

MARINETTE COUNTY, WISCONSIN

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2010

MARINETTE COUNTY, WISCONSIN
December 31, 2010

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

To the County Board
Marinette County, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2011 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions on pages 3 through 19 and 58 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marinette County, Wisconsin's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and 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 also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountants
Green Bay, Wisconsin
July 11, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS



FINANCE DEPARTMENT

Management's Discussion and Analysis December 31, 2010

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, 2010. Our discussion and analysis is based on currently known facts, decisions, or conditions.

Financial Highlights

- As of December 31, 2010, the assets of the County exceeded the County's liabilities by \$98,876,138 (*net assets*). Of this amount, \$38,218,388 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 \$5,795,609 from the previous year. Contributing factors to the net asset increase include revenues exceeding expenditures in the General Fund, Health and Human Services Special Revenue Fund, and Debt Service Funds. Significant (\$4,180,742) state and federal capital contributions for county road improvements made up a majority of the total increase in the County's total net assets. Further detail of the factors contributing to changes in total net assets is 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 (OPEB) other than retirement plans. As a result of recent steps taken by the County to reduce OPEB cost and liabilities, the current year net adjustment to the OPEB liability limited the increase to the County's Governmental Activities unfunded OPEB liability to \$541,617. The net effect for 2010 to the Business-Type Activities OPEB liability was a reduction of \$42,409.
- The County's property tax rate increased \$.14 to \$3.79 per \$1,000 of property value for the year ended December 31, 2010. The operating tax levy increased \$483.703 (3.53%) from the prior year. This increase was in compliance with the allowable tax levy limits imposed by the State of Wisconsin and included an allowable \$72,938 levy recapture of unused 2008 tax levy.
- As of December 31, 2010, the County's combined governmental funds reported ending fund balances totaling \$40,914,386, an increase of \$3,935,152 in comparison with the prior year. In addition to the previously mentioned favorable results in certain governmental funds a transfer from the County's Self Insurance Internal Service Fund of \$1,692,040 was made into the General Fund. The transferred funds were a result of prior year positive results when the County was self insured for employee health insurance. Beginning January 1, 2010, the County became fully insured for its employee's health insurance. Of the December 31, 2010 combined governmental fund balance of \$40,914,386, approximately 87% of this total amount, \$35,413,537 is *available for spending* at the County's discretion (the *unreserved fund balance*). Of the County's unreserved fund balance, \$28,413,537 is designated.

- The County Roads and Bridges Special Revenue Fund had unfavorable results with expenditures exceeding revenues by \$875,728. After a transfer in of \$398,171, the County Road and Bridges fund decreased by \$477,577 ending with fund balance of \$895,414. The fund continues to be a drain on County resources as reductions in State and local highway related work resulted in additional charges to the County Roads and Bridges Fund under regular and winter road maintenance activities. The shift in work allowed the County's Highway Department to maintain its work force. The road maintenance accounts within the special revenue fund ended the year \$171,375 over budget and construction projects also exceeded budgeted amounts leaving the ending fund balance of \$895,414 insufficient to cover previously, planned and budgeted County road projects.
- The Health and Human Services (HHS) special revenue fund ended the year with an increase of \$380,739. 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 2010 application of \$400,000 from the HHS fund balance. The 2010 results increased the HHS December 31, 2010 fund balance to \$1,645,981.
- As of December 31, 2010, the unreserved fund balance for the general fund was \$31,820,722, or approximately 149% of total general fund expenditures. The unreserved/undesignated amount of \$7,000,000 represents 9.9% of the County's 2011 original adopted gross operational and debt service expenditure budgets which totaled \$70,640,105
- During 2010, the County retired \$500,000 in general obligation debt reducing overall debt to \$23,500,000. After the retirement and a budgeted transfer out of \$865,150 the debt service fund ended the year with a net increase of \$1,003,350. The fund benefited from the early payment from a non-profit organization that had agreed to repay the County for \$750,000 of the total 2006 debt of \$3,250,000 undertaken for the Library Renovation project. The early payment consisted of the remaining agreed upon principal amount of \$675,000 and applicable interest. Total funds reserved at the end of 2010 for debt service were \$1,281,006.

Overview of the Basic Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 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 14 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.

Management Discussion and Analysis
December 31, 2010

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 \$98,876,138 at the close of 2010 compared to \$93,080,529 for the year ended 2009.

Marinette County's Net Assets							
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	Total	Total	Total Percentage Change
	2009	2009	2010	2010	2009	2010	2009-2010
Current & other assets	\$63,074,577	\$4,853,358	\$64,611,606	\$5,315,910	\$67,927,935	\$69,927,516	2.94%
Capital assets	66,759,799	7,065,696	70,707,258	6,897,236	73,825,495	77,604,494	5.12%
Total assets	129,834,376	11,919,054	135,318,864	12,213,146	141,753,430	147,532,010	4.08%
Long-term liabilities outstanding	28,276,338	1,776,538	27,315,782	1,791,942	30,052,876	29,107,724	-3.14%
Other liabilities	17,997,081	622,944	18,570,422	977,726	18,620,025	19,548,148	4.98%
Total liabilities	46,273,419	2,399,482	45,886,204	2,769,668	48,672,901	48,655,872	-0.03%
Net assets:							
Invested in Capital assets net of related debt	47,305,582	6,987,518	51,742,942	6,843,893	54,293,100	58,586,835	7.91%
Restricted	3,164,924	-	2,070,915	-	3,164,924	2,070,915	-34.57%
Unrestricted	33,090,451	2,532,054	35,618,803	2,599,585	35,622,505	38,218,388	7.29%
Total net assets	\$83,560,957	\$9,519,572	\$89,432,660	\$9,443,478	\$93,080,529	\$98,876,138	6.23%

The largest portion of the County's net assets (59%) 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 (\$2,070,915) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$38,218,388) 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 \$5,871,703 and Business-type activities decreased the County's net assets by \$76,094. After the yearend results, the County's net assets totaled \$89,432,660 for the Governmental Activities and \$9,443,478 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 \$483,703 (3.53%) 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.
- Although investment interest rates continued to decline over the year, investment income was \$102,831 over budget. The County's total investment return for 2010 was \$1,439,871 due in part to increased market values on the County's longer term investments. The County has designated \$14,000,000 of the general fund balance for investment revenue generation for tax reduction purposes.
- Interest collections on delinquent property taxes were \$85,903 over expected collections of \$470,000. The continued poor economy resulted in property owners delaying the payment of their property taxes.
- County forestry revenues generated \$2,485,174 in 2010. This was \$285,364 above budgeted forestry revenues but \$189,737 below 2009 results (\$2,674,911). After expenditures, the County's Forestry activity showed net revenues for 2010 of \$1,749,107.
- Continued investment in capital assets and infrastructure contributed to the gain in net assets. County contributions to capital road and bridge improvements were \$1,940,664 in 2010. Additional contributions from federal and state sources totaled \$4,180,742 which in combination with the County's contribution added \$6,121,406 in road improvements to the County's net assets.
- For 2010 the County's net investment in the joint airport decreased by \$10,099 from the results of normal airport operations. There were no major capital assets additions at the airport for the year.

Business-type Activities:

The County's Business-type activities decreased Marinette County's net assets by \$76,094.

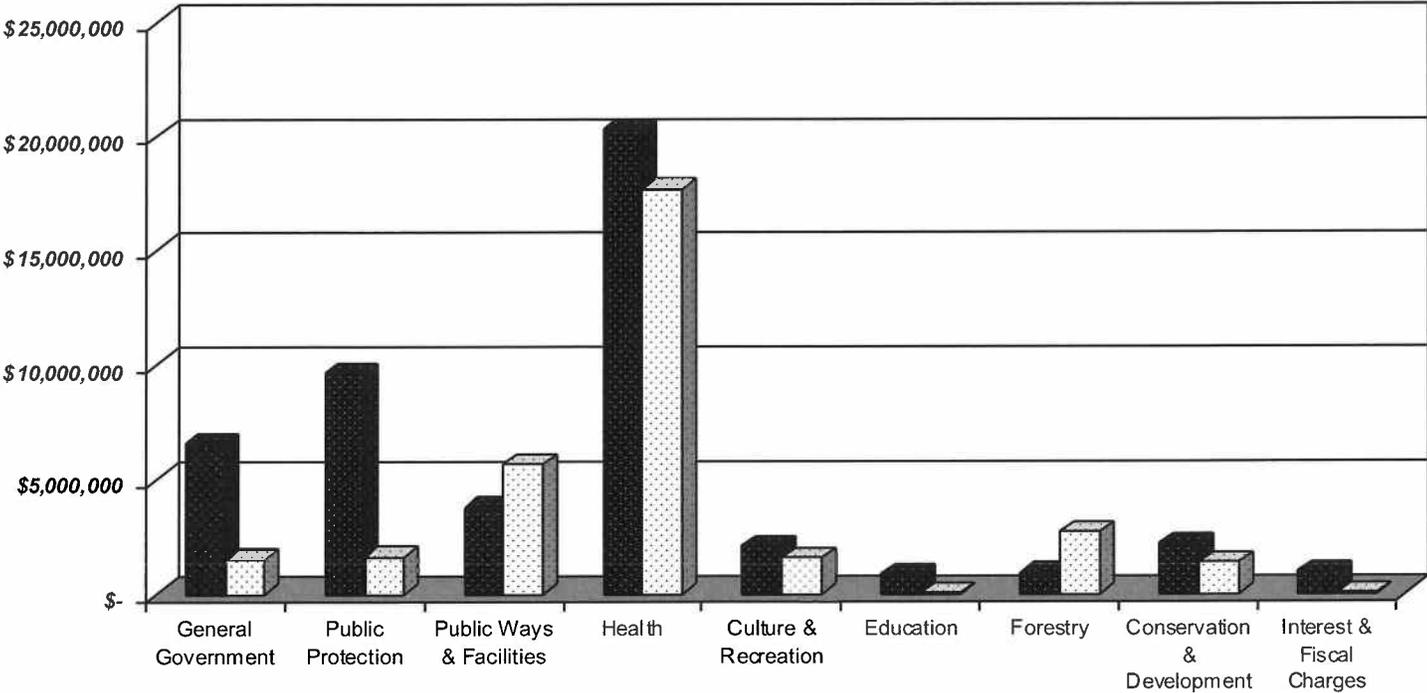
The Highway Department had a \$205,194 operating loss for 2010 compared to a prior year operating loss of \$487,385. A tax levy of \$214,176 for the Highway resulted in a total net increase of \$8,982 to the Highway Department's net assets.

The Solid Waste Fund's 2010 operating loss was \$109,891 compared to the 2009 operating loss of \$106,421. Interest earnings of \$18,217 reduced the net decrease in the Solid Waste Fund net assets to \$91,674. Cash and cash equivalents still increased by \$53,553 after the \$61,354 capital outlay investment in the landfill. Without the investment, cash would have increased by \$114,907 reflecting the landfills non-cash operating expenses of depreciation and landfill closure/post-closure care cost. Operating results of the landfill reflect the management's approach to provide competitive solid waste disposal alternatives within Marinette and Oconto County's. It is expected that all landfill closure and post closure cost will be fully funded at the end of landfill operations with no additional contributions needed from the Counties.

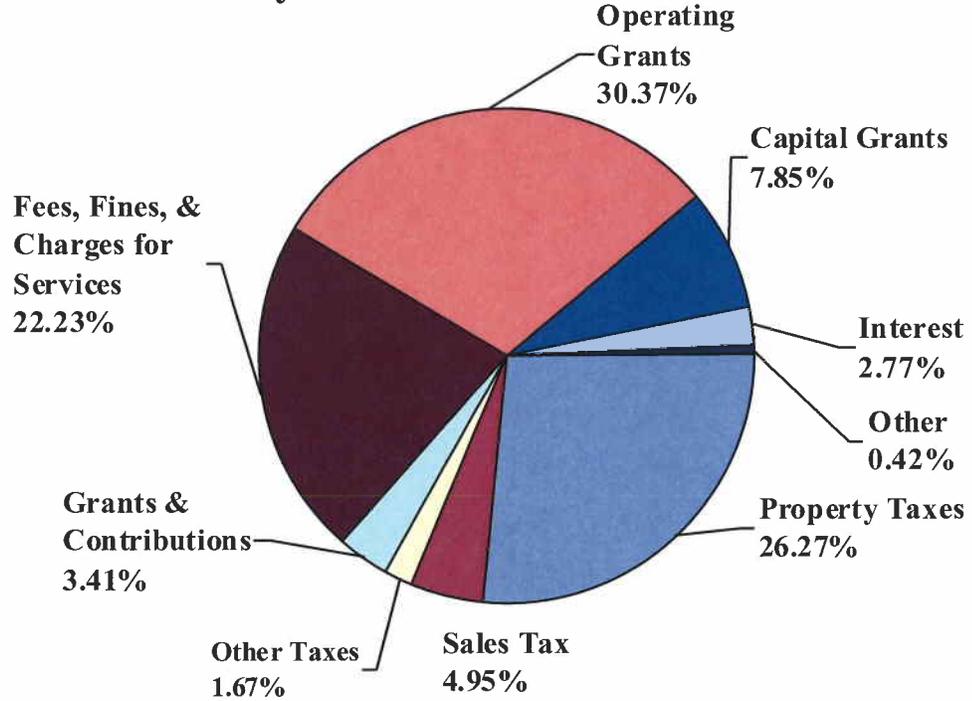
Management Discussion and Analysis
December 31, 2010

Marinette County's Change in Net Assets						
	Governmental		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program revenues:						
Fees, fines, & charges for services	\$ 13,125,146	\$ 11,838,399	\$ 7,496,055	\$ 7,998,139	\$ 20,621,201	\$ 19,836,538
Operating grants & contributions	14,777,165	16,176,456	3,600	-	14,780,765	16,176,456
Capital grants and contributions	29,009	4,180,742	-	-	29,009	4,180,742
General revenues:						
Property & sales taxes	16,179,791	16,630,640	248,449	214,176	16,428,240	16,844,816
Other taxes	884,788	925,678	-	-	884,788	925,678
Grants & contributions not restricted to specific programs	1,677,487	1,814,514	-	-	1,677,487	1,814,514
Other	1,861,911	1,695,027	14,607	18,217	1,876,518	1,713,244
Total revenues	48,535,297	53,261,456	7,762,711	8,230,532	56,298,008	61,491,988
Expenses:						
General government	7,683,116	6,617,356	-	-	7,683,116	6,617,356
Public protection	9,359,044	9,671,349	-	-	9,359,044	9,671,349
Public ways & facilities	3,066,046	3,794,493	-	-	3,066,046	3,794,493
Health	19,296,729	20,289,579	-	-	19,296,729	20,289,579
Culture & recreation	2,066,203	2,079,936	-	-	2,066,203	2,079,936
Education	809,347	833,445	-	-	809,347	833,445
Forestry	1,240,158	916,421	-	-	1,240,158	916,421
Conservation & development	2,358,356	2,204,601	-	-	2,358,356	2,204,601
Interest & fiscal charges	1,001,809	982,573	-	-	1,001,809	982,573
Highway operations	-	-	7,472,212	7,764,697	7,472,212	7,764,697
Solid waste	-	-	452,974	541,929	452,974	541,929
Total expenses	46,880,808	47,389,753	7,925,186	8,306,626	54,805,994	55,696,379
Increase (decrease) in net assets	1,654,489	5,871,703	(162,475)	(76,094)	1,492,014	5,795,609
Net assets - January 1	81,906,468	83,560,957	9,682,047	9,519,572	91,588,515	93,080,529
Net assets - December 31	\$ 83,560,957	\$ 89,432,660	\$ 9,519,572	\$ 9,443,478	\$ 93,080,529	\$ 98,876,138

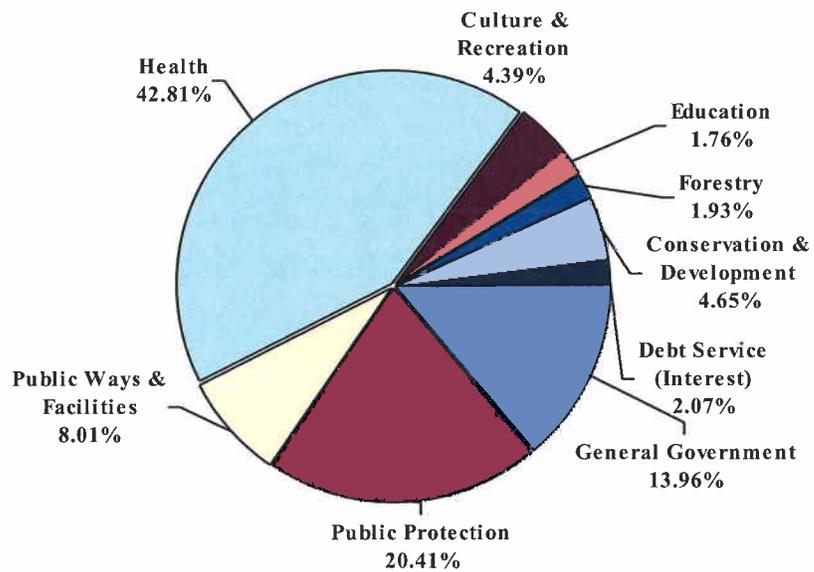
Expenses & Program Revenues - Governmental Activities



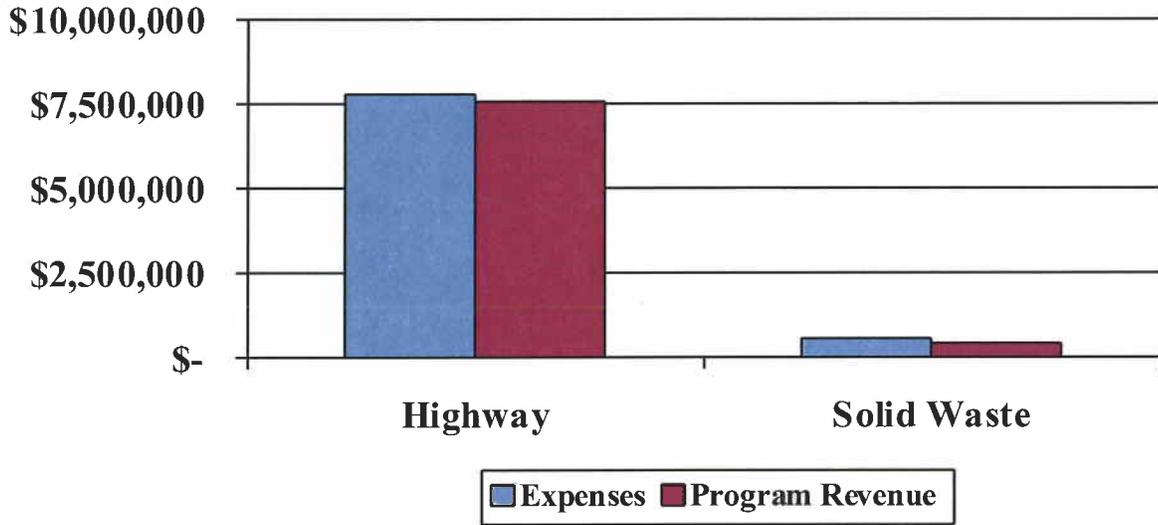
Revenues by Source - Governmental Activities



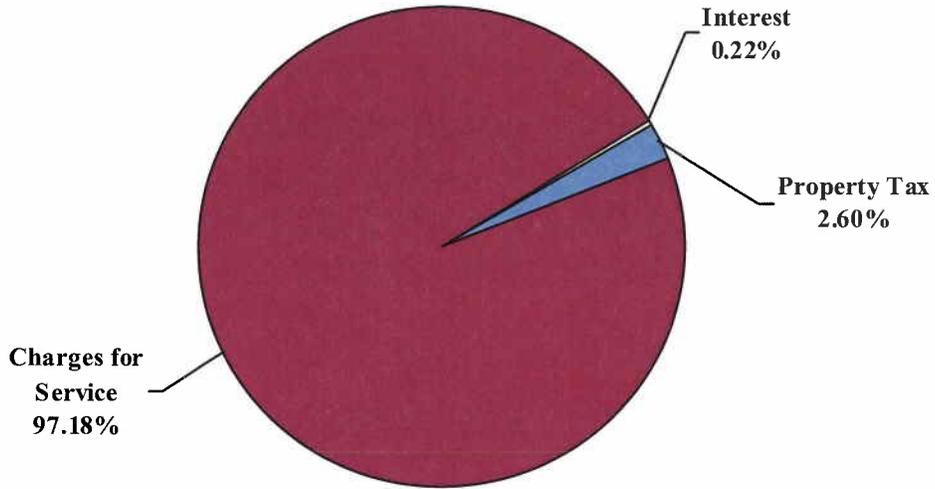
Expenses by Activity - Governmental Activities



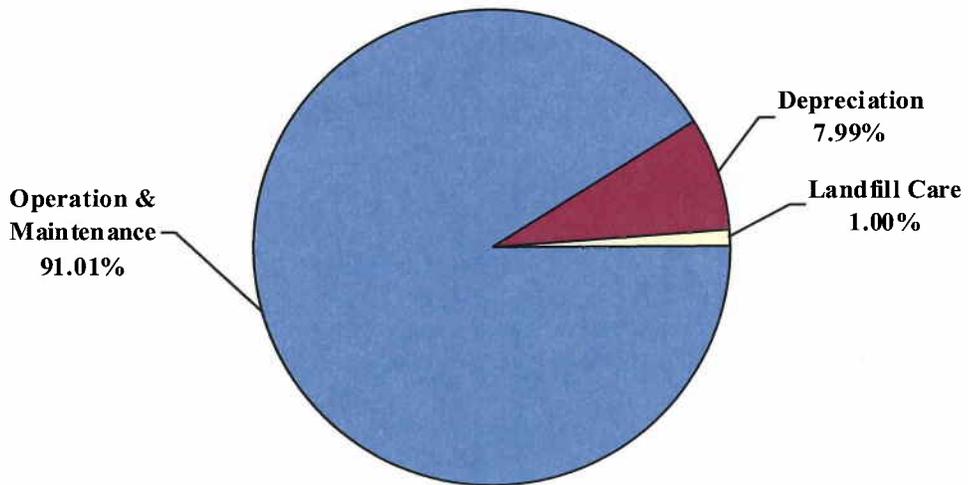
Expenses and Program Revenues - Business Type Activities



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, 2010, the County's combined governmental funds totaled \$40,914,386, an increase of \$3,935,152 in comparison with the prior year. Approximately 86% of this amount, \$35,413,537, 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 (\$759,807), 2) for non-liquid delinquent taxes (\$3,037,022) 3) for loans receivable that are not expected to be liquidated in the next year (\$423,013) 4) for debt retirement (\$1,281,006).

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 \$31,820,722, while the total fund balance was \$36,040,565. 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 149% of total general fund expenditures, while total fund balance represents 169% of that same amount. This compares to prior year percentages of 142% and 158% respectively.

Marinette County's General fund balance increase by \$2,737,741 for the year ended December 31, 2010. The key factor in the net general fund increase was the transfer of \$1,692,040 from the Internal Service Self-insurance fund. The transferred funds were a result of prior year positive results when the County was self-insured for employee health insurance. County timber sales also contributed to the net increase as they were \$285,364 over budget.

The County's Health and Human Services Special Revenue Fund increased by \$380,739 to \$1,645,981 during the current year. The net increase was not anticipated considering the application of \$400,000 of the surplus fund balance to the 2010 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 8.5% of the total 2010 health and human services special revenue fund expenditures.

The County Roads and Bridges Fund saw a net fund balance decrease of \$477,557 decreasing the December 31, 2010 fund balance to \$895,414. There was an anticipated decrease in the fund balance as the carryover balance for 2009 represented uncompleted projects. The \$895,414 December 31, 2010 fund balance also represented uncompleted projects, but was less than required to fund the uncompleted carryover projects. High winter and summer maintenance expenditures also reduced available funds anticipated to be used for the road construction projects. The current ending fund balance is designated for uncompleted construction projects, but is approximately \$500,000 below the funding need to complete the planned construction projects.

The County's Self-Insurance Internal Service Fund accounts for the County's life, workers compensation, and property/liability insurance. Prior to 2010 the County was also self insured for employee health insurance. As of January 1, 2010 the County purchases employee health insurance through the Wisconsin County Association Group Health insurance program. After a claim run out period in 2010, the County transferred the remaining funds in the health insurance segment of the self-insurance fund to the General Fund. The transfer totaled \$1,692,040. The County is using the transferred funds to assist with health insurance premiums in future budgets. The remaining self-insurance fund balance (\$729,462) is separated into the workers compensation segment (\$680,912), life insurance segment (\$7,458), and the property/liability segment (\$41,092).

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 \$2,225,455. The County's net assets for the highway department increased \$8,982 in 2010. This compares to the decrease of \$238,936 in 2009. The Highway fund's 2010 operating loss of \$205,194 was offset by the \$214,176 of non-operating tax levy revenue. Reductions in revenues from the State and local sources were the main factor for the continuing operating loss. On a positive note, net revenues on equipment charges helped reduce the 2010 operating loss. In prior years, equipment operation results were negative. Adjustments to the County's Employee Post Employment Health Insurance Benefit resulted in a net decrease in the post employment liability by \$51,056 which also helped reduce the 2010 operating 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 \$293,792. The total decrease in net assets for the solid waste fund in 2010 was \$91,674 compared to 2009 decrease of \$88,214. An operating loss of \$109,891 was reduced by \$18,217 in interest earnings. Non-cash depreciation expenses and other non-cash expenses lead to the overall \$53,553 increase in the funds cash position.

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 \$937,970. The additional appropriations can be summarized as follows:

- Carryovers of unspent 2009 appropriations of \$130,893.
- Approximately a \$328,000 increase for training, capital outlay items and other expenditures for public protection. Funding came from grants, donations, and the County contingency fund.
- Increase of \$79,670 for capital outlay for enhanced 911 service funded by a grant.
- Increase of \$112,297 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, 2010

Actual revenues were \$69,438 less than final budgeted revenues as result of the following:

- The majority of the revenue deficit was a result of unrealized intergovernmental revenues for recreation programs. This deficit was not a factor in overall results, as the related expenditures also were not realized.

Actual expenditures were less than final budgeted expenditures by \$966,691 primarily due to the following:

- Anticipated expenditures for recreation and conservation grant funded projects not occurring as mentioned above.
- Some scheduled capital maintenance projects for the Courthouse were not completed during the current year and carried over to 2010.
- Open employee positions in some departments were not filled immediately.

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, 2010 amounts to \$77,604,494 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery/equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress. The total increase in the County's investment in capital assets for the current year was \$3,778,999 as additions exceeded depreciation expense. The main increases were from Federal and State contributed infrastructure additions.

Marinette County's Capital Assets (Net of Accumulated Depreciation)						
	Governmental Activities		Business-Type Activities		Totals	
	2009	2010	2009	2010	2009	2010
Land	\$4,558,073	\$4,594,197	\$113,989	\$113,989	\$4,672,062	\$4,708,186
Land improvements	-	-	1,051,672	974,675	1,051,672	974,675
Buildings & Improvements	34,132,737	33,271,165	2,966,773	2,785,487	37,099,510	36,056,652
Machinery & Equipment	2,960,767	2,706,469	2,933,262	3,023,085	5,894,029	5,729,554
Infrastructure	25,108,222	30,135,427	-	-	25,108,222	30,135,427
Construction in progress	-	-	-	-	-	-
Total	\$66,759,799	\$70,707,258	\$7,065,696	\$6,897,236	\$73,825,495	\$77,604,494

Additional information on Marinette County's capital assets can be found in Note C.5 on page 46 of this report.

Management Discussion and Analysis
December 31, 2010

Long-term debt. At the end of the year, the County's total general obligation debt outstanding was \$23,500,000. 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	
	2009	2010	2009	2010	2009	2010
General Obligation Debt:						
Bonds and Notes	\$ 24,000,000	\$23,500,000	\$ -	\$ -	\$ 24,000,000	\$ 23,500,000

The County's total general-obligation debt balance did decrease by \$500,000 (2.08%) in 2010. 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 2010 increased by \$1,003,350 to \$1,281,006.

An original budgeted transfer out of the debt service fund for capital outlay projects in the general and County highway funds of \$865,150 was covered by surplus sales tax. The difference between surplus sales tax revenues and the transfer was \$14,373. The 2011 budgeted transfer out of the Debt Service fund was reduced to \$494,068 to increase surplus debt service funds available for future debt service requirements. An earlier call on a debt issue produced the available sales tax surplus used to fund County tourism and capital outlay items through transfers to applicable funds.

A donation payment for debt service related to the County library renovation project added \$675,000 to the Debt Service fund balance and is restricted for future debt service on the Library renovation note.

The Moody's Investors Service "Aa2" rating for the County did not change for 2010. Per Moody's "The Aa2 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 old Moody's rating scale, Marinette County was rated "A1".

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 \$187,903,360 which is \$164,403,360 in excess of the County's \$23,500,000 in outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Marinette County is currently 9.9% for April 2011, which is the latest available data at the time of this report. This compares to the State of Wisconsin's average unemployment rate of 7.3% and last April's County rate of 10.9%.
- As the national economy slowly rebounds from the recession, Marinette County also slowly recovers. Several area manufactures are depended on the auto industry. Several area employers have called back workers and are increasing their workforce as the auto industry and the local area slowly recover. The Marinette Marine Corporation, one of the County's larger employers, employing 900 plus, was awarded a major multi-ship contract during 2010 which is expected to lead to an increase in Marinette Marine employment by 1,000 employees over the next few years which will have 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 and continue to recover. 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 is increasing as Wal-mart Stores Inc. is in the process of constructing a superstore. 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 and the WPPA union contracts are through 2012.

The following factors were considered in preparing the County's 2011 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 2011 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 2011 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, 2010

Upon the adoption of the budget for the 2011 calendar year, the County was \$3,768,434 under its operational levy rate limit. This equates to a tax rate of \$1.03 per \$1,000 of equalized value. For comparison purposes, the total tax rate for the 2011 budget was \$3.97. 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 continued in 2011.

The County was forced to limit its 2011 operating tax levy under the levy limit freeze. The operating tax levy increase for the 2011 budget was limited to \$425,276 or 3.00%. To comply with the limit, the County applied \$480,000 in tax equalization funds and \$400,000 from the self-insurance employee health and dental funds transfer into the General Fund in 2010. The County also used \$494,068 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 in the 2010 and 2011 budgets. Surplus sales tax revenues will be reduced in future years as the debt service schedule returns to the planned principal retirement schedule.

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. Estimates of future sales tax collections expect surplus revenues to be between \$250,000 and \$400,000. Surplus sales tax funds may also be used to call debt early if feasible and in consideration of the County's overall financial condition.

The County has designated \$14,000,000 that was received from the sale of 2008 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.

The County also maintains a designated tax equalization fund used to help balance the budget and maintain County services. The December 31, 2010 balance in the fund was \$1,809,745. As mentioned earlier, \$480,000 of this fund was applied to the 2011 budget.

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, Fund Balance Reporting and Fund Type Definitions. The new Statement will significantly change the classification of fund balance components. During 2011 the County is reviewing the various components of its fund balance under GASB 54 and is developing a fund balance policy that defines the County's goals as to maintaining a strong adequate fund balance while addressing future needs both planned and unplanned.

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, 2010

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Committee on Aging	Association for Business & Industry	Stephenson Public Library Foundation
ASSETS						
Pooled cash and investments	\$ 34,981,712	\$ 2,108,269	\$ 37,089,981	\$ -	\$ -	\$ -
Other cash and investments	-	-	-	157,088	42,711	1,758,934
Accounts receivable	2,130,605	29,762	2,160,367	47,616	-	-
Interest receivable	623,634	15,585	639,219	-	-	-
Taxes receivable	17,942,245	210,050	18,152,295	-	-	-
Loans receivable	3,067,081	-	3,067,081	-	-	-
Internal balances	(26,995)	26,995	-	-	-	-
Due from other governments	1,976,888	820,829	2,797,717	-	-	-
Inventories and prepaid expenses	1,110,308	1,350,596	2,460,904	-	-	-
Investment in joint airport	2,525,684	-	2,525,684	-	-	-
Restricted cash and investments	280,444	700,481	980,925	-	-	-
Capital assets (net of accumulated depreciation)						
Nondepreciable	4,594,197	113,989	4,708,186	-	-	-
Depreciable	66,113,061	6,783,247	72,896,308	70,742	6,257	-
TOTAL ASSETS	135,318,864	12,159,803	147,478,667	275,446	48,968	1,758,934
LIABILITIES						
Accounts payable	1,378,125	448,551	1,826,676	18,413	-	-
Accrued liabilities	550,410	270,712	821,122	19,262	1,448	-
Due to other governments	109,720	-	109,720	-	-	-
Deposits from others	85,478	-	85,478	-	-	-
Unearned revenue	14,607,384	210,050	14,817,434	-	-	-
Accrued interest	124,352	-	124,352	-	-	-
Long-term obligations						
Portion due or payable within one year:						
Bonds and notes payable	1,500,000	-	1,500,000	2,620	-	-
Compensated absences	214,953	20,939	235,892	-	-	-
Portion due or payable after one year:						
Bonds and notes payable	22,000,000	-	22,000,000	-	-	-
Compensated absences	1,934,574	188,447	2,123,021	-	-	-
Post employment insurance	3,381,208	239,999	3,621,207	-	-	-
Landfill care costs	-	1,337,627	1,337,627	-	-	-
TOTAL LIABILITIES	45,886,204	2,716,325	48,602,529	40,295	1,448	-
NET ASSETS						
Invested in capital assets, net of related debt	49,217,258	6,897,236	56,114,494	63,438	6,257	-
Invested in joint airport, net of related debt	2,525,684	-	2,525,684	-	-	-
Restricted for:						
Debt service	1,281,006	-	1,281,006	-	-	-
Solid waste long-term care	281,341	-	281,341	-	-	-
Loan programs	508,568	-	508,568	-	-	-
Unrestricted	35,618,803	2,546,242	38,165,045	171,713	41,263	1,758,934
TOTAL NET ASSETS	\$ 89,432,660	\$ 9,443,478	\$ 98,876,138	\$ 235,151	\$ 47,520	\$ 1,758,934

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, 2010

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental				
General government	\$ 6,617,356	\$ 1,255,934	\$ 253,456	\$ -
Public protection	9,671,349	971,303	656,467	-
Public ways and facilities	3,794,493	-	1,510,630	4,180,742
Health	20,289,579	6,207,076	11,488,707	-
Culture and recreation	2,079,936	302,782	1,271,171	-
Education	833,445	42,533	1,766	-
Forestry	916,421	2,528,390	137,138	-
Conservation and development	2,204,601	530,381	833,545	-
Interest and fiscal charges	982,573	-	23,576	-
Total Governmental Activities	47,389,753	11,838,399	16,176,456	4,180,742
Business-type				
Highway	7,764,697	7,566,101	-	-
Solid waste	541,929	432,038	-	-
Total Business-type Activities	8,306,626	7,998,139	-	-
Total Marinette County	\$ 55,696,379	\$ 19,836,538	\$ 16,176,456	\$ 4,180,742
Component Unit				
Committee on Aging	\$ 939,657	\$ 221,177	\$ 727,147	\$ -
Association for Business & Industry	109,234	-	108,255	-
Stephenson Library Trust	29,071	-	1,331,549	-
Total Component Units	\$ 1,077,962	\$ 221,177	\$ 2,166,951	\$ -

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 Public Library Foundation
\$ (5,107,966)	\$ -	\$ (5,107,966)	\$ -	\$ -	\$ -
(8,043,579)	-	(8,043,579)	-	-	-
1,896,879	-	1,896,879	-	-	-
(2,593,796)	-	(2,593,796)	-	-	-
(505,983)	-	(505,983)	-	-	-
(789,146)	-	(789,146)	-	-	-
1,749,107	-	1,749,107	-	-	-
(840,675)	-	(840,675)	-	-	-
(958,997)	-	(958,997)	-	-	-
(15,194,156)	-	(15,194,156)	-	-	-
-	(198,596)	(198,596)	-	-	-
-	(109,891)	(109,891)	-	-	-
-	(308,487)	(308,487)	-	-	-
(15,194,156)	(308,487)	(15,502,643)	-	-	-
-	-	-	8,667	-	-
-	-	-	-	(979)	-
-	-	-	-	-	1,302,478
-	-	-	8,667	(979)	1,302,478
8,859,873	-	8,859,873	-	-	-
2,185,425	214,176	2,399,601	-	-	-
2,947,281	-	2,947,281	-	-	-
2,638,061	-	2,638,061	-	-	-
925,678	-	925,678	-	-	-
1,814,514	-	1,814,514	-	-	-
1,473,036	18,217	1,491,253	1,357	1,065	61,505
(10,099)	-	(10,099)	-	-	-
42,012	-	42,012	-	-	-
62,772	-	62,772	4,638	-	-
127,306	-	127,306	8,974	-	-
21,065,859	232,393	21,298,252	14,969	1,065	61,505
5,871,703	(76,094)	5,795,609	23,636	86	1,363,983
83,560,957	9,519,572	93,080,529	211,515	47,434	394,951
\$ 89,432,660	\$ 9,443,478	\$ 98,876,138	\$ 235,151	\$ 47,520	\$ 1,758,934

MARINETTE COUNTY, WISCONSIN

Balance Sheet

Governmental Funds

December 31, 2010

	Governmental Funds				Other Governmental Funds	Total Governmental Funds
	General	County Roads and Bridges	Health and Human Services	Debt Service		
ASSETS						
Pooled cash and investments	\$ 31,378,924	\$ 795,414	\$ 299,684	\$ 811,383	\$ 780,004	\$ 34,065,409
Receivables						
Delinquent property taxes	3,473,445	-	-	-	-	3,473,445
Property taxes levied for subsequent year	8,734,638	2,483,023	3,198,039	-	3,100	14,418,800
Accounts	1,098,593	100,000	1,061,726	481,123	4,041	2,745,483
Loans	369,671	-	36,132	-	2,661,278	3,067,081
Due from other governments	764,151	-	1,212,737	-	-	1,976,888
Advance from other funds	53,343	-	-	-	-	53,343
Prepaid items	759,807	-	-	-	-	759,807
Restricted assets - pooled cash and investments	-	-	-	-	280,444	280,444
TOTAL ASSETS	\$ 46,632,572	\$ 3,378,437	\$ 5,808,318	\$ 1,292,506	\$ 3,728,867	\$ 60,840,700
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 438,113		\$ 872,953		\$ 13,069	\$ 1,324,135
Accrued liabilities	451,913	-	91,345	-	-	543,258
Due to other governments	109,720	-	-	-	-	109,720
Deposits from others	85,478	-	-	-	-	85,478
Deferred revenue	9,506,783	2,483,023	3,198,039	11,500	2,664,378	17,863,723
Total Liabilities	10,592,007	2,483,023	4,162,337	11,500	2,677,447	19,926,314
Fund Balances						
Reserved for						
Prepaid items	759,807	-	-	-	-	759,807
Noncurrent assets	3,460,036	-	-	-	-	3,460,036
Debt retirement	-	-	-	1,281,006	-	1,281,006
Unreserved						
Designated, reported in						
General fund	24,820,722	-	-	-	-	24,820,722
Special revenue funds	-	895,414	1,645,981	-	1,051,420	3,592,815
Undesignated, reported in						
General fund	7,000,000	-	-	-	-	7,000,000
Total Fund Balances	36,040,565	895,414	1,645,981	1,281,006	1,051,420	40,914,386
TOTAL LIABILITIES AND FUND BALANCES	\$ 46,632,572	\$ 3,378,437	\$ 5,808,318	\$ 1,292,506	\$ 3,728,867	\$ 60,840,700

(Continued)

MARINETTE COUNTY, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2010

Reconciliation to the Statement of Net Assets

Total Fund Balances as shown on previous page		\$ 40,914,386
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	\$ 2,525,684	
Capital assets	70,707,258	
Less: amount included below with internal service funds	<u>(333,136)</u>	72,899,806
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	\$ (23,500,000)	
Compensated absences	(2,149,527)	
Post employment health insurance	(3,381,208)	
Accrued interest on long-term obligations	<u>(124,352)</u>	(29,155,087)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Loans receivable	\$ 2,661,278	
Pledges receivable	11,500	
Interest on delinquent taxes	583,558	
Clerk of Courts receivable	<u>50,003</u>	3,306,339
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>1,467,216</u>
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (see page 20)		<u><u>\$ 89,432,660</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, 2010

	General	County Roads and Bridges	Health and Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 9,732,551	\$ 2,185,425	\$ 2,947,281	\$ -	\$ 3,000	\$ 14,868,257
Sales taxes	-	-	-	2,638,061	-	2,638,061
Intergovernmental	5,775,560	1,510,630	10,758,018	-	541,484	18,585,692
Regulation and compliance	351,207	-	-	-	6,825	358,032
Charges for services	3,876,169	-	6,117,571	-	-	9,993,740
Commercial	1,563,919	-	-	-	380,075	1,943,994
Miscellaneous	661,131	-	-	718,976	9,739	1,389,846
Total Revenues	21,960,537	3,696,055	19,822,870	3,357,037	941,123	49,777,622
Expenditures						
Current						
General government	6,006,624	-	-	-	461	6,007,085
Public protection	8,868,166	-	-	-	-	8,868,166
Public ways and facilities	68,428	4,571,783	-	-	9,369	4,649,580
Health	1,144,001	-	19,442,131	-	6,825	20,592,957
Culture and recreation	2,087,277	-	-	-	50,416	2,137,693
Education	372,857	-	-	-	30,736	403,593
Forestry	1,162,746	-	-	-	-	1,162,746
Conservation and development	1,645,651	-	-	-	552,437	2,198,088
Debt Service						
Principal payments	-	-	-	500,000	-	500,000
Interest and fiscal charges	-	-	-	988,537	-	988,537
Total Expenditures	21,355,750	4,571,783	19,442,131	1,488,537	650,244	47,508,445
Excess (Deficiency) of Revenues Over Expenditures	604,787	(875,728)	380,739	1,868,500	290,879	2,269,177
Other Financing Sources (Uses)						
Transfers in	2,159,019	398,171	-	-	-	2,557,190
Transfers out	(26,065)	-	-	(865,150)	-	(891,215)
Total Other Financing Sources (Uses)	2,132,954	398,171	-	(865,150)	-	1,665,975
Net Change in Fund Balances	2,737,741	(477,557)	380,739	1,003,350	290,879	3,935,152
Fund Balances - January 1	33,302,824	1,372,971	1,265,242	277,656	760,541	36,979,234
Fund Balances - December 31	\$ 36,040,565	\$ 895,414	\$ 1,645,981	\$ 1,281,006	\$ 1,051,420	\$ 40,914,386

(Continued)

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2010

Reconciliation to the Statement of Net Assets

Net Change in Fund Balances from previous page \$ 3,935,152

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	\$ 2,574,530	
Depreciation expense reported in the statement of activities	(2,730,817)	
Amount by which capital outlays are more than depreciation in current period		(156,287)

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

Federal and State Aid for County Road construction	\$ 4,180,742	
Investment in joint venture airport	(10,099)	
		4,170,643

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.	(74,280)
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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:	(539,203)
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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:	500,000
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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.	5,964
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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	\$ 74,847	
Clerk of court receivables	(9,953)	
Revolving loan receivables	225,027	
Donation pledges receivable	(695,400)	
Combined adjustment		(405,479)

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.	(1,564,807)
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Change in Net Assets of Governmental Activities as reported in the Statement of Activities (see pages 21 and 22)	<u>\$ 5,871,703</u>
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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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 9,614,023	\$ 9,614,023	\$ 9,732,551	\$ 118,528
Intergovernmental	5,680,574	6,226,656	5,775,560	(451,096)
Regulation and compliance	397,670	397,670	351,207	(46,463)
Charges for services	3,677,862	3,704,874	3,876,169	171,295
Commercial	1,490,808	1,492,956	1,563,919	70,963
Miscellaneous	488,071	593,796	661,131	67,335
Total Revenues	<u>21,349,008</u>	<u>22,029,975</u>	<u>21,960,537</u>	<u>(69,438)</u>
Expenditures				
General government	6,229,604	6,283,029	6,006,624	276,405
Public protection	8,370,811	9,053,816	8,868,166	185,650
Public ways and facilities	71,050	71,050	68,428	2,622
Health	1,212,058	1,220,915	1,144,001	76,914
Culture and recreation	2,242,482	2,279,814	2,087,277	192,537
Education	365,568	388,258	372,857	15,401
Forestry	1,205,341	1,225,705	1,162,746	62,959
Conservation and development	1,687,557	1,799,854	1,645,651	154,203
Total Expenditures	<u>21,384,471</u>	<u>22,322,441</u>	<u>21,355,750</u>	<u>966,691</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(35,463)</u>	<u>(292,466)</u>	<u>604,787</u>	<u>897,253</u>
Other Financing Sources (Uses)				
Transfers in	466,979	2,159,019	2,159,019	-
Transfers out	(26,065)	(26,065)	(26,065)	-
Total Other Financing Sources (Uses)	<u>440,914</u>	<u>2,132,954</u>	<u>2,132,954</u>	<u>-</u>
Net Change in Fund Balance	405,451	1,840,488	2,737,741	897,253
Fund Balance - January 1	<u>33,302,824</u>	<u>33,302,824</u>	<u>33,302,824</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 33,708,275</u>	<u>\$ 35,143,312</u>	<u>\$ 36,040,565</u>	<u>\$ 897,253</u>

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

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Health and Human Services Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,947,281	\$ 2,947,281	\$ 2,947,281	\$ -
Intergovernmental	10,103,550	10,237,351	10,758,018	520,667
Charges for services	6,501,779	6,501,479	6,117,571	(383,908)
Total Revenues	<u>19,552,610</u>	<u>19,686,111</u>	<u>19,822,870</u>	<u>136,759</u>
Expenditures				
Health	<u>19,952,610</u>	<u>20,102,825</u>	<u>19,442,131</u>	<u>660,694</u>
Net Change in Fund Balance	(400,000)	(416,714)	380,739	797,453
Fund Balance - January 1	<u>1,265,242</u>	<u>1,265,242</u>	<u>1,265,242</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 865,242</u>	<u>\$ 848,528</u>	<u>\$ 1,645,981</u>	<u>\$ 797,453</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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,185,425	\$ 2,185,425	\$ 2,185,425	\$ -
Intergovernmental	3,570,635	3,570,635	1,510,630	(2,060,005)
Total Revenues	<u>5,756,060</u>	<u>5,756,060</u>	<u>3,696,055</u>	<u>(2,060,005)</u>
Expenditures				
Public Ways and Facilities	7,588,031	7,588,031	4,571,783	3,016,248
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,831,971)</u>	<u>(1,831,971)</u>	<u>(875,728)</u>	<u>956,243</u>
Other Financing Sources				
Transfers in	398,171	398,171	398,171	-
Net Change in Fund Balance	(1,433,800)	(1,433,800)	(477,557)	956,243
Fund Balance - January 1	<u>1,372,971</u>	<u>1,372,971</u>	<u>1,372,971</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (60,829)</u>	<u>\$ (60,829)</u>	<u>\$ 895,414</u>	<u>\$ 956,243</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, 2010

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
ASSETS				
Current Assets				
Pooled cash and investments	\$ 1,156,256	\$ 952,013	\$ 2,108,269	\$ 916,303
Receivables				
Accounts	3,584	41,763	45,347	8,756
Property taxes levied for subsequent year	210,050	-	210,050	50,000
Due from other governments	820,829	-	820,829	-
Inventories	1,049,193	-	1,049,193	36,150
Prepaid items	301,403	-	301,403	314,351
Total Current Assets	3,541,315	993,776	4,535,091	1,325,560
Noncurrent Assets				
Restricted cash and investments	-	700,481	700,481	-
Capital assets				
Land	51,475	62,514	113,989	-
Land improvements, net	51,497	923,178	974,675	-
Buildings, net	2,785,487	-	2,785,487	-
Machinery and equipment, net	2,903,743	119,342	3,023,085	333,136
Total Noncurrent Assets	5,792,202	1,805,515	7,597,717	333,136
TOTAL ASSETS	9,333,517	2,799,291	12,132,808	1,658,696
LIABILITIES				
Current Liabilities				
Accounts payable	412,514	36,037	448,551	53,989
Accrued liabilities	269,390	1,322	270,712	7,152
Compensated absences payable	20,939	-	20,939	-
Advance from general fund	27,474	-	27,474	-
Unearned revenue - property taxes	210,050	-	210,050	50,000
Total Current Liabilities	940,367	37,359	977,726	111,141
Noncurrent Liabilities				
Compensated absences payable	188,447	-	188,447	-
Post employment health insurance	214,520	25,479	239,999	-
Accrued landfill closure/post closure care cost	-	1,337,627	1,337,627	-
Advance from general fund	25,869	-	25,869	-
Total Noncurrent Liabilities	428,836	1,363,106	1,791,942	-
TOTAL LIABILITIES	1,369,203	1,400,465	2,769,668	111,141
NET ASSETS				
Invested in capital assets, net of related debt	5,792,202	1,105,034	6,897,236	333,136
Unrestricted	2,172,112	293,792	2,465,904	1,214,419
TOTAL NET ASSETS	\$ 7,964,314	\$ 1,398,826	9,363,140	\$ 1,547,555

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.

80,338

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

\$ 9,443,478

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, 2010

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Operating Revenues				
Charges for services	\$ 7,566,101	\$ 432,038	\$ 7,998,139	\$ 1,721,503
Operating Expenses				
Claims and premiums	-	-	-	598,027
Operation and maintenance	7,215,648	349,908	7,565,556	1,134,098
Landfill closure/post-closure care costs	-	83,113	83,113	-
Depreciation	555,647	108,908	664,555	152,463
Total Operating Expenses	<u>7,771,295</u>	<u>541,929</u>	<u>8,313,224</u>	<u>1,884,588</u>
Operating Income (Loss)	<u>(205,194)</u>	<u>(109,891)</u>	<u>(315,085)</u>	<u>(163,085)</u>
Nonoperating Revenues				
Property taxes	214,176	-	214,176	50,000
Insurance recoveries	-	-	-	186,950
Gain on disposal of capital assets	-	-	-	33,902
Investment earnings	-	18,217	18,217	-
Total Nonoperating Revenues	<u>214,176</u>	<u>18,217</u>	<u>232,393</u>	<u>270,852</u>
Change in Net Assets	8,982	(91,674)	(82,692)	107,767
Transfer In (Out)	-	-	-	(1,665,975)
Total Net Assets - January 1	<u>7,955,332</u>	<u>1,490,500</u>		<u>3,105,763</u>
Total Net Assets - December 31	<u>\$ 7,964,314</u>	<u>\$ 1,398,826</u>		<u>\$ 1,547,555</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.			<u>6,598</u>	
Change in Net Assets of Business-Type Activities as Reported on the Statement of Activities (see pages 21 - 22)			<u>\$ (76,094)</u>	

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, 2010

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Cash Flows from Operating Activities				
Receipts from customers	\$ 2,835,720	\$ 431,383	\$ 3,267,103	\$ 212,234
Receipts from internal activity and other governments	4,760,099	-	4,760,099	1,711,884
Payments to employees	(3,102,057)	(102,339)	(3,204,396)	(634,600)
Payments to suppliers	(3,737,832)	(227,986)	(3,965,818)	(2,007,290)
Net Cash Provided (Used) by Operating Activities	755,930	101,058	856,988	(717,772)
Cash Flows From Noncapital Financing Activities				
Property taxes	214,176	-	214,176	50,000
Transfers from (to)	-	-	-	(1,665,975)
Insurance recoveries	-	-	-	186,950
Net Cash Provided (Used) by Noncapital Financing Activities	214,176	-	214,176	(1,429,025)
Cash Flows From Capital and Related Financing Activities				
Purchases and construction of capital assets	(473,956)	(61,354)	(535,310)	(149,747)
Disposal of capital assets gain/(loss)	9,929	-	9,929	33,902
Lease and other debt payments	(24,835)	-	(24,835)	-
Net Cash Used by Capital and Related Financing Activities	(488,862)	(61,354)	(550,216)	(115,845)
Cash Flows from Investing Activities				
Interest received on investments	-	13,849	13,849	-
Net Change in Cash and Cash Equivalents	481,244	53,553	534,797	(2,262,642)
Cash and Cash Equivalents - January 1	675,012	1,598,941	2,273,953	3,178,945
Cash and Cash Equivalents - December 31	\$ 1,156,256	\$ 1,652,494	\$ 2,808,750	\$ 916,303
Displayed as:				
Current assets				
Pooled cash and investments	\$ 1,156,256	\$ 952,013	\$ 2,108,269	\$ 916,303
Restricted assets				
Pooled cash and investments	-	700,481	700,481	-
Total Cash and Cash Equivalents	\$ 1,156,256	\$ 1,652,494	\$ 2,808,750	\$ 916,303
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (205,194)	\$ (109,891)	\$ (315,085)	\$ (163,085)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expenses	555,647	108,908	664,555	152,463
Change in assets and liabilities:				
Receivables, net	(120,126)	(654)	(120,780)	93,598
Prepaid items	203,990	-	203,990	(51,043)
Accounts and other payables	321,613	102,695	424,308	(749,705)
Net Cash Provided (Used) by Operating Activities	\$ 755,930	\$ 101,058	\$ 856,988	\$ (717,772)

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, 2010

	Agency Funds
ASSETS	
Cash and Investments	\$ 5,069,059
Receivables	
Accounts	24
Delinquent property taxes	162,650
Property taxes levied for subsequent years	637,767
TOTAL ASSETS	\$ 5,869,500
LIABILITIES	
Due to taxing districts	
Tax collections	\$ 3,440,396
Special assessments	163,795
Forest income	266,426
Deposits payable	1,998,883
TOTAL LIABILITIES	\$ 5,869,500

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

MARINETTE COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

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

2. Component Units

BLENDING COMPONENT UNIT

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

DISCRETELY PRESENTED

The component unit columns in the basic financial statements represent the financial data of the Marinette County Committee on Aging, Inc. (MCCA), the Marinette County Association for Business and Industry, Inc. (MCABI), and the Stephenson Public Library Foundation, Inc. They are reported in separate columns to emphasize that the entities are legally separate from the County. The MCCA is a not-for-profit corporation that provides services primarily in connection with the "Older Americans Program" for the elderly of Marinette County. The County annually provides significant operating subsidies to the MCCA. Audited financial statements for the MCCA can be obtained from their administrative office in Crivitz, Wisconsin. The MCCA expended less than \$500,000 in federal funds during 2010 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 2010, 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 Crivitz, 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, 2010

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 2010, Marinette County remitted an operating subsidy of \$68,428. 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 \$2,525,684 as of December 31, 2010.

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, 2010

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, 2010

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, 2010

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:

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

g. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. 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, 2010

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, 2010

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, 2010.

MARINETTE COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

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 \$43,139,965 on December 31, 2010 as summarized below:

Petty cash and cash on hand	\$	5,115
Deposits with financial institutions		14,768,947
Investments		28,365,903
	\$	<u>43,139,965</u>

Reconciliation to the basic financial statements:

Basic financial statements		
Cash and investments	\$	37,089,981
Restricted cash and investments		980,925
Fiduciary funds		
Agency funds		5,069,059
	\$	<u>43,139,965</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, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Deposits with in-state financial institutions in time and savings accounts are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian for the period December 31, 2010 through December 31, 2012. In addition, the County's non-interest bearing transaction accounts are fully insured through December 31, 2012. Beginning on July 21, 2011, FDIC insured depository institutions will be permitted to pay interest on demand deposit accounts. Also, beginning on July 21, 2011 an official custodian will receive coverage up to \$250,000 for the combined amounts of all time and savings accounts, coverage up to \$250,000 for the combined amounts of all interest-bearing demand deposit accounts and unlimited coverage of noninterest bearing demand accounts through December 31, 2012. After December 31, 2012 coverage will revert to the permanent FDIC rules which provide coverage of up to \$250,000 for time and savings deposits and up to \$250,000 of coverage for demand deposits. 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, 2010, \$4,151,501 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	\$ 7,359,777	\$ -	\$ 7,359,777	\$ -	\$ -
Federal Home Loan Mortgage Corporation	7,334,511	-	7,334,511	-	-
Governmental Home Loan Mortgage Association	6,286,497	-	6,286,497	-	-
Small Business Association	1,915,868	-	1,915,868	-	-
Wisconsin Local Government Investment Pool	4,773,651	-	-	-	4,773,651
Wisconsin Local Government Investment Pool - DNR	695,599	-	-	-	695,599
Totals	\$ 28,365,903	\$ -	\$ 22,896,653	\$ -	\$ 5,469,250

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

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.	\$ 7,359,777	19%
Federal Home Loan Mortgage Corporation	U.S.	7,334,511	19%
Governmental National Mortgage Association	U.S.	6,286,497	16%
Small Business Association	U.S.	1,915,868	5%

As of December 31, 2010, the County is not in violation of diversification limits as imposed by its investment policy.

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal National Mortgage Association	\$ 7,359,777	\$ -	\$ 2,417,679	\$ 3,427,532	\$ 1,514,566
Federal Home Loan Mortgage Corporation	7,334,511	1,311,841	1,060,910	4,961,760	-
Governmental Home Loan Mortgage Association	6,286,497	-	464,687	5,821,810	-
Small Business Association	1,915,868	-	-	1,915,868	-
Wisconsin Local Government Investment Pool	4,773,651	4,773,651	-	-	-
Wisconsin Local Government Investment Pool - DNR	695,599	695,599	-	-	-
Totals	\$ 28,365,903	\$ 6,781,091	\$ 3,943,276	\$ 16,126,970	\$ 1,514,566

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

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	\$ 7,359,777
Federal Home Loan Mortgage Corporation	7,334,511
Governmental National Mortgage Association	6,286,497
Small Business Association	1,915,868

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$5,469,250 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, 2010, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

COMPONENT UNITS

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

The Stephenson Public Library Foundation, Inc., component unit has a bank balance and investments. The bank balance consists of various certificates of deposits and cash in money market funds. The investments are stated at fair market value and consist of various securities with local financial institution trust departments. At December 31, 2010 the investment cost was \$388,900 with a fair market value of \$415,431.

MARINETTE COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

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, 2010 for collection in 2011 are for the following:

State apportionment	\$ 637,767
County apportionment	<u>14,678,850</u>
Total	<u>\$ 15,316,617</u>

The above County apportionment of \$14,678,850 is for financing 2011 operations and will be transferred in 2011 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, 2010, the County's general fund showed an investment of \$3,473,445 in delinquent taxes as follows:

Tax certificates	\$ 3,363,269
Tax deeds	<u>110,176</u>
Total	<u>\$ 3,473,445</u>

An aging of the total delinquent taxes of \$3,473,445 on December 31, 2010 follows:

Year Acquired	Total	Tax Certificates	Tax Deeds
Prior to 2004	\$ 16,616	\$ 3,152	\$ 13,464
2004	3,591	355	3,236
2005	4,058	515	3,543
2006	1,061	517	544
2007	5,139	2,572	2,567
2008	440,537	418,866	21,671
2009	951,494	948,775	2,719
2010	2,050,949	1,988,517	62,432
	<u>\$ 3,473,445</u>	<u>\$ 3,363,269</u>	<u>\$ 110,176</u>

Of the total of \$3,473,445 for delinquent taxes, \$436,423 was collected by the County within 60 days after December 31, 2010. The remaining unpaid balance of \$3,037,022 is recorded as reserved fund balance for the general fund.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Restricted Assets

Restricted assets on December 31, 2010 totaled \$980,925 and consisted of cash and investments held for the following purposes:

Special Revenue Fund	
Solid waste long-term care	\$ 280,444
Enterprise Fund	
Solid waste long-term care/closure	700,481
Total Restricted Assets	<u>\$ 980,925</u>

5. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,558,073	\$ 36,124	\$ -	\$ 4,594,197
Capital assets, being depreciated:				
Buildings and improvements	43,369,723	-	-	43,369,723
Machinery and equipment	8,268,498	747,489	478,017	8,537,970
Infrastructure	44,035,993	6,121,406	543,882	49,613,517
Subtotals	95,674,214	6,868,895	1,021,899	101,521,210
Less accumulated depreciation for:				
Buildings and improvements	9,236,986	861,572	-	10,098,558
Machinery and equipment	5,307,731	931,153	407,383	5,831,501
Infrastructure	18,927,771	1,090,555	540,236	19,478,090
Subtotals	33,472,488	2,883,280	947,619	35,408,149
Total capital assets, being depreciated, net	62,201,726	3,985,615	74,280	66,113,061
Governmental activities capital assets, net	<u>\$ 66,759,799</u>	<u>\$ 4,021,739</u>	<u>\$ 74,280</u>	70,707,258
Less related long-term debt outstanding				<u>21,490,000</u>
Invested in capital assets, net of related debt				<u>\$ 49,217,258</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

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	2,800,766	46,558	46,324	2,801,000
Buildings	4,798,350	-	-	4,798,350
Machinery and equipment	7,311,235	517,760	126,977	7,702,018
Subtotals	14,910,351	564,318	173,301	15,301,368
Less accumulated depreciation for:				
Land improvements	1,749,094	77,231	-	1,826,325
Buildings	1,831,577	181,286	-	2,012,863
Machinery and equipment	4,377,973	406,038	105,078	4,678,933
Subtotals	7,958,644	664,555	105,078	8,518,121
Total capital assets, being depreciated, net	6,951,707	(100,237)	68,223	6,783,247
Business-type activities capital assets, net	<u>\$ 7,065,696</u>	<u>\$ (100,237)</u>	<u>\$ 68,223</u>	6,897,236
Less related long-term debt outstanding				<u>-</u>
Invested in capital assets, net of related debt				<u>\$ 6,897,236</u>
Depreciation expense was charged to functions of the County as follows:				
Governmental activities				
General government			\$ 232,293	
Public protection			989,205	
Public ways and facilities			1,090,555	
Health			49,273	
Culture and recreation			36,149	
Education			428,247	
Forestry			55,676	
Conservation and development			1,882	
Total depreciation expense - governmental activities			<u>\$ 2,883,280</u>	
Business-type activities				
Highway			\$ 555,647	
Solid waste			108,908	
Total depreciation expense - business-type activities			<u>\$ 664,555</u>	

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

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, 2010 are detailed below:

	Interfund Receivables	Interfund Payables
Note to finance capital assets additions		
General Fund	\$ 53,343	\$ -
Highway Enterprise Fund	-	53,343
Totals	\$ 53,343	\$ 53,343

Interfund transfers for the year ended December 31, 2010 were as follows:

	Transfer to:			
	General Fund	County Roads and Bridges	Internal Service - Information Services	Totals
Transfers from:				
General fund	\$ -	\$ -	\$ 26,065	\$ 26,065
Debt service	466,979	398,171	-	865,150
Internal Service - Self-insurance	1,692,040	-	-	1,692,040
Totals	\$ 2,159,019	\$ 398,171	\$ 26,065	\$ 2,583,255

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, 2010

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	\$ -	\$ 8,734,638
Special revenue funds		
Health and human services	-	3,198,039
County roads and bridges	-	2,483,023
Solid waste long-term care	-	3,100
Revenues collected in advance		
General fund	-	138,584
Loans receivable		
Special revenue funds		
Computer loan program	26,469	-
Revolving loan	1,160,444	-
Community development block grant loans	1,474,365	-
Interest recoverable on delinquent taxes		
General fund	583,558	-
Clerk of Courts fines and forfeitures		
General fund	50,003	-
Pledges receivable		
Debt service	11,500	-
Totals Governmental Funds	<u>\$ 3,306,339</u>	<u>14,557,384</u>
Subsequent year tax levy receivable		
Internal service funds		
Self-insurance		50,000
Totals Governmental Activities		<u>\$ 14,607,384</u>

The loans receivable of \$2,661,278 represents various economic development loans of \$2,634,809 to local industries and business firms and loans of \$26,469 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, 2010

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, 2010:

	Outstanding 1/1/10	Issued	Retired	Outstanding 12/31/10	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 21,075,000	\$ -	\$ 375,000	\$ 20,700,000	\$ 1,375,000
Notes	2,925,000	-	125,000	2,800,000	125,000
Total General Obligation Debt	24,000,000	-	500,000	23,500,000	1,500,000
Post-employment health benefits payable	2,839,591	1,832,619	1,291,002	3,381,208	-
Compensated absences	2,151,941	-	2,414	2,149,527	214,953
Governmental activities Long-term obligations	<u>\$ 28,991,532</u>	<u>\$ 1,832,619</u>	<u>\$ 1,793,416</u>	<u>\$ 29,030,735</u>	<u>\$ 1,714,953</u>
Business-type activities:					
Compensated absences	\$ 206,334	\$ 3,052	\$ -	\$ 209,386	\$ 20,939
Post-employment health benefits payable	286,731	351,718	398,450	239,999	-
Capital leases payable	78,178	-	78,178	-	-
Business-type activities Long-term obligations	<u>\$ 571,243</u>	<u>\$ 354,770</u>	<u>\$ 476,628</u>	<u>\$ 449,385</u>	<u>\$ 20,939</u>

Total interest paid during the year on long-term debt totaled \$988,538.

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%	600,000
Total Bonds	<u>20,700,000</u>
Notes	
\$3,250,000 issued 8/15/06; \$125,000 to \$2,100,000 due annually through 2016; interest 3.75% to 4%	2,800,000
Total Outstanding General Obligation Debt	<u>\$ 23,500,000</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$23,500,000 on December 31, 2010 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
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	1,750,000	737,100	2,487,100
2016-2020	11,350,000	2,311,875	13,661,875
2021-2022	4,000,000	270,000	4,270,000
	<u>\$ 23,500,000</u>	<u>\$ 6,852,262</u>	<u>\$ 30,352,262</u>

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

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2010 was \$165,684,366 as follows:

Equalized valuation of the County	\$ 3,758,067,200
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	187,903,360
Total outstanding general obligation debt applicable to debt limitation	\$ 23,500,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>1,281,006</u>
Net outstanding general obligation debt applicable to debt limitation	<u>22,218,994</u>
Legal Margin for New Debt	<u>\$ 165,684,366</u>

MARINETTE COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

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, 2010 follows:

	Landfill Closure Care	Landfill Postclosure Care
Total estimated costs	\$ 763,218	\$ 2,451,280
Percentage of storage capacity used as of December 31, 2010	73.80%	47.93%
Total estimated liability for costs as of December 31, 2010	563,245	1,174,899
Less closure costs paid	400,517	-
Liabilities as of December 31, 2010	<u>\$ 162,728</u>	<u>\$ 1,174,899</u>

The above total costs of \$162,728 and \$1,174,899 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 \$1,174,899 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, 2010 was \$700,481. 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, 2010, fund balance was reserved as follows:

General Fund	
Reserved for prepaid items	\$ 759,807
Reserved for delinquent property taxes	3,037,022
Reserved for loans receivable	423,014
	<u>\$ 4,219,843</u>
Debt Service Fund	
Reserved for debt retirement	<u>\$ 1,281,006</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

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, 2010, fund balance was designated as follows:

	Fund Allocation		
	Total	General	Special Revenue
<u>Designated For</u> Subsequent Years' Expenditures Current operations	\$ 28,413,537	\$ 24,820,722	\$ 3,592,815

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system. All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% 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, 2010 was \$15,658,698 the employer's total payroll was \$16,193,017. The total required contribution for the year ended December 31, 2010 was \$1,777,027, which consisted of \$825,651, or 5.3% of covered payroll from the employer and \$951,376, or 6.1% of covered payroll from employees. The required contribution for employees for the year ended December 31, 2010 was financed by the County. Total contributions for the years ending December 31, 2009 and 2008 were \$1,690,173 and \$1,646,141 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, 2010

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 315 active and 58 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	\$ 2,178,760
Interest on net OPEB	112,752
Adjustment to annual required contribution	<u>(1,022,870)</u>
Annual OPEB cost (expense)	1,268,642
Contributions made	<u>794,912</u>
Change in net OPEB obligation	473,730
OPEB obligation - beginning of year	<u>3,147,477</u>
OPEB obligation - end of year	<u>\$ 3,621,207</u>

The annual required contribution for the current year was determined as part of the January 1, 2010 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.6% discount rate, and (b) projected salary increases at 2.5%.

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, 2010 is 27 years, and the remaining amount is \$22,618,051.

Trend Information - The County's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 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
12/31/2010	1,268,642	62.66%	3,621,207

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE D - OTHER INFORMATION (Continued)

Funded Status and Funding Progress - As of January 1, 2010, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$22,618,051. The annual payroll for active employees covered by the plan for the 2010 fiscal year was \$16,243,386 for a ratio of the UAAL to covered payroll of 139%.

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, 2010 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 0.0% based on 2010 rates compared to 2009 and a trend rate for year 2 of 10.0% based on past year rate increases with futures rate increases reduced by decrements to an ultimate rate of 5.5% for year eleven and beyond. The UAAL is being amortized as a level percentage of projected payrolls. The remaining amortization period at December 31, 2010 was 27 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, 2010 the self-insurance internal service fund had a net asset surplus of \$729,462 allocated to the following risk management programs:

Life insurance	\$ 7,458
Property and liability insurance	41,092
Workers compensation	680,912
Net Assets	\$ 729,462

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

MARINETTE COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

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

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

Workers Compensation

The County has established a self-insurance fund to finance workers compensation awards for County employees. The program is funded by charges to County departments. The program also is supplemented by stop loss protection, which limits the County's annual liability. Fund expenses and the accrual of claim liabilities are accounted for in the same manner as discussed previously for the health self-insurance program. Changes in the fund's claims liability amount for 2009 and 2010 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2009	\$ -	\$ 171,198	\$ 171,198	\$ -
2010	-	272,708	272,708	-

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 2011 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 2011 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.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

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, 2010

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%
2010	-	22,618,051	0%	22,618,051	16,243,386	139%

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, 2010

Year Ended December 31	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	\$ 788,539	\$ 2,347,206	33.59%
2009	839,060	2,406,715	34.86%
2010	794,912	2,178,760	36.48%

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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes				
General property	\$ 8,806,873	\$ 8,806,873	\$ 8,806,873	\$ -
Forest crop	50,000	50,000	43,700	(6,300)
Payment in lieu of taxes	222,000	222,000	267,615	45,615
Retained sales	150	150	144	(6)
Real estate transfer fees	65,000	65,000	58,316	(6,684)
Interest on taxes	470,000	470,000	555,903	85,903
Total Taxes	9,614,023	9,614,023	9,732,551	118,528
Intergovernmental				
Federal aids				
SSA inmate incentive program	6,600	6,600	6,800	200
Rural law enforcement assistance	255,127	262,544	197,762	(64,782)
State aids				
Shared taxes and Utility tax	1,771,591	1,771,591	1,775,429	3,838
Exempt computers	38,695	38,695	39,085	390
Land information	30,000	74,025	35,659	(38,366)
Victim witness program	37,845	37,845	30,324	(7,521)
Circuit court	188,872	188,872	187,473	(1,399)
Forest roads	75,318	75,318	70,744	(4,574)
Police training/ATV/Snowmobile	20,160	57,892	50,888	(7,004)
Emergency government	59,987	62,546	62,546	-
Hazmat	20,000	20,000	9,558	(10,442)
Homeland security funding	26,143	275,443	268,600	(6,843)
Emergency 911 system	-	69,670	48,000	(21,670)
Transportation	132,288	132,476	132,641	165
Extension	4,650	4,650	1,766	(2,884)
Child support program	639,203	661,013	588,048	(72,965)
ATV/Snowmobile trails and areas	404,217	435,012	305,109	(129,903)
Wildlife habitat management	126,616	133,616	118,058	(15,558)
Targeted Run-Off Management (watershed)	787,668	812,520	812,520	-
Peshtigo/Thunder River grant	60,000	70,028	68,429	(1,599)
S.W.R.M. automation grant	223,000	255,396	205,780	(49,616)
Forestry administrator	51,027	51,027	50,926	(101)
Hazard mitigation grant	-	-	4,322	4,322
Sustainable forestry grant	14,280	14,280	11,146	(3,134)
Veterans service	10,000	10,000	10,000	-
Boat and water safety	13,300	13,300	12,313	(987)
Aquatic invasive species	67,902	67,902	53,336	(14,566)
Charges for services				
Sheriff - local	122,033	122,033	106,142	(15,891)
Sheriff - state	102,391	102,391	123,494	21,103
Shelter group home	323,701	323,701	323,701	-

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Intergovernmental (Continued)				
Charges for services (continued)				
Clerk	7,900	7,900	7,160	(740)
Forestry	39,060	42,370	25,966	(16,404)
Land information	18,000	18,000	29,172	11,172
Dispatch	-	5,000	-	(5,000)
Extension	3,000	3,000	2,663	(337)
Total Intergovernmental	<u>5,680,574</u>	<u>6,226,656</u>	<u>5,775,560</u>	<u>(451,096)</u>
Regulation and Compliance				
Zoning permits and fees	26,750	26,750	23,730	(3,020)
Sanitary permits/reviews	81,000	81,000	65,195	(15,805)
Non-metallic mining fees	26,000	26,000	24,650	(1,350)
Firewood permits	13,000	13,000	17,250	4,250
Occupational licenses	20	20	-	(20)
Jail assessments	50,000	50,000	45,979	(4,021)
County ordinance forfeitures and defaults	115,500	115,500	106,177	(9,323)
County's share of state fines and forfeitures	84,000	84,000	68,011	(15,989)
County share agriculture use penalty	1,400	1,400	215	(1,185)
Total Regulation and Compliance	<u>397,670</u>	<u>397,670</u>	<u>351,207</u>	<u>(46,463)</u>
Charges For Services				
Clerk	3,535	3,535	4,508	973
Treasurer	58,000	58,000	59,114	1,114
Child support	10,500	10,500	9,658	(842)
Circuit court	158,700	158,700	161,248	2,548
Witness fees	1,000	1,000	981	(19)
Family court counseling	10,000	10,000	8,750	(1,250)
Guardian ad litem fees	78,250	78,250	64,272	(13,978)
District Attorney	9,500	9,500	6,030	(3,470)
Register of deeds	190,090	198,033	214,825	16,792
Sheriff fees	219,560	219,560	203,077	(16,483)
Board of prisoners at county jail	133,000	133,000	70,037	(62,963)
Inmate reimbursements	111,200	111,200	73,598	(37,602)
Jail canteen	19,920	19,920	21,957	2,037
Accident photos and reports	3,000	3,000	1,770	(1,230)
Emergency government response	-	1,548	1,548	-
Coroner fees	28,050	28,050	30,460	2,410
Library	28,000	34,261	41,495	7,234
Parks	182,600	182,600	206,117	23,517
Land records modernization	59,000	59,000	65,878	6,878
County forest	2,199,810	2,199,810	2,485,174	285,364
Land information	87,150	98,020	78,035	(19,985)
Camp Bird	70,000	70,000	55,170	(14,830)
Tourism	1,500	1,890	1,890	-
Extension program	15,497	15,497	10,577	(4,920)
Total Charges For Services	<u>3,677,862</u>	<u>3,704,874</u>	<u>3,876,169</u>	<u>171,295</u>

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Commercial				
Investment income	1,337,040	1,337,040	1,439,871	102,831
Other - Interest	24,288	24,288	19,264	(5,024)
Rent of county buildings and offices	24,600	24,600	25,632	1,032
Land leases	16,380	16,380	16,380	-
Sale of county property	38,500	40,648	41,703	1,055
Sale of county land	50,000	50,000	21,069	(28,931)
Total Commercial	1,490,808	1,492,956	1,563,919	70,963
Miscellaneous				
Revenues from departments				
Human services buildings	313,045	313,045	311,810	(1,235)
Library building	61,633	61,633	61,632	(1)
Motor pool	16,810	16,810	16,810	-
Maintenance other	-	-	8,268	8,268
Family court commissioner	1,900	1,900	1,500	(400)
Clerk of court	7,720	8,104	4,372	(3,732)
Corporation counsel	2,044	2,044	3,342	1,298
Finance	6,000	13,088	84,284	71,196
District Attorney	8,500	8,500	9,951	1,451
CDBG and MAR-OCO administrative	32,400	33,994	27,964	(6,030)
Human resources	7,500	10,191	13,543	3,352
Emergency management	-	-	88	88
Donations	6,500	52,563	53,053	490
Insurance recoveries	24,019	71,924	64,514	(7,410)
Total Miscellaneous	488,071	593,796	661,131	67,335
Total Revenues	\$ 21,349,008	\$ 22,029,975	\$ 21,960,537	\$ (69,438)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures
General Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government				
County board	\$ 212,630	\$ 223,073	\$ 223,073	\$ -
Administrator	222,705	228,107	217,789	10,318
Clerk	151,474	165,061	152,982	12,079
Treasurer	228,161	240,046	239,181	865
Finance	355,351	373,034	373,034	-
Elections	62,000	62,000	47,573	14,427
Property management	22,060	15,713	8,025	7,688
Human resources	152,596	182,312	182,312	-
Independent auditing	24,300	24,700	24,700	-
Special accounting	5,567	5,567	5,567	-
District attorney	231,619	267,771	267,771	-
Victim witness program	68,813	74,395	51,085	23,310
Corporation counsel	161,986	170,543	170,543	-
Circuit court	362,312	385,314	306,774	78,540
Clerk of court	524,816	550,913	550,913	-
Family court commissioner	77,709	85,713	85,713	-
Family court commissioner - mediation services	10,000	10,000	10,000	-
Law library	15,000	15,000	6,692	8,308
Coroner	108,588	108,588	96,332	12,256
Register of deeds	279,225	300,134	297,215	2,919
Land information	895,817	949,357	900,428	48,929
Land records modernization	59,000	59,000	51,600	7,400
Courthouse	1,497,669	1,204,410	1,158,340	46,070
Tax deed expense	22,800	22,800	21,182	1,618
Personal property chargeback	3,000	3,000	2,684	316
Illegal taxes	2,000	2,000	656	1,344
Retirees health insurance	471,207	553,279	553,278	1
Paying agent service charges	380	380	363	17
State special charges	819	819	819	-
Total General Government	6,229,604	6,283,029	6,006,624	276,405
Public Protection				
Sheriff and traffic	3,710,666	3,977,990	3,952,524	25,466
Central Dispatch	1,277,971	1,332,073	1,308,568	23,505
MEG unit	89,883	105,103	105,103	-
Civil service commission	4,820	4,820	116	4,704
Fire suppression	1,500	1,992	1,992	-
Emergency management	50,111	56,971	56,971	-
Emergency management EMPG grant	36,750	40,777	40,016	761
Emergency management EPCRA grant	20,534	20,834	20,424	410

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures (Continued)
General Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Protection (Continued)				
Emergency management hazmat grants	20,000	20,000	9,558	10,442
Emergency management other grants	-	246,937	244,279	2,658
Emergency management Incident response	-	1,742	1,742	-
Emergency 911 system	-	79,670	48,068	31,602
Ambulance and rescue squads	32,050	32,050	32,050	-
Sheltered group home	323,701	323,701	323,701	-
Jail	2,547,698	2,539,612	2,523,969	15,643
Jail rural assistance grant	255,127	269,544	199,085	70,459
Total Public Protection	8,370,811	9,053,816	8,868,166	185,650
Public Ways and Facilities				
Airport	71,050	71,050	68,428	2,622
Health				
Committee on aging	292,874	294,299	293,982	317
Child support program	751,190	752,248	680,596	71,652
Employee wellness	-	1,891	1,891	-
Veterans relief	4,315	4,315	3,401	914
Veterans service officer	160,479	164,962	161,749	3,213
Burial of veterans	3,200	3,200	2,382	818
Total Health and Social Services	1,212,058	1,220,915	1,144,001	76,914
Culture and Recreation				
Library	922,266	895,924	887,050	8,874
Fairs and exhibits	10,000	10,000	10,000	-
Snowmobile/ATV trails and areas	417,463	448,259	311,756	136,503
Parks	836,853	793,731	793,730	1
Forest and Parks Development	55,900	131,900	84,741	47,159
Total Culture and Recreation	2,242,482	2,279,814	2,087,277	192,537
Education				
University extension program	309,568	332,258	316,895	15,363
U.W. Center	56,000	56,000	55,962	38
Total Education	365,568	388,258	372,857	15,401
Forestry				
County forest	1,057,841	1,081,178	1,035,029	46,149
Forestry equipment	147,500	144,527	127,717	16,810
Total Forestry	1,205,341	1,225,705	1,162,746	62,959

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures (Continued)
General Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Conservation and Development				
Camp Bird	150,831	142,164	139,121	3,043
Wildlife habitat management	24,073	20,117	19,514	603
Wildlife damage	115,072	123,152	102,938	20,214
Contributions to sports clubs	1,000	1,000	785	215
Lake Noquebay dam	1,500	1,500	1,500	-
Aquatic invasive species and other lake grants	67,902	69,027	59,324	9,703
Peshtigo/Thunder River grant	60,000	70,028	68,429	1,599
S.W.R.M. automation grant	221,718	254,114	205,811	48,303
Targeted run-off management	787,668	812,520	812,520	-
Non-metallic mining	38,239	38,489	26,535	11,954
Property site assessment	-	55,000	5,764	49,236
Regional planning commission	17,598	17,598	17,598	-
Conservation Camp	4,100	4,300	4,061	239
Tourism	108,210	92,105	92,105	-
Economic development	89,646	98,740	89,646	9,094
Total Conservation and Development	<u>1,687,557</u>	<u>1,799,854</u>	<u>1,645,651</u>	<u>154,203</u>
 Total Expenditures	 <u>\$ 21,384,471</u>	 <u>\$ 22,322,441</u>	 <u>\$ 21,355,750</u>	 <u>\$ 966,691</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.

MARINETTE COUNTY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	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	\$ 19,339	\$ -	\$ 7,431	\$ 11,095	\$ 204,749	\$ 23,484
Receivables						
Property taxes levied for subsequent year	-	3,100	-	-	-	-
Accounts	-	-	154	-	-	-
Interest	-	1,299	-	-	1,748	197
Loans	-	-	-	-	-	-
Restricted assets						
Pooled cash and investments	-	280,444	-	-	-	-
TOTAL ASSETS	\$ 19,339	\$ 284,843	\$ 7,585	\$ 11,095	\$ 206,497	\$ 23,681
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 4,820	\$ 402	\$ 6,585	\$ -	\$ 178	\$ -
Deferred revenue - loans receivable						
Loans receivable	-	-	-	-	-	-
Property Taxes	-	3,100	-	-	-	-
Total Liabilities	<u>4,820</u>	<u>3,502</u>	<u>6,585</u>	<u>-</u>	<u>178</u>	<u>-</u>
Fund Balances						
Unreserved	<u>14,519</u>	<u>281,341</u>	<u>1,000</u>	<u>11,095</u>	<u>206,319</u>	<u>23,681</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,339	\$ 284,843	\$ 7,585	\$ 11,095	\$ 206,497	\$ 23,681

MARINETTE COUNTY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Special Revenue Funds (Continued)				Totals 2010
	Computer Loan Program	Revolving Loan Fund	Teen Court	Community Development Block Grant	
ASSETS					
Pooled cash and investments	\$ 48,531	\$ 229,167	\$ 4,926	\$ 231,282	\$ 780,004
Receivables					
Property taxes levied for subsequent year	-	-	-	-	3,100
Accounts	-	-	-	643	797
Interest	-	-	-	-	3,244
Loans	26,469	1,160,444	-	1,474,365	2,661,278
Restricted assets					
Pooled cash and investments	-	-	-	-	280,444
TOTAL ASSETS	\$ 75,000	\$ 1,389,611	\$ 4,926	\$ 1,706,290	\$ 3,728,867
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 72	\$ 29	\$ 983	\$ 13,069
Deferred revenue - loans receivable					
Loans receivable	26,469	1,160,444	-	1,474,365	2,661,278
Property Taxes	-	-	-	-	3,100
Total Liabilities	26,469	1,160,516	29	1,475,348	2,677,447
Fund Balances					
Unreserved	48,531	229,095	4,897	230,942	1,051,420
TOTAL LIABILITIES AND FUND BALANCES	\$ 75,000	\$ 1,389,611	\$ 4,926	\$ 1,706,290	\$ 3,728,867

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2010

	Special Revenue Funds					
	Library Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust
Revenues						
Taxes	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -
Intergovernmental						
State aid	35,484	-	-	-	-	-
Regulations and compliance						
License fees	-	-	6,825	-	-	-
Commercial						
Loan Repayments						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Interest on investments	-	8,895	-	-	3,777	418
Miscellaneous						
Donations	-	-	-	9,428	-	-
Total Revenues	35,484	11,895	6,825	9,428	3,777	418
Expenditures						
General government	-	-	-	-	-	-
Public ways and facilities	-	9,369	-	-	-	-
Health	-	-	6,825	-	-	-
Culture and recreation	42,892	-	-	2,238	4,750	536
Education	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-
Total Expenditures	42,892	9,369	6,825	2,238	4,750	536
Net Change in Fund Balance	(7,408)	2,526	-	7,190	(973)	(118)
Fund Balance - January 1	21,927	278,815	1,000	3,905	207,292	23,799
Fund Balance - December 31	\$ 14,519	\$ 281,341	\$ 1,000	\$ 11,095	\$ 206,319	\$ 23,681

(Continued)

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2010

	Special Revenue Funds (Continued)				Totals 2010
	Computer Loan Program	Revolving Loan Fund	Teen Court	Community Development Block Grant	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,000
Intergovernmental					
State aid	-	-	-	506,000	541,484
Regulations and compliance					
License fees	-	-	-	-	6,825
Commercial					
Loan Repayments					
Principal	29,293	131,785	-	135,201	296,279
Interest	-	38,475	-	31,420	69,895
Interest on investments	-	351	-	460	13,901
Miscellaneous					
Donations	-	-	311	-	9,739
Total Revenues	<u>29,293</u>	<u>170,611</u>	<u>311</u>	<u>673,081</u>	<u>941,123</u>
Expenditures					
General government	-	-	461	-	461
Public ways and facilities	-	-	-	-	9,369
Health	-	-	-	-	6,825
Culture and recreation	-	-	-	-	50,416
Education	30,736	-	-	-	30,736
Conservation and development	-	2,197	-	550,240	552,437
Total Expenditures	<u>30,736</u>	<u>2,197</u>	<u>461</u>	<u>550,240</u>	<u>650,244</u>
Net Change in Fund Balance	(1,443)	168,414	(150)	122,841	290,879
Fund Balance - January 1	<u>49,974</u>	<u>60,681</u>	<u>5,047</u>	<u>108,101</u>	<u>760,541</u>
Fund Balance - December 31	<u>\$ 48,531</u>	<u>\$ 229,095</u>	<u>\$ 4,897</u>	<u>\$ 230,942</u>	<u>\$ 1,051,420</u>

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, 2010

	Self- Insurance	Information Services	Central Motor Pool	Totals 2010
ASSETS				
Current Assets				
Pooled cash and investments	\$ 488,736	\$ 401,285	\$ 26,282	\$ 916,303
Receivables				
Accounts	-	3,265	5,491	8,756
Property taxes levied for subsequent year	50,000	-	-	50,000
Inventories	-	36,150	-	36,150
Prepaid items	243,151	71,200	-	314,351
Total Current Assets	781,887	511,900	31,773	1,325,560
Capital Assets				
Machinery and equipment	-	507,094	578,217	1,085,311
Accumulated depreciation	-	(367,668)	(384,507)	(752,175)
Net Capital Assets	-	139,426	193,710	333,136
TOTAL ASSETS	781,887	651,326	225,483	1,658,696
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	2,425	46,893	4,671	53,989
Accrued liabilities	-	7,152	-	7,152
Deferred revenue - property taxes	50,000	-	-	50,000
TOTAL CURRENT LIABILITIES	52,425	54,045	4,671	111,141
NET ASSETS				
Invested in capital assets	-	139,426	193,710	333,136
Unrestricted	729,462	457,855	27,102	1,214,419
\$ 729,462	\$ 597,281	\$ 220,812	\$ 1,547,555	

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2010

	Self- Insurance	Information Services	Central Motor Pool	Totals 2010
Operating Revenues				
Charges for services	\$ 485,737	\$ 1,094,866	\$ 140,900	\$ 1,721,503
Operating Expenses				
Claims and premiums	598,027	-	-	598,027
Operation and maintenance	-	1,034,371	99,727	1,134,098
Depreciation	-	67,240	85,223	152,463
Total Operating Expenses	598,027	1,101,611	184,950	1,884,588
Operating Income (Loss)	(112,290)	(6,745)	(44,050)	(163,085)
Nonoperating Revenues				
General property taxes	50,000	-	-	50,000
Insurance recoveries	181,644	-	5,306	186,950
Gain on disposal of assets	-	-	33,902	33,902
Total Nonoperating Revenues	231,644	-	39,208	270,852
Income (Loss) Before Transfer	119,354	(6,745)	(4,842)	107,767
Transfer In (Out)	(1,692,040)	26,065	-	(1,665,975)
Total Net Assets - January 1	2,302,148	577,961	225,654	3,105,763
Total Net Assets - December 31	\$ 729,462	\$ 597,281	\$ 220,812	\$ 1,547,555

MARINETTE COUNTY, WISCONSIN

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2010

	Self- Insurance	Information Services	Central Motor Pool	Totals 2010
Cash Flows from Operating Activities				
Receipts from customers/insured	\$ 209,734	\$ 2,500	\$ -	\$ 212,234
Internal activity - payments from other funds	485,737	1,090,099	136,048	1,711,884
Payment to employees	(40,691)	(593,909)	-	(634,600)
Payment to suppliers/providers	(1,401,130)	(507,184)	(98,976)	(2,007,290)
Net Cash Provided (Used) by Operating Activities	(746,350)	(8,494)	37,072	(717,772)
Cash Flows from Noncapital Financing Activities				
Property taxes	50,000	-	-	50,000
Transfer from (to) general fund	(1,692,040)	26,065	-	(1,665,975)
Insurance recoveries	181,644	-	5,306	186,950
Net Cash Provided (Used) by Noncapital Financing Activities	(1,460,396)	26,065	5,306	(1,429,025)
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	-	(14,300)	(135,447)	(149,747)
Disposal/Transfer of assets gain/(loss)	-	-	33,902	33,902
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(14,300)	(101,545)	(115,845)
Increase (Decrease) in Cash and Cash Equivalents	(2,206,746)	3,271	(59,167)	(2,262,642)
Cash and Cash Equivalents - January 1	2,695,482	398,014	85,449	3,178,945
Cash and Cash Equivalents - December 31	\$ 488,736	\$ 401,285	\$ 26,282	\$ 916,303
Displayed as:				
Current Assets				
Pooled cash and investments	\$ 488,736	\$ 401,285	\$ 26,282	\$ 916,303
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (loss)	\$ (112,290)	\$ (6,745)	\$ (44,050)	\$ (163,085)
Depreciation	-	67,240	85,223	152,463
Change in assets and liabilities:				
Receivables, net	100,717	(2,267)	(4,852)	93,598
Prepaid items	-	(51,043)	-	(51,043)
Accounts and other payables	(734,777)	(15,679)	751	(749,705)
Net Cash Provided (Used) by Operating Activities	\$ (746,350)	\$ (8,494)	\$ 37,072	\$ (717,772)

MARINETTE COUNTY, WISCONSIN
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2010

	Agency Funds								Totals 2010
	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	\$ -	\$ 3,070,200	\$ 81,869	\$ 10,417	\$ 246,089	\$ 1,652,494	\$ 2,915	\$ 5,075	\$ 5,069,059
Receivables									
Accounts	-	-	-	-	-	-	-	24	24
Delinquent property taxes	-	162,650	-	-	-	-	-	-	162,650
Property taxes levied for subsequent year	637,767	-	-	-	-	-	-	-	637,767
TOTAL ASSETS	\$ 637,767	\$ 3,232,850	\$ 81,869	\$ 10,417	\$ 246,089	\$ 1,652,494	\$ 2,915	\$ 5,099	\$ 5,869,500
LIABILITIES AND FUND BALANCE									
Liabilities									
Due to taxing districts									
Tax collections	\$ 637,767	\$ 2,802,629	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,440,396
Special assessments	-	163,795	-	-	-	-	-	-	163,795
Forest income	-	266,426	-	-	-	-	-	-	266,426
Deposits payable	-	-	81,869	10,417	246,089	1,652,494	2,915	5,099	1,998,883
TOTAL LIABILITIES	\$ 637,767	\$ 3,232,850	\$ 81,869	\$ 10,417	\$ 246,089	\$ 1,652,494	\$ 2,915	\$ 5,099	\$ 5,869,500

**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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marinette County, Wisconsin, as of and for the year ended December 31, 2010, which collectively comprise Marinette County's basic financial statements and have issued our report thereon dated July 11, 2011. 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.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Marinette County, Wisconsin in a separate letter dated July 11, 2011.

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.

Scherck & C

Certified Public Accountants
Green Bay, Wisconsin
July 11, 2011

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR FEDERAL AND STATE 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 Marinette County, Wisconsin's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2010. 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 could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed instances 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 items 2010-02 and 2010-03.

Internal Control Over Compliance

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 a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-01. *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
July 11, 2011

MARINETTE COUNTY, WISCONSIN
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2010

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
FEDERAL PROGRAMS		
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Special Supplemental Nutrition Program for Women, Infants and Children	WI Department of Health Services	10.557
State Administrative Matching Grants for Food Stamp Program	WI Department of Health Services	10.561
WIC Farmers' Market Nutrition Program	WI Department of Health Services	10.572
Total U.S. Department of Agriculture		
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Community Development Block Grants	WI Department of Commerce	14.228
<u>U.S. DEPARTMENT OF THE INTERIOR</u>		
National Fire Plan	WI Department of Natural Resources	15.228
<u>U.S. DEPARTMENT OF JUSTICE</u>		
ARRA - Rural Law Enforcement to Combat Crime and Drugs CEASE	Direct Program WI Department of Justice	16.810 N/A
Total U.S. Department of Justice		
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>		
Highway Safety Cluster		
State and Community Highway Safety		20.600
Human Services Department	WI Department of Transportation	
Hazmat Public Sector Training and Planning Grants	WI Department of Military Affairs	20.703
Total U.S. Department of Transportation		
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Early Intervention Services Cluster		
Grants for Infants and Toddlers with Disabilities	WI Department of Health Services	84.181
ARRA - Grants for Infants and Toddlers with Disabilities	WI Department of Health Services	84.393
Total U.S. Department of Education		
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Public Health Emergency Preparedness	WI Department of Health Services	93.069
Immunization Cluster		
Childhood Immunization Grants	WI Department of Health Services	93.268
ARRA - Immunization	WI Department of Health Services	93.712
Total Immunization Cluster		
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 1/1/10	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/10	Total Revenues	Total Expenditures
\$ (22,792)	\$ 209,213	\$ 31,753	\$ 218,174	\$ 218,174
(53,594)	295,114	40,505	282,025	282,025
-	162	54	216	216
(76,386)	504,489	72,312	500,415	500,415
-	505,357	643	506,000	506,000
-	4,322	-	4,322	4,322
-	142,127	55,634	197,761	197,761
-	4,794	-	4,794	4,794
-	146,921	55,634	202,555	202,555
-	3,000	-	3,000	3,000
-	2,525	-	2,525	2,525
-	5,525	-	5,525	5,525
-	25,425	-	25,425	25,425
-	8,447	-	8,447	8,447
-	33,872	-	33,872	33,872
(8,461)	131,048	-	122,587	122,587
(1)	10,851	7	10,857	10,857
-	2,113	1,028	3,141	3,141
(1)	12,964	1,035	13,998	13,998
(19,784)	46,080	20,054	46,350	46,350
-	108,423	-	108,423	108,423
(9,673)	132,874	7,497	130,698	130,698
(9,673)	241,297	7,497	239,121	239,121

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2010

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
FEDERAL PROGRAMS (Continued)		
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>		
Child Support Enforcement (Title IV-D)	WI Department of Children and Families	93.563
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 Health Services	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 Health Services	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
Homeland Security Grant Program	WI Department of Administration	97.067
ARRA Port Security Grant Program	Direct Program	97.116
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 1/1/10	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/10	Total Revenues	Total Expenditures
(74,882)	409,125	6,037	340,280	340,280
(5,526)	250,779	-	245,253	245,253
(80,408)	659,904	6,037	585,533	585,533
(43,290)	116,093	58,261	131,064	131,064
(21,484)	63,137	1,833	43,486	43,486
(953)	1,185	697	929	929
-	16,827	-	16,827	16,827
1,174	3,426	866	5,466	5,466
1,174	20,253	866	22,293	22,293
(302)	230,107	265	230,070	230,070
1,761	4,883	1,251	7,895	7,895
1,459	234,990	1,516	237,965	237,965
-	212,522	-	212,522	212,522
-	25,648	-	25,648	25,648
-	238,170	-	238,170	238,170
(13,093)	18,661	10,892	16,460	16,460
(5,212)	39,777	5,797	40,362	40,362
(404,731)	3,788,772	520,453	3,904,494	3,904,494
-	1,368	-	1,368	1,368
(404,731)	3,790,140	520,453	3,905,862	3,905,862
(26,051)	79,411	25,004	78,364	78,364
(236)	108,949	(14,883)	93,830	93,830
-	101,106	6,804	107,910	107,910
(1)	7,957	-	7,956	7,956
(257)	18,500	6	18,249	18,249
(631,002)	5,929,622	651,869	5,950,489	5,950,489
-	48,959	-	48,959	48,959
(167,589)	274,889	7,900	115,200	115,200
-	159,095	-	159,095	159,095
(167,589)	482,943	7,900	323,254	323,254
\$ (874,977)	\$ 7,613,051	\$ 788,358	\$ 7,526,432	\$ 7,526,432

MARINETTE COUNTY, WISCONSIN
 Schedule of State Financial Assistance
 For the Year Ended December 31, 2010

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
STATE PROGRAMS		
<u>DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION</u>		
Basic Annual Staffing Grants	Direct Program	115.15
Land & Water Resource Management Plan Implementation	Direct Program	115.40
Total Department of Agriculture, Trade and Consumer Protection		
<u>DEPARTMENT OF COMMERCE</u>		
Wisconsin Fund Private Sewage System	Direct Program	143.110
<u>DEPARTMENT OF NATURAL RESOURCES</u>		
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 2009	Direct Program	370.553
2010	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
Total Department of Natural Resources		
<u>DEPARTMENT OF TRANSPORTATION</u>		
Elderly and Handicapped Transportation Aids	Direct Program	395.101
<u>DEPARTMENT OF CORRECTIONS</u>		
Community Intervention Program	Direct Program	410.302
Community Youth and Family Aids	Direct Program	410.313
Total Department of Corrections		
<u>DEPARTMENT OF HEALTH SERVICES</u>		
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 1/1/10	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/10	Total Revenues	Total Expenditures
\$ (11,820)	\$ 160,254	\$ 7,435	\$ 155,869	\$ 155,869
(30,095)	80,005	-	49,910	49,910
(41,915)	240,259	7,435	205,779	205,779
-	1,892	-	1,892	1,892
-	173	-	173	173
-	12,313	-	12,313	12,313
-	10,913	-	10,913	10,913
-	9,745	-	9,745	9,745
(110,549)	110,549	-	-	-
-	-	106,515	106,515	106,515
-	11,543	-	11,543	11,543
-	49,767	-	49,767	49,767
-	62,072	-	62,072	62,072
29,322	197,695	(36,609)	190,408	190,408
2,706	68,753	41,998	113,457	113,457
(39,091)	701,611	218,429	880,949	880,949
-	1,967	(1,250)	717	717
(27,269)	27,269	-	-	-
7,957	10,000	53,336	71,293	71,293
(136,924)	1,274,370	382,419	1,519,865	1,519,865
-	130,553	-	130,553	130,553
-	14,940	-	14,940	14,940
114,449	385,382	94,077	593,908	593,908
114,449	400,322	94,077	608,848	608,848
(1,568)	1,568	-	-	-
(13,505)	78,245	1,060	65,800	65,800
(12,675)	91,341	17,404	96,070	96,070
(1,717)	8,261	2,551	9,095	9,095

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2010

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

DEPARTMENT OF HEALTH SERVICES (Continued)

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
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
Certified Mental Health Program	Direct Program	435.517
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
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
Maternal and Child Health Services	Direct Program	435.159320
Elder Abuse	Greater Wisconsin Agency on Aging	435.560490
Total Department of Health Services		

(Continued)

(Accrued) Deferred Revenue 1/1/10	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/10	Total Revenues	Total Expenditures
(10,091)	10,091	-	-	-
150	(150)	-	-	-
540	(540)	-	-	-
(1,252)	239,595	-	238,343	238,343
(2,507)	41,456	6,532	45,481	45,481
(204,335)	507,482	217,869	521,016	521,016
(50,570)	369,686	34,304	353,420	353,420
(53,776)	343,329	111,492	401,045	401,045
33,797	86,004	(11,462)	108,339	108,339
(6,310)	95,540	(10,570)	78,660	78,660
(114,989)	157,171	126,545	168,727	168,727
(7,835)	11,396	9,615	13,176	13,176
(1,128)	104,747	(619)	103,000	103,000
430	3,550	329	4,309	4,309
5,345	1,749	(3,887)	3,207	3,207
(257)	4,704	767	5,214	5,214
892	721	(945)	668	668
(4,487)	11,685	6,790	13,988	13,988
(9,805)	75,350	12,684	78,229	78,229
-	19,945	-	19,945	19,945
-	160,784	-	160,784	160,784
-	200,063	-	200,063	200,063
-	4,780	13	4,793	4,793
-	7,375	3,156	10,531	10,531
-	47,635	-	47,635	47,635
-	787,672	-	787,672	787,672
(39,548)	39,548	-	-	-
(7,880)	56,228	3,527	51,875	51,875
-	121,676	-	121,676	243,352
(766)	2,068	-	1,302	1,302
(433)	1,570	379	1,516	1,516
(18,080)	42,179	8	24,107	24,107
-	6,567	8	6,575	6,575
-	1,368	-	1,368	1,368
(5,202)	25,831	3,331	23,960	23,960
(527,562)	3,768,270	530,881	3,771,589	3,893,265

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2010

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)

FEV - State Share No Match	Direct Program	437.215
Vital Records and Unemployment Intercept Fees	Direct Program	437.334
AW DOJ Fingerprint Background	Direct Program	437.3324
Basic County Allocation	Direct Program	437.3561
Community and Mental Health Services	Direct Program	437.3681
CS Medical Support GPR	Direct Program	437.7603
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
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 1/1/10	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/10	Total Revenues	Total Expenditures
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(3,083)	3,083	-	-	-
14	(14)	-	-	-
(817)	817	717	717	717
-	186,542	-	186,542	186,542
-	52,392	-	52,392	104,784
-	2,515	-	2,515	2,515
<u>(3,886)</u>	<u>245,335</u>	<u>717</u>	<u>242,166</u>	<u>294,558</u>

<u>(19,693)</u>	<u>33,055</u>	<u>16,962</u>	<u>30,324</u>	<u>30,324</u>
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(6,761)	20,348	-	13,587	13,587
-	9,558	-	9,558	9,558
<u>(6,761)</u>	<u>29,906</u>	<u>-</u>	<u>23,145</u>	<u>23,145</u>

(43,820)	43,820	-	-	-
-	3,461	-	3,461	3,461
<u>(15,988)</u>	<u>69,624</u>	<u>16,987</u>	<u>70,623</u>	<u>70,623</u>
<u>(59,808)</u>	<u>116,905</u>	<u>16,987</u>	<u>74,084</u>	<u>74,084</u>

<u>(170,858)</u>	<u>170,858</u>	<u>-</u>	<u>-</u>	<u>-</u>
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<u>\$ (852,958)</u>	<u>\$ 6,411,725</u>	<u>\$ 1,049,478</u>	<u>\$ 6,608,245</u>	<u>\$ 6,782,313</u>
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MARINETTE COUNTY, WISCONSIN

Notes to the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance
Year Ended December 31, 2010

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.

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

NOTE C - OVERSIGHT AGENCIES

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

Federal - 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, 2010

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 16, 2011 CARS for the Human Services Department and the December, 2010 CORE for Child Support and W2 programs, with adjustments for anticipated receivables.

NOTE G - AMERICAN RECOVERY AND REINVESTMENT ACT

The *Wisconsin Department of Health Services* requires the following additional information be presented for each Recovery Act program with funding passed through that department:

Federal Grantor: U.S. Department of Education
 Program or Cluster Title: Early Intervention Services (IDEA) Cluster
 Federal CFDA Number: 84.393
 CARS profile name or purchase order description: ARRA BIRTH-3 NON CALENDAR
 CARS profile number or purchase order number: 81065
 CARS or invoice expenses and payments by contract year:

	CARS 603 Column H Actual CTD Expenses	CARS 603 Column K CTD pmts (Advances)
1/1/10 - 12/31/10	\$ 8,447	\$ 8,447

1. Was the funding part of a Type A program or cluster?

No

MARINETTE COUNTY, WISCONSIN

Notes to the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance
Year Ended December 31, 2010

NOTE G - AMERICAN RECOVERY AND REINVESTMENT ACT (Continued)

Federal Grantor: U.S. Department of Health and Human Services
Program or Cluster Title: Immunization Cluster
Federal CFDA Number: 93.712
CARS profile name or purchase order description: ARRA IMM FOR CHILD & ADULT
CARS profile number or purchase order number: 71004
CARS or invoice expenses and payments by contract year:

	CARS 603 Column H Actual CTD Expenses	CARS 603 Column K CTD pmts (Advances)
1/1/10 - 12/31/10	\$ 3,141	\$ 2,113

1. Was the funding part of a Type A program or cluster? No

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2010

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?	None Reported
Noncompliance material to basic financial statements noted?	No

Federal Awards and State Financial Assistance

Internal control over major program:	
• Material weakness(es) identified?	No
• Significant deficiency identified?	Yes
Type of auditors' report issued on compliance for major programs	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
14.228	Community Development Block Grants
93.563	Child Support Enforcement (Title IV-D)
93.563	ARRA Child Support Enforcement (Title IV-D)
93.778	Medical Assistance Program
97.116	ARRA Port Security Grant Program

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

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 Year Ended December 31, 2010

Section I - Summary of Auditors' Results (Continued)

Identification of major state programs:

State ID Number	Name of State Program
115.15	Basic Annual Staffing Grants
115.40	Land & Water Resource Management Plan Implementation
370.574 & 370.575	Recreational Aids - Snowmobile Trails and Area Aid
370.576 & 370.577	Recreational Aids - All-Terrain Vehicle
395.101	Elderly and Handicapped Transportation Aids
435.283	IM Available Allocation - State
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
N/A	Wisconsin Medicaid Cost Reporting
435.561	Basic County Allocation
435.681	Community and Mental Health Services
437.3561	Basic County Allocation
437.3681	Community and Mental Health Services
445.347	Child Day Care

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, 2010.

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 Year Ended December 31, 2010

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

Finding No.	Internal Control Deficiency
2010-01	Financial Reporting for Federal and State Financial Assistance
	<p>CFDA #: All federal programs</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, 2010

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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2010-02 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 \$75,000 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 2009 audit from one provider as detailed below. Total payments of \$91,696 as summarized below by CARS line, are reported as questioned costs.

\$ 91,696

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>		
CIP II	348/349	\$ 676
CIP II Relocations	369/370	4,440
CIP II Diversions	375/376	16,786
COP-W	338/339	29,944
Personal Care	N/A	39,850
		<u>\$ 91,696</u>

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 Year Ended December 31, 2010

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

Finding No.	State Single Audit Guidelines Findings
2010-03	Child Support Cooperative Agreements
CFDA #:	93.563
Condition:	OMB Circular A-133 and the <i>State Single Audit Guidelines</i> requires the County use the Standard Cooperative Agreement and include the requirements for maintenance of records, documentation, and reporting.
Criteria:	The County must adopt and follow a reasonable methodology for determining child support costs and procedures for billing as specified in Attachment 2: Methods of Determining Costs and Procedures for Billing of the Cooperative Agreement.
Effect:	The County could receive federal or state grant awards which are not supported by proper documentation.
Cause:	The County has a signed Cooperative Agreement with the Court Commissioner. Per Attachment 2 the Court Commissioner should be doing a time study on a quarterly basis to determine the costs charged to child support. The last time study was done in 2008 where 26% or 18.2 hours of the Court Commissioner's time was being charged to child support. Based upon actual hours for the time period tested the Court Commissioner only had 15.7 hours of time spent on child support activities. Without current time studies being completed, child support could be over or under charged for the Court Commissioner's time.
Recommendation:	We recommend that the Court Commissioner complete quarterly time studies or Attachment 2 of the Cooperative Agreement be changed to the Court Commissioner's actual time spent on child support activities since he keeps track of his time.

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 Year Ended December 31, 2010

Section IV - Other Issues

- | | |
|--|---|
| <p>1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?</p> | <p>No</p> |
| <p>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>:</p> | |
| <p>Department of Agriculture, Trade and Consumer Protection</p> | <p>Yes</p> |
| <p>Department of Commerce</p> | <p>Yes</p> |
| <p>Department of Natural Resources</p> | <p>Yes</p> |
| <p>Department of Transportation</p> | <p>Yes</p> |
| <p>Department of Corrections</p> | <p>Yes</p> |
| <p>Department of Health Services</p> | <p>Yes</p> |
| <p>Department of Children and Families</p> | <p>Yes</p> |
| <p>Department of Justice</p> | <p>Yes</p> |
| <p>Department of Military Affairs</p> | <p>Yes</p> |
| <p>Department of Administration</p> | <p>Yes</p> |
| <p>Public Service Commission</p> | <p>Yes</p> |
| <p>3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?</p> | <p>Yes</p> |
| <p>4. Name and signature of partner</p> | <div style="text-align: center;"> 
 Michael W. Konecny, CPA </div> |
| <p>5. Date of report</p> | <p>July 11, 2011</p> |

MARINETTE COUNTY, WISCONSIN
 Schedule of Prior Year Audit Findings and Corrective Action Plan
 Year Ended December 31, 2010

Prior Year Audit Findings

The findings noted in the 2009 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 2009-01 outweigh the benefits to be received. Management reviews the single audit report prepared by Schenck.

Corrective Action Plan

Finding No.	Corrective Action Plan
2010-01	<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>
2010-02	<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>
2010-03	<p>Child Support Cooperative Agreements</p> <p>The County will change the Cooperative Agreement to state the Court Commissioner will charge actual time spent on child support to the program.</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, 2010, we have also examined the 2010 Financial Report Form A required to be submitted to the Wisconsin Department of Revenue (WDR) by Wisconsin Administration Rule, Tax 16. The 2010 Financial Report Form A has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion the 2010 Financial Report Form A, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants
Green Bay, Wisconsin
July 11, 2011

