

MARINETTE COUNTY, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2016

MARINETTE COUNTY, WISCONSIN
December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the County Board
Marinette County, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marinette County, Wisconsin ("the County") as of and for the year ended December 31, 2016, 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., the Marinette County Association for Business and Industry, Inc., and the Stephenson Public Library Foundation, Inc. which are presented as component units of Marinette County, Wisconsin and represent 100% 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., the Marinette County Association for Business and Industry, 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, 2016, 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.

Change in Accounting Principle

As discussed in Note C.1 to the financial statements, in 2016 the County adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17 and the schedules relating to pensions and other post-employment benefits on pages 65 through 67 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
August 14, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS



FINANCE DEPARTMENT

Management's Discussion and Analysis December 31, 2016

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, 2016. Our discussion and analysis is based on currently known facts, decisions, or conditions.

Financial Highlights

- As of December 31, 2016, the net position of the County was \$100,457,515. Of this amount, \$36,070,107 is considered *unrestricted* and may be used to meet the County's ongoing obligations to citizens and creditors. This is an increase of \$5,850,580 from the previous year. The main source of this increase relates to the Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*. Under GASB 68, the statement of net position will sometimes report a separate section for deferred outflows (expense) and deferred inflows (revenue), representing the consumption and acquisition of net position that applies to future periods for the County's proportionate share of the Wisconsin Retirement System. The deferred expenses and revenues are amortized over the expected remaining services lives of the pension plan participants. Of note, the amount reported in 2016 was a net pension liability, the opposite of the previous year in which a net pension asset was reported.
- The County's total net position decreased by \$679,830 from the previous year. Of this amount, a \$528,692 decrease was from Governmental Activities and a \$151,138 decrease in Business-type Activities. The major reason for the net decrease in the Governmental Activities was due to less than projected timber sales revenue of \$371,775. Other contributing factors to the decrease were high placement costs of juvenile boarding in the Health and Human Services fund and weak interest revenue.
- The County's operating property tax rate decreased \$.080 to \$4.364 per \$1,000 of property value for the year ended December 31, 2016. The decrease in the operating tax rate was driven by a \$87,155,100 increase in the County's equalized property valuation. In 2016, the County increased the debt service property tax by \$.051 to \$0.251 for service debt related to the County's Capital Improvement Plan.
- The operating tax levy increased \$107,848 (.710%) from the prior year. This increase and the debt service levy were in compliance with the allowable tax levy limits imposed by the State of Wisconsin.
- As of December 31, 2016, the County's combined governmental funds reported ending fund balances totaling \$42,380,811, an increase of \$2,907,068 over the prior year. Unspent capital project debt reduced borrowing along with principal payments received in the Community Development Block Grant program, and overall positive operating results accounted for the increase. Of the December 31, 2016 combined governmental fund balance of \$42,380,811, approximately 80% of this total amount, \$33,989,067 is *available for spending* at the County's discretion (*unrestricted fund balance*). The County's unrestricted fund balance of \$33,989,067 is further categorized based on constraints imposed upon the use of those funds. Of the total unrestricted fund balance, \$24,519,939 is committed by County Board action to specific purposes, \$780,096 is assigned for specific purpose by the governing body or by the Finance Director with the Administrator's approval, and \$8,689,032 is not committed or assigned (unassigned).

- As of December 31, 2016, the unrestricted fund balance for the general fund was \$30,973,614, or approximately 137% of total 2016 budgeted general fund operating expenditures. The unassigned general fund amount of \$8,781,523 represents 12.7% of the County's 2016 original adopted gross operational and debt service expenditure budgets which totaled \$69,033,797. Under the County's Fund Balance Policy, \$2,217,394 and \$1,847,828 of the \$8,781,523 unassigned general fund balance is classified for contingencies and cash flow requirements respectfully.
- The County Roads and Bridges Special Revenue Fund balance increased \$810,634 to \$1,720,877. Of the \$1,720,877 ending fund balance, \$329,695 is committed for specific projects leaving \$1,391,182 available for discretionary County Road spending. An increase in reimbursements from the State for projects was a major reason for the funds increase.
- The Health and Human Services (HHS) special revenue fund realized a fund balance decrease of \$413,396 for 2016. High placement costs for juvenile boarding, along with departmental restructuring and service changes, either State mandated or implemented to provide better service to Marinette County residents, are affecting financial results. For 2016 the ending HHS fund balance showed a deficit of \$33,537.
- At the end the 2016, the County's general obligation debt was \$30,240,000 compared to \$27,860,000 at the end of 2015. During 2016 the County issued \$5,000,000 of new debt under the Five Year Capital Improvement Plan. After current year debt service cost and a budgeted transfer out of \$321,353, the debt service fund ended the year with a net increase of \$627,670. The fund ended 2016 with a deficit of \$58,954, compared to a deficit of \$686,624 in 2015. The planned deficit and related pay back of the general fund advance results from the early call of the Library Renovation debt in 2014. Sales tax revenues were higher than anticipated, resulting in a more favorable position. The deficit was considered when preparing the 2017 budget and will be considered in future debt service budgeting until the payback to the general fund is complete.

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 outflows 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 18 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 non-major 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 - 29 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 30 - 34 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 35 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 36 - 64 of this report.

Other information. Required supplementary information relating to pensions and other post-employment benefits and the combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the notes to the basic financial statements. Required supplementary information and the Combining and individual fund statements and schedules can be found on pages 65 - 82.

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 2016 was \$100,457,515 compared to \$101,137,345 for the year ended 2015.

Marinette County's Net Position							
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	Total	Total Percentage Change
	2015	2015	2016	2016	2015	2016	2015-2016
Current & other assets	\$ 65,249,838	\$ 4,417,978	\$ 65,273,489	\$ 4,487,558	\$ 69,667,816	\$ 69,761,047	0.13%
Capital assets	79,618,598	7,675,367	80,528,202	7,566,741	87,293,965	88,094,943	0.92%
Total assets	144,868,436	12,093,345	145,801,691	12,054,299	156,961,781	157,855,990	0.57%
Deferred outflow of resources	3,193,992	579,020	10,256,218	1,498,998	3,773,012	11,755,216	211.56%
Long-term liabilities outstanding	33,495,473	274,930	38,204,977	575,643	33,770,403	38,780,620	14.84%
Other liabilities	7,620,070	1,924,123	7,522,395	2,170,375	9,544,193	9,692,770	1.56%
Total liabilities	41,115,543	2,199,053	45,727,372	2,746,018	43,314,596	48,473,390	11.91%
Deferred inflow of resources	16,282,852	-	20,195,196	485,105	16,282,852	20,680,301	27.01%
Net position:							
Net investment in capital assets	53,070,098	7,675,367	51,422,202	7,566,741	60,745,465	58,988,943	-2.89%
Restricted	9,467,457	704,896	4,842,998	555,467	10,172,353	5,398,465	-46.93%
Unrestricted	28,126,478	2,093,049	33,870,141	2,199,966	30,219,527	36,070,107	19.36%
Net position:	\$ 90,664,033	\$ 10,473,312	\$ 90,135,341	\$ 10,322,174	\$ 101,137,345	\$ 100,457,515	-0.67%

The largest portion of the County's net position (58.7%) reflects its investment in capital assets of \$58,988,942 (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 (\$5,398,465) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$36,070,107) 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 \$528,692 and Business-type activities decreased the County's net position by \$151,138. After the year-end results, the County's net position totaled \$90,135,341 for the Governmental Activities and \$10,322,174 for the Business-type Activities. The key elements affecting the change in net position were as follows:

Governmental Activities:

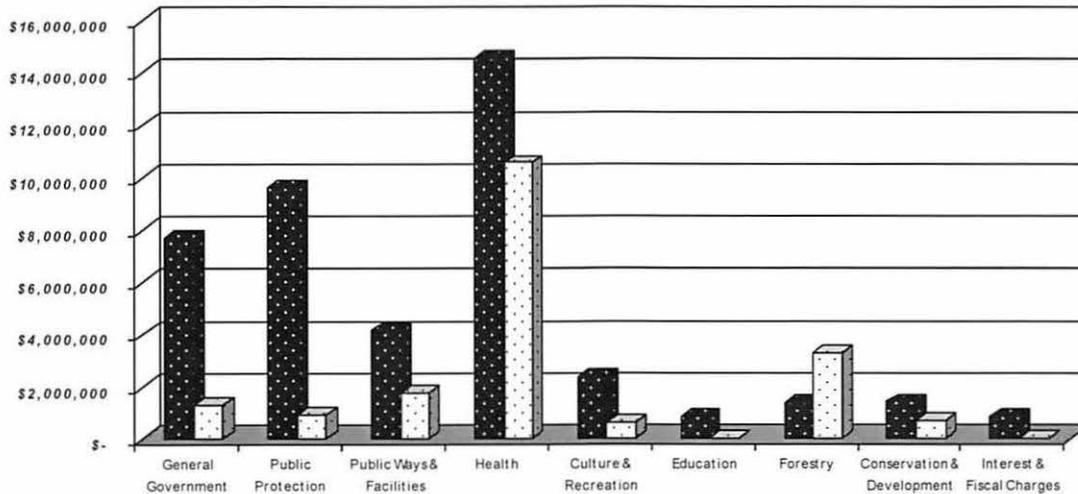
- The property tax levy increased by \$107,848 (.710%) from the prior year in compliance with the State imposed local unit levy limits. This increase was easily absorbed by employee benefit cost increases.
- For the most part, County Departments stayed within their original appropriations and returned unspent appropriations to the general fund.
- Increasing interest rates during 2016 resulted in County investment revenues being \$53,500 under budget compared to \$218,284 in 2015. The County's total investment return for 2016 was \$446,500 compared to \$381,716 in 2015. Recognizing a slow market recovery, the County reduced anticipated budget revenues from \$600,000 in 2015 to \$500,000 in 2016, achieving more accurate budget to actual results. The County has a large portion of investments in mortgage backed and bond type investments. With 2016 interest rate increase, the market value on the County's longer term investments decreased. Interest rates on the 10 year Treasury started 2016 at 2.27 % and ended 2016 at 2.43%. The County does have \$19,058,908 of the general fund balance committed for investment revenue generation for tax reduction purposes.
- In 2013, the County added an additional Forester to its Forestry Department with anticipation of higher timber sale revenues. For 2016 timber sale revenues were \$2,935,760 compared to \$3,685,654 in 2015. Revenues for 2016 were \$397,740 below budget timber sales of \$3,333,500. This was a dramatic change from the 2015 results of \$728,754 over budgeted revenues. A major reason for this decrease was due to low stumpage (bid prices) rates.
- County contributions, funded by capital improvement debt, to capital road and bridge improvements were \$3,278,666 in 2016. The County received capital contributions for roads of \$434,155 from state sources in 2016. Depreciation and retirement costs on roads and bridges for 2016 totaled \$1,428,524.

Business-type Activities:

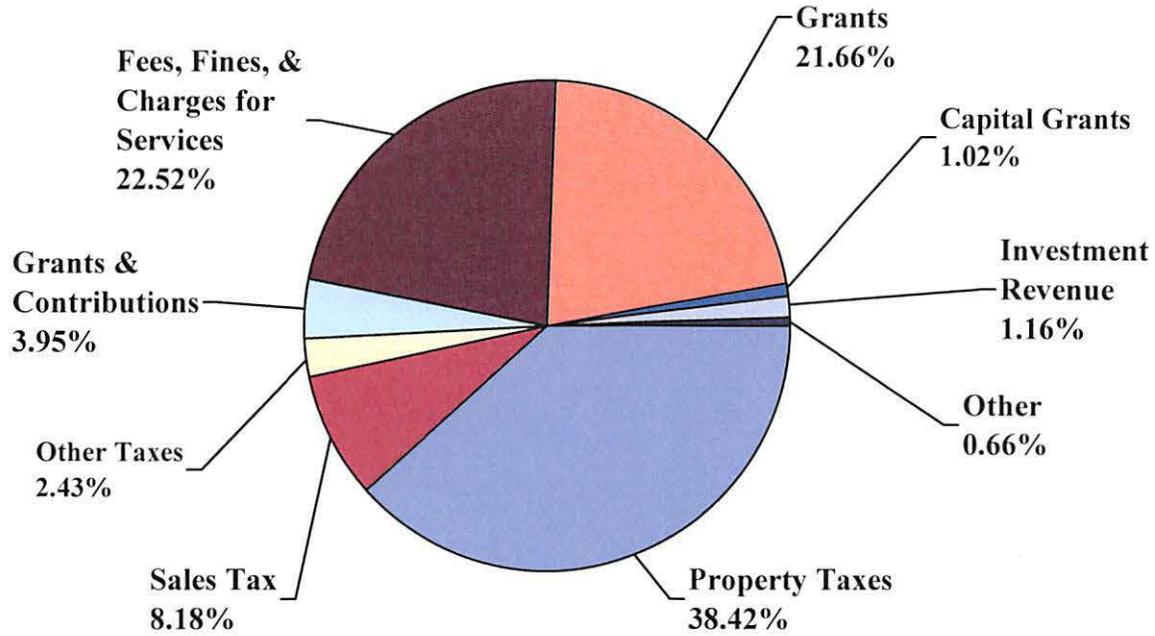
- The County's Business-type activities decreased Marinette County's net position by \$151,138.
- In 2016, the Highway Department's recognized a total net position decrease of \$131,955 compared to a prior year total increase in net position of \$204,118. The main source for this decrease relates to the Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*. As mentioned earlier, under GASB68 the statement of net position will sometimes report a separate section for deferred outflows (expense) and deferred inflows (revenue), representing the consumption and acquisition of net position that applies to future periods for the County's proportionate share of the Wisconsin Retirement System. The deferred expenses and revenues are amortized over the expected remaining services lives of the pension plan participants. In 2015, the deferred expenses and revenues were recognized as a net pension asset. In contrast, 2016 recognized these expenses and revenues as a net pension liability.
- The Solid Waste Fund's 2016 operating loss was \$44,592 compared to the 2015 operating loss of \$15,562. Interest earnings of \$6,983 combined with a cumulative change in accounting principle of \$22,075 resulted in a net decrease in the Solid Waste Fund net position of \$15,535. Cash and cash equivalents increased \$196,287 as a result of decreased purchases of capital assets and increased user charges. 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.

Marinette County's Change in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program revenues:						
Fees, fines, & charges for services	\$ 11,270,823	\$ 9,544,069	\$ 10,580,405	\$ 9,365,474	\$ 21,851,228	\$ 18,909,543
Operating grants and contributions	13,681,324	9,180,480	-	-	13,681,324	9,180,480
Capital grants and contributions	210,475	434,155	-	-	210,475	434,155
General revenues:						
Property & sales taxes	18,989,497	19,748,491	-	-	18,989,497	19,748,491
Other taxes	1,001,612	1,028,744	-	-	1,001,612	1,028,744
Grants & contributions not restricted to specific programs	1,644,447	1,673,716	-	-	1,644,447	1,673,716
Other	(1,741,082)	768,377	18,189	24,893	(1,722,893)	793,270
Total revenues	45,057,096	42,378,032	10,598,594	9,390,367	55,655,690	51,768,399
Expenses:						
General government	8,109,908	7,699,891	-	-	8,109,908	7,699,891
Public protection	8,554,670	9,625,245	-	-	8,554,670	9,625,245
Public ways & facilities	3,996,782	4,157,170	-	-	3,996,782	4,157,170
Health	18,543,944	14,547,084	-	-	18,543,944	14,547,084
Culture & recreation	2,329,458	2,356,851	-	-	2,329,458	2,356,851
Education	604,424	839,405	-	-	604,424	839,405
Forestry	1,401,530	1,406,195	-	-	1,401,530	1,406,195
Conservation & development	1,457,039	1,427,251	-	-	1,457,039	1,427,251
Interest & fiscal charges	790,855	847,632	-	-	790,855	847,632
Highway operations	-	-	9,840,985	8,899,210	9,840,985	8,899,210
Solid waste	-	-	571,375	664,370	571,375	664,370
Total expenses	45,788,610	42,906,724	10,412,360	9,563,580	56,200,970	52,470,304
Increase (decrease) in net position	(731,514)	(528,692)	186,234	(173,213)	(545,280)	(701,905)
Cumulative Effect of Change in Accounting Principle						
	5,463,802	-	685,423	22,075	6,149,225	22,075
Net Position - January 1	85,931,745	90,664,033	9,601,655	10,473,312	95,533,400	101,137,345
Net Position - December 31	\$ 90,664,033	\$ 90,135,341	\$ 10,473,312	\$ 10,322,174	\$ 101,137,345	\$ 100,457,515

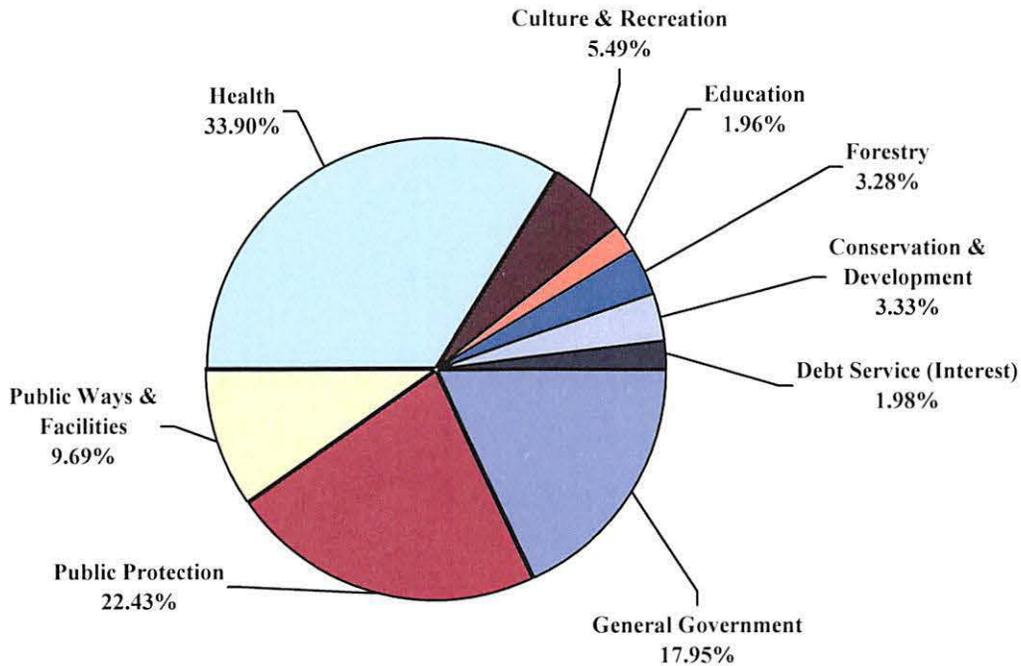
Expenses & Program Revenues - Governmental Activities



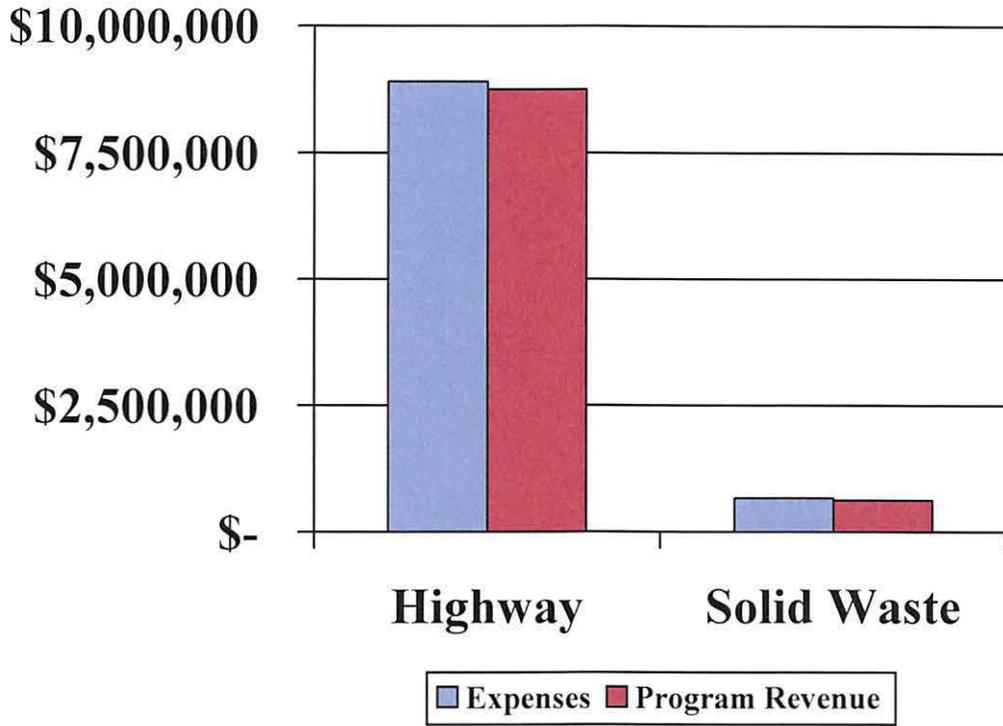
Revenues by Source - Governmental Activities



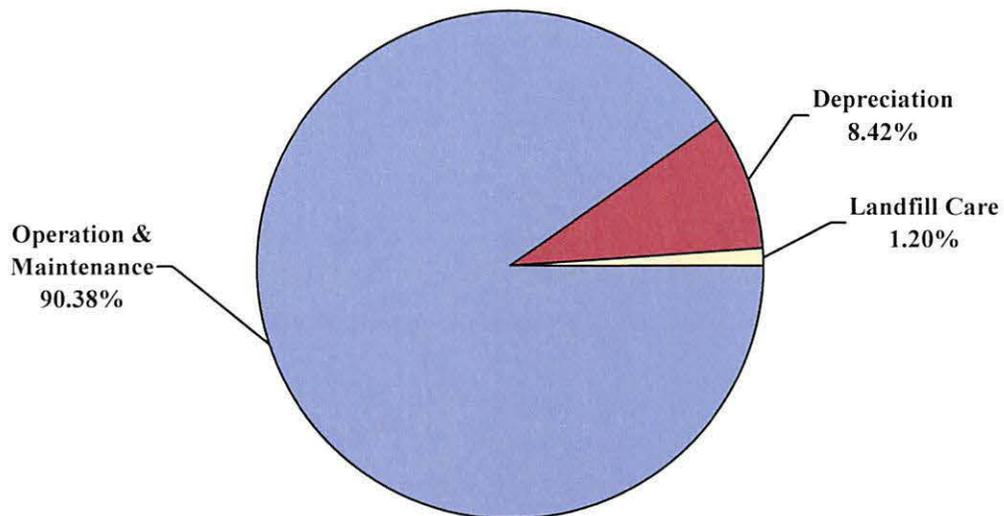
Expenses by Activity - Governmental Activities



Expenses and Program Revenues - Business Type Activities



Expenses by Activity - Business Type Activities



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, 2016, the County's combined governmental funds totaled \$42,380,811, an increase of \$2,907,068 from the prior year. Approximately 80% of this amount, \$33,989,067, 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 (\$314,543), 2) for non-liquid delinquent taxes (\$2,679,446) 3) for loans receivable that are not expected to be liquidated in the next year (\$1,061,858) 4) by grant, donor or other restrictions (\$4,335,897).

The general fund is the chief operating fund of the County. At the end of the current year, the unrestricted fund balance of the general fund was \$30,973,614, while the total fund balance was \$35,166,941. 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 142% of total 2016 general fund expenditures, while total fund balance represents 162% of that same amount. This compares to prior year percentages of 140% and 159% respectively.

Marinette County's General fund balance increased by \$307,414 for the year ended December 31, 2016. Factors contributing to the increase include a transfer of \$321,353 from the Debt Service fund, increased state utility tax revenues, unspent contingency funds, uncompleted capital maintenance/projects and an overall good year related to departments staying within their budgets.

As mentioned previously, the County's Health and Human Services (HHS) Special Revenue Fund decreased by \$413,396 to a deficit \$33,537 balance. High placement costs for juvenile boarding are the main source for the decrease in fund balance. In addition, the application of surplus fund balance applied to the 2016 budget was \$75,000, a decrease from the \$400,000 applied in 2015. Major changes to HHS programs and regionalization of Family Care continue to affect the overall HHS financial results. Unfilled staff vacancies and conservative budgeting have assisted in mitigating greater decreases. The current fund balance represents -0.24% of the total 2016 health and human services special revenue fund expenditures. The County's strong General Fund was used to cover this deficit balance.

Results for the County's other major funds are listed under the financial highlight section

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 \$3,184,158. The County's 2016 net position for the highway department decreased \$131,955. This compares to operating results providing an increase of \$204,118 in 2015. As stated earlier, the main source for this decrease was due to statement GASB 68, *Accounting and Financial Reporting for Pensions*.

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 \$15,535. An operating loss of \$44,592 was offset by \$6,983 in investment earnings and \$22,075 cumulative change in accounting principle related to GASB Statement 68 requiring employers to include a proportionate share of the plan net pension liability (asset) and annual expense in the financial statements. The decrease in net position for the solid waste fund in 2015 was \$10,173.

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 \$1,502. The change to the 2016 expenditure appropriations can be summarized as follows:

- A net of carryover of unspent 2015 appropriations of \$46,664.
- 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 \$1,794,282 primarily due to the following:

- Approximately \$265,555 in capital maintenance projects for the Courthouse were not completed during the current year and carried over to 2017. Additionally, some projects came in less than budget.
- Remaining contingency balance of \$167,115.
- Positive results in public protection of \$236,757, culture and recreation of \$309,491 and conservation and development of \$321,240.
- Overall positive results from several departments remaining under budget.

Actual revenues were \$841,970 less than projected budget amount in 2016. However, unrealized intergovernmental revenues for recreation and conservation programs 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, 2016 amounts to \$88,094,943 (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 \$800,978 mainly as a result of County road construction through the Capital Improvement Plan.

Marinette County's Capital Assets (Net of Accumulated Depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2015	2016	2015	2016	2015	2016
Land	\$ 4,865,776	\$ 4,865,776	\$ 113,989	\$ 113,989	\$ 4,979,765	\$ 4,979,765
Construction in progress	-	28,150	-	-	-	28,150
Land improvements	-	-	1,193,759	1,074,352	1,193,759	1,074,352
Buildings & improvements	30,592,234	29,654,186	2,079,064	1,894,561	32,671,298	31,548,747
Machinery & equipment	3,227,480	3,359,831	4,288,555	4,483,839	7,516,035	7,843,670
Infrastructure	40,933,108	42,620,259	-	-	40,933,108	42,620,259
Total	\$79,618,598	\$80,528,202	\$ 7,675,367	\$ 7,566,741	\$87,293,965	\$88,094,943

Additional information on Marinette County's capital assets can be found in Note C.5 on pages 49 - 50 of this report.

Long-term debt. At the end of the year, the County's total general obligation debt outstanding was \$30,240,000. 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	
	2015	2016	2015	2016	2015	2016
General Obligation Debt						
Bonds and notes	\$27,860,000	\$30,240,000	\$ -	\$ -	\$27,860,000	\$30,240,000

The County's total general-obligation debt balance did increase by \$2,380,000 (8.54%) in 2016. Debt issued in support of the Capital Improvement Plan caused the increase.

The County's general obligation debt is serviced by the ½ % County sales tax and supplemented by a debt service levy. In 2014 an internal advance from the General Fund of \$1,000,000 was utilized to help with the early retirement of the 2004 Library renovation debt. The balance on the advance is \$600,000 as of December 31, 2016. The advance is schedule to be paid off in three years.

Sales tax revenues are also used to fund County tourism and some capital outlay in the general fund. The 2016 transfer out of the debt service fund for the foregoing items was \$321,353. The 2017 budgeted transfer from the Debt Service fund was increased to \$400,000.

In March of 2016, in conjunction with the subsequent issuance of debt for financing the 2016 capital projects as noted in footnote D of the financial statements, Standard and Poor's affirmed the County's rating of 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 \$185,296,040 which is \$155,056,040 in excess of the County's \$30,240,000 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 5.3% for March, 2017, which is the latest available data at the time of this report. This compares to the State of Wisconsin's average unemployment rate of 3.4% and last March's County rate of 6.6%.
- The local economy for Marinette County is still seen as weak by the County's debt rating agency. The debt rating agency attributes the weak local economy to the reliance of the Marinette Marine Corporation, one of the County's larger employers on government contracts. Marinette Marine maintains a workforce of 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 recently partnered with Aurora Health Care and is building 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 economy 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 another major retailer has announced plans to open in the Mall. 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.
- Construction is underway for a project by Marinette County Association for Business and Industry (MCABI) of the Wisconsin Maritime Center for Excellence. The building is being built with the help of numerous grants, including a grant from the Wisconsin Building Commission. Half of the Wisconsin Maritime Center of Excellence will provide office space for the naval personnel and contractors working with Marinette Marine, and the other half will serve as an incubator for fledging businesses and manufacturers. This project is expected to be completed in late 2017.
- The City of Marinette has begun construction for \$12 million dollar Community Sports and Event Center. The Center will house soccer, baseball, ice hockey, tennis, volleyball, curling and will have an indoor walking/jogging track. It will also have space available for concerts, trade shows and meeting rooms. In March, 2017, The Marinette County Board of Supervisors approved a loan to the City of Marinette for the construction of this project. The \$7.5 million dollar loan will be issued in 2017 through a general obligation note for a term of 20 years. The center is expected to help draw workforce talent to the area by providing recreation opportunities for families.
- 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 2018.
- January 1, 2017 all Marinette County employees moved to a higher deductible, co-pay insurance plan with Group Health Trust. All Marinette County employees are now contributing at a 15% employee share of the insurance premium. The projected savings associated with the new health insurance plan resulted in an approximate cost savings of \$1,319,233 to the County. The County used a portion of the savings to fund a health savings account to assist employees with the higher insurance deductibles, resulting in an overall projected savings of \$1,136,654.

The following factors were considered in preparing the County's 2017 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 budgets. 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 2017 budget was limited to \$121,769 or .796%.

As part of the 2017 general fund budget, the County applied \$6,500 of restricted, \$9,000 of committed, \$226,000 of assigned, and \$250,000 of unassigned fund balances. Total general fund amounts applied totaled \$491,500. Total restricted and committed special revenue and debt service fund balances applied to the 2016 budget were \$580,384. The application of the Health and Human Services fund balance was increased slightly from the prior year amount of \$75,000 to \$77,359. Of the total funds applied (\$1,216,363) to the 2017 budget, \$966,363, represented funds specifically accumulated for special purposes or debt service. The County also transferred \$400,000 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 2017 budget.

The health insurance savings, previously mentioned, correlated to the Health and Human Services department remained in the Health and Human Services fund for 2017. These savings remained in this fund to cover the year-end deficit balance and the application of \$77,359 fund balance to the 2017 budget.

The County's 2017 budget contains capital project expenditures of \$4,179,208. In previous years, capital project expenditures were funded through general obligation borrowing. Recognizing continuous borrowing may be unsustainable, the Marinette County Board of Supervisors voted to fund the 2017 capital projects through the operational budget, applied fund balances and the application of employee health insurance savings. This represents a cultural shift to move away from using general obligation bonding to fund capital projects within the County going forward. Of the 2017 capital project expenditures, \$2,263,208 is for county roads and bridges annual maintenance, \$500,000 is for the Public Safety software package, \$425,000 is for facilities management, \$936,000 for road construction, and \$55,000 is for the fiber buildout project in collaboration with the City of Marinette, Marinette School District and Northeast Wisconsin Technical College.

The debt levy for 2017 of \$853,246 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.

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, tourism, and economic development.

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. As mentioned in the Economic Factors and Next Year's Budgets and Rates section, the Marinette County Board of Supervisors approved a \$7.5 million dollar loan to the City of Marinette for the construction of this project. The \$7.5 million dollar loan will be issued in 2017 through a general obligation note for Community Sports and Event Center. Funds for the 20 year loan are coming from the property tax reduction fund.

Low interest rates continue to 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 2017 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, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled cash and investments	\$ 39,126,636	\$ 1,524,817	\$ 40,651,453
Other cash and investments	-	-	-
Accounts receivable	2,411,207	44,487	2,455,694
Interest receivable	749,561	710	750,271
Taxes receivable	19,412,502	-	19,412,502
Loans receivable	1,374,999	-	1,374,999
Internal balances	(58,585)	58,585	-
Due from other governments	1,406,080	535,903	1,941,983
Inventories and prepaid items	583,926	1,271,281	1,855,207
Restricted cash and investments	267,163	925,165	1,192,328
Unearned fringe benefit	-	126,610	126,610
Capital assets (net of accumulated depreciation)			
Nondepreciable	4,893,926	113,989	5,007,915
Depreciable	75,634,276	7,452,752	83,087,028
TOTAL ASSETS	145,801,691	12,054,299	157,855,990
DEFERRED OUTFLOWS OF RESOURCES			
Retirement system unfunded liability amortization	-	210,618	210,618
Deferred charge on refunding	347,448	-	347,448
Deferred pension contributions & changes	9,908,770	1,288,380	11,197,150
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,256,218	1,498,998	11,755,216
LIABILITIES			
Accounts payable	1,037,847	356,250	1,394,097
Accrued liabilities	1,107,588	55,608	1,163,196
Due to other governments	681,436	-	681,436
Deposits from others	467,004	-	467,004
Unearned revenue	357,011	-	357,011
Accrued interest	244,271	-	244,271
Long-term obligations			
Unamortized premiums	1,084,889	-	1,084,889
Portion due or payable within one year:			
Bonds and notes payable	2,500,000	-	2,500,000
Compensated absences	242,349	14,528	256,877
Portion due or payable after one year:			
Bonds and notes payable	27,740,000	-	27,740,000
Net pension liability	1,782,371	230,511	2,012,882
Compensated absences	2,181,144	130,756	2,311,900
Post employment insurance	6,301,462	221,435	6,522,897
Landfill care costs	-	1,736,930	1,736,930
TOTAL LIABILITIES	45,727,372	2,746,018	48,473,390
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	16,444,225	-	16,444,225
Deferred pension contributions and changes	3,750,971	485,105	4,236,076
TOTAL DEFERRED INFLOWS OF RESOURCES	20,195,196	485,105	20,680,301
NET POSITION			
Net investment in capital assets	51,422,202	7,566,741	58,988,943
Restricted	4,842,998	555,467	5,398,465
Unrestricted	33,870,141	2,199,966	36,070,107
TOTAL NET POSITION	\$ 90,135,341	\$ 10,322,174	\$ 100,457,515

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
\$ -	\$ -	\$ -
146,858	1,060,289	1,853,537
64,022	1,803,489	-
-	-	-
-	-	-
-	-	-
10,138	-	-
-	-	-
-	-	-
45,000	-	-
338,269	2,009	-
<u>604,287</u>	<u>2,865,787</u>	<u>1,853,537</u>
-	-	-
-	-	-
-	-	-
21,727	-	-
10,420	2,047	-
-	-	-
-	-	-
-	-	-
-	-	-
8,391	1,096,209	-
-	-	-
276,036	-	-
-	-	-
-	-	-
-	-	-
<u>316,574</u>	<u>1,098,256</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
338,269	2,009	-
-	-	-
(50,556)	1,765,522	1,853,537
<u>\$ 287,713</u>	<u>\$ 1,767,531</u>	<u>\$ 1,853,537</u>

MARINETTE COUNTY, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2016

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental				
General government	\$ 7,699,891	\$ 1,061,310	\$ 230,441	\$ -
Public protection	9,625,245	695,978	208,320	-
Public ways and facilities	4,157,170	-	1,329,807	434,155
Health	14,547,084	4,076,549	6,472,332	-
Culture and recreation	2,356,851	317,507	308,897	-
Education	839,405	21,754	-	-
Forestry	1,406,195	3,166,180	132,592	-
Conservation and development	1,427,251	204,791	498,091	-
Interest and fiscal charges	847,632	-	-	-
Total Governmental Activities	42,906,724	9,544,069	9,180,480	434,155
Business-type				
Highway	8,899,210	8,745,695	-	-
Solid waste	664,370	619,779	-	-
Total Business-type Activities	9,563,580	9,365,474	-	-
Total Marinette County	\$ 52,470,304	\$ 18,909,543	\$ 9,180,480	\$ 434,155
Component Unit				
Committee on Aging	\$ 946,765	\$ 260,269	\$ 680,191	\$ -
Association of Business & Industry	103,212	-	1,822,145	-
Stephenson Library Trust	22,795	-	200	-
Total Component Units	\$ 1,072,772	\$ 260,269	\$ 2,502,536	\$ -

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for public ways and facilities
- Property taxes, levied for health
- Property taxes, levied for debt service
- Sales taxes
- Other taxes
- Grants and contributions not restricted to specific programs
- Earnings (loss) on investments
- Lease revenue
- Gain on other property sales
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - January 1, as originally reported

Cumulative effect of change in accounting principle

Net position - January 1, as restated

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
\$ (6,408,140)	\$ -	\$ (6,408,140)	\$ -	\$ -	\$ -
(8,720,947)	-	(8,720,947)	-	-	-
(2,393,208)	-	(2,393,208)	-	-	-
(3,998,203)	-	(3,998,203)	-	-	-
(1,730,447)	-	(1,730,447)	-	-	-
(817,651)	-	(817,651)	-	-	-
1,892,577	-	1,892,577	-	-	-
(724,369)	-	(724,369)	-	-	-
(847,632)	-	(847,632)	-	-	-
<u>(23,748,020)</u>	<u>-</u>	<u>(23,748,020)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(153,515)	(153,515)	-	-	-
-	(44,591)	(44,591)	-	-	-
-	(198,106)	(198,106)	-	-	-
<u>(23,748,020)</u>	<u>(198,106)</u>	<u>(23,946,126)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(6,305)	-	-
-	-	-	-	1,718,933	-
-	-	-	-	-	(22,595)
-	-	-	(6,305)	1,718,933	(22,595)
10,780,739	-	10,780,739	-	-	-
1,516,835	-	1,516,835	-	-	-
3,107,008	-	3,107,008	-	-	-
878,276	-	878,276	-	-	-
3,465,633	-	3,465,633	-	-	-
1,028,744	-	1,028,744	-	-	-
1,673,716	-	1,673,716	-	-	-
490,486	6,982	497,468	-	37	76,989
74,876	-	74,876	-	-	-
16,669	-	16,669	-	-	-
182,486	21,771	204,257	10,430	-	-
3,860	(3,860)	-	-	-	-
<u>23,219,328</u>	<u>24,893</u>	<u>23,244,221</u>	<u>10,430</u>	<u>37</u>	<u>76,989</u>
(528,692)	(173,213)	(701,905)	4,125	1,718,970	54,394
90,664,033	10,473,312	101,137,345	283,588	48,561	1,799,143
-	22,075	22,075	-	-	-
<u>90,664,033</u>	<u>10,495,387</u>	<u>101,159,420</u>	<u>283,588</u>	<u>48,561</u>	<u>1,799,143</u>
<u>\$ 90,135,341</u>	<u>\$ 10,322,174</u>	<u>\$ 100,457,515</u>	<u>\$ 287,713</u>	<u>\$ 1,767,531</u>	<u>\$ 1,853,537</u>

MARINETTE COUNTY, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2016

	Governmental Funds				Total Nonmajor Funds	Total Governmental Funds
	General	County Roads and Bridges	Health and Human Services	Debt Service		
ASSETS						
Pooled cash and investments	\$ 30,968,370	\$ 1,652,349	\$ 650	\$ -	\$ 5,343,257	\$ 37,964,626
Delinquent property taxes	2,968,277	-	-	-	-	2,968,277
Property taxes levied for subsequent year	10,574,997	1,801,303	3,113,632	853,246	-	16,343,178
Accounts receivable	682,043	68,528	1,218,911	541,464	4,441	2,515,387
Interest receivable	641,666	-	-	-	1,131	642,797
Loans receivable	461,858	-	-	-	913,141	1,374,999
Due from other funds	1,227,651	-	-	-	-	1,227,651
Due from other governments	782,310	-	623,770	-	-	1,406,080
Prepaid items	314,543	-	190	-	-	314,733
Restricted assets - pooled cash and investments	-	-	-	-	267,163	267,163
TOTAL ASSETS	\$ 48,621,715	\$ 3,522,180	\$ 4,957,153	\$ 1,394,710	\$ 6,529,133	\$ 65,024,891
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 500,091	\$ -	\$ 415,362	\$ -	\$ 30,508	\$ 945,961
Accrued liabilities	965,083	-	132,099	-	-	1,097,182
Due to general fund	-	-	627,233	600,418	-	1,227,651
Due to other governments	35,375	-	646,061	-	-	681,436
Deposits from others	466,879	-	125	-	-	467,004
Unearned revenue	300,833	-	56,178	-	-	357,011
Total Liabilities	2,268,261	-	1,877,058	600,418	30,508	4,776,245
Deferred Inflows of Resources						
Property taxes levied for subsequent year	10,574,997	1,801,303	3,113,632	853,246	-	16,343,178
Loans receivable	-	-	-	-	913,141	913,141
Interest of delinquent taxes	539,538	-	-	-	-	539,538
Fines and forfeitures	71,978	-	-	-	-	71,978
Total Deferred Inflows of Resources	11,186,513	1,801,303	3,113,632	853,246	913,141	17,867,835
Fund Balances						
Nonspendable	4,055,847	-	-	-	-	4,055,847
Restricted	137,480	-	-	-	4,198,417	4,335,897
Committed	21,411,995	1,720,877	-	-	1,387,067	24,519,939
Assigned	780,096	-	-	-	-	780,096
Unassigned	8,781,523	-	(33,537)	(58,954)	-	8,689,032
Total Fund Balances (Deficits)	35,166,941	1,720,877	(33,537)	(58,954)	5,585,484	42,380,811
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 48,621,715	\$ 3,522,180	\$ 4,957,153	\$ 1,394,710	\$ 6,529,133	\$ 65,024,891

(Continued)

MARINETTE COUNTY, WISCONSIN
 Balance Sheet (Continued)
 Governmental Funds
 December 31, 2016

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page \$ 42,380,811

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.

Capital assets	\$ 80,528,202	
Less: amount included below with internal service funds	<u>(999,353)</u>	79,528,849

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	\$ (30,240,000)	
Loss on advance refunding	347,448	
Refinancing premium	(1,084,889)	
Compensated absences	(2,423,493)	
Postemployment health insurance	(6,301,462)	
Accrued interest on long-term obligations	<u>(244,271)</u>	(39,946,667)

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

Loans receivable	\$ 913,141	
Interest on delinquent taxes	539,538	
Clerk of Courts receivable	<u>71,978</u>	1,524,657

The County's proportionate share of the Wisconsin Retirement System pension is not an available financial resource; therefore it is not reported in the financial statements:

Net pension liability	\$ (1,782,371)	
Deferred outflow of resources - contributions and changes	9,908,770	
Deferred inflows of resources - changes	<u>(3,750,971)</u>	4,375,428

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.

2,272,263

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

\$ 90,135,341

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, 2016

	General	County Roads and Bridges	Health and Human Services	Debt Service	Total Nonmajor Funds	Total Governmental Funds
Revenues						
Taxes	\$ 11,689,483	\$ 1,516,835	\$ 3,107,008	\$ 878,276	\$ -	\$ 17,191,602
Sales tax	-	-	-	3,465,633	-	3,465,633
Intergovernmental	4,287,098	1,763,962	5,738,402	-	4,650	11,794,112
Regulation and compliance	317,482	-	-	-	208,326	525,808
Charges for services	4,416,795	-	3,963,165	-	48,886	8,428,846
Commercial	574,321	-	-	-	386,043	960,364
Miscellaneous	604,927	93,566	-	-	11,094	709,587
Total Revenues	21,890,106	3,374,363	12,808,575	4,343,909	658,999	43,075,952
Expenditures						
Current						
General government	6,855,660	-	-	-	513,815	7,369,475
Public protection	8,948,440	-	-	-	33,472	8,981,912
Public ways and facilities	-	5,842,395	-	-	1,926	5,844,321
Health	1,040,085	-	13,351,124	-	6,187	14,397,396
Culture and recreation	2,229,118	-	-	-	184,030	2,413,148
Education	390,225	-	-	-	-	390,225
Forestry	1,449,168	-	-	-	-	1,449,168
Conservation and development	862,196	-	-	-	70,017	932,213
Interest and fiscal charges	-	-	-	-	108,650	108,650
Debt service						
Principal payments	-	-	-	2,620,000	-	2,620,000
Interest and fiscal charges	-	-	-	829,365	-	829,365
Total Expenditures	21,774,892	5,842,395	13,351,124	3,449,365	918,097	45,335,873
Excess (Deficiency) of Revenues Over (Under) Expenditures	115,214	(2,468,032)	(542,549)	894,544	(259,098)	(2,259,921)
Other Financing Sources (Uses)						
Long-term debt issued	-	-	-	-	5,000,000	5,000,000
Premium on debt	-	-	-	-	163,129	163,129
Transfers in	321,353	3,278,666	129,153	54,479	1,205,360	4,989,011
Transfers out	(129,153)	-	-	(321,353)	(4,534,645)	(4,985,151)
Total Other Financing Sources (Uses)	192,200	3,278,666	129,153	(266,874)	1,833,844	5,166,989
Net Change in Fund Balances	307,414	810,634	(413,396)	627,670	1,574,746	2,907,068
Fund Balances (Deficit) - January 1	34,859,527	910,243	379,859	(686,624)	4,010,738	39,473,743
Fund Balances (Deficit) - December 31	\$ 35,166,941	\$ 1,720,877	\$ (33,537)	\$ (58,954)	\$ 5,585,484	\$ 42,380,811

(Continued)

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2016

Reconciliation to the Statement of Activities

Net Change in Fund Balances from previous page \$ 2,907,068

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	\$ 4,052,263	
Depreciation expense reported in the statement of activities	<u>(2,967,424)</u>	
Amount by which capital outlays are greater than depreciation in current period		1,084,839

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.	(111,082)
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Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by:	(227,993)
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Change in the net pension liability (asset) and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan.	(1,124,971)
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Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:	2,620,000
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Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities interest is reported as accrues.	(8,707)
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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:	(5,000,000)
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(Continued)

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2016

Reconciliation to the Statement of Activities (Continued)

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		(64,039)
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Because some revenues are not collected soon enough after the County's year end, they are not considered available revenues and are deferred or not recognized in the governmental funds. This adjustment combines the net changes of the following:

Interest receivable on taxes	(14,729)	
Clerk of court receivables	1,255	
Revolving loan receivables	<u>(800,205)</u>	
Combined adjustment		(813,679)

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>209,872</u>
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Change in Net Position of Governmental Activities as reported in the Statement of Activities (see pages 20 and 21)

		<u><u>\$ (528,692)</u></u>
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The notes to the basic financial statements are an integral part of this statement.

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 11,656,883	\$ 11,656,883	\$ 11,689,483	\$ 32,600
Intergovernmental	4,460,199	4,609,972	4,287,098	(322,874)
Regulation and compliance	312,290	312,290	317,482	5,192
Charges for services	4,872,887	4,877,203	4,416,795	(460,408)
Commercial	733,910	733,910	574,321	(159,589)
Miscellaneous	511,350	541,818	604,927	63,109
Total Revenues	22,547,519	22,732,076	21,890,106	(841,970)
Expenditures				
General government	8,223,731	7,648,636	6,855,660	792,976
Public protection	8,852,941	9,185,197	8,948,440	236,757
Health	1,140,460	1,051,190	1,040,085	11,105
Culture and recreation	2,516,352	2,538,609	2,229,118	309,491
Education	360,850	396,708	390,225	6,483
Forestry	1,472,651	1,565,398	1,449,168	116,230
Conservation and development	1,000,687	1,183,436	862,196	321,240
Total Expenditures	23,567,672	23,569,174	21,774,892	1,794,282
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,020,153)	(837,098)	115,214	952,312
Other Financing Sources (Uses)				
Transfers in	321,353	321,353	321,353	-
Transfer out	-	129,153	(129,153)	(258,306)
Total Other Financing Sources (Uses)	321,353	450,506	192,200	(258,306)
Net Change in Fund Balances	(698,800)	(386,592)	307,414	694,006
Fund Balance - January 1	34,859,527	34,859,527	34,859,527	-
Fund Balance - December 31	\$ 34,160,727	\$ 34,472,935	\$ 35,166,941	\$ 694,006

The notes to 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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 3,107,008	\$ 3,107,008	\$ 3,107,008	\$ -
Intergovernmental	5,542,100	5,632,261	5,738,402	106,141
Charges for services	5,187,088	5,196,245	3,963,165	(1,233,080)
Total Revenues	<u>13,836,196</u>	<u>13,935,514</u>	<u>12,808,575</u>	<u>(1,126,939)</u>
Expenditures				
Health	13,911,196	14,243,638	13,351,124	892,514
Excess (Deficiency) of Revenues Under Expenditures	<u>(75,000)</u>	<u>(308,124)</u>	<u>(542,549)</u>	<u>(234,425)</u>
Other Financing Sources				
Transfers in	-	129,153	129,153	-
Net Change in Fund Balances	<u>(75,000)</u>	<u>(178,971)</u>	<u>(413,396)</u>	<u>(234,425)</u>
Fund Balances - January 1	<u>379,859</u>	<u>379,859</u>	<u>379,859</u>	<u>-</u>
Fund Balances (Deficit) - December 31	<u>\$ 304,859</u>	<u>\$ 200,888</u>	<u>\$ (33,537)</u>	<u>\$ (234,425)</u>

The notes to 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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,516,835	\$ 1,516,835	\$ 1,516,835	\$ -
Intergovernmental	1,323,862	1,323,862	1,763,962	440,100
Miscellaneous revenues	-	-	93,566	93,566
Total Revenues	<u>2,840,697</u>	<u>2,840,697</u>	<u>3,374,363</u>	<u>533,666</u>
Expenditures				
Special revenue funds	<u>7,277,197</u>	<u>7,277,197</u>	<u>5,842,395</u>	<u>1,434,802</u>
Excess (Deficiency) of Revenues Under Expenditures	<u>(4,436,500)</u>	<u>(4,436,500)</u>	<u>(2,468,032)</u>	<u>1,968,468</u>
Other Financing Sources				
Transfers in	<u>4,436,500</u>	<u>4,436,500</u>	<u>3,278,666</u>	<u>(1,157,834)</u>
Net Change in Fund Balance	-	-	810,634	810,634
Fund Balance - January 1	<u>910,243</u>	<u>910,243</u>	<u>910,243</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 910,243</u>	<u>\$ 910,243</u>	<u>\$ 1,720,877</u>	<u>\$ 810,634</u>

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

MARINETTE COUNTY, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2016

	Enterprise Funds			Internal Service Funds
	Highway	MAR-OCO Landfill	Total	
ASSETS				
Current Assets				
Pooled cash and investments	\$ 1,021,132	\$ 503,385	\$ 1,524,517	\$ 1,162,010
Petty cash	100	200	300	-
Accounts receivable	-	44,487	44,487	2,584
Interest receivable	-	710	710	-
Property taxes levied for subsequent year	-	-	-	101,047
Due from other governments	535,903	-	535,903	-
Prepaid items	5,676	-	5,676	250,940
Inventories	1,265,605	-	1,265,605	18,253
Unearned fringe benefit	126,610	-	126,610	-
Total Current Assets	<u>2,955,026</u>	<u>548,782</u>	<u>3,503,808</u>	<u>1,534,834</u>
Noncurrent Assets				
Restricted assets - pooled cash and investments	172,102	753,063	925,165	-
Land	51,475	62,514	113,989	-
Land improvements, net	124,482	3,288,908	3,413,390	-
Buildings	4,854,591	142,468	4,997,059	-
Machinery and equipment	9,975,354	430,232	10,405,586	2,228,762
Accumulated depreciation	(8,836,618)	(2,526,665)	(11,363,283)	(1,257,559)
Construction work in progress	-	-	-	28,150
Total Noncurrent Assets	<u>6,341,386</u>	<u>2,150,520</u>	<u>8,491,906</u>	<u>999,353</u>
TOTAL ASSETS	<u>9,296,412</u>	<u>2,699,302</u>	<u>11,995,714</u>	<u>2,534,187</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	1,459,788	39,210	1,498,998	-
LIABILITIES				
Current Liabilities				
Accounts payable	317,142	39,108	356,250	91,886
Accrued liabilities	52,887	2,721	55,608	10,406
Compensated absences payable	14,528	-	14,528	-
Total Current Liabilities	<u>384,557</u>	<u>41,829</u>	<u>426,386</u>	<u>102,292</u>
Noncurrent Liabilities				
Compensated absences payable	130,756	-	130,756	-
Post employment health insurance	193,742	27,693	221,435	-
Net pension liability	223,452	7,059	230,511	-
Accrued landfill closure/post closure care cost	-	1,736,930	1,736,930	-
Total Noncurrent Liabilities	<u>547,950</u>	<u>1,771,682</u>	<u>2,319,632</u>	<u>-</u>
TOTAL LIABILITIES	<u>932,507</u>	<u>1,813,511</u>	<u>2,746,018</u>	<u>102,292</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	-	-	-	101,047
Deferred inflows related to pension	470,251	14,854	485,105	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>470,251</u>	<u>14,854</u>	<u>485,105</u>	<u>101,047</u>
NET POSITION				
Net investment in capital assets	6,169,284	1,397,457	7,566,741	999,353
Unrestricted	3,184,158	(487,310)	2,696,848	1,331,495
TOTAL NET POSITION	<u>\$ 9,353,442</u>	<u>\$ 910,147</u>	<u>\$ 10,263,589</u>	<u>\$ 2,330,848</u>

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

MARINETTE COUNTY, WISCONSIN
Statement of Net Position
Proprietary Funds
December 31, 2016

Total Fund Balances as shown on previous page	\$ 10,263,589
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.	<u>58,585</u>
Net Position of Business-Type Activities as Reported on the Statement of Net Position (see pages 18 - 19)	<u>\$ 10,322,174</u>

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, 2016

	Enterprise Funds			Internal Service Funds
	Highway	MAR-OCO Landfill	Total	
Operating Revenues				
Charges for services	\$ 8,745,695	\$ 619,779	\$ 9,365,474	\$ 2,045,587
Operating Expenses				
Administration	-	40,717	40,717	-
Operation and maintenance	8,253,999	345,995	8,599,994	1,239,090
Claims and premiums	-	-	-	658,312
Landfill closure/post-closure care costs	-	114,447	114,447	-
Depreciation	641,562	163,212	804,774	211,430
Total Operating Expenses	8,895,561	664,371	9,559,932	2,108,832
Operating Loss	(149,866)	(44,592)	(194,458)	(63,245)
Nonoperating Revenues				
General property taxes	-	-	-	120,000
Sale of county property	-	-	-	22,948
Insurance recoveries and dividends	-	-	-	37,652
Miscellaneous revenues	21,771	-	21,771	-
Investment earnings	-	6,983	6,983	-
Total Nonoperating Revenues	21,771	6,983	28,754	180,600
Income (Loss) Before Contributions and Transfers	(128,095)	(37,609)	(165,704)	117,355
Capital Contributions	-	-	-	88,868
Transfers Out	(3,860)	-	(3,860)	-
Change in Net Position	(131,955)	(37,609)	(169,564)	206,223
Net Position - January 1, as originally reported	9,485,397	925,682	10,411,079	2,124,625
Cumulative Effect of Change In Accounting Principles	-	22,074	22,074	-
Total Net Position - January 1, restated	9,485,397	947,756	10,433,153	2,124,625
Total Net Position - December 31	\$ 9,353,442	\$ 910,147	\$ 10,263,589	\$ 2,330,848

The notes to 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, 2016

Change in Net Position, per above	\$ (169,564)
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.	<u>(3,649)</u>
Change in Net Position of Business-Type Activities as Reported on the Statement of Activities (see pages 20 - 21)	<u>\$ (173,213)</u>

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

MARINETTE COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise Funds			Internal Service Funds
	Highway	MAR-OCO Landfill	Total	
Cash Flows from Operating Activities				
Cash from interfund	\$ 6,048,212	\$ -	\$ 6,048,212	\$ 2,028,279
Cash receipts from customers	2,296,087	622,495	2,918,582	36,946
Payments to employees	(4,548,330)	(109,761)	(4,658,091)	(715,997)
Payments to suppliers	(3,136,107)	(289,615)	(3,425,722)	(1,099,354)
Net Cash Provided by Operating Activities	659,862	223,119	882,981	249,874
Cash Flows From Noncapital Financing Activities				
Property taxes	-	-	-	120,000
Insurance recoveries	47,618	-	47,618	15,330
Miscellaneous revenue	21,771	-	21,771	24,221
Net Cash Provided by Noncapital Financing Activities	69,389	-	69,389	159,551
Cash Flows From Capital and Related Financing Activities				
Purchases of capital assets	(693,750)	(33,807)	(727,557)	(147,279)
Contributed capital	-	-	-	88,868
Proceeds from sale of assets	-	-	-	22,948
Net Cash Used by Capital and Related Financing Activities	(693,750)	(33,807)	(727,557)	(35,463)
Cash Flows from Investing Activities				
Interest received on investments	-	6,976	6,976	-
Net Change in Cash and Cash Equivalents	35,501	196,288	231,789	373,962
Cash and Cash Equivalents - January 1	1,157,833	1,060,360	2,218,193	788,048
Cash and Cash Equivalents - December 31	\$ 1,193,334	\$ 1,256,648	\$ 2,449,982	\$ 1,162,010
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:				
Operating loss	\$ (149,866)	\$ (44,592)	\$ (194,458)	\$ (65,144)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	641,562	163,212	804,774	211,430
Increase in postclosure care cost estimates	-	114,447	114,447	-
Change in pension liability (asset), deferred inflows and outflows	-	4,777	4,777	-
Changes in assets and liabilities:				
Accounts payable - interfund	-	-	-	(18,953)
Accounts payable - other	(906)	-	(906)	-
Accounts payable - supplier	300,262	(14,226)	286,036	41,958
Customer receivables	(89,231)	2,715	(86,516)	2,071
Interfund receipts	-	-	-	514
Inventory	(9,734)	-	(9,734)	(1,289)
Other operating receivables	(5,676)	-	(5,676)	18,953
Salaries and benefits payable	(316,276)	822	(315,454)	(2,569)
Prepaid items	50,608	-	50,608	62,903
Post employment benefits	239,119	(4,036)	235,083	-
Net Cash Provided by Operating Activities	\$ 659,862	\$ 223,119	\$ 882,981	\$ 249,874

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

MARINETTE COUNTY, WISCONSIN

Statement of Fiduciary Net Position

December 31, 2016

	Agency Funds
ASSETS	
Cash and investments	\$ 7,106,598
Delinquent property taxes	118,260
Property taxes levied for subsequent year	<u>628,917</u>
TOTAL ASSETS	<u><u>\$ 7,853,775</u></u>
LIABILITIES	
Tax collections	\$ 5,629,565
Forest income	299,582
Special assessments	122,958
Accounts payable	4,463
Deposits payable	1,796,755
Accrued liabilities	<u>452</u>
TOTAL LIABILITIES	<u><u>\$ 7,853,775</u></u>

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

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 \$750,000 in federal funds during 2016 and therefore was not required to have an audit performed in accordance with the Uniform Guidance. Because the MCCA received funding of more than \$25,000 from the State of Wisconsin Department of Health and Family Services (DHFS) during 2016, 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, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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 inter-fund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

The County reports the following major governmental funds.

GENERAL FUND

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

COUNTY ROADS AND BRIDGES SERVICES SPECIAL REVENUE FUND

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

HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND

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

DEBT SERVICE FUND

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major enterprise funds:

HIGHWAY

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

MAR-OCO LANDFILL

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*.

4. Measurement Focus and Basis of Accounting

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

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

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

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

5. 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 price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. 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 and Loans 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. Inter-fund 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 non-spendable fund balance to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

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

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

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

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

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

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

g. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements 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 has three 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. 3). The County's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

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 two items that qualify for reporting in this category in the government-wide statement of net position. The first is property taxes, which will be recognized as an inflow of resources in the subsequent year for which it was levied. The second is related to the County proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. 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 the 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. Pensions

For the purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit items. Investments are reported at fair value.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. 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:

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

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

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, 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.

6. Use of Estimates

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

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

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

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2016.

2. Deficit Fund Balance

As of December 31, 2016, the health and human services and debt service funds had a deficit fund balance of \$33,537 and \$58,954, respectively. The deficits are anticipated to be funded with future revenues of the funds.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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 \$48,950,379 on December 31, 2016 as summarized below:

Petty cash and cash on hand	\$ 4,735
Deposits with financial institutions	18,675,918
Investments	<u>30,269,726</u>
	<u>\$ 48,950,379</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 40,651,453
Restricted cash and investments	1,192,328
Fiduciary fund statement of net position	
Agency funds	<u>7,106,598</u>
	<u>\$ 48,950,379</u>

Fair Value Measurements

The County implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending December 31, 2016. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The County has the following fair value measurements as of December 31, 2016:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Federal National Mortgage Association	\$ -	\$ 5,394,075	\$ -
Federal Home Loan Mortgage Corporation	-	3,931,561	-
Federal Farm Credit Bank	-	4,219,275	-
Governmental National Mortgage Association	-	1,052,591	-
Small Business Association	-	600,176	-
Corporate Paper	-	3,285,967	-
Municipal Bonds	-	1,154,356	-
Total investments by fair value level	<u>\$ -</u>	<u>\$ 19,638,001</u>	<u>\$ -</u>

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the specific risks and the County's policy related to the risk.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

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, 2016, \$6,597,879 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	\$ 5,394,075	\$ -	\$ 5,394,075	\$ -	\$ -
Federal Home Loan Mortgage Corporation	3,931,561	-	3,931,561	-	-
Federal Farm Credit Bank	4,219,275	-	4,219,275	-	-
Governmental Home Loan Mortgage Association	1,052,591	-	1,052,591	-	-
Small Business Association	600,176	-	600,176	-	-
Corporate Paper	3,285,967	-	3,285,967	-	-
Municipal Bonds	1,154,356	-	1,154,356	-	-
Wisconsin Local Government Investment Pool	9,932,607	-	-	-	9,932,607
Wisconsin Local Government Investment Pool - DNR	699,118	-	-	-	699,118
Totals	\$ 30,269,726	\$ -	\$ 19,638,001	\$ -	\$ 10,631,725

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

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.	\$ 5,394,075	12.7%
Federal Home Loan Mortgage Corporation (FHLMC)	U.S.	3,931,561	9.3%
Federal Farm Credit Bank	U.S.	4,219,275	10.0%
Governmental National Mortgage Association (GNMA)	U.S.	1,052,591	2.5%
Small Business Association (SBA)	U.S.	600,176	1.5%
Richland School District	U.S.	501,855	1.2%
Galveston County	U.S.	394,479	1.0%
City of New York	U.S.	258,022	0.6%
Barclays Bank	U.S.	1,018,030	2.4%
Berkshire Hathaway Finance	U.S.	500,875	1.2%
General Electric	U.S.	771,803	2.1%
Wells Fargo & Company	U.S.	995,260	2.4%

As of December 31, 2016, 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	\$ 5,394,075	\$ 2,376,625	\$ 274,649	\$ 2,742,801	\$ -
Federal Home Loan Mortgage Corporation	3,931,561	-	2,692,795	1,238,766	-
Federal Farm Credit Bank	4,219,275	-	-	4,219,275	-
Governmental Home Loan Mortgage Association	1,052,591	202,807	-	658,958	190,826
Small Business Association	600,176	-	-	600,176	-
Corporate Paper	3,285,967	1,789,832	500,875	995,260	-
Municipal Bonds	1,154,356	501,855	-	652,501	-
Wisconsin Local Government Investment Pool	9,932,607	9,932,607	-	-	-
Wisconsin Local Government Investment Pool - DNR	699,118	699,118	-	-	-
Totals	\$ 30,269,726	\$ 15,502,844	\$ 3,468,319	\$ 11,107,737	\$ 190,826

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

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	\$ 5,394,075
Federal Home Loan Mortgage Corporation	3,931,561
Federal Farm Credit Bank	4,219,275
Governmental National Mortgage Association	1,052,591
Small Business Association	600,176
Corporate Paper	3,285,967
Municipal Bonds	1,154,356

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$10,631,725 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, 2016, 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., component unit, were less than \$250,000 and, accordingly, covered by FDIC insurance.

The Marinette County Association for Business & Industry, component unit has a bank balance and investments. The bank balance consists of cash in money market funds and general demand accounts. The investments are stated at fair market value and consist of various securities with local financial institution trust departments. At December 31, 2016 the investment in money markets was \$1,054,440 with a fair market value of \$1,054,440.

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, 2016 the investment cost was \$464,782 with a fair market value of \$500,725.

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, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Property taxes recorded on December 31, 2016 for collection in 2017 are for the following:

State apportionment	\$ 628,917
County apportionment	16,444,525
Total	\$ 17,073,442

The above County apportionment of \$16,444,525 is for financing 2017 operations and will be transferred in 2017 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, 2016, the County's general fund showed an investment of \$2,968,277 in delinquent taxes as follows:

Tax certificates	\$ 2,822,947
Tax deeds	145,330
Total	\$ 2,968,277

An aging of the total delinquent taxes of \$2,968,277 on December 31, 2016 follows:

Year Acquired	Total	Tax Certificates	Tax Deeds
Prior to 2010	\$ 32,915	\$ 1,618	\$ 31,297
2010	25,481	532	24,949
2011	15,206	1,428	13,778
2012	2,454	2,062	392
2013	9,997	7,252	2,745
2014	534,921	523,351	11,570
2015	886,794	873,567	13,227
2016	1,460,509	1,413,137	47,372
	\$ 2,968,277	\$ 2,822,947	\$ 145,330

Of the total of \$2,968,277 for delinquent taxes, \$288,831 was collected by the County within 60 days after December 31, 2016. The remaining unpaid balance of \$2,679,446 is recorded as non-spendable fund balance for the general fund.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Restricted Assets

Restricted assets on December 31, 2016 totaled \$1,192,328 and consisted of cash and investments held for the following purposes:

Special Revenue Fund	
Solid waste long-term care	\$ 267,163
Enterprise Fund	
Highway retirees health insurance	172,102
Solid waste long-term care/closure	753,063
Total Restricted Assets	<u>\$ 1,192,328</u>

5. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,865,776	\$ -	\$ -	\$ 4,865,776
Construction work in progress	-	28,150	-	28,150
Subtotals	<u>4,865,776</u>	<u>28,150</u>	<u>-</u>	<u>4,893,926</u>
Capital assets, being depreciated:				
Buildings and improvements	45,016,511	-	-	45,016,511
Machinery and equipment	11,396,099	888,146	320,844	11,963,401
Infrastructure	62,225,163	3,284,329	857,618	64,651,874
Subtotals	<u>118,637,773</u>	<u>4,172,475</u>	<u>1,178,462</u>	<u>121,631,786</u>
Less accumulated depreciation for:				
Buildings and improvements	14,424,277	938,048	-	15,362,325
Machinery and equipment	8,168,618	727,956	293,004	8,603,570
Infrastructure	21,292,055	1,512,851	773,291	22,031,615
Subtotals	<u>43,884,950</u>	<u>3,178,855</u>	<u>1,066,295</u>	<u>45,997,510</u>
Total capital assets, being depreciated, net	<u>74,752,823</u>	<u>993,620</u>	<u>112,167</u>	<u>75,634,276</u>
Governmental activities capital assets, net	<u>\$ 79,618,599</u>	<u>\$ 1,021,770</u>	<u>\$ 112,167</u>	<u>80,528,202</u>
Less related long-term debt outstanding				<u>29,106,000</u>
Net investment in capital assets				<u>\$ 51,422,202</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 113,989	\$ -	\$ -	\$ 113,989
Capital assets, being depreciated:				
Land improvements	3,391,476	21,914	-	3,413,390
Buildings	4,997,059	-	-	4,997,059
Machinery and equipment	9,922,352	834,270	351,036	10,405,586
Subtotals	<u>18,310,887</u>	<u>856,184</u>	<u>351,036</u>	<u>18,816,035</u>
Less accumulated depreciation for:				
Land improvements	2,197,717	141,321	-	2,339,038
Buildings	2,917,995	184,503	-	3,102,498
Machinery and equipment	5,633,797	484,633	196,683	5,921,747
Subtotals	<u>10,749,509</u>	<u>810,457</u>	<u>196,683</u>	<u>11,363,283</u>
Total capital assets, being depreciated, net	<u>7,561,378</u>	<u>45,727</u>	<u>154,353</u>	<u>7,452,752</u>
Business-type activities capital assets, net	<u>\$ 7,675,367</u>	<u>\$ 45,727</u>	<u>\$ 154,353</u>	<u>7,566,741</u>
Less related long-term debt outstanding				<u>-</u>
Net investment in capital assets				<u>\$ 7,566,741</u>
Depreciation expense was charged to functions of the County as follows:				
Governmental activities				
General government				\$ 127,670
Public protection				645,110
Public ways and facilities				1,512,852
Health				78,564
Culture and recreation				50,362
Education				442,484
Forestry				107,103
Conservation and development				3,280
Allocated from internal service funds				211,430
Total depreciation expense - governmental activities				<u>\$ 3,178,855</u>
Business-type activities				
Highway				\$ 647,245
Solid waste				163,212
Total depreciation expense - business-type activities				<u>\$ 810,457</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Inter-fund Receivable, Payables, and Transfers

Inter-fund receivables and payables between individual funds of the County, as reported in the fund financial statements, as of December 31, 2016 are detailed below:

	Interfund Receivables	Interfund Payables
Cash advance for cash flow		
General Fund	\$ 627,651	\$ -
Debt Service Fund	-	418
Health and Human Services	-	627,233
Totals	<u>\$ 627,651</u>	<u>\$ 627,651</u>
Long-term advance to other funds		
General Fund	\$ 600,000	\$ -
Debt Service Fund	-	600,000
Totals	<u>\$ 600,000</u>	<u>\$ 600,000</u>

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
2017	\$ 200,000	\$ 18,000	\$ 218,000
2018	200,000	12,000	212,000
2019	200,000	6,000	206,000
	<u>\$ 600,000</u>	<u>\$ 36,000</u>	<u>\$ 636,000</u>

Inter-fund transfers for the year ended December 31, 2016 were as follows:

	Transfer to:						Totals
	General Fund	County Roads and Bridges	Debt Service	Health and Human Services	2015 Capital Projects	2016 Capital Projects	
Transfers from:							
General fund	\$ -	\$ -	\$ -	\$ 129,153	\$ -	\$ -	\$ 129,153
Highway	-	-	-	-	3,860	-	3,860
Debt service	321,353	-	-	-	-	-	321,353
2014 Capital projects	-	-	-	-	-	240,000	240,000
2015 Capital projects	-	758	-	-	-	961,500	962,258
2016 Capital projects	-	3,277,908	54,479	-	-	-	3,332,387
Totals	<u>\$ 321,353</u>	<u>\$ 3,278,666</u>	<u>\$ 54,479</u>	<u>\$ 129,153</u>	<u>\$ 3,860</u>	<u>\$ 1,201,500</u>	<u>\$ 4,989,011</u>

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, 2016

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, 2016:

	Outstanding 1/1/16	Issued	Retired	Outstanding 12/31/16	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 13,115,000	\$ -	\$ 1,775,000	\$ 11,340,000	\$ 1,800,000
Notes	14,745,000	5,000,000	845,000	18,900,000	700,000
Total General Obligation Debt	27,860,000	5,000,000	2,620,000	30,240,000	2,500,000
Debt Premium	1,079,650	163,129	157,890	1,084,889	162,749
Compensated absences	2,414,872	8,621	-	2,423,493	242,349
Governmental activities Long-term obligations	<u>\$ 31,354,522</u>	<u>\$ 5,171,750</u>	<u>\$ 2,777,890</u>	<u>\$ 33,748,382</u>	<u>\$ 2,905,098</u>
Business-type activities:					
Compensated absences	<u>\$ 61,337</u>	<u>\$ 83,947</u>	<u>\$ -</u>	<u>\$ 145,284</u>	<u>\$ 14,528</u>

Total interest paid during the year on long-term debt totaled \$829,365.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$16,615,000 issued 3/15/12; \$125,000 to \$1,875,000 due annually to 2022;
interest 1.50% to 4.00 % \$ 11,340,000

Notes

\$9,435,000 issued 2/12/14; \$635,000 to \$4,000,000 due annually to 2023;
interest 1.00% to 3.00% 8,100,000

\$5,945,000 issued 3/10/15; \$145,000 to \$4,000,000 due annually to 2024;
interest 2.00% to 2.50% 5,800,000

\$5,000,000 issued 4/13/16; \$100,000 to \$2,000,000 due annually to 2026;
interest 2.00% to 2.25% 5,000,000

Total Outstanding General Obligation Debt

\$ 30,240,000

Annual principal and interest maturities of the outstanding general obligation debt of \$30,240,000 on December 31, 2016 are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 2,500,000	\$ 839,725	\$ 3,339,725
2018	2,400,000	759,475	3,159,475
2019	2,350,000	711,975	3,061,975
2020	2,400,000	653,475	3,053,475
2021	2,365,000	585,787	2,950,787
2022	5,325,000	454,250	5,779,250
2023-2026	12,900,000	544,250	13,444,250
	<u>\$ 30,240,000</u>	<u>\$ 4,548,937</u>	<u>\$ 34,788,937</u>

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

MARINETTE COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2016 was \$155,056,040 as follows:

Equalized valuation of the County		\$ 3,705,920,800
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>185,296,040</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 30,240,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	-	
Net outstanding general obligation debt applicable to debt limitation		<u>30,240,000</u>
Legal Margin for New Debt		<u>\$ 155,056,040</u>

8. Pension Plan

a. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings are the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

b. Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1)%	(42)%
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%
2015	2.9%	2.0%

c. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,190,983 in contributions from the County.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the County reported a liability of \$2,012,882 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the County's proportion was 0.12430551%, which was a decrease of 0.00044415% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the County recognized pension expense of \$1,283,953.

At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 341,717	\$ 4,250,930
Net differences between projected and actual earnings on pension plan investments	8,270,214	-
Changes in assumptions	1,413,238	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,755	-
Employer contributions subsequent to the measurement date	1,204,436	-
Subtotal	11,236,360	4,250,930
Less 50% of MAR-OCO Landfill balances related to another entity	(39,210)	(14,854)
Total	\$ 11,197,150	\$ 4,236,076

\$1,204,436 reported as deferred outflows related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31,	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 2,604,671	\$ 1,028,733
2017	2,604,671	1,028,733
2018	2,604,671	1,028,733
2019	2,172,548	1,028,733
2020	45,363	135,998
Total	\$ 10,031,924	\$ 4,250,930

MARINETTE COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

e. Actuarial Assumptions

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability:	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

Long-term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>				
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5%	22%	8.5%	5.6%
Fixed Income	27.5%	37%	4.4%	1.6%
Inflation Sensitive Assets	10%	20%	4.2%	1.4%
Real Estate	7%	7%	6.5%	3.6%
Private Equity/Debt	7%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.7%	3.8%
Total Core Fund	107%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5.0%

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.57%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
County's proportionate share of the net pension liability (asset)	\$ 14,167,901	\$ 2,019,940	\$ 7,467,833

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

f. Payable to the WRS

At December 31, 2016 the County reported a payable of \$184,228 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2016.

9. Closure and Post-Closure Care Costs

The Marinette-Oconto (MAR-OCO) Joint Landfill is a solid waste landfill operation owned 50% by Marinette County and 50% by Oconto County. Marinette County records its 50% share of MAR-OCO's financial transactions in an enterprise fund on its financial statements. Federal and state laws and regulations require MAR-OCO to place covers on landfill increments as they are filled (closure costs) and to perform certain maintenance and monitoring functions (post-closure care) of the landfill site for forty years after the landfill stops accepting waste. Most closure costs are paid when individual landfill increments reach capacity for accepting waste and post-closure care costs will normally only be paid after the entire landfill stops accepting waste. In accordance with GASB Statement No. 18, MAR-OCO annually records an estimate of the closure and post-closure care costs as an operating expense during the life of the landfill based on landfill capacity used compared to total estimated capacity available. The resultant liabilities for these estimated operating expenses are reduced each year for actual payments made. An analysis of Marinette County's 50% share of the estimated liabilities for closure and post-closure care costs on December 31, 2016 follows:

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Landfill Closure Care	Landfill Post closure Care
Total estimated costs	\$ 1,289,256	\$ 2,451,280
Percentage of storage capacity used as of December 31, 2015	72.17%	60.59%
Total estimated liability for costs as of December 31, 2015	930,424	1,485,231
Less closure costs paid	678,724	-
Liabilities as of December 31, 2015	<u>\$ 251,700</u>	<u>\$ 1,485,231</u>

The above total costs of \$251,700 and \$1,485,231 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 \$1,485,231 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, 2016 was \$753,063. In addition, MAR-OCO has established an irrevocable letter of credit in the amount of \$900,000 (County share of \$450,000) to provide additional funding for landfill closure. In accordance with Wisconsin Statutes, the Wisconsin Department of Natural Resources is the beneficiary of the letter of credit.

10. Fund Equity

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

NON-SPENDABLE FUND BALANCES

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

General Fund	
Prepaid items	\$ 314,543
Delinquent property taxes	2,679,446
Long-term loans receivable	1,061,858
Total Nonspendable Fund Balances	<u>\$ 4,055,847</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

RESTRICTED FUND BALANCES AND NET POSITION

Portions of governmental fund balances are restricted for specific purposes by constraints imposed by external providers. At December 31, 2016, restricted fund balances consisted of the following:

General Fund

Sheriff Department honor guard uniforms	\$ 611
Sheriff Department canine	15,960
Family counseling	32,161
Veterans transportation	41,783
Veterans emergency assistance	1,486
Wildlife habitat	36,786
County forest land acquisition	8,693
	137,480

Special Revenue Funds

Land records modernization	174,744
Teen court	1,565
Jail assessments	74,999
Dog licenses	1,000
Nicolet library grant	12,619
Library donations	134,465
Peshtigo library - McCauley trust	188,743
Peshtigo library - Falkenberg trust	19,240
Community Development Block Grant	404,986
	1,012,361

2014 Capital projects	239,021
2015 Capital Projects	164,662
2016 Capital projects	2,782,373
	3,186,056

Total Restricted Fund Balances - Governmental Balance Sheet	4,335,897
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Outstanding Loan Balance - Community Development Block Grant	507,101
Total Restricted Net Position - Statement of Net Position	\$ 4,842,998

MARINETTE COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2016

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, 2016, committed fund balances consisted of the following:

General Fund	
Property tax reduction fund	\$ 19,058,908
Service level stabilization	2,000,000
Forestry heavy equipment	227,017
Tourism	7,405
Land information	95,004
Environmental site assessment	23,661
	<u>21,411,995</u>
Special Revenue Funds	
County roads and bridges	1,720,877
Solid waste long-term care	267,787
Forest and parks development	376,289
Revolving loan fund	742,991
	<u>3,107,944</u>
Total Committed Fund Balances	<u>\$ 24,519,939</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, 2016, assigned fund balances consisted of the following:

General Fund	
Capital maintenance	\$ 424,517
Subsequent years budget	250,000
County Department budget carryovers	105,579
Total Assigned Fund Balances	<u>\$ 780,096</u>

UNASSIGNED FUND BALANCES

General fund unassigned fund balance on December 31, 2016 totaled \$8,781,523 and of that amount, \$2,217,394 was allocated for contingencies and \$1,847,828 was allocated for cash flow requirements.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

11. 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 2016 General Fund Operating Expenditures	\$ 22,581,416
	17%
17% of total budgeted regular General Fund Expenditures	\$ 3,838,841

The General Fund unassigned fund balance on December 31, 2016 totaled \$8,781,523.

NOTE D - OTHER INFORMATION

1. 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 142 active and 63 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	\$ 1,696,623
Interest on net OPEB	252,073
Adjustment to annual required contribution	(396,486)
Annual OPEB cost (expense)	1,552,210
Contributions made	(1,362,856)
Change in net OPEB obligation	189,354
OPEB obligation - beginning of year	6,333,543
OPEB obligation - end of year	\$ 6,522,897

The annual required contribution for the current year was determined as part of the January 1, 2016 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, 2016

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, 2015 is 22 years, and the remaining amount is \$17,563,589.

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
12/31/2014	\$ 1,875,740	67.35%	\$ 6,165,710
12/31/2015	1,514,982	91.02%	6,301,815
12/31/2016	1,552,210	87.80%	6,522,897

Funded Status and Funding Progress - As of January 1, 2016, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$17,563,589. The annual payroll for active employees covered by the plan for the 2016 fiscal year was \$7,145,322 for a ratio of the UAAL to covered payroll of 245.8%.

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, 2016 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 2017 and 2018 trend rates of 7.5% reflect the average annual change in costs (and premiums) based on expected changes for similar business. 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: 2013-2023*. Rates for 2019 through 2024 are scaled between the 2018 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, 2015 was 22 years.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - OTHER INFORMATION (Continued)

2. 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, 2016 the self-insurance internal service fund had a net position surplus of \$689,113 allocated to the following risk management programs:

Property and liability insurance	\$ 19,900
Workers compensation	669,213
Net Position	\$ 689,113

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 2015 and 2016 follow:

Year	Liability January 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31,
2015	\$ -	\$ 253,241	\$ 253,241	\$ -
2016	-	266,074	266,074	-

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - OTHER INFORMATION (Continued)

3. 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 2016 and 2017 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 2016 budget was 0.71%. For the 2017 budget year, the actual limit for the County 0.796%. 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.

4. 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 Uniform Grant Guidance 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.

5. Cumulative Effect of Change in Accounting Principles

The County has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The cumulative effect of this change is summarized below:

	Business-type Activities
	MAR-OCO Fund
Net Pension Asset	\$ 10,861
Deferred Outflows of Resources	11,214
Total Cumulative Effect of Change In Accounting Principle	\$ 22,074

6. Subsequent Events

On March 28, 2017, the Marinette County Board of Supervisors approved a loan to the City of Marinette for the construction of a Community Sports & Event center. The \$7.5 million dollar loan will be issued in 2017 through a general obligation note for a term of 20 years, at an interest rate of 1.52%.

7. Upcoming Accounting Pronouncements

In June 2015, the GASB issued a new standard addressing accounting and financial reporting for post-employment benefits other than pensions (OPEB). GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The County will, after adoption of GASB No. 75, recognize on the face of the financial statements its net OPEB liability. GASB No. 75 is effective for fiscal years beginning after June 15, 2017. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

MARINETTE COUNTY, WISCONSIN
Schedule of Funding Progress
Other Post-Employment Benefit Plan
For the Year Ended December 31, 2016

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	0.83%	20,404,371	9,161,651	223%
2016	172,102	17,735,691	1.0%	17,563,589	7,145,322	246%

See Notes to Required Supplementary Information.

MARINETTE COUNTY, WISCONSIN
Schedule of Employer Contributions
Other Post-Employment Benefit Plan
For the Year Ended December 31, 2016

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%
2015	1,378,877	1,646,853	83.73%
2016	1,362,856	1,696,623	80.33%

See Notes to Required Supplementary Information.

MARINETTE COUNTY, WISCONSIN
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/2015	0.12474966%	\$ 3,064,193	\$ 16,438,902	18.64%	102.74%
12/31/2016	0.12430551%	2,019,940	16,649,208	12.13%	98.20%

Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 1,214,799	\$ 1,214,799	\$ -	\$ 16,438,902	7.39%
12/31/2016	1,190,983	1,190,983	-	16,649,208	7.15%

See Notes to Required Supplementary Information

MARINETTE COUNTY, WISCONSIN
Notes to Required Supplementary Information
December 31, 2016

NOTE A - WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms for any participating employer in WRS.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The County is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

The Proportionate share of the Net Pension Liability of \$2,019,940 includes \$7,059 of Oconto County's portion of the MAR-OCO landfill which is not shown on Marinette's County liability.

NOTE B - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 45

The County implemented GASB Statement No. 45, Accounting and Financial Reporting by *Employers for Post-employment Benefits Other Than Pensions* for the calendar 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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes				
General property taxes	\$ 10,660,733	\$ 10,660,733	\$ 10,660,739	\$ 6
Forest crop	60,000	60,000	71,731	11,731
Payment in lieu of taxes	296,000	296,000	301,110	5,110
Retained sales tax	150	150	142	(8)
Real estate transfer fees	65,000	65,000	93,309	28,309
Interest on taxes	575,000	575,000	562,452	(12,548)
Total Taxes	11,656,883	11,656,883	11,689,483	32,600
Intergovernmental				
Federal aids				
SSA inmate incentive program	14,000	14,000	11,800	(2,200)
State aids				
Shared and utility taxes	1,603,010	1,603,010	1,640,729	37,719
Exempt computers	34,000	34,000	32,987	(1,013)
Land information grants	20,000	3,432	15,503	12,071
Victim witness program	30,000	30,000	34,147	4,147
Circuit court grants	173,144	173,144	180,791	7,647
Forest roads	73,745	73,745	70,499	(3,246)
Police training/ATV/Snowmobile/Other	44,260	53,521	112,258	58,737
Boat and water safety	6,500	6,500	7,816	1,316
Emergency government grants	66,818	76,124	65,893	(10,231)
Hazmat	10,000	10,000	8,733	(1,267)
Homeland security funding	15,000	15,000	1,820	(13,180)
Transportation	131,122	131,122	133,626	2,504
Child support program	589,317	589,317	590,304	987
ATV/Snowmobile trails and areas	506,081	506,081	304,247	(201,834)
Wildlife habitat management	103,305	103,305	89,274	(14,031)
Kirtland Warbler grant	25,072	25,072	8,171	(16,901)
Targeted run-off management	300,000	300,000	116,349	(183,651)
S.W.R.M. automation grant	247,096	247,096	199,510	(47,586)
Forestry administrator	52,753	52,753	49,896	(2,857)
Hazard mitigation grant	4,305	4,305	2,960	(1,345)
Sustainable forestry grant	7,350	7,350	9,237	1,887
Veterans service awards	10,000	10,000	10,000	-
Aquatic invasive species	-	11,800	34,399	22,599
Conservation grants - other	-	42,000	50,388	8,388
Charges for services				
Sheriff - local	40,000	40,000	57,522	17,522
Sheriff - state	120,000	120,000	87,848	(32,152)
Clerk	1,200	8,291	10,580	2,289
Finance	84,388	84,388	88,535	4,147
Forestry	55,739	142,622	168,076	25,454
Land information	89,000	89,000	89,517	517
Extension	2,994	2,994	3,683	689
Total Intergovernmental	4,460,199	4,609,972	4,287,098	(322,874)

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Regulation and Compliance				
Zoning permits and fees	24,750	24,750	27,980	3,230
Sanitary permits and reviews	84,000	84,000	74,940	(9,060)
Non-metallic mining fees	22,500	22,500	25,405	2,905
Occupational licenses	40	40	60	20
County ordinance forfeitures and defaults	102,000	102,000	114,547	12,547
County share of state fines and forfeitures	79,000	79,000	74,550	(4,450)
Total Regulation and Compliance	312,290	312,290	317,482	5,192
Charges for Services				
County clerk fees	3,500	3,500	4,005	505
Treasurer	61,135	61,135	67,332	6,197
Child support	9,625	9,625	11,926	2,301
Circuit court	149,000	149,000	172,867	23,867
Witness fees	1,000	1,000	380	(620)
Family court counseling	8,500	8,500	8,405	(95)
Corporation counsel fees	-	-	650	650
Guardian ad litem fees	84,250	84,250	86,866	2,616
District attorney charges	10,000	10,000	7,706	(2,294)
Register of deeds	210,100	210,100	222,565	12,465
Sheriff fees	264,500	264,548	147,761	(116,787)
Board of prisoners at county jail	130,000	130,000	101,807	(28,193)
Inmate reimbursements	115,000	115,094	205,211	90,117
Jail canteen	31,500	31,500	35,681	4,181
Accident photos and reports	1,700	1,700	1,583	(117)
Coroner fees	40,020	40,020	39,580	(440)
Library	34,000	34,886	34,957	71
Parks	215,000	215,768	223,363	7,595
County forest	3,333,500	3,333,500	2,935,760	(397,740)
Land information fees	88,100	88,300	31,013	(57,287)
Human resource charges	-	-	119	119
Camp Bird	70,000	70,000	59,187	(10,813)
Extension program	12,457	14,777	18,071	3,294
Total Charges for Services	4,872,887	4,877,203	4,416,795	(460,408)
Commercial				
Investment income	500,000	500,000	446,500	(53,500)
Other - interest	36,400	36,400	36,276	(124)
Rent of county buildings and offices	54,050	54,050	54,676	626
Land leases	19,060	19,060	20,200	1,140
Sale of county property	124,400	124,400	16,669	(107,731)
Total Commercial	733,910	733,910	574,321	(159,589)

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous				
Revenues from departments				
Maintenance	399,823	400,250	405,313	5,063
Family court commissioner	2,400	2,400	1,478	(922)
Clerk of courts	4,000	4,000	6,748	2,748
Corporation counsel	1,571	1,571	1,847	276
Finance department	53,806	48,250	49,190	940
District attorney	10,000	10,000	16,557	6,557
Emergency management	-	6,983	7,076	93
Forestry department	5,000	5,000	8,185	3,185
CDBG and MAR-OCO administrative	10,150	10,150	18,468	8,318
Human resources	7,500	12,333	12,214	(119)
Property Listing	-	-	25	25
Donations	17,000	19,955	26,441	6,486
Insurance recoveries and dividends	100	20,926	51,385	30,459
Total Miscellaneous	511,350	541,818	604,927	63,109
Total Revenues	\$ 22,547,519	\$ 22,732,076	\$ 21,890,106	\$ (841,970)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government				
County board	\$ 202,589	\$ 236,927	\$ 216,332	\$ 20,595
Administrator	329,179	285,484	280,231	5,253
Clerk	154,376	165,168	161,702	3,466
Treasurer	237,415	255,075	246,414	8,661
Finance	1,263,606	672,590	672,590	-
Elections	58,700	65,791	65,532	259
Property management	40,239	42,224	42,224	-
Human resources	194,312	216,064	216,064	-
Independent auditing	25,575	25,750	25,750	-
Special accounting	5,850	5,850	5,850	-
District attorney	257,492	283,982	274,758	9,224
Victim witness program	61,927	68,780	67,061	1,719
Corporation counsel	156,991	165,821	159,782	6,039
Circuit court	359,444	360,544	329,827	30,717
Clerk of court	518,596	544,595	523,761	20,834
Family court commissioner	163,434	188,923	188,923	-
Family court commissioner - mediation services	10,000	10,000	10,000	-
Law library	5,000	5,000	4,015	985
Coroner	123,017	123,017	104,580	18,437
Register of deeds	243,725	294,288	278,436	15,852
Land information	936,082	845,514	839,699	5,815
Courthouse facilities	1,697,587	1,715,184	1,362,580	352,604
Tax deed expense	28,150	28,150	26,560	1,590
Personal property chargeback	500	500	400	100
Illegal taxes	59,024	59,024	8,070	50,954
Employee health insurance	16,200	16,200	15,783	417
Retiree health insurance	824,721	801,076	728,736	72,340
Contingency	250,000	167,115	-	167,115
Total General Government	8,223,731	7,648,636	6,855,660	792,976
Public Protection				
Sheriff and traffic	4,474,902	4,720,656	4,588,507	132,149
Central dispatch	1,355,689	1,407,758	1,383,127	24,631
MEG unit	104,567	112,624	112,624	-
Civil service commission	1,775	1,775	339	1,436
Fire suppression	1,500	1,570	1,570	-
Emergency management	64,673	97,655	94,450	3,205
Emergency management EMPG grant	45,552	45,258	44,142	1,116
Emergency management EPCRA grant	23,431	23,431	22,418	1,013
Emergency management hazmat grant	10,000	10,000	8,725	1,275
Emergency management other grants	15,000	15,000	1,820	13,180
Ambulance and rescue squads	32,050	32,050	32,050	-
Jail	2,723,802	2,717,420	2,658,668	58,752
Total Public Protection	8,852,941	9,185,197	8,948,440	236,757

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures (Continued)
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Health				
Committee on aging	299,185	223,675	223,675	-
Child support program	667,138	648,975	639,369	9,606
Employee wellness	15,000	15,000	15,000	-
Veterans relief	4,020	4,020	2,521	1,499
Veterans service officer	152,067	157,391	157,391	-
Burial of veterans	3,050	2,129	2,129	-
Total Health	1,140,460	1,051,190	1,040,085	11,105
Culture and Recreation				
County board	1,660	1,660	-	1,660
Library	1,122,752	1,133,449	1,107,496	25,953
Fairs and exhibits	10,000	10,000	10,000	-
Snowmobile/ATV trails/Water recreation	515,343	515,343	309,962	205,381
Parks	866,597	878,157	801,660	76,497
Total Culture and Recreation	2,516,352	2,538,609	2,229,118	309,491
Education				
University extension program	304,850	337,584	331,101	6,483
U.W. Center	56,000	59,124	59,124	-
Total Education	360,850	396,708	390,225	6,483
Forestry				
County forest	1,158,906	1,166,755	1,096,263	70,492
Forest roads	73,745	158,643	158,643	-
Forest equipment	240,000	240,000	194,262	45,738
Total Forestry	1,472,651	1,565,398	1,449,168	116,230
Conservation and Development				
Land information	-	225,717	225,717	-
Wildlife habitat management	17,902	17,902	2,865	15,037
Wildlife damage	85,478	86,028	78,430	7,598
Hazardous mitigation grant	4,305	4,305	3,365	940
Kirtland warbler grant	25,072	25,072	8,729	16,343
Lake Noquebay dam	3,000	3,000	3,000	-
Aquatic invasive species and other lake grants	14,212	17,835	11,232	6,603
Lundgren Lake	-	20,000	10,536	9,464
SWRM automation grant	271,628	190,907	136,501	54,406
Targeted run-off management	300,000	300,000	116,349	183,651
Non-metallic mining	19,428	19,428	12,317	7,111
Land conservation grant	10,035	13,467	12,380	1,087
Pemebonwon barrier removal	19,000	19,000	-	19,000
Regional planning commission	19,629	19,629	19,629	-
Conservation camp	8,050	14,185	14,185	-
Tourism	119,738	123,751	123,751	-
Economic development	83,210	83,210	83,210	-
Total Conservation and Development	1,000,687	1,183,436	862,196	321,240
Total Expenditures	\$ 23,567,672	\$ 23,569,174	\$ 21,774,892	\$ 1,794,282

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.

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 Industrial Development Corporation.

CAPITAL PROJECT FUNDS

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.

2015 Capital Projects - This fund is used to account for the 2015 borrowing by the County that are to be used for roads and other capital outlay.

2016 Capital Projects - This fund is used to account for the 2016 borrowing by the County that are to be used for roads and other capital outlay.

INTERNAL SERVICE FUNDS

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.

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.

MARINETTE COUNTY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds					
	Dog License	Library Grants	County Revolving Loan Fund	Community Development Block Grant	Solid Waste Long-term Care	Teen Court
ASSETS						
Pooled cash and investments	\$ 6,859	\$ 13,977	\$ 745,021	\$ 407,522	\$ -	\$ 1,555
Accounts receivable	-	-	-	-	-	60
Interest receivable	-	-	-	-	624	-
Loans receivable	-	-	406,040	507,101	-	-
Restricted assets - pooled cash and investments	-	-	-	-	267,163	-
TOTAL ASSETS	\$ 6,859	\$ 13,977	\$ 1,151,061	\$ 914,623	\$ 267,787	\$ 1,615
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 5,859	\$ 1,358	\$ 2,030	\$ 2,536	\$ -	\$ 50
Deferred Inflows of Resources						
Loans receivable	-	-	406,040	507,101	-	-
Fund Balances						
Restricted	1,000	12,619	-	404,986	-	1,565
Committed	-	-	742,991	-	267,787	-
Total Fund Balances	1,000	12,619	742,991	404,986	267,787	1,565
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,859	\$ 13,977	\$ 1,151,061	\$ 914,623	\$ 267,787	\$ 1,615

MARINETTE COUNTY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

Special Revenue Funds (Continued)						
Library Donations	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust	Forestry & Parks Development	Jail Assessment	Land Records Modernization	
ASSETS						
Pooled cash and investments	\$ 139,966	\$ 188,354	\$ 19,188	\$ 380,563	\$ 72,409	\$ 180,196
Accounts receivable	427	-	-	91	3,015	848
Interest receivable	-	455	52	-	-	-
Loans receivable	-	-	-	-	-	-
Restricted assets - pooled cash and investments	-	-	-	-	-	-
TOTAL ASSETS	\$ 140,393	\$ 188,809	\$ 19,240	\$ 380,654	\$ 75,424	\$ 181,044
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 5,928	\$ 66	\$ -	\$ 4,365	\$ 425	\$ 6,300
Deferred Inflows of Resources						
Loans receivable	-	-	-	-	-	-
Fund Balances						
Restricted	134,465	188,743	19,240	-	74,999	174,744
Committed	-	-	-	376,289	-	-
Total Fund Balances	134,465	188,743	19,240	376,289	74,999	174,744
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 140,393	\$ 188,809	\$ 19,240	\$ 380,654	\$ 75,424	\$ 181,044

MARINETTE COUNTY, WISCONSIN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2016

	Capital Projects Funds			Total Capital Projects Funds	Total Nonmajor Governmental Funds
	2014	2015	2016		
ASSETS					
Pooled cash and investments	\$ 2,155,610	\$ 240,296	\$ 164,662	\$ 2,782,689	\$ 5,343,257
Accounts receivable	4,441	-	-	-	4,441
Interest receivable	1,131	-	-	-	1,131
Loans receivable	913,141	-	-	-	913,141
Restricted assets - pooled cash and investments	267,163	-	-	-	267,163
TOTAL ASSETS	\$ 3,341,486	\$ 240,296	\$ 164,662	\$ 2,782,689	\$ 6,529,133
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 28,917	\$ 1,275	\$ -	\$ 316	\$ 30,508
Deferred Inflows of Resources					
Loans receivable	913,141	-	-	-	913,141
Fund Balances					
Restricted	1,012,361	239,021	164,662	2,782,373	4,198,417
Committed	1,387,067	-	-	-	1,387,067
Total Fund Balances	2,399,428	239,021	164,662	2,782,373	5,585,484
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,341,486	\$ 240,296	\$ 164,662	\$ 2,782,689	\$ 6,529,133

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds								
	Dog License	Library Grants	County Revolving Loan Fund	Community Development Block Grant	Solid Waste Long-term Care	Teen Court	Library Donations	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust
Revenues									
Intergovernmental	\$ -	\$ 4,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regulation and compliance	6,187	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Loan repayments - Principal	-	-	184,014	134,137	-	-	-	-	-
Loan repayments - Interest	-	-	23,988	21,465	-	-	-	-	-
Interest on investments	-	-	983	555	2,740	-	-	887	101
Donations	-	-	-	-	-	435	10,659	-	-
Total Revenues	6,187	4,650	208,985	156,157	2,740	435	10,659	887	101
Expenditures									
General government	-	-	-	-	-	857	-	-	-
Public protection	-	-	-	-	-	-	-	-	-
Public ways and facilities	-	-	-	-	1,926	-	-	-	-
Health	6,187	-	-	-	-	-	-	-	-
Culture and recreation	-	4,836	-	-	-	-	27,219	1,614	1,995
Conservation and development	-	-	46,593	23,424	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total Expenditures	6,187	4,836	46,593	23,424	1,926	857	27,219	1,614	1,995
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(186)	162,392	132,733	814	(422)	(16,560)	(727)	(1,894)
Other Financing Sources (Uses)									
Long-term debt issued	-	-	-	-	-	-	-	-	-
Debt premium received	-	-	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-	-
Total Financing Sources (Uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	-	(186)	162,392	132,733	814	(422)	(16,560)	(727)	(1,894)
Fund Balance - January 1	1,000	12,805	580,599	272,253	266,973	1,987	151,025	189,470	21,134
Fund Balances - December 31	\$ 1,000	\$ 12,619	\$ 742,991	\$ 404,986	\$ 267,787	\$ 1,565	\$ 134,465	\$ 188,743	\$ 19,240

(Continued)

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds (Continued)			Total Special Revenue Funds	Capital Projects Funds			Total Capital Projects Funds
	Forestry & Parks Development	Jail Assessment	Land Records Modernization		2014	2015	2016	
Revenues								
Intergovernmental	\$ -	\$ -	\$ -	\$ 4,650	\$ -	\$ -	\$ -	\$ -
Regulation and compliance	13,458	58,565	130,116	208,326	-	-	-	-
Charges for services	48,886	-	-	48,886	-	-	-	-
Loan repayments - Principal	-	-	-	318,151	-	-	-	-
Loan repayments - Interest	-	-	-	45,453	-	-	-	-
Interest on investments	-	-	-	5,266	1,444	3,983	11,746	17,173
Donations	-	-	-	11,094	-	-	-	-
Total Revenues	62,344	58,565	130,116	641,826	1,444	3,983	11,746	17,173
Expenditures								
General government	-	-	102,652	103,509	134,895	127,545	147,866	410,306
Public protection	-	28,373	-	28,373	-	-	5,099	5,099
Public ways and facilities	-	-	-	1,926	-	-	-	-
Health	-	-	-	6,187	-	-	-	-
Culture and recreation	148,366	-	-	184,030	-	-	-	-
Conservation and development	-	-	-	70,017	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	108,650	108,650
Total Expenditures	148,366	28,373	102,652	394,042	134,895	127,545	261,615	524,055
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,022)	30,192	27,464	247,784	(133,451)	(123,562)	(249,869)	(506,882)
Other Financing Sources (Uses)								
Long-term debt issued	-	-	-	-	-	-	5,000,000	5,000,000
Debt premium received	-	-	-	-	-	-	163,129	163,129
Transfer in	-	-	-	-	-	3,860	1,201,500	1,205,360
Transfer out	-	-	-	-	(240,000)	(962,258)	(3,332,387)	(4,534,645)
Total Financing Sources (Uses)	-	-	-	-	(240,000)	(958,398)	3,032,242	1,833,844
Net Change in Fund Balance	(86,022)	30,192	27,464	247,784	(373,451)	(1,081,960)	2,782,373	1,326,962
Fund Balance - January 1	462,311	44,807	147,280	2,151,644	612,472	1,246,622	-	1,859,094
Fund Balances - December 31	\$ 376,289	\$ 74,999	\$ 174,744	\$ 2,399,428	\$ 239,021	\$ 164,662	\$ 2,782,373	\$ 3,186,056

INTERNAL SERVICE FUNDS

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.

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.

MARINETTE COUNTY, WISCONSIN
Combining Statement of Net Position
Internal Service Funds
December 31, 2016

	Information Services	Central Motor Pool	Self-Insurance	Totals
ASSETS				
Current Assets				
Pooled cash and investments	\$ 580,831	\$ 141,042	\$ 440,137	\$ 1,162,010
Accounts receivable	2,584	-	-	2,584
Property taxes levied for subsequent year	-	-	101,047	101,047
Prepaid items	-	-	250,940	250,940
Inventories	18,253	-	-	18,253
Total Current Assets	601,668	141,042	792,124	1,534,834
Noncurrent Assets				
Machinery and equipment	1,544,674	684,088	-	2,228,762
Accumulated depreciation	(709,840)	(547,719)	-	(1,257,559)
Construction work in progress	-	28,150	-	28,150
Total Noncurrent Assets	834,834	164,519	-	999,353
TOTAL ASSETS	1,436,502	305,561	792,124	2,534,187
LIABILITIES				
Current Liabilities				
Accounts payable	38,960	52,854	72	91,886
Accrued liabilities	8,514	-	1,892	10,406
TOTAL LIABILITIES	47,474	52,854	1,964	102,292
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	-	-	101,047	101,047
NET POSITION				
Net investment in capital assets	834,834	164,519	-	999,353
Unrestricted	554,194	88,188	689,113	1,331,495
TOTAL NET POSITION	\$ 1,389,028	\$ 252,707	\$ 689,113	\$ 2,330,848

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2016

	Information Services	Central Motor Pool	Self-Insurance	Totals
Operating Revenues				
Charges for services	\$ 1,328,758	\$ 150,407	\$ 566,422	\$ 2,045,587
Operating Expenses				
Operation and maintenance	1,159,782	79,308	-	1,239,090
Claims and premiums	-	-	658,312	658,312
Depreciation	130,813	80,617	-	211,430
Total Operating Expenses	<u>1,290,595</u>	<u>159,925</u>	<u>658,312</u>	<u>2,108,832</u>
Operating Income (Loss)	<u>38,163</u>	<u>(9,518)</u>	<u>(91,890)</u>	<u>(63,245)</u>
Nonoperating Revenues				
General property taxes	-	-	120,000	120,000
Sale of county property	-	22,948	-	22,948
Insurance recoveries and dividends	-	1,330	36,322	37,652
Total Nonoperating Revenues	<u>-</u>	<u>24,278</u>	<u>156,322</u>	<u>180,600</u>
Income Before Contributions	38,163	14,760	64,432	117,355
Capital Contributions	<u>88,868</u>	<u>-</u>	<u>-</u>	<u>88,868</u>
Change in Net Position	127,031	14,760	64,432	206,223
Total Net Position - January 1	<u>1,261,997</u>	<u>237,947</u>	<u>624,681</u>	<u>2,124,625</u>
Total Net Position - December 31	<u>\$ 1,389,028</u>	<u>\$ 252,707</u>	<u>\$ 689,113</u>	<u>\$ 2,330,848</u>

MARINETTE COUNTY, WISCONSIN
Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016

	Information Services	Central Motor Pool	Self-Insurance	Total
Cash Flows from Operating Activities				
Cash from interfund	\$ 1,292,497	\$ 150,407	\$ 585,375	\$ 2,028,279
Cash receipts from customers	38,122	514	209	38,845
Payments to employees	(606,652)	-	(109,345)	(715,997)
Payments to suppliers	(566,947)	(29,159)	(503,248)	(1,099,354)
Net Cash Provided (Used) by Operating Activities	157,020	121,762	(27,009)	251,773
Cash Flows from Noncapital Financing Activities				
Property taxes	-	-	120,000	120,000
Insurance recoveries	-	1,330	14,000	15,330
Miscellaneous revenue	-	-	22,322	22,322
Net Cash Provided by Noncapital Financing Activities	-	1,330	156,322	157,652
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	(88,868)	(58,411)	-	(147,279)
Contributed capital	88,868	-	-	88,868
Proceeds from sale of assets	-	22,948	-	22,948
Net Cash Used by Capital and Related Financing Activities	-	(35,463)	-	(35,463)
Net Increase in Cash and Cash Equivalents	157,020	87,629	129,313	373,962
Cash and Cash Equivalents - January 1	423,811	53,413	310,824	788,048
Cash and Cash Equivalents - December 31	\$ 580,831	\$ 141,042	\$ 440,137	\$ 1,162,010
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 38,163	\$ (9,518)	\$ (91,890)	\$ (63,245)
Depreciation	130,813	80,617	-	211,430
Changes in assets and liabilities:				
Accounts payable - interfund	-	-	(18,953)	(18,953)
Accounts payable - supplier	(8,260)	50,149	69	41,958
Customer receivables	1,862	-	209	2,071
Interfund receipts	-	514	-	514
Inventory	(1,289)	-	-	(1,289)
Other operating receivables	-	-	18,953	18,953
Salaries and benefits payable	(4,269)	-	1,700	(2,569)
Prepaid items	-	-	62,903	62,903
Net Cash Provided (Used) by Operating Activities	\$ 157,020	\$ 121,762	\$ (27,009)	\$ 251,773

MARINETTE COUNTY, WISCONSIN
 Combining Statement of Fiduciary Net Position
 Agency Funds
 December 31, 2016

	Agency Funds								Totals
	Section 125 Flex Plan	Employee Wellness Program	District Tax Collections	MAR-OCO Landfill Deposits	State Tax Apportionment	Clerk of Court Trust Deposits	Sheriff Inmate Deposits	HHS Protective Payee Deposits	
ASSETS									
Cash and investments	\$ 4,403	\$ 14,507	\$ 5,304,928	\$ 1,256,647	\$ -	\$ 395,414	\$ 44,658	\$ 86,041	\$ 7,106,598
Delinquent property taxes	-	-	118,260	-	-	-	-	-	118,260
Property taxes levied for subsequent year	-	-	-	-	628,917	-	-	-	628,917
TOTAL ASSETS	\$ 4,403	\$ 14,507	\$ 5,423,188	\$ 1,256,647	\$ 628,917	\$ 395,414	\$ 44,658	\$ 86,041	\$ 7,853,775
LIABILITIES									
Tax collections	\$ -	\$ -	\$ 5,000,648	\$ -	\$ 628,917	\$ -	\$ -	\$ -	\$ 5,629,565
Forest income	-	-	299,582	-	-	-	-	-	299,582
Special assessments	-	-	122,958	-	-	-	-	-	122,958
Accounts payable	4,403	60	-	-	-	-	-	-	4,463
Deposits payable	-	13,995	-	1,256,647	-	395,414	44,658	86,041	1,796,755
Accrued liabilities	-	452	-	-	-	-	-	-	452
TOTAL LIABILITIES	\$ 4,403	\$ 14,507	\$ 5,423,188	\$ 1,256,647	\$ 628,917	\$ 395,414	\$ 44,658	\$ 86,041	\$ 7,853,775

**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, 2016, 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 August 14, 2017. Our report includes a reference to other auditors who audited the financial statements of the Marinette County Committee on Aging, Inc., the Marinette County Association for Business and Industry, 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
August 14, 2017

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 THE UNIFORM GUIDANCE 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) 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, 2016. 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance 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, 2016.

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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be significant deficiency.

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 the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants
Green Bay, Wisconsin
August 14, 2017

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Revenues			Total Expenditures	Subrecipient Payment
				(Accrued) Deferred Revenue 1/1/16	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/16		
<u>U.S. DEPARTMENT OF AGRICULTURE</u>								
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	WI DHS	154710	\$ (22,309)	\$ 194,471	\$ 745	\$ 172,907	\$ -
SNAP Cluster								
State Administrative Matching Grants for Food Stamp Program	10.561	Brown County	60	-	1,913	958	2,871	-
State Administrative Matching Grants for Food Stamp Program	10.561	Brown County	277	-	7,512	3,756	11,268	-
State Administrative Matching Grants for Food Stamp Program	10.561	Brown County	284	(36,343)	205,322	121,643	290,622	-
State Administrative Matching Grants for Food Stamp Program	10.561	Brown County	298	(3,603)	3,603	-	-	-
Total SNAP Cluster				(39,946)	218,350	126,357	304,761	-
Total U.S. Department of Agriculture				(62,255)	412,821	127,102	477,668	-
<u>U.S. DEPARTMENT OF FISH & WILDLIFE SERVICE</u>								
Kirland Warbler Grant	15.608	Direct Program	F11AC01425-0006-0002	-	8,171	-	8,171	-
<u>U.S. DEPARTMENT OF INTERIOR</u>								
Fish and Wildlife Management Assistance	15.608	Direct Program	F12AC01057	11,825	(11,825)	-	-	-
National Fire Plan	15.228	WI DNR	N/A	(3,651)	6,611	-	2,960	-
Total U.S. Department of Interior				8,174	(5,214)	-	2,960	-
<u>U.S. DEPARTMENT OF JUSTICE</u>								
Bullet Proof Vest Partnership	16.607	Direct Program	1121-0235	-	-	2,847	2,847	-
COPS Anti Heroin Task Force	16.710	WI DOJ	HP-WX-0006	-	-	4,812	4,812	-
Total U.S. Department of Justice				-	-	7,659	7,659	-
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>								
Highway Safety Cluster								
Speed Enforcement	20.601	WI DOT	3360	-	14,499	-	14,499	-
Child Safety Seat Grant	20.616	WI DOT	0956-25-37	-	3,956	44	4,000	-
Alcohol Enforcement	20.616	WI DOT	3717	-	27,585	6,350	33,935	-
Seatbelt Enforcement	20.609	WI DOT	3718	-	1,750	8,236	9,986	-
Total Highway Safety Cluster				-	47,790	14,630	62,420	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	WI DMA	01-10676	-	1,820	-	1,820	-
Total U.S. Department of Transportation				-	49,610	14,630	64,240	-
<u>ENVIRONMENTAL PROTECTION AGENCY</u>								
State Indoor Radon Grants	66.032	WI DHS	150327	-	3,500	-	3,500	-
Watercraft Inspectors WRISC from USFS	66.032	WI DHS	15-PA-11091300-028	-	15,503	-	15,503	-
Total Environmental Protection Agency				-	19,003	-	19,003	-
<u>DEPARTMENT OF EDUCATION</u>								
Special Education-Grants for Infants and Families	84.181	WI DHS	550	-	37,014	-	37,014	-

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2016

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Revenues			Total Expenditures	Subrecipient Payment
				(Accrued) Deferred Revenue 1/1/16	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/16		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Environmental Public Health and Emergency Response	93.070	WI DHS	11111	(206)	206	-	-	-
Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	WI DHS	11111	-	16,554	-	16,554	-
Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	WI DHS	155015	(12,126)	70,510	11,399	69,783	-
Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	WI DHS	155050	-	871	-	871	-
Total Public Health Emergency Preparedness Aligned Cooperative Agreements				(12,126)	87,935	11,399	87,208	-
Immunization Cooperative Agreements	93.268	WI DHS	155020	-	10,366	1,103	11,469	-
Promoting Safe and Stable Families	93.556	WI DCF	3306	-	42,827	-	42,827	-
TANF Cluster								
Temporary Assistance for Needy Families	93.558	WI DHS	561	(14,733)	93,910	182	79,359	-
Temporary Assistance for Needy Families	93.558	WI DCF	852	-	23,637	896	24,533	-
Temporary Assistance for Needy Families	93.558	WI DCF	3377	(31,014)	183,902	32,320	185,208	-
Temporary Assistance for Needy Families	93.558	WI DCF	3380	(12,618)	22,940	5,570	15,892	-
Temporary Assistance for Needy Families	93.558	WI DHS	284	(1,175)	1,175	-	-	-
Total TANF Cluster				(59,540)	325,564	38,968	304,992	-
Child Support Enforcement (Title IV-D)	93.563	WI DCF	7332	(1,304)	1,304	-	-	-
Child Support Enforcement (Title IV-D)	93.563	WI DCF	7477	(144,155)	413,110	140,381	409,336	-
Child Support Enforcement (Title IV-D)	93.563	WI DCF	7482	908	(6,668)	(1,703)	(7,463)	-
Child Support Enforcement (Title IV-D)	93.563	WI DCF	7506	(205)	670	155	620	-
Child Support Enforcement (Title IV-D)	93.563	WI DCF	7614	-	94,592	-	94,592	-
Child Support Enforcement (Title IV-D)	93.563	WI DCF	7903	387	(387)	-	-	-
Total Child Support Enforcement (Title IV-D)				(144,369)	502,621	138,833	497,085	-
Low Income Home Energy Assistance	93.568	WI DOA	AD1599971.38 & AD1599972.38	(9,206)	97,743	19,196	107,733	-
CCDF Cluster								
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	WI DCF	831	(429)	3,732	260	3,563	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	WI DCF	840	-	77	160	237	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	WI DCF	852	(7,570)	31,207	896	24,533	-
Total CCDF Cluster				(7,999)	35,016	1,316	28,333	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	WI DOC	N/A	(295)	295	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	WI DCF	3411	-	-	85	85	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	WI DCF	3413	-	4,264	199	4,463	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	WI DCF	3561	-	21,344	-	21,344	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	WI DCF	3681	-	1,646	-	1,646	-
Total Stephanie Tubbs Jones Child Welfare Services Program				(295)	27,549	284	27,538	-

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2016

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Revenues			Total Expenditures	Subrecipient Payment
				(Accrued) Deferred Revenue 1/1/16	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/16		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)								
Foster Care (Title IV-E)	93.658	WI DOC	N/A	(491)	491	-	-	-
Foster Care (Title IV-E)	93.658	WI DCF	3324	(88)	88	-	-	-
Foster Care (Title IV-E)	93.658	WI DCF	3411	-	-	153	153	-
Foster Care (Title IV-E)	93.658	WI DCF	3413	-	7,645	356	8,001	-
Foster Care (Title IV-E)	93.658	WI DCF	3561	-	202,378	-	202,378	-
Foster Care (Title IV-E)	93.658	WI DCF	3681	-	16,053	-	16,053	-
Total Foster Care (Title IV-E)				(579)	226,655	509	226,585	-
Social Services Block Grant	93.667	WI DHS	561	(27,138)	176,252	343	149,457	-
Social Services Block Grant	93.667	WI DHS	560100	10	(10)	-	-	-
Total Social Services Block Grant				(27,128)	176,242	343	149,457	-
Chafee Foster Care Independence Program	93.674	WI DCF	3360	(15,021)	15,021	-	-	-
Capacity Building Assistance to Strengthen Immunization Infrastructure and Performance	93.733	WI DHS	155032	-	73	3,243	3,316	-
Preventive Health and Health Services Block Grant	93.758	WI DHS	159220	(908)	908	-	-	-
Children's Health Insurance Program	93.767	Brown County	277	-	984	491	1,475	-
Children's Health Insurance Program	93.767	Brown County	284	(6,801)	28,925	15,927	38,051	-
Children's Health Insurance Program	93.767	Brown County	298	(478)	478	-	-	-
Total Children's Health Insurance Program				(7,279)	30,387	16,418	39,526	-
Medicaid Cluster								
Medical Assistance Program	93.778	WI DHS	339	(42,874)	42,874	-	-	-
Medical Assistance Program	93.778	WI DHS	349	(146,716)	146,716	-	-	-
Medical Assistance Program	93.778	WI DHS	370	(1,172)	1,172	-	-	-
Medical Assistance Program	93.778	WI DHS	376	(8,658)	8,658	-	-	-
Medical Assistance Program	93.778	WI DHS	393	(26,210)	26,210	-	-	-
Medical Assistance Program	93.778	WI DHS	408	(195,818)	195,818	-	-	-
Medical Assistance Program	93.778	WI DHS	411	(62,440)	62,440	-	-	-
Medical Assistance Program	93.778	WI DHS	563	(66,401)	66,401	-	-	-
Medical Assistance Program	93.778	WI DHS	581	(57,845)	57,845	-	-	-
Medical Assistance Program	93.778	WI DHS	878	(1,462)	1,462	6,942	6,942	-
Medical Assistance Program	93.778	WI DHS	881	(6,561)	6,561	9,584	9,584	-
Medical Assistance Program	93.778	WI DHS	159320	-	711	285	996	-
Medical Assistance Program	93.778	WI DHS	560081	(16,978)	74,159	9,898	67,079	-
Medical Assistance Program	93.778	WI DHS	560087	(35,208)	136,341	37,372	138,505	-
Medical Assistance Program	93.778	WI DHS	560091	(2,310)	19,235	5,829	22,754	-
Medical Assistance Program	93.778	Brown County	62	-	1,913	958	2,871	-
Medical Assistance Program	93.778	Brown County	277	-	9,726	4,863	14,589	-
Medical Assistance Program	93.778	Brown County	284	(50,398)	299,151	179,069	427,822	-
Medical Assistance Program	93.778	Brown County	298	(3,813)	3,813	-	-	-
Medical Assistance Program	93.778	WI DHS	N/A	-	202,126	-	202,126	-
Medical Assistance Program	93.778	WI DHS	N/A	-	368,037	-	368,037	-
Total Medical Assistance				(724,864)	1,731,369	254,800	1,261,305	-

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2016

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Revenues			Total Expenditures	Subrecipient Payment
				(Accrued) Deferred Revenue 1/1/16	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/16		
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>								
Money Follows the Person Rebalancing Demonstration	93.791	WI DHS	479	9,035	(9,035)	-	-	-
Block Grants for Community Mental Health Services	93.958	WI DHS	515	(6,046)	15,517	-	9,471	-
Block Grants for Community Mental Health Services	93.958	WI DHS	569	56,441	(40,708)	2,999	18,732	-
Total Block Grants for Community Mental Health Services				<u>50,395</u>	<u>(25,191)</u>	<u>2,999</u>	<u>28,203</u>	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	WI DHS	515	(922)	2,214	-	1,292	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	WI DHS	570	(75,173)	148,209	2,137	75,173	-
Total Block Grants for Prevention and Treatment of Substance Abuse				<u>(76,095)</u>	<u>150,423</u>	<u>2,137</u>	<u>76,465</u>	-
Maternal and Child Health Services Block Grant to the States	93.994	WI DHS	159320	-	13,361	5,367	18,728	-
Total U.S. Department of Health and Human Services				<u>(1,026,185)</u>	<u>3,440,040</u>	<u>496,915</u>	<u>2,910,770</u>	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>								
Emergency Management Performance Grants	97.042	WI DMA	C8363	(25,429)	76,023	-	50,594	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ (1,105,695)</u>	<u>\$ 4,037,468</u>	<u>\$ 638,647</u>	<u>\$ 3,578,079</u>	<u>\$ -</u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

MARINETTE COUNTY, WISCONSIN
 Schedule of State Financial Assistance
 For the Year Ended December 31, 2016

Grantor Agency/State Program Title	State I.D. Number	Pass-through Agency	State Identifying Number	Revenues			Total Expenditures	Subrecipient Payments
				(Accrued) Deferred Revenue 1/1/16	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/16		
DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION								
Agricultural Clean Sweep Program	115.04	Direct Program	N/A	\$ -	\$ 449	\$ -	\$ 449	\$ -
County Staff and Support	115.150	Direct Program	9214-16-38-00	-	-	145,096	145,096	-
Land & Water Resource Management Plan Implementation	115.400	Direct Program	9214-15-38-00	(117,679)	117,679	54,414	54,414	-
Total Department of Agriculture, Trade and Consumer Protection				(117,679)	118,128	199,510	199,959	-
DEPARTMENT OF NATURAL RESOURCES								
Recreation Aids - UTV	370.548	Direct Program	UTV-16017	(15,520)	20,620	-	5,100	-
Boating Enforcement	370.55	Direct Program	NR50.13	-	6,066	-	6,066	-
ATV Enforcement	370.551	Direct Program	NR50.125	-	11,352	-	11,352	-
Snowmobile Enforcement	370.552	Direct Program	NR50.12	-	11,612	-	11,612	-
Wildlife Damage Abatement and Claims	370.553	Direct Program	TRC38000AY16	(82,245)	88,533	72,141	78,429	-
County Conservation Aids	370.563	Direct Program	CC-5044	(8,250)	8,250	-	-	-
Wildlife Habitat	370.564	Direct Program	37000-FWHIG	-	10,844	-	10,844	-
County Forest Administrator Grants	370.572		N/A	-	45,989	-	45,989	-
Sustainable Forestry Grant	370.572		N/A	-	9,237	-	9,237	-
Recreational Aids - Snowmobile Trail and Area Aid	370.574 & 370.575	Direct Program	S-4237	(61,788)	61,788	-	-	-
Recreational Aids - Snowmobile Trail and Area Aid	370.574 & 370.575	Direct Program	S-4310	(29,140)	29,140	-	-	-
Recreational Aids - Snowmobile Trail and Area Aid	370.574 & 370.575	Direct Program	S-4404	54,464	75,843	13,287	143,594	-
Recreational Aids - Snowmobile Trail and Area Aid	370.574 & 370.575	Direct Program	S-4707	(76,074)	137,862	(56,782)	5,006	-
Total Recreational Aids - Snowmobile Trail and Area Aid				(112,538)	304,633	(43,495)	148,600	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	Direct Program	ATV-3247	-	-	4,881	4,881	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	Direct Program	ATV-3276 (Summer)	-	72,167	-	72,167	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	Direct Program	ATV-3317 (Winter)	-	21,982	-	21,982	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	Direct Program	ATV-3444T (Troutes)	-	2,084	-	2,084	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	Direct Program	ATV-3481T (Troutes)	-	1,042	(98)	944	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	Direct Program	ATV-3467 (Winter)	-	11,710	(11,710)	-	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	Direct Program	ATV-3420 (Summer)	-	72,487	(39,232)	33,255	-
Total All-Terrain Vehicle (ATV) Program				-	181,472	(46,159)	135,313	-
Nonpoint Source Pollution	370.662	Direct Program	TRC-GB08-38000-13C, 13E, 14A, 12C	(600,000)	600,000	116,349	116,349	-
Environmental Aids - Lake Protection Grant	370.663	Direct Program	LPT 375-11	(3,750)	3,750	-	-	-
Invasive Aquatic Species	370.678	Direct Program	AIRR20516 & AEPP-361-12	(81,983)	81,677	49,143	48,837	-
Total Department of Natural Resources				(904,286)	1,384,035	147,979	627,728	-
DEPARTMENT OF TRANSPORTATION								
Elderly and Handicapped Transportation Aids	395.101	Direct Program	N/A	-	128,922	-	154,706	-
DEPARTMENT OF CORRECTIONS								
Community Intervention Program	410.302	Direct Program	N/A	(5,519)	5,519	-	-	-
Community Youth and Family Aids	410.313	Direct Program	N/A	(31,940)	31,940	-	-	-
Total Department of Corrections				(37,459)	37,459	-	-	-

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2016

Grantor Agency/State Program Title	State I.D. Number	Pass-through Agency	State Identifying Number	Revenues			Total Expenditures	Subrecipient Payments
				(Accrued) Deferred Revenue 1/1/16	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/16		
DEPARTMENT OF HEALTH SERVICES								
Fraud Prevention Investigation, State Share	435.060	Brown County	60	-	3,828	1,914	5,742	-
IMAA State Share ACA	435.276	Brown County	276	-	18,346	9,173	27,519	-
IMAA Federal Share ACA	435.277	Brown County	277	-	124	62	186	-
IMAA State Share	435.283	Brown County	283	-	177,976	17,860	195,836	-
IMAA Federal Share	435.284	Brown County	284	-	2,794	2,011	4,805	-
IMAA State Share ACA	435.297	Brown County	297	(7,961)	7,961	-	-	-
IMAA Federal Share ACA	435.298	Brown County	298	(67)	67	-	-	-
Adult Protective Services	435.312	Direct Program	312	(6,849)	39,292	3,957	36,400	-
COP-W	435.338	Direct Program	338	57,599	(57,599)	-	-	-
CIP II	435.348	Direct Program	348	105,845	(105,845)	-	-	-
Community Options Program	435.367	Direct Program	367	(17,949)	17,949	-	-	-
CIP II Community Relocation	435.369	Direct Program	369	24,627	(24,627)	-	-	-
CIP II Diversion	435.375	Direct Program	375	42,409	(42,409)	-	-	-
Children's COP	435.377	Direct Program	377	-	110,133	2,302	112,435	-
Temporary Family Care - CIP II	435.392	Direct Program	392	(12,558)	12,558	-	-	-
ICFMR	435.407	Direct Program	407	(94,527)	94,527	-	-	-
Family Care Transition CIP1B	435.410	Direct Program	410	(31,129)	31,129	-	-	-
CIP II Money Follows the Person	435.478	Direct Program	478	188	(188)	-	-	-
Coordinated Services - County	435.515	Direct Program	515	(44,530)	93,767	-	49,237	-
Community mental Health	435.516	Direct Program	516	-	240,078	-	240,078	-
Certified Mental Health Program	435.517	Direct Program	517	(22,905)	22,905	-	-	-
Non-Resident - 997	435.531	Direct Program	531	(40,254)	71,700	-	31,446	-
Birth To Three Initiative	435.550	Direct Program	550	-	35,631	-	35,631	-
Basic County Allocation	435.561	Direct Program	561	(158,854)	1,059,543	2,073	902,762	-
CIP 1B	435.564	Direct Program	564	67,629	(67,629)	-	-	-
IDP Emergency Funds	435.567	Direct Program	567	(57,649)	57,649	52,229	52,229	-
Family Support Program	435.577	Direct Program	577	(11,553)	11,553	-	-	-
CIP 1A	435.580	Direct Program	580	43,886	(43,886)	-	-	-
State/County Match	435.681	Direct Program	681	-	124,043	-	248,086	-
CLTS Waiver GPR	435.871	Direct Program	N/A	-	74,177	-	74,177	-
CLTS Grandfather GPR	435.874	Direct Program	N/A	-	67,984	-	67,984	-
CLTS Other - County Administrative Costs	435.877	Direct Program	877	(1,462)	1,462	6,942	6,942	-
CLTS Autism - County Administrative Costs	435.880	Direct Program	880	-	-	11,640	11,640	-
CLTS Autism - County Administrative Costs	435.881	Direct Program	881	-	-	2,055	2,055	-
Fluoride Mouth rinse	435.151735	Direct Program	151735	(976)	1,302	976	1,302	-
WIC Total Grants	435.154710	Direct Program	154710	-	250	1	251	-
WIC Farmers Market	435.154720	Direct Program	154720	(433)	1,902	263	1,732	-
Birth Defects/CYSHCN Project	435.154790	Direct Program	154790	-	1,700	-	1,700	-
Cons Contracts CHHD LD	435.157720	Direct Program	157720	(1,949)	8,288	-	6,339	-
Cons Contracts PHHS	435.159220	Direct Program	159220	-	6,962	130	7,092	-
Maternal & Child Health Svc. Block Grant	435.159320	Direct Program	159320	-	711	285	996	-

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2016

Grantor Agency/State Program Title	State I.D. Number	Pass-through Agency	State Identifying Number	Revenues			Total Expenditures	Subrecipient Payments
				(Accrued) Deferred Revenue 1/1/16	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/16		
<u>DEPARTMENT OF HEALTH SERVICES (CONTINUED)</u>								
Aging Disability Resource Center	435.560100	Direct Program	560100	3,456	297,481	(1,689)	299,248	-
Elder Abuse	435.560490	GWAAR	560490	(3,390)	19,493	7,979	24,082	-
Total Department of Health Services				(169,356)	2,373,082	120,163	2,447,932	-
<u>DEPARTMENT OF CHILDREN AND FAMILIES</u>								
Food Stamp Agency Incentives	437.965	Direct Program	965	-	5,185	602	5,787	-
AFDC Agency Incentives	437.975	Direct Program	975	-	334	68	402	-
Medicaid Agency Incentives	437.980	Direct Program	980	-	6,111	493	6,604	-
Adam Walsh Foster/Adoptive Parent Fingerprinting	437.3324	Direct Program	3324	(239)	239	-	-	-
Community Intervention Program	437.3410	Direct Program	3410	-	4,596	1,931	6,527	-
Youth Aids AODA	437.3411	Direct Program	3411	-	-	9,583	9,583	-
Youth Aids	437.3413	Direct Program	3413	-	478,167	22,264	500,431	-
Basic County Allocation	437.3561	Direct Program	3561	-	293,077	-	293,077	-
State County Match	437.3681	Direct Program	3681	-	23,462	-	23,462	-
WisACWIS Annual Operation Maintenance Fee	437.3935	Direct Program	3935	-	(5,290)	-	(5,290)	-
Mobility Support Liability Incentive	437.7332	Direct Program	7332	-	27,085	3,079	30,164	-
Child Support Activities	437.7502	Direct Program	7502	-	62,352	-	62,352	-
Child Support Medical Support	437.7606	Direct Program	7606	-	1,669	-	1,669	-
Total Department of Children and Families				(239)	896,987	38,020	934,768	-
<u>DEPARTMENT OF JUSTICE</u>								
Victim and Witness Assistance Program - A Program Cluster	455.503, 455.532, & 455.539	Direct Program	N/A	(16,614)	31,323	19,439	34,148	-
Officer Training - Local Assistance	455.202	Direct Program	N/A	-	13,399	-	13,399	-
Treatment Alternative and Diversion Program	455.217	Direct Program	2015-TD-02-11041 & 2016-TD-02-11603	(45,340)	137,054	32,788	124,502	-
DNA Sample Program	455.221	Direct Program	N/A	-	2,440	-	2,440	-
Total Department of Justice				(61,954)	184,216	52,227	174,489	-
<u>DEPARTMENT OF MILITARY AFFAIRS</u>								
Emergency Training Grant Program	465.337	Direct Program	323.60 Ss.	(7,980)	23,279	-	15,299	-
Computer and Hazmat Equipment Grant	465.367	Direct Program	323.61 Ss.	-	8,305	-	8,305	-
Total Department of Military Affairs				(7,980)	31,584	-	23,604	-
<u>DEPARTMENT OF ADMINISTRATION</u>								
Land Information Board	505.110	Direct Program	N/A	-	51,640	-	51,640	-
Public Benefits - Low Income Energy Assistance Program	505.371	Direct Program	AD1599971.38 & AD1599972.38	(5,992)	70,433	12,291	76,732	-
Total Department of Administration				(5,992)	122,073	12,291	128,372	-
TOTAL STATE PROGRAMS				\$ (1,304,945)	\$ 5,276,488	\$ 570,190	\$ 4,691,558	\$ -

The notes to the schedule of state financial assistance are an integral part of this schedule.

MARINETTE COUNTY, WISCONSIN
Notes to the Schedule of Expenditures of Federal Awards
and the Schedule of State Financial Assistance
For the Year Ended December 31, 2016

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance for Marinette County, Wisconsin, are presented in accordance with the requirements of the Uniform Guidance 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., and Marinette County Association for Business and Industry, 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 2016 basic financial statements. Accrued revenue at year-end consists of state program expenditures scheduled for reimbursement to the County in the succeeding year while deferred revenue represents advances for state programs that exceed recorded County expenditures. The County has not elected to charge a de minimis indirect rate of 10% of modified total direct costs.

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, Wisconsin, qualifies as a low risk auditee in accordance with the Uniform Guidance. Therefore major programs represent those with combined expenditures exceeding 20% 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 20% 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 non-major 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 – US Department of Fish and Wildlife Services
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, 2016

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 CARS for the Human Services Department and on the CORE for Human Service and Child Support Departments.

NOTE G - PASS THROUGH ENTITIES

Federal and state awards have been passed through the following entities:

GWAAR - Greater Wisconsin Agency on Aging Resources
WI DCF - Wisconsin Department of Children and Families
WI DHS - Wisconsin Department of Health Services
WI DMA - Wisconsin Department of Military Affairs
WI DNR - Wisconsin Department of Natural Resources
WI DOA - Wisconsin Department of Administration
WI DOC - Wisconsin Department of Corrections
WI DOJ - Wisconsin Department of Justice
WI DOT - Wisconsin Department of Transportation

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2016

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 Uniform Guidance?	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
93.778	Medical Assistance Program

Identification of major state programs:

State ID Number	Name of State Programs
N/A	Wisconsin Medicaid Cost Reporting (Community Services Deficit Reduction)
435.276	IMAA State Share ACA
435.277	IMAA Federal Share ACA
435.283	IMAA State Share
435.284	IMAA Federal Share
435.561	Basic County Allocation
435.681	State/County Match
435.871	CLTS Waiver GPR
435.874	CLTS Grandfather GPR
435.877	CLTS Other CWA Admin GPR
435.880	CLTS Autism CWA Admin GPR
435.881	CLTS Autism CWA Admin GPR
435.560100	ADRC
437.3561	Basic County Allocation
437.3681	State/County Match

Audit threshold used to determine between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee	Yes

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, 2016.

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended December 31, 2016

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

Finding No.	Internal Control Deficiency
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2016-001 Financial Reporting for Federal and State Financial Assistance

Repeat of Finding 2014-001

Federal CFDA - All
State IDs - All

Compliance Requirement: Reporting.

Condition: Uniform Guidance 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, 2016

Section IV - Other Issues

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

August 14, 2017

MARINETTE COUNTY, WISCONSIN
 Schedule of Prior Year Audit Findings and Corrective Action Plan
 For the Year Ended December 31, 2016

Prior Year Audit Findings

The findings noted in the 2015 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. The current status of the prior year audit findings, as provided by management, follows:

Finding No.	Prior Year Audit Finding
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2014-001 Financial Reporting for Federal and State Financial Assistance

Management continues to rely upon the audit firm to prepare its schedules of expenditures of federal awards and state financial assistance. The finding is repeated as 2016-001.

Corrective Action Plan

Finding No.	Corrective Action Plan
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2016-001 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.