

MARINETTE COUNTY, WISCONSIN

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2012

MARINETTE COUNTY, WISCONSIN
December 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the County Board
Marinette County, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marinette County, Wisconsin ("the County") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Marinette County Committee on Aging, Inc., and the Stephenson Public Library Foundation, Inc. which are presented as component units of Marinette County, Wisconsin. These statements were audited by other auditors, whose report thereon has been furnished to us and our opinion, insofar as it relates to amounts included for the Marinette County Committee on Aging, Inc., and the Stephenson Public Library Foundation, Inc. is based solely upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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



Opinions

In our opinion, based on 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, health and human services special revenue fund, and county roads and bridges special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A.6.h, the County has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended December 31, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress and the schedule of employer contributions on pages 4 through 17 and 58 through 59 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplementary information and the schedule of expenditures of federal awards and schedule of state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance



Certified Public Accountants
Green Bay, Wisconsin
July 12, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS



FINANCE DEPARTMENT

Management's Discussion and Analysis December 31, 2012

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, 2012. Our discussion and analysis is based on currently known facts, decisions, or conditions.

Financial Highlights

- As of December 31, 2012, the net position of the County was \$97,172,885. Of this amount, \$33,978,311 is considered *unrestricted* and may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position decreased by \$1,405,828 from the previous year. The major reason for the net position decrease was County investment income being \$533,181 under budget and the application of surplus funds to the 2012 budget. Further detail of the factors contributing to changes in total net position is listed under the Government-wide Financial Analysis section.
- The County's liability for Other Post Employment Benefits (OPEB) increased in 2012. The current year net adjustment to the OPEB liability of \$706,463 increased the total County's unfunded OPEB liability to \$5,081,506. The County continued to take steps to reduce OPEB cost and liabilities by eliminating the benefit for new employees and reducing actual insurance cost.
- The County's property tax rate increased \$.16 to \$4.14 per \$1,000 of property value for the year ended December 31, 2012. The increase in the tax rate was driven by an \$110,221,500 decrease in the County's equalized property valuation.
- The operating tax levy increased \$137,250 (0.94%) from the prior year. This increase was in compliance with the allowable tax levy limits imposed by the State of Wisconsin.
- As of December 31, 2012, the County's combined governmental funds reported ending fund balances totaling \$38,883,576, a decrease of \$1,386,969 in comparison with the prior year. As previously mentioned, unfavorable results in investment revenue was a major factor in the decrease. Of the December 31, 2012 combined governmental fund balance of \$38,883,576, approximately 89% of this total amount, \$34,588,096 is *available for spending* at the County's discretion (*unrestricted fund balance*). The County's unrestricted fund balance, of \$34,588,096 is further categorized based on constraints imposed upon the use of those funds. Of the total unrestricted fund balance, \$25,514,599 is committed by County Board action to specific purposes, \$1,625,662 is assigned for specific purpose by the governing body or by the Finance Director with the Administrator's approval, \$7,447,835 is not committed or assigned (unassigned).
- As of December 31, 2012, the unrestricted fund balance for the general fund was \$30,502,537, or approximately 138% of total 2013 budgeted general fund operating expenditures. The unassigned amount of \$7,447,835 represents 10.5% of the County's 2012 original adopted gross operational and debt service expenditure budgets which totaled \$70,947,067. Under the County's Fund Balance Policy, \$2,205,311 and \$1,837,759 of the \$7,447,835 unassigned fund balance is classified for contingencies and cash flow requirements respectfully.
- The County Roads and Bridges Special Revenue Fund balance increased \$76,191 to \$771,758. Although the fund increased, the ending fund balance was expected to be approximately \$444,000 higher as several 2012 construction projects were not completed as scheduled. Greater than expected winter maintenance cost and the transfer of funds originally scheduled for construction projects to general road maintenance reduced the expected carryover funds.

Management Discussion and Analysis
December 31, 2012

- The Health and Human Services (HHS) special revenue fund ended the year with a decrease of \$312,753. The application of fund balance for the construction of the Aging and Disability Resource Center was the major cause of the reduction. The ending fund balance was still relatively strong at \$1,518,374.
- In March of 2012, the County issued \$16,615,000 in general obligation refunding bonds to take advantage of lower interest rates. At the end of 2012, the County's general obligation debt was \$20,605,000 compared to \$22,000,000 at the end of 2011. The lower interest rate from the refunding is expected to save the County \$1,378,946 in debt service cost. After the refunding, current year debt service cost, and a budgeted transfer out of \$500,000 the debt service fund ended the year with a net decrease of \$133,448. Total funds committed at the end of 2012 for debt service were \$953,990.

Overview of the Basic Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 18 - 20 of this report.

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

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

Management Discussion and Analysis
December 31, 2012

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

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

The basic governmental fund financial statements can be found on pages 21 - 27 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 28 - 30 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 31 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 32 - 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 - 72.

Management Discussion and Analysis
December 31, 2012

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, the net position at the end of 2012 was \$97,172,885 compared to \$98,578,713 for the year ended 2011.

Marinette County's Net Position							
	Governmental	Business-type	Governmental	Business-type	Total	Total	Total
	Activities	Activities	Activities	Activities			
	2011	2011	2012	2012	2011	2012	Change
Current & other assets	\$ 64,095,233	\$ 5,250,591	\$ 62,970,812	\$ 4,013,940	\$69,345,824	\$66,984,752	-3.40%
Capital assets	70,384,060	6,649,337	70,031,874	7,023,378	77,033,397	77,055,252	0.03%
Total assets	134,479,293	11,899,928	133,002,686	11,037,318	146,379,221	144,040,004	-1.60%
Deferred outflow of resources	-	-	582,648	270,795	-	853,443	
Long-term liabilities outstanding	26,328,032	1,888,204	25,561,152	549,167	28,216,236	26,110,319	-7.46%
Other liabilities	19,000,760	583,512	5,144,960	1,559,085	19,584,272	6,704,045	-65.77%
Total liabilities	45,328,792	2,471,716	30,706,112	2,108,252	47,800,508	32,814,364	-31.35%
Deferred inflow of resources	-	-	14,906,198	-	-	14,906,198	
Net position:							
Invested in capital assets	52,776,634	6,649,337	53,803,366	7,023,378	59,425,971	60,826,744	2.36%
Restricted	2,314,107	-	2,367,830	-	2,314,107	2,367,830	2.32%
Unrestricted	34,059,760	2,778,875	31,801,828	2,176,483	36,838,635	33,978,311	-7.76%
Net position:	\$ 89,150,501	\$ 9,428,212	\$ 87,973,024	\$ 9,199,861	\$98,578,713	\$97,172,885	-1.43%

The largest portion of the County's net position (63%) reflects its investment in capital assets of \$60,826,744 (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 position (\$2,367,830) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$33,978,311) may be used to meet the County's ongoing obligations to citizens and creditors.

Change in net position. Governmental activities led to a decrease in the County's net position of \$1,177,477 and Business-type activities decreased the County's net position by \$228,351. After the year-end results, the County's net position totaled \$87,973,024 for the Governmental Activities and \$9,199,861 for the Business-type Activities. The key elements affecting the change in net position were as follows:

Governmental Activities:

- The property tax levy increase by \$137,250 (.94%) from the prior year in accordance with the State imposed local unit levy limits. This increase was easily absorbed by employee benefit cost increases.
- For the most part, departments stayed within their original appropriations and returned unspent appropriations to the general fund.

Management Discussion and Analysis
December 31, 2012

- Decreasing interest rates on the County's investments resulted in investment revenues being \$533,181 under budget. The County's total investment return for 2012 was \$412,799 compared to \$1,203,696 in 2011 and the 2012 budgeted amount of \$945,980. Prior years saw the County's investment portfolio market value rise which offset the declining interest yields. For 2012 interest rates stabilized and actually rose slightly which decreased the market values on the County's longer term investments. The County has committed \$19,058,908 of the general fund balance for investment revenue generation for tax reduction purposes.
- Interest collections on delinquent property taxes were \$53,181 over expected collections of \$540,000. The slow economic recovery resulted in property owners delaying the payment of their property taxes. Delinquent property taxes were down slightly (\$32,010) at year end to \$3,522,499.
- County forest timber sales rebound in 2012 to \$2,354,999. This was \$22,282 above budgeted timber sales and \$637,544 above 2011 results (\$1,717,455). Total Forestry activity revenues were \$2,600,421. After expenditures, the County's Forestry activity showed net revenue for 2012 of \$1,318,367 compared to 2011 results of \$925,344.
- County contributions to capital road and bridge improvements were \$866,616 in 2012. There were no additional contributions from federal and state sources in 2012. Depreciation and retirement costs on roads and bridges for 2012 totaled \$856,177 which when netted against the County's contribution added only \$10,439 in net road improvements to the County's net assets.
- For 2012 the County's net investment in the joint airport increased by \$87,418 from the results of normal airport operations and capital investments. Capital additions to the airport totaled \$347,002 for the year. Depreciation on the airports capital assets was \$231,011. Marinette County's share is 50%.

Business-type Activities:

The County's Business-type activities decreased Marinette County's net position by \$228,351.

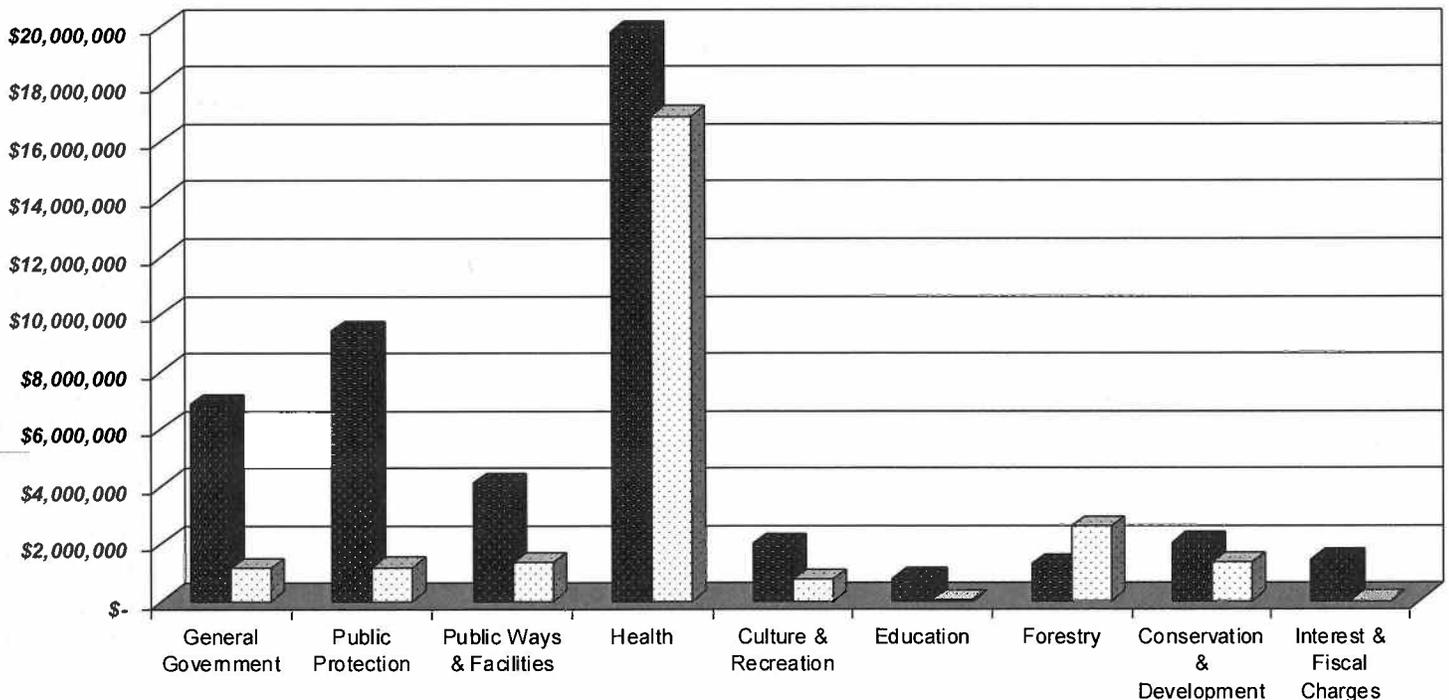
The Highway Department had a \$102,673 operating loss for 2012 compared to a prior year operating loss of \$38,629. Miscellaneous revenues of \$20,562 for the Highway resulted in a total decrease of \$82,111 to the Highway Department's net position.

The Solid Waste Fund's 2012 operating loss was \$121,527 compared to the 2011 operating loss of \$212,152. Interest earnings of \$8,543 netted against a loss on the disposal of capital assets of \$33,284 combined with the operating loss resulted in a net decrease in the Solid Waste Fund net position to \$146,268. Cash and cash equivalents decrease by \$302,804 as a result of a \$178,152 capital outlay investment and a \$225,762 payment for landfill closure cost. Without the investment and closure payment, cash would have increased by \$100,960 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.

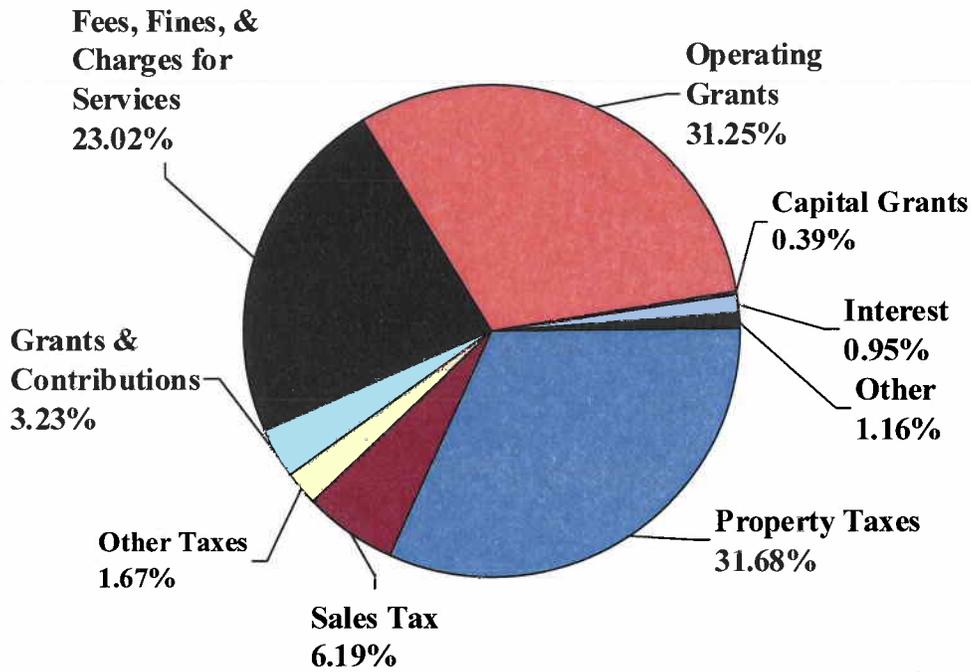
Management Discussion and Analysis
December 31, 2012

Marinette County's Change in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program revenues:						
Fees, fines, & charges for services	\$10,281,575	\$10,722,099	\$ 7,614,866	\$ 6,976,493	\$17,896,441	\$ 17,698,592
Operating grants and contributions	15,992,330	14,556,896	19,740	-	16,012,070	14,556,896
Capital grants and contributions	-	180,931	-	-	-	180,931
General revenues:						
Property & sales taxes	17,440,219	17,639,774	-	-	17,440,219	17,639,774
Other taxes	994,821	989,173	-	-	994,821	989,173
Grants & contributions not restricted to specific programs	1,816,189	1,505,117	-	-	1,816,189	1,505,117
Other	1,822,872	981,128	218,833	(4,179)	2,041,705	976,949
Total revenues	48,348,006	46,575,118	7,853,439	6,972,314	56,201,445	53,547,432
Expenses:						
General government	8,219,099	6,854,186	-	-	8,219,099	6,854,186
Public protection	9,288,373	9,411,481	-	-	9,288,373	9,411,481
Public ways & facilities	3,852,583	4,110,933	-	-	3,852,583	4,110,933
Health	19,885,238	19,853,903	-	-	19,885,238	19,853,903
Culture & recreation	2,164,702	1,990,234	-	-	2,164,702	1,990,234
Education	956,159	791,008	-	-	956,159	791,008
Forestry	1,151,499	1,282,054	-	-	1,151,499	1,282,054
Conservation & development	2,151,173	2,025,680	-	-	2,151,173	2,025,680
Interest & fiscal charges	961,339	1,433,116	-	-	961,339	1,433,116
Highway operations	-	-	7,253,565	6,636,867	7,253,565	6,636,867
Solid waste	-	-	615,140	563,798	615,140	563,798
Total expenses	48,630,165	47,752,595	7,868,705	7,200,665	56,498,870	54,953,260
Increase (decrease) in net position	(282,159)	(1,177,477)	(15,266)	(228,351)	(297,425)	(1,405,828)
Net Position - January 1	89,432,660	89,150,501	9,443,478	9,428,212	98,876,138	98,578,713
Net Position - December 31	\$89,150,501	\$87,973,024	\$ 9,428,212	\$ 9,199,861	\$98,578,713	\$ 97,172,885

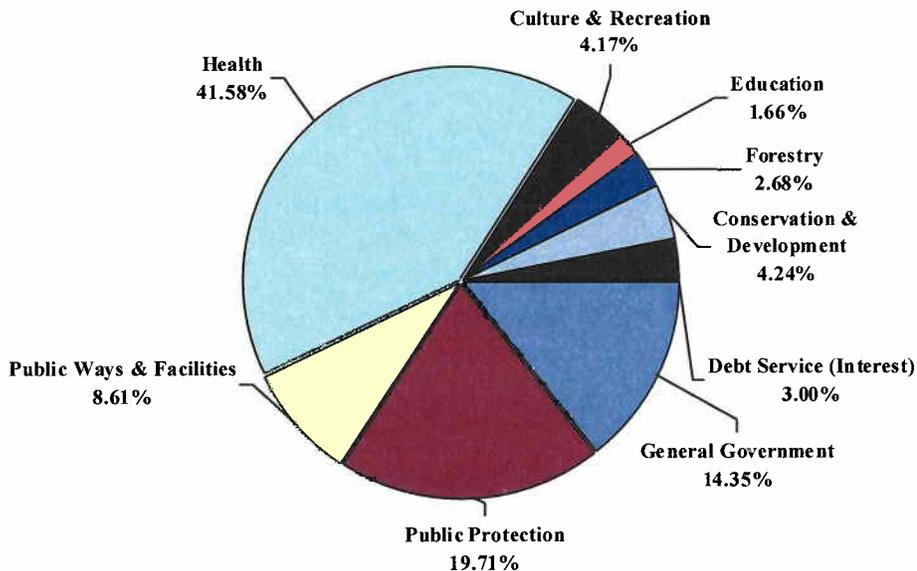
Expenses & Program Revenues - Governmental Activities



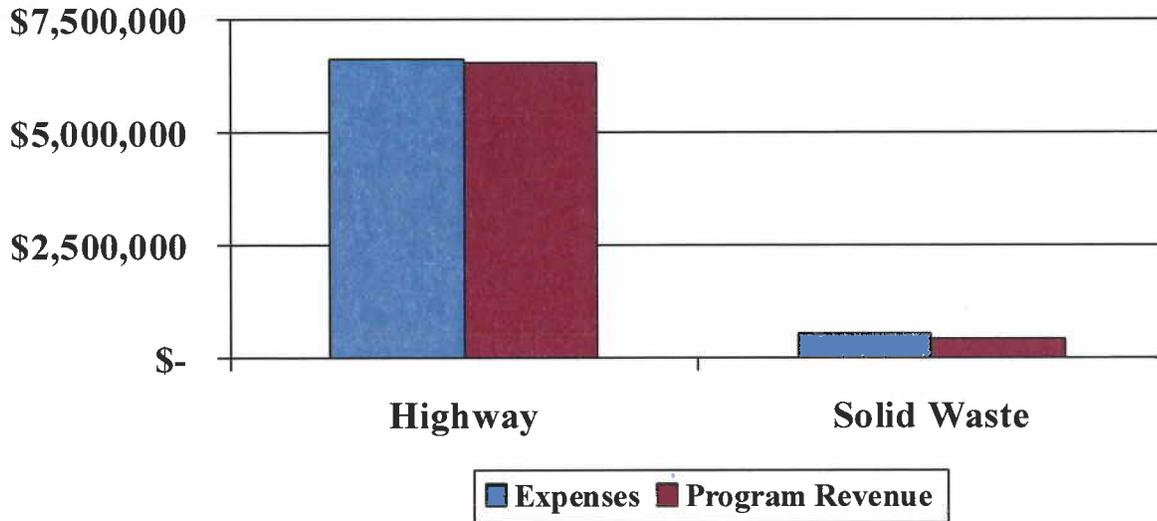
Revenues by Source - Governmental Activities



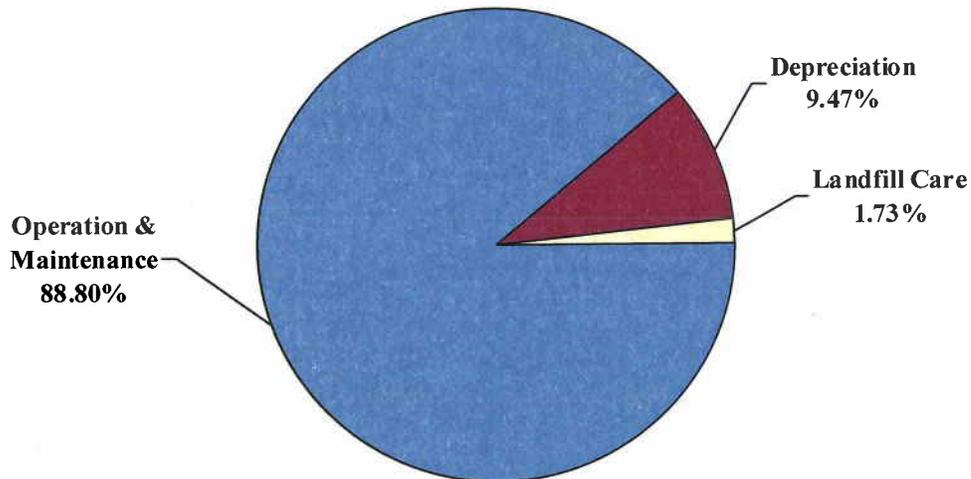
Expenses by Activity - Governmental Activities



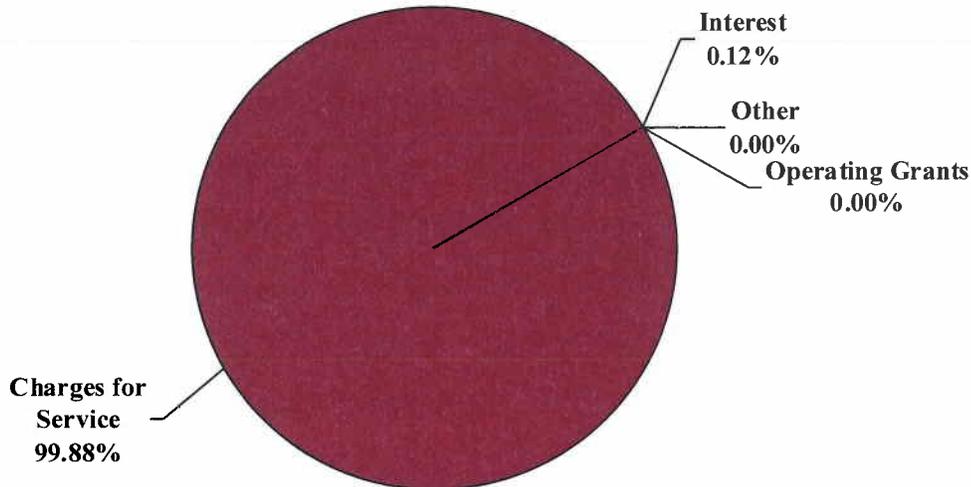
Expenses and Program Revenues - Business Type Activities



Expenses by Activity - Business Type Activities



Revenue by Source - Business Type Activities



Financial Analysis of Marinette County's Funds

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

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

As of December 31, 2012, the County's combined governmental funds totaled \$38,883,576, a decrease of \$1,386,969 in comparison with the prior year. Approximately 89% of this amount, \$34,588,096, constitutes *unrestricted fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is either classified as non-spendable or restricted to indicate that it is not available for new spending because it has already been committed 1) for current year purchases of inventory and prepayments that benefit periods beyond the end of the current year (\$48,791), 2) for non-liquid delinquent taxes (\$3,002,995) 3) for loans receivable that are not expected to be liquidated in the next year (\$309,810) 4) by grant, donor or other restrictions (\$933,884).

The general fund is the chief operating fund of the County. At the end of the current year, the unrestricted fund balance of the general fund was \$30,502,537, while the total fund balance was \$33,955,826. As a measure of the general fund's liquidity, it is useful to compare both the unrestricted fund balance and the total fund balance to total fund expenditures. Unrestricted fund balance represents 141% of total 2012 general fund expenditures, while total fund balance represents 157% of that same amount. This compares to prior year percentages of 134% and 153% respectively.

Marinette County's General fund balance decreased by \$730,606 for the year ended December 31, 2012. Besides the investment revenue decline previously mentioned, another key factor in the net general fund decrease was the application of surplus funds to General fund budget.

Marinette County's General fund balance did benefit from a transfer in of \$144,501 from the Forestry and Parks Development fund. By County ordinance, proceeds from the sale of County owned delinquent tax deed parcels along with certain other forest/park related revenues are committed to the development of County owned forest and parks. The Fund has a cap of \$400,000. All funds above \$400,000 are transferred to the General Fund as revenues to fund operations.

Management Discussion and Analysis
December 31, 2012

The County's Health and Human Services Special Revenue Fund decreased by \$312,753 to \$1,518,374 during the current year. The net decrease was anticipated considering the application of \$674,921 of the surplus fund balance to the 2012 budget. In addition to the normal application of \$400,000 of surplus, to account for unfilled staff vacancies and conservative revenue budgeting, and additional \$294,921 of fund balance was appropriated for the construction and startup of the County's Aging and Disability Center. The current fund balance represents 7.9% of the total 2012 health and human services special revenue fund expenditures.

The County Roads and Bridges Fund saw a net fund balance increase of \$76,191 increasing the December 31, 2012 fund balance to \$771,758. The County expected to carryover approximately \$1,100,000 as several planned construction projects were not completed. Construction funds were redirected to regular maintenance accounts to keep crews working. High winter maintenance expenditures also reduced available funds anticipated to be carried over for the road 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. As of December 31, 2012 the remaining funds totaled \$313,330 and were assigned to assist with health insurance premiums in the 2013 budget.

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

Unrestricted net position of the highway department enterprise fund at the end of the year amounted to \$2,077,176. The County's net position for the highway department decreased \$82,111 in 2012. This compares to the increase of \$168,094 in 2011. The Highway fund's 2012 operating loss of \$102,673 was offset by the \$20,562 of non-operating revenue. Reductions in revenue from local sources were the main factor for the continuing operating loss. Expenditures exceeded revenues on highway equipment operations by \$174,604 contributing to the operating loss. The highway fund had restricted cash of \$94,860 at year end. The funds are restricted for Other Post Employment Benefits (retiree's health insurance). The County included a factor, based on Government Accounting Standards Board Statement 45, in the fringe benefit charge out rate for the benefit and generated the \$94,860. No new employees are eligible for the benefit.

Unrestricted net position of Marinette County's share of a landfill operated jointly with Oconto County and reported in the solid waste fund totaled \$21,999. The total decrease in net position for the solid waste fund in 2012 was \$146,268 compared to 2011 decrease of \$180,302. An operating loss of \$121,527 was increased by a \$33,284 loss on the disposal of a capital asset and offset by interest earnings of \$8,543.

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

General Fund Budgetary Highlights

Additional appropriations during the year increased the original general fund expenditure budget by \$1,350,986. The change to the 2012 appropriations can be summarized as follows:

- Carryovers of unspent 2011 appropriations of \$406,070.
- Increase of \$842,751 in public protection, the majority being emergency management and 911 funding.
- A number of other items associated with departments for grant carry-overs, reserved fund carry-overs to complete various capital projects, and onetime expenses that were funded with additional revenues received by departments during the year.

Actual revenues were \$889,643 less than final budgeted revenues as result of the following:

- Investment income was \$533,181 below budget.
- Unrealized intergovernmental revenues for recreation and conservation programs. These deficits were not a factor in overall results, as the related expenditures also were not realized.

Actual expenditures were less than final budgeted expenditures by \$1,786,538 primarily due to the following:

- Anticipated expenditures for recreation and conservation grant funded projects not occurring as mentioned above.
- Some large scheduled capital maintenance projects for the Courthouse were not completed during the current year and carried over to 2013.
- Over all positive results in public protection.
- 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, 2012 amounts to \$77,055,252 (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 \$21,855 mainly due to the Highway and Landfill purchases of equipment and landfill improvements respectively.

Marinette County's Capital Assets (Net of Accumulated Depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2011	2012	2011	2012	2011	2012
Land	\$ 4,594,197	\$ 4,727,110	\$ 113,989	\$ 113,989	\$ 4,708,186	\$ 4,841,099
Land improvements	-	-	909,344	816,058	909,344	816,058
Buildings & improvements	32,409,594	32,299,148	2,604,669	2,423,852	35,014,263	34,723,000
Machinery & equipment	2,280,184	2,234,970	3,021,335	3,669,479	5,301,519	5,904,449
Infrastructure	31,100,085	30,770,646	-	-	31,100,085	30,770,646
Total	\$ 70,384,060	\$ 70,031,874	\$ 6,649,337	\$ 7,023,378	\$ 77,033,397	\$ 77,055,252

Additional information on Marinette County's capital assets can be found in Note C.5 on pages 45 - 46 of this report.

Management Discussion and Analysis
December 31, 2012

Long-term debt. At the end of the year, the County's total general obligation debt outstanding was \$20,605,000. 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	
	2011	2012	2011	2012	2011	2012
General Obligation Debt						
Bonds and notes	\$ 22,000,000	\$ 20,605,000	\$ -	\$ -	\$ 22,000,000	\$ 20,605,000

The County's total general-obligation debt balance did decrease by \$1,395,000 (6.34%) in 2012. Scheduled debt service resulted in the debt decrease. The County did issue \$16,615,000 in General Obligation Refunding Bonds during the year to take advantage of lower interest rates. The new bonds were structured to take advantage of the savings over the life of the bonds.

The County's general obligation debt is serviced by the .5% County sales tax. Funds committed for debt service at the end of 2012 decreased by \$133,448 to \$953,990.

Any additional sales tax revenues above debt service requirements produce available sales tax surpluses which are used to fund County tourism and capital outlay items through the transfers to the applicable funds. The 2012 transfer out of the debt service fund was \$500,000. The 2013 budgeted transfer from the Debt Service fund was increased to \$613,062 with an application of surplus funds of \$54,862 with the expectation of additional sales tax revenue. A previous year donation payment for debt service related to the County library renovation project added \$675,000 to the Debt Service fund balance and is committed for future debt service on the Library renovation note.

In February of 2012, in conjunction with the refinancing of the 2003 bonds, Standard and Poors assigned its AA- rating and stable outlook to the county's general obligation refunding bonds. Per Standard and Poors, the AA- rating reflects the county's own creditworthiness, including:

- Local economy, based on manufacturing and other industrial sectors;
- Reserves that are, what we consider, very strong; and
- Low overall debt, coupled with, what we view as, very rapid amortization.

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 \$182,306,925 which when combined with the fund balance of \$953,990 committed to debt service is \$162,655,915 in excess of the County's \$20,605,000 in outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Marinette County is currently 8.3% for April 2013, which is the latest available data at the time of this report. This compares to the State of Wisconsin's average unemployment rate of 7.7% and last April's County rate of 7.1%.
- As the national economy slowly rebounds from the recession, Marinette County also recovers. Several of areas manufactures are depended on the auto industry. These employers have called back workers and are increasing their workforce as the auto industry is in recovery mode. The Marinette Marine Corporation, one of the County's larger employers, has increased its workforce over 60% to 1,400 employees. The recent \$73 million expansion of facilities will allow the shipyard to compete for contracts now and into the future. In March of 2013 the company was awarded a \$697 million contract to build two more Littoral Combat Ships (LCS) for the Navy assuring employment into the future. Future Navy contracts for additional LCSs are expected. The large Marinette Marine contract does and will have a substantial subsidiary effect for smaller local support businesses. Bay Area Medical Center also suffered from the recession, but not as severely and appears to be back on track. 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 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 continues to develop as Wal-mart Stores Inc. has opened a superstore. Several smaller stores have been added in the area as a result of the new Wal-mart store. Smaller industries have recently been attracted to and located in the Marinette and Peshtigo areas. Agriculture and Forestry, staples of this County also help support Marinette County's tax base.
- Inflationary trends in our region compare favorably to national indices.
- Marinette County's staff includes non-represented employees, elected officials and union employees. Union employees were represented by one of three unions through December 31, 2012. The union employees included certain Highway Department employees, International Union of Operating Engineers, Local 139S (IUOE) certain Sheriff's Department employees, Wisconsin Professional Police Association (WPPA), and pursuant to an arbitration award employees belonging to the Professional Employees Union, Local 1752-A, AFSCME, AFL-CIO (AFSCME-Pro). The International Union of Operating Engineers, Local 139S contract expired December 31, 2012. The WPPA contract has been renewed through 2015. The AFSCME-Pro contract remains in litigation for calendar year 2012 and expired December 31, 2012. The County is subject to Wisconsin's changed statues and ongoing litigation regarding unions.

The following factors were considered in preparing the County's 2013 budget:

A tax levy limit was continued under 2011-13 state budget. The levy limits provide that the County may only increase the tax levy for 2013 for the percentage change in new construction less improvements removed from the assessment roll in the last year. The limit can't go below zero. For 2012 the County's levy limit was 1.04%. These levy limits are permanent per 2011-13 state budget.

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.

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 2013.

Management Discussion and Analysis
December 31, 2012

The County was forced to limit its 2013 operating tax levy under the levy limit freeze. The operating tax levy increase for the 2013 budget was limited to \$153,562 or 1.04%. To comply with the limit, the County applied \$9,885 of restricted, \$20,233 of committed and \$755,830 of assigned, and \$600,000 of unassigned general fund balances to the 2013 budget. These funds totaled \$1,385,948. Total restricted and committed special revenue fund balances applied to the 2013 budget were \$2,021,898. Of the funds applied to the 2013 budget, \$2,494,516 (73%) represented funds specifically accumulated for special purposes. The remaining applied funds \$913,330 (27%) represented onetime or surplus sources. The County also transferred \$613,062 from the County's sales tax fund to the general fund (\$427,330) and the county roads fund (\$185,732) for the 2013 budget.

The application of \$402,306 of surplus funds back in the 2005 budget still significantly magnifies the effect of the State tax levy freeze which started with the County's 2006 budget. Without the use of the sales tax surplus funds for the recent budgets, the County would have been forced to reduce services further. The County Board has approved the use of the surplus sales tax funds for capital outlay and tourism items on a yearly basis. Estimates of future sales tax collections expect surplus revenues to be between \$250,000 and \$500,000. Surplus sales tax funds may also be used to call debt early if feasible in consideration of the County's overall financial condition.

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

During 2011 the County developed and approved a fund balance policy that is in compliance with GASB 54 and defines the County's goals to maintaining a strong adequate fund balance while addressing future needs both planned as well as the 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 Position

December 31, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Committee on Aging	Stephenson Public Library Foundation
ASSETS					
Pooled cash and investments	\$ 32,929,891	\$ 1,676,402	\$ 34,606,293	\$ -	\$ -
Other cash and investments	-	-	-	173,549	1,778,562
Accounts receivable	1,842,289	24,994	1,867,283	53,487	-
Interest receivable	712,369	1,373	713,742	-	-
Taxes receivable	18,428,696	-	18,428,696	-	-
Loans receivable	2,989,211	-	2,989,211	-	-
Internal balances	(77,308)	77,308	-	-	-
Due from other governments	2,968,015	471,876	3,439,891	-	-
Inventories and prepaid expenses	329,074	935,535	1,264,609	-	-
Investment in joint airport	2,569,992	-	2,569,992	-	-
Restricted cash and investments	278,583	826,452	1,105,035	-	-
Capital assets (net of accumulated depreciation)					
Nondepreciable	4,727,110	113,989	4,841,099	-	-
Depreciable	65,304,764	6,909,389	72,214,153	56,781	-
TOTAL ASSETS	133,002,686	11,037,318	144,040,004	283,817	1,778,562
DEFERRED OUTFLOW OF RESOURCES					
Retirement system unfunded liability amortization	-	270,795	270,795	-	-
Deferred charge on refunding	582,648	-	582,648	-	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	582,648	270,795	853,443	-	-
LIABILITIES					
Accounts payable	1,398,813	199,210	1,598,023	21,556	-
Accrued liabilities	582,295	15,933	598,228	21,846	-
Due to other governments	176,587	-	176,587	-	-
Deposits from others	16,468	-	16,468	-	-
Unearned revenue	26,306	-	26,306	-	-
Accrued interest	84,342	-	84,342	-	-
Long-term obligations					
Unamortized premiums	922,152	-	922,152	-	-
Portion due or payable within one year:					
Bonds and notes payable	1,715,000	-	1,715,000	4,593	-
Compensated absences	222,997	14,649	237,646	-	-
Portion due or payable after one year:					
Bonds and notes payable	18,890,000	-	18,890,000	-	-
Compensated absences	2,006,969	131,844	2,138,813	-	-
Post employment insurance	4,664,183	417,323	5,081,506	-	-
Landfill care costs	-	1,329,293	1,329,293	-	-
TOTAL LIABILITIES	30,706,112	2,108,252	32,814,364	47,995	-
DEFERRED INFLOWS OF RESOURCES					
Property taxes	14,906,198	-	14,906,198	-	-
NET POSITION					
Net investment in capital assets	51,233,374	7,023,378	58,256,752	47,995	-
Net investment in joint airport	2,569,992	-	2,569,992	-	-
Restricted	2,367,830	-	2,367,830	13,206	-
Unrestricted	31,801,828	2,176,483	33,978,311	174,621	1,778,562
TOTAL NET POSITION	\$ 87,973,024	\$ 9,199,861	\$ 97,172,885	\$ 235,822	\$ 1,778,562

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, 2012

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental				
General government	\$ 6,854,186	\$ 822,224	\$ 325,677	\$ 60,730
Public protection	9,411,481	846,663	329,264	120,201
Public ways and facilities	4,110,933	-	1,339,911	-
Health	19,853,903	5,749,342	11,138,831	-
Culture and recreation	1,990,234	283,643	469,715	-
Education	791,008	13,726	-	-
Forestry	1,282,054	2,454,617	145,804	-
Conservation and development	2,025,680	551,884	802,690	-
Interest and fiscal charges	1,433,116	-	5,004	-
Total Governmental Activities	47,752,595	10,722,099	14,556,896	180,931
Business-type				
Highway	6,636,867	6,534,222	-	-
Solid waste	563,798	442,271	-	-
Total Business-type Activities	7,200,665	6,976,493	-	-
Total Marinette County	\$ 54,953,260	\$ 17,698,592	\$ 14,556,896	\$ 180,931
Component Unit				
Committee on Aging	\$ 981,904	\$ 224,979	\$ 746,778	-
Stephenson Library Trust	760	-	-	-
Total Component Units	\$ 982,664	\$ 224,979	\$ 746,778	\$ -

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 (loss) on other property sales
- Miscellaneous
- Total general revenues

Change in net position

Net position - January 1

Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position			Component Units	
Governmental Activities	Business-type Activities	Total	Committee on Aging	Stephenson Public Library Foundation
\$ (5,645,555)	\$ -	\$ (5,645,555)	\$ -	\$ -
(8,115,353)	-	(8,115,353)	-	-
(2,771,022)	-	(2,771,022)	-	-
(2,965,730)	-	(2,965,730)	-	-
(1,236,876)	-	(1,236,876)	-	-
(777,282)	-	(777,282)	-	-
1,318,367	-	1,318,367	-	-
(671,106)	-	(671,106)	-	-
(1,428,112)	-	(1,428,112)	-	-
(22,292,669)	-	(22,292,669)	-	-
-	(102,645)	(102,645)	-	-
-	(121,527)	(121,527)	-	-
-	(224,172)	(224,172)	-	-
(22,292,669)	(224,172)	(22,516,841)	-	-
-	-	-	(10,147)	-
-	-	-	-	(760)
-	-	-	(10,147)	(760)
9,601,480	-	9,601,480	-	-
2,249,075	-	2,249,075	-	-
2,905,679	-	2,905,679	-	-
2,883,540	-	2,883,540	-	-
989,173	-	989,173	-	-
1,505,117	-	1,505,117	-	-
441,813	8,543	450,356	810	32,628
87,418	-	87,418	-	-
52,992	-	52,992	-	-
331,075	(33,284)	297,791	-	-
67,830	20,562	88,392	3,513	-
21,115,192	(4,179)	21,111,013	4,323	32,628
(1,177,477)	(228,351)	(1,405,828)	(5,824)	31,868
89,150,501	9,428,212	98,578,713	241,646	1,746,694
\$ 87,973,024	\$ 9,199,861	\$ 97,172,885	\$ 235,822	\$ 1,778,562

MARINETTE COUNTY, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2012

	Governmental Funds				Other Governmental Funds	Total Governmental Funds
	General	County Roads and Bridges	Health and Human Services	Debt Service		
ASSETS						
Pooled cash and investments	\$ 29,326,780	\$ 762,688	\$ 700	\$ 448,042	\$ 1,410,633	\$ 31,948,843
Receivables						
Delinquent property taxes	3,522,499	-	-	-	-	3,522,499
Property taxes levied for subsequent year	9,784,955	2,260,062	2,831,181	-	-	14,876,198
Accounts	1,128,529	-	916,020	505,948	7,479	2,557,976
Loans	309,810	-	36,132	-	2,643,269	2,989,211
Due from other funds	279,571	-	-	-	-	279,571
Due from other governments	1,156,844	9,147	1,802,024	-	-	2,968,015
Prepaid items	48,791	-	-	-	-	48,791
Restricted assets - pooled cash and investments	-	-	-	-	278,583	278,583
TOTAL ASSETS	\$ 45,557,779	\$ 3,031,897	\$ 5,586,057	\$ 953,990	\$ 4,339,964	\$ 59,469,687
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 465,447	\$ 77	\$ 840,541	\$ -	\$ 13,067	1,319,132
Accrued liabilities	458,195	-	116,390	-	-	574,585
Due to general fund	-	-	279,571	-	-	279,571
Due to other governments	176,587	-	-	-	-	176,587
Deposits from others	16,468	-	-	-	-	16,468
Unearned revenue	26,306	-	-	-	-	26,306
Total Liabilities	1,143,003	77	1,236,502	-	13,067	2,392,649
Deferred Inflows of Resources						
Property taxes	9,784,955	2,260,062	2,831,181	-	-	14,876,198
Loans	-	-	-	-	2,643,269	2,643,269
Interest on delinquent taxes	614,682	-	-	-	-	614,682
Fines and forfeitures	59,313	-	-	-	-	59,313
Total Deferred Inflows of Resources	10,458,950	2,260,062	2,831,181	-	2,643,269	18,193,462
Fund Balances						
Nonspendable	3,361,596	-	-	-	-	3,361,596
Restricted	91,693	-	-	-	842,191	933,884
Committed	21,429,040	771,758	1,518,374	953,990	841,437	25,514,599
Assigned	1,625,662	-	-	-	-	1,625,662
Unassigned	7,447,835	-	-	-	-	7,447,835
Total Fund Balances	33,955,826	771,758	1,518,374	953,990	1,683,628	38,883,576
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 45,557,779	\$ 3,031,897	\$ 5,586,057	\$ 953,990	\$ 4,339,964	\$ 59,469,687

(Continued)

MARINETTE COUNTY, WISCONSIN
 Balance Sheet (Continued)
 Governmental Funds
 December 31, 2012

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page \$ 38,883,576

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

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

Investment in joint airport	\$ 2,569,992	
Capital assets	70,031,874	
Less: amount included below with internal service funds	<u>(446,929)</u>	72,154,937

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	\$ (20,605,000)	
Loss on advance refunding	582,648	
Refinancing premium	(922,152)	
Compensated absences	(2,229,966)	
Post-employment health insurance	(4,664,183)	
Accrued interest on long-term obligations	<u>(84,342)</u>	(27,922,995)

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

Loans receivable	\$ 2,643,269	
Interest on delinquent taxes	614,682	
Clerk of Courts receivable	<u>59,313</u>	3,317,264

Internal service funds are used by management to charge the costs of reproduction, motor pool, information services and the County's insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

1,540,242

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

\$ 87,973,024

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, 2012

	County Roads and Bridges	Health and Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 10,535,653	\$ 2,249,075	\$ 2,905,679	\$ -	\$ 15,690,407
Sales tax	-	-	-	2,883,540	2,883,540
Intergovernmental	4,843,802	1,339,911	10,423,714	9,584	16,617,011
Regulation and compliance	294,818	-	-	151,983	446,801
Charges for services	3,854,392	-	5,631,559	42,320	9,528,271
Commercial	499,640	-	-	583,730	1,083,370
Miscellaneous	561,172	-	-	5,004	574,760
Total Revenues	20,589,477	3,588,986	18,960,952	2,888,544	46,824,160
Expenditures					
Current					
General government	6,374,384	-	-	42,763	6,417,147
Public protection	8,875,797	-	-	104,159	8,979,956
Public ways and facilities	62,768	3,708,210	-	10,516	3,781,494
Health	1,130,417	-	19,273,705	6,544	20,410,666
Culture and recreation	1,923,462	-	-	445,887	2,369,349
Education	475,163	-	-	-	475,163
Forestry	1,234,972	-	-	-	1,234,972
Conservation and development	1,604,649	-	-	415,741	2,020,390
Debt Service					
Principal payments	-	-	-	1,610,000	1,610,000
Interest and fiscal charges	-	-	-	1,194,271	1,194,271
Total Expenditures	21,681,612	3,708,210	19,273,705	2,804,271	48,493,408
Excess (Deficiency) of Revenues Over Expenditures	(1,092,135)	(119,224)	(312,753)	84,273	(1,669,248)
Other Financing Sources (Uses)					
Long term debt proceeds	-	-	-	16,615,000	16,615,000
Payment to debt escrow	-	-	-	(17,332,373)	(17,332,373)
Bond premium received	-	-	-	999,652	999,652
Transfers in	484,086	195,415	-	122,557	802,058
Transfers out	(122,557)	-	-	(500,000)	(802,058)
Total Other Financing Sources (Uses)	361,529	195,415	-	(217,721)	282,279
Net Change in Fund Balances	(730,606)	76,191	(312,753)	(133,448)	(1,386,969)
Fund Balances - January 1	34,686,432	695,567	1,831,127	1,087,438	40,270,545
Fund Balances - December 31	\$ 33,955,826	\$ 771,758	\$ 1,518,374	\$ 953,990	\$ 38,883,576

(Continued)

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2012

Reconciliation to the Statement of Net Position

Net Change in Fund Balances from previous page		\$ (1,386,969)
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	\$ 2,511,083	
Depreciation expense reported in the statement of activities	<u>(2,798,821)</u>	
Amount by which capital outlays are less than depreciation in current period		(287,738)
Some contributions of capital are not available as financial resources and therefore are not reported as revenues in the governmental funds.		
Investment in joint venture airport	<u>\$ 87,418</u>	87,418
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.		
		(75,286)
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:		
		(745,329)
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:		
		18,010,000
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities interest is reported as accrues.		
		33,380
The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net assets, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:		
		(16,615,000)
Long-term debt refinancing transactions are recorded in the governmental funds as expenditures, other financing sources and other uses, but the refinancing cost and premiums are amortized over the life of the new issue on the statement of activities.		
Net adjustment due to debt proceeds and payments to escrow	\$ (368,004)	
Net amortization of debt premium and refunding expense	<u>28,500</u>	
		(339,504)
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	\$ 8,063	
Clerk of court receivables	(4,522)	
Revolving loan receivables	95,841	
Donation pledges receivable	<u>(5,400)</u>	
Combined adjustment		93,982
Internal service funds are used by the County to charge the costs of reproduction, motor pool, information services and the County's insurance to individual funds. The net revenue of the internal service funds and is reported with the governmental activities.		
		<u>47,569</u>
Change in Net Position of Governmental Activities as reported in the Statement of Activities (see pages 19 and 20)		<u>\$ (1,177,477)</u>

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

MARINETTE COUNTY, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 10,467,630	\$ 10,467,630	\$ 10,535,653	\$ 68,023
Intergovernmental	4,793,552	5,304,208	4,843,802	(460,406)
Regulation and compliance	284,500	284,500	294,818	10,318
Charges for services	3,781,043	3,798,866	3,854,392	55,526
Commercial	1,037,470	1,037,470	499,640	(537,830)
Miscellaneous	539,641	586,446	561,172	(25,274)
Total Revenues	<u>20,903,836</u>	<u>21,479,120</u>	<u>20,589,477</u>	<u>(889,643)</u>
Expenditures				
General government	7,251,084	7,252,830	6,374,384	878,446
Public protection	8,376,393	9,219,144	8,875,797	343,347
Public ways and facilities	85,500	63,000	62,768	232
Health	1,152,029	1,143,934	1,130,417	13,517
Culture and recreation	2,075,055	2,218,817	1,923,462	295,355
Education	368,105	492,550	475,163	17,387
Forestry	1,151,338	1,288,530	1,234,972	53,558
Conservation and development	1,657,660	1,789,345	1,604,649	184,696
Total Expenditures	<u>22,117,164</u>	<u>23,468,150</u>	<u>21,681,612</u>	<u>1,786,538</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,213,328)</u>	<u>(1,989,030)</u>	<u>(1,092,135)</u>	<u>896,895</u>
Other Financing Sources (Uses)				
Transfers in	304,585	484,086	484,086	-
Transfers out	-	(122,557)	(122,557)	-
Total Other Financing Sources (Uses)	<u>304,585</u>	<u>361,529</u>	<u>361,529</u>	<u>-</u>
Net Change in Fund Balance	<u>(908,743)</u>	<u>(1,627,501)</u>	<u>(730,606)</u>	<u>896,895</u>
Fund Balance - January 1	<u>34,686,432</u>	<u>34,686,432</u>	<u>34,686,432</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 33,777,689</u>	<u>\$ 33,058,931</u>	<u>\$ 33,955,826</u>	<u>\$ 896,895</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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,905,679	\$ 2,905,679	\$ 2,905,679	\$ -
Intergovernmental	11,251,944	11,269,430	10,423,714	(845,716)
Charges for services	6,126,534	6,127,734	5,631,559	(496,175)
Total Revenues	<u>20,284,157</u>	<u>20,302,843</u>	<u>18,960,952</u>	<u>(1,341,891)</u>
Expenditures				
Health	<u>20,959,078</u>	<u>21,253,158</u>	<u>19,273,705</u>	<u>1,979,453</u>
Net Change in Fund Balance	(674,921)	(950,315)	(312,753)	637,562
Fund Balance - January 1	<u>1,831,127</u>	<u>1,831,127</u>	<u>1,831,127</u>	-
Fund Balance - December 31	<u>\$ 1,156,206</u>	<u>\$ 880,812</u>	<u>\$ 1,518,374</u>	<u>\$ 637,562</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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,249,075	\$ 2,249,075	\$ 2,249,075	\$ -
Intergovernmental	1,545,119	1,545,119	1,339,911	(205,208)
Total Revenues	<u>3,794,194</u>	<u>3,794,194</u>	<u>3,588,986</u>	<u>(205,208)</u>
Expenditures				
Public Ways and Facilities	<u>4,603,261</u>	<u>4,603,261</u>	<u>3,708,210</u>	<u>895,051</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(809,067)</u>	<u>(809,067)</u>	<u>(119,224)</u>	<u>689,843</u>
Other Financing Sources				
Transfers in	<u>195,415</u>	<u>195,415</u>	<u>195,415</u>	<u>-</u>
Net Change in Fund Balance	<u>(613,652)</u>	<u>(613,652)</u>	<u>76,191</u>	<u>689,843</u>
Fund Balance - January 1	<u>695,567</u>	<u>695,567</u>	<u>695,567</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 81,915</u>	<u>\$ 81,915</u>	<u>\$ 771,758</u>	<u>\$ 689,843</u>

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

MARINETTE COUNTY, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2012

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
ASSETS				
Current Assets				
Pooled cash and investments	\$ 1,022,029	\$ 654,173	\$ 1,676,202	\$ 981,048
Petty cash	-	200	200	-
Accounts receivables	-	24,994	24,994	1,681
Due from other governments	471,876	-	471,876	30,000
Interest receivable	-	1,373	1,373	231,580
Inventories	935,535	-	935,535	43,703
Total Current Assets	2,429,440	680,740	3,110,180	1,288,012
Noncurrent Assets				
Restricted cash and investments	94,860	731,592	826,452	-
Capital assets				
Land	51,475	62,514	113,989	-
Land improvements, net	45,694	770,364	816,058	-
Buildings, net	2,423,852	-	2,423,852	-
Machinery and equipment, net	3,452,100	217,379	3,669,479	446,929
Total Noncurrent Assets	6,067,981	1,781,849	7,849,830	446,929
TOTAL ASSETS	8,497,421	2,462,589	10,960,010	1,734,941
DEFERRED OUTFLOW OF RESOURCES				
Retirement system unfunded liability amortization	270,795	-	270,795	-
LIABILITIES				
Current Liabilities				
Accounts payable	177,905	21,305	199,210	79,680
Accrued liabilities	14,313	1,620	15,933	7,710
Compensated absences payable	14,649	-	14,649	-
Total Current Liabilities	206,867	22,925	229,792	87,390
Noncurrent Liabilities				
Compensated absences payable	131,844	-	131,844	-
Post employment health insurance	379,208	38,115	417,323	-
Accrued landfill closure/post closure care cost	-	1,329,293	1,329,293	-
Total Noncurrent Liabilities	511,052	1,367,408	1,878,460	-
TOTAL LIABILITIES	717,919	1,390,333	2,108,252	87,390
DEFERRED INFLOWS OF RESOURCES				
Property taxes	-	-	-	30,000
NET POSITION				
Net investment in capital assets	5,973,121	1,050,257	7,023,378	446,929
Unrestricted	2,077,176	21,999	2,099,175	1,170,622
TOTAL NET POSITION	\$ 8,050,297	\$ 1,072,256	\$ 9,122,553	\$ 1,617,551

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

77,308

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

\$ 9,199,861

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

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Operating Revenues				
Charges for services	\$ 6,534,222	\$ 442,271	\$ 6,976,493	\$ 1,844,747
Operating Expenses				
Administration	-	41,668	41,668	579,665
Operation and maintenance	6,049,115	303,120	6,352,235	1,164,931
Landfill closure/post-closure care costs	-	124,691	124,691	-
Depreciation	587,780	94,319	682,099	128,594
Total Operating Expenses	<u>6,636,895</u>	<u>563,798</u>	<u>7,200,693</u>	<u>1,873,190</u>
Operating Income (Loss)	<u>(102,673)</u>	<u>(121,527)</u>	<u>(224,200)</u>	<u>(28,443)</u>
Nonoperating Revenues (Expenses)				
Property taxes	-	-	-	55,000
Insurance recoveries	-	-	-	28,604
Loss on disposal of capital assets	-	(33,284)	(33,284)	(7,565)
Miscellaneous revenue	20,562	-	20,562	-
Investment earnings	-	8,543	8,543	-
Total Nonoperating Revenues (Expenses)	<u>20,562</u>	<u>(24,741)</u>	<u>(4,179)</u>	<u>76,039</u>
Change in Net Position	(82,111)	(146,268)	(228,379)	47,596
Total Net Position - January 1	<u>8,132,408</u>	<u>1,218,524</u>		<u>1,569,955</u>
Total Net Position - December 31	<u>\$ 8,050,297</u>	<u>\$ 1,072,256</u>		<u>\$ 1,617,551</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.

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Change in Net Position of Business-Type Activities as Reported on the Statement of Activities (see pages 19 - 20)

\$ (228,351)

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

MARINETTE COUNTY, WISCONSIN
 Statements of Cash Flows
 Proprietary Funds
 For the Year Ended December 31, 2012

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Cash Flows from Operating Activities				
Receipts from customers	\$ 2,454,318	\$ 436,369	\$ 2,890,687	\$ 2,500
Receipts from internal activity and other governments	3,991,052	-	3,991,052	1,866,941
Payments to employees	(3,000,292)	(104,948)	(3,105,240)	(613,114)
Payments to suppliers	(3,280,749)	(239,140)	(3,519,889)	(1,081,571)
Net Cash Provided by Operating Activities	164,329	92,281	256,610	174,756
Cash Flows From Noncapital Financing Activities				
Property taxes	-	-	-	55,000
Miscellaneous revenue	20,562	-	20,562	28,604
Net Cash Provided by Noncapital Financing Activities	20,562	-	20,562	83,604
Cash Flows From Capital and Related Financing Activities				
Purchases and construction of capital assets	(960,208)	(178,152)	(1,138,360)	(146,996)
Payment of landfill closure care	-	(225,762)	(225,762)	-
Net Cash Used by Capital and Related Financing Activities	(960,208)	(403,914)	(1,364,122)	(146,996)
Cash Flows from Investing Activities				
Interest received on investments	-	8,679	8,679	-
Net Change in Cash and Cash Equivalents	(775,317)	(302,954)	(1,078,271)	111,364
Cash and Cash Equivalents - January 1	1,892,206	1,688,919	3,581,125	869,684
Cash and Cash Equivalents - December 31	\$ 1,116,889	\$ 1,385,965	\$ 2,502,854	\$ 981,048
Displayed as:				
Current assets				
Pooled cash and investments	\$ 1,022,029	\$ 654,373	\$ 1,676,402	\$ 981,048
Restricted assets				
Pooled cash and investments	94,860	731,592	826,452	-
Total Cash and Cash Equivalents	\$ 1,116,889	\$ 1,385,965	\$ 2,502,854	\$ 981,048
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (102,673)	\$ (121,527)	\$ (224,200)	\$ (28,443)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	587,780	94,319	682,099	128,594
Increase in postclosure care cost estimates	-	124,691	124,691	-
Change in assets and liabilities:				
Receivables, net	(88,852)	(5,902)	(94,754)	24,693
Post employment benefits	-	3,633	3,633	-
Prepaid items	9,167	907	10,074	50,294
Accounts and other payables	(241,093)	(3,840)	(244,933)	(382)
Net Cash Provided by Operating Activities	\$ 164,329	\$ 92,281	\$ 256,610	\$ 174,756

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, 2012

	Agency Funds
ASSETS	
Cash and investments	\$ 6,535,851
Receivables	
Accounts receivable	2,142
Delinquent property taxes	68,293
Property taxes levied for subsequent years	618,772
TOTAL ASSETS	\$ 7,225,058
LIABILITIES	
Due to taxing districts	
Tax collections	\$ 5,103,256
Special assessments	79,413
Forest income	256,318
Accounts payable	3,910
Deposits payable	1,782,161
TOTAL LIABILITIES	\$ 7,225,058

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

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

2. Component Units

BLENDED COMPONENT UNIT

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

DISCRETELY PRESENTED

The component unit columns in the basic financial statements represent the financial data of the Marinette County Committee on Aging, Inc. (MCCA) 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 2012 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 2012, the MCCA's audited financial statements include an audit performed in accordance with the DHFS's Provider Agency Audit Guide. 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.

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 2012, Marinette County remitted an operating subsidy of \$60,000. Marinette County's total net investment in the joint airport is \$2,569,992 as of December 31, 2012. Complete financial statements for the TCAC can be obtained from the TCAC's office at 2801 North 22nd Street, Menominee, Michigan.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

The County reports the following major governmental funds.

GENERAL FUND

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

COUNTY ROADS AND BRIDGES SERVICES SPECIAL REVENUE FUND

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

HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND

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

DEBT SERVICE FUND

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major enterprise funds:

HIGHWAY

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

SOLID WASTE

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

Additionally, the government reports the following fund types:

Internal service funds account for: self-insurance, information services, 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.

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.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

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

b. Accounts Receivable

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

c. Interfund Receivables and Payables

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

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

d. Inventories

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

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Prepaid Items

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

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

f. Capital Assets

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

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

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

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

g. Compensated Absences

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Deferred Outflows/Inflows of Resources

The County implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Revenues, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2012. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of Net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County had two items that qualify for reporting in this category. 1). The Highway fund retirement system unfunded liability reported in the government-wide and proprietary funds statements of net position. The unfunded liability charge results from the previous pay off of the retirement liability. This amount is deferred and being amortized over a thirty year period. 2). A deferred charge on debt refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

i. Long-term Obligations

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

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the County Board. These constraints can only be removed by the County Board using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of County Management. The County Board has authorized the County's Finance Committee to approve assignment of fund balance per recommendation of the Finance Director and County Administrator.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, 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 position - Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

7. Use of Estimates

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE B - STEWARDSHIP AND COMPLIANCE

Budgets and Budgetary Accounting

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

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

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2012.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

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 \$42,247,179 on December 31, 2012 as summarized below:

Petty cash and cash on hand	\$ 5,315
Deposits with financial institutions	18,460,912
Investments	<u>23,780,952</u>
	<u>\$ 42,247,179</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 34,606,293
Restricted cash and investments	1,105,035
Fiduciary fund statement of net position	
Agency funds	<u>6,535,851</u>
	<u>\$ 42,247,179</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, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for interest-bearing demand deposits per official custodian per depository institution. Deposits with Financial Institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for all time accounts, savings accounts and interest-bearing demand deposit accounts per official custodian per depository institution. In addition, the County's non-interest bearing transaction accounts are fully insured through December 31, 2012. As of January 1, 2013, the County's noninterest bearing transaction accounts are combined with its interest bearing demand deposits for FDIC insurance coverage. 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, 2012, \$7,739,595 of the County's deposits with financial institutions was in excess of federal and state depository insurance limits and uncollateralized.

Credit Risk

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

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Federal National Mortgage Association	\$ 6,805,398	\$ -	\$ 6,805,398	\$ -	\$ -
Federal Home Loan Mortgage Corporation	3,306,219	-	3,306,219	-	-
Governmental Home Loan Mortgage Association	7,253,715	-	7,253,715	-	-
Small Business Association	801,389	-	801,389	-	-
Corporate Paper	1,898,700	-	1,898,700	-	-
Wisconsin Local Government Investment Pool	3,017,770	-	-	-	3,017,770
Wisconsin Local Government Investment Pool - DNR	697,761	-	-	-	697,761
Totals	\$ 23,780,952	\$ -	\$ 20,065,421	\$ -	\$ 3,715,531

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

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 (FNMA)	U.S.	\$ 6,805,398	19.1%
Federal Home Loan Mortgage Corporation (FHLMC)	U.S.	3,306,219	9.2%
Governmental National Mortgage Association (GNMA)	U.S.	7,253,715	20.2%
Small Business Association (SBA)	U.S.	801,389	2.3%
Corporate Paper	U.S.	1,898,700	5.4%

As of December 31, 2012, 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	\$ 6,805,398	\$ 1,610,994	\$ 847,053	\$ 4,347,351	\$ -
Federal Home Loan Mortgage Corporation	3,306,219	2,363,386	-	942,833	-
Governmental Home Loan Mortgage Association	7,253,715	1,123,668	1,564,634	4,369,304	196,109
Small Business Association	801,389	-	-	801,389	-
Corporate Paper	1,898,700	-	-	1,898,700	-
Wisconsin Local Government Investment Pool	3,017,770	3,017,770	-	-	-
Wisconsin Local Government Investment Pool - DNR	697,761	697,761	-	-	-
Totals	\$ 23,780,952	\$ 8,813,579	\$ 2,411,687	\$ 12,359,577	\$ 196,109

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

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	\$ 6,805,398
Federal Home Loan Mortgage Corporation	3,306,219
Governmental National Mortgage Association	7,253,715
Small Business Association	801,389
Corporate Paper	1,898,700

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$3,715,531 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, 2012, 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, 2012 the investment cost was \$434,709 with a fair market value of \$440,613.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

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

Property taxes recorded on December 31, 2012 for collection in 2013 are for the following:

State apportionment	\$ 618,772
County apportionment	14,906,198
Total	<u>\$ 15,524,970</u>

The above County apportionment of \$14,906,198 is for financing 2013 operations and will be transferred in 2013 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds.

3. Delinquent Property Taxes - General Fund

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

On December 31, 2012, the County's general fund showed an investment of \$3,522,499 in delinquent taxes as follows:

Tax certificates	\$ 3,326,049
Tax deeds	196,450
Total	<u>\$ 3,522,499</u>

An aging of the total delinquent taxes of \$3,522,499 on December 31, 2012 follows:

Year Acquired	Total	Tax Certificates	Tax Deeds
Prior to 2006	\$ 22,896	\$ 2,653	\$ 20,243
2006	1,061	517	544
2007	1,487	503	984
2008	17,419	781	16,638
2009	6,333	5,302	1,031
2010	549,550	517,320	32,230
2011	1,076,010	1,047,778	28,232
2012	1,847,743	1,751,195	96,548
	<u>\$ 3,522,499</u>	<u>\$ 3,326,049</u>	<u>\$ 196,450</u>

Of the total of \$3,522,499 for delinquent taxes, \$519,504 was collected by the County within 60 days after December 31, 2012. The remaining unpaid balance of \$3,002,995 is recorded as nonspendable fund balance for the general fund.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Restricted Assets

Restricted assets on December 31, 2012 totaled \$1,105,035 and consisted of cash and investments held for the following purposes:

Special Revenue Fund	
Solid waste long-term care	\$ 278,583
Enterprise Fund	
Highway Retirees Health Insurance	94,860
Solid waste long-term care/closure	731,592
Total Restricted Assets	\$ 1,105,035

5. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,594,197	\$ 132,913	\$ -	\$ 4,727,110
Capital assets, being depreciated:				
Buildings and improvements	43,369,723	772,526	45,000	44,097,249
Machinery and equipment	8,729,704	886,024	533,725	9,082,003
Infrastructure	51,610,921	866,616	447,157	52,030,380
Subtotals	103,710,348	2,525,166	1,025,882	105,209,632
Less accumulated depreciation for:				
Buildings and improvements	10,960,129	881,372	43,400	11,798,101
Machinery and equipment	6,449,520	888,125	490,612	6,847,033
Infrastructure	20,510,836	1,157,918	409,020	21,259,734
Subtotals	37,920,485	2,927,415	943,032	39,904,868
Total capital assets, being depreciated, net	65,789,863	(402,249)	82,850	65,304,764
Governmental activities capital assets, net	\$ 70,384,060	\$ (269,336)	\$ 82,850	70,031,874
Less related long-term debt outstanding				18,798,500
Net investment in capital assets				\$ 51,233,374

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

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
Work in progress	202,878	-	202,878	-
Subtotals	316,867	-	202,878	113,989
Capital assets, being depreciated:				
Land improvements	2,801,000	-	22,000	2,779,000
Buildings	4,798,350	-	-	4,798,350
Machinery and equipment	7,746,712	1,554,629	558,639	8,742,702
Subtotals	15,346,062	1,554,629	580,639	16,320,052
Less accumulated depreciation for:				
Land improvements	1,891,656	71,286	-	1,962,942
Buildings	2,193,681	180,817	-	2,374,498
Machinery and equipment	4,928,255	429,996	285,028	5,073,223
Subtotals	9,013,592	682,099	285,028	9,410,663
Total capital assets, being depreciated, net	6,332,470	872,530	295,611	6,909,389
Business-type activities capital assets, net	<u>\$ 6,649,337</u>	<u>\$ 872,530</u>	<u>\$ 498,489</u>	7,023,378
Less related long-term debt outstanding				<u>-</u>
Net investment in capital assets				<u>\$ 7,023,378</u>
Depreciation expense was charged to functions of the County as follows:				
Governmental activities				
General government			\$ 80,830	
Public protection			970,139	
Public ways and facilities			1,157,918	
Health			59,173	
Culture and recreation			39,774	
Education			426,282	
Forestry			63,883	
Conservation and development			822	
Allocated from internal service funds			128,594	
Total depreciation expense - governmental activities			<u>\$ 2,927,415</u>	
Business-type activities				
Highway			\$ 587,780	
Solid waste			94,319	
Total depreciation expense - business-type activities			<u>\$ 682,099</u>	

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

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, 2012 are detailed below:

	Interfund Receivables	Interfund Payables
Cash advance for cash flow.		
General Fund	\$ 279,571	\$ -
Health and Human Services Special Revenue Fund	-	279,571
Totals	<u>\$ 279,571</u>	<u>\$ 279,571</u>

Interfund transfers for the year ended December 31, 2012 were as follows:

	Transfer to:			
	General Fund	County Roads and Bridges	Jail Assessments	Totals
Transfers from:				
General fund	\$ -	\$ -	\$ 122,557	\$ 122,557
Debt service	304,585	195,415	-	500,000
Forestry and parks development	179,501	-	-	179,501
Totals	<u>\$ 484,086</u>	<u>\$ 195,415</u>	<u>\$ 122,557</u>	<u>\$ 802,058</u>

Transfers were used to: 1) move surplus sale tax revenues to other funds where expenditures have been authorized. 3) move appropriated funds where budgeted to the fund that incurred the expenditure.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2012:

	Outstanding 1/1/12	Issued	Retired	Outstanding 12/31/12	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 19,325,000	\$ 16,615,000	\$ 17,875,000	\$ 18,065,000	\$ 1,575,000
Notes	2,675,000	-	135,000	2,540,000	140,000
Total General Obligation Debt	22,000,000	16,615,000	18,010,000	20,605,000	1,715,000
Debt Premium	-	999,652	77,500	922,152	93,000
Post-employment health benefits payable					
	4,040,942	1,650,411	1,027,170	4,664,183	-
Compensated absences					
	2,107,878	122,088	-	2,229,966	222,997
Governmental activities					
Long-term obligations	<u>\$ 28,148,820</u>	<u>\$ 19,387,151</u>	<u>\$ 19,114,670</u>	<u>\$ 28,421,301</u>	<u>\$ 2,030,997</u>
Business-type activities:					
Post-employment health benefits payable					
	\$ 334,101	\$ 347,015	\$ 263,793	\$ 417,323	-
Compensated absences					
	113,045	33,448	-	146,493	14,649
Business-type activities					
Long-term obligations	<u>\$ 447,146</u>	<u>\$ 380,463</u>	<u>\$ 263,793</u>	<u>\$ 563,816</u>	<u>\$ 14,649</u>

Total interest paid during the year on long-term debt totaled \$911,992. Debt issuance cost paid during the year for refinancing totaled \$282,279.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds	
\$20,100,000 issued 6/4/03; \$1,450,000 due in 2013	\$ 1,450,000
\$16,615,000 issued 3/15/12; \$225,000 due annually 2013 to 2022 interest 1.50% to 4.00 %	<u>16,615,000</u>
Total Bonds	<u>18,065,000</u>
Notes	
\$3,250,000 issued 8/15/06; \$125,000 to \$2,100,000 due annually through 2016; interest 3.75% to 4.0%	<u>2,540,000</u>
Total Outstanding General Obligation Debt	<u>\$ 20,605,000</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$20,605,000 on December 31, 2012 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2013	\$ 1,715,000	\$ 580,300	\$ 2,295,300
2014	1,825,000	521,725	2,346,725
2015	1,850,000	490,225	2,340,225
2016	3,875,000	458,350	4,333,350
2017	1,800,000	333,600	2,133,600
2018-2022	9,540,000	993,900	10,533,900
	<u>\$ 20,605,000</u>	<u>\$ 3,378,100</u>	<u>\$ 23,983,100</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, 2012 was \$162,655,915 as follows:

Equalized valuation of the County	\$ 3,646,138,500
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>182,306,925</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 20,605,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>953,990</u>
Net outstanding general obligation debt applicable to debt limitation	<u>19,651,010</u>
Legal Margin for New Debt	<u><u>\$ 162,655,915</u></u>

Advance Refunding

During 2012, the County advance refunded general obligation bonds issued from 2003. The County issued \$16,615,000 of general obligation refunding bonds to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$1,378,025 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,220,013.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

8. 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, 2012 follows:

	Landfill Closure Care	Landfill Post closure Care
Total estimated costs	\$ 963,428	\$ 2,451,280
Percentage of storage capacity used as of December 31, 2012	74.17%	51.81%
Total estimated liability for costs as of December 31, 2012	714,581	1,270,008
Less closure costs paid	655,296	-
Liabilities as of December 31, 2012	<u>\$ 59,286</u>	<u>\$ 1,270,008</u>

The above total costs of \$59,285 and \$1,270,008 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 \$1,270,008 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, 2012 was \$731,592. 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.

9. Fund Equity

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

NONSPENDABLE FUND BALANCES

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

General Fund	
Prepaid items	\$ 48,791
Delinquent property taxes	3,002,995
Long-term loans receivable	309,810
Total Nonspendable Fund Balances	<u>\$ 3,361,596</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

RESTRICTED FUND BALANCES

Portions of governmental fund balances are restricted for specific purposes by constraints imposed by external providers. At December 31, 2012, restricted fund balances consisted of the following:

General Fund	
Sheriff Department honor guard uniforms	\$ 583
Sheriff Department canine	8,773
Family counseling	39,732
Veterans transportation	26,790
Wildlife habitat	6,999
County forest land acquisition	8,816
	<u>91,693</u>
Special Revenue Funds	
Land records modernization	101,483
Teen court	4,209
Jail assessments	250,977
Dog licenses	1,000
Nicolet library grant	12,318
Library donations	150,589
Peshtigo library - McCauley trust	202,338
Peshtigo library - Falkenberg trust	21,899
Community Development Block Grant - Revolving Loans	97,378
	<u>842,191</u>
Total Restricted Fund Balances	<u>\$ 933,884</u>

Restricted net position on the statement of net position includes all of the above restricted fund balances and the outstanding loan balance in the Community Development Block Grant fund of \$1,433,946, resulting in a total restricted balance of \$2,367,830.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

COMMITTED FUND BALANCES

Portions of governmental fund balances have been committed to specific purposes by the County Board. These amounts cannot be used for any other purpose unless the County Board approves the change. At December 31, 2012, committed fund balances consisted of the following:

General Fund	
Property tax reduction fund	\$ 19,058,908
Service level stabilization	2,000,000
Forestry heavy equipment	213,246
Tourism	17,322
Land information	115,815
Environmental site assessment	23,749
	<u>21,429,040</u>
Special Revenue Funds	
County roads and bridges	771,758
Health and Human Services	1,518,374
Solid waste - long-term care	279,359
Forest and parks development	400,000
Revolving loan fund	162,078
	<u>3,131,569</u>
Debt Service Fund	<u>953,990</u>
Total Committed Fund Balances	<u><u>\$ 25,514,599</u></u>

ASSIGNED FUND BALANCES

Portions of governmental fund balances have been assigned to specific purposes by County management with approval of the County's Finance Committee. These amounts cannot be used for any other purpose unless the Finance Committee approves the change. At December 31, 2012, assigned fund balances consisted of the following:

General Fund	
Capital maintenance	\$ 588,138
Future health insurance costs	313,330
Subsequent years budget	600,000
County Department budget carryovers	124,194
Total Assigned Fund Balances	<u><u>\$ 1,625,662</u></u>

UNASSIGNED FUND BALANCES

Unassigned fund balance on December 31, 2012 totaled \$7,447,835 and of that amount, \$2,205,311 was allocated for contingencies and \$1,837,759 was allocated for cash flow requirements.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

10. Minimum Fund Balance Policy

The County has adopted the following fund balance policy:

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

Budgeted 2012 General Fund Expenditures	\$ 21,539,879
	17%
17% of total budgeted regular General Fund Expenditures	\$ 3,661,779

The General Fund unassigned fund balance on December 31, 2012 totaled \$7,447,835.

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 employees, initially employed by a participating WRS employer prior to July 1, 2011 expected to work at least 600 hours a year (440 for teachers and school district education support employees) and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011 and expected to work over 1200 hours a year (880 for teachers and school district support employees) and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are:

	2012	
	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective without Social Security	5.9%	11.3%

The payroll for County employees covered by the WRS for the year ended December 31, 2012 was \$15,647,016 the employer's total payroll was \$16,264,867. The total required contribution for the year ended December 31, 2012 was \$1,910,339, which consisted of \$984,131, or 6.3% of covered payroll from the employer and \$926,208, or 5.9% of covered payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$1,894,233 and \$1,777,027 respectively, equal to the required contributions for each year.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE D - OTHER INFORMATION (Continued)

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. Participants who initially became eligible on or after July 1, 2011, must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to:

Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931.

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. Any employees hired after December 31, 2011 are not eligible for retiree health insurance benefits. Other retirees can obtain insurance through the County by paying 100% of the County premium. There are 277 active and 66 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	\$ 2,017,671
Interest on net OPEB	176,381
Adjustment to annual required contribution	<u>(190,956)</u>
Annual OPEB cost (expense)	2,003,096
Contributions made	<u>(1,296,633)</u>
Change in net OPEB obligation	706,463
OPEB obligation - beginning of year	<u>4,375,043</u>
OPEB obligation - end of year	<u>\$ 5,081,506</u>

The annual required contribution for the current year was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.0% discount rate, and (b) projected salary increases at 2.5%.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE D - OTHER INFORMATION (Continued)

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll. The remaining amortization period at December 31, 2012 is 25 years, and the remaining amount is \$20,764,896.

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

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$ 1,268,642	62.66%	\$ 3,621,207
12/31/2011	2,157,088	65.05%	4,375,043
12/31/2012	2,003,096	64.73%	5,081,506

Funded Status and Funding Progress - As of January 1, 2012, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$21,743,204. The annual payroll for active employees covered by the plan for the 2012 fiscal year was \$16,264,867 for a ratio of the UAAL to covered payroll of 152.1%.

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, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 4.0% to discount expected liabilities to the valuation date. The 2013 trend rate of 8.0% reflects the average annual change in costs (and premiums) from 2008 to 2012. Rates for 2023 and beyond are based on projections of the Office of Actuary at the Centers for Medicare & Medicaid Services, as published in *National Health Expenditures Projections: 2010-2020*. Rates for 2014 through 2022 are scaled between the 2013 and 2023 rates. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2012 was 25 years.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE D - OTHER INFORMATION (Continued)

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, 2012 the self-insurance internal service fund had a net position surplus of \$787,999 allocated to the following risk management programs:

Life insurance	\$ 13,001
Property and liability insurance	(19,445)
Workers compensation	794,443
Net Position	\$ 787,999

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

Property and Liability Insurance

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

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

Health 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 2011 and 2012 follow:

	Liability January 1		Current Year Claims and Changes in Estimates		Claim Payments		Liability December 31
2011	\$ -	\$	234,832	\$	234,832	\$	-
2012	-		200,109		200,109		-

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE D - OTHER INFORMATION (Continued)

4. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2012 and 2013 budget years, the increase in the maximum allowable tax levy was limited to the greater of the percentage change in the County's January 1 equalized value as a result of net new construction. The actual limit for the County for the 2012 budget was .94%. For the 2013 budget year, the actual limit for the County 1.04%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In additions, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2006 and in certain other situations.

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 SUPPLEMENTARY INFORMATION

MARINETTE COUNTY, WISCONSIN
 Schedule of Funding Progress
 Other Post-Employment Benefit Plan
 For the Year Ended December 31, 2012

Actuarial Valuation Date January 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Projected Unit Credit	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2008	\$ -	\$ 25,829,284	0%	\$ 25,829,284	\$ 15,018,000	172%
2010	-	22,618,051	0%	22,618,051	16,243,386	139%
2012	-	21,743,204	0%	21,743,204	16,264,867	131%

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
 For the Year Ended December 31, 2012

Year Ended December 31	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	\$ 788,539	\$ 2,347,206	33.59%
2009	839,060	2,406,715	34.86%
2010	794,912	2,178,760	36.48%
2011	1,403,252	2,202,513	63.71%
2012	1,296,633	2,017,671	64.26%

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

SUPPLEMENTARY INFORMATION

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues
General Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes				
General property	\$ 9,546,480	\$ 9,546,480	\$ 9,546,480	\$ -
Forest crop	45,000	45,000	40,956	(4,044)
Payment in lieu of taxes	266,000	266,000	284,935	18,935
Retained sales taxes	150	150	143	(7)
Real estate transfer fees	70,000	70,000	69,958	(42)
Interest on taxes	540,000	540,000	593,181	53,181
Total Taxes	10,467,630	10,467,630	10,535,653	68,023
Intergovernmental				
Federal aids				
SSA inmate incentive program	7,600	7,600	4,000	(3,600)
Rural law enforcement assistance	153,566	153,566	110,253	(43,313)
US Fish & Wildlife	33,450	18,155	18,156	1
Early retiree reimbursement program	5,712	5,712	-	(5,712)
State aids				
Shared and Utility taxes	1,449,934	1,449,934	1,464,186	14,252
Exempt computers	38,695	38,695	40,931	2,236
Land information	238,000	238,000	196,306	(41,694)
Victim witness program	27,693	27,693	25,619	(2,074)
Circuit court	168,061	168,061	164,092	(3,969)
Forest roads	70,479	70,479	70,370	(109)
Police training/ATV/Snowmobile/Other	32,440	60,459	55,188	(5,271)
Boat and water safety	13,600	13,600	11,021	(2,579)
Emergency government	62,799	59,662	63,514	3,852
Hazmat	10,000	24,095	19,081	(5,014)
Homeland security funding	33,873	172,128	186,408	14,280
Transportation	136,996	137,613	138,168	555
Child support program	554,591	554,591	566,949	12,358
ATV/Snowmobile trails and areas	372,010	510,032	242,112	(267,920)
Wildlife habitat management	115,539	132,939	130,939	(2,000)
Targeted Run-Off Management (watershed)	600,000	600,000	489,994	(110,006)
S.W.R.M. automation grant	216,500	278,301	249,895	(28,406)
Forestry administrator	53,283	53,283	52,770	(513)
Parks	-	60,760	60,730	(30)
Hazard mitigation grant	3,915	3,915	4,168	253
Sustainable forestry grant	12,880	12,880	18,496	5,616
Veterans service	10,000	10,000	10,000	-
Aquatic invasive species	62,127	62,127	62,801	674
Charges for services				
Sheriff - local	106,885	106,885	87,512	(19,373)
Sheriff - state	123,400	123,400	127,968	4,568
Clerk	8,800	8,800	10,033	1,233
Finance	-	17,957	32,179	14,222
Forestry	39,950	39,950	42,913	2,963
Emergency Management	-	3,162	-	(3,162)
Land information	28,000	28,000	36,676	8,676
Dispatch	-	49,000	47,600	(1,400)
Extension	2,774	2,774	2,774	-
Total Intergovernmental	4,793,552	5,304,208	4,843,802	(460,406)

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Regulation and Compliance				
Zoning permits and fees	24,500	24,500	22,020	(2,480)
Sanitary permits/reviews	71,500	71,500	68,315	(3,185)
Non-metallic mining fees	26,000	26,000	4,200	(21,800)
Occupational licenses	-	-	60	60
County ordinance forfeitures and defaults	91,500	91,500	119,399	27,899
County's share of state fines and forfeitures	70,000	70,000	80,824	10,824
County share agriculture use penalty	1,000	1,000	-	(1,000)
Total Regulation and Compliance	284,500	284,500	294,818	10,318
Charges For Services				
Clerk	3,525	3,525	4,316	791
Treasurer	64,575	64,575	65,828	1,253
Child support	8,350	8,350	11,424	3,074
Circuit court	146,700	146,700	149,496	2,796
Witness fees	1,500	1,500	1,352	(148)
Family court counseling	10,000	10,000	8,520	(1,480)
Guardian ad litem fees	86,250	86,250	91,295	5,045
District Attorney	6,500	6,500	12,306	5,806
Register of deeds	248,840	248,840	276,497	27,657
Sheriff fees	228,760	232,270	213,170	(19,100)
Board of prisoners at county jail	129,000	129,000	131,644	2,644
Inmate reimbursements	95,200	95,200	78,428	(16,772)
Jail canteen	24,714	24,714	27,538	2,824
Accident photos and reports	2,000	2,000	1,749	(251)
Coroner fees	30,020	30,020	35,280	5,260
Library	31,000	31,000	36,877	5,877
Parks	163,000	163,000	184,581	21,581
County forest	2,332,717	2,332,717	2,354,999	22,282
Land information	95,518	107,187	93,311	(13,876)
Camp Bird	60,000	60,000	62,185	2,185
Tourism	-	2,644	2,644	-
Extension program	12,874	12,874	10,952	(1,922)
Total Charges For Services	3,781,043	3,798,866	3,854,392	55,526
Commercial				
Investment income	945,980	945,980	412,799	(533,181)
Other - Interest	14,150	14,150	14,942	792
Rent of county buildings and offices	30,760	30,760	36,612	5,852
Land leases	16,380	16,380	16,380	-
Sale of county property	30,200	30,200	18,907	(11,293)
Total Commercial	1,037,470	1,037,470	499,640	(537,830)

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous				
Revenues from departments				
Human services buildings	334,422	334,422	334,422	-
Library building	59,463	59,463	59,463	-
Motor pool	15,664	15,664	15,664	-
Maintenance other	121	121	1,339	1,218
Family court commissioner	1,200	1,200	1,000	(200)
Clerk of court	5,000	5,000	3,531	(1,469)
Corporation counsel	1,571	1,571	1,571	-
Finance	8,800	16,634	27,732	11,098
District Attorney	10,000	10,000	9,913	(87)
CDBG and MAR-OCO administrative	27,400	27,400	15,987	(11,413)
Human resources	7,500	16,460	16,460	-
Emergency management	-	-	860	860
Donations	23,000	28,300	25,549	(2,751)
Donations-Arbor Day Foundation	-	3,780	3,780	-
Insurance recoveries	45,500	66,431	43,901	(22,530)
Total Miscellaneous	<u>539,641</u>	<u>586,446</u>	<u>561,172</u>	<u>(25,274)</u>
 Total Revenues	 <u>\$ 20,903,836</u>	 <u>\$ 21,479,120</u>	 <u>\$ 20,589,477</u>	 <u>\$ (889,643)</u>

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures
General Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government				
County board	\$ 232,396	\$ 233,560	\$ 210,579	\$ 22,981
Administrator	247,845	237,340	203,940	33,400
Clerk	149,838	166,495	162,188	4,307
Treasurer	253,989	266,794	245,452	21,342
Finance	811,268	462,904	436,357	26,547
Elections	64,400	68,948	67,737	1,211
Property management	24,950	24,950	20,183	4,767
Human resources	153,464	182,136	182,136	-
Independent auditing	25,200	25,200	25,200	-
Special accounting	5,567	5,567	5,567	-
District attorney	243,822	261,233	244,917	16,316
Victim witness program	53,991	55,169	55,169	-
Corporation counsel	166,144	170,800	160,105	10,695
Circuit court	349,758	349,758	307,661	42,097
Clerk of court	582,515	594,156	583,936	10,220
Family court commissioner	81,576	99,635	99,635	-
Family court commissioner - mediation services	10,000	10,000	10,000	-
Law library	10,000	10,000	6,572	3,428
Coroner	108,437	108,437	102,133	6,304
Register of deeds	319,716	333,685	283,661	50,024
Land information	923,313	951,764	932,684	19,080
Courthouse	1,542,207	1,615,206	1,126,535	488,671
Tax deed expense	29,375	29,375	24,559	4,816
Personal property chargeback	3,000	3,000	1,806	1,194
Illegal taxes	2,000	2,000	60	1,940
Employee health insurance	16,250	62,132	59,537	2,595
Retirees health insurance	838,448	838,448	814,478	23,970
State special charges	1,235	1,235	1,234	1
Paying agent service charges	380	380	363	17
Contingency	-	82,523	-	82,523
Total General Government	7,251,084	7,252,830	6,374,384	878,446
Public Protection				
Sheriff and traffic	4,019,090	4,184,272	4,074,322	109,950
Central Dispatch	1,342,625	1,441,122	1,393,100	48,022
MEG unit	99,776	99,776	81,974	17,802
Civil service commission	2,000	2,000	1,230	770
Fire suppression	1,500	5,303	5,303	-
Emergency management	50,252	57,236	55,160	2,076
Emergency management EMPG grant	40,170	41,929	40,605	1,324
Emergency management EPCRA grant	19,786	19,817	19,536	281
Emergency management hazmat grants	10,000	24,095	20,844	3,251
Emergency management other grants	12,000	163,417	163,047	370
Emergency 911 system	-	444,170	419,501	24,669
Ambulance and rescue squads	32,050	32,050	32,050	-
Jail	2,590,520	2,547,333	2,433,248	114,085
Jail rural assistance grant	156,624	156,624	135,877	20,747
Total Public Protection	8,376,393	9,219,144	8,875,797	343,347

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures (Continued)
General Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Ways and Facilities				
Airport	85,500	63,000	62,768	232
Health				
Committee on aging	304,494	305,029	305,029	-
Child support program	657,773	644,159	634,044	10,115
Employee wellness	15,000	15,000	15,000	-
Veterans relief	4,075	4,075	3,304	771
Veterans service officer	167,987	172,971	170,343	2,628
Burial of veterans	2,700	2,700	2,697	3
Total Health	<u>1,152,029</u>	<u>1,143,934</u>	<u>1,130,417</u>	<u>13,517</u>
Culture and Recreation				
Library	935,350	932,661	918,898	13,763
Fairs and exhibits	10,000	10,000	10,000	-
Snowmobile/ATV trails/Water Recreation	385,330	525,453	247,532	277,921
Parks	744,375	750,703	747,032	3,671
Total Culture and Recreation	<u>2,075,055</u>	<u>2,218,817</u>	<u>1,923,462</u>	<u>295,355</u>
Education				
University extension program	312,105	336,550	327,792	8,758
U.W. Center	56,000	156,000	147,371	8,629
Total Education	<u>368,105</u>	<u>492,550</u>	<u>475,163</u>	<u>17,387</u>
Forestry				
County forest	1,104,638	1,218,876	1,169,344	49,532
Forestry equipment	46,700	69,654	65,628	4,026
Total Forestry	<u>1,151,338</u>	<u>1,288,530</u>	<u>1,234,972</u>	<u>53,558</u>
Conservation and Development				
Camp Bird	157,576	157,576	146,899	10,677
Wildlife habitat management	18,853	18,853	13,417	5,436
Wildlife damage	106,367	124,931	119,473	5,458
Contributions to sports clubs	600	600	360	240
Lake Noquebay dam	3,000	3,000	3,000	-
Aquatic invasive species and other lake grants	62,883	98,074	92,348	5,726
Land conservation grant	23,368	23,368	21,806	1,562
S.W.R.M. automation grant	244,882	309,183	306,471	2,712
Targeted run-off management	600,000	600,000	489,995	110,005
Non-metallic mining	32,461	32,461	11,077	21,384
Property site assessment	200,000	200,000	179,588	20,412
Regional planning commission	17,094	17,094	17,094	-
Conservation Camp	5,200	6,475	5,391	1,084
Tourism	95,000	99,854	99,854	-
Economic development	90,376	97,876	97,876	-
Total Conservation and Development	<u>1,657,660</u>	<u>1,789,345</u>	<u>1,604,649</u>	<u>184,696</u>
Total Expenditures	<u>\$ 22,117,164</u>	<u>\$ 23,468,150</u>	<u>\$ 21,681,612</u>	<u>\$ 1,786,538</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.

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

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

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

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

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

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

MARINETTE COUNTY, WISCONSIN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2012

	Special Revenue Funds						
	Library Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust	Forestry & Parks Development
ASSETS							
Pooled cash and investments	\$ 12,568	\$ -	\$ 7,270	\$ 150,430	\$ 201,591	\$ 21,809	\$ 404,149
Receivables							
Accounts	-	-	8	221	-	-	900
Interest	-	776	-	-	979	104	-
Loans	-	-	-	-	-	-	-
Restricted assets							
Pooled cash and investments	-	278,583	-	-	-	-	-
TOTAL ASSETS	\$ 12,568	\$ 279,359	\$ 7,278	\$ 150,651	\$ 202,570	\$ 21,913	\$ 405,049
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 250	\$ -	\$ 6,278	\$ 62	\$ 232	\$ 14	\$ 5,049
Deferred Inflows of Resources							
Loans	-	-	-	-	-	-	-
Fund Balances							
Restricted	12,318	-	1,000	150,589	202,338	21,899	-
Committed	-	279,359	-	-	-	-	400,000
Total Fund Balances	12,318	279,359	1,000	150,589	202,338	21,899	400,000
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 12,568	\$ 279,359	\$ 7,278	\$ 150,651	\$ 202,570	\$ 21,913	\$ 405,049

(Continued)

MARINETTE COUNTY, WISCONSIN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2012

	Special Revenue Funds (Continued)					Totals 2012
	Jail Assessments	Land Records Modernization	Revolving Loan Fund	Teen Court	Community Development Block Grant	
ASSETS						
Pooled cash and investments	\$ 247,396	\$ 101,767	\$ 162,078	\$ 4,197	\$ 97,378	\$ 1,410,633
Receivables						
Accounts	4,261	200	-	30	-	5,620
Interest	-	-	-	-	-	1,859
Loans	-	-	1,209,323	-	1,433,946	2,643,269
Restricted assets						
Pooled cash and investments	-	-	-	-	-	278,583
TOTAL ASSETS	\$ 251,657	\$ 101,967	\$ 1,371,401	\$ 4,227	\$ 1,531,324	\$ 4,339,964
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 680	\$ 484	\$ -	\$ 19	\$ -	\$ 13,067
Deferred Inflows of Resources						
Loans	-	-	1,209,323	-	1,433,946	2,643,269
Fund Balances						
Restricted	250,977	101,483	-	4,209	97,378	842,191
Committed	-	-	162,078	-	-	841,437
Total Fund Balances	250,977	101,483	162,078	4,209	97,378	1,683,628
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 251,657	\$ 101,967	\$ 1,371,401	\$ 4,228	\$ 1,531,324	\$ 4,339,964

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue Funds						
	Library Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust	Forestry & Parks Development
Revenues							
Intergovernmental							
State aid	\$ 9,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regulations and compliance - fees	-	-	6,544	-	-	-	14,385
Charges for services	-	-	-	-	-	-	42,320
Commercial							
Loan Repayments							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Interest on investments	-	2,889	-	-	2,167	238	-
Sale of County property	-	-	-	-	-	-	312,168
Miscellaneous							
Donations	-	-	-	8,194	-	-	-
Total Revenues	9,584	2,889	6,544	8,194	2,167	238	368,873
Expenditures							
General government	-	-	-	-	-	-	-
Public protection	-	-	-	-	-	-	-
Public ways and facilities	-	10,516	-	-	-	-	-
Health	-	-	6,544	-	-	-	-
Culture and recreation	9,050	-	-	27,461	5,785	1,973	401,618
Conservation and development	-	-	-	-	-	-	-
Total Expenditures	9,050	10,516	6,544	27,461	5,785	1,973	401,618
Excess (Deficiency) of Revenues Over Expenditures	534	(7,627)	-	(19,267)	(3,618)	(1,735)	(32,745)
Other Financing Sources (Uses)							
Transfer in (out)	-	-	-	-	-	-	(179,501)
Net Change in Fund Balance	534	(7,627)	-	(19,267)	(3,618)	(1,735)	(212,246)
Fund Balance - January 1	11,784	286,986	1,000	169,856	205,956	23,634	612,246
Fund Balance - December 31	\$ 12,318	\$ 279,359	\$ 1,000	\$ 150,589	\$ 202,338	\$ 21,899	\$ 400,000

(Continued)

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue Funds (Continued)					Totals 2012
	Jail Assessments	Land Records Modernization	Revolving Loan Fund	Teen Court	Community Development Block Grant	
Revenues						
Intergovernmental						
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,584
Regulations and compliance - fees	49,258	81,796	-	-	-	151,983
Charges for services	-	-	-	-	-	42,320
Commercial						
Loan Repayments						
Principal	-	-	136,406	-	78,278	214,684
Interest	-	-	33,777	-	17,092	50,869
Interest on investments	-	-	174	-	541	6,009
Sale of County property	-	-	-	-	-	312,168
Miscellaneous						
Donations	-	-	-	390	-	8,584
Total Revenues	49,258	81,796	170,357	390	95,911	796,201
Expenditures						
General government	-	42,085	-	678	-	42,763
Public protection	104,159	-	-	-	-	104,159
Public ways and facilities	-	-	-	-	-	10,516
Health	-	-	-	-	-	6,544
Culture and recreation	-	-	-	-	-	445,887
Conservation and development	-	-	102,354	-	313,387	415,741
Total Expenditures	104,159	42,085	102,354	678	313,387	1,025,610
Excess (Deficiency) of Revenues Over Expenditures	(54,901)	39,711	68,003	(288)	(217,476)	(229,409)
Other Financing Sources (Uses)						
Transfer in (out)	122,557	-	-	-	-	(56,944)
Net Change in Fund Balance	67,656	39,711	68,003	(288)	(217,476)	(286,353)
Fund Balance - January 1	183,321	61,772	94,075	4,497	314,854	1,969,981
Fund Balance - December 31	\$ 250,977	\$ 101,483	\$ 162,078	\$ 4,209	\$ 97,378	\$ 1,683,628

INTERNAL SERVICE FUNDS

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

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

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

MARINETTE COUNTY, WISCONSIN
Combining Statement of Net Position
Internal Service Funds
December 31, 2012

	Self- Insurance	Information Services	Central Motor Pool	Totals 2012
ASSETS				
Current Assets				
Pooled cash and investments	\$ 557,045	\$ 333,469	\$ 90,534	\$ 981,048
Receivables				
Accounts	-	1,681	-	1,681
Property taxes levied for subsequent year	30,000	-	-	30,000
Prepays	231,580	-	-	231,580
Inventories	-	43,703	-	43,703
Total Current Assets	<u>818,625</u>	<u>378,853</u>	<u>90,534</u>	<u>1,288,012</u>
Capital Assets				
Machinery and equipment	-	660,278	591,240	1,251,518
Accumulated depreciation	-	(325,520)	(479,069)	(804,589)
Net Capital Assets	<u>-</u>	<u>334,758</u>	<u>112,171</u>	<u>446,929</u>
TOTAL ASSETS	<u>818,625</u>	<u>713,611</u>	<u>202,705</u>	<u>1,734,941</u>
LIABILITIES				
Current Liabilities				
Accounts payable	626	76,309	2,745	79,680
Accrued liabilities	-	7,710	-	7,710
TOTAL CURRENT LIABILITIES	<u>626</u>	<u>84,019</u>	<u>2,745</u>	<u>87,390</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
NET POSITION				
Net invested in capital assets	-	334,758	112,171	446,929
Unrestricted	787,999	294,834	87,789	1,170,622
	<u>\$ 787,999</u>	<u>\$ 629,592</u>	<u>\$ 199,960</u>	<u>\$ 1,617,551</u>

MARINETTE COUNTY, WISCONSIN

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Year Ended December 31, 2012

	Self- Insurance	Information Services	Central Motor Pool	Totals 2012
Operating Revenues				
Charges for services	\$ 550,802	\$ 1,124,999	\$ 168,946	\$ 1,844,747
Operating Expenses				
Claims and premiums	579,665	-	-	579,665
Operation and maintenance	-	1,062,361	102,570	1,164,931
Depreciation	-	49,962	78,632	128,594
Total Operating Expenses	<u>579,665</u>	<u>1,112,323</u>	<u>181,202</u>	<u>1,873,190</u>
Operating Income (Loss)	<u>(28,863)</u>	12,676	<u>(12,256)</u>	<u>(28,443)</u>
Nonoperating Revenues				
General property taxes	55,000	-	-	55,000
Insurance recoveries/dividends	26,584	-	2,020	28,604
Loss on disposal of assets	-	(7,565)	-	<u>(7,565)</u>
Total Nonoperating Revenues	<u>81,584</u>	<u>(7,565)</u>	2,020	<u>76,039</u>
Change in Net Position	52,721	5,111	(10,236)	47,596
Total Net Position - January 1	<u>735,278</u>	<u>624,481</u>	<u>210,196</u>	<u>1,569,955</u>
Total Net Position - December 31	<u>\$ 787,999</u>	<u>\$ 629,592</u>	<u>\$ 199,960</u>	<u>\$ 1,617,551</u>

MARINETTE COUNTY, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2012

	Self- Insurance	Information Services	Central Motor Pool	Totals 2012
Cash Flows from Operating Activities				
Receipts from customers/insured	\$ -	\$ 2,500	\$ -	\$ 2,500
Internal activity - payments from other funds	575,802	1,122,192	168,947	1,866,941
Payment to employees	(42,647)	(570,467)	-	(613,114)
Payment to suppliers/providers	(588,599)	(390,458)	(102,514)	(1,081,571)
Net Cash Provided (Used) by Operating Activities	(55,444)	163,767	66,433	174,756
Cash Flows from Noncapital Financing Activities				
Property taxes	55,000	-	-	55,000
Insurance recoveries	26,584	-	2,020	28,604
Net Cash Provided by Noncapital Financing Activities	81,584	-	2,020	83,604
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	-	(146,996)	-	(146,996)
Increase in Cash and Cash Equivalents	26,140	16,771	68,453	111,364
Cash and Cash Equivalents - January 1	530,905	316,698	22,081	869,684
Cash and Cash Equivalents - December 31	\$ 557,045	\$ 333,469	\$ 90,534	\$ 981,048
Displayed as:				
Current Assets				
Pooled cash and investments	\$ 557,045	\$ 333,469	\$ 90,534	\$ 981,048
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (loss)	\$ (28,863)	\$ 12,676	\$ (12,256)	\$ (28,443)
Depreciation	-	49,962	78,632	128,594
Change in assets and liabilities:				
Receivables, net	25,000	(307)	-	24,693
Prepaid items	(27,206)	77,500	-	50,294
Accounts and other payables	(24,375)	23,936	57	(382)
Net Cash Provided (Used) by Operating Activities	\$ (55,444)	\$ 163,767	\$ 66,433	\$ 174,756

MARINETTE COUNTY, WISCONSIN
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2012

	Agency Funds								Totals 2012
	State Tax Appor- tionment	District Taxes and Collections	Human Services Protective Payee	Sheriff Inmate	Clerk of Court Deposits	MAR-OCO Landfill Deposits	Section 125 Flex Plan	Employee Wellness Program	
ASSETS									
Cash and investments	\$ -	\$ 4,751,922	\$ 79,496	\$ 6,489	\$ 299,075	\$ 1,385,965	\$ -	\$ 12,904	\$ 6,535,851
Receivables									
Accounts receivable	-	-	-	-	-	-	2,115	27	2,142
Delinquent property taxes	-	68,293	-	-	-	-	-	-	68,293
Property taxes levied for subsequent year	618,772	-	-	-	-	-	-	-	618,772
TOTAL ASSETS	\$ 618,772	\$ 4,820,215	\$ 79,496	\$ 6,489	\$ 299,075	\$ 1,385,965	\$ 2,115	\$ 12,931	\$ 7,225,058
LIABILITIES									
Liabilities									
Due to taxing districts									
Tax collections	\$ 618,772	\$ 4,484,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,103,256
Special assessments	-	79,413	-	-	-	-	-	-	79,413
Forest income	-	256,318	-	-	-	-	-	-	256,318
Accounts payable	-	-	-	-	-	-	2,115	1,795	3,910
Deposits payable	-	-	79,496	6,489	299,075	1,385,965	-	11,136	1,782,161
TOTAL LIABILITIES	\$ 618,772	\$ 4,820,215	\$ 79,496	\$ 6,489	\$ 299,075	\$ 1,385,965	\$ 2,115	\$ 12,931	\$ 7,225,058

**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marinette County, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Marinette County, Wisconsin's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated July 12, 2013. Our report includes a reference to other auditors who audited the financial statements of the Marinette County Committee on Aging, Inc. and the Stephenson Public Library Foundation, Inc., as described in our report on Marinette County, Wisconsin's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marinette County, Wisconsin's financial statements are free 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
July 12, 2013

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the County Board
Marinette County, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Marinette County, Wisconsin's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) 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 Marinette County, Wisconsin's major federal and state programs for the year ended December 31, 2012. Marinette County, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Marinette County, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of Marinette County, Wisconsin's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Marinette County, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.



Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2012-01 that we consider to be a significant deficiency.

Marinette County Wisconsin's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. Marinette County Wisconsin's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants
Green Bay, Wisconsin
July 12, 2013

MARINETTE COUNTY, WISCONSIN
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2012

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

U.S. DEPARTMENT OF AGRICULTURE

Special Supplemental Nutrition Program for Women, Infants and Children	WI Department of Health Services	10.557
State Administrative Matching Grants for Food Stamp Program	WI Department of Health Services	10.561
Total State Administrative Matching Grants for Food Stamp Program	Brown County	10.561
WIC Farmers' Market Nutrition Program	WI Department of Health Services	10.572
Total U.S. Department of Agriculture		

U.S. DEPARTMENT OF THE INTERIOR FISH AND WILDLIFE SERVICES

Fish and Wildlife Management Assistance	Direct Program	15.608
National Fire Plan	WI Department of Natural Resources	15.228
Total U.S. Department of the Interior Fish and Wildlife Services		

U.S. DEPARTMENT OF JUSTICE

ARRA - Rural Law Enforcement to Combat Crime and Drugs	Direct Program	16.810
Total U.S. Department of Justice		

U.S. DEPARTMENT OF TRANSPORTATION

Highway Safety Cluster		
State and Community Highway Safety		20.600
Sheriff's Department	WI Department of Transportation	
Human Services Department	WI Department of Transportation	
Total State and Community Highway Safety		
Alcohol Impaired Driving Countermeasures Incentive grants	WI Department of Transportation	20.601
Total Highway Safety Cluster		
Hazmat Public Sector Training and Planning Grants	WI Department of Military Affairs	20.703
Total U.S. Department of Transportation		

ENVIRONMENTAL PROTECTION AGENCY

State Indoor Radon Grants	WI Department of Health Services	66.032
Great Lakes Program	WI Department of Natural Resources	66.469
ARRA - Brownfield Assessment and Cleanup Cooperative Agreement	Direct Program	66.818
Total Environmental Protection Agency		

DEPARTMENT OF ENERGY

ARRA - Energy Efficiency and Conservation Block Grant	Direct Program	81.128
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U.S. DEPARTMENT OF EDUCATION

Early Intervention Services Cluster		
Grants for Infants and Toddlers with Disabilities	WI Department of Health Services	84.181

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

(Continued)

(Accrued) Deferred Revenue 1/1/12	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/12	Total Revenues	Total Expenditures
\$ (24,055)	\$ 199,586	\$ 19,811	\$ 195,342	\$ 195,342
(39,938)	39,938	-	-	-
-	147,422	60,018	207,440	207,440
(39,938)	187,360	60,018	207,440	207,440
-	205	68	273	273
(63,993)	387,151	79,897	403,055	403,055
-	18,156	-	18,156	18,156
-	4,168	-	4,168	4,168
-	22,324	-	22,324	22,324
(55,157)	165,410	-	110,253	110,253
(55,157)	165,410	-	110,253	110,253
-	21,021	1,783	22,804	22,804
-	4,000	-	4,000	4,000
-	25,021	1,783	26,804	26,804
-	12,323	3,287	15,610	15,610
-	37,344	5,070	42,414	42,414
-	13,996	-	13,996	13,996
-	51,340	5,070	56,410	56,410
-	625	1,875	2,500	2,500
-	-	9,581	9,581	9,581
(40,705)	109,465	109,961	178,721	178,721
(40,705)	110,090	121,417	190,802	190,802
(13,462)	13,462	-	-	-
-	36,708	-	36,708	36,708
(8,143)	52,040	13,979	57,876	57,876
-	7,666	3,370	11,036	11,036
-	29,176	17,174	46,350	46,350
-	64,638	-	64,638	64,638
-	4,764	1,940	6,704	6,704
(13,095)	152,835	29,224	168,964	168,964
(13,095)	222,237	31,164	240,306	240,306

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2012

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
FEDERAL PROGRAMS (Continued)		
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>		
Child Support Enforcement (Title IV-D)	WI Department of Children and Families	93.563
Low Income Home Energy Assistance	WI Department of Administration	93.568
Child Care Development Fund	WI Department of Children and Families	93.596
Chafee Education and Training Vouchers	WI Department of Children and Families	93.599
Child Welfare Services - State Grants	WI Department of Children and Families	93.645
Child Welfare Services - State Grants	WI Department of Corrections	93.645
Total Child Welfare Services - State Grants		
Foster Care (Title IV-E)	WI Department of Children and Families	93.658
Foster Care (Title IV-E)	WI Department of Corrections	93.658
Total Foster Care (Title IV-E)		
Social Services Block Grant	WI Department of Health Services	93.667
Social Services Block Grant	WI Department of Children and Families	93.667
Total Social Services Block Grant		
Youth Independent Living	WI Department of Children and Families	93.674
State Children's Insurance Program	WI Department of Health Services	93.767
State Children's Insurance Program	Brown County	
Total State Children's Insurance Program		
Medical Assistance Program		93.778
Human Services	WI Department of Health Services	
Human Services - TPA	WI Department of Health Services	
Human Services	Brown County	
Public Health	WI Department of Health Services	
Total Medical Assistance Program		
Centers for Medicare and Medicaid Services Research, Demonstrations & Evaluations	WI Department of Health Services	93.779
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
Material and Child Health Services Block Grant	WI Department of Health Services	93.994
Total U.S. Department of Health and Human Services		
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>		
Emergency Management Performance Grants	WI Department of Military Affairs	97.042
Pre-Disaster Mitigation Grant (PDM)	WI Department of Military Affairs	97.017
Port Security Grant Program	Direct Program	97.056
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 1/1/12	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/12	Total Revenues	Total Expenditures
(134,640)	515,741	138,726	519,827	519,827
(32,852)	81,364	30,826	79,338	79,338
(4,604)	41,927	11,136	48,459	48,459
(745)	745	-	-	-
-	142,406	-	142,406	142,406
356	3,500	1,017	4,873	4,873
356	145,906	1,017	147,279	147,279
(135)	23,294	375	23,534	23,534
554	5,616	1,626	7,796	7,796
419	28,910	2,001	31,330	31,330
-	126,649	-	126,649	126,649
-	62,975	-	62,975	62,975
-	189,624	-	189,624	189,624
(14,318)	14,358	15,399	15,439	15,439
(5,716)	5,716	-	-	-
-	27,586	11,231	38,817	38,817
(5,716)	33,302	11,231	38,817	38,817
(549,245)	3,258,063	808,933	3,517,751	3,517,751
-	223,894	-	223,894	223,894
-	204,440	83,229	287,669	287,669
-	825	239	1,064	1,064
(549,245)	3,687,222	892,401	4,030,378	4,030,378
11,801	(11,801)	-	-	-
(1,545)	80,694	8,294	87,443	87,443
-	67,866	7,307	75,173	75,173
-	13,235	3,250	16,485	16,485
(752,327)	5,200,212	1,187,275	5,635,160	5,635,160
(24,335)	49,402	25,067	50,134	50,134
-	-	12,333	12,333	12,333
(65,545)	185,746	19,771	139,972	139,972
(944)	944	-	-	-
(90,824)	236,092	57,171	202,439	202,439
\$ (1,016,468)	\$ 6,222,789	\$ 1,450,830	\$ 6,657,151	\$ 6,657,151

MARINETTE COUNTY, WISCONSIN
 Schedule of State Financial Assistance
 For the Year Ended December 31, 2012

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

DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION

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

DEPARTMENT OF NATURAL RESOURCES

Aids in Lieu of Taxes	Direct Program	370.503
Jorgenson Knowles Nelson Stewardship Grant	Direct Program	370.512
Boating Enforcement Aids	Direct Program	370.550
All Terrain Vehicle Enforcement	Direct Program	370.551
Snowmobile Enforcement	Direct Program	370.552
Wildlife Damage Claims and Abatement 2011	Direct Program	370.553
2012	Direct Program	
Recreational Aids - Fish, Wildlife & Forestry	Direct Program	370.563
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
Invasive Aquatic Species	Direct Program	370.678
Total Department of Natural Resources		

DEPARTMENT OF TRANSPORTATION

Elderly and Handicapped Transportation Aids	Direct Program	395.101
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DEPARTMENT OF CORRECTIONS

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

(Continued)

(Accrued) Deferred Revenue 1/1/12	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/12	Total Revenues	Total Expenditures
\$ -	\$ 124,594	\$ -	\$ 124,594	\$ 124,594
(6,622)	93,123	38,800	125,301	125,301
(6,622)	217,717	38,800	249,895	249,895
-	178	-	178	178
-	60,730	-	60,730	60,730
-	11,021	-	11,021	11,021
-	12,085	-	12,085	12,085
-	11,276	-	11,276	11,276
(103,682)	103,682	-	-	-
-	-	119,404	119,404	119,404
-	11,535	-	11,535	11,535
-	71,266	-	71,266	71,266
40,609	5,978	71,889	118,476	118,476
(4,891)	116,387	9,918	121,414	121,414
(150,000)	525,285	114,710	489,995	489,995
1,250	-	(1,250)	-	-
(51,889)	134,171	8,646	90,928	90,928
(268,603)	1,063,594	323,317	1,118,308	1,118,308
-	135,437	-	135,437	135,437
-	11,595	4,078	15,673	15,673
38,660	336,931	99,011	474,602	474,602
38,660	348,526	103,089	490,275	490,275

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2012

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
STATE PROGRAMS		
<u>DEPARTMENT OF HEALTH SERVICES (Continued)</u>		
Medicaid Personal Care Program (See Note D)	Direct Program	N/A
Wisconsin Medicaid Cost Reporting (See Note D)	Direct Program	N/A
Case Management Agency Providers (See Note D)	Direct Program	435.153
Funeral/Cemetery W-2 and Non W-2	Direct Program	435.105
Medicaid Transportation	Direct Program	435.131
IM Available Allocation - State	Brown County	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
FCT - CIP II	Direct Program	435.392
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
TPA CLTS DD AUTISM GPR	Direct Program	435.802
TPA CLTS DD OTHER GPR	Direct Program	435.805
TPA CLTS MH AUTISM GPR	Direct Program	435.808
TPA CLTS MH OTHER GPR	Direct Program	435.811
TPA CLTS PD OTHER GPR	Direct Program	435.817
CIP 1A Program	Direct Program	435.580
CLTS DD Autism Admin	Direct Program	435.832
CLTS DD Other Admin	Direct Program	435.835
CLTS MH Autism Admin	Direct Program	435.838
CLTS MH Other Admin	Direct Program	435.841
CLTS PD Other Admin	Direct Program	435.847
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
Health Check/Other Services - Admin	Direct Program	435.966
Health Check/Other Services - Part	Direct Program	435.967
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 1/1/12	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/12	Total Revenues	Total Expenditures
11,098	(11,098)	-	-	-
1,915	(1,915)	-	-	-
(1,786)	331,099	-	329,313	329,313
(6,445)	6,445	-	-	-
(194,563)	451,161	264,880	521,478	521,478
(38,573)	324,284	67,709	353,420	353,420
(93,978)	534,730	43,234	483,986	483,986
6,545	56,475	(15,936)	47,084	47,084
20,402	64,467	(19,954)	64,915	64,915
(406)	406	-	-	-
(139,444)	181,848	130,666	173,070	173,070
(28,051)	37,171	24,621	33,741	33,741
11,508	(11,508)	-	-	-
1,368	(1,368)	-	-	-
10,819	(10,819)	-	-	-
(2,204)	2,204	-	-	-
817	(817)	-	-	-
(62)	62	-	-	-
-	73,781	5,117	78,898	78,898
(22,061)	22,061	-	-	-
(8,214)	178,293	34,263	204,342	204,342
-	111,110	-	111,110	111,110
-	26,380	-	26,380	26,380
-	5,273	-	5,273	5,273
-	7,026	-	7,026	7,026
-	1,099	-	1,099	1,099
-	201,774	-	201,774	201,774
-	5,762	2,124	7,886	7,886
-	3,834	(1,961)	1,873	1,873
-	249	122	371	371
-	510	(10)	500	500
-	249	(173)	76	76
-	10,095	-	10,095	10,095
(1,243)	4,423	4,202	7,382	7,382
-	35,937	-	35,937	35,937
-	950,723	-	950,723	950,723
(64,130)	64,130	-	-	-
(7,849)	54,654	2,565	49,370	49,370
-	125,342	-	125,342	250,684
(100)	100	-	-	-
(609)	609	-	-	-
-	1,302	-	1,302	1,302
(433)	1,527	365	1,459	1,459
-	18,374	6,938	25,312	25,312
-	5,290	1,004	6,294	6,294
-	825	239	1,064	1,064
(637)	24,669	4,050	28,082	28,082
(546,316)	3,888,228	554,065	3,895,977	4,021,319

MARINETTE COUNTY, WISCONSIN
 Schedule of State Financial Assistance (Continued)
 For the Year Ended December 31, 2012

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

DEPARTMENT OF CHILDREN AND FAMILIES

AW DOJ Fingerprint Background	Direct Program	437.3324
CW Foster Parent Competency Based	Direct Program	437.3396
Basic County Allocation	Direct Program	437.3561
Community and Mental Health Services	Direct Program	437.3681
Child Support	Direct Program	437.7502
Total Department of Children and Families		

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

Public Benefits	Direct Program	505.371
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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 1/1/12	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/12	Total Revenues	Total Expenditures
(365)	365	608	608	608
-	-	268	268	268
-	227,639	-	227,639	227,639
-	-	40,337	40,337	80,674
(227)	44,716	-	44,489	44,489
(592)	272,720	41,213	313,341	353,678
(10,937)	23,379	13,177	25,619	25,619
(6,920)	13,610	6,690	13,380	13,380
-	-	6,748	6,748	6,748
(6,920)	13,610	13,438	20,128	20,128
(19,809)	59,856	18,587	58,634	58,634
\$ (821,139)	\$ 6,023,067	\$ 1,105,686	\$ 6,307,614	\$ 6,473,293

MARINETTE COUNTY, WISCONSIN
Notes to the Schedule of Expenditures of Federal Awards
and the Schedule of State Financial Assistance
For the Year Ended December 31, 2012

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 2012 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 Homeland Security
State - Wisconsin Department of Health Services

MARINETTE COUNTY, WISCONSIN

Notes to the Schedule of Expenditures of Federal Awards
and the Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2012

NOTE D - TITLE 19 MEDICAL ASSISTANCE PAYMENTS

The Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance do not include repayments received by the County's Human Service Department for various Title 19 Medical Assistance programs. The payments are considered a contract for services between the State and the County and therefore are not reported as federal awards or state financial assistance. Payments received under the Medicaid Personal Care Program, Wisconsin Medicaid Cost Reporting (WIMCR), 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 2013 CARS for the Human Services Department and the December, 2012 CORe for Child Support and W2 programs, with adjustments for anticipated receivables.

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2012

Section I - Summary of Auditors' Results

Basic Financial Statements

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

Federal Awards and State Financial Assistance

Internal control over major program:	
• Material weakness(es) identified?	No
• Significant deficiency identified?	Yes
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of 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
93.563	Child Support Enforcement (Title IV-D)
93.778	Medical Assistance Program

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

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended December 31, 2012

Section I - Summary of Auditors' Results (Continued)

Identification of major state programs:

State ID Number	Name of State Program
435.367	Community Options Program Medical Assistance Program Benefits
435.338	COP W Program
435.348	CIP II Program
435.369	CIP II Comm Relocate - Non Federal
435.375	CIP II Diversions - Non Federal
435.392	FCT - CIP II
435.407	ICFMR Nonfed
435.410	FC Transition CIP1B Nonfed
435.506	Brain Injury Waiver Program
435.564	CIP 1B Program
435.580	CIP 1A Program
435.802	TPA CLTS DD AUTISIM GPR
435.805	TPA CLTS DD OTHER GPR
435.808	TPA CLTS MH AUTISM GPR
435.811	TPA CLTS MH OTHER GPR
435.817	TPA CLTS PD OTHER GPR
435.832	CLTS DD Autism Admin
435.835	CLTS DD Other Admin
435.838	CLTS MH Autism Admin
435.841	CLTS MH Other Admin
435.847	CLTS PD Other Admin
N/A	Medicaid Personal Care Program
437.7502	Child Support

Section II - Financial Statement Findings

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2012.

MARINETTE COUNTY, WISCONSIN
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2012

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

Finding No.	Internal Control Deficiency
2012-01	<p>Financial Reporting for Federal and State Financial Assistance</p> <p><i>Federal CFDA – All</i> <i>State IDs - All</i></p> <p>Condition: OMB Circular A-133 and the <i>State Single Audit Guidelines</i> require the County to prepare appropriate financial statements including the schedule of expenditures of federal awards and state financial assistance. While the current staff of the County maintains financial records supporting amounts reported in the schedules of expenditures of federal awards and state financial assistance, the County contracts with Schenck to compile the data from these records and 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)
 For the Year Ended December 31, 2012

Section IV - Other Issues

- | | |
|--|---|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| Department of Agriculture, Trade and Consumer Protection | Yes |
| Department of Natural Resources | Yes |
| Department of Transportation | Yes |
| Department of Corrections | Yes |
| Department of Health Services | Yes |
| Department of Children and Families | Yes |
| Department of Justice | Yes |
| Department of Military Affairs | Yes |
| Department of Administration | Yes |
| Public Service Commission | Yes |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. Name and signature of partner | 
<hr style="width: 20%; margin-left: auto; margin-right: 0;"/> Jon T. Trautman, CPA |
| 5. Date of report | July 12, 2013 |

MARINETTE COUNTY, WISCONSIN
 Schedule of Prior Year Audit Findings and Corrective Action Plan
 For the Year Ended December 31, 2012

Prior Year Audit Findings

The findings noted in the 2011 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 2011-01 outweigh the benefits to be received. Management reviews the single audit report prepared by Schenck. Findings 2011-02 and 2011-03 were corrected and not repeated as findings in 2012.

Corrective Action Plan

Finding No.	Corrective Action Plan
2012-01	<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. Management will continue to review the schedules and financial information prepared by Schenck.</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, 2012, we have also examined the 2012 Financial Report Form A required to be submitted to the Wisconsin Department of Revenue (WDR) by Wisconsin Administration Rule, Tax 16. The 2012 Financial Report Form A has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion the 2012 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 12, 2013

