

**MARINETTE COUNTY, WISCONSIN**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2011**

**MARINETTE COUNTY, WISCONSIN**

December 31, 2011

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

To the County Board  
Marinette County, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marinette County, Wisconsin ("the County") as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Marinette County's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Marinette County Committee on Aging, Inc., and the Stephenson Public Library Foundation, Inc. which are presented as component units of Marinette County, Wisconsin. These statements were audited by other auditors, whose report thereon has been furnished to us and our opinion, insofar as it relates to amounts included for the Marinette County Committee on Aging, Inc., and the Stephenson Public Library Foundation, Inc. is based solely upon the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and health and human services and county roads and bridges special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A.6.j, the County has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the fiscal year ended December 31, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions on pages 3 through 19 and 60 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marinette County, Wisconsin's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountants  
Green Bay, Wisconsin  
June 20, 2012

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



# FINANCE DEPARTMENT

## Management's Discussion and Analysis December 31, 2011

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, 2011. Our discussion and analysis is based on currently known facts, decisions, or conditions.

### Financial Highlights

- As of December 31, 2011, the assets of the County exceeded the County's liabilities by \$98,578,713 (*net assets*). Of this amount, \$36,838,635 is considered *unrestricted net assets* and may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$297,425 from the previous year. The major reason for the net asset decrease was County timber sales being \$619,262 under budget. Further detail of the factors contributing to changes in total net assets is listed under the Government-wide Financial Analysis section.
- The County's investment revenue (\$1,203,696) exceeded budget by \$47,696. These results were obtained through unrealized gains in market value for 2011 driven by decreasing interest rates. As of December 31, 2011, the County's portfolio market value exceeded book value by \$455,288.
- For 2008 the County implemented Governmental Accounting Standards Board (GASB) statement 45. The GASB statement requires certain reporting requirements for Other Post Employment Benefits (OPEB) other than retirement plans. The County continues to take steps to reduce OPEB cost and liabilities. The current year net adjustment to the OPEB liability limited the increase to the County's Governmental Activities unfunded OPEB liability to \$659,734. The net increase for 2011 to the Business-Type Activities OPEB liability was \$94,102.
- The County's property tax rate increased \$.19 to \$3.98 per \$1,000 of property value for the year ended December 31, 2011. The increase in the tax rate was driven by a \$72,820,900 in the County's equalized property valuation.
- The operating tax levy increased \$425,276 (3.00%) from the prior year. This increase was in compliance with the allowable tax levy limits imposed by the State of Wisconsin.
- As of December 31, 2011, the County's combined governmental funds reported ending fund balances totaling \$40,270,545, a decrease of \$643,841 in comparison with the prior year. As previously mentioned, unfavorable results in County timber sales was the major factor for the decrease. Of the December 31, 2011, combined governmental fund balance of \$40,270,545, approximately 87% of this total amount, \$34,971,619 is *available for spending* at the County's discretion (*committed, assigned and unassigned fund balance*). This amount of \$34,971,619 is further categorized based on constraints imposed upon the use of those funds. Of this amount, \$26,036,679 is committed by County Board action to specific purposes, \$2,171,407 is assigned for specific purpose with approval of the County's Finance Committee and \$6,763,533 is not committed or assigned (unassigned).

Management Discussion and Analysis  
December 31, 2011

- As of December 31, 2011, the committed, assigned and unassigned fund balance for the general fund was \$30,364,180, or approximately 141% of total 2012 budgeted general fund operating expenditures. The unassigned amount of \$6,763,533 represents 9.8% of the County's 2012 original adopted gross operational and debt service expenditure budgets which totaled \$68,803,503. Under the County's Fund Balance Policy, \$2,404,661 and \$1,794,990 of the \$6,763,533 unassigned fund balance is classified for contingencies and cash flow requirements respectfully.
- The County Roads and Bridges Special Revenue Fund had unfavorable results with expenditures exceeding revenues by \$404,847. After a transfer in of \$205,000 the County Road and Bridges fund decreased by \$199,847 ending with fund balance of \$695,567. The fund continues to be a drain on County resources as reductions in State and local highway related work resulted in additional charges to the County Roads and Bridges Fund for regular/winter road maintenance activities. The shift in work allowed the County's Highway Department to maintain its work force. The general road maintenance account within the special revenue fund ended the year \$94,497 over budget and snow control also exceeded budgeted by \$150,225. The ending fund balance of \$695,567 was relatively close to the anticipated carryover into the 2012 year.
- The Health and Human Services (HHS) special revenue fund ended the year with an increase of \$185,146. Additional revenues from American Recovery and Reinvestment Act and the Wisconsin Medicaid Cost Reporting programs along with department staff vacancies, more than offset the planned 2011 application of \$400,000 from the HHS fund balance. The 2011 results increased the HHS December 31, 2011 fund balance to \$1,831,127.
- During 2011, the County retired \$1,500,000 in general obligation debt reducing overall debt to \$22,000,000. After the retirement and a budgeted transfer out of \$494,068 the debt service fund ended the year with a net decrease of \$193,568. The decrease is in line with the planned use of \$57,413 in surplus funds that were received by the fund in 2010 from a non-profit organization that had agreed to repay the County for \$750,000 of the total 2006 debt of \$3,250,000 undertaken for the Library Renovation project. The 2011 budget also planned for a \$94,880 transfer of surplus funds to help fund general fund capital outlay. Total funds committed at the end of 2011 for debt service were \$1,087,438.

## Overview of the Basic Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 20 - 22 of this report.

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

Management Discussion and Analysis  
December 31, 2011

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

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

Marinette County maintains 17 individual governmental funds. Information for the County's major funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The County's major funds are the general fund; county roads and bridges, and health and human services special revenue funds; and the debt service fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

Management Discussion and Analysis  
December 31, 2011

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

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

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

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

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

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34 - 59 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 62 - 75.

## Government-wide Financial Analysis

**Net assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$98,578,713 at the close of 2011 compared to \$98,876,138 for the year ended 2010.

Marinette County's Net Assets							
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	Total	Total Percentage Change
	2010	2010	2011	2011	2010	2011	2010-2011
Current & other assets	\$64,611,606	\$ 5,262,567	\$ 64,095,233	\$ 5,250,591	\$69,874,173	\$69,345,824	-0.76%
Capital assets	70,707,258	6,897,236	70,384,060	6,649,337	77,604,494	77,033,397	-0.74%
Total assets	135,318,864	12,159,803	134,479,293	11,899,928	147,478,667	146,379,221	-0.75%
Long-term liabilities							
outstanding	27,315,782	1,766,073	26,328,032	1,888,204	29,081,855	28,216,236	-2.98%
Other liabilities	18,570,422	950,252	19,000,760	583,512	19,520,674	19,584,272	0.33%
Total liabilities	45,886,204	2,716,325	45,328,792	2,471,716	48,602,529	47,800,508	-1.65%
Net assets:							
Invested in capital assets,							
net of related debt	51,742,942	6,897,236	52,776,634	6,649,337	58,640,178	59,425,971	1.34%
Restricted	2,070,915	-	2,314,107	-	2,070,915	2,314,107	11.74%
Unrestricted	35,618,803	2,546,242	34,059,760	2,778,875	38,165,045	36,838,635	-3.48%
Total net assets	\$89,432,660	\$ 9,443,478	\$ 89,150,501	\$ 9,428,212	\$98,876,138	\$98,578,713	-0.30%

The largest portion of the County's net assets (60%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Marinette County uses the County sales tax to provide for its debt service.

An additional portion of the County's net assets (\$2,314,107) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$36,838,635) may be used to meet the County's ongoing obligations to citizens and creditors.

**Change in net assets.** Governmental activities led to a decrease in the County's net assets of \$282,159 and Business-type activities decreased the County's net assets by \$15,266. After the yearend results, the County's net assets totaled \$89,150,501 for the Governmental Activities and \$9,428,212 for the Business-type Activities. The key elements affecting the change in net assets were as follows:

**Governmental Activities:**

- The property tax levy increased by \$425,276 (3.00%) from the prior year in accordance with the State imposed local unit levy limits. This increase was easily absorbed by employee salary and benefit cost increases.
- For the most part, departments stayed within their original appropriations and returned unspent appropriations to the general fund.
- Although investment interest rates continued to decline over the year, investment income was \$47,696 over budget. The County's total investment return for 2011 was \$1,203,696 due in part to increased market values on the County's longer term investments. The County has designated \$19,058,908 of the general fund balance for investment revenue generation for tax reduction purposes.
- Interest collections on delinquent property taxes were \$47,481 over expected collections of \$575,000. The continued poor economy resulted in property owners delaying the payment of their property taxes.
- County forestry revenues generated \$1,717,455 in 2011. This was \$619,262 below budgeted forestry revenues and \$767,719 below 2010 results (\$2,485,174). After expenditures, the County's Forestry activity showed net revenues for 2011 of \$925,344 compared to 2010 results of \$1,749,107.
- County contributions to capital road and bridge improvements were \$2,086,680 in 2011. There were no additional contributions from federal and state sources in 2011. Depreciation and retirement costs on roads and bridges for 2011 totaled \$1,122,022 which when netted against the County's contribution added \$964,658 in road improvements to the County's net assets.
- For 2011 the County's net investment in the joint airport decreased by \$43,110 from the results of normal airport operations. There were no major capital assets additions at the airport for the year.

**Business-type Activities:**

The County's Business-type activities decreased Marinette County's net assets by \$15,266.

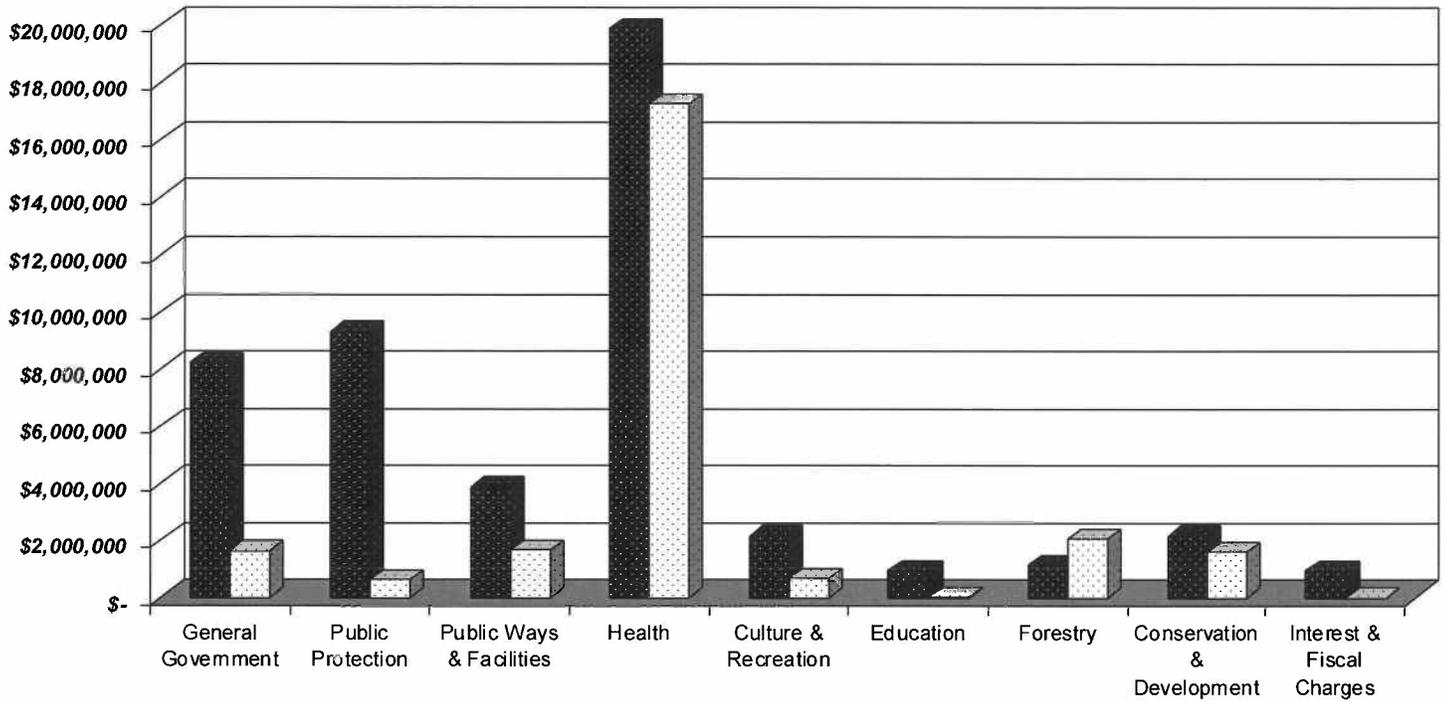
The Highway Department had a \$38,269 operating loss for 2011 compared to a prior year operating loss of \$205,194. An insurance recovery of \$206,723 for the Highway resulted in a total net increase of \$168,094 to the Highway Department's net assets.

The Solid Waste Fund's 2011 operating loss was \$212,152 compared to the 2010 operating loss of \$109,891. Interest earnings of \$12,110 and a grant for hazardous waste cleanup of \$19,740 reduced the net decrease in the Solid Waste Fund net assets to \$180,302. Cash and cash equivalents still increased by \$36,425 after the \$6,438 capital outlay investment in the landfill. Without the investment, cash would have increased by \$42,863 reflecting the landfills non-cash operating expenses of depreciation and landfill closure/post-closure care cost. Operating results of the landfill reflect the management's approach to provide competitive solid waste disposal alternatives within Marinette and Oconto County's. It is expected that all landfill closure and post closure cost will be fully funded at the end of landfill operations with no additional contributions needed from the Counties.

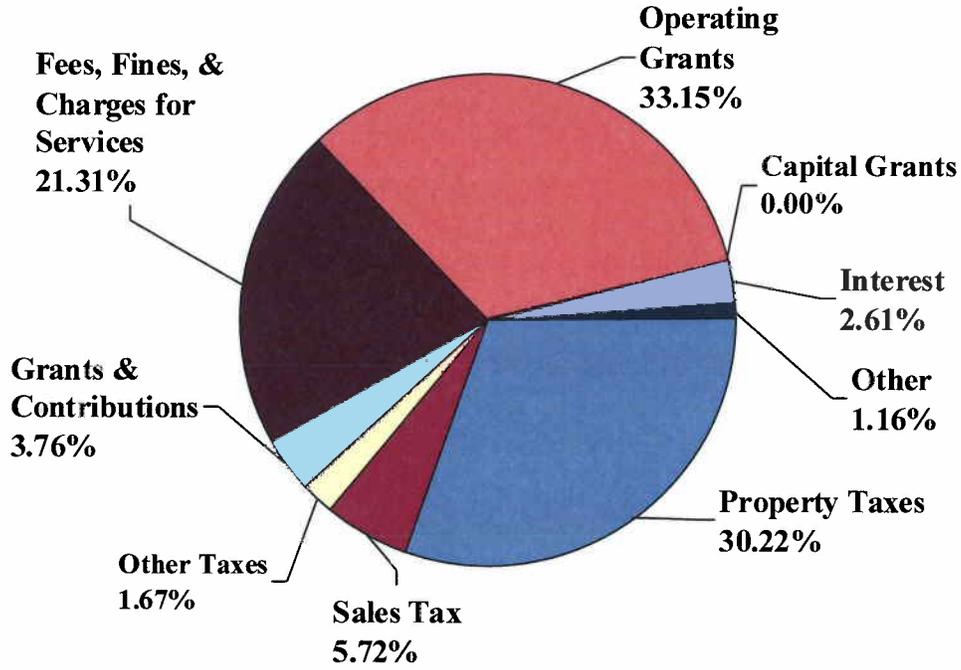
Management Discussion and Analysis  
December 31, 2011

<b>Marinette County's Change in Net Assets</b>						
	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
<b>Revenues:</b>						
<b>Program revenues:</b>						
Fees, fines, & charges for services	\$11,838,399	\$10,281,575	\$ 7,998,139	\$ 7,614,866	\$19,836,538	\$ 17,896,441
Operating grants and contributions	16,176,456	15,992,330	-	19,740	16,176,456	16,012,070
Capital grants and contributions	4,180,742	-	-	-	4,180,742	-
<b>General revenues:</b>						
Property & sales taxes	16,630,640	17,440,219	214,176	-	16,844,816	17,440,219
Other taxes	925,678	994,821	-	-	925,678	994,821
Grants & contributions not restricted to specific programs	1,814,514	1,816,189	-	-	1,814,514	1,816,189
Other	1,695,027	1,822,872	18,217	218,833	1,713,244	2,041,705
<b>Total revenues</b>	<b>53,261,456</b>	<b>48,348,006</b>	<b>8,230,532</b>	<b>7,853,439</b>	<b>61,491,988</b>	<b>56,201,445</b>
<b>Expenses:</b>						
General government	6,617,356	8,219,099	-	-	6,617,356	8,219,099
Public protection	9,671,349	9,288,373	-	-	9,671,349	9,288,373
Public ways & facilities	3,794,493	3,852,583	-	-	3,794,493	3,852,583
Health	20,289,579	19,885,238	-	-	20,289,579	19,885,238
Culture & recreation	2,079,936	2,164,702	-	-	2,079,936	2,164,702
Education	833,445	956,159	-	-	833,445	956,159
Forestry	916,421	1,151,499	-	-	916,421	1,151,499
Conservation & development	2,204,601	2,151,173	-	-	2,204,601	2,151,173
Interest & fiscal charges	982,573	961,339	-	-	982,573	961,339
Highway operations	-	-	7,764,697	7,253,565	7,764,697	7,253,565
Solid waste	-	-	541,929	615,140	541,929	615,140
<b>Total expenses</b>	<b>47,389,753</b>	<b>48,630,165</b>	<b>8,306,626</b>	<b>7,868,705</b>	<b>55,696,379</b>	<b>56,498,870</b>
<b>Increase (decrease) in net assets</b>	<b>5,871,703</b>	<b>(282,159)</b>	<b>(76,094)</b>	<b>(15,266)</b>	<b>5,795,609</b>	<b>(297,425)</b>
<b>Net Assets - January 1</b>	<b>83,560,957</b>	<b>89,432,660</b>	<b>9,519,572</b>	<b>9,443,478</b>	<b>93,080,529</b>	<b>98,876,138</b>
<b>Net Assets - December 31</b>	<b>\$89,432,660</b>	<b>\$89,150,501</b>	<b>\$ 9,443,478</b>	<b>\$ 9,428,212</b>	<b>\$98,876,138</b>	<b>\$ 98,578,713</b>

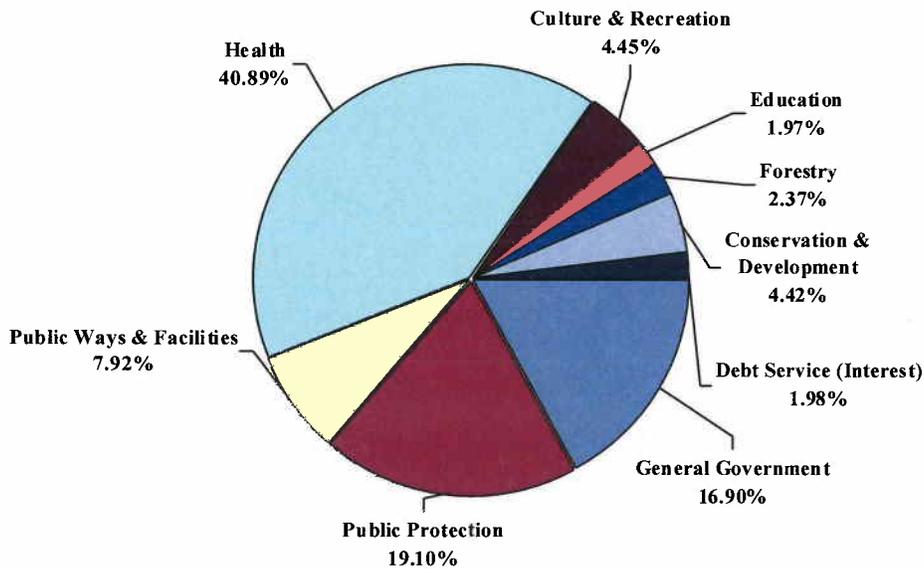
**Expenses & Program Revenues - Governmental Activities**



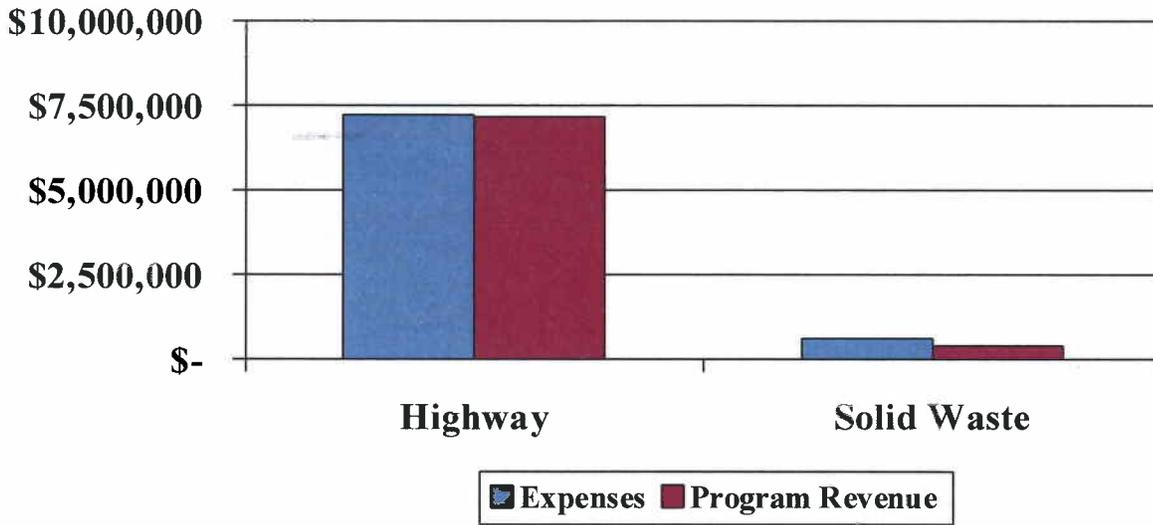
### Revenues by Source - Governmental Activities



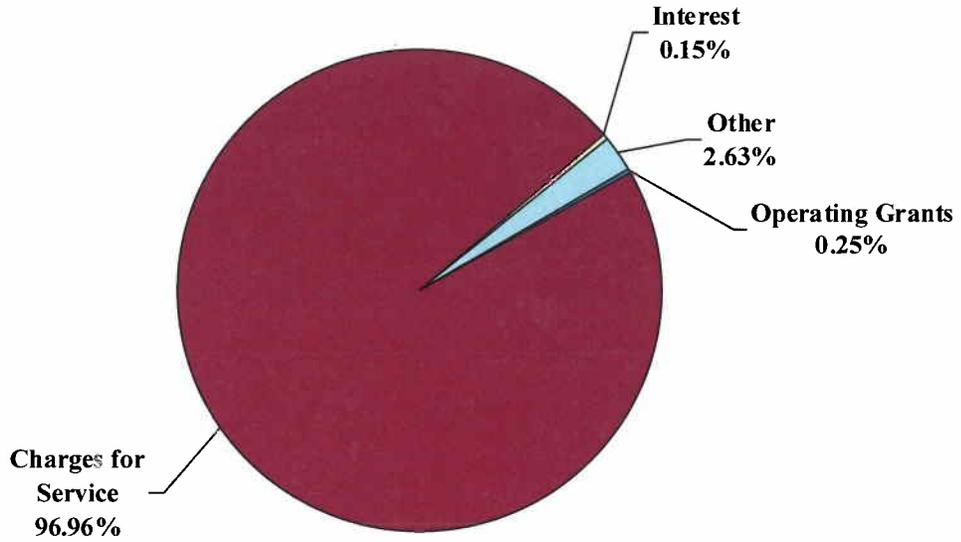
### Expenses by Activity - Governmental Activities



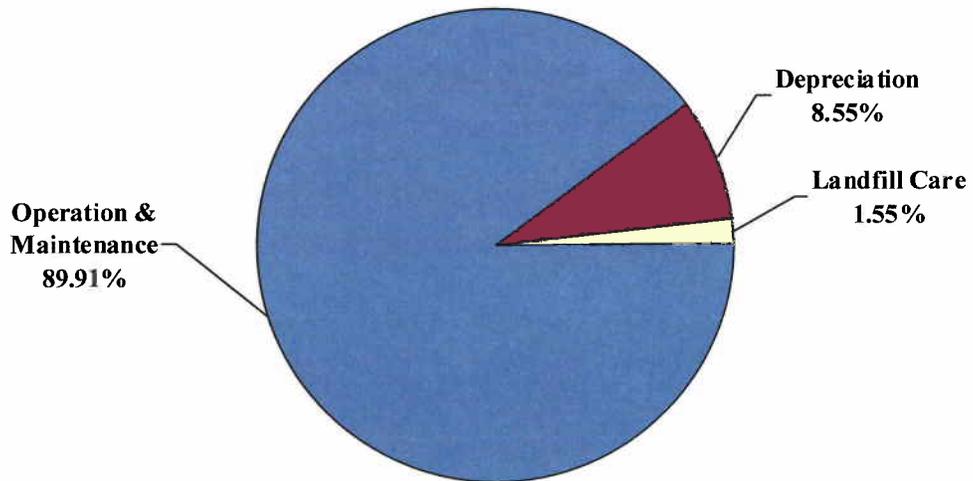
### Expenses and Program Revenues - Business Type Activities



### Revenue by Source - Business Type Activities



### Expenses by Activity - Business Type Activities



## Financial Analysis of Marinette County's Funds

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

**Governmental funds.** The focus of Marinette County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, the *committed, assigned and unassigned 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, 2011, the County's combined governmental funds totaled \$40,270,545, a decrease of \$643,841 in comparison with the prior year. Approximately 87% of this amount, \$34,971,619, constitutes *committed, assigned or unassigned 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 (\$752,562), 2) for non-liquid delinquent taxes (\$3,066,545) 3) for loans receivable that are not expected to be liquidated in the next year (\$378,936) 4) by grant, donor or other restrictions (\$1,100,883).

The general fund is the chief operating fund of the County. At the end of the current year, the committed, assigned and unassigned fund balance of the general fund was \$30,364,180, while the total fund balance was \$34,686,432. As a measure of the general fund's liquidity, it is useful to compare both the committed, assigned, and unassigned fund balance and the total fund balance to total fund expenditures. Committed, assigned and unassigned fund balance represents 134% of total 2011 general fund expenditures, while total fund balance represents 153% of that same amount. This compares to prior year percentages of 149% and 169% respectively.

Marinette County's General fund balance decreased by \$1,354,133 for the year ended December 31, 2011. Besides the reduced Forestry timber sales previously mentioned, another key factor in the net general fund decrease was the transfer of \$699,436 from the General fund to three special revenue funds for compliance with GASB 54 (Forest and Parks Development \$500,000, Jail Assessments \$155,014, Land Records Modernization \$44,422).

The County's Health and Human Services Special Revenue Fund increased by \$185,146 to \$1,831,127 during the current year. The net increase was not anticipated considering the application of \$400,000 of the surplus fund balance to the 2011 budget. Higher than expected Federal and State revenues along with unfilled staff vacancies lead to the positive variation from the budget. The current fund balance represents 9.6% of the total 2011 health and human services special revenue fund expenditures.

The County Roads and Bridges Fund saw a net fund balance decrease of \$199,847 decreasing the December 31, 2011 fund balance to \$695,567. There was an anticipated decrease in the fund balance as the carryover balance for 2010 represented uncompleted projects. The \$695,567 December 31, 2011 fund balance also represented uncompleted projects and was in line with the anticipated carryover necessary to completed the carryover projects. High winter and summer maintenance expenditures also reduced available funds anticipated to be used for the road construction projects.

The County's Self-Insurance Internal Service Fund accounts for the County's life, workers compensation, and property/liability insurance. Prior to 2010 the County was also self insured for employee health insurance. As of January 1, 2010 the County purchases employee health insurance through the Wisconsin County Association Group Health insurance program. After a claim run out period in 2010, the County transferred the remaining funds in the health insurance segment of the self-insurance fund to the General Fund. The transfer totaled \$1,692,040. As of December 31, 2011 the remaining funds totaled \$844,163 and were assigned to assist with health insurance premiums in future budgets.

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

Unrestricted net assets of the highway department enterprise fund at the end of the year amounted to \$2,531,715. The County's net assets for the highway department increased \$168,094 in 2011. This compares to the increase of \$8,982 in 2010. The Highway fund's 2011 operating loss of \$38,629 was offset by the \$206,723 of non-operating insurance recovery revenue. Reductions in revenues from the State and local sources were the main factor for the continuing operating loss. Expenditures exceeded revenues on highway equipment operations by \$120,777 contributing to the operating loss.

Unrestricted net assets of Marinette County's share of a landfill operated jointly with Oconto County and reported in the solid waste fund totaled \$196,816. The total decrease in net assets for the solid waste fund in 2011 was \$180,302 compared to 2010 decrease of \$91,674. An operating loss of \$212,152 was reduced by \$12,110 in interest earnings and a waste cleanup grant of \$19,740. Non-cash depreciation expenses and other non-cash expenses lead to the overall \$36,425 increase in the funds cash position.

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

## General Fund Budgetary Highlights

Additional appropriations during the year increased the original general fund expenditure budget by \$1,055,165. The change to the 2011 appropriations can be summarized as follows:

- Carryovers of unspent 2010 appropriations of \$192,211.
- Increase of \$1,426,245 to recognize a partial application and return of the employee's share of the self-insurance surplus funds mentioned in the financial analysis to governmental funds.
- Transfer of the Forestry and Parks Development (\$353,000), Jail Assessments (\$79,576), and Land Records Modernization (\$83,000) budgets to their new corresponding special revenue funds.
- A number of other items associated with departments for grant carry-overs, reserved fund carry-overs to complete various projects, and onetime expenses that were funded with additional revenues received by departments during the year.

Actual revenues were \$959,111 less than final budgeted revenues as result of the following:

- Timber sales were \$619,262 below budget.
- Unrealized intergovernmental revenues for recreation and conservation programs. These deficits were not a factor in overall results, as the related expenditures also were not realized.

Actual expenditures were less than final budgeted expenditures by \$1,907,390 primarily due to the following:

- Anticipated expenditures for recreation and conservation grant funded projects not occurring as mentioned above.
- Some large scheduled capital maintenance projects for the Courthouse were not completed during the current year and carried over to 2012.
- Over all positive results in Public Protection.
- Open employee positions in some departments were not filled immediately.

## Capital Asset and Debt Administration

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2011 amounts to \$77,033,397 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery/equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress. The total decrease in the County's investment in capital assets for the current year was \$571,097 as depreciation expense and retirements exceeded new additions.

Marinette County's Capital Assets (Net of Accumulated Depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
Land	\$ 4,594,197	\$ 4,594,197	\$ 113,989	\$ 113,989	\$ 4,708,186	\$ 4,708,186
Land improvements	-	-	974,675	909,344	974,675	909,344
Buildings & improvements	33,271,165	32,409,594	2,785,487	2,604,669	36,056,652	35,014,263
Machinery & equipment	2,706,469	2,280,184	3,023,085	3,021,335	5,729,554	5,301,519
Infrastructure	30,135,427	31,100,085	-	-	30,135,427	31,100,085
<b>Total</b>	<b>\$ 70,707,258</b>	<b>\$ 70,384,060</b>	<b>\$ 6,897,236</b>	<b>\$ 6,649,337</b>	<b>\$ 77,604,494</b>	<b>\$ 77,033,397</b>

Additional information on Marinette County's capital assets can be found in Note C.5 on page 47 of this report.

**Long-term debt.** At the end of the year, the County's total general obligation debt outstanding was \$22,000,000. All of this debt is backed by the full faith and credit of the County.

Marinette County's Outstanding Debt General Obligation Debt						
	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
General Obligation Debt						
Bonds and notes	\$ 23,500,000	\$ 22,000,000	\$ -	\$ -	\$ 23,500,000	\$ 22,000,000

The County's total general-obligation debt balance did decrease by \$1,500,000 (6.38%) in 2011. Scheduled debt service resulted in the debt decrease. There were no new issues for the year.

The County's remaining general obligation debt is serviced by the .5% County sales tax. Funds committed for debt service at the end of 2011 decreased by \$193,568 to \$1,087,438.

An original budgeted transfer out of the debt service fund for capital outlay projects in the General and County highway funds of \$494,068 was covered by current and prior year's surplus sales tax. The prior year's surplus sales tax revenue used for the transfer was \$94,880. The 2012 budgeted transfer from the Debt Service fund was increased slightly to \$500,000 with an application of surplus funds of \$166,774. Additional sales tax revenues above debt service requirements produce available sales tax surpluses used to fund County tourism and capital outlay items through the transfers to applicable funds.

Management Discussion and Analysis  
December 31, 2011

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

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

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

State statutes limit the amount of general obligation debt the County may issue to 5% of its total equalized valuation. The current debt limitation for the County is \$182,360,780 which when combined with the fund balance of \$1,087,438 committed to debt service is \$161,448,218 in excess of the County's \$22,000,000 in outstanding general obligation debt.

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

- The unemployment rate for Marinette County is currently 7.7% for April 2012, which is the latest available data at the time of this report. This compares to the State of Wisconsin's average unemployment rate of 6.8% and last April's County rate of 9.9%.
- As the national economy slowly rebounds from the recession, Marinette County also slowly recovers. Several area manufactures are depended on the auto industry. These employers have called back workers and are increasing their workforce as the auto industry is in recovery mode. The Marinette Marine Corporation, one of the County's larger employers, employing 1,350 and expecting to add another 150 before the end of 2012, was awarded a major multi-ship/multi-year contract during 2010 which is expected to lead to an increase in Marinette Marine employment to approximately 2,000 employees over the next few years. The large Marinette Marine contract will have a substantial subsidiary effect for smaller local businesses. Bay Area Medical Center also suffered from the recession, but not as severely and appears to be back on track. Several employers throughout the County in the 50 to 99-employee range also have felt the effect of the recession in their specialty industries and continue recover. Tourism continues to be vital to Marinette County and is expected to remain stable as the development of the Governor Thompson State Park located in the western part of the County continues. The major retail center is in the City of Marinette and also is increasing as Wal-mart Stores Inc. has opened a superstore. Several smaller industries have recently been attracted to and located in the Marinette and Peshtigo areas. Agriculture and Forestry, staples of this County also help support Marinette County's tax base.
- Inflationary trends in our region compare favorably to national indices.
- Marinette County's staff includes non-represented employees, elected officials and union employees. Employees, through December 31, 2011, were represented by one of five unions. The unions included the Courthouse Employees, Local 1752, AFSCME, AFL-CIO; Highway Employees, International Union of Operating Engineers, Local 139S; Library employees, Local 1752, AFSCME, AFL-CIO; Professional employees, Local 1752-A, AFSCME, AFL-CIO; and the Sheriff's Department, Wisconsin Professional Police Association (WPPA). The AFSCME unions had contracts with the County through 2011 and for 2012 are subject to the Wisconsin's changed statues regarding union recertification and base rate bargaining. The International Union of Operating Engineers Local 139S and the WPPA union contracts are through 2012.

The following factors were considered in preparing the County's 2012 budget:

A tax levy limit was continued under 2011-13 state budget. The levy limits provide that the County may only increase the tax levy for 2012 for the percentage change in new construction less improvements removed from the assessment roll in the last year. The limit can't go below zero. For 2012 the County's levy limit was .94%. These levy limits are permanent per 2011-13 state budget.

The statute establishes specific penalties for failure to meet the tax rate and levy freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids.

As previously mentioned the County does not issue a debt service levy and relies on the County's sales tax for debt service. The County has used surplus sales tax revenues to fund capital outlay and tourism expenditures in past years and continued in 2012.

The County was forced to limit its 2012 operating tax levy under the levy limit freeze. The operating tax levy increase for the 2012 budget was limited to \$137,250 or .94%. To comply with the limit, the County applied \$12,810 of restricted, \$505,000 of committed and \$700,000 of assigned general fund balances to the 2012 budget. These funds totaled \$1,214,810. Total restricted and committed special revenue fund balances applied to the 2012 budget were \$1,778,023. The County also transferred \$500,000 from the County's sales tax fund to the general fund (\$304,585) and the county roads fund (\$195,415).

The application of \$402,306 of surplus funds back in the 2005 budget still significantly magnifies the effect of the State tax levy freeze which started with the County's 2006 budget. Without the use of the sales tax surplus funds for the recent budgets, the County would have been forced to reduce services further. The County Board has approved the use of the surplus sales tax funds for capital outlay and tourism items on a yearly basis. Estimates of future sales tax collections expect surplus revenues to be between \$250,000 and \$400,000. Surplus sales tax funds may also be used to call debt early if feasible in consideration of the County's overall financial condition.

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

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, Fund Balance Reporting and Fund Type Definitions. The new Statement changed certain classifications of Marinette County's fund balance components. During 2011 the County developed and approved a fund balance policy that is in compliance with GASB 54 and defines the County's goals to maintaining a strong adequate fund balance while addressing future needs both planned as well as the unplanned.

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

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

## **BASIC FINANCIAL STATEMENTS**

**MARINETTE COUNTY, WISCONSIN**

Statement of Net Assets

December 31, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Committee on Aging	Stephenson Public Library Foundation
<b>ASSETS</b>					
Pooled cash and investments	\$ 34,194,967	\$ 2,856,772	\$ 37,051,739	\$ -	\$ -
Other cash and investments	-	-	-	134,758	1,738,860
Accounts receivable	2,849,608	19,092	2,868,700	82,219	-
Interest receivable	706,104	1,508	707,612	-	7,834
Taxes receivable	18,310,743	-	18,310,743	-	-
Loans receivable	2,935,560	-	2,935,560	-	-
Internal balances	(50,344)	50,344	-	-	-
Due from other governments	1,299,986	383,025	1,683,011	-	-
Inventories and prepaid expenses	1,078,139	1,215,497	2,293,636	-	-
Investment in joint airport	2,482,574	-	2,482,574	-	-
Restricted cash and investments	287,896	724,353	1,012,249	-	-
Capital assets (net of accumulated depreciation)					
Nondepreciable	4,594,197	316,867	4,911,064	-	-
Depreciable	65,789,863	6,332,470	72,122,333	70,766	-
<b>TOTAL ASSETS</b>	<b>134,479,293</b>	<b>11,899,928</b>	<b>146,379,221</b>	<b>287,743</b>	<b>1,746,694</b>
<b>LIABILITIES</b>					
Accounts payable	1,500,832	251,235	1,752,067	19,417	-
Accrued liabilities	590,030	320,972	911,002	18,979	-
Due to other governments	137,804	-	137,804	-	-
Deposits from others	11,148	-	11,148	-	-
Unearned revenue	14,822,436	-	14,822,436	-	-
Accrued interest	117,722	-	117,722	-	-
Long-term obligations					
Portion due or payable within one year:					
Bonds and notes payable	1,610,000	-	1,610,000	7,701	-
Compensated absences	210,788	11,305	222,093	-	-
Portion due or payable after one year:					
Bonds and notes payable	20,390,000	-	20,390,000	-	-
Compensated absences	1,897,090	101,740	1,998,830	-	-
Post employment insurance	4,040,942	334,101	4,375,043	-	-
Landfill care costs	-	1,452,363	1,452,363	-	-
<b>TOTAL LIABILITIES</b>	<b>45,328,792</b>	<b>2,471,716</b>	<b>47,800,508</b>	<b>46,097</b>	<b>-</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	50,294,060	6,649,337	56,943,397	63,065	-
Invested in joint airport, net of related debt	2,482,574	-	2,482,574	-	-
Restricted	2,314,107	-	2,314,107	-	-
Unrestricted	34,059,760	2,778,875	36,838,635	178,581	1,746,694
<b>TOTAL NET ASSETS</b>	<b>\$ 89,150,501</b>	<b>\$ 9,428,212</b>	<b>\$ 98,578,713</b>	<b>\$ 241,646</b>	<b>\$ 1,746,694</b>

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

**MARINETTE COUNTY, WISCONSIN**  
Statement of Activities  
For the Year Ended December 31, 2011

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental</b>				
General government	\$ 8,219,099	\$ 774,304	\$ 860,288	\$ -
Public protection	9,288,373	777,883	520,656	-
Public ways and facilities	3,852,583	108,324	1,550,282	-
Health	19,885,238	5,996,851	11,246,767	-
Culture and recreation	2,164,702	270,262	428,530	-
Education	956,159	42,542	1,960	-
Forestry	1,151,499	1,949,166	127,677	-
Conservation and development	2,151,173	362,243	1,249,070	-
Interest and fiscal charges	961,339	-	7,100	-
<b>Total Governmental Activities</b>	<b>48,630,165</b>	<b>10,281,575</b>	<b>15,992,330</b>	<b>-</b>
<b>Business-type</b>				
Highway	7,253,565	7,211,878	-	-
Solid waste	615,140	402,988	19,740	-
<b>Total Business-type Activities</b>	<b>7,868,705</b>	<b>7,614,866</b>	<b>19,740</b>	<b>-</b>
<b>Total Marinette County</b>	<b>\$ 56,498,870</b>	<b>\$ 17,896,441</b>	<b>\$ 16,012,070</b>	<b>\$ -</b>
<b>Component Unit</b>				
Committee on Aging	\$ 963,717	\$ 221,081	\$ 737,004	\$ -
Stephenson Library Trust	614	50	-	-
<b>Total Component Units</b>	<b>\$ 964,331</b>	<b>\$ 221,131</b>	<b>\$ 737,004</b>	<b>\$ -</b>

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for public ways and facilities
- Property taxes, levied for health
- Sales taxes
- Other taxes
- Grants and contributions not restricted to specific programs
- Earnings on investments
- Change in investment in joint airport
- Lease revenue
- Gain on other property sales
- Miscellaneous

Total general revenues

Change in assets

Net assets - January 1

Net assets - December 31

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

Net (Expense) Revenue and Changes in Net Assets			Component Units	
Governmental Activities	Business-type Activities	Total	Committee on Aging	Stephenson Public Library Foundation
\$ (6,584,507)	\$ -	\$ (6,584,507)	\$ -	\$ -
(7,989,834)	-	(7,989,834)	-	-
(2,193,977)	-	(2,193,977)	-	-
(2,641,620)	-	(2,641,620)	-	-
(1,465,910)	-	(1,465,910)	-	-
(911,657)	-	(911,657)	-	-
925,344	-	925,344	-	-
(539,860)	-	(539,860)	-	-
(954,239)	-	(954,239)	-	-
<u>(22,356,260)</u>	<u>-</u>	<u>(22,356,260)</u>	<u>-</u>	<u>-</u>
-	(41,687)	(41,687)	-	-
-	(192,412)	(192,412)	-	-
-	(234,099)	(234,099)	-	-
<u>(22,356,260)</u>	<u>(234,099)</u>	<u>(22,590,359)</u>	<u>-</u>	<u>-</u>
-	-	-	(5,632)	-
-	-	-	-	(564)
-	-	-	(5,632)	(564)
8,784,638	-	8,784,638	-	-
2,693,073	-	2,693,073	-	-
3,201,139	-	3,201,139	-	-
2,761,369	-	2,761,369	-	-
994,821	-	994,821	-	-
1,816,189	-	1,816,189	-	-
1,260,783	12,110	1,272,893	627	(11,676)
(43,110)	-	(43,110)	-	-
46,081	-	46,081	-	-
196,683	-	196,683	-	-
362,435	206,723	569,158	11,502	-
<u>22,074,101</u>	<u>218,833</u>	<u>22,292,934</u>	<u>12,129</u>	<u>(11,676)</u>
(282,159)	(15,266)	(297,425)	6,497	(12,240)
<u>89,432,660</u>	<u>9,443,478</u>	<u>98,876,138</u>	<u>235,149</u>	<u>1,758,934</u>
<u>\$ 89,150,501</u>	<u>\$ 9,428,212</u>	<u>\$ 98,578,713</u>	<u>\$ 241,646</u>	<u>\$ 1,746,694</u>

**MARINETTE COUNTY, WISCONSIN**

Balance Sheet  
Governmental Funds  
December 31, 2011

	Governmental Funds				Other Governmental Funds	Total Governmental Funds
	General	County Roads and Bridges	Health and Human Services	Debt Service		
<b>ASSETS</b>						
Pooled cash and investments	\$ 30,031,649	\$ 514,056	\$ 452,006	\$ 641,405	\$ 1,686,167	\$ 33,325,283
Receivables						
Delinquent property taxes	3,554,509	-	-	-	-	3,554,509
Property taxes levied for subsequent year	9,546,480	2,249,075	2,905,679	-	-	14,701,234
Accounts	1,442,797	108,324	1,546,844	451,433	4,939	3,554,337
Loans	352,000	-	36,132	-	2,547,428	2,935,560
Due from other governments	492,699	73,500	733,787	-	-	1,299,986
Advance from other funds	26,936	-	-	-	-	26,936
Prepaid items	752,562	-	-	-	-	752,562
Restricted assets - pooled cash and investments	-	-	-	-	287,896	287,896
<b>TOTAL ASSETS</b>	<b>\$ 46,199,632</b>	<b>\$ 2,944,955</b>	<b>\$ 5,674,448</b>	<b>\$ 1,092,838</b>	<b>\$ 4,526,430</b>	<b>\$ 60,438,303</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 592,048	\$ 313	\$ 844,976	\$ -	\$ 9,021	\$ 1,446,358
Accrued liabilities	489,065	-	92,666	-	-	581,731
Due to other governments	137,804	-	-	-	-	137,804
Deposits from others	11,148	-	-	-	-	11,148
Deferred revenue	10,283,135	2,249,075	2,905,679	5,400	2,547,428	17,990,717
Total Liabilities	11,513,200	2,249,388	3,843,321	5,400	2,556,449	20,167,758
Fund Balances						
Nonspendable	4,198,043	-	-	-	-	4,198,043
Restricted	124,209	-	-	-	976,674	1,100,883
Committed	21,429,240	695,567	1,831,127	1,087,438	993,307	26,036,679
Assigned	2,171,407	-	-	-	-	2,171,407
Unassigned	6,763,533	-	-	-	-	6,763,533
Total Fund Balances	34,686,432	695,567	1,831,127	1,087,438	1,969,981	40,270,545
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 46,199,632</b>	<b>\$ 2,944,955</b>	<b>\$ 5,674,448</b>	<b>\$ 1,092,838</b>	<b>\$ 4,526,430</b>	<b>\$ 60,438,303</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**

Balance Sheet (Continued)

Governmental Funds

December 31, 2011

Reconciliation to the Statement of Net Assets

Total Fund Balances as shown on previous page \$ 40,270,545

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

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

Investment in joint airport	\$ 2,482,574	
Capital assets	70,384,060	
Less: amount included below with internal service funds	<u>(436,091)</u>	72,430,543

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	\$ (22,000,000)	
Compensated absences	(2,107,878)	
Post employment health insurance	(4,040,942)	
Accrued interest on long-term obligations	<u>(117,722)</u>	(28,266,542)

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

Loans receivable	\$ 2,547,428	
Pledges receivable	5,400	
Interest on delinquent taxes	606,619	
Clerk of Courts receivable	<u>63,834</u>	3,223,281

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

1,492,674

Net Assets of Governmental Activities as Reported on the Statement of Net Assets  
(see page 20)

\$ 89,150,501

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, 2011

	General	County Roads and Bridges	Health and Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 9,729,459	\$ 2,693,073	\$ 3,198,039	\$ -	\$ 3,100	\$ 15,623,671
Sales taxes	-	-	-	2,761,369	-	2,761,369
Intergovernmental	6,043,522	1,550,282	10,539,091	-	23,260	18,156,155
Regulation and compliance	289,604	-	-	-	168,242	457,846
Charges for services	3,165,870	-	5,888,539	-	118,619	9,173,028
Commercial	1,330,491	108,324	-	-	435,155	1,873,970
Miscellaneous	731,880	-	-	7,100	185,214	924,194
<b>Total Revenues</b>	<b>21,290,826</b>	<b>4,351,679</b>	<b>19,625,669</b>	<b>2,768,469</b>	<b>933,590</b>	<b>48,970,233</b>
<b>Expenditures</b>						
<b>Current</b>						
General government	7,558,809	-	-	-	66,431	7,625,240
Public protection	8,353,420	-	-	-	-	8,353,420
Public ways and facilities	60,715	4,756,526	-	-	45,469	4,862,710
Health	1,113,981	-	19,109,039	-	6,270	20,229,290
Culture and recreation	2,019,524	-	-	-	210,426	2,229,950
Education	522,801	-	-	-	3,038	525,839
Forestry	1,155,235	-	-	-	-	1,155,235
Conservation and development	1,856,590	-	-	-	307,831	2,164,421
<b>Debt Service</b>						
Principal payments	-	-	-	1,500,000	-	1,500,000
Interest and fiscal charges	-	-	-	967,969	-	967,969
<b>Total Expenditures</b>	<b>22,641,075</b>	<b>4,756,526</b>	<b>19,109,039</b>	<b>2,467,969</b>	<b>639,465</b>	<b>49,614,074</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,350,249)</b>	<b>(404,847)</b>	<b>516,630</b>	<b>300,500</b>	<b>294,125</b>	<b>(643,841)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	695,552	205,000	-	-	699,436	1,599,988
Transfers out	(699,436)	-	(331,484)	(494,068)	(75,000)	(1,599,988)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,884)</b>	<b>205,000</b>	<b>(331,484)</b>	<b>(494,068)</b>	<b>624,436</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(1,354,133)</b>	<b>(199,847)</b>	<b>185,146</b>	<b>(193,568)</b>	<b>918,561</b>	<b>(643,841)</b>
<b>Fund Balances - January 1</b>	<b>36,040,565</b>	<b>895,414</b>	<b>1,645,981</b>	<b>1,281,006</b>	<b>1,051,420</b>	<b>40,914,386</b>
<b>Fund Balances - December 31</b>	<b>\$ 34,686,432</b>	<b>\$ 695,567</b>	<b>\$ 1,831,127</b>	<b>\$ 1,087,438</b>	<b>\$ 1,969,981</b>	<b>\$ 40,270,545</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
Governmental Funds  
For the Year Ended December 31, 2011

Reconciliation to the Statement of Net Assets

Net Change in Fund Balances from previous page		\$ (643,841)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditure. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as current expenditures in governmental fund statements	\$ 2,354,689	
Depreciation expense reported in the statement of activities	<u>(2,722,797)</u>	
Amount by which capital outlays are less than depreciation in current period		(368,108)
Some contributions of capital are not available as financial resources and therefore are not reported as revenues in the governmental funds.		
Investment in joint venture airport	<u>\$ (43,110)</u>	(43,110)
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.		
		(58,044)
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:		
		(618,085)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:		
		1,500,000
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities interest is reported as it accrues.		
		6,629
Because some revenues are not collected soon enough after the County's year end, they are not considered available revenues and are deferred or not recognized in the government funds. This adjustment combines the net changes of the following:		
Interest receivable on taxes	\$ 23,061	
Clerk of court receivables	13,831	
Revolving loan receivables	(113,850)	
Donation pledges receivable	<u>(6,100)</u>	
Combined adjustment		(83,058)
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>25,458</u>
Change in Net Assets of Governmental Activities as reported in the Statement of Activities (see pages 21 and 22)		<u>\$ (282,159)</u>

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

**MARINETTE COUNTY, WISCONSIN**

Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 9,670,788	\$ 9,670,788	\$ 9,729,459	\$ 58,671
Intergovernmental	6,118,742	6,544,438	6,043,522	(500,916)
Regulation and compliance	396,870	331,870	289,604	(42,266)
Charges for services	3,922,134	3,730,224	3,165,870	(564,354)
Commercial	1,316,896	1,267,102	1,330,491	63,389
Miscellaneous	537,889	705,515	731,880	26,365
<b>Total Revenues</b>	<b>21,963,319</b>	<b>22,249,937</b>	<b>21,290,826</b>	<b>(959,111)</b>
<b>Expenditures</b>				
General government	7,121,767	8,243,619	7,558,809	684,810
Public protection	9,027,769	8,753,259	8,353,420	399,839
Public ways and facilities	63,000	63,000	60,715	2,285
Health	1,184,144	1,160,024	1,113,981	46,043
Culture and recreation	2,481,478	2,304,450	2,019,524	284,926
Education	375,551	533,532	522,801	10,731
Forestry	1,256,947	1,250,909	1,155,235	95,674
Conservation and development	1,982,644	2,239,672	1,856,590	383,082
<b>Total Expenditures</b>	<b>23,493,300</b>	<b>24,548,465</b>	<b>22,641,075</b>	<b>1,907,390</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,529,981)</b>	<b>(2,298,528)</b>	<b>(1,350,249)</b>	<b>948,279</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	289,068	695,552	695,552	-
Transfers out	-	(699,436)	(699,436)	-
<b>Total Other Financing Sources (Uses)</b>	<b>289,068</b>	<b>(3,884)</b>	<b>(3,884)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(1,240,913)</b>	<b>(2,302,412)</b>	<b>(1,354,133)</b>	<b>948,279</b>
<b>Fund Balance - January 1</b>	<b>36,040,565</b>	<b>36,040,565</b>	<b>36,040,565</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 34,799,652</b>	<b>\$ 33,738,153</b>	<b>\$ 34,686,432</b>	<b>\$ 948,279</b>

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

**MARINETTE COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Health and Human Services Fund  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 3,198,039	\$ 3,198,039	\$ 3,198,039	\$ -
Intergovernmental	10,582,603	10,674,260	10,539,091	(135,169)
Charges for services	6,567,884	6,576,140	5,888,539	(687,601)
Total Revenues	<u>20,348,526</u>	<u>20,448,439</u>	<u>19,625,669</u>	<u>(822,770)</u>
Expenditures				
Health	<u>20,748,526</u>	<u>20,884,004</u>	<u>19,109,039</u>	<u>1,774,965</u>
Excess (Deficiency) of Revenues Over Expenditures	(400,000)	(435,565)	516,630	952,195
Other Financing Sources (Uses)				
Transfers out	<u>(331,484)</u>	<u>(331,484)</u>	<u>(331,484)</u>	-
Net Change in Fund Balance	(731,484)	(767,049)	185,146	952,195
Fund Balance - January 1	<u>1,645,981</u>	<u>1,645,981</u>	<u>1,645,981</u>	-
Fund Balance - December 31	<u>\$ 914,497</u>	<u>\$ 878,932</u>	<u>\$ 1,831,127</u>	<u>\$ 952,195</u>

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

**MARINETTE COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - County Roads and Bridges  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,483,023	\$ 2,693,073	\$ 2,693,073	\$ -
Intergovernmental	1,781,827	1,781,827	1,550,282	(231,545)
Commercial	-	-	108,324	108,324
Total Revenues	<u>4,264,850</u>	<u>4,474,900</u>	<u>4,351,679</u>	<u>(123,221)</u>
Expenditures				
Public Ways and Facilities	<u>4,969,850</u>	<u>5,179,900</u>	<u>4,756,526</u>	<u>423,374</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(705,000)</u>	<u>(705,000)</u>	<u>(404,847)</u>	<u>300,153</u>
Other Financing Sources				
Transfers in	<u>205,000</u>	<u>205,000</u>	<u>205,000</u>	<u>-</u>
Net Change in Fund Balance	(500,000)	(500,000)	(199,847)	300,153
Fund Balance - January 1	<u>895,414</u>	<u>895,414</u>	<u>895,414</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 395,414</u>	<u>\$ 395,414</u>	<u>\$ 695,567</u>	<u>\$ 300,153</u>

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

**MARINETTE COUNTY, WISCONSIN**

Statement of Net Assets

Proprietary Funds

December 31, 2011

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
<b>ASSETS</b>				
Current Assets				
Pooled cash and investments	\$ 1,892,206	\$ 964,566	\$ 2,856,772	\$ 869,684
Accounts receivables	-	20,600	20,600	1,375
Due from other governments	383,025	-	383,025	55,000
Inventories	929,658	-	929,658	50,003
Prepaid items	285,839	-	285,839	275,574
<b>Total Current Assets</b>	<b>3,490,728</b>	<b>985,166</b>	<b>4,475,894</b>	<b>1,251,636</b>
Noncurrent Assets				
Restricted cash and investments	-	724,353	724,353	-
Capital assets				
Land	51,475	62,514	113,989	-
Land improvements, net	48,596	860,748	909,344	-
Buildings, net	2,604,669	-	2,604,669	-
Machinery and equipment, net	2,720,011	98,446	2,818,457	436,091
Work in progress	202,878	-	202,878	-
<b>Total Noncurrent Assets</b>	<b>5,627,629</b>	<b>1,746,061</b>	<b>7,373,690</b>	<b>436,091</b>
<b>TOTAL ASSETS</b>	<b>9,118,357</b>	<b>2,731,227</b>	<b>11,849,584</b>	<b>1,687,727</b>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	226,091	25,144	251,235	54,473
Accrued liabilities	320,258	714	320,972	8,299
Compensated absences payable	11,305	-	11,305	-
Advance from general fund	26,936	-	26,936	-
Unearned revenue - property taxes	-	-	-	55,000
<b>Total Current Liabilities</b>	<b>584,590</b>	<b>25,858</b>	<b>610,448</b>	<b>117,772</b>
Noncurrent Liabilities				
Compensated absences payable	101,740	-	101,740	-
Post employment health insurance	299,619	34,482	334,101	-
Accrued landfill closure/post closure care cost	-	1,452,363	1,452,363	-
<b>Total Noncurrent Liabilities</b>	<b>401,359</b>	<b>1,486,845</b>	<b>1,888,204</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>985,949</b>	<b>1,512,703</b>	<b>2,498,652</b>	<b>117,772</b>
<b>NET ASSETS</b>				
Invested in capital assets	5,627,629	1,021,708	6,649,337	436,091
Unrestricted	2,531,715	196,816	2,728,531	1,133,864
<b>TOTAL NET ASSETS</b>	<b>\$ 8,159,344</b>	<b>\$ 1,218,524</b>	<b>9,377,868</b>	<b>\$ 1,569,955</b>

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

77,280

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

\$ 9,455,148

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

**MARINETTE COUNTY, WISCONSIN**  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2011

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Operating Revenues				
Charges for services	\$ 7,211,878	\$ 402,988	\$ 7,614,866	\$ 1,839,223
Operating Expenses				
Claims and premiums	-	40,669	40,669	609,745
Operation and maintenance	6,668,061	334,215	7,002,276	1,173,188
Landfill closure/post-closure care costs	-	121,756	121,756	-
Clean sweep program	-	28,737	28,737	-
Depreciation	582,446	89,763	672,209	143,630
Total Operating Expenses	7,250,507	615,140	7,865,647	1,926,563
Operating Income (Loss)	(38,629)	(212,152)	(250,781)	(87,340)
Nonoperating Revenues				
Property taxes	-	-	-	50,000
Insurance recoveries	206,723	-	206,723	28,668
Gain on disposal of capital assets	-	-	-	31,072
State grant awards	-	19,740	19,740	-
Investment earnings	-	12,110	12,110	-
Total Nonoperating Revenues	206,723	31,850	238,573	109,740
Change in Net Assets	168,094	(180,302)	(12,208)	22,400
Total Net Assets - January 1	7,964,314	1,398,826		1,547,555
Total Net Assets - December 31	\$ 8,132,408	\$ 1,218,524		\$ 1,569,955

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.

(3,058)

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

\$ (15,266)

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

**MARINETTE COUNTY, WISCONSIN**  
**Statements of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2011**

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 2,292,126	\$ 410,074	\$ 2,702,200	\$ 2,500
Receipts from internal activity and other governments	5,361,140	-	5,361,140	1,839,103
Payments to employees	(2,946,543)	(104,232)	(3,050,775)	(639,868)
Payments to suppliers	(3,733,217)	(308,906)	(4,042,123)	(1,111,510)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>973,506</b>	<b>(3,064)</b>	<b>970,442</b>	<b>90,225</b>
<b>Cash Flows From Noncapital Financing Activities</b>				
Property taxes	-	-	-	50,000
State grant awards	-	19,740	19,740	-
Insurance recoveries	206,722	-	206,722	28,668
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>206,722</b>	<b>19,740</b>	<b>226,462</b>	<b>78,668</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchases and construction of capital assets	(417,871)	(6,438)	(424,309)	(246,584)
Proceeds from the sale of assets	-	-	-	31,072
Lease and other debt payments	(26,407)	-	(26,407)	-
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(444,278)</b>	<b>(6,438)</b>	<b>(450,716)</b>	<b>(215,512)</b>
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	-	26,187	26,187	-
<b>Net Change in Cash and Cash Equivalents</b>	<b>735,950</b>	<b>36,425</b>	<b>772,375</b>	<b>(46,619)</b>
<b>Cash and Cash Equivalents - January 1</b>	<b>1,156,256</b>	<b>1,652,494</b>	<b>2,808,750</b>	<b>916,303</b>
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 1,892,206</b>	<b>\$ 1,688,919</b>	<b>\$ 3,581,125</b>	<b>\$ 869,684</b>
<b>Displayed as:</b>				
<b>Current assets</b>				
Pooled cash and investments	\$ 1,892,206	\$ 964,566	\$ 2,856,772	\$ 869,684
<b>Restricted assets</b>				
Pooled cash and investments	-	724,353	724,353	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 1,892,206</b>	<b>\$ 1,688,919</b>	<b>\$ 3,581,125</b>	<b>\$ 869,684</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (38,629)	\$ (212,152)	\$ (250,781)	\$ (87,340)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	582,446	89,763	672,209	143,630
Change in assets and liabilities:				
Receivables, net	651,438	7,086	658,524	41,158
Prepaid items	135,099	-	135,099	(13,853)
Accounts and other payables	(356,848)	112,239	(244,609)	6,630
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 973,506</b>	<b>\$ (3,064)</b>	<b>\$ 970,442</b>	<b>\$ 90,225</b>

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

**MARINETTE COUNTY, WISCONSIN**  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
December 31, 2011

	Agency Funds
<b>ASSETS</b>	
Cash and Investments	\$ 6,931,713
Receivables	
Delinquent property taxes	70,474
Property taxes levied for subsequent years	618,955
<b>TOTAL ASSETS</b>	<b>\$ 7,621,142</b>
<b>LIABILITIES</b>	
Due to taxing districts	
Tax collections	\$ 5,236,801
Special assessments	72,769
Forest income	201,869
Deposits payable	2,109,703
<b>TOTAL LIABILITIES</b>	<b>\$ 7,621,142</b>

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

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

1. Reporting Entity

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

2. Component Units

BLENDING COMPONENT UNIT

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

DISCRETELY PRESENTED

The component unit columns in the basic financial statements represent the financial data of the Marinette County Committee on Aging, Inc. (MCCA) and the Stephenson Public Library Foundation, Inc. They are reported in separate columns to emphasize that the entities are legally separate from the County. The MCCA is a not-for-profit corporation that provides services primarily in connection with the "Older Americans Program" for the elderly of Marinette County. The County annually provides significant operating subsidies to the MCCA. Audited financial statements for the MCCA can be obtained from their administrative office in Crivitz, Wisconsin. The MCCA expended less than \$500,000 in federal funds during 2011 and therefore was not required to have an audit performed in accordance with Office of Management and Budget Circular A-133. Because the MCCA received funding of more than \$25,000 from the State of Wisconsin Department of Health and Family Services (DHFS) during 2011, the MCCA's audited financial statements include an audit performed in accordance with the DHFS's Provider Agency Audit Guide. The Stephenson Public Library Foundation, Inc. is a not-for-profit corporation that enhances the Stephenson Public Library by supplementing certain costs of the Library. Audited financial statements for the Stephenson Public Library Foundation, Inc. can be obtained from their administrative office in Marinette, Wisconsin.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

3. Joint Venture

Marinette County is a participant with Menominee County, Michigan in a joint venture to operate the Twin County Airport located in the City of Menominee, Michigan. The Twin County Airport Commission (TCAC) was created for that purpose. The TCAC is governed by a six-member board composed of three appointees from each county. Members from each county are appointed by the chairperson of that county board, subject to the approval of the respective county board. Both counties are obligated by agreement to share equally in providing the local funds necessary for the operation and improvement of the airport. During 2011, Marinette County remitted an operating subsidy of \$60,000. Complete financial statements for the TCAC can be obtained from the TCAC's office at 2801 North 22nd Street, Menominee, Michigan.

Marinette County's total investment in the joint airport is \$2,482,574 as of December 31, 2011.

4. Government-Wide and Fund Financial Statements

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

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

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

The County reports the following major governmental funds.

**GENERAL FUND**

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

**HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND**

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

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

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

**DEBT SERVICE FUND**

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The County implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. The County reports the following special revenue funds, including the purpose and significant revenue source:

Funds	Purpose	Significant Revenues
Health and Human Services	Provide Health & Human Services	Tax Levy, Federal/State, Fees
County Roads and Bridges	Construct & Maintain Roads	Tax Levy
Library Grants	Provide Library Services	Federal/State
Solid Waste Long-term Care	Long-term care of landfill	Tax Levy, Investment income
Dog License	Provide funds for dog damage	Fees
Library Donation	Provide Library Services	Donations
McCauley Library Trust	Provide Library Services	Donations, Investment income
Falkenberg Library Trust	Provide Library Services	Donations, Investment income
Forestry and Parks Development	Development of Forest & Parks	Fees
Jail Assessments	Maintenance of County Jail	Fees
Land Records Modernization	Register of Deeds records	Fees
Computer Loan Program	Provide loans for computers	Fees
Revolving Loan Fund	Economic development	Tax Levy, Fees
Teen Court	Provide juvenile services	Donations
CDBG	Economic development	Federal/State

The County reports the following major enterprise funds:

**HIGHWAY**

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

**SOLID WASTE**

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

Additionally, the government reports the following fund types:

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

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

5. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

6. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

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

b. Accounts Receivable

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

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

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

d. Inventories

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

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

e. Prepaid Items

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

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

**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:

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

g. Compensated Absences

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

h. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

i. Long-term Obligations

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

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

For the year ended December 31, 2011, the County implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement provides more clearly defined fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which fund balance amounts can be spent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

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

7. Use of Estimates

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

**NOTE B - STEWARDSHIP AND COMPLIANCE**

Budgets and Budgetary Accounting

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

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

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2011.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

**NOTE C - DETAILED NOTES ON ALL FUNDS**

1. Cash and Investments

PRIMARY GOVERNMENT

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

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

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

The carrying amount of the County's cash and investments totaled \$44,995,701 on December 31, 2011 as summarized below:

Petty cash and cash on hand	\$ 5,115
Deposits with financial institutions	17,990,233
Investments	27,000,353
	\$ 44,995,701

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 37,051,739
Restricted cash and investments	1,012,249
Fiduciary funds	
Agency funds	6,931,713
	\$ 44,995,701

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

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. All trades of marketable securities are executed by delivery versus payment through an independent third party custodian and evidenced by safekeeping receipts in Marinette County's name.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

Deposits with in-state financial institutions in time and savings accounts are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian for the period December 31, 2010 through December 31, 2012. In addition, the County's non-interest bearing transaction accounts are fully insured through December 31, 2012. Beginning on July 21, 2011, FDIC insured depository institutions will be permitted to pay interest on demand deposit accounts. Also, beginning on July 21, 2011 an official custodian will receive coverage up to \$250,000 for the combined amounts of all time and savings accounts, coverage up to \$250,000 for the combined amounts of all interest-bearing demand deposit accounts and unlimited coverage of noninterest bearing demand accounts through December 31, 2012. After December 31, 2012 coverage will revert to the permanent FDIC rules which provide coverage of up to \$250,000 for time and savings deposits and up to \$250,000 of coverage for demand deposits. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2011, \$7,279,138 of the County's deposits with financial institutions was in excess of federal depository insurance limits and uncollateralized.

Credit Risk

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

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Federal National Mortgage Association	\$ 6,685,218	\$ -	\$ 6,685,218	\$ -	\$ -
Federal Home Loan Mortgage Corporation	8,393,437	-	8,393,437	-	-
Governmental Home Loan Mortgage Association	8,634,490	-	8,634,490	-	-
Small Business Association	1,205,321	-	1,205,321	-	-
Wisconsin Local Government Investment Pool	1,385,279	-	-	-	1,385,279
Wisconsin Local Government Investment Pool - DNR	696,608	-	-	-	696,608
<b>Totals</b>	<b>\$ 27,000,353</b>	<b>\$ -</b>	<b>\$ 24,918,466</b>	<b>\$ -</b>	<b>\$ 2,081,887</b>

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount	Percent of Total
Federal National Mortgage Association (FNMA)	U.S.	\$ 6,685,218	17.0%
Federal Home Loan Mortgage Corporation (FHLMC)	U.S.	8,393,437	21.7%
Governmental National Mortgage Association (GNMA)	U.S.	8,634,490	21.8%
Small Business Association (SBA)	U.S.	1,205,321	3.0%

As of December 31, 2011, the County exceeded the 20% diversification limits as imposed by its investment policy in FHLMCs and GNMA. Fluctuation in market value caused the increase over the policy limits. At time of purchase the county was within the policy limits. Future investment purchases will not be made from issuers where the County has exceeded the investment policy limit until allowed.

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal National Mortgage Association	\$ 6,685,218	\$ 529,556	\$ 578,169	\$ 5,577,493	\$ -
Federal Home Loan Mortgage Corporation	8,393,437	4,301,388	2,235,844	1,856,205	-
Governmental Home Loan Mortgage Association	8,634,490	2,386,558	1,101,657	4,954,655	191,620
Small Business Association	1,205,321	-	-	1,205,321	-
Wisconsin Local Government Investment Pool	1,385,279	1,385,279	-	-	-
Wisconsin Local Government Investment Pool - DNR	696,608	696,608	-	-	-
<b>Totals</b>	<b>\$ 27,000,353</b>	<b>\$ 9,299,389</b>	<b>\$ 3,915,670</b>	<b>\$ 13,593,674</b>	<b>\$ 191,620</b>

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The County's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Federal National Mortgage Association	\$ 6,685,218
Federal Home Loan Mortgage Corporation	8,393,437
Governmental National Mortgage Association	8,634,490
Small Business Association	1,205,321

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$2,081,887 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, 2011, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

**COMPONENT UNITS**

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

The Stephenson Public Library Foundation, Inc., component unit has a bank balance and investments. The bank balance consists of various certificates of deposits and cash in money market funds. The investments are stated at fair market value and consist of various securities with local financial institution trust departments. At December 31, 2011 the investment cost was \$428,920 with a fair market value of \$413,470.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

2. Property Tax Apportionments

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

Property taxes recorded on December 31, 2011 for collection in 2012 are for the following:

State apportionment	\$ 618,955
County apportionment	14,756,234
Total	<u>\$ 15,375,189</u>

The above County apportionment of \$14,756,234 is for financing 2012 operations and will be transferred in 2012 from deferred revenue to current revenues of the County's governmental and proprietary funds.

3. Delinquent Property Taxes - General Fund

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

On December 31, 2011, the County's general fund showed an investment of \$3,554,509 in delinquent taxes as follows:

Tax certificates	\$ 3,394,333
Tax deeds	160,176
Total	<u>\$ 3,554,509</u>

An aging of the total delinquent taxes of \$3,554,509 on December 31, 2011 follows:

Year Acquired	Total	Tax Certificates	Tax Deeds
Prior to 2005	\$ 18,837	\$ 2,138	\$ 16,699
2005	4,058	515	3,543
2006	1,061	517	544
2007	3,157	503	2,654
2008	18,454	2,032	16,422
2009	451,220	450,366	854
2010	1,085,306	1,048,185	37,121
2011	1,972,416	1,890,077	82,339
	<u>\$ 3,554,509</u>	<u>\$ 3,394,333</u>	<u>\$ 160,176</u>

Of the total of \$3,554,509 for delinquent taxes, \$487,964 was collected by the County within 60 days after December 31, 2011. The remaining unpaid balance of \$3,066,545 is recorded as non-spendable fund balance for the general fund.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

4. Restricted Assets

Restricted assets on December 31, 2011 totaled \$1,012,249 and consisted of cash and investments held for the following purposes:

Special Revenue Fund	
Solid waste long-term care	\$ 287,896
Enterprise Fund	
Solid waste long-term care/closure	724,353
Total Restricted Assets	\$ 1,012,249

5. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,594,197	\$ -	\$ -	\$ 4,594,197
Capital assets, being depreciated:				
Buildings and improvements	43,369,723	-	-	43,369,723
Machinery and equipment	8,537,970	514,593	322,859	8,729,704
Infrastructure	49,613,517	2,086,680	89,276	51,610,921
Subtotals	101,521,210	2,601,273	412,135	103,710,348
Less accumulated depreciation for:				
Buildings and improvements	10,098,558	861,571	-	10,960,129
Machinery and equipment	5,831,501	887,500	269,481	6,449,520
Infrastructure	19,478,090	1,117,356	84,610	20,510,836
Subtotals	35,408,149	2,866,427	354,091	37,920,485
Total capital assets, being depreciated, net	66,113,061	(265,154)	58,044	65,789,863
Governmental activities capital assets, net	\$ 70,707,258	\$ (265,154)	\$ 58,044	70,384,060
Less related long-term debt outstanding				20,090,000
Invested in capital assets, net of related debt				\$ 50,294,060

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 113,989	\$ -	\$ -	\$ 113,989
Work in progress	-	202,878	-	202,878
Subtotals	113,989	202,878	-	316,867
Capital assets, being depreciated:				
Land improvements	2,801,000	-	-	2,801,000
Buildings	4,798,350	-	-	4,798,350
Machinery and equipment	7,702,018	225,921	181,227	7,746,712
Subtotals	15,301,368	225,921	181,227	15,346,062
Less accumulated depreciation for:				
Land improvements	1,826,325	65,331	-	1,891,656
Buildings	2,012,863	180,818	-	2,193,681
Machinery and equipment	4,678,933	397,643	148,321	4,928,255
Subtotals	8,518,121	643,792	148,321	9,013,592
Total capital assets, being depreciated, net	6,783,247	(417,871)	32,906	6,332,470
Business-type activities capital assets, net	<u>\$ 6,897,236</u>	<u>\$ (214,993)</u>	<u>\$ 32,906</u>	6,649,337
Less related long-term debt outstanding				<u>-</u>
Invested in capital assets, net of related debt				<u>\$ 6,649,337</u>
Depreciation expense was charged to functions of the County as follows:				
Governmental activities				
General government				\$ 223,460
Public protection				958,203
Public ways and facilities				1,117,356
Health				49,273
Culture and recreation				27,759
Education				428,247
Forestry				61,693
Conservation and development				436
Total depreciation expense - governmental activities				<u>\$ 2,866,427</u>
Business-type activities				
Highway				\$ 582,446
Solid waste				89,763
Total depreciation expense - business-type activities				<u>\$ 672,209</u>

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

6. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the County, as reported in the fund financial statements, as of December 31, 2011 are detailed below:

	Interfund Receivables	Interfund Payables
Note receivable to finance capital asset additions		
General Fund	\$ 26,936	\$ -
Highway Enterprise Fund	-	26,936
Totals	<u>\$ 26,936</u>	<u>\$ 26,936</u>

Interfund transfers for the year ended December 31, 2011 were as follows:

	Transfer to:					Totals
	General Fund	County Roads and Bridges	Forestry and Parks Development	Jail Assessments	Land Records Modernization	
Transfers from:						
General Fund	\$ -	\$ -	\$ 500,000	\$ 155,014	\$ 44,422	\$ 699,436
Debt service	289,068	205,000	-	-	-	494,068
Health and Human Services	331,484	-	-	-	-	331,484
Computer Loan Program	75,000	-	-	-	-	75,000
Totals	<u>\$ 695,552</u>	<u>\$ 205,000</u>	<u>\$ 500,000</u>	<u>\$ 155,014</u>	<u>\$ 44,422</u>	<u>\$ 1,599,988</u>

Transfers were used to: 1) implement GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* by transferring certain funds accounted for in the General Fund to separate special revenue funds. 2) move surplus sale tax revenues to other funds where expenditures have been authorized. 3) move budgeted expenditures from the fund where budgeted to the fund that incurred the expenditure.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

7. Deferred Revenues

Governmental activities and governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue were as follows:

	Unavailable	Unearned
Subsequent year tax levy receivable		
General fund	\$ -	\$ 9,546,480
Special revenue funds		
Health and human services	-	2,905,679
County roads and bridges	-	2,249,075
Revenues collected in advance		
General fund	-	66,202
Loans receivable		
Special revenue funds		
Revolving loan	1,334,204	-
Community development block grant loans	1,213,224	-
Interest recoverable on delinquent taxes		
General fund	606,619	-
Clerk of Courts fines and forfeitures		
General fund	63,834	-
Pledges receivable		
Debt service	5,400	-
Totals Governmental Funds	<u>\$ 3,223,281</u>	<u>14,767,436</u>
Subsequent year tax levy receivable		
Internal service funds		
Self-insurance		55,000
Totals Governmental Activities		<u>\$ 14,822,436</u>

The loans receivable of \$2,547,428 represents various economic development loans to local industries and business firms. Repayment of principal and interest on the loans is recorded as revenue in the revolving loan and community development block grant special revenue funds and is used to finance additional loans.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

8. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2011:

	Outstanding 1/1/11	Issued	Retired	Outstanding 12/31/11	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Bonds	\$ 20,700,000	\$ -	\$ 1,375,000	\$ 19,325,000	\$ 1,475,000
Notes	2,800,000	-	125,000	2,675,000	135,000
Total General Obligation Debt	23,500,000	-	1,500,000	22,000,000	1,610,000
Post-employment health benefits payable	3,381,208	1,880,726	1,220,992	4,040,942	-
Compensated absences	2,149,527	-	41,649	2,107,878	210,788
Governmental activities Long-term obligations	<u>\$ 29,030,735</u>	<u>\$ 1,880,726</u>	<u>\$ 2,762,641</u>	<u>\$ 28,148,820</u>	<u>\$ 1,820,788</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 209,386	\$ -	\$ 96,341	\$ 113,045	\$ 11,305
Post-employment health benefits payable	239,999	348,558	254,456	334,101	-
Business-type activities Long-term obligations	<u>\$ 449,385</u>	<u>\$ 348,558</u>	<u>\$ 350,797</u>	<u>\$ 447,146</u>	<u>\$ 11,305</u>

Total interest paid during the year on long-term debt totaled \$967,969.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

<b>Bonds</b>	
\$20,100,000 issued 6/4/03; \$1,000,000 to \$2,000,000 due annually beginning in 2011 through 2022; interest 3.5% to 5.0%	\$ 19,100,000
\$3,135,000 issued 7/1/02; \$225,000 due in 2012; interest 4.0%	225,000
Total Bonds	<u>19,325,000</u>
<b>Notes</b>	
\$3,250,000 issued 8/15/06; \$125,000 to \$2,100,000 due annually through 2016; interest 3.75% to 4.0%	2,675,000
Total Outstanding General Obligation Debt	<u>\$ 22,000,000</u>

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

Annual principal and interest maturities of the outstanding general obligation debt of \$22,000,000 on December 31, 2011 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2012	\$ 1,610,000	\$ 912,912	\$ 2,522,912
2013	1,590,000	854,425	2,444,425
2014	1,700,000	797,725	2,497,725
2015	1,750,000	737,100	2,487,100
2016	3,800,000	673,125	4,473,125
2017-2021	9,550,000	1,823,750	11,373,750
2022	2,000,000	85,000	2,085,000
	<u>\$ 22,000,000</u>	<u>\$ 5,884,037</u>	<u>\$ 27,884,037</u>

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

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2011 was \$161,448,218 as follows:

Equalized valuation of the County	\$ 3,647,215,600
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	182,360,780
Total outstanding general obligation debt applicable to debt limitation	\$ 22,000,000
Less: Amounts available for financing general obligation debt	
Debt service fund	1,087,438
Net outstanding general obligation debt applicable to debt limitation	20,912,562
Legal Margin for New Debt	\$ 161,448,218

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

9. Closure and Post-Closure Care Costs

The Marinette-Oconto (MAR-OCO) Joint Landfill is a solid waste landfill operation owned 50% by Marinette County and 50% by Oconto County. Marinette County records its 50% share of MAR-OCO's financial transactions in an enterprise fund on its financial statements. Federal and state laws and regulations require MAR-OCO to place covers on landfill increments as they are filled (closure costs) and to perform certain maintenance and monitoring functions (post-closure care) of the landfill site for forty years after the landfill stops accepting waste. Most closure costs are paid when individual landfill increments reach capacity for accepting waste and post-closure care costs will normally only be paid after the entire landfill stops accepting waste. In accordance with GASB Statement No. 18, MAR-OCO annually records an estimate of the closure and post-closure care costs as an operating expense during the life of the landfill based on landfill capacity used compared to total estimated capacity available. The resultant liabilities for these estimated operating expenses are reduced each year for actual payments made. An analysis of Marinette County's 50% share of the estimated liabilities for closure and post-closure care costs on December 31, 2011 follows:

	Landfill Closure Care	Landfill Post closure Care
Total estimated costs	\$ 783,588	\$ 2,451,280
Percentage of storage capacity used as of December 31, 2011	81.69%	49.76%
Total estimated liability for costs as of December 31, 2011	640,141	1,219,757
Less closure costs paid	407,536	-
Liabilities as of December 31, 2011	<u>\$ 232,606</u>	<u>\$ 1,219,757</u>

The above total costs of \$232,606 and \$1,219,757 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 \$1,219,757 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, 2011 was \$724,353. 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	\$ 752,562
Delinquent property taxes	3,066,545
Long-term loans receivable	378,936
Total Non-Spendable Fund Balances	<u>\$ 4,198,043</u>

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

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

RESTRICTED FUND BALANCES

Portions of governmental fund balances are restricted for specific purposes by constraints imposed by external providers. At December 31, 2011, restricted fund balances consisted of the following:

General Fund	
Sheriff Department honor guard uniforms	\$ 583
Sheriff Department canine	8,093
Family counseling	41,212
Veterans transportation	21,840
Wildlife habitat	8,881
County forest land acquisition	43,600
	<u>124,209</u>
Special Revenue Funds	
Land records modernization	61,772
Teen court	4,497
Jail assessments	183,321
Dog licenses	1,000
Nicolet library grant	11,784
Library donations	169,856
Peshtigo library - McCauley trust	205,956
Peshtigo library - Falkenberg trust	23,634
Community Development Block Grant - Revolving Loans	314,854
	<u>976,674</u>
Total Restricted Fund Balances	<u>\$ 1,100,883</u>

Restricted net assets on the statement of net assets includes all of the above restricted fund balances and the outstanding loan balance in the Community Development Block Grant fund of \$1,213,224, resulting in a total restricted balance of \$2,314,107.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

**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, 2011, 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	177,051
Tourism	19,532
Land information	150,000
Environmental site assessment	23,749
	<u>21,429,240</u>
Special Revenue Funds	
County roads and bridges	695,567
Health and Human Services	1,831,127
Solid waste - long-term care	286,986
Forest and parks development	612,246
Revolving loan fund	94,075
	<u>3,520,001</u>
Debt Service Fund	<u>1,087,438</u>
Total Committed Fund Balances	<u>\$ 26,036,679</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, 2011, assigned fund balances consisted of the following:

General Fund	
Capital maintenance	\$ 441,174
Future health insurance costs	844,163
Subsequent years budget	480,000
County Department budget carryovers	406,070
Total Assigned Fund Balances	<u>\$ 2,171,407</u>

UNASSIGNED FUND BALANCES

Unassigned fund balance on December 31, 2011 totaled \$6,763,533 and of that amount, \$2,404,661 was allocated for contingencies and \$1,794,990 was allocated for cash flow requirements.

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 general fund operating expenditures.

Budgeted 2012 General Fund Expenditures	\$ 21,539,879
Minimum Total Unassigned Fund Balance	17%
17 % of total budgeted regular General Fund Expenditures	<u>\$ 3,661,779</u>

The General Fund Unassigned Fund Balance on December 31, 2011 totaled \$6,763,533.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

**NOTE D - OTHER INFORMATION**

1. Retirement Commitments

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All permanent employees hired prior to 7-1-11 expected to work over 600 hours a year (440 for teachers and education support personnel) are eligible to participate in the WRS. Those permanent employees hired on or after 7-1-11 expected to work over 1200 hours a year (880 for teachers and education support personnel) are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials) for payrolls beginning on or after June 29, 2011 to the plan. In 2011, the County continued to make contributions to the plan on behalf of the employees still under contract in the General and Protective categories (5.8%). Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the WRS for the year ended December 31, 2011 was \$15,809,075 the employer's total payroll was \$16,430,768. The total required contribution for the year ended December 31, 2011 was \$1,928,674, which consisted of \$1,864,299, or 11.6% of covered payroll from the employer and \$64,375, or .4% of covered payroll from employees. Total contributions for the years ending December 31, 2010 and 2009 were \$1,777,027 and \$1,690,173 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. The final average earnings are the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 or after April 24, 1998 are immediately vested. New employees beginning WRS employment on or after July 1, 2011, must have five years WRS creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

2. Other Post-Employment Benefits

*Plan Description* - The County provides health insurance coverage for certain retired employees and their dependents; for a maximum of eight years after retirement or until the age of 70 is attained, whichever occurs first. The retired employees contribute various percentages as determined by bargained or other agreements. Other retirees can obtain insurance through the County by paying 100% of the County premium. There are 277 active and 66 retired employees in the plan.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

**NOTE D - OTHER INFORMATION (Continued)**

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

Component	Amount
Annual required contribution	\$ 2,202,513
Interest on net OPEB	166,576
Adjustment to annual required contribution	<u>(212,001)</u>
Annual OPEB cost (expense)	2,157,088
Contributions made	<u>1,403,252</u>
Change in net OPEB obligation	753,836
OPEB obligation - beginning of year	<u>3,621,207</u>
OPEB obligation - end of year	<u><u>\$ 4,375,043</u></u>

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

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll. The remaining amortization period at December 31, 2012 is 26 years, and the remaining amount is \$21,743,204.

*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
12/31/2009	\$ 2,406,715	34.86%	\$ 3,126,322
12/31/2010	1,268,642	62.66%	3,621,207
12/31/2011	2,517,088	65.05%	4,375,043

*Funded Status and Funding Progress* - As of January 1, 2012, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$21,743,204. The annual payroll for active employees covered by the plan for the 2011 fiscal year was \$16,606,743 for a ratio of the UAAL to covered payroll of 130.9%.

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.

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

**NOTE D - OTHER INFORMATION (Continued)**

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

In the January 1, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 4.0% to discount expected liabilities to the valuation date. The 2013 trend rate of 8.0% reflects the average annual change in costs (and premiums) from 2008 to 2012. Rates for 2023 and beyond are based on projections of the Office of Actuary at the Centers for Medicare & Medicaid Services, as published in *National Health Expenditures Projections: 2010-2020*. Rates for 2014 through 2022 are scaled between the 2013 and 2023 rates. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2011 was 26 years.

3. Risk Management

The County is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; or acts of God. The County has chosen to retain a portion of the risks through self-insurance programs and has also purchased insurance to transfer other risks to outside parties. Financial transactions for the foregoing are recorded in a self-insurance internal service fund. On December 31, 2011 the self-insurance internal service fund had a net asset surplus of \$735,298 allocated to the following risk management programs:

Life insurance	\$ 10,685
Property and liability insurance	4,711
Workers compensation	719,882
Net Assets	\$ 735,278

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

Property and Liability Insurance

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

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

Health Self-Insurance

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2011

**NOTE D - OTHER INFORMATION (Continued)**

Workers Compensation

The County has established a self-insurance fund to finance workers compensation awards for County employees. The program is funded by charges to County departments. The program also is supplemented by stop loss protection, which limits the County's annual liability. Fund expenses and the accrual of claim liabilities are accounted for in the same manner as discussed previously for the health self-insurance program. Changes in the fund's claims liability amount for 2010 and 2011 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2010	\$ -	\$ 272,708	\$ 272,708	\$ -
2011	-	234,832	234,832	-

4. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2011 budget year, 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 or 3.00 percent. The actual limit for the County for the 2011 budget was 3.00%. For the 2012 budget year, Wisconsin statutes limit the increase in the maximum allowable tax levy to the change in the County's January 1 equalized value as a result of net new construction. The actual limit for the County for the 2012 budget was .94%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In additions, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2006 and in certain other situations.

5. Contingencies

a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under OMB Circular A-133 has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

b. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and Corporation Counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

6. Subsequent Events

On February 28, 2012, the County Board approved a resolution authorizing the issuance and sale of approximately \$17,585,000 in general obligation refunding bonds. The bond proceeds were used to refund the callable bonds of the 2003 bond issue. The net present value estimated savings were \$1,609,000.

**REQUIRED SUPPLEMENTAL INFORMATION**

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Funding Progress  
 Other Post-Employment Benefit Plan  
 December 31, 2011

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	16,606,743	131%

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

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Employer Contributions  
 Other Post-Employment Benefit Plan  
 December 31, 2011

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%

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

## **SUPPLEMENTAL INFORMATION**

**MARINETTE COUNTY, WISCONSIN**  
Detailed Comparison of Budgeted and Actual Revenues  
General Fund  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Taxes</b>				
General property	\$ 8,734,638	\$ 8,734,638	\$ 8,734,638	\$ -
Forest crop	45,000	45,000	46,750	1,750
Payment in lieu of taxes	246,000	246,000	272,979	26,979
Retained sales	150	150	143	(7)
Real estate transfer fees	70,000	70,000	52,468	(17,532)
Interest on taxes	575,000	575,000	622,481	47,481
<b>Total Taxes</b>	<b>9,670,788</b>	<b>9,670,788</b>	<b>9,729,459</b>	<b>58,671</b>
<b>Intergovernmental</b>				
<b>Federal aids</b>				
SSA inmate incentive program	7,600	7,600	5,400	(2,200)
Rural law enforcement assistance	246,811	251,761	166,943	(84,818)
Early retiree reimbursement program	89,889	89,889	470,834	380,945
Energy Efficiency and Conservation Block Grant	-	91,200	83,720	(7,480)
<b>State aids</b>				
Shared and Utility taxes	1,802,009	1,802,009	1,776,469	(25,540)
Exempt computers	38,695	38,695	39,720	1,025
Land information	126,175	210,764	111,967	(98,797)
Victim witness program	29,325	29,325	25,735	(3,590)
Circuit court	187,473	187,473	168,032	(19,441)
Forest roads	70,744	70,744	70,479	(265)
Police training/ATV/Snowmobile/Other	27,440	42,440	27,803	(14,637)
Boat and water safety	13,600	13,600	11,360	(2,240)
Emergency government	62,799	62,799	62,511	(288)
Hazmat	20,000	20,000	8,816	(11,184)
Homeland security funding	217,301	228,134	216,153	(11,981)
Emergency 911 system	195,000	21,602	21,670	68
Transportation	136,592	136,592	137,613	1,021
Extension	4,650	4,650	1,960	(2,690)
Child support program	603,839	603,839	560,063	(43,776)
ATV\Snowmobile trails and areas	372,810	527,364	290,052	(237,312)
Wildlife habitat management	113,823	127,223	115,218	(12,005)
Targeted Run-Off Management (watershed)	1,050,000	1,180,970	951,518	(229,452)
S.W.R.M. automation grant	216,587	257,733	236,235	(21,498)
Forestry administrator	53,186	53,186	53,283	97
Hazard mitigation grant	4,322	4,322	3,915	(407)
Sustainable forestry grant	15,590	15,590	-	(15,590)
Veterans service	10,000	10,000	10,000	-
Aquatic invasive species	63,309	63,309	61,317	(1,992)
<b>Charges for services</b>				
Sheriff - local	132,393	133,337	65,303	(68,034)
Sheriff - state	120,764	120,764	135,941	15,177

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
Detailed Comparison of Budgeted and Actual Revenues (Continued)  
General Fund  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Intergovernmental (Continued)				
Charges for services (continued)				
Clerk	14,850	14,850	11,192	(3,658)
Forestry	40,166	86,674	95,732	9,058
Parks	-	-	769	769
Land information	28,000	28,000	38,037	10,037
Dispatch	-	5,000	5,000	-
Extension	3,000	3,000	2,762	(238)
Total Intergovernmental	6,118,742	6,544,438	6,043,522	(500,916)
Regulation and Compliance				
Zoning permits and fees	26,750	26,750	21,690	(5,060)
Sanitary permits/reviews	81,200	81,200	76,915	(4,285)
Non-metallic mining fees	26,000	26,000	22,100	(3,900)
Firewood permits	15,000	-	660	660
Occupational licenses	20	20	40	20
Jail assessments	50,000	-	-	-
County ordinance forfeitures and defaults	113,500	113,500	94,933	(18,567)
County's share of state fines and forfeitures	83,000	83,000	72,961	(10,039)
County share agriculture use penalty	1,400	1,400	305	(1,095)
Total Regulation and Compliance	396,870	331,870	289,604	(42,266)
Charges For Services				
Clerk	3,525	3,525	4,116	591
Treasurer	60,025	61,583	72,649	11,066
Child support	8,520	8,520	9,743	1,223
Circuit court	166,700	166,700	155,779	(10,921)
Witness fees	1,300	1,300	1,401	101
Family court counseling	10,000	10,000	9,410	(590)
Guardian ad litem fees	69,250	69,250	82,889	13,639
District Attorney	6,500	6,500	9,353	2,853
Register of deeds	248,840	248,840	257,937	9,097
Sheriff fees	220,200	220,200	200,154	(20,046)
Board of prisoners at county jail	80,300	80,300	144,902	64,602
Inmate reimbursements	106,150	106,150	57,590	(48,560)
Jail canteen	23,200	23,200	21,902	(1,298)
Accident photos and reports	2,300	2,300	1,819	(481)
Coroner fees	28,050	28,190	39,270	11,080
Library	27,900	36,127	38,720	2,593
Parks	199,300	157,700	171,703	14,003
Land records modernization	80,000	-	-	-
County forest	2,415,677	2,336,717	1,717,455	(619,262)
Land information	81,400	80,665	98,775	18,110
Camp Bird	65,000	65,000	59,070	(5,930)
Tourism	1,500	960	960	-
Extension program	16,497	16,497	10,273	(6,224)
Total Charges For Services	3,922,134	3,730,224	3,165,870	(564,354)

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
Detailed Comparison of Budgeted and Actual Revenues (Continued)  
General Fund  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Commercial</b>				
Investment income	1,156,000	1,156,000	1,203,696	47,696
Other - Interest	14,866	14,866	16,018	1,152
Rent of county buildings and offices	25,750	25,750	29,701	3,951
Land leases	16,380	16,380	16,380	-
Sale of county property	53,900	54,106	64,696	10,590
Sale of county land	50,000	-	-	-
<b>Total Commercial</b>	<b>1,316,896</b>	<b>1,267,102</b>	<b>1,330,491</b>	<b>63,389</b>
<b>Miscellaneous</b>				
Revenues from departments				
Human services buildings	334,928	334,928	334,929	1
Library building	64,788	64,788	64,788	-
Motor pool	15,862	15,862	15,862	-
Maintenance other	120	816	1,604	788
Family court commissioner	1,500	1,500	1,455	(45)
Clerk of court	6,000	5,334	11,570	6,236
Corporation counsel	1,674	1,674	1,673	(1)
Finance	8,117	8,117	76,570	68,453
District Attorney	10,000	10,000	10,802	802
CDBG and MAR-OCO administrative	32,400	32,400	16,351	(16,049)
Human resources	7,500	10,500	12,826	2,326
Emergency management	-	-	129	129
Donations	9,500	30,784	29,067	(1,717)
Insurance recoveries	45,500	188,812	154,254	(34,558)
<b>Total Miscellaneous</b>	<b>537,889</b>	<b>705,515</b>	<b>731,880</b>	<b>26,365</b>
<b>Total Revenues</b>	<b>\$ 21,963,319</b>	<b>\$ 22,249,937</b>	<b>\$ 21,290,826</b>	<b>\$ (959,111)</b>

**MARINETTE COUNTY, WISCONSIN**  
Detailed Comparison of Budgeted and Actual Expenditures  
General Fund  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>General Government</b>				
County board	\$ 239,246	\$ 240,411	\$ 218,375	\$ 22,036
Administrator	232,587	234,375	232,234	2,141
Clerk	150,266	160,643	154,392	6,251
Treasurer	244,420	248,402	238,777	9,625
Finance	824,757	376,169	352,042	24,127
Elections	21,850	32,875	32,870	5
Property management	23,166	69,283	61,350	7,933
Human resources	158,113	174,529	171,374	3,155
Independent auditing	25,230	25,230	24,700	530
Special accounting	5,567	5,567	5,567	-
District attorney	249,171	259,640	244,983	14,657
Victim witness program	53,548	52,949	52,949	-
Corporation counsel	168,635	167,971	166,644	1,327
Circuit court	354,686	350,903	301,469	49,434
Clerk of court	555,745	549,064	536,788	12,276
Family court commissioner	79,941	96,823	96,823	-
Family court commissioner - mediation services	10,000	10,000	10,000	-
Law library	15,000	15,000	6,478	8,522
Coroner	108,675	105,437	105,437	-
Register of deeds	337,328	341,026	246,246	94,780
Land information	915,732	928,061	893,718	34,343
Land records modernization	83,000	-	-	-
Courthouse	1,573,307	1,782,304	1,391,010	391,294
Tax deed expense	24,825	26,383	24,952	1,431
Personal property chargeback	3,000	3,000	2,395	605
Illegal taxes	2,000	6,304	6,304	-
Employee health insurance	16,250	1,442,495	1,442,174	321
Retirees health insurance	645,342	538,395	538,395	-
Paying agent service charges	380	380	363	17
<b>Total General Government</b>	<b>7,121,767</b>	<b>8,243,619</b>	<b>7,558,809</b>	<b>684,810</b>
<b>Public Protection</b>				
Sheriff and traffic	3,953,616	4,021,312	3,847,896	173,416
Central Dispatch	1,340,567	1,361,269	1,340,220	21,049
MEG unit	96,148	92,581	89,296	3,285
Civil service commission	4,820	4,820	3,029	1,791
Fire suppression	1,500	1,500	-	1,500
Emergency management	51,149	59,205	59,205	-
Emergency management EMPG grant	38,109	33,130	31,848	1,282
Emergency management EPCRA grant	20,910	20,571	19,263	1,308

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
Detailed Comparison of Budgeted and Actual Expenditures (Continued)  
General Fund  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Public Protection (Continued)</b>				
Emergency management hazmat grants	20,000	20,000	8,816	11,184
Emergency management other grants	186,607	199,803	192,935	6,868
Emergency management Incident response	-	1,164	1,164	-
Emergency 911 system	390,000	139,131	130,626	8,505
Ambulance and rescue squads	32,050	32,050	32,050	-
Jail	2,644,253	2,518,126	2,429,454	88,672
Jail rural assistance grant	248,040	248,597	167,618	80,979
<b>Total Public Protection</b>	<b>9,027,769</b>	<b>8,753,259</b>	<b>8,353,420</b>	<b>399,839</b>
<b>Public Ways and Facilities</b>				
Airport	63,000	63,000	60,715	2,285
<b>Health</b>				
Committee on aging	302,623	302,654	302,654	-
Child support program	703,889	651,531	612,274	39,257
Employee wellness	-	28,109	28,109	-
Veterans relief	4,325	7,775	6,882	893
Veterans service officer	170,307	166,955	161,969	4,986
Burial of veterans	3,000	3,000	2,093	907
<b>Total Health</b>	<b>1,184,144</b>	<b>1,160,024</b>	<b>1,113,981</b>	<b>46,043</b>
<b>Culture and Recreation</b>				
Library	963,761	1,010,594	974,884	35,710
Fairs and exhibits	10,000	10,000	10,000	-
Snowmobile/ATV trails/Water Recreation	386,714	540,701	299,982	240,719
Parks	768,003	743,155	734,658	8,497
Forest and Parks Development	353,000	-	-	-
<b>Total Culture and Recreation</b>	<b>2,481,478</b>	<b>2,304,450</b>	<b>2,019,524</b>	<b>284,926</b>
<b>Education</b>				
University extension program	319,551	335,232	324,504	10,728
U.W. Center	56,000	198,300	198,297	3
<b>Total Education</b>	<b>375,551</b>	<b>533,532</b>	<b>522,801</b>	<b>10,731</b>
<b>Forestry</b>				
County forest	1,108,947	1,085,533	1,052,758	32,775
Forestry equipment	148,000	165,376	102,477	62,899
<b>Total Forestry</b>	<b>1,256,947</b>	<b>1,250,909</b>	<b>1,155,235</b>	<b>95,674</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
Detailed Comparison of Budgeted and Actual Expenditures (Continued)  
General Fund  
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Conservation and Development				
Camp Bird	153,042	146,905	137,619	9,286
Wildlife habitat management	19,252	19,252	13,171	6,081
Wildlife damage	103,041	112,344	103,682	8,662
Contributions to sports clubs	1,000	1,000	591	409
Lake Noquebay dam	3,000	3,000	3,000	-
Aquatic invasive species and other lake grants	67,895	66,241	61,341	4,900
Land conservation grant	-	9,589	2,007	7,582
S.W.R.M. automation grant	242,474	275,266	251,025	24,241
Targeted run-off management	1,050,000	1,180,970	951,518	229,452
Non-metallic mining	32,661	30,788	16,605	14,183
Property site assessment	85,000	175,000	97,061	77,939
Regional planning commission	16,889	16,889	16,889	-
Conservation Camp	4,300	6,565	6,218	347
Tourism	98,954	90,727	90,727	-
Economic development	105,136	105,136	105,136	-
Total Conservation and Development	<u>1,982,644</u>	<u>2,239,672</u>	<u>1,856,590</u>	<u>383,082</u>
 Total Expenditures	 <u>\$ 23,493,300</u>	 <u>\$ 24,548,465</u>	 <u>\$ 22,641,075</u>	 <u>\$ 1,907,390</u>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

Solid Waste Long-term Care Fund - This fund is used to account for expenditures associated with maintaining the North County Landfill site for a twenty year period commencing with the site closing on December 27, 1991.

Dog License Fund - This fund is used to account for dog license collections and payment of dog damage claims.

Library Donation Fund - This fund is used to account for donations to the County Library that are to be used for library purposes.

Peshtigo Library McCauley and Falkenberg Trust Funds - These funds are used to account for donations received for Peshtigo library operations or projects.

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

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

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

Computer Loan Program Fund - This fund is used to account for loans to County employees for the purchase of computer hardware and software.

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

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

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

**MARINETTE COUNTY, WISCONSIN**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011

Special Revenue Funds							
	Library Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust	Forestry & Parks Development
<b>ASSETS</b>							
Pooled cash and investments	\$ 12,807	\$ -	\$ 6,361	\$ 170,077	\$ 204,795	\$ 23,483	\$ 612,246
Receivables							
Accounts	-	-	62	18	-	-	-
Interest	-	1,196	-	-	1,340	151	-
Loans	-	-	-	-	-	-	-
Restricted assets							
Pooled cash and investments	-	287,896	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 12,807</b>	<b>\$ 289,092</b>	<b>\$ 6,423</b>	<b>\$ 170,095</b>	<b>\$ 206,135</b>	<b>\$ 23,634</b>	<b>\$ 612,246</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ 1,023	\$ 2,106	\$ 5,423	\$ 239	\$ 179	\$ -	\$ -
Deferred revenue - loans receivable	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,023</b>	<b>2,106</b>	<b>5,423</b>	<b>239</b>	<b>179</b>	<b>-</b>	<b>-</b>
Fund Balances							
Restricted	11,784	-	1,000	169,856	205,956	23,634	-
Committed	-	286,986	-	-	-	-	612,246
<b>Total Fund Balances</b>	<b>11,784</b>	<b>286,986</b>	<b>1,000</b>	<b>169,856</b>	<b>205,956</b>	<b>23,634</b>	<b>612,246</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,807</b>	<b>\$ 289,092</b>	<b>\$ 6,423</b>	<b>\$ 170,095</b>	<b>\$ 206,135</b>	<b>\$ 23,634</b>	<b>\$ 612,246</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2011

Special Revenue Funds (Continued)						
Jail Assessments	Land Records Modernization	Revolving Loan Fund	Teen Court	Community Development Block Grant	Totals 2011	
ASSETS						
Pooled cash and investments	\$ 181,164	\$ 61,772	\$ 94,075	\$ 4,533	\$ 314,854	\$ 1,686,167
Receivables						
Accounts	2,157	-	-	15	-	2,252
Interest	-	-	-	-	-	2,687
Loans	-	-	1,334,204	-	1,213,224	2,547,428
Restricted assets						
Pooled cash and investments	-	-	-	-	-	287,896
<b>TOTAL ASSETS</b>	<b>\$ 183,321</b>	<b>\$ 61,772</b>	<b>\$ 1,428,279</b>	<b>\$ 4,548</b>	<b>\$ 1,528,078</b>	<b>\$ 4,526,430</b>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 51		\$ 9,021
Deferred revenue - loans receivable	-	-	1,334,204	-	1,213,224	2,547,428
Total Liabilities	-	-	1,334,204	51	1,213,224	2,556,449
Fund Balances						
Restricted	183,321	61,772	-	4,497	314,854	976,674
Committed	-	-	94,075	-	-	993,307
Total Fund Balances	183,321	61,772	94,075	4,497	314,854	1,969,981
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 183,321</b>	<b>\$ 61,772</b>	<b>\$ 1,428,279</b>	<b>\$ 4,548</b>	<b>\$ 1,528,078</b>	<b>\$ 4,526,430</b>

**MARINETTE COUNTY, WISCONSIN**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2011

	Special Revenue Funds						
	Library Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust	Forestry & Parks Development
Revenues							
Taxes	\$ -	\$ 3,100	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental							
State aid	23,260	-	-	-	-	-	-
Regulations and compliance - Fees	-	-	6,270	-	-	-	16,700
Charges for services	-	-	-	-	-	-	118,619
Commercial							
Loan Repayments							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Interest on investments	-	14,011	-	-	2,635	292	-
Sale of County Property	-	-	-	-	-	-	131,987
Miscellaneous							
Donations	-	-	-	184,795	-	-	-
<b>Total Revenues</b>	<b>23,260</b>	<b>17,111</b>	<b>6,270</b>	<b>184,795</b>	<b>2,635</b>	<b>292</b>	<b>267,306</b>
Expenditures							
General government	-	-	-	-	-	-	-
Public ways and facilities	-	11,466	-	-	-	-	-
Health	-	-	6,270	-	-	-	-
Culture and recreation	25,995	-	-	26,034	2,998	339	155,060
Education	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>25,995</b>	<b>11,466</b>	<b>6,270</b>	<b>26,034</b>	<b>2,998</b>	<b>339</b>	<b>155,060</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,735)	5,645	-	158,761	(363)	(47)	112,246
Other Financing Sources (Uses)							
Transfer In (Out)	-	-	-	-	-	-	500,000
<b>Net Change in Fund Balance</b>	<b>(2,735)</b>	<b>5,645</b>	<b>-</b>	<b>158,761</b>	<b>(363)</b>	<b>(47)</b>	<b>612,246</b>
Fund Balance - January 1	14,519	281,341	1,000	11,095	206,319	23,681	-
<b>Fund Balance - December 31</b>	<b>\$ 11,784</b>	<b>\$ 286,986</b>	<b>\$ 1,000</b>	<b>\$ 169,856</b>	<b>\$ 205,956</b>	<b>\$ 23,634</b>	<b>\$ 612,246</b>

(Continued)

**MARINETTE COUNTY, WISCONSIN**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2011

	Special Revenue Funds (Continued)						Totals 2011
	Jail Assessments	Land Records Modernization	Computer Loan Program	Revolving Loan Fund	Teen Court	Community Development Block Grant	
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,100
Intergovernmental							
State aid	-	-	-	-	-	-	23,260
Regulations and compliance - Fees	62,310	82,962	-	-	-	-	168,242
Charges for services	-	-	-	-	-	-	118,619
Commercial							
Loan Repayments							
Principal	-	-	29,507	117,240	-	70,899	217,646
Interest	-	-	-	39,468	-	28,046	67,514
Interest on investments	-	-	-	364	-	706	18,008
Sale of County Property	-	-	-	-	-	-	131,987
Miscellaneous							
Donations	-	-	-	-	419	-	185,214
<b>Total Revenues</b>	<b>62,310</b>	<b>82,962</b>	<b>29,507</b>	<b>157,072</b>	<b>419</b>	<b>99,651</b>	<b>933,590</b>
Expenditures							
General government	-	65,612	-	-	819	-	66,431
Public ways and facilities	34,003	-	-	-	-	-	45,469
Health	-	-	-	-	-	-	6,270
Culture and recreation	-	-	-	-	-	-	210,426
Education	-	-	3,038	-	-	-	3,038
Conservation and development	-	-	-	292,092	-	15,739	307,831
<b>Total Expenditures</b>	<b>34,003</b>	<b>65,612</b>	<b>3,038</b>	<b>292,092</b>	<b>819</b>	<b>15,739</b>	<b>639,465</b>
Excess (Deficiency) of Revenues Over Expenditures	28,307	17,350	26,469	(135,020)	(400)	83,912	294,125
Other Financing Sources (Uses)							
Transfer In (Out)	155,014	44,422	(75,000)	-	-	-	624,436
Net Change in Fund Balance	183,321	61,772	(48,531)	(135,020)	(400)	83,912	918,561
Fund Balance - January 1	-	-	48,531	229,095	4,897	230,942	1,051,420
<b>Fund Balance - December 31</b>	<b>\$ 183,321</b>	<b>\$ 61,772</b>	<b>\$ -</b>	<b>\$ 94,075</b>	<b>\$ 4,497</b>	<b>\$ 314,854</b>	<b>\$ 1,969,981</b>

## **INTERNAL SERVICE FUNDS**

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

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

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

**MARINETTE COUNTY, WISCONSIN**

Combining Statement of Net Assets

Internal Service Funds

December 31, 2011

	Self- Insurance	Information Services	Central Motor Pool	Totals 2011
<b>ASSETS</b>				
Current Assets				
Pooled cash and investments	\$ 530,905	\$ 316,698	\$ 22,081	\$ 869,684
Receivables				
Accounts	-	1,375	-	1,375
Property taxes levied for subsequent year	55,000	-	-	55,000
Inventories	-	50,003	-	50,003
Prepaid items	204,374	71,200	-	275,574
<b>Total Current Assets</b>	<b>790,279</b>	<b>439,276</b>	<b>22,081</b>	<b>1,251,636</b>
Capital Assets				
Machinery and equipment	-	666,233	591,239	1,257,472
Accumulated depreciation	-	(420,944)	(400,437)	(821,381)
<b>Net Capital Assets</b>	<b>-</b>	<b>245,289</b>	<b>190,802</b>	<b>436,091</b>
<b>TOTAL ASSETS</b>	<b>790,279</b>	<b>684,565</b>	<b>212,883</b>	<b>1,687,727</b>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Accounts payable	1	51,785	2,687	54,473
Accrued liabilities	-	8,299	-	8,299
Unearned revenue - property taxes	55,000	-	-	55,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>55,001</b>	<b>60,084</b>	<b>2,687</b>	<b>117,772</b>
<b>NET ASSETS</b>				
Invested in capital assets	-	245,289	190,802	436,091
Unrestricted	735,278	379,192	19,394	1,133,864
<b>\$ 735,278</b>	<b>\$ 624,481</b>	<b>\$ 210,196</b>	<b>\$ 1,569,955</b>	

**MARINETTE COUNTY, WISCONSIN**  
Combining Statement of Revenues, Expenses and Changes in Net Assets  
Internal Service Funds  
For the Year Ended December 31, 2011

	Self- Insurance	Information Services	Central Motor Pool	Totals 2011
Operating Revenues				
Charges for services	\$ 539,607	\$ 1,142,510	\$ 157,106	\$ 1,839,223
Operating Expenses				
Claims and premiums	609,745	-	-	609,745
Operation and maintenance	-	1,062,034	111,154	1,173,188
Depreciation	-	53,276	90,354	143,630
Total Operating Expenses	609,745	1,115,310	201,508	1,926,563
Operating Income (Loss)	(70,138)	27,200	(44,402)	(87,340)
Nonoperating Revenues				
General property taxes	50,000	-	-	50,000
Insurance recoveries/dividends	25,954	-	2,714	28,668
Gain on disposal of assets	-	-	31,072	31,072
Total Nonoperating Revenues	75,954	-	33,786	109,740
Income (Loss)	5,816	27,200	(10,616)	22,400
Total Net Assets - January 1	729,462	597,281	220,812	1,547,555
Total Net Assets - December 31	\$ 735,278	\$ 624,481	\$ 210,196	\$ 1,569,955

**MARINETTE COUNTY, WISCONSIN**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2011

	Self- Insurance	Information Services	Central Motor Pool	Totals 2011
<b>Cash Flows from Operating Activities</b>				
Receipts from customers/insured	\$ -	\$ 2,500	\$ -	\$ 2,500
Internal activity - payments from other funds	534,607	1,141,899	162,597	1,839,103
Payment to employees	(36,247)	(603,621)	-	(639,868)
Payment to suppliers/providers	(532,145)	(466,227)	(113,138)	(1,111,510)
Net Cash Provided (Used) by Operating Activities	<u>(33,785)</u>	<u>74,551</u>	<u>49,459</u>	<u>90,225</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Property taxes	50,000	-	-	50,000
Insurance recoveries	25,954	-	2,714	28,668
Net Cash Provided by Noncapital Financing Activities	<u>75,954</u>	<u>-</u>	<u>2,714</u>	<u>78,668</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchases of capital assets	-	(159,138)	(87,446)	(246,584)
Proceeds from the sale of assets	-	-	31,072	31,072
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(159,138)</u>	<u>(56,374)</u>	<u>(215,512)</u>
Increase (Decrease) in Cash and Cash Equivalents	42,169	(84,587)	(4,201)	(46,619)
Cash and Cash Equivalents - January 1	488,736	401,285	26,282	916,303
Cash and Cash Equivalents - December 31	<u>\$ 530,905</u>	<u>\$ 316,698</u>	<u>\$ 22,081</u>	<u>\$ 869,684</u>
Displayed as:				
Current Assets				
Pooled cash and investments	<u>\$ 530,905</u>	<u>\$ 316,698</u>	<u>\$ 22,081</u>	<u>\$ 869,684</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (loss)	\$ (70,138)	\$ 27,200	\$ (44,402)	\$ (87,340)
Depreciation	-	53,276	90,354	143,630
Change in assets and liabilities:				
Receivables, net	33,777	1,890	5,491	41,158
Prepaid items	-	(13,853)	-	(13,853)
Accounts and other payables	2,576	6,038	(1,984)	6,630
Net Cash Provided (Used) by Operating Activities	<u>\$ (33,785)</u>	<u>\$ 74,551</u>	<u>\$ 49,459</u>	<u>\$ 90,225</u>

**MARINETTE COUNTY, WISCONSIN**  
Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2011

	Agency Funds								Totals 2011
	State Tax Appor- tionment	District Taxes and Collections	Human Services Protective Payee	Sheriff Inmate	Clerk of Court Deposits	MAR-OCO Landfill Deposits	Section 125 Flex Plan	Employee Wellness Program	
<b>ASSETS</b>									
Cash and investments	\$ -	\$ 4,822,010	\$ 89,507	\$ 14,281	\$ 302,429	\$ 1,688,919	\$ 2,504	\$ 12,063	\$ 6,931,713
Receivables									
Delinquent property taxes	-	70,474	-	-	-	-	-	-	70,474
Property taxes levied for subsequent year	618,955	-	-	-	-	-	-	-	618,955
<b>TOTAL ASSETS</b>	<b>\$ 618,955</b>	<b>\$ 4,892,484</b>	<b>\$ 89,507</b>	<b>\$ 14,281</b>	<b>\$ 302,429</b>	<b>\$ 1,688,919</b>	<b>\$ 2,504</b>	<b>\$ 12,063</b>	<b>\$ 7,621,142</b>
<b>LIABILITIES AND FUND BALANCE</b>									
Liabilities									
Due to taxing districts									
Tax collections	\$ 618,955	\$ 4,617,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,236,801
Special assessments	-	72,769	-	-	-	-	-	-	72,769
Forest income	-	201,869	-	-	-	-	-	-	201,869
Deposits payable	-	-	89,507	14,281	302,429	1,688,919	2,504	12,063	2,109,703
<b>TOTAL LIABILITIES</b>	<b>\$ 618,955</b>	<b>\$ 4,892,484</b>	<b>\$ 89,507</b>	<b>\$ 14,281</b>	<b>\$ 302,429</b>	<b>\$ 1,688,919</b>	<b>\$ 2,504</b>	<b>\$ 12,063</b>	<b>\$ 7,621,142</b>

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

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

To the County Board  
Marinette County, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marinette County, Wisconsin, as of and for the year ended December 31, 2011, which collectively comprise Marinette County's basic financial statements and have issued our report thereon dated June 20, 2012. Our report includes a reference to 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. Other auditors audited the financial statements of the Marinette County Association for Business & 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

Management of Marinette County, Wisconsin is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Marinette County, Wisconsin's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of Marinette County, Wisconsin's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Marinette County, Wisconsin's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Marinette County, Wisconsin in a separate letter dated June 20, 2012.

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



Certified Public Accountants  
Green Bay, Wisconsin  
June 20, 2012

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR FEDERAL AND STATE PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

To the County Board  
Marinette County, Wisconsin

**Compliance**

We have audited Marinette County, Wisconsin's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2011. Marinette County, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of Marinette County, Wisconsin's management. Our responsibility is to express an opinion on Marinette County, Wisconsin's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133 and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Marinette County, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Marinette County, Wisconsin's compliance with those requirements.

In our opinion, Marinette County, Wisconsin, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, required to be reported in accordance with OMB Circular A-133 and the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as items 2011-02 and 2011-03.

**Internal Control Over Compliance**

Management of Marinette County, Wisconsin, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Marinette County, Wisconsin's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2011-01. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report is intended solely for the information and use of, management, the County Board, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants  
Green Bay, Wisconsin  
June 20, 2012

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2011

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
<b>FEDERAL PROGRAMS</b>		
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Special Supplemental Nutrition Program for Women, Infants and Children	WI Department of Health Services	10.557
State Administrative Matching Grants for Food Stamp Program	WI Department of Health Services	10.561
WIC Farmers' Market Nutrition Program	WI Department of Health Services	10.572
Total U.S. Department of Agriculture		
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Community Development Block Grants	WI Department of Commerce	14.228
<u>U.S. DEPARTMENT OF THE INTERIOR</u>		
National Fire Plan	WI Department of Natural Resources	15.228
<u>U.S. DEPARTMENT OF JUSTICE</u>		
ARRA - Rural Law Enforcement to Combat Crime and Drugs	Direct Program	16.810
Total U.S. Department of Justice		
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>		
Highway Safety Cluster		
State and Community Highway Safety		20.600
Sheriff's Department	WI Department of Transportation	
Human Services Department	WI Department of Transportation	
Total State and Community Highway Safety		
Hazmat Public Sector Training and Planning Grants	WI Department of Military Affairs	20.703
Total U.S. Department of Transportation		
<u>ENVIRONMENTAL PROTECTION AGENCY</u>		
State Indoor Radon Grants	WI Department of Health Services	66.032
ARRA - Brownfield Assessment and Cleanup Cooperative Agreement	Direct Program	66.818
Total Environmental Protection Agency		
<u>DEPARTMENT OF ENERGY</u>		
ARRA - Energy Efficiency and Conservation Block Grant	Direct Program	81.128
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Early Intervention Services Cluster		
Grants for Infants and Toddlers with Disabilities	WI Department of Health Services	84.181
ARRA - Grants for Infants and Toddlers with Disabilities	WI Department of Health Services	84.393
Total U.S. Department of Education		
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Public Health Emergency Preparedness	WI Department of Health Services	93.069
Immunization Cluster		
Childhood Immunization Grants	WI Department of Health Services	93.268
ARRA - Immunization	WI Department of Health Services	93.712
Total Immunization Cluster		
Family Preservation and Support Services	WI Department of Children and Families	93.556
Temporary Assistance for Needy Families	WI Department of Health Services	93.558
Temporary Assistance for Needy Families	WI Department of Children and Families	93.558
Total Temporary Assistance for Needy Families		

(Continued)

(Accrued) Deferred Revenue 1/1/11	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/11	Total Revenues	Total Expenditures
\$ (31,753)	\$ 205,322	\$ 24,055	\$ 197,624	\$ 197,624
(40,505)	284,005	39,938	283,438	283,438
(54)	54	-	-	-
(72,312)	489,381	63,993	481,062	481,062
(643)	643	-	-	-
-	3,915	-	3,915	3,915
(55,634)	167,420	55,157	166,943	166,943
(55,634)	167,420	55,157	166,943	166,943
-	14,995	-	14,995	14,995
-	4,000	-	4,000	4,000
-	18,995	-	18,995	18,995
-	10,657	-	10,657	10,657
-	29,652	-	29,652	29,652
-	2,500	-	2,500	2,500
-	8,672	40,705	49,377	49,377
-	11,172	40,705	51,877	51,877
-	67,738	13,462	81,200	81,200
-	37,348	-	37,348	37,348
-	21,910	-	21,910	21,910
-	59,258	-	59,258	59,258
-	70,949	8,143	79,092	79,092
(7)	10,916	-	10,909	10,909
(1,028)	7,997	-	6,969	6,969
(1,035)	18,913	-	17,878	17,878
(20,054)	66,404	-	46,350	46,350
-	67,595	-	67,595	67,595
(7,497)	139,847	13,095	145,445	145,445
(7,497)	207,442	13,095	213,040	213,040

**MARINETTE COUNTY, WISCONSIN**  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended December 31, 2011

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
<b>FEDERAL PROGRAMS (Continued)</b>		
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>		
Child Support Enforcement (Title IV-D)	WI Department of Children and Families	93.563
ARRA - Child Support Enforcement (Title IV-D)	WI Department of Children and Families	93.563
Total Child Support Enforcement (Title IV-D)		
Low Income Home Energy Assistance	WI Department of Administration	93.568
Child Care Development Fund	WI Department of Children and Families	93.596
Chafee Education and Training Vouchers	WI Department of Children and Families	93.599
Child Welfare Services - State Grants	WI Department of Children and Families	93.645
Child Welfare Services - State Grants	WI Department of Corrections	93.645
Total Child Welfare Services - State Grants		
Foster Care (Title IV-E)	WI Department of Children and Families	93.658
Foster Care (Title IV-E)	WI Department of Corrections	93.658
Total Foster Care (Title IV-E)		
Social Services Block Grant	WI Department of Health Services	93.667
Social Services Block Grant	WI Department of Children and Families	93.667
Total Social Services Block Grant		
Youth Independent Living	WI Department of Children and Families	93.674
State Children's Insurance Program	WI Department of Health Services	93.767
Medical Assistance Program		93.778
Human Services	WI Department of Health Services	
Public Health	WI Department of Health Services	
Total Medical Assistance Program		
Centers for Medicare and Medicaid Services Research, Demonstrations & Evaluations	WI Department of Health Services	93.779
Block Grants for Community Mental Health Services	WI Department of Health Services	93.958
Block Grants for Prevention and Treatment of Substance Abuse	WI Department of Health Services	93.959
Preventive Health and Social Services Block Grant	WI Department of Health Services	93.991
Material and Child Health Services Block Grant	WI Department of Health Services	93.994
Total U.S. Department of Health and Human Services		
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>		
Emergency Management Performance Grants	WI Department of Military Affairs	97.042
Homeland Security Grant Program	WI Department of Administration	97.067
Port Security Grant Program	Direct Program	97.056
ARRA Port Security Grant Program	Direct Program	97.116
Total U.S. Department of Homeland Security		

**TOTAL EXPENDITURES OF FEDERAL AWARDS**

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

(Accrued) Deferred Revenue 1/1/11	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/11	Total Revenues	Total Expenditures
(69,614)	426,283	134,640	491,309	491,309
(2,491)	2,491	-	-	-
(72,105)	428,774	134,640	491,309	491,309
(58,261)	114,013	32,852	88,604	88,604
(1,833)	49,431	4,604	52,202	52,202
(697)	1,042	745	1,090	1,090
-	17,708	-	17,708	17,708
(866)	6,140	(356)	4,918	4,918
(866)	23,848	(356)	22,626	22,626
(265)	242,375	135	242,245	242,245
(1,251)	9,455	(554)	7,650	7,650
(1,516)	251,830	(419)	249,895	249,895
-	132,326	-	132,326	132,326
-	27,022	-	27,022	27,022
-	159,348	-	159,348	159,348
(10,892)	13,296	14,318	16,722	16,722
(5,797)	40,647	5,716	40,566	40,566
(520,453)	3,932,006	549,245	3,960,798	3,960,798
-	1,256	-	1,256	1,256
(520,453)	3,933,262	549,245	3,962,054	3,962,054
(25,004)	59,618	(11,801)	22,813	22,813
14,883	98,733	1,545	115,161	115,161
(6,804)	81,977	-	75,173	75,173
-	6,040	-	6,040	6,040
(6)	16,466	-	16,460	16,460
(717,937)	5,642,033	752,327	5,676,423	5,676,423
-	24,335	24,335	48,670	48,670
(7,900)	22,769	-	14,869	14,869
-	100,921	65,545	166,466	166,466
-	-	944	944	944
(7,900)	148,025	90,824	230,949	230,949
\$ (854,426)	\$ 6,619,237	\$ 1,016,468	\$ 6,781,279	\$ 6,781,279

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of State Financial Assistance  
 For the Year Ended December 31, 2011

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
<b>STATE PROGRAMS</b>		
<u>DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION</u>		
Clean Sweep Grant	Direct Program	115.04
Basic Annual Staffing Grants	Direct Program	115.15
Land & Water Resource Management Plan Implementation	Direct Program	115.40
Total Department of Agriculture, Trade and Consumer Protection		
<u>DEPARTMENT OF SAFETY &amp; PROFESSIONAL SERVICES</u>		
Wisconsin Fund Private Sewage System	Direct Program	165.20
<u>DEPARTMENT OF NATURAL RESOURCES</u>		
Aids in Lieu of Taxes	Direct Program	370.503
Boating Enforcement Aids	Direct Program	370.550
All Terrain Vehicle Enforcement	Direct Program	370.551
Snowmobile Enforcement	Direct Program	370.552
Wildlife Damage Claims and Abatement 2010	Direct Program	370.553
2011	Direct Program	
Recreational Aids - Fish, Wildlife & Forestry	Direct Program	370.563
Forest Croplands & Managed Forest Land Aids	Direct Program	370.566
Urban and Community Forestry	Direct Program	370.572
Recreational Aids - Snowmobile Trails and Area Aid	Direct Program	370.574 & 370.575
Recreational Aids - All-Terrain Vehicle		370.576 &
	Direct Program	370.577
Nonpoint Source Pollution	Direct Program	370.662
Environmental Aids - Lake Protection Grant	Direct Program	370.663
Invasive Aquatic Species	Direct Program	370.678
Total Department of Natural Resources		
<u>DEPARTMENT OF TRANSPORTATION</u>		
Elderly and Handicapped Transportation Aids	Direct Program	395.101
<u>DEPARTMENT OF CORRECTIONS</u>		
Community Intervention Program	Direct Program	410.302
Community Youth and Family Aids	Direct Program	410.313
Total Department of Corrections		
<u>DEPARTMENT OF HEALTH SERVICES</u>		
Medicaid Personal Care Program (See Note D)	Direct Program	N/A
Wisconsin Medicaid Cost Reporting (See Note D)	Direct Program	N/A
Case Management Agency Providers (See Note D)	Direct Program	435.153
Funeral/Cemetery W-2 and Non W-2	Direct Program	435.105
Medicaid Transportation	Direct Program	435.131
Medicaid Transportation Administration	Direct Program	435.132

(Continued)

(Accrued) Deferred Revenue 1/1/11	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/11	Total Revenues	Total Expenditures
\$ -	\$ 39,480	\$ -	39,480	39,480
(7,435)	160,791	-	153,356	153,356
-	76,257	6,622	82,879	82,879
(7,435)	276,528	6,622	275,715	275,715
-	15,695	-	15,695	15,695
-	174	-	174	174
-	11,360	-	11,360	11,360
-	11,576	-	11,576	11,576
-	10,468	-	10,468	10,468
(106,515)	106,515	-	-	-
-	-	103,682	103,682	103,682
-	3,310	-	3,310	3,310
-	49,825	-	49,825	49,825
-	53,283	-	53,283	53,283
36,609	169,637	(40,609)	165,637	165,637
(41,998)	160,931	4,891	123,824	123,824
(218,429)	1,019,947	150,000	951,518	951,518
1,250	-	(1,250)	-	-
(53,336)	60,887	61,325	68,876	68,876
(382,419)	1,657,913	278,039	1,553,533	1,553,533
-	135,096	-	135,096	135,096
-	14,648	-	14,648	14,648
(94,077)	666,577	(38,660)	533,840	533,840
(94,077)	681,225	(38,660)	548,488	548,488
(1,060)	89,685	(11,098)	77,527	77,527
(17,404)	68,222	(1,915)	48,903	48,903
(2,551)	8,359	-	5,808	5,808

**MARINETTE COUNTY, WISCONSIN**  
Schedule of State Financial Assistance (Continued)  
For the Year Ended December 31, 2011

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

DEPARTMENT OF HEALTH SERVICES (Continued)

IM Available Allocation - State	Direct Program	435.283
IM Available Allocation - Federal	Direct Program	435.284
MA Subrogation Collection	Direct Program	435.291
Community Options Programs	Direct Program	435.367
Medical Assistance Program Benefits		
COP W Program	Direct Program	435.338
CIP II Program	Direct Program	435.348
CIP II Comm Relocate - Non Federal	Direct Program	435.369
CIP II Diversions - Non Federal	Direct Program	435.375
FCT - CIP II	Direct Program	435.392
ICFMR Nonfed	Direct Program	435.407
FC Transition CIP1B Nonfed	Direct Program	435.410
CLTS	Direct Program	435.450
CLTS MH	Direct Program	435.451
CLTS DD Non Federal other	Direct Program	435.460
CLTS MH Non Federal other	Direct Program	435.461
CLTS PD Non Federal other	Direct Program	435.462
CIP II MFP Non Federal	Direct Program	435.478
Brain Injury Waiver Program	Direct Program	435.506
Certified Mental Health Program	Direct Program	435.517
CIP 1B Program	Direct Program	435.564
CIP 1A Program	Direct Program	435.580
Integrated Service Child Disb	Direct Program	435.530
Non-Resident	Direct Program	435.531
Birth to Three	Direct Program	435.550
Basic County Allocation	Direct Program	435.561
IDP Emergency Funds	Direct Program	435.567
Family Support Program	Direct Program	435.577
Community and Mental Health Services	Direct Program	435.681
Health Check/Other Services - Admin	Direct Program	435.966
Health Check/Other Services - Part	Direct Program	435.967
Fluoride Mouthrinse	Direct Program	435.151735
Special Supplemental Food Program for		
Women, Infants and Children	Direct Program	435.154720
Wisconsin Well Women Program	Direct Program	435.157000
Lead Poisoning Prevention	Direct Program	435.157720
Maternal and Child Health Services	Direct Program	435.159320
Elder Abuse	Greater Wisconsin Agency on Aging	435.560490
Total Department of Health Services		

(Continued)

(Accrued) Deferred Revenue 1/1/11	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/11	Total Revenues	Total Expenditures
-	211,162	1,786	212,948	212,948
(6,532)	45,827	6,445	45,740	45,740
-	(27,668)	-	(27,668)	(27,668)
(217,869)	515,423	194,563	492,117	492,117
(34,304)	348,077	38,573	352,346	352,346
(111,492)	402,106	93,978	384,592	384,592
11,462	92,616	(6,545)	97,533	97,533
10,570	69,849	(20,402)	60,017	60,017
-	-	406	406	406
(126,545)	168,526	139,444	181,425	181,425
(9,615)	13,170	28,051	31,606	31,606
619	82,422	(11,508)	71,533	71,533
(329)	4,957	(1,368)	3,260	3,260
3,887	11,684	(10,819)	4,752	4,752
(767)	7,667	2,204	9,104	9,104
945	219	(817)	347	347
(6,790)	10,594	62	3,866	3,866
(12,684)	90,795	-	78,111	78,111
-	-	22,061	22,061	22,061
-	160,541	8,214	168,755	168,755
-	199,761	-	199,761	199,761
(13)	9,157	-	9,144	9,144
(3,156)	4,288	1,243	2,375	2,375
-	35,712	-	35,712	35,712
-	945,760	-	945,760	945,760
-	-	64,130	64,130	64,130
(3,527)	47,642	7,849	51,964	51,964
-	121,676	-	121,676	243,352
-	101	100	201	201
-	682	609	1,291	1,291
-	1,302	-	1,302	1,302
(379)	1,678	433	1,732	1,732
(8)	25,320	-	25,312	25,312
(8)	6,184	-	6,176	6,176
-	1,256	-	1,256	1,256
(3,331)	26,863	637	24,169	24,169
<b>(530,881)</b>	<b>3,801,615</b>	<b>546,316</b>	<b>3,817,050</b>	<b>3,938,726</b>

**MARINETTE COUNTY, WISCONSIN**  
Schedule of State Financial Assistance (Continued)  
For the Year Ended December 31, 2011

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

DEPARTMENT OF CHILDREN AND FAMILIES

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

DEPARTMENT OF JUSTICE

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

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

DEPARTMENT OF ADMINISTRATION

Land Information Board	Direct Program	505.116
Public Benefits	Direct Program	505.371
Total Department of Administration		

**TOTAL STATE PROGRAMS**

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

(Accrued) Deferred Revenue 1/1/11	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/11	Total Revenues	Total Expenditures
(717)	717	365	365	365
-	196,551	-	196,551	196,551
-	40,326	-	40,326	80,652
66,068	-	227	66,295	66,295
<u>65,351</u>	<u>237,594</u>	<u>592</u>	<u>303,537</u>	<u>343,863</u>
(16,962)	31,760	10,937	25,735	25,735
-	6,920	6,920	13,840	13,840
-	8,816	-	8,816	8,816
-	15,736	6,920	22,656	22,656
-	4,482	-	4,482	4,482
(16,987)	54,509	19,809	57,331	57,331
(16,987)	58,991	19,809	61,813	61,813
<u>\$ (983,410)</u>	<u>\$ 6,912,153</u>	<u>\$ 830,575</u>	<u>\$ 6,759,318</u>	<u>\$ 6,921,320</u>

**MARINETTE COUNTY, WISCONSIN**  
Notes to the Schedule of Expenditures of Federal Awards  
and the Schedule of State Financial Assistance  
For the Year Ended December 31, 2011

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance for Marinette County are presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the "State Single Audit Guidelines" issued by the Wisconsin Department of Administration.

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

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the County's 2011 basic financial statements. Accrued revenue at year-end consists of state program expenditures scheduled for reimbursement to the County in the succeeding year while deferred revenue represents advances for state programs that exceed recorded County expenditures.

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

**Federal Programs:** Marinette County qualifies as a low risk auditee in accordance with paragraph 530 of OMB Circular A-133. Therefore major programs, as identified in Section I of the Schedule of Findings and Questioned Costs, represent those with combined expenditures exceeding 25% of total federal awards that also were deemed major programs based on the auditors' risk assessment. All other federal programs are considered non-major programs.

**State Programs:** Marinette County, Wisconsin, qualified as a low risk auditee in accordance with the *State Single Audit Guidelines*. Therefore major programs represent those with combined expenditures exceeding 25% of total state financial assistance that also were deemed major programs based on the auditors' risk assessment. In addition, certain state financial assistance programs were designated state major by the state granting agency and therefore considered state major. All other state financial assistance programs are considered nonmajor programs.

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

**NOTE C - OVERSIGHT AGENCIES**

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

Federal - U.S. Department of Homeland Security  
State - Wisconsin Department of Health Services

**MARINETTE COUNTY, WISCONSIN**  
Notes to the Schedule of Expenditures of Federal Awards  
and the Schedule of State Financial Assistance (Continued)  
For the Year Ended December 31, 2011

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

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

**NOTE E - STATE DIRECT PAYMENTS**

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

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

The Wisconsin Department of Health Services (DHS), Department of Children and Families (DCF), and Department of Workforce Development (DWD) utilize the Community Aids Reporting System (CARS) and the Central Office Reporting System (CORE) for reimbursing the County for various federal and state program expenditures. The expenditures reported on the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance for various DHS, DCF and DWD programs agree with the expenditures reported on the May 18, 2012 CARS for the Human Services Department and the December, 2011 CORE for Child Support and W2 programs, with adjustments for anticipated receivables.

**NOTE G - AMERICAN RECOVERY AND REINVESTMENT ACT**

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

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

	CARS 603 Column H Actual CTD Expenses		CARS 603 Column K CTD pmts (Advances)
1/1/10 - 12/31/10	\$ 8,447	\$	8,447
1/1/11 - 12/31/11	\$ 21,910	\$	21,910

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

**MARINETTE COUNTY, WISCONSIN**  
Notes to the Schedule of Expenditures of Federal Awards  
and the Schedule of State Financial Assistance (Continued)  
For the Year Ended December 31, 2011

**NOTE G - AMERICAN RECOVERY AND REINVESTMENT ACT (Continued)**

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

	CARS 603 Column H Actual CTD Expenses	CARS 603 Column K CTD pmts (Advances
1/1/10 - 12/31/10	\$ 3,141	\$ 2,113
1/1/11 - 12/31/11	\$ 6,969	\$ 7,997

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

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2011

**Section I - Summary of Auditors' Results**

Basic Financial Statements

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

Federal Awards and State Financial Assistance

Internal control over major program:  
   • Material weakness(es) identified? No  
   • Significant deficiency identified? Yes  
 Type of auditors' report issued on compliance for major programs Unqualified  
 Any audit findings disclosed that are required to be reported  
 in accordance with Section 510(a) of Circular A-133? Yes  
 Any audit findings disclosed that are required to be reported  
 in accordance with the State Single Audit Guidelines? Yes

Identification of major federal program:

CFDA Number	Name of Federal Program
93.563	Child Support Enforcement (Title IV-D)
93.778	Medical Assistance Program

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

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2011

**Section I - Summary of Auditors' Results (Continued)**

Identification of major state programs:

State ID Number	Name of State Program
370.553	Wildlife Damage Claims and Abatement
370.662	Nonpoint Source Pollution
410.313	Community Youth and Family Aids
435.367	Community Options Program
	Medical Assistance Program Benefits
435.338	COP W Program
435.348	CIP II Program
435.369	CIP II Comm Relocate - Non Federal
435.375	CIP II Diversions - Non Federal
435.392	FCT - CIP II
435.407	ICFMR Nonfed
435.410	FC Transition CIP1B Nonfed
435.450	CLTS
435.451	CLTS MH
435.460	CLTS DD Non Federal other
435.461	CLTS MH Non Federal other
435.462	CLTS PD Non Federal other
435.478	CIP II MFP Non Federal
435.506	Brain Injury Waiver Program
435.564	CIP 1B Program
435.580	CIP 1A Program
N/A	Case Management Agency Providers
N/A	Medicaid Personal Care Program
437.7502	Child Support

**Section II - Financial Statement Findings**

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2011.

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2011

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

Finding No.	Internal Control Deficiency
<b>2011-01</b>	<p><b>Financial Reporting for Federal and State Financial Assistance</b></p> <p><i>Federal CFDA – All</i>  <i>State IDs - All</i></p> <p><b>Condition:</b> OMB Circular A-133 and the <i>State Single Audit Guidelines</i> require the County to prepare appropriate financial statements including the schedule of expenditures of federal awards and state financial assistance. While the current staff of the County maintains financial records supporting amounts reported in the schedules of expenditures of federal awards and state financial assistance, the County contracts with Schenck to compile the data from these records and prepare the single audit report for the County.</p> <p><b>Criteria:</b> Having staff with expertise in federal and state financial reporting prepare the County's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal awards and state financial assistance, or accompanying notes to the schedule.</p> <p><b>Effect:</b> The County could receive federal or state grant awards which are not included in the accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance.</p> <p><b>Cause:</b> The additional costs associated with hiring staff sufficiently experienced to prepare the County's single audit report, including the additional training time, outweigh the derived benefits.</p> <p><b>Recommendation:</b> We recommend County personnel continue reviewing the County's single audit report prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the County is necessary to ensure all federal and state financial assistance programs are properly reported in the County's single audit report.</p>

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2011

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

Finding No.	State Single Audit Guidelines Findings	Questioned Costs
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**2011-02      General Requirements - Purchase of Service Contracts**

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

Criteria: Providers receiving more than \$75,000 in funds from the County must have an audit that meets department standards, unless alternative monitoring is performed and the audit requirement waived by the County. Providers generally need to submit audit reports to the County six months after the end of their fiscal period.

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

Questioned Costs: At the end of the audit fieldwork, the County had not received a 2010 audit from one provider as detailed below. Total payments of \$110,879 as summarized below by CARS line, are reported as questioned costs.

\$ 110,879

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

Vendor	CARS Line	Amount
<i>Bayshore Pines</i>		
CIP II Relocations	369/370	\$ 9,501
CIP II Diversions	375/376	22,952
COP-W	338/339	21,955
Personal Care	N/A	56,471
		<u>\$ 110,879</u>

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2011

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

Finding No.	State Single Audit Guidelines Findings
<b>2011-03</b>	<p><b>Child Support Cooperative Agreements</b></p> <p><i>Federal CFDA – 93.563</i>  <i>State ID – 437.7502</i></p> <p>Condition: OMB Circular A-133 and the <i>State Single Audit Guidelines</i> require the County use the Standard Cooperative Agreement and include the requirements for maintenance of records, documentation, and reporting.</p> <p>Criteria: The County must adopt and follow a reasonable methodology for determining child support costs and procedures for billing as specified in Attachment 2: Methods of Determining Costs and Procedures for Billing of the Cooperative Agreement.</p> <p>Effect: The County could receive federal or state grant awards which are not supported by proper documentation.</p> <p>Cause: The County has a signed Cooperative Agreement with the Court Commissioner. Per Attachment 2 the Court Commissioner should be doing a time study on a quarterly basis to determine the costs charged to child support. The last time study was done in 2008 where 26% or 18.2 hours of the Court Commissioner’s time was being charged to child support. Based upon actual hours for the time period tested the Court Commissioner only had 15.7 hours of time spent on child support activities. Without current time studies being completed, child support could be over or under charged for the Court Commissioner’s time.</p> <p>Recommendation: We recommend that the Court Commissioner complete quarterly time studies or Attachment 2 of the Cooperative Agreement be changed to the Court Commissioner’s actual time spent on child support activities since he keeps track of his time.</p>

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2011

**Section IV - Other Issues**

- |  |  |
|--|--|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?   | No   |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : |  |
| Department of Agriculture, Trade and Consumer Protection   | Yes  |
| Department of Commerce   | Yes  |
| Department of Natural Resources  | Yes  |
| Department of Transportation   | Yes  |
| Department of Corrections  | Yes  |
| Department of Health Services  | Yes  |
| Department of Children and Families  | Yes  |
| Department of Justice  | Yes  |
| Department of Military Affairs   | Yes  |
| Department of Administration   | Yes  |
| Public Service Commission  | Yes  |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?  | Yes  |
| 4. Name and signature of partner   | <br>Michael W. Konecny, CPA |
| 5. Date of report  | June 20, 2012  |

**MARINETTE COUNTY, WISCONSIN**  
 Schedule of Prior Year Audit Findings and Corrective Action Plan  
 For the Year Ended December 31, 2011

**Prior Year Audit Findings**

The findings noted in the 2010 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. Management continues to believe the cost to hire additional staff to eliminate the control deficiency identified as 2010-01 outweigh the benefits to be received. Management reviews the single audit report prepared by Schenck.

**Corrective Action Plan**

Finding No.	Corrective Action Plan
<b>2011-01</b>	<p><b>Financial Reporting for Federal and State Financial Assistance</b></p> <p>Management believes the cost of additional staff time and training to prepare these items outweigh the benefits to be received. Management will continue to review the schedules and financial information prepared by Schenck.</p>
<b>2011-02</b>	<p><b>General Requirements - Purchase of Service Contracts</b></p> <p>The County will continue its current efforts to obtain audits from all providers required by contract to provide audits to the County.</p>
<b>2011-03</b>	<p><b>Child Support Cooperative Agreements</b></p> <p>The County will change the Cooperative Agreement to state the Court Commissioner will charge actual time spent on child support to the program.</p>

**STATE FINANCIAL REPORT FORM**



## INDEPENDENT AUDITORS' REPORT ON STATE FINANCIAL REPORT FORM

To the County Board  
Marinette County, Wisconsin

State of Wisconsin • Department of Revenue  
Division of State and Local Finance  
Bureau of Local Government Services  
2135 Rimrock Road #6-97  
P.O. Box 8971  
Madison, Wisconsin 53708-8971

In connection with our audit of the basic financial statements of Marinette County for the year ended December 31, 2011, we have also examined the 2011 Financial Report Form A required to be submitted to the Wisconsin Department of Revenue (WDR) by Wisconsin Administration Rule, Tax 16. The 2011 Financial Report Form A has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion the 2011 Financial Report Form A, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Schenck SC*

Certified Public Accountants  
Green Bay, Wisconsin  
June 20, 2012