

**MARINETTE COUNTY, WISCONSIN**  
**ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2014**

**MARINETTE COUNTY, WISCONSIN**

December 31, 2014

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## INDEPENDENT AUDITORS' REPORT

To the County Board  
Marinette County, Wisconsin

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Marinette County, Wisconsin ("the County") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Marinette County Committee on Aging, Inc., and the Stephenson Public Library Foundation, Inc. which are presented as component units of Marinette County, Wisconsin and represent 99%, 99% and 91%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. These statements were audited by other auditors, whose report thereon has been furnished to us and our opinion, insofar as it relates to amounts included for the Marinette County Committee on Aging, Inc., and the Stephenson Public Library Foundation, Inc. is based solely upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Health and Human Services special revenue fund, and County Roads and Bridges special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, 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.

**Report on Summarized Financial Information**

We have previously audited Marinette County, Wisconsin's 2013 financial statements, and our report dated June 27, 2014, expressed unmodified opinions on those respective 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. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2015, on our consideration of the City'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 31, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# FINANCE DEPARTMENT

## Management's Discussion and Analysis December 31, 2014

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, 2014. Our discussion and analysis is based on currently known facts, decisions, or conditions.

### Financial Highlights

- As of December 31, 2014, the net position of the County was \$95,533,400. Of this amount, \$28,485,006 is considered *unrestricted* and may be used to meet the County's ongoing obligations to citizens and creditors.
- After netting the \$738,142 decrease in net position from the Governmental Activities and the \$292,359 increase in Business-type Activities the County's total net position decreased by \$445,783 from the previous year. The major reason for the net position decrease was the increase in the County's Other Post-Employment Benefits (OPEB) liabilities. The current year net adjustment to the OPEB liabilities of \$402,157 increased the total County's unfunded OPEB liabilities to \$8,664,258. The OPEB liabilities consist of post-employment insurance and compensated absence benefits. 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 2013 net adjustment to the OPEB liability was \$433,546. The Actuarial Accrued Liability as of January 1, 2014 was \$20,576,473. This compares to the January 1, 2008 Actuarial Accrued Liability of \$25,829,284.
- The County's property tax rate increased \$.086 to \$4.277 per \$1,000 of property value for the year ended December 31, 2014. The increase in the tax rate was driven by a \$35,476,300 decrease in the County's equalized property valuation.
- The operating tax levy increased \$153,238 (1.03%) 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, 2014, the County's combined governmental funds reported ending fund balances totaling \$36,629,717, an increase of \$818,405 over the prior year. Positive results in General Fund investment revenue and unspent capital project debt proceeds were offset by decreases in the Health and Human Services and Debt Service Funds. The Debt Service Fund decrease was planned as the County called the Library Renovation Note which had a higher interest rate. Of the December 31, 2014 combined governmental fund balance of \$36,629,717, approximately 82% of this total amount, \$30,081,491, is *available for spending* at the County's discretion (*unrestricted fund balance*). The County's unrestricted fund balance of \$30,081,491 is further categorized based on constraints imposed upon the use of those funds. Of the total unrestricted fund balance, \$23,354,122 is committed by County Board action to specific purposes, \$780,883 is assigned for specific purpose by the governing body or by the Finance Director with the Administrator's approval, \$5,946,486 is not committed or assigned (unassigned).
- As of December 31, 2014, the unrestricted fund balance for the general fund was \$28,723,558, or approximately 130% of total 2015 budgeted general fund operating expenditures. The unassigned amount of \$6,652,677 represents 8.8% of the County's 2014 original adopted gross operational and debt service expenditure budgets which totaled \$77,203,677. Under the County's Fund Balance Policy, \$2,207,856 and \$1,839,880 of the \$6,652,677 unassigned fund balance is classified for contingencies and cash flow requirements respectfully.

- The County Roads and Bridges Special Revenue Fund balance decreased \$137,441 to \$307,174. Of the \$307,174 ending fund balance, \$155,712 is committed for specific projects leaving \$151,462 available for discretionary County Road spending. As in past years, winter maintenance expenditures played a major role in the funds decrease.
- The Health and Human Services (HHS) special revenue fund ended the year with a decrease of \$216,950. The absence of expected revenue generation was the major cause of the reduction. HHS Department structure and service changes, either State mandated or implemented to provide better service to Marinette County residents are also affecting financial results. The 2014 HHS ending fund balance is \$530,647.
- At the end the 2014, the County's general obligation debt was \$24,250,000 compared to \$18,890,000 at the end of 2013. During 2014 the County issued \$9,435,000 under the Capital Improvement Plan. The County also called the Library Renovation debt of \$2,400,000 to take advantage of reduced interest rates. Funds to complete the call came from available debt service funds and an internal note of \$1,000,000 from the General Fund. The early call will produce a net savings to the County. After current year debt service cost, the early call, and a budgeted transfer out of \$374,000, the debt service fund ended the year with a net decrease of \$1,849,587. The fund ended 2014 with a deficit of \$706,191. The planned deficit and related pay back of the general fund advance resulting from the early call, was considered when preparing the 2015 budget and will be considered in future debt service budgeting.

## Overview of the Basic Financial Statements

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

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

The *statement of net position* presents information on all of the County's assets, deferred 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 - 21 of this report.

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

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

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

Marinette County maintains 17 individual governmental funds. Information for the County's major funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The County's major funds are the general fund; 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 22 - 28 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 29 - 31 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 32 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 33 - 57 of this report.

Management Discussion and Analysis  
December 31, 2014

**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.

## 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 2014 was \$95,533,400 compared to \$95,979,183 for the year ended 2013.

Marinette County's Net Position							
	Governmental	Business-type	Governmental	Business-type			Total
	Activities	Activities	Activities	Activities	Total	Total	Percentage
	2013	2013	2014	2014	2013	2014	Change
Current & other assets	\$ 60,018,149	\$ 4,174,180	\$ 60,634,149	\$ 4,764,514	\$ 64,192,329	\$ 65,398,663	1.88%
Capital assets	71,192,612	6,845,960	76,962,862	6,966,293	78,038,572	83,929,155	7.55%
Total assets	131,210,761	11,020,140	137,597,011	11,730,807	142,230,901	149,327,818	4.99%
Deferred outflow of resources	523,848	255,751	465,048	240,707	779,599	705,755	-9.47%
Long-term liabilities outstanding	24,458,127	397,766	29,939,314	390,089	24,855,893	30,329,403	22.02%
Other liabilities	5,550,160	1,568,829	6,267,962	1,979,770	7,118,989	8,247,732	15.86%
Total liabilities	30,008,287	1,966,595	36,207,276	2,369,859	31,974,882	38,577,135	20.65%
Deferred inflow of resources	15,056,435	-	15,923,038	-	15,056,435	15,923,038	5.76%
Net position:							
Net investment in capital assets	56,436,115	6,845,960	56,564,371	6,966,293	63,282,075	63,530,664	0.39%
Restricted	2,186,016	-	3,517,730	-	2,186,016	3,517,730	60.92%
Unrestricted	28,047,756	2,463,336	25,849,644	2,635,362	30,511,092	28,485,006	-6.64%
Net position:	\$ 86,669,887	\$ 9,309,296	\$ 85,931,745	\$ 9,601,655	\$ 95,979,183	\$ 95,533,400	-0.46%

The largest portion of the County's net position (66%) reflects its investment in capital assets of \$63,530,664 (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the future, Marinette County will use a combination of County sales tax and a debt levy to provide for its debt service.

An additional portion of the County's net position (\$3,517,730) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$28,485,006) may be used to meet the County's ongoing obligations to citizens and creditors.

**Change in net position.** Governmental activities created a decrease in the County's net position of \$738,142 and Business-type activities increased the County's net position by \$292,359. After the year-end results, the County's net position totaled \$85,931,745 for the Governmental Activities and \$9,601,655 for the Business-type Activities. The key elements affecting the change in net position were as follows:

**Governmental Activities:**

- The property tax levy increased by \$153,238 (1.03%) from the prior year in compliance with the State imposed local unit levy limits. This increase was easily absorbed by employee benefit cost increases.
- For the most part, County Departments stayed within their original appropriations and returned unspent appropriations to the general fund.
- Decreasing interest rates during 2014 resulted in County investment revenues being \$407,272 over budget. The County's total investment return for 2014 was \$1,057,272 compared to a loss of \$175,537 in 2013 and compared to the 2014 budgeted amount of \$650,000. The County has a large portion of investments in mortgage and bond type investments. With 2014 interest rates decreasing, the market value on the County's longer term investments increased. Interest rates on the 10 year Treasury started 2014 at 3.04 % and ended 2014 at 2.12%. The County does have \$19,058,908 of the general fund balance committed for investment revenue generation for tax reduction purposes.
- At the end of 2013 the County added another Forester to its Forestry Department. This addition resulted in additional timber sales with revenue reaching \$3,297,899 in 2014. This was \$642,949 above budgeted timber sales and \$867,962 above 2013 results (\$2,429,937). Total Forestry activity operating revenues were \$3,561,139. After expenditures, the County's Forestry operating activity showed net revenue for 2014 of \$2,228,170 compared to 2013 results of \$1,424,629.
- County contributions to capital road and bridge improvements were \$7,490,946 in 2014. There were no additional contributions from federal and state sources in 2014. Depreciation and retirement costs on roads and bridges for 2014 totaled \$1,365,162 which when netted against the County's contribution added \$6,073,066 in net road improvements to the County's assets.
- For 2014 the County's net investment in the joint airport decreased by \$114,494 from the results of normal airport operations and capital investments. Marinette County's share of the joint airport operated together with Menominee County, Michigan is 50%.

For the most part the foregoing elements affecting the County's net position are favorable or had little effect on the County's net position. For example, construction of new assets was offset by the related debt liability. However, as mentioned previously, the incurred net increase in the County's Other Post-Employment Benefits (OPEB) liabilities was \$402,157. The County currently addresses these liabilities on a pay-as-used basis.

**Business-type Activities:**

The County's Business-type activities increased Marinette County's net position by \$292,359.

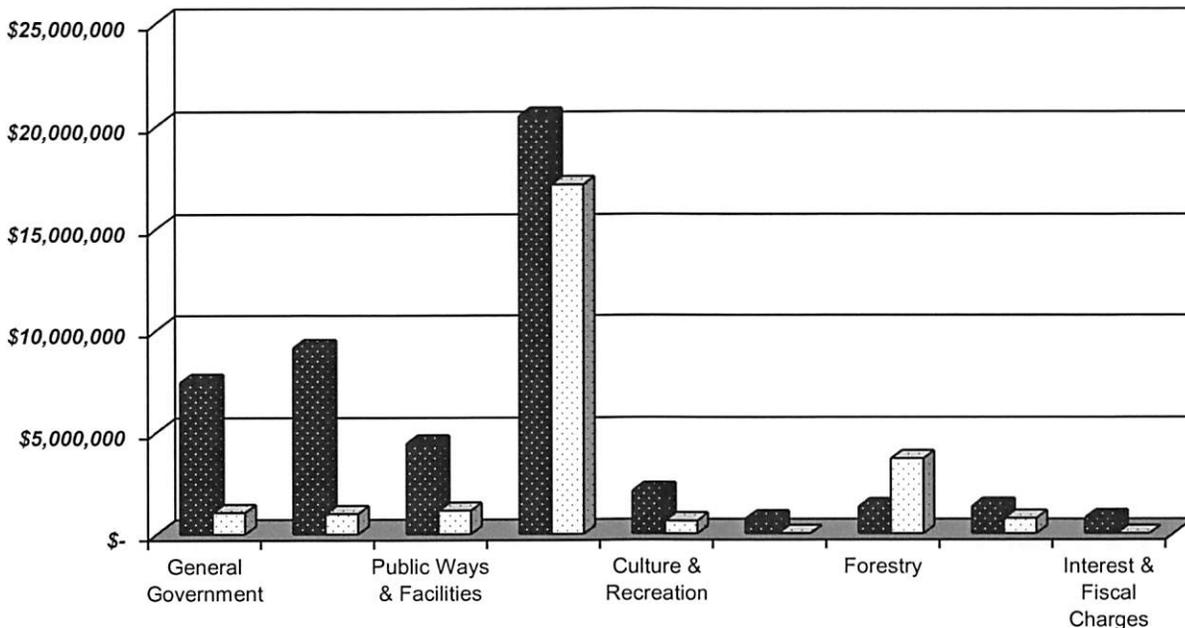
The Highway Department's total increase in net position of \$354,149 for 2014 compared to a prior year total increase in net position of \$182,595.

The Solid Waste Fund's 2014 operating loss was \$65,394 compared to the 2013 operating loss of \$84,244. Interest earnings of \$6,205 combined with the operating loss resulted in a net decrease in the Solid Waste Fund net position of \$59,189. Cash and cash equivalents increased \$115,350 reflecting non-cash expenditures of depreciation \$100,645 and closure/post-closure care cost of \$101,161. Operating results of the landfill reflect the County's policy to provide competitive solid waste disposal alternatives within Marinette and Oconto County's. It is expected that all landfill closure and post closure cost will be fully funded at the end of landfill operations with no additional contributions needed from the Counties.

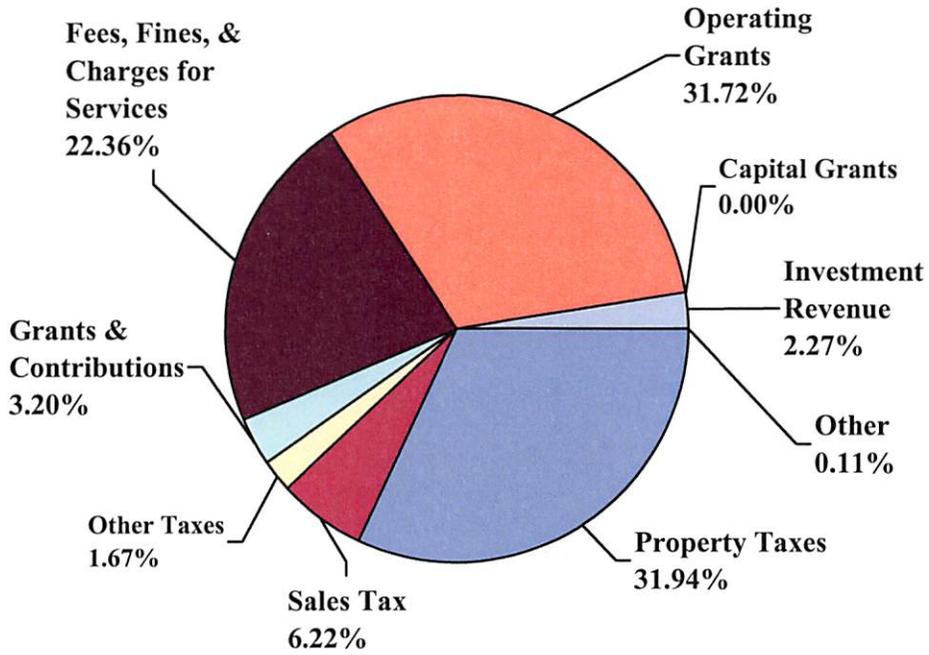
Management Discussion and Analysis  
December 31, 2014

<b>Marinette County's Change in Net Position</b>						
	Governmental Activities		Business-type Activities		Totals	
	2013	2014	2013	2014	2013	2014
<b>Revenues:</b>						
<b>Program revenues:</b>						
Fees, fines, & charges						
for services	\$ 10,258,439	\$ 10,541,886	\$ 8,631,123	\$13,847,236	\$ 18,889,562	\$ 24,389,122
Operating grants and contributions	15,350,161	14,954,315	-	-	15,350,161	14,954,315
Capital grants and contributions	99,448	-	-	-	99,448	-
<b>General revenues:</b>						
Property & sales taxes	18,003,822	17,988,238	-	-	18,003,822	17,988,238
Other taxes	1,023,653	1,030,398	-	-	1,023,653	1,030,398
Grants & contributions not restricted to specific programs	1,482,456	1,508,391	-	-	1,482,456	1,508,391
Other	284,044	1,122,209	15,846	106,205	299,890	1,228,414
<b>Total revenues</b>	<b>46,502,023</b>	<b>47,145,437</b>	<b>8,646,969</b>	<b>13,953,441</b>	<b>55,148,992</b>	<b>61,098,878</b>
<b>Expenses:</b>						
General government	7,307,959	7,450,515	-	-	7,307,959	7,450,515
Public protection	9,314,228	9,132,379	-	-	9,314,228	9,132,379
Public ways & facilities	4,131,015	4,458,074	-	-	4,131,015	4,458,074
Health	20,962,096	20,505,400	-	-	20,962,096	20,505,400
Culture & recreation	2,012,840	2,120,728	-	-	2,012,840	2,120,728
Education	658,212	742,222	-	-	658,212	742,222
Forestry	1,147,596	1,332,969	-	-	1,147,596	1,332,969
Conservation & development	1,731,979	1,351,020	-	-	1,731,979	1,351,020
Interest & fiscal charges	539,235	790,272	-	-	539,235	790,272
Highway operations	-	-	7,968,705	13,084,425	7,968,705	13,084,425
Solid waste	-	-	568,829	576,657	568,829	576,657
<b>Total expenses</b>	<b>47,805,160</b>	<b>47,883,579</b>	<b>8,537,534</b>	<b>13,661,082</b>	<b>56,342,694</b>	<b>61,544,661</b>
Increase (decrease) in net position	(1,303,137)	(738,142)	109,435	292,359	(1,193,702)	(445,783)
Net Position - January 1	87,973,024	86,669,887	9,199,861	9,309,296	97,172,885	95,979,183
Net Position - December 31	\$ 86,669,887	\$ 85,931,745	\$ 9,309,296	\$ 9,601,655	\$ 95,979,183	\$ 95,533,400

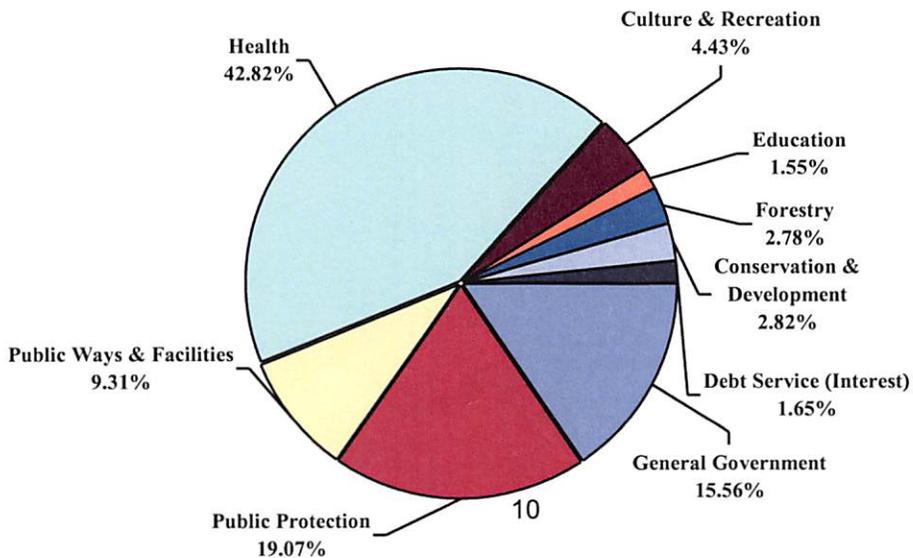
**Expenses & Program Revenues - Governmental Activities**



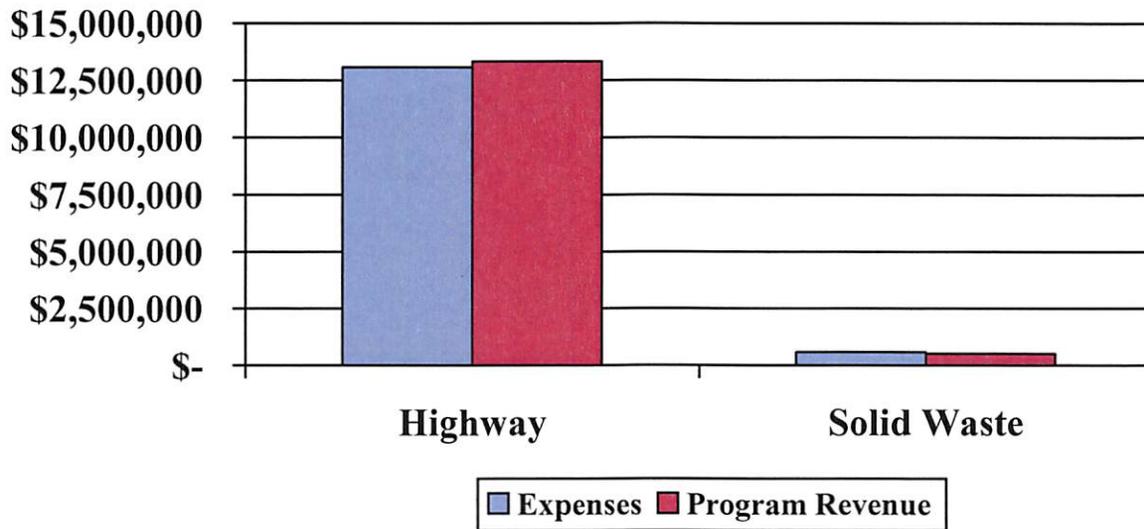
### Revenues by Source - Governmental Activities



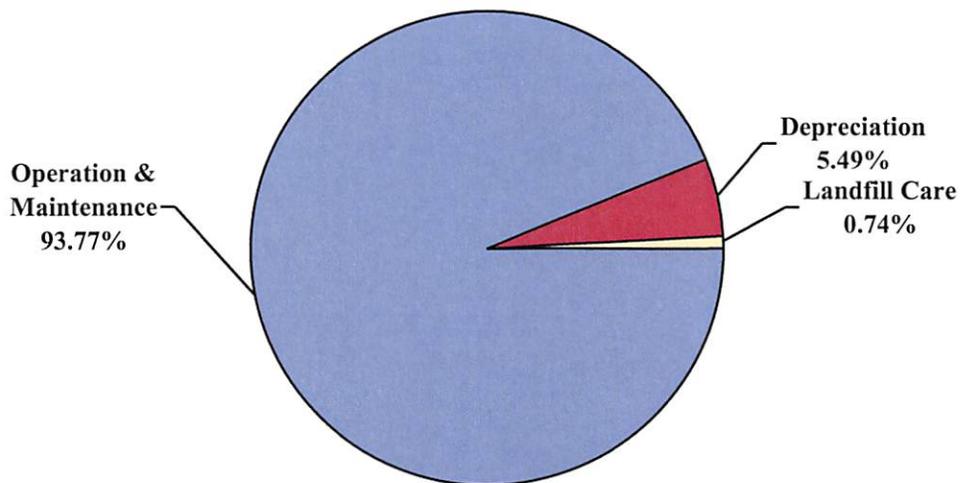
### Expenses by Activity - Governmental Activities



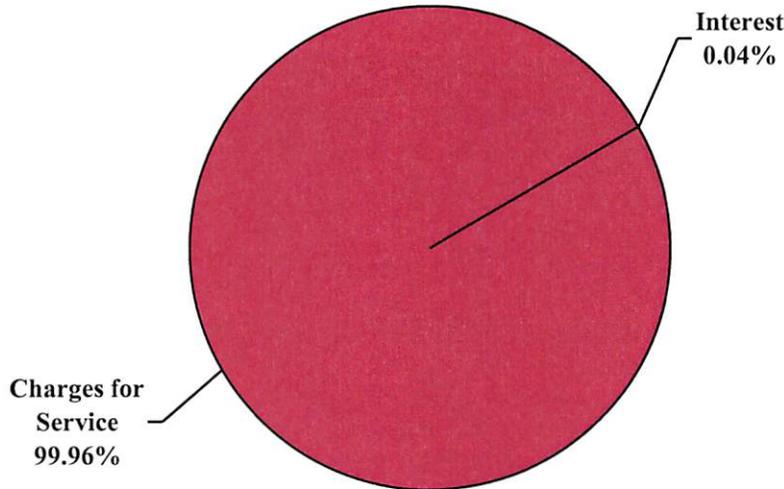
### Expenses and Program Revenues - Business Type Activities



### 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, 2014, the County's combined governmental funds totaled \$36,629,717, an increase of \$818,405 from the prior year. Approximately 82% of this amount, \$30,081,491, 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 (\$6,577), 2) for non-liquid delinquent taxes (\$2,800,054) 3) for loans receivable that are not expected to be liquidated in the next year (\$1,404,227) 4) by grant, donor or other restrictions (\$2,337,368).

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 \$28,723,558, while the total fund balance was \$33,050,752. 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 133% of total 2014 general fund expenditures, while total fund balance represents 153% of that same amount. This compares to prior year percentages of 127% and 142% respectively.

Marinette County's General fund balance increased by \$1,344,147 for the year ended December 31, 2014. Besides the investment revenue gains previously mentioned, other key factors of the increase include increased timber sale revenues and an overall good year related to departments staying within their budgets which included not using all of the funds set aside for contingencies.

Management Discussion and Analysis  
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Marinette County's General fund balance also benefited from a transfer in of \$104,008 from the Forestry and Parks Development fund. By County ordinance, proceeds from the sale of County owned delinquent tax deed parcels along with certain other forest/park related revenues are committed to the development of County owned forest and parks. The Fund has a cap of \$400,000. All funds above \$400,000 are transferred to the General Fund as revenues to fund operations.

The County's Health and Human Services (HHS) Special Revenue Fund decreased by \$216,950 to \$530,647 during the current year. Some of the net decrease was anticipated considering the application of \$473,778 of the HHS surplus fund balance to the 2014 budget. In addition to the normal application of \$400,000 of surplus, to account for unfilled staff vacancies and conservative revenue budgeting, an additional \$73,778 of fund balance was appropriated for startup of the Aging and Disability Program. Additionally, the fund balance decreased because budgeted revenues from federal/state aids and third party sources were not achieved. The current fund balance represents 2.7% of the total 2014 health and human services special revenue fund expenditures.

The County Roads and Bridges Fund saw a fund balance decrease of \$137,441 decreasing the December 31, 2014 balance to \$307,174. Of the \$307,174 year end fund balance, approximately \$151,462 is uncommitted as to specific projects. Higher than expected winter maintenance cost caused the decrease.

The Debt Service fund ended 2014 with a deficit fund balance of \$706,191 after a decrease of \$1,849,587. This was planned as the County called the \$2,400,000 of Library Renovation debt to take advantage of favorable interest rates. The fund used surplus funds and an advance from the General Fund to call the debt. Sales tax revenues not meeting budget expectations also contributed to the decrease of the Debt Service Fund balance.

***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 \$2,624,873. The County's net position for the highway department increased \$354,149 in 2014. This compares to an increase of \$191,410 in 2013. A net profit on the operation of highway equipment of \$109,084 compared to a profit on 2013 equipment operations of \$24,584 was one of main factors for the increase in operating results. The large amount of winter maintenance expenditures and an increase in construction fueled the positive equipment operation results as the equipment was used more. A transfer of \$100,000 from the 2014 Capital Improvement Plan Fund for a new Highway fuel system also contributed to the increase.

Marinette County's share (50%) of the unrestricted net position of a landfill operated jointly with Oconto County and reported as the Solid Waste Fund decreased by \$59,189. An operating loss of \$65,394 was offset by \$6,205 in investment earnings. The decrease in net position for the solid waste fund in 2013 was \$77,213.

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

## General Fund Budgetary Highlights

Additional expenditure appropriations during the year increased the original general fund expenditure budget by \$378,156. The change to the 2014 expenditure appropriations can be summarized as follows:

- Carryovers of unspent 2013 appropriations of \$165,495.
- Increase of \$109,334 in Courthouse maintenance and capital improvement appropriations.
- A number of other items associated with departments for grant carry-overs, reserved fund carry-overs to complete various capital projects, and onetime expenses that were funded with additional revenues received by departments during the year.

Actual expenditures were less than final budgeted expenditures by \$1,806,383 primarily due to the following:

- Anticipated expenditures for recreation and conservation grant funded projects not occurring.
- Approximately \$295,000 in capital maintenance projects for the Courthouse were not completed during the current year and carried over to 2015. Additionally, some projects came in less than budget.
- Remaining contingency balance of \$78,831.
- Overall positive results in public protection.
- Open employee positions in some departments were not filled immediately.

Actual revenues were \$361,292 less than final budgeted revenues as result of the following:

- Unrealized fees for Sheriff Department incarceration and land information.
- Unrealized intergovernmental revenues for recreation and conservation programs. These deficits were not a factor in overall results, as the related expenditures also were not realized as mentioned above.

## Capital Asset and Debt Administration

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2014 amounts to \$83,929,155 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery/equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress. The total increase in the County's net investment in capital assets for the current year was \$5,890,583 mainly as a result of County road construction through the Capital Improvement Plan.

Management Discussion and Analysis  
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Marinette County's Capital Assets (Net of Accumulated Depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2013	2014	2013	2014	2013	2014
Land	\$ 4,823,476	\$ 4,823,476	\$ 113,989	\$ 113,989	\$ 4,937,465	\$ 4,937,465
Land improvements	-	-	745,211	664,348	745,211	664,348
Buildings & improvements	31,729,502	30,887,435	2,368,035	2,187,217	34,097,537	33,074,652
Machinery & equipment	2,716,936	3,256,187	3,618,725	4,000,739	6,335,661	7,256,926
Infrastructure	31,922,698	37,995,764	-	-	31,922,698	37,995,764
<b>Total</b>	<b>\$ 71,192,612</b>	<b>\$ 76,962,862</b>	<b>\$ 6,845,960</b>	<b>\$ 6,966,293</b>	<b>\$ 78,038,572</b>	<b>\$ 83,929,155</b>

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

**Long-term debt.** At the end of the year, the County's total general obligation debt outstanding was \$24,250,000. 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	
	2013	2014	2013	2014	2013	2014
General Obligation Debt						
Bonds and notes	\$ 18,890,000	\$ 24,250,000	\$ -	\$ -	\$ 18,890,000	\$ 24,250,000

The County's total general-obligation debt balance did increase by \$5,360,000 (28.37%) in 2014. Debt issued in support of the Capital Improvement Plan caused the increase.

The County's general obligation debt is serviced by the .5% County sales tax and supplemented by a debt service levy. Funds committed for debt service at the end of 2014 decreased by \$1,849,587. The significant decrease was from the early retirement of the Library renovation debt (\$2,400,000). The early retirement of the debt was planned to eliminate the debts unfavorable interest rates. An internal advance from the General Fund of \$1,000,000 was utilized to help with the early retirement.

Sales tax revenues are also used to fund County tourism and some capital outlay in the general fund. The 2014 transfer out of the debt service fund for the foregoing items was \$374,000. The 2015 budgeted transfer from the Debt Service fund was increased to \$642,942.

In February of 2015, in conjunction with the subsequent issuance of debt for financing the 2015 capital projects as noted in footnote D of the financial statements, Standard and Poor's upgraded the County's rating to AA/Stable for the County's general obligation promissory notes. The good and bad factors in the rating include:

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

State statutes limit the amount of general obligation debt the County may issue to 5% of its total equalized valuation. The current debt limitation for the County is \$176,259,860 which is \$152,009,860 in excess of the County's \$24,250,000 in outstanding general obligation debt. The County further constricts its debt through a County Debt Policy.

## **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Marinette County is currently 5.7% for April 2015, which is the latest available data at the time of this report. This compares to the State of Wisconsin's average unemployment rate of 4.4% and last April's County rate of 7.3%.
- The local economy for Marinette County is still seen as weak. There are improvements from the prior year as the local unemployment rate has decreased but is above the State rate. The Marinette Marine Corporation, one of the County's larger employers, is maintaining its workforce at 1,400 employees. The recent \$73 million expansion of facilities will allow the shipyard to compete for contracts now and into the future. Future Navy contracts are expected although funding for the construction for the ships always seems to be in the news. The large Marinette Marine contract does and will have a substantial subsidiary effect for smaller local support businesses. Bay Area Medical Center another large employer has recently partnered with Aurora Health Care and is considering a new facility. The partnership and possible new facility should strengthen services provided and add jobs. Several employers throughout the County in the 50 to 99-employee range also feel the effects of the weak local community in their specialty industries and continue to recover. Tourism continues to be vital to Marinette County and is expected to remain stable as the development of tourism destinations continue in the County. The major retail center is in the City of Marinette and continues to develop as additional retailers open around the Wal-Mart Superstore. The Peshtigo Industrial area has attracted smaller industries recently as the location appears to be attractive. Agriculture and Forestry, staples of this County, also help support Marinette County's tax base.
- Inflationary trends in our region compare favorably to national indices.
- Marinette County's staff includes non-represented employees, elected officials and union employees. Union employees include certain Sheriff's Department employees represented by the Wisconsin Professional Police Association (WPPA). The WPPA contract runs through 2015.

The following factors were considered in preparing the County's 2015 budget:

State levy limit statutes provide that Counties may only increase their annual operating tax levy by the percentage change in new construction less improvements removed from the assessment roll in the last year. The limit can't go below zero. These levy limits are permanent per the 2011-13 state budget. The statutes established specific penalties for failure to meet the levy requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids. Under the limit, the County's operating tax levy increase for the 2015 budget was limited to \$144,584 or .96%.

As part of the 2015 general fund budget, the County applied \$10,381 of restricted, \$12,559 of committed and \$310,000 of assigned fund balances. Total general fund amounts applied totaled \$332,940. The County did not apply any unassigned funds to the 2015 budget, a departure from prior year budgets. Total restricted and committed special revenue and debt service fund balances applied to the 2015 budget were \$962,849. All funds applied to the 2015 budget, \$1,295,789, represented funds specifically accumulated for special purposes or debt service. The County also transferred \$642,942 in expected surplus sale tax collections from the County's Debt Service Fund to the General Fund for specific capital outlay items and tourism expenditures in the 2015 budget.

The County's 2015 budget contains a capital project borrowing of \$5,713,290. Of this amount \$4,433,290 is for County Road construction.

For the first time since the County adopted a County sales tax, the County levied a debt service levy. The debt levy of \$683,602 was required to help fund principal and interest payments related to the County's Capital Improvement Plan (CIP). The five year CIP was initiated in 2014. The County uses a combination of sales tax revenues and debt service levy to fund debt service requirements.

Management Discussion and Analysis  
December 31, 2014

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

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

During 2011 the County developed and approved a fund balance policy that is in compliance with Government Accounting Standards Board (GASB) 54 and defines the County's goals to maintaining a strong adequate fund balance while addressing future needs both planned as well as unplanned. The County is in compliance with the fund balance policy and considered the policy in the development of the County's 2015 Budget.

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

### **Contacting the County's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

**MARINETTE COUNTY, WISCONSIN**

Statement of Net Position

December 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Pooled cash and investments	\$ 32,597,876	\$ 2,107,337	\$ 34,705,213
Other cash and investments	-	-	-
Accounts receivable	1,636,108	38,983	1,675,091
Interest receivable	639,440	761	640,201
Taxes receivable	19,041,506	-	19,041,506
Loans receivable	2,606,357	-	2,606,357
Internal balances	(69,945)	69,945	-
Due from other governments	1,165,102	419,044	1,584,146
Inventories and prepaid items	380,793	1,213,679	1,594,472
Investment in joint airport	2,370,007	-	2,370,007
Restricted cash and investments	266,905	914,765	1,181,670
Capital assets (net of accumulated depreciation)			
Nondepreciable	4,823,476	113,989	4,937,465
Depreciable	72,139,386	6,852,304	78,991,690
<b>TOTAL ASSETS</b>	<b>137,597,011</b>	<b>11,730,807</b>	<b>149,327,818</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Retirement system unfunded liability amortization	-	240,707	240,707
Deferred charge on refunding	465,048	-	465,048
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>465,048</b>	<b>240,707</b>	<b>705,755</b>
<b>LIABILITIES</b>			
Accounts payable	1,330,435	353,503	1,683,938
Accrued liabilities	743,767	95,672	839,439
Due to other governments	213,022	-	213,022
Deposits from others	18,541	-	18,541
Unearned revenue	83,699	-	83,699
Accrued interest	250,981	-	250,981
Long-term obligations			
Unamortized premiums	1,054,730	-	1,054,730
Portion due or payable within one year:			
Bonds and notes payable	2,335,000	-	2,335,000
Compensated absences	237,787	12,068	249,855
Portion due or payable after one year:			
Bonds and notes payable	21,915,000	-	21,915,000
Compensated absences	2,140,082	108,611	2,248,693
Post employment insurance	5,884,232	281,478	6,165,710
Landfill care costs	-	1,518,527	1,518,527
<b>TOTAL LIABILITIES</b>	<b>36,207,276</b>	<b>2,369,859</b>	<b>38,577,135</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	15,923,038	-	15,923,038
<b>NET POSITION</b>			
Net investment in capital assets	54,194,364	6,966,293	61,160,657
Net investment in joint airport	2,370,007	-	2,370,007
Restricted	3,517,730	-	3,517,730
Unrestricted	25,849,644	2,635,362	28,485,006
<b>TOTAL NET POSITION</b>	<b>\$ 85,931,745</b>	<b>\$ 9,601,655</b>	<b>\$ 95,533,400</b>

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

Component Units		
Committee on Aging	Association for Business & Industry	Stephenson Public Library Foundation
\$ -	\$ -	\$ -
165,186	30,623	1,792,086
123,116	7,294	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
29,112	1,361	-
<u>317,414</u>	<u>39,278</u>	<u>1,792,086</u>
-	-	-
-	-	-
37,578	-	-
24,414	3,392	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
61,992	3,392	-
-	-	-
61,992	1,361	-
-	-	-
-	-	-
255,422	34,525	1,792,086
<u>\$ 317,414</u>	<u>\$ 35,886</u>	<u>\$ 1,792,086</u>

**MARINETTE COUNTY, WISCONSIN**  
**Statement of Activities**  
For the Year Ended December 31, 2014

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental</b>				
General government	\$ 7,450,515	\$ 807,093	\$ 257,202	\$ -
Public protection	9,132,379	814,136	192,234	-
Public ways and facilities	4,458,074	-	1,158,058	-
Health	20,505,400	4,962,516	12,207,300	-
Culture and recreation	2,120,728	309,035	325,783	-
Education	742,222	13,635	-	-
Forestry	1,332,969	3,561,139	128,728	-
Conservation and development	1,351,020	74,332	685,010	-
Interest and fiscal charges	790,272	-	-	-
<b>Total Governmental Activities</b>	<b>47,883,579</b>	<b>10,541,886</b>	<b>14,954,315</b>	<b>-</b>
<b>Business-type</b>				
Highway	13,084,425	13,335,973	-	-
Solid waste	576,657	511,263	-	-
<b>Total Business-type Activities</b>	<b>13,661,082</b>	<b>13,847,236</b>	<b>-</b>	<b>-</b>
<b>Total Marinette County</b>	<b>\$ 61,544,661</b>	<b>\$ 24,389,122</b>	<b>\$ 14,954,315</b>	<b>\$ -</b>
<b>Component Unit</b>				
Committee on Aging	\$ 1,030,707	\$ 256,052	\$ 758,226	\$ -
Association of Business & Industry	84,436	-	99,375	-
Stephenson Library Trust	17,956	-	50	-
<b>Total Component Units</b>	<b>\$ 1,133,099</b>	<b>\$ 256,052</b>	<b>\$ 857,651</b>	<b>\$ -</b>

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 (loss) on investments  
Change in investment in joint airport  
Lease revenue  
Gain (loss) on other property sales  
Miscellaneous  
Transfers  
**Total general revenues and transfers**

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	Association for Business & Industry	Stephenson Public Library Foundation
\$ (6,386,220)	\$ -	\$ (6,386,220)	\$ -	\$ -	\$ -
(8,126,009)	-	(8,126,009)	-	-	-
(3,300,016)	-	(3,300,016)	-	-	-
(3,335,584)	-	(3,335,584)	-	-	-
(1,485,910)	-	(1,485,910)	-	-	-
(728,587)	-	(728,587)	-	-	-
2,356,898	-	2,356,898	-	-	-
(591,678)	-	(591,678)	-	-	-
(790,272)	-	(790,272)	-	-	-
<u>(22,387,378)</u>	<u>-</u>	<u>(22,387,378)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	251,548	251,548	-	-	-
-	(65,394)	(65,394)	-	-	-
<u>-</u>	<u>186,154</u>	<u>186,154</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(22,387,378)</u>	<u>186,154</u>	<u>(22,201,224)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(16,429)	-	-
-	-	-	-	14,939	-
-	-	-	-	-	(17,906)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,429)</u>	<u>14,939</u>	<u>(17,906)</u>
10,489,719	-	10,489,719	-	-	-
1,660,535	-	1,660,535	-	-	-
2,906,181	-	2,906,181	-	-	-
2,931,803	-	2,931,803	-	-	-
1,030,398	-	1,030,398	-	-	-
1,508,391	-	1,508,391	-	-	-
1,070,897	6,205	1,077,102	410	519	7,061
(114,494)	-	(114,494)	1,974	-	-
47,031	-	47,031	-	-	-
152,359	-	152,359	-	-	-
66,416	-	66,416	13,285	-	-
(100,000)	100,000	-	-	-	-
<u>21,649,236</u>	<u>106,205</u>	<u>21,755,441</u>	<u>15,669</u>	<u>519</u>	<u>7,061</u>
(738,142)	292,359	(445,783)	(760)	15,458	(10,845)
<u>86,669,887</u>	<u>9,309,296</u>	<u>95,979,183</u>	<u>256,182</u>	<u>20,428</u>	<u>1,802,931</u>
<u>\$ 85,931,745</u>	<u>\$ 9,601,655</u>	<u>\$ 95,533,400</u>	<u>\$ 255,422</u>	<u>\$ 35,886</u>	<u>\$ 1,792,086</u>

**MARINETTE COUNTY, WISCONSIN**

Balance Sheet  
Governmental Funds  
December 31, 2014

	Governmental Funds				Other Governmental Funds	Total Governmental Funds
	General	County Roads and Bridges	Health and Human Services	Debt Service		
<b>ASSETS</b>						
Pooled cash and investments	\$ 27,645,147	\$ 307,174	\$ 582,530	\$ 189,335	\$ 3,241,420	\$ 31,965,606
Receivables						
Delinquent property taxes	3,118,468	-	-	-	-	3,118,468
Property taxes levied for subsequent year	10,564,172	1,528,108	3,067,072	683,602	-	15,842,954
Accounts	1,141,360	-	684,169	438,615	7,183	2,271,327
Loans	786,902	-	15,109	-	1,804,346	2,606,357
Advance to debt service	334,141	-	-	-	-	334,141
Due from other funds	1,000,000	-	-	-	-	1,000,000
Due from other governments	914,049	-	251,053	-	-	1,165,102
Prepaid items	6,577	-	-	-	-	6,577
Restricted assets - pooled cash and investments	-	-	-	-	266,905	266,905
<b>TOTAL ASSETS</b>	<b>\$ 45,510,816</b>	<b>\$ 1,835,282</b>	<b>\$ 4,599,933</b>	<b>\$ 1,311,552</b>	<b>\$ 5,319,854</b>	<b>\$ 58,577,437</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 390,989	\$ -	\$ 847,764	\$ -	\$ 68,173	1,306,926
Accrued liabilities	578,301	-	154,450	-	-	732,751
Due to general fund	-	-	-	1,334,141	-	1,334,141
Due to other governments	213,022	-	-	-	-	213,022
Deposits from others	18,541	-	-	-	-	18,541
Unearned revenue	83,699	-	-	-	-	83,699
<b>Total Liabilities</b>	<b>1,284,552</b>	<b>-</b>	<b>1,002,214</b>	<b>1,334,141</b>	<b>68,173</b>	<b>3,689,080</b>
<b>Deferred Inflows of Resources</b>						
Property taxes	10,564,172	1,528,108	3,067,072	683,602	-	15,842,954
Loans	-	-	-	-	1,804,346	1,804,346
Interest on delinquent taxes	549,474	-	-	-	-	549,474
Fines and forfeitures	61,866	-	-	-	-	61,866
<b>Total Deferred Inflows of Resources</b>	<b>11,175,512</b>	<b>1,528,108</b>	<b>3,067,072</b>	<b>683,602</b>	<b>1,804,346</b>	<b>18,258,640</b>
<b>Fund Balances</b>						
Nonspendable	4,210,858	-	-	-	-	4,210,858
Restricted	116,336	-	-	-	2,221,032	2,337,368
Committed	21,289,998	307,174	530,647	-	1,226,303	23,354,122
Assigned	780,883	-	-	-	-	780,883
Unassigned	6,652,677	-	-	(706,191)	-	5,946,486
<b>Total Fund Balances</b>	<b>33,050,752</b>	<b>307,174</b>	<b>530,647</b>	<b>(706,191)</b>	<b>3,447,335</b>	<b>36,629,717</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 45,510,816</b>	<b>\$ 1,835,282</b>	<b>\$ 4,599,933</b>	<b>\$ 1,311,552</b>	<b>\$ 5,319,854</b>	<b>\$ 58,577,437</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**December 31, 2014**

**Reconciliation to the Statement of Net Position**

Total Fund Balances as shown on previous page \$ 36,629,717

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	\$ 2,370,007	
Capital assets	76,962,859	
Less: amount included below with internal service funds	<u>(908,606)</u>	78,424,260

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

Bonds and notes payable	\$ (24,250,000)	
Loss on advance refunding	465,048	
Refinancing premium	(1,054,730)	
Compensated absences	(2,377,869)	
Post-employment health insurance	(5,884,232)	
Accrued interest on long-term obligations	<u>(250,981)</u>	(33,352,764)

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

Loans receivable	\$ 1,804,346	
Interest on delinquent taxes	549,474	
Clerk of Courts receivable	<u>61,866</u>	2,415,686

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. 1,814,846

Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 18 - 19)

\$ 85,931,745

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, 2014**

	General	County Roads and Bridges	Health and Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 11,490,662	\$ 1,660,535	\$ 2,906,181	\$ -	\$ -	\$ 16,057,378
Sales tax	-	-	-	2,931,803	-	2,931,803
Intergovernmental	4,302,369	1,158,058	11,500,265	-	4,650	16,965,342
Regulation and compliance	295,002	-	-	-	152,228	447,230
Charges for services	4,825,840	-	4,853,514	-	40,596	9,719,950
Commercial	1,134,224	-	-	-	580,239	1,714,463
Miscellaneous	574,764	-	-	-	21,018	595,782
<b>Total Revenues</b>	<b>22,622,861</b>	<b>2,818,593</b>	<b>19,259,960</b>	<b>2,931,803</b>	<b>798,731</b>	<b>48,431,948</b>
<b>Expenditures</b>						
<b>Current</b>						
General government	6,796,744	-	-	-	92,706	6,889,450
Public protection	8,535,162	-	-	-	417,490	8,952,652
Public ways and facilities	52,729	10,434,496	-	-	43,914	10,531,139
Health	1,137,307	-	19,706,142	-	6,914	20,850,363
Culture and recreation	2,036,043	-	-	-	121,012	2,157,055
Education	381,724	-	-	-	-	381,724
Forestry	1,425,380	-	-	-	-	1,425,380
Conservation and development	1,157,899	-	-	-	190,989	1,348,888
<b>Debt Service</b>						
Principal payments	-	-	-	4,075,000	-	4,075,000
Interest and fiscal charges	-	-	-	521,725	164,641	686,366
<b>Total Expenditures</b>	<b>21,522,988</b>	<b>10,434,496</b>	<b>19,706,142</b>	<b>4,596,725</b>	<b>1,037,666</b>	<b>57,298,017</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,099,873</b>	<b>(7,615,903)</b>	<b>(446,182)</b>	<b>(1,664,922)</b>	<b>(238,935)</b>	<b>(8,866,069)</b>
<b>Other Financing Sources (Uses)</b>						
Long-term debt issued	-	-	-	-	9,435,000	9,435,000
Debt premium received	-	-	-	-	353,976	353,976
Transfers in	478,008	7,478,462	229,232	189,335	-	8,375,037
Transfers out	(233,734)	-	-	(374,000)	(7,871,805)	(8,479,539)
<b>Total Other Financing Sources (Uses)</b>	<b>244,274</b>	<b>7,478,462</b>	<b>229,232</b>	<b>(184,665)</b>	<b>1,917,171</b>	<b>9,684,474</b>
<b>Net Change in Fund Balances</b>	<b>1,344,147</b>	<b>(137,441)</b>	<b>(216,950)</b>	<b>(1,849,587)</b>	<b>1,678,236</b>	<b>818,405</b>
<b>Fund Balances - January 1</b>	<b>31,706,605</b>	<b>444,615</b>	<b>747,597</b>	<b>1,143,396</b>	<b>1,769,099</b>	<b>35,811,312</b>
<b>Fund Balances (Deficit) - December 31</b>	<b>\$ 33,050,752</b>	<b>\$ 307,174</b>	<b>\$ 530,647</b>	<b>\$ (706,191)</b>	<b>\$ 3,447,335</b>	<b>\$ 36,629,717</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
**Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended December 31, 2014**

Reconciliation to the Statement of Activities

Net Change in Fund Balances from previous page		\$ 818,405
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	\$ 8,263,303	
Depreciation expense reported in the statement of activities	<u>(2,707,294)</u>	
Amount by which capital outlays are greater than depreciation in current period		5,556,009
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		(114,494)
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.		
		(89,798)
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:		
		(628,083)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:		
		4,075,000
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.		
		(173,504)
The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:		
		(9,435,000)
Long-term debt refinancing transactions are recorded in the governmental funds as expenditures, other financing sources and other uses, but the refinancing cost and premiums are amortized over the life of the new issue on the statement of activities.		
Net amortization of debt premium and refunding expense		(284,381)
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	\$ (8,418)	
Clerk of court receivables	(16,256)	
Revolving loan receivables	<u>(555,412)</u>	
Combined adjustment		(580,086)
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>117,790</u>
Change in Net Position of Governmental Activities as reported in the Statement of Activities (see pages 20 and 21)		<u>\$ (738,142)</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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 11,451,414	\$ 11,451,414	\$ 11,490,662	\$ 39,248
Intergovernmental	4,730,781	4,972,474	4,302,369	(670,105)
Regulation and compliance	331,840	331,840	295,002	(36,838)
Charges for services	4,202,540	4,215,906	4,825,840	609,934
Commercial	730,788	730,788	1,134,224	403,436
Miscellaneous	544,424	559,147	574,764	15,617
<b>Total Revenues</b>	<b>21,991,787</b>	<b>22,261,569</b>	<b>22,622,861</b>	<b>361,292</b>
<b>Expenditures</b>				
General government	7,859,721	7,361,239	6,796,744	564,495
Public protection	8,337,537	8,780,518	8,535,162	245,356
Public ways and facilities	53,500	53,500	52,729	771
Health	1,182,017	1,187,722	1,137,307	50,415
Culture and recreation	2,192,552	2,362,379	2,036,043	326,336
Education	351,989	381,832	381,724	108
Forestry	1,272,825	1,467,619	1,425,380	42,239
Conservation and development	1,701,074	1,734,562	1,157,899	576,663
<b>Total Expenditures</b>	<b>22,951,215</b>	<b>23,329,371</b>	<b>21,522,988</b>	<b>1,806,383</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(959,428)</b>	<b>(1,067,802)</b>	<b>1,099,873</b>	<b>2,167,675</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	474,000	478,008	478,008	-
Transfers out	-	(233,734)	(233,734)	-
<b>Total Other Financing Sources (Uses)</b>	<b>474,000</b>	<b>244,274</b>	<b>244,274</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(485,428)</b>	<b>(823,528)</b>	<b>1,344,147</b>	<b>2,167,675</b>
<b>Fund Balance - January 1</b>	<b>31,706,605</b>	<b>31,706,605</b>	<b>31,706,605</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 31,221,177</b>	<b>\$ 30,883,077</b>	<b>\$ 33,050,752</b>	<b>\$ 2,167,675</b>

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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 2,906,181	\$ 2,906,181	\$ 2,906,181	\$ -
Intergovernmental	11,737,363	11,926,859	11,500,265	(426,594)
Charges for services	6,353,786	6,354,286	4,853,514	(1,500,772)
<b>Total Revenues</b>	<u>20,997,330</u>	<u>21,187,326</u>	<u>19,259,960</u>	<u>(1,927,366)</u>
<b>Expenditures</b>				
Health	21,471,108	21,910,336	19,706,142	2,204,194
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(473,778)</u>	<u>(723,010)</u>	<u>(446,182)</u>	<u>276,828</u>
<b>Other Financing Sources</b>				
Transfers in	-	229,232	229,232	-
<b>Net Change in Fund Balance</b>	<u>(473,778)</u>	<u>(493,778)</u>	<u>(216,950)</u>	<u>276,828</u>
<b>Fund Balance - January 1</b>	<u>747,597</u>	<u>747,597</u>	<u>747,597</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 273,819</u>	<u>\$ 253,819</u>	<u>\$ 530,647</u>	<u>\$ 276,828</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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 1,660,535	\$ 1,660,535	\$ 1,660,535	\$ -
Intergovernmental	1,236,761	1,236,761	1,158,058	(78,703)
<b>Total Revenues</b>	<u>2,897,296</u>	<u>2,897,296</u>	<u>2,818,593</u>	<u>(78,703)</u>
<b>Expenditures</b>				
Public Ways and Facilities	10,935,296	10,935,296	10,434,496	500,800
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(8,038,000)</u>	<u>(8,038,000)</u>	<u>(7,615,903)</u>	<u>422,097</u>
<b>Other Financing Sources</b>				
Transfers in	8,038,000	8,038,000	7,478,462	(559,538)
<b>Net Change in Fund Balance</b>	-	-	(137,441)	(137,441)
<b>Fund Balance - January 1</b>	<u>444,615</u>	<u>444,615</u>	<u>444,615</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 444,615</u>	<u>\$ 444,615</u>	<u>\$ 307,174</u>	<u>\$ (137,441)</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, 2014

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
<b>ASSETS</b>				
Current Assets				
Pooled cash and investments	\$ 1,373,020	\$ 734,117	\$ 2,107,137	\$ 632,270
Petty cash	-	200	200	-
Accounts receivables	-	38,983	38,983	4,221
Due from other governments	419,044	-	419,044	80,084
Interest receivable	-	761	761	349,370
Inventories	1,213,679	-	1,213,679	24,846
<b>Total Current Assets</b>	<b>3,005,743</b>	<b>774,061</b>	<b>3,779,804</b>	<b>1,090,791</b>
Noncurrent Assets				
Restricted cash and investments	172,102	742,663	914,765	-
Capital assets				
Land	51,475	62,514	113,989	-
Land improvements, net	39,892	624,456	664,348	-
Buildings, net	2,062,217	125,000	2,187,217	-
Machinery and equipment, net	3,817,399	183,340	4,000,739	908,606
<b>Total Noncurrent Assets</b>	<b>6,143,085</b>	<b>1,737,973</b>	<b>7,881,058</b>	<b>908,606</b>
<b>TOTAL ASSETS</b>	<b>9,148,828</b>	<b>2,512,034</b>	<b>11,660,862</b>	<b>1,999,397</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Retirement system unfunded liability amortization	240,707	-	240,707	-
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	333,476	20,027	353,503	23,506
Accrued liabilities	94,097	1,575	95,672	11,016
Compensated absences payable	12,068	-	12,068	-
<b>Total Current Liabilities</b>	<b>439,641</b>	<b>21,602</b>	<b>461,243</b>	<b>34,522</b>
Noncurrent Liabilities				
Compensated absences payable	108,611	-	108,611	-
Post employment health insurance	245,427	36,051	281,478	-
Accrued landfill closure/post closure care cost	-	1,518,527	1,518,527	-
<b>Total Noncurrent Liabilities</b>	<b>354,038</b>	<b>1,554,578</b>	<b>1,908,616</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>793,679</b>	<b>1,576,180</b>	<b>2,369,859</b>	<b>34,522</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	-	-	-	80,084
<b>NET POSITION</b>				
Net investment in capital assets	5,970,983	995,310	6,966,293	908,606
Unrestricted (deficit)	2,624,873	(59,456)	2,565,417	976,185
<b>TOTAL NET POSITION</b>	<b>\$ 8,595,856</b>	<b>\$ 935,854</b>	<b>9,531,710</b>	<b>\$ 1,884,791</b>

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.

69,945

Net Position of Business-Type Activities as Reported on the Statement of Net Position (see page 18 - 19)

\$ 9,601,655

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, 2014**

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Operating Revenues				
Charges for services	\$ 13,335,973	\$ 511,263	\$ 13,847,236	\$ 2,003,335
Operating Expenses				
Administration	-	41,967	41,967	716,198
Operation and maintenance	12,432,956	332,884	12,765,840	1,097,150
Landfill closure/post-closure care costs	-	101,161	101,161	-
Depreciation	648,868	100,645	749,513	184,547
Total Operating Expenses	13,081,824	576,657	13,658,481	1,997,895
Operating Income (Loss)	254,149	(65,394)	188,755	5,440
Nonoperating Revenues (Expenses)				
Property taxes	-	-	-	29,455
Insurance recoveries	-	-	-	25,924
Gain on disposal of capital assets	-	-	-	49,868
Investment earnings	-	6,205	6,205	-
Total Nonoperating Revenues (Expenses)	-	6,205	6,205	105,247
Income (Loss) Before Transfers	254,149	(59,189)	194,960	110,687
Transfer In	100,000	-	100,000	4,502
Change in Net Position	354,149	(59,189)	294,960	115,189
Total Net Position - January 1	8,241,707	995,043	9,236,750	1,769,602
Total Net Position - December 31	\$ 8,595,856	\$ 935,854	9,531,710	\$ 1,884,791
Change in Net Position, per above			\$ 294,960	
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.			(2,601)	
Change in Net Position of Business-Type Activities as Reported on the Statement of Activities (see pages 20 - 21)			\$ 292,359	

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, 2014**

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 2,551,992	\$ 501,003	\$ 3,052,995	\$ 7,982
Receipts from internal activity and other governments	10,685,638	-	10,685,638	1,912,601
Payments to employees	(3,067,275)	(109,994)	(3,177,269)	(600,990)
Payments to suppliers	(9,205,250)	(280,585)	(9,485,835)	(1,168,119)
<b>Net Cash Provided by Operating Activities</b>	<b>965,105</b>	<b>110,424</b>	<b>1,075,529</b>	<b>151,474</b>
<b>Cash Flows From Noncapital Financing Activities</b>				
Property taxes	-	-	-	29,455
Insurance recoveries	-	-	-	25,924
Transfer from general fund	100,000	-	100,000	4,502
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>100,000</b>	<b>-</b>	<b>100,000</b>	<b>59,881</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchases and construction of capital assets	(868,473)	(1,374)	(869,847)	(488,585)
Proceeds from sale of assets	-	-	-	49,868
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(868,473)</b>	<b>(1,374)</b>	<b>(869,847)</b>	<b>(438,717)</b>
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	-	6,300	6,300	-
<b>Net Change in Cash and Cash Equivalents</b>	<b>196,632</b>	<b>115,350</b>	<b>311,982</b>	<b>(227,362)</b>
<b>Cash and Cash Equivalents - January 1</b>	<b>1,348,490</b>	<b>1,361,630</b>	<b>2,710,120</b>	<b>859,632</b>
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 1,545,122</b>	<b>\$ 1,476,980</b>	<b>\$ 3,022,102</b>	<b>\$ 632,270</b>
<b>Displayed as:</b>				
<b>Current assets</b>				
Pooled cash and investments	\$ 1,373,020	\$ 734,317	\$ 2,107,337	\$ 632,270
<b>Restricted assets</b>				
Pooled cash and investments	172,102	742,663	914,765	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 1,545,122</b>	<b>\$ 1,476,980</b>	<b>\$ 3,022,102</b>	<b>\$ 632,270</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating income (loss)	\$ 254,149	\$ (65,394)	\$ 188,755	\$ 5,440
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>				
Depreciation expense	648,868	100,645	749,513	184,547
Increase in postclosure care cost estimates	-	101,161	101,161	-
<b>Change in assets and liabilities:</b>				
Receivables, net	(97,530)	(10,260)	(107,790)	(82,752)
Post employment health insurance	-	(2,090)	(2,090)	-
Prepaid items	(158,213)	(14,050)	(172,263)	(18,795)
Accounts and other payables	317,831	412	318,243	63,034
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 965,105</b>	<b>\$ 110,424</b>	<b>\$ 1,075,529</b>	<b>\$ 151,474</b>

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, 2014**

	Agency Funds
<b>ASSETS</b>	
Cash and investments	\$ 5,925,338
Receivables	
Delinquent property taxes	83,476
Property taxes levied for subsequent years	598,247
<b>TOTAL ASSETS</b>	<b>\$ 6,607,061</b>
<b>LIABILITIES</b>	
Due to taxing districts	
Tax collections	\$ 4,292,811
Special assessments	83,476
Forest income	357,269
Accounts payable	1,038
Deposits payable	1,872,467
<b>TOTAL LIABILITIES</b>	<b>\$ 6,607,061</b>

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

1. Reporting Entity

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

2. Component Units

**BLENDED COMPONENT UNIT**

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

**DISCRETELY PRESENTED**

The component unit columns in the basic financial statements represent the financial data of the Marinette County Committee on Aging, Inc. (MCCA), the Marinette County Association for Business and Industry, Inc. (MCABI), and the Stephenson Public Library Foundation, Inc. They are reported in separate columns to emphasize that the entities are legally separate from the County. The MCCA is a not-for-profit corporation that provides services primarily in connection with the "Older Americans Program" for the elderly of Marinette County. The County annually provides significant operating subsidies to the MCCA. Audited financial statements for the MCCA can be obtained from their administrative office in Crivitz, Wisconsin. The MCCA expended less than \$500,000 in federal funds during 2014 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 2014, the MCCA's audited financial statements include an audit performed in accordance with the DHFS's Provider Agency Audit Guide. The MCABI is a not-for-profit corporation that pursues economic development activities throughout Marinette County. The County's officials are responsible for appointing two members to the board of directors of the MCABI. The County provides the majority of funding for the MCABI and therefore this organization is included in the County's reporting entity as a discretely presented component unit. Audited financial statement for MCABI can be obtained from their administrative office in the Marinette County courthouse. The Stephenson Public Library Foundation, Inc. is a not-for-profit corporation that enhances the Stephenson Public Library by supplementing certain costs of the Library. Audited financial statements for the Stephenson Public Library Foundation, Inc. can be obtained from their administrative office in Marinette, Wisconsin.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. Joint Venture

Marinette County is a participant with Menominee County, Michigan in a joint venture to operate the Twin County Airport located in the City of Menominee, Michigan. The Twin County Airport Commission (TCAC) was created for that purpose. The TCAC is governed by a six-member board composed of three appointees from each county. Members from each county are appointed by the chairperson of that county board, subject to the approval of the respective county board. Both counties are obligated by agreement to share equally in providing the local funds necessary for the operation and improvement of the airport. During 2014, Marinette County remitted an operating subsidy of \$52,500. Marinette County's total net investment in the joint airport is \$2,370,007 as of December 31, 2014. Complete financial statements for the TCAC can be obtained from the TCAC's office at 2801 North 22nd Street, Menominee, Michigan.

4. Government-Wide and Fund Financial Statements

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

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

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

The County reports the following major governmental funds.

**GENERAL FUND**

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

**COUNTY ROADS AND BRIDGES SERVICES SPECIAL REVENUE FUND**

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

**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.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**DEBT SERVICE FUND**

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

The County reports the following major enterprise funds:

**HIGHWAY**

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

**SOLID WASTE**

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

Additionally, the government reports the following fund types:

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

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

**5. Measurement Focus and Basis of Accounting**

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

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

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

**6. Assets, Liabilities, 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, 2014

**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.

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County had 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.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

i. Long-term Obligations

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

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

j. Fund Equity

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS**

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

**7. Use of Estimates**

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

**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.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)**

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, 2014.

**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 \$41,812,221 on December 31, 2014 as summarized below:

Petty cash and cash on hand	\$ 4,368
Deposits with financial institutions	16,551,578
Investments	25,256,275
	\$ 41,812,221

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 34,705,213
Restricted cash and investments	1,181,670
Fiduciary fund statement of net position	
Agency funds	5,925,338
	\$ 41,812,221

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.

**MARINETTE COUNTY, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per depository institution. Deposits with Financial Institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for all deposit accounts per official custodian per depository institution. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2014, \$7,850,197 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	\$ 8,117,907	\$ -	\$ 8,117,907	\$ -	\$ -
Federal Home Loan Bank	1,501,330	-	1,501,330	-	-
Federal Home Loan Mortgage Corporation	4,603,991	-	4,603,991	-	-
Governmental Home Loan Mortgage Association	2,311,841	-	2,311,841	-	-
Small Business Association	1,132,787	-	1,132,787	-	-
Corporate Paper	2,874,858	-	2,874,858	-	-
Municipal Bonds	265,582	-	265,582	-	-
Wisconsin Local Government Investment Pool	3,748,861	-	-	-	3,748,861
Wisconsin Local Government Investment Pool - DNR	699,118	-	-	-	699,118
<b>Totals</b>	<b>\$ 25,256,275</b>	<b>\$ -</b>	<b>\$ 20,808,296</b>	<b>\$ -</b>	<b>\$ 4,447,979</b>

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**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.	\$ 8,117,907	23.6%
Federal Home Loan Bank (FHLB)	U.S.	1,501,330	4.4%
Federal Home Loan Mortgage Corporation (FHLMC)	U.S.	4,603,991	13.4%
Governmental National Mortgage Association (GNMA)	U.S.	2,311,841	6.8%
Small Business Association (SBA)	U.S.	1,132,787	3.5%
City of New York	U.S.	265,582	0.8%
Barclays Bank	U.S.	1,026,090	3.1%
General Electric	U.S.	832,538	2.5%
Westpac Bank	U.S.	1,016,230	3.0%

As of December 31, 2014, 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	\$ 8,117,907	\$ 994,832	\$ 1,668,696	\$ 5,454,379	\$ -
Federal Home Loan Bank	1,501,330	-	-	1,501,330	-
Federal Home Loan Mortgage Corporation	4,603,991	1,308,026	-	3,295,965	-
Governmental Home Loan Mortgage Association	2,311,841	-	403,809	1,712,317	195,715
Small Business Association	1,132,787	327,513	-	805,274	-
Corporate Paper	2,874,858	-	1,016,230	1,858,628	-
Municipal Bonds	265,582	-	-	-	265,582
Wisconsin Local Government Investment Pool	3,748,861	3,748,861	-	-	-
Wisconsin Local Government Investment Pool - DNR	699,118	699,118	-	-	-
<b>Totals</b>	<b>\$ 25,256,275</b>	<b>\$ 7,078,350</b>	<b>\$ 3,088,735</b>	<b>\$ 14,627,893</b>	<b>\$ 461,297</b>

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**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	\$ 8,117,907
Federal Home Loan Bank	1,501,330
Federal Home Loan Mortgage Corporation	4,603,991
Governmental National Mortgage Association	2,311,841
Small Business Association	1,132,787
Corporate Paper	2,874,858
Municipal Bonds	265,582

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$4,447,979 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, 2014, 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, 2014 the investment cost was \$434,079 with a fair market value of \$457,533.

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.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Property taxes recorded on December 31, 2014 for collection in 2015 are for the following:

State apportionment	\$ 598,247
County apportionment	15,923,038
Total	\$ 16,521,285

The above County apportionment of \$15,923,038 is for financing 2015 operations and will be transferred in 2015 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, 2014, the County's general fund showed an investment of \$3,118,468 in delinquent taxes as follows:

Tax certificates	\$ 2,933,587
Tax deeds	184,881
Total	\$ 3,118,468

An aging of the total delinquent taxes of \$3,118,468 on December 31, 2014 follows:

Year Acquired	Total	Tax Certificates	Tax Deeds
Prior to 2008	\$ 25,585	\$ 3,346	\$ 22,239
2008	17,730	423	17,307
2009	589	388	201
2010	24,206	1,317	22,889
2011	19,501	5,762	13,739
2012	519,262	518,871	391
2013	931,142	869,925	61,217
2014	1,580,453	1,533,555	46,898
	\$ 3,118,468	\$ 2,933,587	\$ 184,881

Of the total of \$3,118,468 for delinquent taxes, \$318,414 was collected by the County within 60 days after December 31, 2014. The remaining unpaid balance of \$2,800,054 is recorded as nonspendable fund balance for the general fund.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

4. Restricted Assets

Restricted assets on December 31, 2014 totaled \$1,181,670 and consisted of cash and investments held for the following purposes:

Special Revenue Fund	
Solid waste long-term care	\$ 266,905
Enterprise Fund	
Highway retirees health insurance	172,102
Solid waste long-term care/closure	742,663
Total Restricted Assets	<u>\$ 1,181,670</u>

5. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,823,476	\$ -	\$ -	\$ 4,823,476
Capital assets, being depreciated:				
Buildings and improvements	44,352,032	68,849	34,425	44,386,456
Machinery and equipment	10,068,185	1,192,093	357,435	10,902,843
Infrastructure	53,644,845	7,490,946	1,841,065	59,294,726
Subtotals	<u>108,065,062</u>	<u>8,751,888</u>	<u>2,232,925</u>	<u>114,584,025</u>
Less accumulated depreciation for:				
Buildings and improvements	12,622,529	910,917	34,425	13,499,021
Machinery and equipment	7,351,249	615,762	320,355	7,646,656
Infrastructure	21,722,147	1,365,162	1,788,347	21,298,962
Subtotals	<u>41,695,925</u>	<u>2,891,841</u>	<u>2,143,127</u>	<u>42,444,639</u>
Total capital assets, being depreciated, net	<u>66,369,137</u>	<u>5,860,047</u>	<u>89,798</u>	<u>72,139,386</u>
Governmental activities capital assets, net	<u>\$ 71,192,614</u>	<u>\$ 5,860,047</u>	<u>\$ 89,798</u>	<u>76,962,862</u>
Less related long-term debt outstanding				<u>22,768,500</u>
Net investment in capital assets				<u>\$ 54,194,362</u>

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 113,989	\$ -	\$ -	\$ 113,989
<b>Capital assets, being depreciated:</b>				
Land improvements	2,779,000	-	-	2,779,000
Buildings	4,923,350	-	-	4,923,350
Machinery and equipment	8,968,026	1,179,587	764,126	9,383,487
Subtotals	<u>16,670,376</u>	<u>1,179,587</u>	<u>764,126</u>	<u>17,085,837</u>
<b>Less accumulated depreciation for:</b>				
Land improvements	2,033,790	80,862	-	2,114,652
Buildings	2,555,316	180,817	-	2,736,133
Machinery and equipment	5,349,301	487,834	454,387	5,382,748
Subtotals	<u>9,938,407</u>	<u>749,513</u>	<u>454,387</u>	<u>10,233,533</u>
Total capital assets, being depreciated, net	<u>6,731,969</u>	<u>430,074</u>	<u>309,739</u>	<u>6,852,304</u>
Business-type activities capital assets, net	<u>\$ 6,845,958</u>	<u>\$ 430,074</u>	<u>\$ 309,739</u>	<u>6,966,293</u>
Less related long-term debt outstanding				<u>-</u>
Net investment in capital assets				<u>\$ 6,966,293</u>
Depreciation expense was charged to functions of the County as follows:				
<b>Governmental activities</b>				
General government				\$ 118,968
Public protection				583,442
Public ways and facilities				1,365,162
Health				69,073
Culture and recreation				45,822
Education				430,131
Forestry				91,987
Conservation and development				2,709
Allocated from internal service funds				184,547
Total depreciation expense - governmental activities				<u>\$ 2,891,841</u>
<b>Business-type activities</b>				
Highway				\$ 648,868
Solid waste				100,645
Total depreciation expense - business-type activities				<u>\$ 749,513</u>

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**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, 2014 are detailed below:

	Interfund Receivables	Interfund Payables
Cash advance for cash flow		
General Fund	\$ 334,141	\$ -
Debt Service Fund	-	334,141
Totals	\$ 334,141	\$ 334,141
Long-term advance to other funds		
General Fund	\$ 1,000,000	\$ -
Debt Service Fund	-	1,000,000
Totals	\$ 1,000,000	\$ 1,000,000

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

Year Ended December 31	Principal	Interest	Total
2015	\$ 200,000	\$ 30,000	\$ 230,000
2016	200,000	24,000	224,000
2017	200,000	18,000	218,000
2018	200,000	12,000	212,000
2019	200,000	6,000	206,000
	\$ 1,000,000	\$ 90,000	\$ 1,090,000

Interfund transfers for the year ended December 31, 2014 were as follows:

	Transfer to:						Totals
	General Fund	County Roads and Bridges	Health & Human Services	Debt Service	Highway	Information Services	
Transfers from:							
General fund	\$ -	-	\$ 229,232	-	-	\$ 4,502	\$ 233,734
Debt service	374,000	-	-	-	-	-	374,000
2014 Capital projects		7,478,462	-	189,335	100,000	-	7,767,797
Forestry & parks development	104,008	-	-	-	-	-	104,008
Totals	\$ 478,008	\$ 7,478,462	\$ 229,232	\$ 189,335	\$ 100,000	\$ 4,502	\$ 8,479,539

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**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, 2014:

	Outstanding 1/1/14	Issued	Retired	Outstanding 12/31/14	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Bonds	\$ 16,490,000	\$ -	\$ 1,675,000	\$ 14,815,000	\$ 1,700,000
Notes	2,400,000	9,435,000	2,400,000	9,435,000	635,000
Total General Obligation Debt	18,890,000	9,435,000	4,075,000	24,250,000	2,335,000
Debt Premium	829,152	353,976	128,398	1,054,730	128,398
Post-employment health benefits payable					
	5,225,108	1,644,743	985,619	5,884,232	-
Compensated absences	2,408,910	-	31,041	2,377,869	237,787
Governmental activities					
Long-term obligations	<u>\$ 27,353,170</u>	<u>\$ 11,433,719</u>	<u>\$ 5,220,058</u>	<u>\$ 33,566,831</u>	<u>\$ 2,701,185</u>
<b>Business-type activities:</b>					
Post-employment health benefits payable					
	\$ 289,944	\$ -	\$ 8,466	\$ 281,478	\$ -
Compensated absences	119,802	877	-	120,679	12,068
Business-type activities					
Long-term obligations	<u>\$ 409,746</u>	<u>\$ 877</u>	<u>\$ 8,466</u>	<u>\$ 402,157</u>	<u>\$ 12,068</u>

Total interest paid during the year on long-term debt totaled \$521,725.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

<b>Bonds</b>		
\$16,615,000 issued 3/15/12; \$125,000 to \$1,875,000 due annually 2013 to 2022; interest 1.50% to 4.00 %		\$ 14,815,000
<b>Notes</b>		
\$9,435,000 issued 2/12/14; \$635,000 to \$4,000,000 due annually 2015 to 2023; interest 1.0% to 3.0%		<u>9,435,000</u>
Total Outstanding General Obligation Debt		<u>\$ 24,250,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$24,250,000 on December 31, 2014 are detailed below:

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2015	\$ 2,335,000	\$ 764,995	\$ 3,099,995
2016	2,475,000	609,975	3,084,975
2017	2,100,000	564,475	2,664,475
2018	2,100,000	523,475	2,623,475
2019	2,050,000	481,975	2,531,975
2020-2023	13,190,000	1,099,512	14,289,512
	<u>\$ 24,250,000</u>	<u>\$ 4,044,407</u>	<u>\$ 28,294,407</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, 2014 was \$152,009,860 as follows:

Equalized valuation of the County	\$ 3,525,197,200
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	176,259,860
Total outstanding general obligation debt applicable to debt limitation \$	-
Less: Amounts available for financing general obligation debt	
Debt service fund	24,250,000
Net outstanding general obligation debt applicable to debt limitation	24,250,000
Legal Margin for New Debt	\$ 152,009,860

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**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, 2014 follows:

	Landfill Closure Care	Landfill Post closure Care
Total estimated costs	\$ 986,856	\$ 2,451,280
Percentage of storage capacity used as of December 31, 2014	83.60%	55.98%
Total estimated liability for costs as of December 31, 2014	825,025	1,372,227
Less closure costs paid	678,725	-
Liabilities as of December 31, 2014	<u>\$ 146,300</u>	<u>\$ 1,372,227</u>

The above total costs of \$146,300 and \$1,372,227 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 \$1,372,227 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, 2014 was \$742,663. 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	\$ 6,577
Delinquent property taxes	2,800,054
Long-term loans receivable	1,404,227
Total Nonspendable Fund Balances	<u>\$ 4,210,858</u>

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**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, 2014, restricted fund balances consisted of the following:

<b>General Fund</b>	
Sheriff Department honor guard uniforms	\$ 486
Sheriff Department canine	14,373
Family counseling	35,757
Veterans transportation	35,618
Wildlife habitat	20,851
County forest land acquisition	9,251
	<u>116,336</u>
<b>Special Revenue Funds</b>	
Land records modernization	185,472
Teen court	2,383
Jail assessments	37,920
Dog licenses	1,000
Nicolet library grant	12,964
Library donations	149,455
Peshtigo library - McCauley trust	194,146
Peshtigo library - Falkenberg trust	22,118
Community Development Block Grant - Revolving Loans	192,602
	<u>798,060</u>
2014 Capital projects	<u>1,422,972</u>
<b>Total Restricted Fund Balances</b>	<u><u>\$ 2,337,368</u></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 \$1,180,362, resulting in a total restricted balance of \$3,517,730.

**MARINETTE COUNTY, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**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, 2014, committed fund balances consisted of the following:

<b>General Fund</b>	
Property tax reduction fund	\$ 19,058,908
Service level stabilization	2,000,000
Forestry heavy equipment	139,740
Tourism	24,874
Land information	42,815
Environmental site assessment	23,661
	<u>21,289,998</u>
<b>Special Revenue Funds</b>	
County roads and bridges	307,174
Health and Human Services	530,647
Solid waste long-term care	267,652
Forest and parks development	400,000
Revolving loan fund	558,651
	<u>2,064,124</u>
<b>Total Committed Fund Balances</b>	<u><u>\$ 23,354,122</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, 2014, assigned fund balances consisted of the following:

<b>General Fund</b>	
Capital maintenance	\$ 394,166
Subsequent years budget	255,033
County Department budget carryovers	131,684
<b>Total Assigned Fund Balances</b>	<u><u>\$ 780,883</u></u>

**UNASSIGNED FUND BALANCES**

Unassigned fund balance on December 31, 2014 totaled \$6,652,677 and of that amount, \$2,207,856 was allocated for contingencies and \$1,839,880 was allocated for cash flow requirements.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**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 2014 General Fund Operating Expenditures	\$ 22,078,557	
		17%
17% of total budgeted regular General Fund Expenditures		\$ 3,753,355

The General Fund unassigned fund balance on December 31, 2014 totaled \$6,652,676.

**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 employees in the General Employment category, 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 2014 were:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for County employees covered by the WRS for the year ended December 31, 2014 was \$16,438,902, the employer's total payroll was \$17,516,889. The total required contribution for the year ended December 31, 2014 was \$2,367,585, which consisted of \$1,214,799, or 7.4% of covered payroll from the employer and \$1,152,786, or 7.0% of covered payroll from employees. Total contributions for the years ending December 31, 2013 and 2012 were \$2,209,189 and \$1,910,339 respectively, equal to the required contributions for each year.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**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 and prior to July 1, 2011 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. There are 160 active and 62 retired employees in the plan.

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

Component	Amount
Annual required contribution	\$ 1,967,444
Interest on net OPEB	220,603
Adjustment to annual required contribution	<u>(312,307)</u>
Annual OPEB cost (expense)	1,875,740
Contributions made	<u>(1,263,223)</u>
Change in net OPEB obligation	612,517
OPEB obligation - beginning of year	5,553,193
OPEB obligation - end of year	<u>\$ 6,165,710</u>

The annual required contribution for the current year was determined as part of the January 1, 2014 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, 2014**

**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, 2013 is 24 years, and the remaining amount is \$20,404,371.

*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
12/31/2011	\$ 2,157,088	65.05%	\$ 4,375,043
12/31/2012	2,003,096	64.73%	5,081,506
12/31/2013	1,829,663	76.30%	5,515,052
12/31/2014	1,875,740	67.35%	6,165,710

*Funded Status and Funding Progress* - As of January 1, 2014, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$20,404,371. The annual payroll for active employees covered by the plan for the 2014 fiscal year was \$9,161,651 for a ratio of the UAAL to covered payroll of 222.7%.

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, 2014 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 2015 and 2016 trend rates of 8.0% reflect the average annual change in costs (and premiums) from 2008 to 2012. Rates for 2025 and beyond are based on projections of the Office of Actuary at the Centers for Medicare & Medicaid Services, as published in *National Health Expenditures Projections: 2012-2022*. Rates for 2017 through 2024 are scaled between the 2016 and 2025 rates. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2013 was 24 years.

**MARINETTE COUNTY, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**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, 2014 the self-insurance internal service fund had a net position surplus of \$615,831 allocated to the following risk management programs:

Life insurance	\$ 15,022
Property and liability insurance	(14,938)
Workers compensation	615,747
Net Position	\$ 615,831

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

Property and Liability Insurance

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

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

Health Insurance

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

Workers Compensation

The County has established a self-insurance fund to finance workers compensation awards for County employees. The program is funded by charges to County departments. The program also is supplemented by stop loss protection, which limits the County's annual liability. Fund expenses and the accrual of claim liabilities are accounted for in the same manner as discussed previously for the health self-insurance program. Changes in the fund's claims liability amount for 2013 and 2014 follow:

	Liability January 1		Current Year Claims and Changes in Estimates		Claim Payments		Liability December 31
2013	\$ -	\$	303,446	\$	303,446	\$	-
2014	-		319,785		319,785		-

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**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 2014 and 2015 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 2014 budget was 1.03%. For the 2015 budget year, the actual limit for the County 0.961%. 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.

6. Subsequent Events

The County issued \$5,945,000 of tax exempt general obligation promissory notes priced on March 10, 2015 with principal amounts of \$145,000 to \$4,000,000 due annually through 2024, rates on the issue range from 2% to 2.5%.

7. Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, as to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary and discretely presented component units statements will be computed differently than the current unfunded accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ending December 31, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION**

**MARINETTE COUNTY, WISCONSIN**  
**Schedule of Funding Progress**  
**Other Post-Employment Benefit Plan**  
**For the Year Ended December 31, 2014**

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

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 Funding Progress  
 Other Post-Employment Benefit Plan  
 For the Year Ended December 31, 2014

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

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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Taxes</b>				
General property	\$ 10,460,264	\$ 10,460,264	\$ 10,460,264	\$ -
Forest crop	45,000	45,000	100,249	55,249
Payment in lieu of taxes	271,000	271,000	280,814	9,814
Retained sales taxes	150	150	150	-
Real estate transfer fees	75,000	75,000	68,600	(6,400)
Interest on taxes	600,000	600,000	580,585	(19,415)
<b>Total Taxes</b>	<b>11,451,414</b>	<b>11,451,414</b>	<b>11,490,662</b>	<b>39,248</b>
<b>Intergovernmental</b>				
<b>Federal aids</b>				
SSA inmate incentive program	6,000	6,000	13,933	7,933
<b>State aids</b>				
Shared and Utility taxes	1,441,851	1,441,851	1,473,341	31,490
Exempt computers	37,000	37,000	35,050	(1,950)
Land information	95,000	110,105	56,309	(53,796)
Library	-	1,500	-	(1,500)
Victim witness program	25,937	25,937	30,192	4,255
Circuit court	164,093	164,093	170,701	6,608
Forest roads	70,479	70,479	70,354	(125)
Police training/ATV/Snowmobile/Other	13,780	70,744	68,322	(2,422)
Boat and water safety	12,000	12,000	6,674	(5,326)
Emergency government	62,292	62,774	60,600	(2,174)
Hazmat	10,000	11,974	11,026	(948)
Homeland security funding	36,873	36,873	31,679	(5,194)
Transportation	136,183	136,830	136,330	(500)
Child support program	589,516	589,516	560,705	(28,811)
ATV/Snowmobile trails and areas	483,653	506,081	321,133	(184,948)
Wildlife habitat management	122,315	127,391	141,230	13,839
Targeted Run-Off Management (watershed)	750,000	750,000	300,000	(450,000)
S.W.R.M. automation grant	248,200	248,200	227,021	(21,179)
Forestry administrator	52,753	52,753	48,926	(3,827)
Hazard mitigation grant	3,701	3,701	3,719	18
Sustainable forestry grant	-	-	5,729	5,729
Veterans service	10,000	10,000	10,000	-
Aquatic invasive species	43,000	43,000	16,759	(26,241)
<b>Charges for services</b>				
Sheriff - local	31,148	31,148	81,434	50,286
Sheriff - state	130,000	130,000	108,116	(21,884)
Clerk	2,500	2,500	5,588	3,088
Finance	65,717	65,717	65,717	-
Forestry	45,848	183,365	201,756	18,391
Land information	38,000	38,000	37,159	(841)
Extension	2,942	2,942	2,866	(76)
<b>Total Intergovernmental</b>	<b>4,730,781</b>	<b>4,972,474</b>	<b>4,302,369</b>	<b>(670,105)</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
Detailed Comparison of Budgeted and Actual Revenues (Continued)  
General Fund  
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Regulation and Compliance</b>				
Zoning permits and fees	30,800	30,800	20,230	(10,570)
Sanitary permits/reviews	84,000	84,000	82,175	(1,825)
Non-metallic mining fees	22,500	22,500	22,450	(50)
Occupational licenses	40	40	-	(40)
County ordinance forfeitures and defaults	121,500	121,500	94,559	(26,941)
County's share of state fines and forfeitures	73,000	73,000	74,616	1,616
County share agriculture use penalty	-	-	972	972
<b>Total Regulation and Compliance</b>	<b>331,840</b>	<b>331,840</b>	<b>295,002</b>	<b>(36,838)</b>
<b>Charges For Services</b>				
Clerk	3,500	3,500	3,862	362
Treasurer	60,550	60,550	65,570	5,020
Child support	9,410	9,410	9,722	312
Circuit court	133,000	133,000	160,803	27,803
Witness fees	1,200	1,200	1,041	(159)
Family court counseling	8,500	8,500	7,990	(510)
Guardian ad litem fees	84,250	84,250	84,376	126
District Attorney	6,500	6,500	9,869	3,369
Register of deeds	279,100	279,100	254,603	(24,497)
Sheriff fees	235,500	235,500	254,309	18,809
Board of prisoners at county jail	129,000	129,000	130,612	1,612
Inmate reimbursements	124,200	124,200	81,583	(42,617)
Jail canteen	30,000	30,000	31,949	1,949
Accident photos and reports	1,800	1,800	1,707	(93)
Coroner fees	40,020	40,020	40,950	930
Library	34,000	34,000	32,389	(1,611)
Parks	180,100	180,100	209,683	29,583
County forest	2,654,950	2,654,950	3,297,899	642,949
Land information	109,250	122,616	69,133	(53,483)
Human resources	-	-	58	58
Camp Bird	60,000	60,000	66,963	6,963
Extension program	17,710	17,710	10,769	(6,941)
<b>Total Charges For Services</b>	<b>4,202,540</b>	<b>4,215,906</b>	<b>4,825,840</b>	<b>609,934</b>
<b>Commercial</b>				
Investment income	650,000	650,000	1,057,272	407,272
Other - interest	11,193	11,193	12,101	908
Rent of county buildings and offices	27,515	27,515	27,971	456
Land leases	17,180	17,180	19,060	1,880
Sale of county property	24,900	24,900	17,820	(7,080)
<b>Total Commercial</b>	<b>730,788</b>	<b>730,788</b>	<b>1,134,224</b>	<b>403,436</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
Detailed Comparison of Budgeted and Actual Revenues (Continued)  
General Fund  
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous				
Revenues from departments				
Human services buildings	345,607	345,607	345,607	-
Library building	66,277	66,277	61,801	(4,476)
Motor pool	18,500	18,500	19,047	547
Maintenance other	3,807	5,782	9,319	3,537
Family court commissioner	2,400	2,400	2,553	153
Clerk of court	5,000	5,000	2,058	(2,942)
Corporation counsel	1,571	1,571	1,483	(88)
Finance	64,362	64,362	47,119	(17,243)
District attorney	10,000	10,000	13,742	3,742
CDBG and MAR-OCO administrative	2,400	2,400	11,730	9,330
Human resources	7,500	14,664	14,664	-
Emergency management	-	-	243	243
Donations	17,000	22,584	26,819	4,235
Insurance recoveries	-	-	18,579	18,579
Total Miscellaneous	<u>544,424</u>	<u>559,147</u>	<u>574,764</u>	<u>15,617</u>
 Total Revenues	 <u>\$ 21,991,787</u>	 <u>\$ 22,261,569</u>	 <u>\$ 22,622,861</u>	 <u>\$ 361,292</u>

**MARINETTE COUNTY, WISCONSIN**  
**Detailed Comparison of Budgeted and Actual Expenditures**  
**General Fund**  
**For the Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>General Government</b>				
County board	\$ 226,310	\$ 268,326	\$ 237,223	\$ 31,103
Administrator	211,494	210,759	195,627	15,132
Clerk	151,418	170,331	166,105	4,226
Treasurer	237,670	256,420	252,095	4,325
Finance	1,168,010	633,179	632,814	365
Elections	47,650	47,650	42,118	5,532
Property management	31,348	50,906	50,906	-
Human resources	156,906	211,719	211,719	-
Independent auditing	25,050	23,850	23,850	-
Special accounting	5,567	5,567	5,567	-
District attorney	246,262	264,246	244,357	19,889
Victim witness program	55,119	57,281	57,281	-
Corporation counsel	167,182	195,634	172,135	23,499
Circuit court	316,278	318,195	306,412	11,783
Clerk of court	489,859	516,166	489,903	26,263
Family court commissioner	145,046	174,518	174,518	-
Family court commissioner - mediation services	10,000	10,000	10,000	-
Law library	7,500	7,500	4,194	3,306
Coroner	113,039	113,039	103,576	9,463
Register of deeds	292,025	267,592	241,480	26,112
Land information	905,553	976,761	974,249	2,512
Courthouse	1,528,846	1,638,180	1,342,631	295,549
Tax deed expense	28,250	28,250	26,060	2,190
Personal property chargeback	2,000	2,000	504	1,496
Illegal taxes	2,000	2,000	-	2,000
Employee health insurance	42,150	25,018	24,479	539
Retirees health insurance	796,809	806,941	806,941	-
Paying agent service charges	380	380	-	380
Contingency	450,000	78,831	-	78,831
<b>Total General Government</b>	<b>7,859,721</b>	<b>7,361,239</b>	<b>6,796,744</b>	<b>564,495</b>
<b>Public Protection</b>				
Sheriff and traffic	4,015,169	4,204,439	4,118,155	86,284
Central Dispatch	1,401,081	1,528,677	1,453,661	75,016
MEG unit	102,282	119,643	119,643	-
Civil service commission	1,775	3,138	3,138	-
Fire suppression	1,500	3,736	3,736	-
Emergency management	52,071	81,253	76,626	4,627
Emergency management EMPG grant	40,429	42,410	42,027	383
Emergency management EPCRA grant	20,066	21,565	20,961	604
Emergency management hazmat grants	10,000	11,974	11,025	949
Emergency management other grants	15,000	15,243	10,919	4,324
Ambulance and rescue squads	32,050	32,050	32,050	-
Jail	2,646,114	2,716,390	2,643,221	73,169
<b>Total Public Protection</b>	<b>8,337,537</b>	<b>8,780,518</b>	<b>8,535,162</b>	<b>245,356</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
**Detailed Comparison of Budgeted and Actual Expenditures (Continued)**  
**General Fund**  
**For the Year Ended December 31, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Ways and Facilities				
Airport	53,500	53,500	52,729	771
Health				
Committee on aging	305,019	305,019	304,552	467
Child support program	689,176	683,124	655,293	27,831
Employee wellness	15,000	20,000	20,000	-
Veterans relief	4,520	5,045	4,059	986
Veterans service officer	165,302	171,534	150,984	20,550
Burial of veterans	3,000	3,000	2,419	581
Total Health	<u>1,182,017</u>	<u>1,187,722</u>	<u>1,137,307</u>	<u>50,415</u>
Culture and Recreation				
Library	969,728	1,107,847	1,011,726	96,121
Fairs and exhibits	10,000	10,000	10,000	-
Snowmobile/ATV trails/Water Recreation	495,502	518,350	322,936	195,414
Parks	717,322	726,182	691,381	34,801
Total Culture and Recreation	<u>2,192,552</u>	<u>2,362,379</u>	<u>2,036,043</u>	<u>326,336</u>
Education				
University extension program	295,989	325,832	325,832	-
U.W. Center	56,000	56,000	55,892	108
Total Education	<u>351,989</u>	<u>381,832</u>	<u>381,724</u>	<u>108</u>
Forestry				
County forest	1,090,085	1,060,726	1,047,487	13,239
Forestry roads	16,240	187,995	187,995	-
Forestry equipment	166,500	218,898	189,898	29,000
Total Forestry	<u>1,272,825</u>	<u>1,467,619</u>	<u>1,425,380</u>	<u>42,239</u>
Conservation and Development				
Camp Bird	146,394	145,783	141,142	4,641
Wildlife habitat management	17,930	17,930	2,066	15,864
Wildlife damage	110,630	132,194	132,044	150
Hazardouse mitigation grant	3,701	7,438	7,438	-
Lake Noquebay dam	3,000	3,000	3,000	-
Aquatic invasive species and other lake grants	45,729	60,546	24,327	36,219
Yellow Floating Heart grant	1,594	2,059	2,059	-
S.W.R.M. automation grant	280,043	280,043	250,622	29,421
Targeted run-off management	750,000	750,000	300,000	450,000
Non-metallic mining	19,041	19,221	15,546	3,675
Property site assessment	75,000	75,000	46,327	28,673
Pemebonwon barrier removal	43,935	44,072	36,052	8,020
Regional planning commission	17,941	17,941	17,941	-
Conservation camp	7,700	7,800	7,800	-
Tourism	95,000	88,099	88,099	-
Economic development	83,436	83,436	83,436	-
Total Conservation and Development	<u>1,701,074</u>	<u>1,734,562</u>	<u>1,157,899</u>	<u>576,663</u>
<b>Total Expenditures</b>	<u><b>\$ 22,951,215</b></u>	<u><b>\$ 23,329,371</b></u>	<u><b>\$ 21,522,988</b></u>	<u><b>\$ 1,806,383</b></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.

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

**MARINETTE COUNTY, WISCONSIN**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2014**

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
<b>ASSETS</b>							
Pooled cash and investments	\$ 12,964	\$ -	\$ 7,532	\$ 149,230	\$ 193,719	\$ 22,071	\$ 400,000
Receivables							
Accounts	-	-	59	353	-	-	-
Interest	-	747	-	-	427	47	-
Loans	-	-	-	-	-	-	-
Restricted assets							
Pooled cash and investments	-	266,905	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 12,964</b>	<b>\$ 267,652</b>	<b>\$ 7,591</b>	<b>\$ 149,583</b>	<b>\$ 194,146</b>	<b>\$ 22,118</b>	<b>\$ 400,000</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 6,591	\$ 128	\$ -	\$ -	\$ -
Deferred Inflows of Resources							
Loans	-	-	-	-	-	-	-
Fund Balances							
Restricted	12,964	-	1,000	149,455	194,146	22,118	-
Committed	-	267,652	-	-	-	-	400,000
Total Fund Balances	12,964	267,652	1,000	149,455	194,146	22,118	400,000
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 12,964</b>	<b>\$ 267,652</b>	<b>\$ 7,591</b>	<b>\$ 149,583</b>	<b>\$ 194,146</b>	<b>\$ 22,118</b>	<b>\$ 400,000</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2014

	Special Revenue Funds (Continued)					Capital Projects Fund	Totals 2014
	Jail Assessments	Land Records Modernization	Revolving Loan Fund	Teen Court	Community Development Block Grant	2014 Capital Projects	
<b>ASSETS</b>							
Pooled cash and investments	\$ 32,515	\$ 185,472	\$ 562,226	\$ 2,451	\$ 198,516	\$ 1,474,724	\$ 3,241,420
Receivables							
Accounts	5,550	-	-	-	-	-	5,962
Interest	-	-	-	-	-	-	1,221
Loans	-	-	623,984	-	1,180,362	-	1,804,346
Restricted assets							
Pooled cash and investments	-	-	-	-	-	-	266,905
<b>TOTAL ASSETS</b>	<b>\$ 38,065</b>	<b>\$ 185,472</b>	<b>\$ 1,186,210</b>	<b>\$ 2,451</b>	<b>\$ 1,378,878</b>	<b>\$ 1,474,724</b>	<b>\$ 5,319,854</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ 145	\$ -	\$ 3,575	\$ 68	\$ 5,914	\$ 51,752	\$ 68,173
Deferred Inflows of Resources							
Loans	-	-	623,984	-	1,180,362	-	1,804,346
Fund Balances							
Restricted	37,920	185,472	-	2,383	192,602	1,422,972	2,221,032
Committed	-	-	558,651	-	-	-	1,226,303
Total Fund Balances	37,920	185,472	558,651	2,383	192,602	1,422,972	3,447,335
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 38,065</b>	<b>\$ 185,472</b>	<b>\$ 1,186,210</b>	<b>\$ 2,451</b>	<b>\$ 1,378,878</b>	<b>\$ 1,474,724</b>	<b>\$ 5,319,854</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2014

	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
<b>Revenues</b>							
Intergovernmental							
State aid	\$ 4,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regulations and compliance - fees	-	-	6,914	-	-	-	20,888
Charges for services	-	-	-	-	-	-	40,596
Commercial							
Loan repayments							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Interest on investments	-	1,781	-	-	1,424	153	-
Sale of County property	-	-	-	-	-	-	134,539
Miscellaneous							
Insurance recoveries	-	-	-	-	-	-	9,208
Donations	-	-	-	11,510	-	-	-
<b>Total Revenues</b>	<b>4,650</b>	<b>1,781</b>	<b>6,914</b>	<b>11,510</b>	<b>1,424</b>	<b>153</b>	<b>205,231</b>
<b>Expenditures</b>							
General government	-	-	-	-	-	-	-
Public protection	-	-	-	-	-	-	-
Public ways and facilities	-	43,914	-	-	-	-	-
Health	-	-	6,914	-	-	-	-
Culture and recreation	5,102	-	-	7,365	7,310	12	101,223
Conservation and development	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>5,102</b>	<b>43,914</b>	<b>6,914</b>	<b>7,365</b>	<b>7,310</b>	<b>12</b>	<b>101,223</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(452)</b>	<b>(42,133)</b>	<b>-</b>	<b>4,145</b>	<b>(5,886)</b>	<b>141</b>	<b>104,008</b>
<b>Other Financing Sources (Uses)</b>							
Long-term debt issued	-	-	-	-	-	-	-
Debt premium received	-	-	-	-	-	-	-
Transfer to County Roads & Bridges	-	-	-	-	-	-	-
Transfer to Debt Service	-	-	-	-	-	-	(104,008)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(104,008)</b>
<b>Net Change in Fund Balance</b>	<b>(452)</b>	<b>(42,133)</b>	<b>-</b>	<b>4,145</b>	<b>(5,886)</b>	<b>141</b>	<b>-</b>
<b>Fund Balance - January 1</b>	<b>13,416</b>	<b>309,785</b>	<b>1,000</b>	<b>145,310</b>	<b>200,032</b>	<b>21,977</b>	<b>400,000</b>
<b>Fund Balance - December 31</b>	<b>\$ 12,964</b>	<b>\$ 267,652</b>	<b>\$ 1,000</b>	<b>\$ 149,455</b>	<b>\$ 194,146</b>	<b>\$ 22,118</b>	<b>\$ 400,000</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2014

	Special Revenue Funds (Continued)					Capital Projects Fund	Totals 2014
	Jail Assessments	Land Records Modernization	Revolving Loan Fund	Teen Court	Community Development Block Grant	2014 Capital Projects	
<b>Revenues</b>							
Intergovernmental							
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,650
Regulations and compliance - fees	41,954	82,472	-	-	-	-	152,228
Charges for services	-	-	-	-	-	-	40,596
Commercial							
Loan repayments							
Principal	-	-	287,669	-	94,060	-	381,729
Interest	-	-	25,972	-	28,057	5,232	59,261
Interest on investments	-	-	977	-	375	-	4,710
Sale of County property	-	-	-	-	-	-	134,539
Miscellaneous							
Insurance recoveries	-	-	-	-	-	-	9,208
Donations	-	-	-	300	-	-	11,810
<b>Total Revenues</b>	<b>41,954</b>	<b>82,472</b>	<b>314,618</b>	<b>300</b>	<b>122,492</b>	<b>5,232</b>	<b>798,731</b>
<b>Expenditures</b>							
General government	-	38,577	-	1,294	-	52,835	92,706
Public protection	31,527	-	-	-	-	385,963	417,490
Public ways and facilities	-	-	-	-	-	-	43,914
Health	-	-	-	-	-	-	6,914
Culture and recreation	-	-	-	-	-	-	121,012
Conservation and development	-	-	72,615	-	118,374	-	190,989
Interest and fiscal charges	-	-	-	-	-	164,641	164,641
<b>Total Expenditures</b>	<b>31,527</b>	<b>38,577</b>	<b>72,615</b>	<b>1,294</b>	<b>118,374</b>	<b>603,439</b>	<b>1,037,666</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>10,427</b>	<b>43,895</b>	<b>242,003</b>	<b>(994)</b>	<b>4,118</b>	<b>(598,207)</b>	<b>(238,935)</b>
<b>Other Financing Sources (Uses)</b>							
Long-term debt issued	-	-	-	-	-	9,435,000	9,435,000
Debt premium received	-	-	-	-	-	353,976	353,976
Transfer to County Roads & Bridges	-	-	-	-	-	(7,578,462)	(7,578,462)
Transfer to Debt Service	-	-	-	-	-	(189,335)	(293,343)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,021,179</b>	<b>1,917,171</b>
<b>Net Change in Fund Balance</b>	<b>10,427</b>	<b>43,895</b>	<b>242,003</b>	<b>(994)</b>	<b>4,118</b>	<b>1,422,972</b>	<b>1,678,236</b>
<b>Fund Balance - January 1</b>	<b>27,493</b>	<b>141,577</b>	<b>316,648</b>	<b>3,377</b>	<b>188,484</b>	<b>-</b>	<b>1,769,099</b>
<b>Fund Balance - December 31</b>	<b>\$ 37,920</b>	<b>\$ 185,472</b>	<b>\$ 558,651</b>	<b>\$ 2,383</b>	<b>\$ 192,602</b>	<b>\$ 1,422,972</b>	<b>\$ 3,447,335</b>

(Continued)

## **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, 2014**

	Self- Insurance	Information Services	Central Motor Pool	Totals
<b>ASSETS</b>				
<b>Current Assets</b>				
Pooled cash and investments	\$ 279,017	\$ 254,901	\$ 98,352	\$ 632,270
Receivables				
Accounts	-	4,221	-	4,221
Property taxes levied for subsequent year	80,084	-	-	80,084
Prepaid items	337,989	11,381	-	349,370
Inventories	-	24,846	-	24,846
<b>Total Current Assets</b>	<b>697,090</b>	<b>295,349</b>	<b>98,352</b>	<b>1,090,791</b>
<b>Capital Assets</b>				
Machinery and equipment	-	1,184,936	605,541	1,790,477
Accumulated depreciation	-	(420,461)	(461,410)	(881,871)
<b>Net Capital Assets</b>	<b>-</b>	<b>764,475</b>	<b>144,131</b>	<b>908,606</b>
<b>TOTAL ASSETS</b>	<b>697,090</b>	<b>1,059,824</b>	<b>242,483</b>	<b>1,999,397</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	3	16,957	6,546	23,506
Accrued liabilities	1,172	9,844	-	11,016
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,175</b>	<b>26,801</b>	<b>6,546</b>	<b>34,522</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	80,084	-	-	80,084
<b>NET POSITION</b>				
Net investment in capital assets	-	764,475	144,131	908,606
Unrestricted	615,831	268,549	91,805	976,185
<b>\$ 615,831</b>	<b>\$ 1,033,024</b>	<b>\$ 235,936</b>	<b>\$ 1,884,791</b>	

**MARINETTE COUNTY, WISCONSIN**  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Internal Service Funds  
For the Year Ended December 31, 2014

	Self- Insurance	Information Services	Central Motor Pool	Totals
<b>Operating Revenues</b>				
Charges for services	\$ 574,385	\$ 1,271,473	\$ 157,477	\$ 2,003,335
<b>Operating Expenses</b>				
Claims and premiums	716,198	-	-	716,198
Operation and maintenance	-	978,029	119,121	1,097,150
Depreciation	-	109,224	75,323	184,547
Total Operating Expenses	716,198	1,087,253	194,444	1,997,895
Operating Income (Loss)	(141,813)	184,220	(36,967)	5,440
<b>Nonoperating Revenues (Expenses)</b>				
General property taxes	29,455	-	-	29,455
Insurance recoveries/dividends	22,805	-	3,119	25,924
Gain (Loss) on disposal of assets	-	1,775	48,093	49,868
Total Nonoperating Revenues (Expenses)	52,260	1,775	51,212	105,247
Income (Loss) Before Transfers	(89,553)	185,995	14,245	110,687
Transfer In	-	4,502	-	4,502
Change in Net Position	(89,553)	190,497	14,245	115,189
Total Net Position - January 1	705,384	842,527	221,691	1,769,602
Total Net Position - December 31	\$ 615,831	\$ 1,033,024	\$ 235,936	\$ 1,884,791

**MARINETTE COUNTY, WISCONSIN**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2014**

	Self- Insurance	Information Services	Central Motor Pool	Totals
<b>Cash Flows from Operating Activities</b>				
Receipts from customers/insured	\$ -	\$ 7,982	\$ -	\$ 7,982
Internal activity - payments from other funds	494,301	1,260,823	157,477	1,912,601
Payment to employees	(80,973)	(520,017)	-	(600,990)
Payment to suppliers/providers	(583,756)	(469,423)	(114,940)	(1,168,119)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(170,428)</b>	<b>279,365</b>	<b>42,537</b>	<b>151,474</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Property taxes	29,455	-	-	29,455
Insurance recoveries	22,805	-	3,119	25,924
Transfer from general fund	-	4,502	-	4,502
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>52,260</b>	<b>4,502</b>	<b>3,119</b>	<b>59,881</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchases of capital assets	-	(432,705)	(55,880)	(488,585)
Proceeds from sale of assets	-	1,775	48,093	49,868
<b>Net Cash Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(430,930)</b>	<b>(7,787)</b>	<b>(438,717)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(118,168)</b>	<b>(147,063)</b>	<b>37,869</b>	<b>(227,362)</b>
<b>Cash and Cash Equivalents - January 1</b>	<b>397,185</b>	<b>401,964</b>	<b>60,483</b>	<b>859,632</b>
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 279,017</b>	<b>\$ 254,901</b>	<b>\$ 98,352</b>	<b>\$ 632,270</b>
<b>Displayed as:</b>				
Current Assets				
Pooled cash and investments	\$ 279,017	\$ 254,901	\$ 98,352	\$ 632,270
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ (141,813)	\$ 184,220	\$ (36,967)	\$ 5,440
Depreciation	-	109,224	75,323	184,547
Change in assets and liabilities:				
Receivables, net	(80,084)	(2,668)	-	(82,752)
Prepaid items	(28,856)	10,061	-	(18,795)
Accounts and other payables	80,325	(21,472)	4,181	63,034
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (170,428)</b>	<b>\$ 279,365</b>	<b>\$ 42,537</b>	<b>\$ 151,474</b>

**MARINETTE COUNTY, WISCONSIN**  
Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2014

	Agency Funds								Totals 2014
	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	
<b>ASSETS</b>									
Cash and investments	\$ -	\$ 4,051,833	\$ 95,411	\$ 23,901	\$ 266,256	\$ 1,476,980	\$ 503	\$ 10,454	\$ 5,925,338
Receivables									
Delinquent property taxes	-	83,476	-	-	-	-	-	-	83,476
Property taxes levied for subsequent year	598,247	-	-	-	-	-	-	-	598,247
<b>TOTAL ASSETS</b>	<b>\$ 598,247</b>	<b>\$ 4,135,309</b>	<b>\$ 95,411</b>	<b>\$ 23,901</b>	<b>\$ 266,256</b>	<b>\$ 1,476,980</b>	<b>\$ 503</b>	<b>\$ 10,454</b>	<b>\$ 6,607,061</b>
<b>LIABILITIES</b>									
Liabilities									
Due to taxing districts									
Tax collections	\$ 598,247	\$ 3,694,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,292,811
Special assessments	-	83,476	-	-	-	-	-	-	83,476
Forest income	-	357,269	-	-	-	-	-	-	357,269
Accounts payable	-	-	-	-	-	-	503	535	1,038
Deposits payable	-	-	95,411	23,901	266,256	1,476,980	-	9,919	1,872,467
<b>TOTAL LIABILITIES</b>	<b>\$ 598,247</b>	<b>\$ 4,135,309</b>	<b>\$ 95,411</b>	<b>\$ 23,901</b>	<b>\$ 266,256</b>	<b>\$ 1,476,980</b>	<b>\$ 503</b>	<b>\$ 10,454</b>	<b>\$ 6,607,061</b>

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

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

To the County Board  
Marinette County, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marinette County, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Marinette County, Wisconsin's basic financial statements, and have issued our report thereon dated July 31, 2015. Our report includes a reference to other auditors who audited the financial statements of the Marinette County Committee on Aging, Inc. and the Stephenson Public Library Foundation, Inc., as described in our report on Marinette County, Wisconsin's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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



Certified Public Accountants  
Green Bay, Wisconsin  
July 31, 2015

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

To the County Board  
Marinette County, Wisconsin

**Report on Compliance for Each Major Federal and State Program**

We have audited Marinette County, Wisconsin's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) 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, 2014. 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, 2014.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 2014-002. Our opinion on each major federal and state program is not modified with respect to this matter.

Marinette County, Wisconsin's response to the noncompliance finding identified in our audit is described in the accompanying schedule of prior year 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.

### **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 2014-001 that we consider to be a significant deficiency.

Marinette County, Wisconsin's response to the internal control over compliance findings 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, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
July 31, 2015

**MARINETTE COUNTY, WISCONSIN**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2014

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
<b>FEDERAL PROGRAMS</b>		
<u><b>U.S. DEPARTMENT OF AGRICULTURE</b></u>		
Special Supplemental Nutrition Program for Women, Infants and Children	WI Department of Health Services	10.557
State Administrative Matching Grants for Food Stamp Program	Brown County	10.561
Total U.S. Department of Agriculture		
<u><b>U.S. DEPARTMENT OF THE INTERIOR FISH AND WILDLIFE SERVICES</b></u>		
Fish and Wildlife Management Assistance	Direct Program	15.608
National Fire Plan	WI Department of Natural Resources	15.228
Total U.S. Department of the Interior Fish and Wildlife Services		
<u><b>U.S. DEPARTMENT OF JUSTICE</b></u>		
CEASE	WI Department of Justice	16.579
Total U.S. Department of Justice		
<u><b>U.S. DEPARTMENT OF TRANSPORTATION</b></u>		
Highway Safety Cluster		
State and Community Highway Safety		20.600
Human Services Department	WI Department of Transportation	
Alcohol Impaired Driving Countermeasures Incentive grants	WI Department of Transportation	20.601
Total Highway Safety Cluster		
Hazmat Public Sector Training and Planning Grants	WI Department of Military Affairs	20.703
Total U.S. Department of Transportation		
<u><b>ENVIRONMENTAL PROTECTION AGENCY</b></u>		
ARRA - Brownfield Assessment and Cleanup Cooperative Agreements	Direct Program	66.818
<u><b>U.S. DEPARTMENT OF EDUCATION</b></u>		
Early Intervention Services Cluster		
Grants for Infants and Toddlers with Disabilities	WI Department of Health Services	84.181
Hospital Preparedness Program and Public Health Emergency		
Preparedness Aligned Cooperative Agreements	WI Department of Health Services	93.074
Immunization Cluster		
Childhood Immunization Grants	WI Department of Health Services	93.268
PPHF 2012 National Public Health Improvement Initiative	WI Department of Health Services	93.507
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 1/1/14	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/14	Total Revenues	Total Expenditures
\$ (13,149)	\$ 183,648	\$ 23,903	\$ 194,402	\$ 194,402
(65,897)	237,116	32,081	203,300	203,300
(79,046)	420,764	55,984	397,702	397,702
-	45,000	(11,825)	33,175	33,175
(3,394)	3,394	3,719	3,719	3,719
(3,394)	48,394	(8,106)	36,894	36,894
-	2,491	-	2,491	2,491
-	2,491	-	2,491	2,491
-	3,985	-	3,985	3,985
(6,056)	39,987	10,656	44,587	44,587
(6,056)	43,972	10,656	48,572	48,572
-	6,827	-	6,827	6,827
(6,056)	50,799	10,656	55,399	55,399
(39,117)	85,426	-	46,309	46,309
-	36,700	-	36,700	36,700
(8,187)	53,592	16,736	62,141	62,141
(2,546)	12,397	4,612	14,463	14,463
(1,939)	1,939	-	-	-
(20,129)	62,956	-	42,827	42,827
-	80,469	-	80,469	80,469
(1,623)	5,201	607	4,185	4,185
(34,034)	213,252	41,776	220,994	220,994
(35,657)	298,922	42,383	305,648	305,648

**MARINETTE COUNTY, WISCONSIN**  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended December 31, 2014

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
<b>FEDERAL PROGRAMS (Continued)</b>		
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>		
Child Support Enforcement (Title IV-D)	WI Department of Children and Families	93.563
Low Income Home Energy Assistance	WI Department of Administration	93.568
Child Care Development Fund	WI Department of Children and Families	93.596
Chafee Education and Training Vouchers	WI Department of Children and Families	93.599
Child Welfare Services - State Grants	WI Department of Children and Families	93.645
Child Welfare Services - State Grants	WI Department of Corrections	93.645
Total Child Welfare Services - State Grants		
Foster Care (Title IV-E)	WI Department of Children and Families	93.658
Foster Care (Title IV-E)	WI Department of Corrections	93.658
Total Foster Care (Title IV-E)		
Social Services Block Grant	WI Department of Health Services	93.667
Social Services Block Grant	WI Department of Children and Families	93.667
Total Social Services Block Grant		
Youth Independent Living	WI Department of Children and Families	93.674
State Children's Insurance Program	Brown County	93.767
Medical Assistance Program		93.778
Human Services	WI Department of Health Services	
Human Services - TPA	WI Department of Health Services	
Human Services	Brown County	
Public Health	WI Department of Health Services	
Total Medical Assistance Program		
Centers for Medicare and Medicaid Services Research, Demonstrations & Evaluations	WI Department of Health Services	93.779
Money Follows the Person Rebalancing Demonstration	WI Department of Health Services	93.791
Block Grants for Community Mental Health Services	WI Department of Health Services	93.958
Block Grants for Prevention and Treatment of Substance Abuse	WI Department of Health Services	93.959
Preventive Health and Social Services Block Grant	WI Department of Health Services	93.991
Material and Child Health Services Block Grant	WI Department of Health Services	93.994
Total U.S. Department of Health and Human Services		
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>		
Emergency Management Performance Grants	WI Department of Military Affairs	97.042
Pre-Disaster Mitigation Grant (PDM)	WI Department of Military Affairs	97.017
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 1/1/14	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/14	Total Revenues	Total Expenditures
(131,985)	487,814	138,477	494,306	494,306
(25,188)	138,544	31,036	144,392	144,392
(11,628)	55,374	1,114	44,860	44,860
(223)	223	-	-	-
-	23,181	-	23,181	23,181
713	3,238	996	4,947	4,947
713	26,419	996	28,128	28,128
(289)	143,908	112	143,731	143,731
1,069	4,463	1,394	6,926	6,926
780	148,371	1,506	150,657	150,657
5	146,564	9	146,578	146,578
-	63,444	-	63,444	63,444
5	210,008	9	210,022	210,022
(14,743)	14,760	15,594	15,611	15,611
(11,288)	40,040	5,091	33,843	33,843
(873,463)	4,082,832	647,330	3,856,699	3,856,699
-	210,265	-	210,265	210,265
(86,152)	303,708	40,036	257,592	257,592
-	642	313	955	955
(959,615)	4,597,447	687,679	4,325,511	4,325,511
(23,779)	28,910	1,067	6,198	6,198
-	66,335	13,797	80,132	80,132
(13,503)	67,755	14,828	69,080	69,080
(6,841)	70,274	11,740	75,173	75,173
-	2,782	-	2,782	2,782
-	10,556	5,149	15,705	15,705
(1,265,753)	6,395,418	991,814	6,121,479	6,121,479
(23,809)	49,808	21,032	47,031	47,031
(27,446)	29,756	-	2,310	2,310
(51,255)	79,564	21,032	49,341	49,341
\$ (1,444,621)	\$ 7,119,556	\$ 1,071,380	\$ 6,746,315	\$ 6,746,315

**MARINETTE COUNTY, WISCONSIN**  
Schedule of State Financial Assistance  
For the Year Ended December 31, 2014

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
<b>STATE PROGRAMS</b>		
<u>DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION</u>		
Basic Annual Staffing Grants	Direct Program	115.15
Land & Water Resource Management Plan Implementation	Direct Program	115.40
Total Department of Agriculture, Trade and Consumer Protection		
<u>DEPARTMENT OF SAFETY &amp; PROFESSIONAL SERVICES</u>		
Wisconsin Fund Private Sewage System Replacement	Direct Program	165.202
<u>DEPARTMENT OF NATURAL RESOURCES</u>		
Aids in Lieu of Taxes	Direct Program	370.503
Jorgenson Knowles Nelson Stewardship Grant	Direct Program	370.512
Kirkland Warbler Grant	Direct Program	N/A
UTV-14003	Direct Program	370.548
Boating Enforcement Aids	Direct Program	370.550
All Terrain Vehicle Enforcement	Direct Program	370.551
Snowmobile Enforcement	Direct Program	370.552
Wildlife Damage Claims and Abatement 2013	Direct Program	370.553
2014	Direct Program	
County Conservation Aids	Direct Program	370.563
County Forest Wil	Direct Program	370.564
Forest Croplands & Managed Forest Land Aids	Direct Program	370.566
Urban and Community Forestry	Direct Program	370.572
Recreational Aids - Snowmobile Trails and Area Aid	Direct Program	370.574 & 370.575
Recreational Aids - All-Terrain Vehicle	Direct Program	370.576 & 370.577
Nonpoint Source Pollution	Direct Program	370.662
Environmental Aids - Lake Protection Grant	Direct Program	370.663
Invasive Aquatic Species	Direct Program	370.678
Total Department of Natural Resources		
<u>DEPARTMENT OF TRANSPORTATION</u>		
Elderly and Handicapped Transportation Aids	Direct Program	395.101
<u>DEPARTMENT OF CORRECTIONS</u>		
Community Intervention Program	Direct Program	410.302
Community Youth and Family Aids	Direct Program	410.313
Total Department of Corrections		

(Continued)

(Accrued) Deferred Revenue 1/1/14	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/14	Total Revenues	Total Expenditures
\$ -	\$ 150,067	\$ 1,133	\$ 151,200	\$ 151,200
-	75,821	-	75,821	75,821
-	225,888	1,133	227,021	227,021
-	10,000	-	10,000	10,000
-	186	-	186	186
(99,400)	99,400	-	-	-
(5,520)	5,520	-	-	-
10,061	-	10,060	20,121	20,121
-	6,674	-	6,674	6,674
-	10,385	-	10,385	10,385
-	6,695	-	6,695	6,695
(107,977)	108,406	-	429	429
-	-	129,893	129,893	129,893
(3,512)	-	8,250	4,738	4,738
-	10,909	-	10,909	10,909
-	51,691	-	51,691	51,691
-	54,656	-	54,656	54,656
(25,237)	250,298	(50,427)	174,634	174,634
(49,491)	76,059	95,072	121,640	121,640
(127,284)	127,284	300,000	300,000	300,000
1,250	-	(1,250)	-	-
(23,573)	22,014	33,252	31,693	31,693
(430,683)	830,177	524,850	924,344	924,344
-	133,283	-	133,283	133,283
(2,763)	4,950	4,427	6,614	6,614
69,488	316,160	97,167	482,815	482,815
66,725	321,110	101,594	489,429	489,429

**MARINETTE COUNTY, WISCONSIN**  
Schedule of State Financial Assistance (Continued)  
For the Year Ended December 31, 2014

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
<b>STATE PROGRAMS</b>		
<b>DEPARTMENT OF HEALTH SERVICES (Continued)</b>		
Medicaid Personal Care Program (See Note D)	Direct Program	N/A
Wisconsin Medicaid Cost Reporting (See Note D)	Direct Program	N/A
Fraud Prevention Investigation State Funds	Brown County	435.60
IM Available Allocation - State	Brown County	435.283
IMAA State Share Supplemental	Brown County	435.292
IMAA Federal Share Supplemental	Brown County	435.293
IMAA State Share ACA	Brown County	435.297
IMAA Federal ACA	Brown County	435.298
Community Options Programs	Direct Program	435.367
Medical Assistance Program Benefits		
COP W Program	Direct Program	435.338
CIP II Program	Direct Program	435.348
CIP II Comm Relocate - Non Federal	Direct Program	435.369
CIP II Diversions - Non Federal	Direct Program	435.375
FCT - CIP II	Direct Program	435.392
ICFMR Nonfed	Direct Program	435.407
FC Transition CIP1B Nonfed	Direct Program	435.410
CIP II MFP Non Federal	Direct Program	435.478
Brain Injury Waiver Program	Direct Program	435.506
Certified Mental Health Program	Direct Program	435.517
CIP 1B Program	Direct Program	435.564
CIP 1A Program	Direct Program	435.580
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
CLTS OTHER GPR	Direct Program	435.871
CLTS AUTISM GPR	Direct Program	435.874
Other CWA Admin GPR	Direct Program	435.877
Autism CWA Admin GPR	Direct Program	435.880
MA COP LTS Expansion	Direct Program	435.1425
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
County CST Initiatives	Direct Program	435.591
Community and Mental Health Services	Direct Program	435.681
Fluoride Mouthrinse	Direct Program	435.151735
Special Supplemental Food Program for Women, Infants and Children	Direct Program	435.154720
Wisconsin Well Women Program	Direct Program	435.157000
Lead Poisoning Prevention	Direct Program	435.157720
Birth Defects - Children and Youths with Special Needs Project	Direct Program	435.154790
Maternal and Child Health Services	Direct Program	435.159320
Elder Abuse	Greater Wisconsin Agency on Aging	435.560490
Aging and Disability Resource Center	Direct Program	435.560100
ADRC Project Expense	Direct Program	435.560114
Total Department of Health Services		

(Continued)

(Accrued) Deferred Revenue 1/1/14	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/14	Total Revenues	Total Expenditures
(2,895)	2,895	2,864	2,864	2,864
-	311,439	-	311,439	311,439
(13,854)	27,461	-	13,607	13,607
(116)	230	-	114	114
(17,559)	192,531	26,211	201,183	201,183
(147)	1,156	220	1,229	1,229
(250,212)	549,841	272,192	571,821	571,821
(22,126)	260,670	10,982	249,526	249,526
(74,614)	645,963	45,095	616,444	616,444
11,570	106,469	(48,389)	69,650	69,650
32,317	39,375	(33,395)	38,297	38,297
(7,931)	11,184	21,179	24,432	24,432
(132,438)	177,377	142,768	187,707	187,707
(25,563)	34,544	27,011	35,992	35,992
(4,738)	11,645	21,530	28,437	28,437
(5,157)	31,647	-	26,490	26,490
(22,905)	22,905	22,905	22,905	22,905
(100,223)	381,331	53,972	335,080	335,080
-	206,062	-	206,062	206,062
(11,827)	11,827	-	-	-
(3,821)	3,821	-	-	-
(490)	490	-	-	-
(658)	658	-	-	-
(263)	263	-	-	-
-	30,651	-	30,651	30,651
-	118,620	-	118,620	118,620
-	917	628	1,545	1,545
-	3,668	2,039	5,707	5,707
(14,401)	25,495	33,283	44,377	44,377
(1,288)	1,288	-	-	-
-	11,205	25,444	36,649	36,649
-	35,945	-	35,945	35,945
-	904,147	-	904,147	904,147
(79,945)	79,945	-	-	-
1,217	30,248	(11,362)	20,103	20,103
-	22,745	5,712	28,457	28,457
-	124,043	-	124,043	124,043
-	1,302	-	1,302	1,302
(433)	1,732	433	1,732	1,732
(230)	14,767	6,106	20,643	20,643
-	4,262	1,608	5,870	5,870
-	2,000	-	2,000	2,000
-	642	313	955	955
(7,800)	30,194	2,894	25,288	25,288
859	284,223	2,494	287,576	287,576
-	470	1,410	1,880	1,880
(755,671)	4,760,293	636,147	4,640,769	4,640,769

**MARINETTE COUNTY, WISCONSIN**  
Schedule of State Financial Assistance (Continued)  
For the Year Ended December 31, 2014

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
<b>STATE PROGRAMS (Continued)</b>		
<u>DEPARTMENT OF CHILDREN AND FAMILIES</u>		
AW DOJ Fingerprint Background	Direct Program	437.3324
Basic County Allocation	Direct Program	437.3561
Community and Mental Health Services	Direct Program	437.3681
Child Support	Direct Program	437.7502
Total Department of Children and Families		
<u>DEPARTMENT OF JUSTICE</u>		
Victim and Witness Assistance Program - A Program Cluster	Direct Program	455.503, 455.532 & 455.539
Treatment Alternatives and Diversion Program (TAD)	Direct Program	455.271
Total Department of Justice		
<u>DEPARTMENT OF MILITARY AFFAIRS</u>		
EPCRA Emergency Planning Grant	Direct Program	465.337
Confined Space Training	Direct Program	465.342
EPCRA Computer & Hazmat Equipment Grant	Direct Program	465.367
Total Department of Military Affairs		
<u>DEPARTMENT OF ADMINISTRATION</u>		
Planning Grant	Direct Program	505.110
Education & Training	Direct Program	505.118
Public Benefits	Direct Program	505.371
Total Department of Administration		
<b>TOTAL STATE PROGRAMS</b>		

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 1/1/14	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/14	Total Revenues	Total Expenditures
(783)	783	302	302	302
-	229,337	-	229,337	229,337
-	40,386	-	40,386	40,386
-	61,620	-	61,620	61,620
<u>(783)</u>	<u>332,126</u>	<u>302</u>	<u>331,645</u>	<u>331,645</u>
(16,577)	30,863	15,906	30,192	30,192
-	41,380	32,811	74,191	74,191
<u>(16,577)</u>	<u>72,243</u>	<u>48,717</u>	<u>104,383</u>	<u>104,383</u>
(6,285)	13,070	6,784	13,569	13,569
-	3,850	-	3,850	3,850
-	8,716	-	8,716	8,716
<u>(6,285)</u>	<u>25,636</u>	<u>6,784</u>	<u>26,135</u>	<u>26,135</u>
-	1,000	-	1,000	1,000
-	10,928	-	10,928	10,928
<u>(16,770)</u>	<u>61,884</u>	<u>20,287</u>	<u>65,401</u>	<u>65,401</u>
<u>(16,770)</u>	<u>73,812</u>	<u>20,287</u>	<u>77,329</u>	<u>77,329</u>
<u>\$ (1,160,044)</u>	<u>\$ 6,784,568</u>	<u>\$ 1,339,814</u>	<u>\$ 6,964,338</u>	<u>\$ 6,964,338</u>

**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, 2014

**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 2014 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 – Environmental Protection Agency  
State – Wisconsin Department of Health Services

**MARINETTE COUNTY, WISCONSIN**  
Notes to the Schedule of Expenditures of Federal Awards  
and the Schedule of State Financial Assistance (Continued)  
For the Year Ended December 31, 2014

**NOTE D – TITLE 19 MEDICAL ASSISTANCE PAYMENTS**

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

**NOTE E – STATE DIRECT PAYMENTS**

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

**NOTE F – STATE OF WISCONSIN REPORTING SYSTEM**

The Wisconsin Department of Health Services (DHS), Department of Children and Families (DCF), and Department of Workforce Development (DWD) utilize the Community Aids Reporting System (CARS) and the Central Office Reporting System (CORE) for reimbursing the County for various federal and state program expenditures. The expenditures reported on the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance for various DHS, DCF and DWD programs agree with the expenditures reported on the May 2015 CARS for the Human Services Department and the December, 2014 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, 2014**

**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 <i>State Single Audit Guidelines</i> ?	Yes

Identification of major federal program:

CFDA Number	Name of Federal Program
93.558	Temporary Assistance for Needy Families
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, 2014

**Section I – Summary of Auditors’ Results (Continued)**

Identification of major state programs:

State ID Number	Name of State Program
370.553	Wildlife Damage Claims Abatement
370.662	Nonpoint Source Pollution
395.101	Elderly and Handicapped Transportation Aids
410.313	Community Youth and Family Aids
435.283	IM Available Allocation - State
435.292	IMAA State Share Supplemental
435.293	IMAA Federal Share Supplemental
435.297	IMAA State Share ACA
435.298	IMAA Federal ACA
	Medical Assistance Program Benefits
435.338	COP W Program
435.348	CIP II Program
435.369	CIP II Comm Relocate - Non Federal
435.375	CIP II Diversions - Non Federal
435.392	FCT - CIP II
435.407	ICFMR Nonfed
435.410	FC Transition CIP1B Nonfed
435.478	CIP II MFP Non Federal
435.506	Brain Injury Waiver Program
435.564	CIP 1B Program
435.580	CIP 1A Program
435.871	CLTS Other GPR
435.874	CLTS Autism GPR
435.877	Other CWA Admin GPR
435.880	Autism CWA Admin GPR
N/A	Medicaid Personal Care Program
435.561	Basic County Allocation
435.681	Community and Mental Health Services
435.560100	Aging and Disability Resource Center
437.3561	Basic County Allocation
437.3681	Community and Mental Health Services

**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, 2014.

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2014

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

Finding No.	Internal Control Deficiency
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**2014-001      Financial Reporting for Federal and State Financial Assistance**

*Federal CFDA – All  
 State IDs – All*

**Condition:** OMB Circular A-133 and the *State Single Audit Guidelines* require the County to prepare appropriate financial statements including the schedule of expenditures of federal awards and state financial assistance. While the current staff of the County maintains financial records supporting amounts reported in the schedules of expenditures of federal awards and state financial assistance, the County contracts with Schenck to compile the data from these records and assist in the preparation of the single audit report for the County.

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

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

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

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

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2014

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

Finding No.	OMB Circular A-133 and State Single Audit Guidelines Finding
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**2014-002      Monitoring – Provider Audit Review**

CFDA # *Federal CFDA – Various programs passed through the Wisconsin Departments of Health Services, Children and Families, and Corrections*

*State IDs – Various programs passed through the Wisconsin Departments of Health Services, Children and Families, and Corrections*

Criteria: State compliance regulations require the Human Services Department to obtain providers' audit reports within six months of the providers' fiscal year end and to review those reports within six months of receipt.

Condition: The Human Services Department did not review 2013 provider audit reports within the required deadlines.

Cause: A responsible individual was not available to complete the provider audit review reports within the specified time period.

Effect: Provider audit reports were not reviewed in a timely manner. As a result, potential refunds or audit issues could not be resolved in a timely manner.

Questioned Costs: No questioned costs are reported.

Recommendation: We recommend the Department allocate staff time to ensure the reports are reviewed within the specified period of time.

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2014

**Section IV - Other Issues**

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

4. Name and signature of partner



\_\_\_\_\_  
Jon T. Trautman, CPA

5. Date of report

July 31, 2015

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Prior Year Audit Findings and Corrective Action Plan  
 For the Year Ended December 31, 2014

**Prior Year Audit Findings**

The findings noted in the 2013 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 2013-001 outweigh the benefits to be received. Management reviews the single audit report prepared by Schenck.

**Corrective Action Plan**

Finding No.	Corrective Action Plan
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**2014-001      Financial Reporting for Federal and State Financial Assistance**

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.

**2014-002      Monitoring – Provider Audit Review**

A full review of our 2014 provider audit reports was not conducted due to an oversight, and having received inaccurate information previously regarding this as being mandatory. A full review of all audit reports will be conducted for 2015 and every year thereafter.

**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, 2014, we have also examined the 2014 Financial Report Form A required to be submitted to the Wisconsin Department of Revenue (WDR) by Wisconsin Administration Rule, Tax 16. The 2014 Financial Report Form A has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion the 2014 Financial Report Form A, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Schenck SC*

Certified Public Accountants  
Green Bay, Wisconsin  
July 31, 2015

