	-	-
Totals	\$ 29,313,034	\$ 10,978,296	\$ 4,589,951	\$ 2,914,625	\$ 10,830,162

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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	\$ 3,013,939
Federal Home Loan Mortgage Corporation	8,472,744
Governmental National Mortgage Association	6,877,677
Small Business Association	1,874,886

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$9,073,788 at year-end directly and through the Wisconsin Department of Natural Resources. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2009, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

COMPONENT UNITS

At year end, the bank balance of Marinette County Committee on Aging, Inc. and Marinette County Association for Business & Industry, component units, were less than \$250,000 and, accordingly, covered by FDIC insurance. The bank balance of the Stephenson Library Trust consists of certificates of deposit at local banks.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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, 2009 for collection in 2010 are for the following:

State apportionment	\$ 649,683
County apportionment	14,206,755
Total	<u>\$ 14,856,438</u>

The above County apportionment of \$14,206,755 is for financing 2010 operations and will be transferred in 2010 from deferred revenue to current revenues of the County's governmental and proprietary funds.

3. Delinquent Property Taxes - General Fund

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

On December 31, 2009, the County's general fund showed an investment of \$3,154,004 in delinquent taxes as follows:

Tax certificates	\$ 3,092,448
Tax deeds	61,556
Total	<u>\$ 3,154,004</u>

An aging of the total delinquent taxes of \$3,154,004 on December 31, 2009 follows:

Year Acquired	Total	Tax Certificates	Tax Deeds
Prior to 2003	\$ 16,309	\$ 2,796	\$ 13,513
2003	1,322	355	967
2004	3,592	356	3,236
2005	4,280	737	3,543
2006	1,891	1,347	544
2007	332,357	329,880	2,477
2008	773,591	749,884	23,707
2009	2,020,662	2,007,093	13,569
	<u>\$ 3,154,004</u>	<u>\$ 3,092,448</u>	<u>\$ 61,556</u>

Of the total of \$3,154,004 for delinquent taxes, \$510,633 was collected by the County within 60 days after December 31, 2009. The remaining unpaid balance of \$2,643,371 is recorded as reserved fund balance for the general fund.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Restricted Assets

Restricted assets on December 31, 2009 totaled \$1,046,988 and consisted of cash and investments held for the following purposes:

Special Revenue Fund	
Solid waste long-term care	\$ 278,351
Enterprise Fund	
Solid waste long-term care/closure	688,832
Highway equipment purchase	79,805
Total Restricted Assets	<u>\$ 1,046,988</u>

5. Capital Assets

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,516,273	\$ 41,800	\$ -	\$ 4,558,073
Capital assets, being depreciated:				
Buildings and improvements	43,197,319	172,404	-	43,369,723
Machinery and equipment	8,611,543	307,358	650,403	8,268,498
Infrastructure	42,208,226	2,165,267	337,500	44,035,993
Subtotals	94,017,088	2,645,029	987,903	95,674,214
Less accumulated depreciation for:				
Buildings and improvements	8,375,414	861,572	-	9,236,986
Machinery and equipment	5,019,865	883,201	595,335	5,307,731
Infrastructure	18,197,149	1,009,059	278,437	18,927,771
Subtotals	31,592,428	2,753,832	873,772	33,472,488
Total capital assets, being depreciated, net	62,424,660	(108,803)	114,131	62,201,726
Governmental activities capital assets, net	<u>\$ 66,940,933</u>	<u>\$ (67,003)</u>	<u>\$ 114,131</u>	66,759,799
Less related long-term debt outstanding				<u>21,990,000</u>
Invested in capital assets, net of related debt				<u>\$ 44,769,799</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 113,989	\$ -	\$ -	\$ 113,989
Capital assets, being depreciated:				
Land improvements	2,462,177	338,589	-	2,800,766
Buildings	4,798,350	-	-	4,798,350
Machinery and equipment	7,775,861	512,642	977,268	7,311,235
Subtotals	15,036,388	851,231	977,268	14,910,351
Less accumulated depreciation for:				
Land improvements	1,682,727	66,367	-	1,749,094
Buildings	1,649,829	181,748	-	1,831,577
Machinery and equipment	4,724,359	418,226	764,612	4,377,973
Subtotals	8,056,915	666,341	764,612	7,958,644
Total capital assets, being depreciated, net	6,979,473	184,890	212,656	6,951,707
Business-type activities capital assets, net	<u>\$ 7,093,462</u>	<u>\$ 184,890</u>	<u>\$ 212,656</u>	7,065,696
Less related long-term debt outstanding				<u>78,178</u>
Invested in capital assets, net of related debt				<u>\$ 6,987,518</u>
Depreciation expense was charged to functions of the County as follows:				
Governmental activities				
General government				\$ 243,362
Public protection				923,132
Public ways and facilities				1,009,059
Health				49,273
Culture and recreation				45,268
Education				428,247
Forestry				51,574
Conservation and development				4,217
Total depreciation expense - governmental activities				<u>\$ 2,754,132</u>
Business-type activities				
Highway				\$ 605,627
Solid waste				99,704
Total depreciation expense - business-type activities				<u>\$ 705,331</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the County, as reported in the fund financial statements, as of December 31, 2009 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 121,565	\$ -
Debt Service Fund	-	121,565
Totals	\$ 121,565	\$ 121,565

Interfund transfers for the year ended December 31, 2009 were as follows:

	Transfer to:				
	General Fund	Debt Service	County Roads and Bridges	Special Revenue Library Grants	
Transfers from:					
General fund	\$ -	\$ -	\$ 1,555,124	\$ 20,000	\$ 1,575,124
Debt service	517,000	-	533,000	-	1,050,000
Special revenue - Revolving Loan	22,500	-	-	-	22,500
Capital Projects	-	6,188	-	-	6,188
Totals	\$ 539,500	\$ 6,188	\$ 2,088,124	\$ 20,000	\$ 2,653,812

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, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

7. 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	\$ -	\$ 8,806,873
Special revenue funds		
Health and human services	-	2,947,281
County roads and bridges	-	2,185,425
Solid waste long-term care	-	3,000
Revenues collected in advance		
General fund	-	74,064
Loans receivable		
Special revenue funds		
Computer loan program	25,026	-
Revolving loan	1,292,228	-
Community development block grant loans	1,118,997	-
Interest recoverable on delinquent taxes		
General fund	508,712	-
Clerk of Courts fines and forfeitures		
General fund	59,956	-
Pledges receivable		
Debt service	706,900	-
Totals Governmental Funds	<u>\$ 3,711,819</u>	14,016,643
Subsequent year tax levy receivable		
Internal service funds		
Self-insurance		50,000
Totals Governmental Activities		<u>\$ 14,066,643</u>

The loans receivable of \$2,436,251 represents various economic development loans of \$2,411,225 to local industries and business firms and loans of \$25,026 to 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.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

8. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2009:

	Outstanding 1/1/09	Issued	Retired	Outstanding 12/31/09	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 21,425,000	\$ -	\$ 350,000	\$ 21,075,000	\$ 375,000
Notes	3,050,000	-	125,000	2,925,000	125,000
Total General Obligation Debt	24,475,000	-	475,000	24,000,000	500,000
Post-employment health benefits payable					
	1,406,324	1,946,424	513,157	2,839,591	-
Compensated absences					
	1,989,059	162,882	-	2,151,941	215,194
Governmental activities Long-term obligations	\$ 27,870,383	\$ 2,109,306	\$ 988,157	\$ 28,991,532	\$ 715,194
Business-type activities:					
Compensated absences					
	\$ 230,725	\$ -	\$ 24,391	\$ 206,334	\$ 20,633
Post-employment health benefits payable					
	152,343	460,291	325,903	286,731	-
Capital leases payable					
	101,865	-	23,687	78,178	25,131
Business-type activities Long-term obligations	\$ 484,933	\$ 460,291	\$ 373,981	\$ 571,243	\$ 45,764

Total interest paid during the year on long-term debt totaled \$1,014,829.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$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
\$3,135,000 issued 7/1/02; \$225,000 to \$375,000 due annually through 2012; interest 2.5% to 4.0%	975,000
Total Bonds	<u>21,075,000</u>

Notes

\$3,250,000 issued 8/15/06; \$100,000 to \$2,100,000 due annually through 2016; interest 3.75% to 4%	<u>2,925,000</u>
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Total Outstanding General Obligation Debt

\$ 24,000,000

Capital Lease Payable

Capital lease payable outstanding is detailed as follows:

\$124,275 issued 8/01/07; \$22,860 to \$27,629 due annually through 2012; interest 4.85%	<u>\$ 78,178</u>
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MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$24,000,000 on December 31, 2009 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2010	\$ 500,000	\$ 988,538	\$ 1,488,538
2011	1,500,000	968,225	2,468,225
2012	1,610,000	912,912	2,522,912
2013	1,590,000	854,425	2,444,425
2014	1,700,000	797,725	2,497,725
2015-2019	11,100,000	2,763,975	13,863,975
2020-2022	6,000,000	555,000	6,555,000
	<u>\$ 24,000,000</u>	<u>\$ 7,840,800</u>	<u>\$ 31,840,800</u>

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

Annual principal and interest maturities of the capital lease of \$78,178 on December 31, 2009 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2010	\$ 25,131	\$ 3,454	\$ 28,585
2011	26,349	2,236	28,585
2012	26,698	958	27,656
	<u>\$ 78,178</u>	<u>\$ 6,648</u>	<u>\$ 84,826</u>

Capital lease principal and interest maturities are funded from Highway operations.

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2009 was \$167,691,651 as follows:

Equalized valuation of the County	\$ 3,828,279,900
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	191,413,995
Total outstanding general obligation debt applicable to debt limitation	\$ 24,000,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>277,656</u>
Net outstanding general obligation debt applicable to debt limitation	<u>23,722,344</u>
Legal Margin for New Debt	<u>\$ 167,691,651</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

9. Closure and Post-Closure Care Costs

The Marinette-Oconto (MAR-OCO) Joint Landfill is a solid waste landfill operation owned 50% by Marinette County and 50% by Oconto County. Marinette County records its 50% share of MAR-OCO's financial transactions in an enterprise fund on its financial statements. Federal and state laws and regulations require MAR-OCO to place covers on landfill increments as they are filled (closure costs) and to perform certain maintenance and monitoring functions (post-closure care) of the landfill site for forty years after the landfill stops accepting waste. Most closure costs are paid when individual landfill increments reach capacity for accepting waste and post-closure care costs will normally only be paid after the entire landfill stops accepting waste. In accordance with GASB Statement No. 18, MAR-OCO annually records an estimate of the closure and post-closure care costs as an operating expense during the life of the landfill based on landfill capacity used compared to total estimated capacity available. The resultant liabilities for these estimated operating expenses are reduced each year for actual payments made. An analysis of Marinette County's 50% share of the estimated liabilities for closure and post-closure care costs on December 31, 2009 follows:

	Landfill Closure Care	Landfill Postclosure Care
Total estimated costs	\$ 563,813	\$ 2,451,280
Percentage of storage capacity used as of December 31, 2009	94.81%	45.71%
Total estimated liability for costs as of December 31, 2009	534,551	1,120,480
Less closure costs paid	400,517	-
Liabilities as of December 31, 2009	<u>\$ 134,034</u>	<u>\$ 1,120,480</u>

The above total costs of \$134,034 and \$1,120,479 for closure and post-closure care are estimates and subject to changes resulting from inflation/deflation, technology, or changes in applicable laws or regulations.

A portion of the above post-closure care costs of \$1,120,479 is being met through annual deposits into a separate cash and investment account for the enterprise fund. Marinette County's 50% share of the balance in the account on December 31, 2009 was \$688,832. In addition, MAR-OCO has established an irrevocable letter of credit in the amount of \$900,000 (County share of \$450,000) to provide additional funding for landfill closure. In accordance with Wisconsin Statutes, the Wisconsin Department of Natural Resources is the beneficiary of the letter of credit.

10. Fund Equity

In the 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, 2009, fund balance was reserved as follows:

General Fund	
Reserved for inventories	\$ 5,001
Reserved for prepaid items	76,893
Reserved for delinquent property taxes	2,643,371
Reserved for loans receivable	625,518
	<u>\$ 3,350,783</u>
Debt Service Fund	
Reserved for debt retirement	<u>\$ 277,656</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

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, 2009, fund balance was designated as follows:

<u>Designated For</u> Subsequent Years' Expenditures Current operations	Fund Allocation		
	Total	General	Special Revenue
	\$ 26,350,795	\$ 22,952,041	\$ 3,398,754

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 and 440 hours for Educational Support Staff effective July 1, 2009) are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 5.9% of their salary (3.0% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.2% 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, 2009 was \$15,786,797 the employer's total payroll was \$16,392,468. The total required contribution for the year ended December 31, 2009 was \$1,690,173, which consisted of \$781,476, or 5.0% of covered payroll from the employer and \$908,697, or 5.8% of covered payroll from employees. The required contribution for employees for the year ended December 31, 2009 was financed by the County. Total contributions for the years ending December 31, 2008 and 2007 were \$1,646,141 and \$1,604,893 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, 2009

NOTE D - OTHER INFORMATION (Continued)

2. Other Post-Employment Benefits

Plan Description - The County provides health insurance coverage for certain retired employees and their dependents for a maximum of eight years after retirement or until the age of 70 is attained, whichever occurs first. The retired employees contribute various percentages as determined by bargained or other agreements. Other retirees can obtain insurance through the County by paying 100% of the County premium. There are 314 active and 59 retired employees in the plan.

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

Component	Amount
Annual required contribution	\$ 2,300,875
Interest on net OPEB	105,840
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>2,406,715</u>
Contributions made	<u>839,060</u>
Change in net OPEB obligation	1,567,655
OPEB obligation - beginning of year	1,558,667
OPEB obligation - end of year	<u><u>\$ 3,126,322</u></u>

The annual required contribution for the current year was determined as part of the January 1, 2009 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.6% discount rate, and (b) projected salary increases at 3%.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll. The remaining amortization period at December 31, 2009 is 28 years, and the remaining amount is \$23,751,871.

Trend Information - The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 2,347,206	33.59%	\$ 1,558,667
12/31/2009	\$ 2,406,715	34.86%	\$ 3,126,322

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE D - OTHER INFORMATION (Continued)

Funded Status and Funding Progress - As of January 1, 2008, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$26,744,841. The annual payroll for active employees covered by the plan for the 2009 fiscal year was \$15,619,000 for a ratio of the UAAL to covered payroll of 171%.

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

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

In the January 1, 2009 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 4.60% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 11.5%, reduced by decrements to an ultimate rate of 5.5% thirteen years. The UAAL is being amortized as a level percentage of projected payrolls. The remaining amortization period at December 31, 2009 was 28 years.

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, 2009 the self-insurance internal service fund had a net asset surplus of \$550,352 allocated to the following risk management programs:

Life insurance	\$ 5,860
Property and liability insurance	58,101
Health self-insurance	1,553,947
Workers compensation	684,240
Net Assets	<u>\$ 2,302,148</u>

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE D - OTHER INFORMATION (Continued)

Property and Liability Insurance

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

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

Health Self-Insurance

County employees, retirees and employee dependents were eligible for medical and dental benefits from the self-insurance fund through December 31, 2009. Funding was provided by charges to County departments, employees and retirees. The program was supplemented by annual stop loss insurance protection of \$100,000, or in some cases \$250,000, for individual claims and \$8,269,145 for aggregate claims. Fund expenses consisted of payments to a third-party administrator for medical and dental claims, stop loss insurance premiums and administrative fees. The claims liability of \$737,040 reported in the fund at December 31, 2009 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 2008 and 2009 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Payments	Liability December 31
2008	\$ 507,871	\$ 6,336,148	\$ 6,364,560	\$ 479,459
2009	479,459	6,511,587	6,254,006	737,040

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE D - OTHER INFORMATION (Continued)

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 2008 and 2009 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2008	\$ -	\$ 86,542	\$ 86,542	\$ -
2009	-	171,198	171,198	-

4. Property Tax Levy Limit

Wisconsin Act 28 of 2009, effective June 29, 2009, 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 2010 to the greater of the percentage change in the County's January 1 equalized value as a result of net new construction or 3.00 percent. The limit for the County for the 2010 budget was 3.00. 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, 2006 and in certain other situations.

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.

REQUIRED SUPPLEMENTAL INFORMATION

MARINETTE COUNTY, WISCONSIN
Schedule of Funding Progress
Other Post-Employment Benefit Plan
December 31, 2009

Actuarial Valuation Date January 1,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2008	\$ -	\$ 25,829,284	0%	\$ 25,829,284	\$ 15,018,000	172%
2009	-	26,744,841	0%	26,744,841	15,619,000	171%

The County implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008. Information for prior years is not available.

MARINETTE COUNTY, WISCONSIN
Schedule of Employer Contributions
Other Post-Employment Benefit Plan
December 31, 2009

Year Ended December 31	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	\$ 788,539	\$ 2,347,206	33.59%
2009	\$ 839,060	\$ 2,406,715	34.86%

The County implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008. Information for prior years is not available.

SUPPLEMENTAL INFORMATION

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues
General Fund
Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes				
General property	\$ 8,446,176	\$ 8,764,865	\$ 8,767,832	\$ 2,967
Forest crop	50,000	50,000	43,831	(6,169)
Payment in lieu of taxes	247,800	247,800	223,036	(24,764)
Retained sales	150	150	154	4
Real estate transfer fees	65,000	65,000	61,236	(3,764)
Interest on taxes	440,000	440,000	556,531	116,531
Total Taxes	9,249,126	9,567,815	9,652,620	84,805
Intergovernmental				
Federal aids				
SSA inmate incentive program	7,600	7,600	5,000	(2,600)
State aids				
Shared taxes	1,818,821	1,626,745	1,638,928	12,183
Exempt computers	39,000	39,000	38,559	(441)
Land information	99,200	151,932	241,767	89,835
Victim witness program	31,145	31,145	34,496	3,351
Circuit court	193,475	193,475	188,872	(4,603)
Forest roads	75,318	75,318	75,318	-
Police training and other	11,000	11,000	10,800	(200)
Rural law enforcement assistance	-	48,697	-	(48,697)
ATV/Snowmobile enforcement/TRACs	32,982	90,930	57,008	(33,922)
Emergency government	58,348	250,425	236,273	(14,152)
Hazmat	10,000	19,850	16,646	(3,204)
Homeland security funding	-	2,000	1,820	(180)
Emergency 911 system	-	30,330	30,330	-
Transportation	127,831	127,831	127,831	-
Extension	4,800	4,800	6,291	1,491
Child support program	590,505	613,032	588,568	(24,464)
ATV/Snowmobile trails and areas	365,800	505,003	322,811	(182,192)
Wildlife habitat management	137,357	137,357	133,636	(3,721)
Targeted Run-Off Management (watershed)	1,281,189	1,281,189	520,726	(760,463)
Peshtigo/Thunder River grant	48,471	138,471	66,097	(72,374)
S.W.R.M. automation grant	222,000	225,214	192,370	(32,844)
Forestry administrator	49,538	49,538	49,586	48
Hazard mitigation grant	8,000	8,000	-	(8,000)
Sustainable forestry grant	14,280	14,280	11,384	(2,896)
Veterans service	11,800	11,800	12,360	560
Boat and water safety	11,735	11,735	9,222	(2,513)
Commerce Re-Use Study Grant	-	13,406	13,406	-
Charges for services				
Sheriff - local	142,111	143,111	114,585	(28,526)
Sheriff - state	74,176	74,176	99,810	25,634
Shelter group home	238,220	308,220	253,736	(54,484)

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Intergovernmental (Continued)				
Charges for services (continued)				
Clerk	3,425	5,132	10,479	5,347
Forestry	36,216	36,216	48,972	12,756
Land information	65,000	65,000	56,314	(8,686)
Emergency government	-	19,800	19,790	(10)
Dispatch	-	-	479	479
Extension	3,000	3,000	2,655	(345)
Veterans	2,614	2,614	-	(2,614)
Total Intergovernmental	5,814,957	6,377,372	5,236,925	(1,140,447)
Regulation and Compliance				
Zoning permits and fees	29,600	29,600	12,724	(16,876)
Sanitary permits/reviews	115,350	101,350	75,811	(25,539)
Non-metallic mining fees	26,000	26,000	26,290	290
Firewood permits	13,000	13,000	17,900	4,900
Occupational licenses	40	40	20	(20)
Jail assessments	50,000	50,000	43,645	(6,355)
County ordinance forfeitures and defaults	118,500	118,500	109,209	(9,291)
County's share of state fines and forfeitures	84,000	84,000	74,538	(9,462)
County share agriculture use penalty	1,300	1,300	960	(340)
Total Regulation and Compliance	437,790	423,790	361,097	(62,693)
Charges For Services				
Clerk	3,900	3,900	3,115	(785)
Treasurer	58,075	58,075	58,753	678
Child support	11,500	11,500	8,113	(3,387)
Circuit court	161,400	161,400	157,453	(3,947)
Witness fees	2,000	2,000	785	(1,215)
Family court counseling	10,000	10,000	8,660	(1,340)
Guardian ad litem fees	67,750	67,750	71,284	3,534
District Attorney	9,500	9,500	9,735	235
Register of deeds	190,135	190,135	176,592	(13,543)
Sheriff fees	225,154	226,029	201,713	(24,316)
Board of prisoners at county jail	125,000	125,000	94,052	(30,948)
Inmate reimbursements	82,000	88,935	65,830	(23,105)
Jail canteen	12,200	12,200	22,141	9,941
Accident photos and reports	6,000	6,000	1,661	(4,339)
Coroner fees	25,050	27,951	30,470	2,519
Library	27,000	40,442	40,442	-
Parks	174,600	175,920	218,868	42,948
Land records modernization	65,000	65,000	56,355	(8,645)
County forest	2,020,250	2,020,250	2,674,911	654,661
Land information	53,200	53,200	39,811	(13,389)
Camp Bird	71,000	71,000	61,394	(9,606)
Tourism	-	1,500	1,500	-
Extension program	13,522	13,522	10,422	(3,100)
Total Charges For Services	3,414,236	3,441,209	4,014,060	572,851

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Commercial				
Investment Income				
Investment interest	1,467,650	1,467,650	1,401,569	(66,081)
Other - Interest	28,500	28,500	25,839	(2,661)
Rent of county buildings and offices	19,450	19,450	24,707	5,257
Land leases	10,000	10,000	15,561	5,561
Sale of county property	45,700	45,884	52,209	6,325
Sale of county land	50,000	50,000	73,153	23,153
Total Commercial	1,621,300	1,621,484	1,593,038	(28,446)
Miscellaneous				
Revenues from departments				
Human services buildings	314,555	314,555	319,125	4,570
Library building	64,875	64,875	65,817	942
Motor pool	15,635	15,635	15,862	227
Maintenance other	5,579	5,579	5,660	81
Family court commissioner	1,900	1,900	1,198	(702)
Clerk of court	7,818	8,176	4,881	(3,295)
Corporation counsel	1,900	1,900	1,384	(516)
Finance	6,117	6,117	96,245	90,128
District Attorney	11,500	11,500	14,475	2,975
CDBG and MAR-OCO administrative	32,400	32,400	37,005	4,605
Human resources	8,700	8,700	9,767	1,067
Emergency management	-	-	23	23
Donations	2,500	7,817	14,917	7,100
Insurance recoveries	24,019	82,023	68,758	(13,265)
Total Miscellaneous	497,498	561,177	655,117	93,940
Total Revenues	\$ 21,034,907	\$ 21,992,847	\$ 21,512,857	\$ (479,990)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures
General Fund
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government				
County board	\$ 212,230	\$ 226,509	\$ 226,419	\$ 90
Administrator	227,757	233,533	229,185	4,348
Clerk	149,274	164,684	161,157	3,527
Treasurer	231,110	242,892	239,321	3,571
Finance	344,637	364,332	360,837	3,495
Elections	24,161	25,868	20,819	5,049
Property management	20,216	20,216	13,915	6,301
Human resources	160,864	177,466	169,857	7,609
Independent auditing	23,800	24,300	24,300	-
Special accounting	5,567	5,567	5,567	-
District attorney	232,006	259,633	259,633	-
Victim witness program	54,473	61,712	61,712	-
Corporation counsel	163,485	167,769	164,902	2,867
Circuit court	316,404	339,235	339,235	-
Clerk of court	543,422	553,897	548,117	5,780
Family court commissioner	77,236	84,018	84,018	-
Family court commissioner - mediation services	10,000	10,000	10,000	-
Law library	15,000	15,000	7,035	7,965
Coroner	109,832	112,733	112,733	-
Register of deeds	291,832	304,685	296,468	8,217
Land information	887,582	930,332	924,899	5,433
Land records modernization	65,000	65,000	41,066	23,934
Courthouse	1,356,669	1,392,976	1,292,620	100,356
Tax deed expense	21,875	21,875	19,234	2,641
Personal property chargeback	3,000	3,000	1,576	1,424
Illegal taxes	2,000	2,000	1,959	41
Retirees health insurance	525,733	513,307	513,157	150
Paying agent service charges	380	380	363	17
State special charges	2,967	2,967	2,967	-
Total General Government	6,078,512	6,325,886	6,133,071	192,815
Public Protection				
Sheriff and traffic	3,687,701	3,921,549	3,894,299	27,250
Central Dispatch	1,288,748	1,333,141	1,318,804	14,337
MEG unit	97,683	97,683	97,678	5
Civil service commission	4,820	4,820	1,217	3,603
Fire suppression	1,000	1,000	556	444
Emergency management	48,096	55,051	55,051	-
Emergency management EMPG grant	37,958	37,560	37,467	93
Emergency management EPCRA grant	19,703	19,345	19,012	333

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures (Continued)
General Fund
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Protection (Continued)				
Emergency management hazmat grants	10,000	19,850	16,646	3,204
Emergency management other grants	-	230,093	215,931	14,162
Emergency management incident response	-	875	875	-
Emergency 911 system	-	30,330	30,330	-
Ambulance and rescue squads	32,050	32,050	32,050	-
Sheltered group home	238,220	308,220	308,220	-
Jail	2,570,239	2,602,065	2,601,985	80
Jail rural assistance grant	-	66,540	18,421	48,119
Total Public Protection	8,036,218	8,760,172	8,648,542	111,630
Public Ways and Facilities				
Airport	70,200	70,800	61,852	8,948
Health				
Committee on aging	287,177	287,308	287,308	-
Child support program	707,785	728,623	668,266	60,357
Veterans relief	11,290	13,795	9,965	3,830
Veterans service officer	163,824	168,251	165,946	2,305
Burial of veterans	3,200	3,200	2,081	1,119
Total Health and Social Services	1,173,276	1,201,177	1,133,566	67,611
Culture and Recreation				
Library	946,174	951,530	938,786	12,744
Fairs and exhibits	10,000	10,000	10,000	-
Snowmobile/ATV trails and areas	378,705	528,685	329,473	199,212
Parks	776,937	786,480	747,421	39,059
Recreation land	108,700	37,700	17,435	20,265
Total Culture and Recreation	2,220,516	2,314,395	2,043,115	271,280
Education				
University extension program	311,079	333,572	327,048	6,524
U.W. Center	56,000	56,000	55,331	669
Total Education	367,079	389,572	382,379	7,193
Forestry				
County forest	1,091,850	1,107,812	1,045,620	62,192
Forestry equipment	-	200,000	184,263	15,737
Total Forestry	1,091,850	1,307,812	1,229,883	77,929

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures (Continued)
General Fund
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Conservation and Development				
Camp Bird	158,887	158,887	128,974	29,913
Wildlife habitat management	24,013	24,013	16,218	7,795
Wildlife damage	125,358	126,430	108,279	18,151
Contributions to sports clubs	1,000	1,000	903	97
Lake Noquebay dam	1,500	1,500	1,500	-
Aquatic invasive species and other lake grants	-	52,882	42,181	10,701
Peshtigo/Thunder River grant	48,471	138,471	63,847	74,624
S.W.R.M. automation grant	225,237	230,531	199,323	31,208
Targeted run-off management	1,281,189	1,281,189	520,726	760,463
Non-metallic mining	39,292	39,292	27,613	11,679
Comprehensive planning	126,200	126,200	87,772	38,428
Regional planning commission	17,644	17,644	17,644	-
Tourism	-	128,001	120,677	7,324
Economic development	89,292	117,698	116,813	885
Total Conservation and Development	<u>2,138,083</u>	<u>2,443,738</u>	<u>1,452,470</u>	<u>991,268</u>
 Total Expenditures	 <u>\$ 21,175,734</u>	 <u>\$ 22,813,552</u>	 <u>\$ 21,084,878</u>	 <u>\$ 1,728,674</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

Community Development Block Grant Fund - This fund is used to account for economic development grants received by the County from the Wisconsin Department of Development that are used to finance economic development loans to business firms and industries within the County. Repayment of principal and interest on the loans is used to finance additional economic development loans. The community development block grant fund is administered by the Marinette County 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, 2009

	Special Revenue Funds					
	Library Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust
ASSETS						
Pooled cash and investments	\$ 25,373	\$ -	\$ 7,397	\$ 5,863	\$ 205,066	\$ 23,490
Receivables						
Property taxes levied for subsequent year	-	3,000	-	-	-	-
Accounts	409	-	-	-	-	-
Interest	-	1,294	-	-	2,739	309
Loans	-	-	-	-	-	-
Restricted assets						
Pooled cash and investments	-	278,351	-	-	-	-
TOTAL ASSETS	\$ 25,782	\$ 282,645	\$ 7,397	\$ 5,863	\$ 207,805	\$ 23,799
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 3,855	\$ 830	\$ 6,397	\$ 1,958	\$ 513	\$ -
Deferred revenue - loans receivable						
Loans receivable	-	-	-	-	-	-
Property Taxes	-	3,000	-	-	-	-
Total Liabilities	3,855	3,830	6,397	1,958	513	-
Fund Balances						
Unreserved	21,927	278,815	1,000	3,905	207,292	23,799
TOTAL LIABILITIES AND FUND BALANCES	\$ 25,782	\$ 282,645	\$ 7,397	\$ 5,863	\$ 207,805	\$ 23,799

(Continued)

MARINETTE COUNTY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2009

	Special Revenue Funds (Continued)				Capital Projects Fund	Totals 2009
	Computer Loan Program	Revolving Loan Fund	Teen Court	Community Development Block Grant	Stephenson Library Renovation	
ASSETS						
Pooled cash and investments	\$ 49,974	\$ 60,681	\$ 5,047	\$ 111,521	\$ 6,100	\$ 500,512
Receivables						
Property taxes levied for subsequent year	-	-	-	-	-	\$ 3,000
Accounts	-	-	-	-	5,200	5,609
Interest	-	-	-	-	-	4,342
Loans	25,026	1,292,228	-	1,118,997	-	2,436,251
Restricted assets						
Pooled cash and investments	-	-	-	-	-	278,351
TOTAL ASSETS	\$ 75,000	\$ 1,352,909	\$ 5,047	\$ 1,230,518	\$ 11,300	\$ 3,228,065
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 3,420	\$ 11,300	\$ 28,273
Deferred revenue - loans receivable						
Loans receivable	25,026	1,292,228	-	1,118,997	-	2,436,251
Property Taxes	-	-	-	-	-	3,000
Total Liabilities	25,026	1,292,228	-	1,122,417	11,300	2,467,524
Fund Balances						
Unreserved	49,974	60,681	5,047	108,101	-	760,541
TOTAL LIABILITIES AND FUND BALANCES	\$ 75,000	\$ 1,352,909	\$ 5,047	\$ 1,230,518	\$ 11,300	\$ 3,228,065

MARINETTE COUNTY, WISCONSIN
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 December 31, 2009

	Special Revenue Funds					
	Library Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust
Revenues						
Intergovernmental						
State aid	\$ 11,654	-	-	-	-	-
Regulations and compliance						
License fees	-	-	7,141	-	-	-
Commercial						
Loan Repayments						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Interest on investments	-	4,100	-	-	5,515	611
Miscellaneous						
Donations	-	-	-	2,860	-	-
Total Revenues	11,654	4,100	7,141	2,860	5,515	611
Expenditures						
General government	-	-	-	-	-	-
Public ways and facilities	-	9,407	-	-	-	-
Health	-	-	7,141	-	-	-
Culture and recreation	11,557	-	-	4,582	6,263	558
Education	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-
Total Expenditures	11,557	9,407	7,141	4,582	6,263	558
Excess (Deficiency) of Revenues Over Expenditures	97	(5,307)	-	(1,722)	(748)	53
Other Financing Sources (Uses)						
Transfers in	20,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	20,000	-	-	-	-	-
Net Change in Fund Balance	20,097	(5,307)	-	(1,722)	(748)	53
Fund Balance - January 1	1,830	284,122	1,000	5,627	208,040	23,746
Fund Balance - December 31	\$ 21,927	\$ 278,815	\$ 1,000	\$ 3,905	\$ 207,292	\$ 23,799

(Continued)

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2009

	Special Revenue Funds (Continued)				Capital Project	Totals 2009
	Computer Loan Program	Revolving Loan Fund	Teen Court	Community Development Block Grant	Stephenson Library Renovation	
Revenues						
Intergovernmental						
State aid	-	-	-	-	-	\$ 11,654
Regulations and compliance						
License fees	-	-	-	-	-	7,141
Commercial						
Loan Repayments						
Principal	29,576	155,365	-	204,234	-	389,175
Interest	-	31,070	-	31,200	-	62,270
Interest on investments	-	831	-	596	-	11,653
Miscellaneous						
Donations	-	-	530	-	29,009	32,399
Total Revenues	29,576	187,266	530	236,030	29,009	514,292
Expenditures						
General government	-	-	353	-	-	353
Public ways and facilities	-	-	-	-	-	9,407
Health	-	-	-	-	-	7,141
Culture and recreation	-	-	-	-	61,918	84,878
Education	29,392	-	-	-	-	29,392
Conservation and development	-	680,400	-	286,126	-	966,526
Total Expenditures	29,392	680,400	353	286,126	61,918	1,097,697
Excess (Deficiency) of Revenues Over Expenditures	184	(493,134)	177	(50,096)	(32,909)	(583,405)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	20,000
Transfers out	-	(22,500)	-	-	(6,188)	(28,688)
Total Other Financing Sources (Uses)	-	(22,500)	-	-	(6,188)	(8,688)
Net Change in Fund Balance	184	(515,634)	177	(50,096)	(39,097)	(592,093)
Fund Balance - January 1	49,790	576,315	4,870	158,197	39,097	1,352,634
Fund Balance - December 31	\$ 49,974	\$ 60,681	\$ 5,047	\$ 108,101	\$ -	\$ 760,541

INTERNAL SERVICE FUNDS

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

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

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

MARINETTE COUNTY, WISCONSIN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2009

	Self- Insurance	Information Services	Central Motor Pool	Totals 2009
ASSETS				
Current Assets				
Pooled cash and investments	\$ 2,695,482	\$ 398,014	\$ 85,449	\$ 3,178,945
Receivables				
Accounts	209,734	998	639	211,371
Property taxes levied for subsequent year	50,000	-	-	50,000
Inventories	-	46,426	-	46,426
Prepaid items	134,134	9,881	-	144,015
Total Current Assets	3,089,350	455,319	86,088	3,630,757
Capital Assets				
Machinery and equipment	-	513,083	530,875	1,043,958
Accumulated depreciation	-	(320,717)	(387,389)	(708,106)
Net Capital Assets	-	192,366	143,486	335,852
TOTAL ASSETS	3,089,350	647,685	229,574	3,966,609
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	737,040	63,966	3,920	804,926
Accrued liabilities	162	5,758	-	5,920
Deferred revenue - property taxes	50,000	-	-	50,000
TOTAL CURRENT LIABILITIES	787,202	69,724	3,920	860,846
NET ASSETS				
Invested in capital assets	-	192,366	143,486	335,852
Unrestricted	2,302,148	385,595	82,168	2,769,911
TOTAL NET ASSETS	\$ 2,302,148	\$ 577,961	\$ 225,654	\$ 3,105,763

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2009

	Self- Insurance	Information Services	Central Motor Pool	Totals 2009
Operating Revenues				
Charges for services	\$ 9,275,164	\$ 1,071,346	\$ 135,655	\$ 10,482,165
Operating Expenses				
Claims and premiums	7,993,026	-	-	7,993,026
Operation and maintenance	-	990,681	77,120	1,067,801
Depreciation	-	78,752	84,779	163,531
Total Operating Expenses	7,993,026	1,069,433	161,899	9,224,358
Operating Income (Loss)	1,282,138	1,913	(26,244)	1,257,807
Nonoperating Revenues				
General property taxes	106,000	-	-	106,000
Insurance recoveries	363,658	-	-	363,658
Gain on disposal of assets	-	-	2,700	2,700
Total Nonoperating Revenues	469,658	-	2,700	472,358
Income (Loss)	1,751,796	1,913	(23,544)	1,730,165
Total Net Assets - January 1	550,352	576,048	249,198	1,375,598
Total Net Assets - December 31	\$ 2,302,148	\$ 577,961	\$ 225,654	\$ 3,105,763

MARINETTE COUNTY, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2009

	Self- Insurance	Information Services	Central Motor Pool	Totals 2009
Cash Flows from Operating Activities				
Receipts from customers/insured	\$ 960,390	\$ 2,500	\$ -	\$ 962,890
Internal activity - payments from other funds	8,191,881	1,073,904	136,179	9,401,964
Payment to employees	(40,895)	(617,371)	-	(658,266)
Payment to suppliers/providers	(7,756,025)	(351,128)	(75,346)	(8,182,499)
Net Cash Provided by Operating Activities	1,355,351	107,905	60,833	1,524,089
Cash Flows from Noncapital Financing Activities				
Property taxes	106,000	-	-	106,000
Insurance recoveries	363,658	-	-	363,658
Net Cash Flows from Noncapital Financing Activities	469,658	-	-	469,658
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	-	(18,912)	(73,793)	(92,705)
Disposal/Transfer of assets gain/(loss)	-	-	2,700	2,700
Net Cash Provided (Used) by Capital and Incom Related Financing Activities	-	(18,912)	(71,093)	(90,005)
Increase (Decrease) in Cash and Cash Equivalents	1,825,009	88,993	(10,260)	1,903,742
Cash and Cash Equivalents - January 1	870,473	309,021	95,709	1,275,203
Cash and Cash Equivalents - December 31	\$ 2,695,482	\$ 398,014	\$ 85,449	\$ 3,178,945
Displayed as:				
Current Assets				
Pooled cash and investments	\$ 2,695,482	\$ 398,014	\$ 85,449	\$ 3,178,945
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 1,282,138	\$ 1,913	\$ (26,244)	\$ 1,257,807
Depreciation	-	78,752	84,779	163,531
Change in assets and liabilities:				
Receivables, net	(122,893)	(31,487)	524	(153,856)
Prepaid items	(5,637)	32,503	-	26,866
Accounts and other payables	201,743	26,224	1,774	229,741
Net Cash Provided by Operating Activities	\$ 1,355,351	\$ 107,905	\$ 60,833	\$ 1,524,089

MARINETTE COUNTY, WISCONSIN
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2009

	Agency Funds								Totals 2009
	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	\$ -	\$ 5,252,579	\$ 90,673	\$ 29,395	\$ 227,621	\$ 1,598,941	\$ 7,492	\$ 5,122	\$ 7,211,823
Receivables									
Accounts	-	-	-	-	-	-	-	100	100
Delinquent property taxes	-	125,028	-	-	-	-	-	-	125,028
Property taxes levied for subsequent year	650,502	-	-	-	-	-	-	-	650,502
TOTAL ASSETS	\$ 650,502	\$ 5,377,607	\$ 90,673	\$ 29,395	\$ 227,621	\$ 1,598,941	\$ 7,492	\$ 5,222	\$ 7,987,453
LIABILITIES AND FUND BALANCE									
Liabilities									
Due to taxing districts									
Tax collections	\$ 650,502	\$ 4,988,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,639,424
Special assessments	-	128,223	-	-	-	-	-	-	128,223
Forest income	-	260,462	-	-	-	-	-	-	260,462
Deposits payable	-	-	90,673	29,395	227,621	1,598,941	7,492	5,222	1,959,344
TOTAL LIABILITIES	\$ 650,502	\$ 5,377,607	\$ 90,673	\$ 29,395	\$ 227,621	\$ 1,598,941	\$ 7,492	\$ 5,222	\$ 7,987,453

**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, 2009, which collectively comprise Marinette County's basic financial statements and have issued our report thereon dated June 25, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

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 over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 June 25, 2010.

Marinette County, Wisconsin's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Marinette County, Wisconsin's response and, accordingly, we express no opinion on it.

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



Certified Public Accountants
Green Bay, Wisconsin
June 25, 2010

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, 2009. 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133 and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about 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, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, required to be reported in accordance with OMB Circular A-133 and the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 2009-02.

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 and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marinette County, Wisconsin's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2009-01. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Marinette County, Wisconsin's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Marinette County, Wisconsin's responses and, accordingly, we express no opinion on the responses.

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.



Certified Public Accountants
Green Bay, Wisconsin
September 14, 2010 except for the Schedules of
Expenditures of Federal Awards and State
Financial Assistance as to which the date is
June 25, 2010

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
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FEDERAL PROGRAMS

U.S. DEPARTMENT OF AGRICULTURE

Special Supplemental Nutrition Program for Women, Infants and Children	WI Department of Health Services	10.557
State Administrative Matching Grants for Food Stamp Program	WI Department of Children and Families	10.561
State Administrative Matching Grants for Food Stamp Program	WI Department of Health Services	10.561
ARRA - State Administrative Matching Grants for Food Stamp Program	WI Department of Health Services	10.561
Total State Administrative Matching Grants for Food Stamp Program		

Total U.S. Department of Agriculture

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grants	WI Department of Commerce	14.228
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U.S. DEPARTMENT OF JUSTICE

State Criminal Alien Assistance Program	Direct Program	16.606
CEASE	WI Department of Justice	N/A
Total U.S. Department of Justice		

U.S. DEPARTMENT OF TRANSPORTATION

Highway Safety Cluster		
State and Community Highway Safety		20.600
Sheriff's Department	WI Department of Transportation	
Human Services Department	WI Department of Transportation	
Total State and Community Highway Safety		
TRACS Grant	WI Department of Transportation	20.610
Total Highway Safety Cluster		

Hazmat Public Sector Training and Planning Grants	WI Department of Military Affairs	20.703
Total U.S. Department of Transportation		

U.S. DEPARTMENT OF EDUCATION

Grants for Infants and Toddlers with Disabilities	WI Department of Health Services	84.181
ARRA - Stabilization Fund - Government Services Fund	WI Department of Revenue	84.397
Total U.S. Department of Education		

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Public Health Emergency Preparedness	WI Department of Health Services	93.069
Childhood Immunization Grants	WI Department of Health Services	93.268
Family Preservation and Support Services	WI Department of Children and Families	93.556
Temporary Assistance for Needy Families	WI Department of Health Services	93.558
Temporary Assistance for Needy Families	WI Department of Children and Families	93.558
Total Temporary Assistance for Needy Families		

(Continued)

(Accrued) Deferred Revenue 1/1/09	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/09	Total Revenues	Total Expenditures
\$ (14,127)	\$ 180,921	\$ 22,792	\$ 189,586	\$ 189,586
(24,048)	24,048	-	-	-
(38,232)	310,023	53,594	325,385	325,385
-	25,207	-	25,207	25,207
(62,280)	359,278	53,594	350,592	350,592
(76,407)	540,199	76,386	540,178	540,178
-	13,406	-	13,406	13,406
-	1,949	-	1,949	1,949
-	75	-	75	75
-	2,024	-	2,024	2,024
-	12,000	-	12,000	12,000
-	3,000	-	3,000	3,000
-	15,000	-	15,000	15,000
-	7,707	-	7,707	7,707
-	22,707	-	22,707	22,707
-	9,714	-	9,714	9,714
-	32,421	-	32,421	32,421
-	36,390	-	36,390	36,390
-	670,051	-	670,051	670,051
-	706,441	-	706,441	706,441
(14,494)	61,811	8,461	55,778	55,778
-	11,293	1	11,294	11,294
(13,792)	40,358	19,784	46,350	46,350
-	42,490	-	42,490	42,490
(982)	126,086	9,673	134,777	134,777
(982)	168,576	9,673	177,267	177,267

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2009

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
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FEDERAL PROGRAMS (Continued)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)

Child Support Enforcement (Title IV-D)	WI Department of Children and Families	93.563
ARRA - Child Support Enforcement (Title IV-D)	WI Department of Children and Families	93.563
Total Child Support Enforcement (Title IV-D)		
Low Income Home Energy Assistance	WI Department of Administration	93.568
Child Care Development Fund	WI Department of Children and Families	93.596
Chafee Education and Training Vouchers	WI Department of Children and Families	93.599
Child Welfare Services - State Grants	WI Department of Children and Families	93.645
Child Welfare Services - State Grants	WI Department of Corrections	93.645
Total Child Welfare Services - State Grants		
Foster Care (Title IV-E)	WI Department of Children and Families	93.658
Foster Care (Title IV-E)	WI Department of Corrections	93.658
Total Foster Care (Title IV-E)		
Social Services Block Grant	WI Department of Health Services	93.667
Social Services Block Grant	WI Department of Children and Families	93.667
Total Social Services Block Grant		
Youth Independent Living	WI Department of Children and Families	93.674
State Children's Insurance Program	WI Department of Children and Families	93.767
Medical Assistance Program		93.778
Human Services	WI Department of Health Services	
Public Health	WI Department of Health Services	
Total Medical Assistance Program		
Centers for Medicare and Medicaid Services Research, Demonstrations & Evaluations	WI Department of Children and Families	93.779
Block Grants for Community Mental Health Services	WI Department of Health Services	93.958
Block Grants for Prevention and Treatment of Substance Abuse	WI Department of Health Services	93.959
Preventive Health and Social Services Block Grant	WI Department of Health Services	93.991
Material and Child Health Services Block Grant	WI Department of Health Services	93.994
Total U.S. Department of Health and Human Services		
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>		
Emergency Management Performance Grants	WI Department of Military Affairs	97.042
Pre-Disaster Mitigation Grant (PDM)	WI Department of Military Affairs	97.017
Homeland Security Grant Program	WI Department of Administration	97.067
Total U.S. Department of Homeland Security		

TOTAL EXPENDITURES OF FEDERAL AWARDS

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

(Accrued) Deferred Revenue 1/1/09	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/09	Total Revenues	Total Expenditures
(64,790)	333,920	74,882	344,012	344,012
-	226,212	5,526	231,738	231,738
(64,790)	560,132	80,408	575,750	575,750
(46,087)	136,654	43,290	133,857	133,857
133	(473)	21,484	21,144	21,144
(1,514)	1,832	953	1,271	1,271
-	26,332	-	26,332	26,332
(115)	7,603	(1,174)	6,314	6,314
(115)	33,935	(1,174)	32,646	32,646
(4,899)	245,156	302	240,559	240,559
(115)	11,347	(1,761)	9,471	9,471
(5,014)	256,503	(1,459)	250,030	250,030
-	174,997	-	174,997	174,997
-	36,195	-	36,195	36,195
-	211,192	-	211,192	211,192
(12,657)	17,022	13,093	17,458	17,458
(8,342)	33,185	5,212	30,055	30,055
(439,547)	3,507,592	404,731	3,472,776	3,472,776
-	1,322	-	1,322	1,322
(439,547)	3,508,914	404,731	3,474,098	3,474,098
(18,303)	126,356	26,051	134,104	134,104
(426)	91,572	236	91,382	91,382
-	75,173	-	75,173	75,173
-	7,669	1	7,670	7,670
(83)	18,198	257	18,372	18,372
(626,013)	5,359,902	631,002	5,364,891	5,364,891
-	46,400	-	46,400	46,400
(3,750)	3,750	-	-	-
-	6,980	167,589	174,569	174,569
(3,750)	57,130	167,589	220,969	220,969
\$ (706,170)	\$ 6,711,523	\$ 874,977	\$ 6,880,330	\$ 6,880,330

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance
For the Year Ended December 31, 2009

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
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STATE PROGRAMS

DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION

Basic Annual Staffing Grants	Direct Program	115.15
Land & Water Resource Management Plan Implementation	Direct Program	115.40
Total Department of Agriculture, Trade and Consumer Protection		

DEPARTMENT OF COMMERCE

Wisconsin Fund Private Sewage System	Direct Program	143.110
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DEPARTMENT OF NATURAL RESOURCES

Aids in Lieu of Taxes	Direct Program	370.503
Boating Enforcement Aids	Direct Program	370.55
All Terrain Vehicle Enforcement	Direct Program	370.551
Snowmobile Enforcement	Direct Program	370.552
Wildlife Damage Claims and Abatement 2008	Direct Program	370.553
2009	Direct Program	
Recreational Aids - Fish, Wildlife & Forestry	Direct Program	370.564
Forest Croplands & Managed Forest Land Aids	Direct Program	370.566
Urban and Community Forestry	Direct Program	370.572
Recreational Aids - Snowmobile Trails and Area Aid	Direct Program	370.574 & 370.575
Recreational Aids - All-Terrain Vehicle	Direct Program	370.576 & 370.577
Nonpoint Source Pollution	Direct Program	370.662
Environmental Aids - Lake Protection Grant	Direct Program	370.663
Environmental Aids - Lake Management Planning Grants	Direct Program	370.664
Invasive Aquatic Species	Direct Program	370.678
Environmental Aids-Brownsfield Site Assessment	Direct Program	370.687
Total Department of Natural Resources		

DEPARTMENT OF TRANSPORTATION

Elderly and Handicapped Transportation Aids	Direct Program	395.101
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DEPARTMENT OF CORRECTIONS

Community Intervention Program	Direct Program	410.302
Community Youth and Family Aids	Direct Program	410.313
Total Department of Corrections		

DEPARTMENT OF HEALTH SERVICES

Medicaid Personal Care Program (See Note D)	Direct Program	N/A
Wisconsin Medicaid Cost Reporting (See Note D)	Direct Program	N/A
Case Management Agency Providers (See Note D)	Direct Program	435.153
Fraud	Direct Program	435.95
Funeral/Cemetery W-2 and Non W-2	Direct Program	435.105
Medicaid Transportation	Direct Program	435.131
Medicaid Transportation Administration	Direct Program	435.132

(Continued)

(Accrued) Deferred Revenue 1/1/09	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/09	Total Revenues	Total Expenditures
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\$	(26,966)	\$	164,315	\$	11,820	\$	149,169	\$	149,169
	(39,200)		52,306		30,095		43,201		43,201
	(66,166)		216,621		41,915		192,370		192,370

	-		26,671		-		26,671		26,671
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	-		169		-		169		169
	-		9,222		-		9,222		9,222
	-		5,894		-		5,894		5,894
	-		7,404		-		7,404		7,404

	(72,144)		72,144		-		-		-
	-		-		110,549		110,549		110,549
	-		23,087		-		23,087		23,087
	-		47,021		-		47,021		47,021
	-		60,970		-		60,970		60,970

	(106,120)		342,184		(29,322)		206,742		206,742
	(157)		118,932		(2,706)		116,069		116,069
	-		545,482		39,091		584,573		584,573
	-		2,152		-		2,152		2,152
	-		-		27,269		27,269		27,269
	50,000		2,058		(7,957)		44,101		44,101
	(90,000)		90,000		-		-		-
	(218,421)		1,326,719		136,924		1,245,222		1,245,222

	-		127,831		-		127,831		127,831
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	-		18,270		-		18,270		18,270
	(7,414)		737,465		(114,449)		615,602		615,602
	(7,414)		755,735		(114,449)		633,872		633,872

	(600)		5,065		1,568		6,033		6,033
	(7,146)		57,335		13,505		63,694		63,694
	(3,235)		79,241		12,675		88,681		88,681
	(1,306)		5,792		1,717		6,203		6,203

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2009

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
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STATE PROGRAMS

DEPARTMENT OF HEALTH SERVICES (Continued)

PF Non Federal Program Revenue	Direct Program	435.200
FSET Admin GPR/Fed Base	Direct Program	435.231
FSET Transp GPR/Fed Base	Direct Program	435.233
FSET Retent GPR/Fed Base	Direct Program	435.235
IM Available Allocation - State	Direct Program	435.283
IM Available Allocation - Federal	Direct Program	435.284
Community Options Programs	Direct Program	435.367
Kinship Care Base Benefit	Direct Program	435.377
Kinship Care Assessments	Direct Program	435.380
Medical Assistance Program Benefits		
COP W Program	Direct Program	435.338
CIP II Program	Direct Program	435.348
CIP II Comm Relocate - Non Federal	Direct Program	435.369
CIP II Diversions - Non Federal	Direct Program	435.375
ICFMR Nonfed	Direct Program	435.407
FC Transition CIP1B Nonfed	Direct Program	435.410
CLTS	Direct Program	435.450
CLTS MH	Direct Program	435.451
CLTS DD Non Federal other	Direct Program	435.460
CLTS MH Non Federal other	Direct Program	435.461
CLTS PD Non Federal other	Direct Program	435.462
CIP II MFP Non Federal	Direct Program	435.478
Brain Injury Waiver Program	Direct Program	435.506
CIP 1B Program	Direct Program	435.564
CIP 1A Program	Direct Program	435.580
Integrated Service Child Disb	Direct Program	435.530
Non-Resident	Direct Program	435.531
Birth to Three	Direct Program	435.550
Basic County Allocation	Direct Program	435.561
IDP Emergency Funds	Direct Program	435.567
Family Support Program	Direct Program	435.577
Community and Mental Health Services	Direct Program	435.681
Program Integrity	Direct Program	435.750
CYSHCN Nutrition Network	Direct Program	435.110130
Fluoride Mouthrinse	Direct Program	435.151735
Special Supplemental Food Program for Women, Infants and Children	Direct Program	435.154720
Wisconsin Well Women Program	Direct Program	435.157000
Lead Poisoning Prevention	Direct Program	435.157720
TPCP-WI Wins Enforcement	Direct Program	435.158116
TPCP - COM INTRVNTNS-LHD	Direct Program	435.158125
TPCP-WI Wins	Direct Program	435.158127
Maternal and Child Health Services	Direct Program	435.159320
Elder Abuse	Greater Wisconsin Area Agency on Aging	435.560490
Total Department of Health Services		

(Continued)

(Accrued) Deferred Revenue 1/1/09	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/09	Total Revenues	Total Expenditures
(60)	60	-	-	-
-	11,439	10,091	21,530	21,530
-	4,357	(150)	4,207	4,207
-	540	(540)	-	-
(1,473)	218,481	1,252	218,260	218,260
(1,443)	13,394	2,507	14,458	14,458
(201,322)	474,503	204,335	477,516	477,516
(4,685)	4,685	-	-	-
(5,407)	5,407	-	-	-
(25,578)	358,485	50,570	383,477	383,477
(80,383)	277,435	53,776	250,828	250,828
(8,342)	88,433	(33,797)	46,294	46,294
(5,479)	71,864	6,310	72,695	72,695
(105,266)	147,641	114,989	157,364	157,364
(7,733)	11,328	7,835	11,430	11,430
25,685	69,804	1,128	96,617	96,617
215	4,574	(430)	4,359	4,359
3,885	6,894	(5,345)	5,434	5,434
4,329	(1,911)	257	2,675	2,675
2,625	(1,063)	(892)	670	670
(4,665)	24,578	4,487	24,400	24,400
(22,100)	91,489	9,805	79,194	79,194
-	156,240	-	156,240	156,240
(2,612)	204,591	-	201,979	201,979
-	7,400	-	7,400	7,400
(530)	8,480	-	7,950	7,950
-	43,465	-	43,465	43,465
-	927,783	-	927,783	927,783
(33,038)	33,038	39,548	39,548	39,548
(7,306)	43,226	7,880	43,800	43,800
-	138,112	-	138,112	276,224
-	4,148	-	4,148	4,148
-	6,240	-	6,240	6,240
(359)	700	766	1,107	1,107
(433)	1,732	433	1,732	1,732
-	6,027	18,080	24,107	24,107
-	6,600	-	6,600	6,600
-	788	-	788	788
(2,874)	16,874	-	14,000	14,000
-	1,950	-	1,950	1,950
-	1,320	-	1,320	1,320
-	19,123	5,202	24,325	24,325
(496,636)	3,657,687	527,562	3,688,613	3,826,725

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2009

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
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STATE PROGRAMS (Continued)

DEPARTMENT OF CHILDREN AND FAMILIES

W-2 Agencies

(See Federal Program CFDA #93.558)

Child Support Enforcement (Title IV-D)

(See Federal Program CFDA #93.563)

CS Regular Expenses GPR	Direct Program	437.202
FEV - State Share No Match	Direct Program	437.215
W2R Job Access Loans	Direct Program	437.223
Vital Records and Unemployment Intercept Fees	Direct Program	437.334
Food Stamp Program	Direct Program	445.367
AW DOJ Fingerprint Background	Direct Program	437.3324
Children and Family Incentives	Direct Program	437.3342
CQI Review Expenses	Direct Program	437.3346
Basic County Allocation	Direct Program	437.3561
Community and Mental Health Services	Direct Program	437.3681
Total Department of Children and Families		

DEPARTMENT OF JUSTICE

Victim and Witness Assistance Program - A Program Cluster	Direct Program	455.503, 455.532 & 455.539
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DEPARTMENT OF MILITARY AFFAIRS

EPCRA Emergency Planning Grant	Direct Program	465.337
EPCRA Computer & Hazmat Equipment Grant	Direct Program	465.367
Total Department of Military Affairs		

DEPARTMENT OF ADMINISTRATION

Planning Grant	Direct Program	505.110
Land Information Board	Direct Program	505.118
Public Benefits	Direct Program	505.371
Digital Recording Grant	Direct Program	505.630
Total Department of Administration		

PUBLIC SERVICE COMMISSION

E911	Direct Program	N/A
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TOTAL STATE PROGRAMS

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

(Accrued) Deferred Revenue 1/1/09	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/09	Total Revenues	Total Expenditures
(340)	340	-	-	-
(307)	12,915	3,083	15,691	15,691
(675)	201	-	(474)	(474)
18	(142)	(14)	(138)	(138)
(24,048)	24,048	-	-	-
(817)	817	817	817	817
(5,758)	91,560	-	85,802	85,802
-	7,409	-	7,409	7,409
-	178,289	-	178,289	178,289
-	59,323	-	59,323	118,646
(31,927)	374,760	3,886	346,719	406,042
(14,578)	29,381	19,693	34,496	34,496
(6,466)	13,228	6,761	13,523	13,523
-	6,932	-	6,932	6,932
(6,466)	20,160	6,761	20,455	20,455
-	84,233	43,820	128,053	128,053
-	300	-	300	300
(7,838)	50,460	15,988	58,610	58,610
-	10,916	-	10,916	10,916
(7,838)	145,909	59,808	197,879	197,879
(170,858)	-	170,858	-	-
\$ (1,020,304)	\$ 6,681,474	\$ 852,958	\$ 6,514,128	\$ 6,711,563

MARINETTE COUNTY, WISCONSIN

Notes to the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance
Year Ended December 31, 2009

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.

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the County's 2009 basic financial statements. Accrued revenue at year-end consists of state program expenditures scheduled for reimbursement to the County in the succeeding year while deferred revenue represents advances for state programs that exceed recorded County expenditures.

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

Federal Programs: Marinette County 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 Justice
State - Wisconsin Department of Health Services

MARINETTE COUNTY, WISCONSIN

Notes to the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance
Year Ended December 31, 2009

NOTE D - TITLE 19 MEDICAL ASSISTANCE PAYMENTS

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

NOTE E - STATE DIRECT PAYMENTS

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

NOTE F - STATE OF WISCONSIN REPORTING SYSTEM

The Wisconsin Department of Health Services (DHS), Department of Children and Families (DCF), and Department of Workforce Development (DWD) utilize the Community Aids Reporting System (CARS) and the Central Office Reporting System (CORe) for reimbursing the County for various federal and state program expenditures. The expenditures reported on the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance for various DHS, DCF and DWD programs agree with the expenditures reported on the May 17, 2010 CARS for the Human Services Department and the December, 2009 CORe for Child Support and W2 programs, with adjustments for anticipated receivables.

MARINETTE COUNTY, WISCONSIN
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

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)? Yes

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? Yes
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Guidelines Yes

Identification of major federal program:

CFDA Number	Name of Federal Program
84.397	ARRA – Stabilization Fund – Government Services Fund
93.563*	Child Support Enforcement (Title IV-D)
93.563*	ARRA Child Support Enforcement (Title IV-D)
93.778	Medical Assistance Program

* These programs were omitted from the original report

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
435.367	Community Options Program Medical Assistance Program Benefits
435.338	COP W Program
435.348	CIP II Program
435.369	CIP II Comm Relocate – Non Federal
435.375	CIP II Diversions – Non Federal
435.407	ICFMR Nonfed
435.410	FC Transition CIP1B Nonfed
435.450	CLTS
435.451	CLTS MH
435.460	CLTS DD Non Federal other
435.461	CLTS MH Non Federal other
435.462	CLTS PD Non Federal other
435.478	CIP II MFP Non Federal
435.506	Brain Injury Waiver Program
435.564	CIP 1B Program
435.580	CIP 1A Program
505.110	Planning Grant

MARINETTE COUNTY, WISCONSIN
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

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, 2009.

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

Finding No.	Internal Control Deficiency
2009-01	<p>Financial Reporting for Federal and State Financial Assistance</p> <p>Condition: OMB Circular A-133 and the <i>State Single Audit Guidelines</i> requires the County to prepare appropriate financial statements including the schedule of expenditures of federal awards and state financial assistance. While the current staff of the County maintain financial records supporting amounts reported in the schedules of expenditures of federal awards and state financial assistance, the County contracts with Schenck to compile the data from these records and prepare the single audit report for the County.</p> <p>Criteria: Having staff with expertise in federal and state financial reporting prepare the County's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal awards and state financial assistance, or accompanying notes to the schedule.</p> <p>Effect: The County could receive federal or state grant awards which are not included in the accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance.</p> <p>Cause: The additional costs associated with hiring staff sufficiently experienced to prepare the County's single audit report, including the additional training time, outweigh the derived benefits.</p> <p>Recommendation: We recommend County personnel continue reviewing the County's single audit report prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the County is necessary to ensure all federal and state financial assistance programs are properly reported in the County's single audit report.</p>

MARINETTE COUNTY, WISCONSIN
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

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

Finding No.	State Single Audit Guidelines Findings	Questioned Costs
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2009-02 General Requirements - Purchase of Service Contracts

Condition: The County is responsible for monitoring the receipt of the audit and subsequent review of the provider audit reports to ensure they contain all applicable report elements required by the contract. Any audit findings should be resolved within six months after receipt of the provider's audit reports.

Criteria: Providers receiving more than \$25,000 in funds from the County must have an audit that meets department standards, unless alternative monitoring is performed and the audit requirement waived by the County. Providers generally need to submit audit reports to the County six months after the end of their fiscal period.

Effect: The County could pass-through federal and state grant awards to provider agencies and be unable to determine if the sub recipient properly administered the awards.

Questioned Costs: At the end of the audit fieldwork, the County had not received a 2008 audit from one provider as detailed below. Total payments of \$96,651 as summarized below by CARS line, are reported as questioned costs.

\$ 96,651

Recommendation: Our review of the County's procedures indicated that adequate monitoring procedures existed and that appropriate follow-up procedures were performed. We recommend the County continue its current efforts to obtain audits from all providers required by contract to provide audits to the County.

Vendor	CARS Line	Amount
<i>Bayshore Pines</i>		
COP	367	\$ 414
CIP II	348/349	11,199
CIP II Relocations	369/370	3,843
COP-W	338/339	36,269
Personal Care	N/A	44,926
		<u>\$ 96,651</u>

MARINETTE COUNTY, WISCONSIN
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

Section IV - Other Issues

- | | | |
|----|---|--|
| 1. | Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. | Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| | Department of Agriculture, Trade and Consumer Protection | Yes |
| | Department of Commerce | Yes |
| | Department of Natural Resources | Yes |
| | Department of Transportation | Yes |
| | Department of Corrections | Yes |
| | Department of Health Services | Yes |
| | Department of Children and Families | Yes |
| | Department of Justice | Yes |
| | Department of Military Affairs | Yes |
| | Department of Administration | Yes |
| | Public Service Commission | Yes |
| 3. | Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. | Name and signature of partner | 
Mike Konecny, CRA |
| 5. | Date of report | June 25, 2010 |

MARINETTE COUNTY, WISCONSIN
 Schedule of Prior Year Audit Findings and Corrective Action Plan
 Year Ended December 31, 2009

Prior Year Audit Findings

The findings noted in the 2008 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. Management continues to believe the cost to hire additional staff to eliminate the control deficiency identified as 2008-01 outweigh the benefits to be received. Management reviews the single audit report prepared by Schenck.

Corrective Action Plan

Finding No.	Corrective Action Plan
2009-01	<p>Financial Reporting for Federal and State Financial Assistance</p> <p>Management believes the cost of additional staff time and training to prepare these items outweigh the benefits to be received.</p>
2009-02	<p>General Requirements – Purchase of Service Contracts</p> <p>The County will continue its current efforts to obtain audits from all providers required by contract to provide audits to the County.</p>

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, 2009, we have also examined the 2009 Financial Report Form A required to be submitted to the Wisconsin Department of Revenue (WDR) by Wisconsin Administration Rule, Tax 16. The 2009 Financial Report Form A has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion the 2009 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 2009 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.

Certified Public Accountants
Green Bay, Wisconsin
June 25, 2010

MARINETTE COUNTY, WISCONSIN
Revisions to 2009 State Financial Report
Year Ended December 31, 2009

Seq/Acct Number	Amount Reported	Correct Amount
930-50400	\$ 2,623,851	\$ 2,645,006