

MARINETTE COUNTY, WISCONSIN

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2013

MARINETTE COUNTY, WISCONSIN
December 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the County Board
Marinette County, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marinette County, Wisconsin ("the County") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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



Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, health and human services special revenue fund, and county roads and bridges special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
June 27, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS



FINANCE DEPARTMENT

Management's Discussion and Analysis December 31, 2013

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, 2013. Our discussion and analysis is based on currently known facts, decisions, or conditions.

Financial Highlights

- As of December 31, 2013, the net position of the County was \$95,979,183. Of this amount, \$30,511,092 is considered *unrestricted* and may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position decreased by \$1,193,702 from the previous year. The major reason for the net position decrease was County investment income being \$775,537 under budget and the application of surplus funds to the 2013 budget. Further detail of the factors contributing to changes in total net position is listed under the Government-wide Financial Analysis section.
- The County's liability for Other Post Employment Benefits (OPEB) increased in 2013. The current year net adjustment to the OPEB liability of \$433,546 increased the total County's unfunded OPEB liability to \$5,515,052. The County continued to take steps to reduce OPEB cost and liabilities by eliminating the benefit for new employees and reducing actual insurance cost. The 2012 net adjustment to the OPEB liability was \$706,463. The Actuarial Accrued Liability as of January 1, 2014 was \$20,576,473. This compares to the January 1, 2008 Actuarial Accrued Liability of \$25,829,284.
- The County's property tax rate increased \$.05 to \$4.19 per \$1,000 of property value for the year ended December 31, 2013. The increase in the tax rate was driven by a \$27,307,300 decrease in the County's equalized property valuation.
- The operating tax levy increased \$153,562 (1.04%) 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, 2013, the County's combined governmental funds reported ending fund balances totaling \$35,811,312, a decrease of \$3,072,264 in comparison with the prior year. As previously mentioned, unfavorable results in investment revenue, lower than anticipated Health and Human Services program revenue, high road maintenance expenditures, and spending on capital asset needs were major factors in the decrease. Of the December 31, 2013 combined governmental fund balance of \$35,811,312, approximately 89% of this total amount, \$31,714,870 is *available for spending* at the County's discretion (*unrestricted fund balance*). The County's unrestricted fund balance, of \$31,714,870 is further categorized based on constraints imposed upon the use of those funds. Of the total unrestricted fund balance, \$24,694,022 is committed by County Board action to specific purposes, \$757,145 is assigned for specific purpose by the governing body or by the Finance Director with the Administrator's approval, \$6,263,703 is not committed or assigned (unassigned).
- As of December 31, 2013, the unrestricted fund balance for the general fund was \$28,352,829, or approximately 128% of total 2014 budgeted general fund operating expenditures. The unassigned amount of \$6,263,703 represents 8.8% of the County's 2013 original adopted gross operational and debt service expenditure budgets which totaled \$70,947,067. Under the County's Fund Balance Policy, \$2,220,003 and \$1,850,003 of the \$6,258,703 unassigned fund balance is classified for contingencies and cash flow requirements respectfully.

Management Discussion and Analysis
December 31, 2013

- The County Roads and Bridges Special Revenue Fund balance decreased \$327,143 to \$444,615. A transfer of \$762,700 from the general fund helped limit the funds decrease. Greater than expected winter maintenance cost and some added projects were the reason for the transfer. Of the \$444,615 ending fund balance, \$256,531 is committed for specific projects leaving \$188,084 available for discretionary spending.
- The Health and Human Services (HHS) special revenue fund ended the year with a decrease of \$770,777. The absence of expected revenue generation was the major cause of the reduction. The ending fund balance was is at \$747,597.
- At the end the 2013, the County's general obligation debt was \$18,890,000 compared to \$20,605,000 at the end of 2012. After current year debt service cost and a budgeted transfer out of \$613,062, the debt service fund ended the year with a net increase of \$189,406. Total funds committed at the end of 2013 for debt service were \$1,143,396.

Overview of the Basic Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 18 - 21 of this report.

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

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

Management Discussion and Analysis
December 31, 2013

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

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

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

The basic governmental fund financial statements can be found on pages 22 - 28 of this report.

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

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

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

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

The basic fiduciary fund financial statements can be found on page 32 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33 - 57 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 60 - 72.

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, the net position at the end of 2013 was \$95,979,183 compared to \$97,172,885 for the year ended 2012.

Marinette County's Net Position							
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	Total	Total Percentage Change
	2012	2012	2013	2013	2012	2013	2012-2013
Current & other assets	\$ 62,970,812	\$ 4,013,940	\$ 60,018,149	\$ 4,174,180	\$ 66,984,752	\$ 64,192,329	-4.17%
Capital assets	70,031,874	7,023,378	71,192,612	6,845,960	77,055,252	78,038,572	1.28%
Total assets	133,002,686	11,037,318	131,210,761	11,020,140	144,040,004	142,230,901	-1.26%
Deferred outflow of resources	582,648	270,795	523,848	255,751	853,443	779,599	-8.65%
Long-term liabilities outstanding	25,561,152	549,167	24,458,127	397,766	26,110,319	24,855,893	-4.80%
Other liabilities	5,144,960	1,559,085	5,550,160	1,568,829	6,704,045	7,118,989	6.19%
Total liabilities	30,706,112	2,108,252	30,008,287	1,966,595	32,814,364	31,974,882	-2.56%
Deferred inflow of resources	14,906,198	-	15,056,435	-	14,906,198	15,056,435	1.01%
Net position:							
Invested in capital assets	53,803,366	7,023,378	56,436,115	6,845,960	60,826,744	63,282,075	4.04%
Restricted	2,367,830	-	2,186,016	-	2,367,830	2,186,016	-7.68%
Unrestricted	31,801,828	2,176,483	28,047,756	2,463,336	33,978,311	30,511,092	-10.20%
Net position:	\$ 87,973,024	\$ 9,199,861	\$ 86,669,887	\$ 9,309,296	\$ 97,172,885	\$ 95,979,183	-1.23%

The largest portion of the County's net position (65%) reflects its investment in capital assets of \$63,282,075 (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Marinette County uses the County sales tax to provide for its debt service.

An additional portion of the County's net position (\$2,186,016) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$30,511,092) may be used to meet the County's ongoing obligations to citizens and creditors.

Change in net position. Governmental activities led to a decrease in the County's net position of \$1,303,137 and Business-type activities increased the County's net position by \$109,435. After the year-end results, the County's net position totaled \$86,669,887 for the Governmental Activities and \$9,309,296 for the Business-type Activities. The key elements affecting the change in net position were as follows:

Governmental Activities:

- The property tax levy increase by \$153,562 (1.04%) from the prior year in accordance with the State imposed local unit levy limits. This increase was easily absorbed by employee benefit cost increases.
- For the most part, departments stayed within their original appropriations and returned unspent appropriations to the general fund.

Management Discussion and Analysis
December 31, 2013

- Increasing interest rates on the County's investments resulted in investment revenues being \$775,537 under budget. The County's total investment return for 2013 was a loss of \$175,537 compared to \$412,799 in 2012 and the 2013 budgeted amount of \$600,000. The County has a large portion of investments in mortgage and bond type investments. With 2013 interest rates increasing, the market value on the County's longer term investments decreased. Interest rates on the 10 year Treasury started the year at 1.86 % and ended the year at 3.04%. The County does have \$19,058,908 of the general fund balance committed for investment revenue generation for tax reduction purposes.
- Interest collections on delinquent property taxes were \$34,393 over expected collections of \$600,000. The slow economic recovery resulted in property owners still delaying the payment of their property taxes in 2013. On a positive note, delinquent property taxes were down (\$394,876) at year end to \$3,127,623.
- County forest timber sales remained stable in 2013 at \$2,429,937. This was \$97,720 above budgeted timber sales and \$74,938 above 2012 results (\$2,354,999). Total Forestry activity revenues were \$2,572,225. After expenditures, the County's Forestry activity showed net revenue for 2013 of \$1,424,629 compared to 2012 results of \$1,318,367.
- County contributions to capital road and bridge improvements were \$2,458,102 in 2013. There were no additional contributions from federal and state sources in 2013. Depreciation and retirement costs on roads and bridges for 2013 totaled \$1,306,050 which when netted against the County's contribution added \$1,152,052 in net road improvements to the County's net assets.
- For 2013 the County's net investment in the joint airport decreased by \$85,491 from the results of normal airport operations and capital investments. Capital additions to the airport totaled \$89,628 for the year. Depreciation on the airports capital assets was \$223,212. Marinette County's share is 50%.

Business-type Activities:

The County's Business-type activities increased Marinette County's net position by \$109,435.

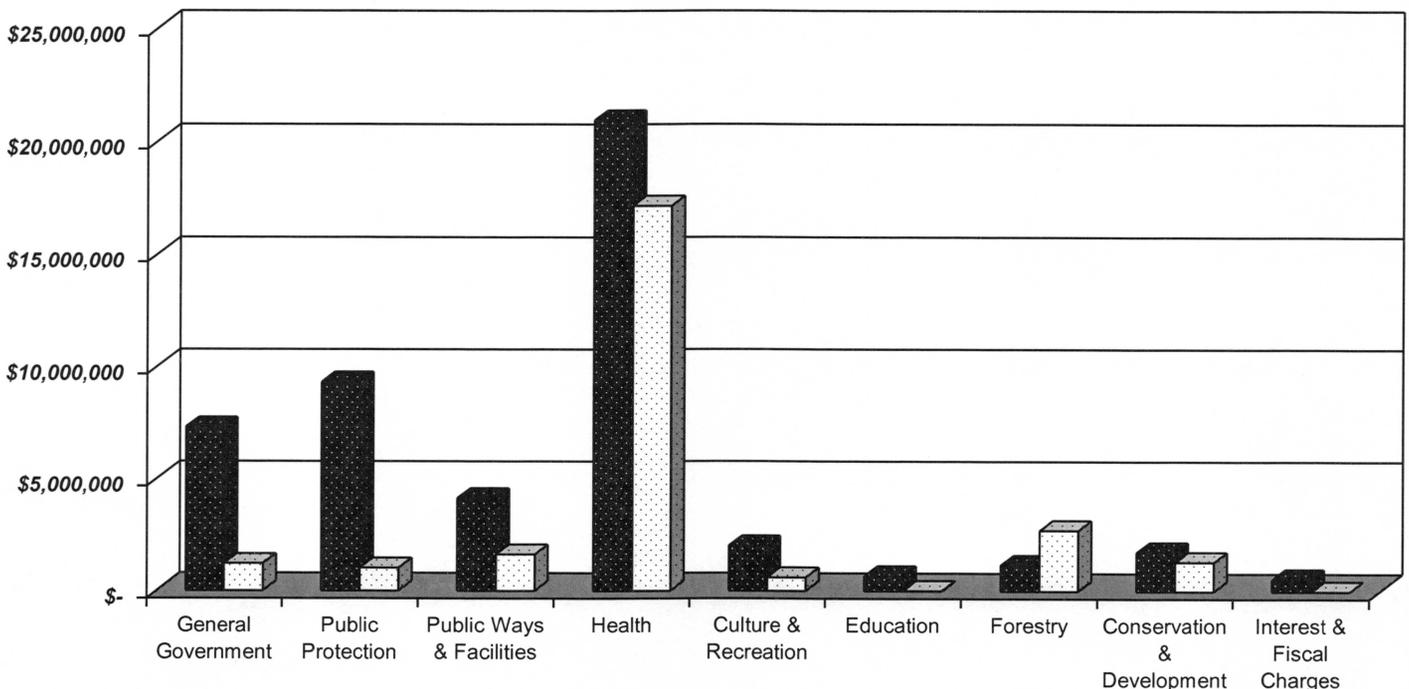
The Highway Department had operating income of \$182,595 for 2013 compared to a prior year operating loss of \$102,673. Miscellaneous revenues of \$8,815 for the Highway resulted in a total increase of \$191,410 to the Highway Department's net position.

The Solid Waste Fund's 2013 operating loss was \$84,244 compared to the 2012 operating loss of \$121,527. Interest earnings of \$7,031 combined with the operating loss resulted in a net decrease in the Solid Waste Fund net position of \$77,213. Cash and cash equivalents decrease \$24,335 mainly as a result of a \$134,436 capital outlay investment and a \$23,428 payment for landfill closure cost. Without the investment and closure payment, cash would have increased by \$182,199 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.

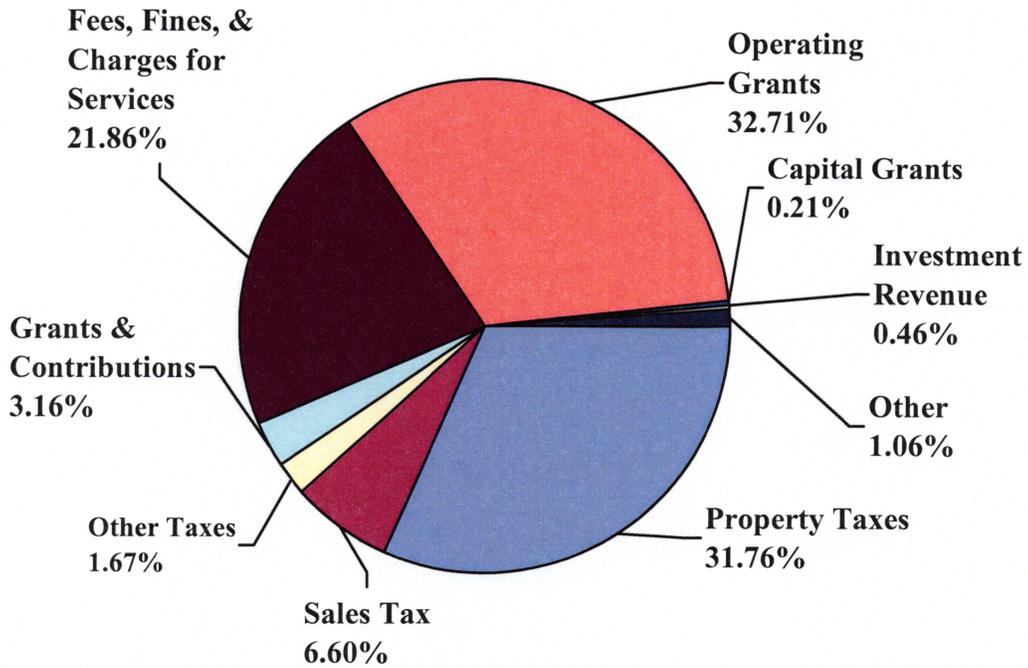
Management Discussion and Analysis
December 31, 2013

Marinette County's Change in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program revenues:						
Fees, fines, & charges						
for services	\$ 10,722,099	\$ 10,258,439	\$ 6,976,493	\$ 8,631,123	\$ 17,698,592	\$ 18,889,562
Operating grants and contributions	14,556,896	15,350,161	-	-	14,556,896	15,350,161
Capital grants and contributions	180,931	99,448	-	-	180,931	99,448
General revenues:						
Property & sales taxes	17,639,774	18,003,822	-	-	17,639,774	18,003,822
Other taxes	989,173	1,023,653	-	-	989,173	1,023,653
Grants & contributions not restricted to specific programs	1,505,117	1,482,456	-	-	1,505,117	1,482,456
Other	981,128	284,044	(4,179)	15,846	976,949	299,890
Total revenues	46,575,118	46,502,023	6,972,314	8,646,969	53,547,432	55,148,992
Expenses:						
General government	6,854,186	7,307,959	-	-	6,854,186	7,307,959
Public protection	9,411,481	9,314,228	-	-	9,411,481	9,314,228
Public ways & facilities	4,110,933	4,131,015	-	-	4,110,933	4,131,015
Health	19,853,903	20,962,096	-	-	19,853,903	20,962,096
Culture & recreation	1,990,234	2,012,840	-	-	1,990,234	2,012,840
Education	791,008	658,212	-	-	791,008	658,212
Forestry	1,282,054	1,147,596	-	-	1,282,054	1,147,596
Conservation & development	2,025,680	1,731,979	-	-	2,025,680	1,731,979
Interest & fiscal charges	1,433,116	539,235	-	-	1,433,116	539,235
Highway operations	-	-	6,636,867	7,968,705	6,636,867	7,968,705
Solid waste	-	-	563,798	568,829	563,798	568,829
Total expenses	47,752,595	47,805,160	7,200,665	8,537,534	54,953,260	56,342,694
Increase (decrease) in net position	(1,177,477)	(1,303,137)	(228,351)	109,435	(1,405,828)	(1,193,702)
Net Position - January 1	89,150,501	87,973,024	9,428,212	9,199,861	98,578,713	97,172,885
Net Position - December 31	\$ 87,973,024	\$ 86,669,887	\$ 9,199,861	\$ 9,309,296	\$ 97,172,885	\$ 95,979,183

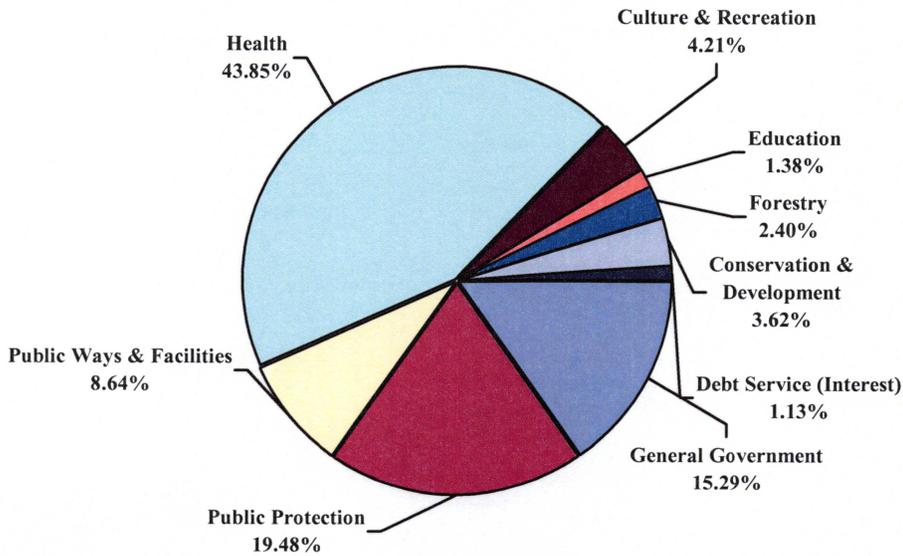
Expenses & Program Revenues - Governmental Activities



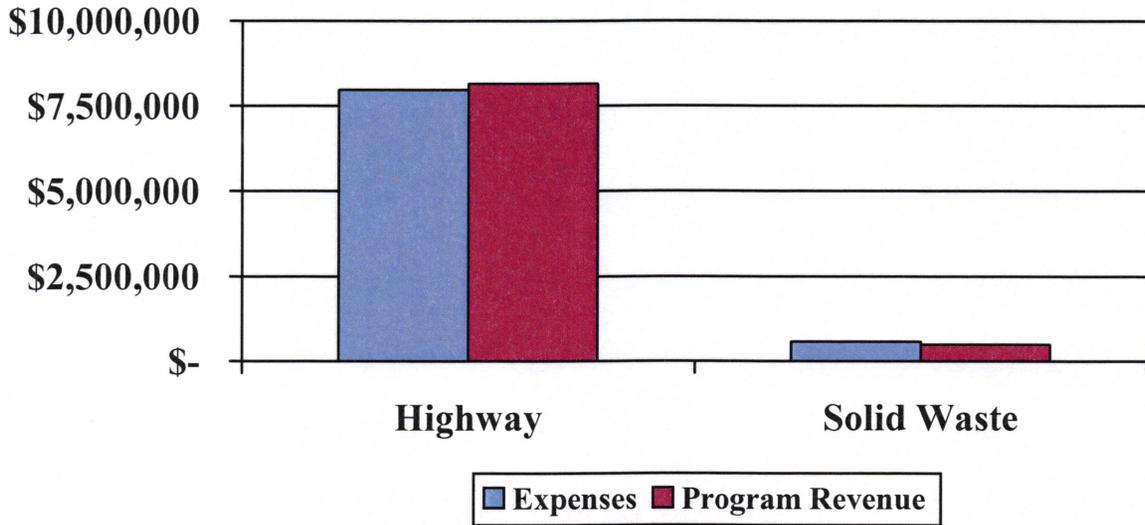
Revenues by Source - Governmental Activities



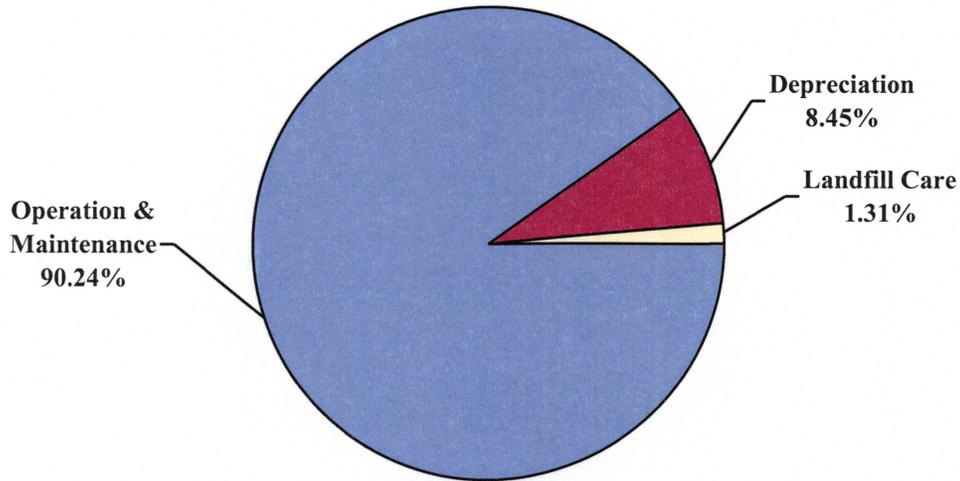
Expenses by Activity - Governmental Activities



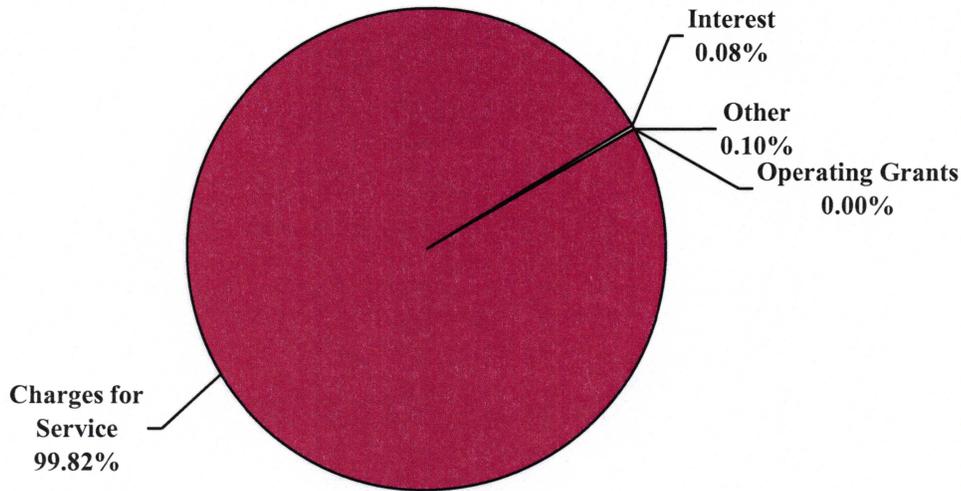
Expenses and Program Revenues - Business Type Activities



Expenses by Activity - Business Type Activities



Revenue by Source - Business Type Activities



Financial Analysis of Marinette County's Funds

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

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

As of December 31, 2013, the County's combined governmental funds totaled \$35,811,312, a decrease of \$3,072,264 in comparison with the prior year. Approximately 89% of this amount, \$31,714,870, constitutes *unrestricted fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is either classified as non-spendable or restricted to indicate that it is not available for new spending because it has already been committed 1) for current year purchases of inventory and prepayments that benefit periods beyond the end of the current year (\$18,015), 2) for non-liquid delinquent taxes (\$2,795,018) 3) for loans receivable that are not expected to be liquidated in the next year (\$437,025) 4) by grant, donor or other restrictions (\$846,384).

The general fund is the chief operating fund of the County. At the end of the current year, the unrestricted fund balance of the general fund was \$28,352,829, while the total fund balance was \$31,706,605. As a measure of the general fund's liquidity, it is useful to compare both the unrestricted fund balance and the total fund balance to total fund expenditures. Unrestricted fund balance represents 127% of total 2013 general fund expenditures, while total fund balance represents 142% of that same amount. This compares to prior year percentages of 141% and 157% respectively.

Marinette County's General fund balance decreased by \$2,249,221 for the year ended December 31, 2013. Besides the investment revenue loss previously mentioned, other key factors of the decrease include application of surplus funds to General Fund budget, completion of capital projects with assigned fund balance and the transfer to the County Road and Bridges special revenue fund.

Marinette County's General fund balance did benefit from a transfer in of \$292,826 from the Forestry and Parks Development fund. By County ordinance, proceeds from the sale of County owned delinquent tax deed parcels along with certain other forest/park related revenues are committed to the development of County owned forest and parks. The Fund has a cap of \$400,000. All funds above \$400,000 are transferred to the General Fund as revenues to fund operations.

Management Discussion and Analysis
December 31, 2013

The County's Health and Human Services Special Revenue Fund decreased by \$770,777 to \$747,597 during the current year. Some of the net decrease was anticipated considering the application of \$550,498 of the surplus fund balance to the 2013 budget. In addition to the normal application of \$474,498 of surplus, to account for unfilled staff vacancies and conservative revenue budgeting, an additional \$70,000 of fund balance was appropriated for computer upgrades. Additionally, the fund balance decreased because budgeted revenues from federal/state aids and third party sources were not achieved. The current fund balance represents 3.7% of the total 2013 health and human services special revenue fund expenditures.

The County Roads and Bridges Fund saw a net fund balance decrease of \$327,143 reducing the December 31, 2013 balance to \$444,615. Some of the decrease was expected as carryover funds from 2012 were planned to be used for specific 2013 construction projects. The General Fund did transfer \$762,700 into County Roads and Bridges Fund during the year to cover winter maintenance expenditures and additional construction projects. Of the \$444,615 in the year end fund balance, approximately \$188,000 is uncommitted as to specific projects.

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

Unrestricted net position of the highway department enterprise fund at the end of the year amounted to \$2,490,328. The County's net position for the highway department increased \$191,410 in 2013. This compares to a decrease of \$82,111 in 2012. The Highway fund's 2013 operating income of \$182,595 was increased by \$8,815 of non-operating revenue. A net profit on the operation of highway equipment of \$24,584 compared to a loss on 2012 equipment operations of \$174,604 was the main factor for the turnaround in operating results. The large amount of winter maintenance expenditures and an increase in construction fueled the positive equipment operation results as the equipment was used more. The highway fund had restricted cash of \$172,102 at year end. The funds are restricted for Other Post-Employment Benefits (OPEB), retiree's health insurance. The County included a factor, based on Government Accounting Standards Board Statement 45, in the fringe benefit charge out rate for the benefit and generated \$77,242 for 2013. No new employees are eligible for the OPEB benefit and the restricted cash will be used to help fund the benefit in the future.

Unrestricted net position of Marinette County's share of a landfill operated jointly with Oconto County and reported in the solid waste fund totaled a negative \$99,538. The total decrease in net position for the solid waste fund in 2013 was \$77,213 compared to 2012 decrease of \$146,268. An operating loss of \$84,244 was offset by \$7,031 in investment earnings.

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 \$569,883. The change to the 2013 appropriations can be summarized as follows:

- Carryovers of unspent 2012 appropriations of \$124,194.
- Increase of \$223,484 in Courthouse maintenance and capital improvement appropriations.
- Increase of \$150,000 for improvements to Emergency 911 system.
- A number of other items associated with departments for grant carry-overs, reserved fund carry-overs to complete various capital projects, and onetime expenses that were funded with additional revenues received by departments during the year.

Actual revenues were \$1,254,858 less than final budgeted revenues as result of the following:

- Investment income was \$775,537 below budget.
- Unrealized fees for Sheriff Department incarceration and land information.
- Unrealized intergovernmental revenues for recreation and conservation programs. These deficits were not a factor in overall results, as the related expenditures also were not realized.

Actual expenditures were less than final budgeted expenditures by \$1,138,002 primarily due to the following:

- Anticipated expenditures for recreation and conservation grant funded projects not occurring as mentioned above.
- Approximately \$153,000 in capital maintenance projects for the Courthouse were not completed during the current year and carried over to 2014. Additionally, some projects came in less than budget.
- Overall 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, 2013 amounts to \$78,038,572 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery/equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress. The total increase in the County's net investment in capital assets for the current year was \$983,320 mainly due to the Highway and Landfill purchases of equipment and landfill improvements respectively.

Management Discussion and Analysis
December 31, 2013

Marinette County's Capital Assets (Net of Accumulated Depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2012	2013	2012	2013	2012	2013
Land	\$ 4,727,110	\$ 4,823,476	\$ 113,989	\$ 113,989	\$ 4,841,099	\$ 4,937,465
Land improvements	-	-	816,058	745,211	816,058	745,211
Buildings & improvements	32,299,148	31,729,502	2,423,852	2,368,035	34,723,000	34,097,537
Machinery & equipment	2,234,970	2,716,936	3,669,479	3,618,725	5,904,449	6,335,661
Infrastructure	30,770,646	31,922,698	-	-	30,770,646	31,922,698
Total	\$ 70,031,874	\$ 71,192,612	\$ 7,023,378	\$ 6,845,960	\$ 77,055,252	\$ 78,038,572

Additional information on Marinette County's capital assets can be found in Note C.5 on pages 46 - 47 of this report.

Long-term debt. At the end of the year, the County's total general obligation debt outstanding was \$18,890,000. 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	
	2012	2013	2012	2013	2012	2013
General Obligation Debt						
Bonds and notes	\$ 20,605,000	\$ 18,890,000	\$ -	\$ -	\$ 20,605,000	\$ 18,890,000

The County's total general-obligation debt balance did decrease by \$1,715,000 (8.32%) in 2013. Scheduled debt service resulted in the debt decrease. There were no new issues for the year.

The County's general obligation debt is serviced by the .5% County sales tax. Funds committed for debt service at the end of 2013 increased by \$189,406 to \$1,143,396.

Any additional sales tax revenues above debt service requirements produce available sales tax surpluses which are used to fund County tourism and capital outlay items through the transfers to the applicable funds. The 2013 transfer out of the debt service fund was \$613,062. The 2014 budgeted transfer from the Debt Service fund was decreased to \$374,000. The overall expected surplus in sales tax collections over debt service requirements for 2014 is \$653,275. A previous year donation payment for debt service related to the County library renovation project added \$675,000 to the Debt Service fund balance. These funds and the surplus sales tax revenues are expected to be used to call the Library debt in 2014.

In January of 2014, in conjunction with the subsequent issuance of debt for financing the 2014 capital projects as noted in footnote D of the financial statements, Standard and Poor's assigned the County's an AA-/Stable rating for the County's general obligation promissory notes. The good and bad factors in the rating include:

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

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 \$180,940,390 which when combined with the fund balance of \$1,143,396 committed to debt service is \$163,193,786 in excess of the County's \$18,890,000 in outstanding general obligation debt.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Marinette County is currently 7.3% for April 2014, which is the latest available data at the time of this report. This compares to the State of Wisconsin's average unemployment rate of 5.9% and last April's County rate of 8.3%.
- The local economy for Marinette County is still seen as weak. There are improvements from the prior year as the local unemployment has decreased but is above the State rate. The Marinette Marine Corporation, one of the County's larger employers, is maintaining its workforce at 1,400 employees. The recent \$73 million expansion of facilities will allow the shipyard to compete for contracts now and into the future. In March of 2013, the company was awarded a \$697 million contract to build two more Littoral Combat Ships (LCS) for the Navy assuring employment into the future. Future Navy contracts for additional LCSs are expected although funding for the construction for the ships always seems to be in the news. The large Marinette Marine contract does and will have a substantial subsidiary effect for smaller local support businesses. Bay Area Medical Center another large employer is in the mist of partnership considerations which should strengthen the services provided and add jobs. 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 tourism destinations continue in the County. The major retail center is in the City of Marinette and continues to develop as Wal-mart Stores Inc. has opened a superstore. Several smaller stores have been added in the immediate area as a result. Smaller industries have recently been attracted to and located in the Marinette and Peshtigo areas. Agriculture and Forestry, staples of this County also help support Marinette County's tax base.
- Inflationary trends in our region compare favorably to national indices.
- Marinette County's staff includes non-represented employees, elected officials and union employees. Union employees include certain Sheriff's Department employees represented by the Wisconsin Professional Police Association (WPPA). The WPPA contract runs through 2015. The County is subject to Wisconsin's changed statutes and ongoing litigation regarding unions.

The following factors were considered in preparing the County's 2014 budget:

State levy limits provide that the County may only increase the tax levy for 2014 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. These levy limits are permanent per the 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 2014.

The County was forced to limit its 2014 operating tax levy under the levy limit freeze. The operating tax levy increase for the 2014 budget was limited to \$153,238 or 1.02%. To comply with the limit, the County applied \$10,395 of restricted, \$31,500 of committed and \$190,000 of assigned, and \$255,033 of unassigned general fund balances to the 2014 budget. These funds totaled \$486,928. Total restricted and committed special revenue fund balances applied to the 2014 budget were \$798,778. Of the funds applied to the 2014 budget, \$1,929,693 (88%) represented funds specifically accumulated for special purposes. The remaining applied funds \$255,033 (12%) represented onetime or surplus sources. The County also transferred \$374,000 in surplus sale tax collections from the County's Debt Service Fund to the general fund for Sheriff Department outlay and tourism for the 2014 budget.

Management Discussion and Analysis
December 31, 2013

The County's 2014 budget contains a capital project borrowing of \$9,435,200. Of this amount \$8,118,000 is for County Road construction. The County will have a debt service levy beginning in 2015 to fund the capital projects. Surplus sale tax collection funds will also be used if available.

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 between \$250,000 and \$500,000. Surplus sales tax funds may also be used to call debt early if feasible in consideration of the County's overall financial condition.

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

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. The County is in compliance with the fund balance policy and considered the policy in the development of the County's 2014 Budget.

Contacting the County's Financial Management

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

BASIC FINANCIAL STATEMENTS

MARINETTE COUNTY, WISCONSIN
Statement of Net Position
December 31, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled cash and investments	\$ 30,794,835	\$ 1,800,176	\$ 32,595,011
Other cash and investments	-	-	-
Accounts receivable	1,958,695	28,723	1,987,418
Interest receivable	646,960	856	647,816
Taxes receivable	18,184,058	-	18,184,058
Loans receivable	2,812,292	-	2,812,292
Internal balances	(72,546)	72,546	-
Due from other governments	2,526,878	321,513	2,848,391
Inventories and prepaid expenses	373,437	1,040,423	1,413,860
Investment in joint airport	2,484,501	-	2,484,501
Restricted cash and investments	309,039	909,943	1,218,982
Capital assets (net of accumulated depreciation)			
Nondepreciable	4,823,476	113,989	4,937,465
Depreciable	66,369,136	6,731,971	73,101,107
TOTAL ASSETS	131,210,761	11,020,140	142,230,901
DEFERRED OUTFLOW OF RESOURCES			
Retirement system unfunded liability amortization	-	255,751	255,751
Deferred charge on refunding	523,848	-	523,848
TOTAL DEFERRED OUTFLOW OF RESOURCES	523,848	255,751	779,599
LIABILITIES			
Accounts payable	1,583,025	83,555	1,666,580
Accrued liabilities	682,741	55,927	738,668
Due to other governments	278,804	-	278,804
Deposits from others	17,842	-	17,842
Unearned revenue	15,228	-	15,228
Accrued interest	77,477	-	77,477
Long-term obligations			
Unamortized premiums	829,152	-	829,152
Portion due or payable within one year:			
Bonds and notes payable	1,825,000	-	1,825,000
Compensated absences	240,891	11,980	252,871
Portion due or payable after one year:			
Bonds and notes payable	17,065,000	-	17,065,000
Compensated absences	2,168,019	107,822	2,275,841
Post employment insurance	5,225,108	289,944	5,515,052
Landfill care costs	-	1,417,367	1,417,367
TOTAL LIABILITIES	30,008,287	1,966,595	31,974,882
DEFERRED INFLOWS OF RESOURCES			
Property taxes	15,056,435	-	15,056,435
NET POSITION			
Net investment in capital assets	53,951,614	6,845,960	60,797,574
Net investment in joint airport	2,484,501	-	2,484,501
Restricted	2,186,016	-	2,186,016
Unrestricted	28,047,756	2,463,336	30,511,092
TOTAL NET POSITION	\$ 86,669,887	\$ 9,309,296	\$ 95,979,183

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

Component Units		
Committee on Aging	Association for Business & Industry	Stephenson Public Library Foundation
\$ -	\$ -	\$ -
209,595	17,135	1,802,931
75,827	4,220	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
27,331	1,984	-
<u>312,753</u>	<u>23,339</u>	<u>1,802,931</u>
-	-	-
-	-	-
-	-	-
30,660	-	-
24,537	2,911	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,374	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>56,571</u>	<u>2,911</u>	<u>-</u>
-	-	-
56,571	1,984	-
-	-	-
16,542	-	-
<u>183,069</u>	<u>18,444</u>	<u>1,802,931</u>
<u>\$ 256,182</u>	<u>\$ 20,428</u>	<u>\$ 1,802,931</u>

MARINETTE COUNTY, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2013

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental				
General government	\$ 7,307,959	\$ 845,433	\$ 360,088	\$ -
Public protection	9,314,228	754,544	260,951	-
Public ways and facilities	4,131,015	-	1,620,169	-
Health	20,962,096	5,511,812	11,656,401	-
Culture and recreation	2,012,840	285,757	304,130	-
Education	658,212	14,017	-	-
Forestry	1,147,596	2,572,225	132,202	-
Conservation and development	1,731,979	274,651	1,016,220	99,448
Interest and fiscal charges	539,235	-	-	-
Total Governmental Activities	47,805,160	10,258,439	15,350,161	99,448
Business-type				
Highway	7,968,705	8,146,538	-	-
Solid waste	568,829	484,585	-	-
Total Business-type Activities	8,537,534	8,631,123	-	-
Total Marinette County	\$ 56,342,694	\$ 18,889,562	\$ 15,350,161	\$ 99,448
Component Unit				
Committee on Aging	\$ 966,193	\$ 247,331	\$ 736,701	\$ -
Association of Business & Industry	90,713	-	94,681	-
Stephenson Library Trust	1,419	-	1,349	-
Total Component Units	\$ 1,058,325	\$ 247,331	\$ 832,731	\$ -

General revenues:

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

Total general revenues

Change in net position

Net position - January 1

Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position			Component Units		
Governmental Activities	Business-type Activities	Total	Committee on Aging	Association for Business & Industry	Stephenson Public Library Foundation
\$ (6,102,438)	\$ -	\$ (6,102,438)	\$ -	\$ -	\$ -
(8,298,733)	-	(8,298,733)	-	-	-
(2,510,846)	-	(2,510,846)	-	-	-
(3,793,883)	-	(3,793,883)	-	-	-
(1,422,953)	-	(1,422,953)	-	-	-
(644,195)	-	(644,195)	-	-	-
1,556,831	-	1,556,831	-	-	-
(341,660)	-	(341,660)	-	-	-
(539,235)	-	(539,235)	-	-	-
<u>(22,097,112)</u>	<u>-</u>	<u>(22,097,112)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	177,833	177,833	-	-	-
-	(84,244)	(84,244)	-	-	-
-	93,589	93,589	-	-	-
<u>(22,097,112)</u>	<u>93,589</u>	<u>(22,003,523)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	17,839	-	-
-	-	-	-	3,968	-
-	-	-	-	-	(70)
-	-	-	17,839	3,968	(70)
9,814,955	-	9,814,955	-	-	-
2,260,062	-	2,260,062	-	-	-
2,831,181	-	2,831,181	-	-	-
3,097,624	-	3,097,624	-	-	-
1,023,653	-	1,023,653	-	-	-
1,482,456	-	1,482,456	-	-	-
(215,214)	7,031	(208,183)	784	332	24,439
(85,491)	-	(85,491)	-	-	-
44,064	-	44,064	-	-	-
406,333	-	406,333	-	-	-
134,352	8,815	143,167	1,737	-	-
<u>20,793,975</u>	<u>15,846</u>	<u>20,809,821</u>	<u>2,521</u>	<u>332</u>	<u>24,439</u>
(1,303,137)	109,435	(1,193,702)	20,360	4,300	24,369
<u>87,973,024</u>	<u>9,199,861</u>	<u>97,172,885</u>	<u>235,822</u>	<u>16,128</u>	<u>1,778,562</u>
<u>\$ 86,669,887</u>	<u>\$ 9,309,296</u>	<u>\$ 95,979,183</u>	<u>\$ 256,182</u>	<u>\$ 20,428</u>	<u>\$ 1,802,931</u>

MARINETTE COUNTY, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2013

	Governmental Funds				Other Governmental Funds	Total Governmental Funds
	General	County Roads and Bridges	Health and Human Services	Debt Service		
ASSETS						
Pooled cash and investments	\$ 27,438,119	\$ 444,615	\$ 900	\$ 558,486	\$ 1,493,083	\$ 29,935,203
Receivables						
Delinquent property taxes	3,127,623	-	-	-	-	3,127,623
Property taxes levied for subsequent year	10,460,264	1,660,535	2,906,181	-	-	15,026,980
Accounts	1,102,973	-	909,875	584,910	6,344	2,604,102
Loans	437,025	-	15,507	-	2,359,760	2,812,292
Due from other funds	756,871	-	-	-	-	756,871
Due from other governments	832,491	-	1,694,387	-	-	2,526,878
Prepaid items	18,015	-	-	-	-	18,015
Restricted assets - pooled cash and investments	-	-	-	-	309,039	309,039
TOTAL ASSETS	\$ 44,173,381	\$ 2,105,150	\$ 5,526,850	\$ 1,143,396	\$ 4,168,226	\$ 57,117,003
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 620,813	\$ -	\$ 881,523	\$ -	\$ 39,367	1,541,703
Accrued liabilities	517,462	-	155,027	-	-	672,489
Due to general fund	-	-	756,871	-	-	756,871
Due to other governments	199,153	-	79,651	-	-	278,804
Deposits from others	17,842	-	-	-	-	17,842
Unearned revenue	15,228	-	-	-	-	15,228
Total Liabilities	1,370,498	-	1,873,072	-	39,367	3,282,937
Deferred Inflows of Resources						
Property taxes	10,460,264	1,660,535	2,906,181	-	-	15,026,980
Loans	-	-	-	-	2,359,760	2,359,760
Interest on delinquent taxes	557,892	-	-	-	-	557,892
Fines and forfeitures	78,122	-	-	-	-	78,122
Total Deferred Inflows of Resources	11,096,278	1,660,535	2,906,181	-	2,359,760	18,022,754
Fund Balances						
Nonspendable	3,250,058	-	-	-	-	3,250,058
Restricted	103,718	-	-	-	742,666	846,384
Committed	21,331,981	444,615	747,597	1,143,396	1,026,433	24,694,022
Assigned	757,145	-	-	-	-	757,145
Unassigned	6,263,703	-	-	-	-	6,263,703
Total Fund Balances	31,706,605	444,615	747,597	1,143,396	1,769,099	35,811,312
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 44,173,381	\$ 2,105,150	\$ 5,526,850	\$ 1,143,396	\$ 4,168,226	\$ 57,117,003

(Continued)

MARINETTE COUNTY, WISCONSIN
 Balance Sheet (Continued)
 Governmental Funds
 December 31, 2013

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page \$ 35,811,312

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

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

Investment in joint airport	\$ 2,484,501	
Capital assets	71,192,612	
Less: amount included below with internal service funds	<u>(604,567)</u>	73,072,546

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	\$ (18,890,000)	
Loss on advance refunding	523,848	
Refinancing premium	(829,152)	
Compensated absences	(2,408,910)	
Post-employment health insurance	(5,225,108)	
Accrued interest on long-term obligations	<u>(77,477)</u>	(26,906,799)

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

Loans receivable	\$ 2,359,758	
Interest on delinquent taxes	557,892	
Clerk of Courts receivable	<u>78,122</u>	2,995,772

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

1,697,056

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

\$ 86,669,887

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, 2013

	General	County Roads and Bridges	Health and Human Services	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 10,808,608	\$ 2,260,062	\$ 2,831,181	\$ -	\$ -	\$ 15,899,851
Sales tax	-	-	-	3,097,624	-	3,097,624
Intergovernmental	4,681,206	1,620,169	10,965,116	-	4,650	17,271,141
Regulation and compliance	314,358	-	-	-	137,796	452,154
Charges for services	3,935,221	-	5,409,267	-	38,670	9,383,158
Commercial	(77,453)	-	-	-	639,126	561,673
Miscellaneous	672,371	-	-	144	8,748	681,263
Total Revenues	20,334,311	3,880,231	19,205,564	3,097,768	828,990	47,346,864
Expenditures						
Current						
General government	7,172,525	-	-	-	38,824	7,211,349
Public protection	8,780,543	-	-	-	262,292	9,042,835
Public ways and facilities	104,936	5,155,806	-	-	22,325	5,283,067
Health	1,131,036	-	20,029,066	-	6,232	21,166,334
Culture and recreation	1,884,335	-	-	-	145,842	2,030,177
Education	369,772	-	-	-	-	369,772
Forestry	1,307,038	-	-	-	-	1,307,038
Conservation and development	1,605,131	-	-	-	25,178	1,630,309
Debt Service						
Principal payments	-	-	-	1,715,000	-	1,715,000
Interest and fiscal charges	-	-	-	580,300	-	580,300
Total Expenditures	22,355,316	5,155,806	20,029,066	2,295,300	500,693	50,336,181
Excess (Deficiency) of Revenues Over Expenditures	(2,021,005)	(1,275,575)	(823,502)	802,468	328,297	(2,989,317)
Other Financing Sources (Uses)						
Transfers in	720,156	948,432	52,725	-	-	1,721,313
Transfers out	(948,372)	-	-	(613,062)	(242,826)	(1,804,260)
Total Other Financing Sources (Uses)	(228,216)	948,432	52,725	(613,062)	(242,826)	(82,947)
Net Change in Fund Balances	(2,249,221)	(327,143)	(770,777)	189,406	85,471	(3,072,264)
Fund Balances - January 1	33,955,826	771,758	1,518,374	953,990	1,683,628	38,883,576
Fund Balances - December 31	\$ 31,706,605	\$ 444,615	\$ 747,597	\$ 1,143,396	\$ 1,769,099	\$ 35,811,312

(Continued)

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2013

Reconciliation to the Statement of Net Position

Net Change in Fund Balances from previous page		\$ (3,072,264)
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	\$ 3,825,834	
Depreciation expense reported in the statement of activities	<u>(2,762,158)</u>	
Amount by which capital outlays are greater than depreciation in current period		1,063,676
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>\$ (85,491)</u>	(85,491)
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.		
		(60,576)
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:		
		(739,869)
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:		
		1,715,000
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities interest is reported as accrues.		
		6,865
Long-term debt refinancing transactions are recorded in the governmental funds as expenditures, other financing sources and other uses, but the refinancing cost and premiums are amortized over the life of the new issue on the statement of activities.		
Net amortization of debt premium and refunding expense		34,200
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	\$ (56,791)	
Clerk of court receivables	18,809	
Revolving loan receivables	<u>(283,509)</u>	
Combined adjustment		(321,491)
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>156,813</u>
Change in Net Position of Governmental Activities as reported in the Statement of Activities (see pages 20 and 21)		<u>\$ (1,303,137)</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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 10,781,105	\$ 10,781,105	\$ 10,808,608	\$ 27,503
Intergovernmental	4,949,868	5,247,147	4,681,206	(565,941)
Regulation and compliance	331,340	331,340	314,358	(16,982)
Charges for services	3,840,924	3,923,409	3,935,221	11,812
Commercial	699,512	699,512	(77,453)	(776,965)
Miscellaneous	508,908	606,656	672,371	65,715
Total Revenues	21,111,657	21,589,169	20,334,311	(1,254,858)
Expenditures				
General government	7,923,197	7,604,492	7,172,525	431,967
Public protection	8,219,793	8,838,241	8,780,543	57,698
Public ways and facilities	85,700	108,200	104,936	3,264
Health	1,163,918	1,175,998	1,131,036	44,962
Culture and recreation	2,162,591	2,119,161	1,884,335	234,826
Education	354,924	380,326	369,772	10,554
Forestry	1,212,947	1,396,739	1,307,038	89,701
Conservation and development	1,800,365	1,870,161	1,605,131	265,030
Total Expenditures	22,923,435	23,493,318	22,355,316	1,138,002
Excess (Deficiency) of Revenues Over Expenditures	(1,811,778)	(1,904,149)	(2,021,005)	(116,856)
Other Financing Sources (Uses)				
Transfers in	427,330	720,156	720,156	-
Transfers out	-	(948,372)	(948,372)	-
Total Other Financing Sources (Uses)	427,330	(228,216)	(228,216)	-
Net Change in Fund Balance	(1,384,448)	(2,132,365)	(2,249,221)	(116,856)
Fund Balance - January 1	33,955,826	33,955,826	33,955,826	-
Fund Balance - December 31	\$ 32,571,378	\$ 31,823,461	\$ 31,706,605	\$ (116,856)

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,831,181	\$ 2,831,181	\$ 2,831,181	\$ -
Intergovernmental	11,853,831	12,100,834	10,965,116	(1,135,718)
Charges for services	6,071,453	6,104,345	5,409,267	(695,078)
Total Revenues	<u>20,756,465</u>	<u>21,036,360</u>	<u>19,205,564</u>	<u>(1,830,796)</u>
Expenditures				
Health	<u>21,230,963</u>	<u>21,586,858</u>	<u>20,029,066</u>	<u>1,557,792</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(474,498)</u>	<u>(550,498)</u>	<u>(823,502)</u>	<u>(273,004)</u>
Other Financing Sources				
Transfers in	<u>-</u>	<u>52,725</u>	<u>52,725</u>	<u>-</u>
Net Change in Fund Balance	<u>(474,498)</u>	<u>(497,773)</u>	<u>(770,777)</u>	<u>(273,004)</u>
Fund Balance - January 1	<u>1,518,374</u>	<u>1,518,374</u>	<u>1,518,374</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,043,876</u>	<u>\$ 1,020,601</u>	<u>\$ 747,597</u>	<u>\$ (273,004)</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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,260,062	\$ 2,260,062	\$ 2,260,062	\$ -
Intergovernmental	1,542,333	1,542,333	1,620,169	77,836
Total Revenues	<u>3,802,395</u>	<u>3,802,395</u>	<u>3,880,231</u>	<u>77,836</u>
Expenditures				
Public Ways and Facilities	<u>5,088,127</u>	<u>5,850,827</u>	<u>5,155,806</u>	<u>695,021</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,285,732)</u>	<u>(2,048,432)</u>	<u>(1,275,575)</u>	<u>772,857</u>
Other Financing Sources				
Transfers in	<u>185,732</u>	<u>948,432</u>	<u>948,432</u>	<u>-</u>
Net Change in Fund Balance	(1,100,000)	(1,100,000)	(327,143)	772,857
Fund Balance - January 1	<u>771,758</u>	<u>771,758</u>	<u>771,758</u>	<u>-</u>
Fund Balance (Deficit) - December 31	<u>\$ (328,242)</u>	<u>\$ (328,242)</u>	<u>\$ 444,615</u>	<u>\$ 772,857</u>

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

MARINETTE COUNTY, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2013

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
ASSETS				
Current Assets				
Pooled cash and investments	\$ 1,176,388	\$ 623,588	\$ 1,799,976	\$ 859,632
Petty cash	-	200	200	-
Accounts receivables	-	28,723	28,723	1,553
Due from other governments	321,513	-	321,513	29,455
Interest receivable	-	856	856	320,514
Inventories	1,040,423	-	1,040,423	34,908
Total Current Assets	<u>2,538,324</u>	<u>653,367</u>	<u>3,191,691</u>	<u>1,246,062</u>
Noncurrent Assets				
Restricted cash and investments	172,102	737,841	909,943	-
Capital assets				
Land	51,475	62,514	113,989	-
Land improvements, net	42,793	702,418	745,211	-
Buildings, net	2,243,035	125,000	2,368,035	-
Machinery and equipment, net	3,414,076	204,649	3,618,725	604,567
Total Noncurrent Assets	<u>5,923,481</u>	<u>1,832,422</u>	<u>7,755,903</u>	<u>604,567</u>
TOTAL ASSETS	<u>8,461,805</u>	<u>2,485,789</u>	<u>10,947,594</u>	<u>1,850,629</u>
DEFERRED OUTFLOW OF RESOURCES				
Retirement system unfunded liability amortization	255,751	-	255,751	-
LIABILITIES				
Current Liabilities				
Accounts payable	49,479	34,076	83,555	41,321
Accrued liabilities	54,764	1,163	55,927	10,251
Compensated absences payable	11,980	-	11,980	-
Total Current Liabilities	<u>116,223</u>	<u>35,239</u>	<u>151,462</u>	<u>51,572</u>
Noncurrent Liabilities				
Compensated absences payable	107,822	-	107,822	-
Post employment health insurance	251,804	38,140	289,944	-
Accrued landfill closure/post closure care cost	-	1,417,367	1,417,367	-
Total Noncurrent Liabilities	<u>359,626</u>	<u>1,455,507</u>	<u>1,815,133</u>	<u>-</u>
TOTAL LIABILITIES	<u>475,849</u>	<u>1,490,746</u>	<u>1,966,595</u>	<u>51,572</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	-	-	-	29,455
NET POSITION				
Net investment in capital assets	5,751,379	1,094,581	6,845,960	604,567
Unrestricted	2,490,328	(99,538)	2,390,790	1,165,035
TOTAL NET POSITION	<u>\$ 8,241,707</u>	<u>\$ 995,043</u>	<u>9,236,750</u>	<u>\$ 1,769,602</u>

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

72,546

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

\$ 9,309,296

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

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2013

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Operating Revenues				
Charges for services	\$ 8,146,538	\$ 484,585	\$ 8,631,123	\$ 1,928,234
Operating Expenses				
Administration	-	40,351	40,351	718,079
Operation and maintenance	7,332,622	326,864	7,659,486	1,071,902
Landfill closure/post-closure care costs	-	111,502	111,502	-
Depreciation	631,321	90,112	721,433	136,507
Total Operating Expenses	<u>7,963,943</u>	<u>568,829</u>	<u>8,532,772</u>	<u>1,926,488</u>
Operating Income (Loss)	<u>182,595</u>	<u>(84,244)</u>	<u>98,351</u>	<u>1,746</u>
Nonoperating Revenues (Expenses)				
Property taxes	-	-	-	30,000
Insurance recoveries	-	-	-	26,019
Loss on disposal of capital assets	-	-	-	(19,208)
Miscellaneous revenue	8,815	-	8,815	30,547
Investment earnings	-	7,031	7,031	-
Total Nonoperating Revenues (Expenses)	<u>8,815</u>	<u>7,031</u>	<u>15,846</u>	<u>67,358</u>
Change in Net Position	191,410	(77,213)	114,197	69,104
Transfer In	-	-	-	82,947
Total Net Position - January 1	<u>8,050,297</u>	<u>1,072,256</u>		<u>1,617,551</u>
Total Net Position - December 31	<u>\$ 8,241,707</u>	<u>\$ 995,043</u>		<u>\$ 1,769,602</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

(4,762)

Change in Net Position of Business-Type Activities as Reported on the Statement of Activities (see pages 20 - 21)

\$ 109,435

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, 2013

	Enterprise Funds			Internal Service Funds
	Highway	Solid Waste	Total	
Cash Flows from Operating Activities				
Receipts from customers	\$ 2,611,975	\$ 480,855	\$ 3,092,830	\$ 2,500
Receipts from internal activity and other governments	5,684,925	-	5,684,925	1,955,863
Payments to employees	(2,888,341)	(110,054)	(2,998,395)	(551,934)
Payments to suppliers	(4,776,194)	(244,821)	(5,021,015)	(1,384,005)
Net Cash Provided by Operating Activities	632,365	125,980	758,345	22,424
Cash Flows From Noncapital Financing Activities				
Property taxes	-	-	-	30,000
Miscellaneous revenue	8,814	-	8,814	26,019
Net Cash Provided by Noncapital Financing Activities	8,814	-	8,814	56,019
Cash Flows From Capital and Related Financing Activities				
Purchases and construction of capital assets	(465,378)	(134,436)	(599,814)	(324,374)
Proceeds from sale of assets	55,800	-	55,800	11,021
Transfer from general fund	-	-	-	82,947
Contributed Capital	-	-	-	30,547
Payment of landfill closure care	-	(23,428)	(23,428)	-
Net Cash Used by Capital and Related Financing Activities	(409,578)	(157,864)	(567,442)	(199,859)
Cash Flows from Investing Activities				
Interest received on investments	-	7,548	7,548	-
Net Change in Cash and Cash Equivalents	231,601	(24,336)	207,265	(121,416)
Cash and Cash Equivalents - January 1	1,116,889	1,385,965	2,502,854	981,048
Cash and Cash Equivalents - December 31	\$ 1,348,490	\$ 1,361,629	\$ 2,710,119	\$ 859,632
Displayed as:				
Current assets				
Pooled cash and investments	\$ 1,176,388	\$ 623,788	\$ 1,800,176	\$ 859,632
Restricted assets				
Pooled cash and investments	172,102	737,841	909,943	-
Total Cash and Cash Equivalents	\$ 1,348,490	\$ 1,361,629	\$ 2,710,119	\$ 859,632
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 182,595	\$ (84,244)	\$ 98,351	\$ 1,746
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	631,321	90,111	721,432	136,507
Increase in postclosure care cost estimates	-	111,502	111,502	-
Change in assets and liabilities:				
Receivables, net	150,362	(3,729)	146,633	30,129
Post employment benefits	-	26	26	-
Prepaid items	(89,843)	12,771	(77,072)	(80,138)
Accounts and other payables	(242,070)	(457)	(242,527)	(65,820)
Net Cash Provided by Operating Activities	\$ 632,365	\$ 125,980	\$ 758,345	\$ 22,424

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, 2013

	Agency Funds
ASSETS	
Cash and investments	\$ 8,148,648
Receivables	
Accounts receivable	10,605
Delinquent property taxes	74,480
Property taxes levied for subsequent years	614,133
TOTAL ASSETS	\$ 8,847,866
LIABILITIES	
Due to taxing districts	
Tax collections	\$ 6,473,574
Special assessments	84,148
Forest income	265,384
Accounts payable	3,124
Advance from general fund	10,102
Deposits payable	2,011,534
TOTAL LIABILITIES	\$ 8,847,866

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

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

2. Component Units

BLENDING COMPONENT UNIT

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

DISCRETELY PRESENTED

The component unit columns in the basic financial statements represent the financial data of the Marinette County Committee on Aging, Inc. (MCCA), the Marinette County Association for Business and Industry, Inc. (MCABI), and the Stephenson Public Library Foundation, Inc. They are reported in separate columns to emphasize that the entities are legally separate from the County. The MCCA is a not-for-profit corporation that provides services primarily in connection with the "Older Americans Program" for the elderly of Marinette County. The County annually provides significant operating subsidies to the MCCA. Audited financial statements for the MCCA can be obtained from their administrative office in Crivitz, Wisconsin. The MCCA expended less than \$500,000 in federal funds during 2013 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 2013, the MCCA's audited financial statements include an audit performed in accordance with the DHFS's Provider Agency Audit Guide. The MCABI is a not-for-profit corporation that pursues economic development activities throughout Marinette County. The County's officials are responsible for appointing two members to the board of directors of the MCABI. The County provides the majority of funding for the MCABI and therefore this organization is included in the County's reporting entity as a discretely presented component unit. Audited financial statement for MCABI can be obtained from their administrative office in the Marinette County courthouse. The Stephenson Public Library Foundation, Inc. is a not-for-profit corporation that enhances the Stephenson Public Library by supplementing certain costs of the Library. Audited financial statements for the Stephenson Public Library Foundation, Inc. can be obtained from their administrative office in Marinette, Wisconsin.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

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 2013, Marinette County remitted an operating subsidy of \$60,000. Marinette County's total net investment in the joint airport is \$2,484,501 as of December 31, 2013. Complete financial statements for the TCAC can be obtained from the TCAC's office at 2801 North 22nd Street, Menominee, Michigan.

4. Government-Wide and Fund Financial Statements

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

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

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

The County reports the following major governmental funds.

GENERAL FUND

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

COUNTY ROADS AND BRIDGES SERVICES SPECIAL REVENUE FUND

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

HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEBT SERVICE FUND

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

The County reports the following major enterprise funds:

HIGHWAY

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

SOLID WASTE

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

Additionally, the government reports the following fund types:

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

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

5. Measurement Focus and Basis of Accounting

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

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

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

6. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

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

b. Accounts Receivable

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

c. Interfund Receivables and Payables

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

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

d. Inventories

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

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Prepaid Items

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

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

f. Capital Assets

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

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

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

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

g. Compensated Absences

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County had two items that qualify for reporting in this category. 1). The Highway fund retirement system unfunded liability reported in the government-wide and proprietary funds statements of net position. The unfunded liability charge results from the previous pay off of the retirement liability. This amount is deferred and being amortized over a thirty year period. 2). A deferred charge on debt refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

i. Long-term Obligations

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

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

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

7. Use of Estimates

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

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, 2013.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

PRIMARY GOVERNMENT

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

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

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

The carrying amount of the County's cash and investments totaled \$41,962,641 on December 31, 2013 as summarized below:

Petty cash and cash on hand	\$ 5,071
Deposits with financial institutions	18,329,794
Investments	<u>23,627,776</u>
	<u>\$ 41,962,641</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 32,595,011
Restricted cash and investments	1,218,982
Fiduciary fund statement of net position	
Agency funds	<u>8,148,648</u>
	<u>\$ 41,962,641</u>

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

Custodial Credit Risk

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

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

As of December 31, 2013, \$9,113,773 of the County's deposits with financial institutions was in excess of federal and state depository insurance limits and uncollateralized.

Credit Risk

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

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Federal National Mortgage Association	\$ 7,253,923	\$ -	\$ 7,253,923	\$ -	\$ -
Federal Home Loan Bank	494,400	-	494,400	-	-
Federal Home Loan Mortgage Corporation	5,201,492	-	5,201,492	-	-
Governmental Home Loan Mortgage Association	2,938,549	-	2,938,549	-	-
Small Business Association	1,299,603	-	1,299,603	-	-
Corporate Paper	2,892,130	-	2,892,130	-	-
Wisconsin Local Government Investment Pool	2,849,184	-	-	-	2,849,184
Wisconsin Local Government Investment Pool - DNR	698,495	-	-	-	698,495
Totals	\$ 23,627,776	\$ -	\$ 20,080,097	\$ -	\$ 3,547,679

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

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.	\$ 7,253,923	21.5%
Federal Home Loan Bank (FHLB)	U.S.	494,400	1.5%
Federal Home Loan Mortgage Corporation (FHLMC)	U.S.	5,201,492	15.5%
Governmental National Mortgage Association (GNMA)	U.S.	2,938,549	8.8%
Small Business Association (SBA)	U.S.	1,299,603	4.0%
Corporate Paper	U.S.	2,892,130	8.6%

As of December 31, 2013, the County is not in violation of diversification limits as imposed by its investment policy.

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal National Mortgage Association	\$ 7,253,923	\$ 1,306,161	\$ -	\$ 5,947,762	\$ -
Federal Home Loan Bank	494,400	-	-	494,400	-
Federal Home Loan Mortgage Corporation	5,201,492	206,106	1,428,407	2,641,809	925,170
Governmental Home Loan Mortgage Association	2,938,549	-	-	2,778,014	160,535
Small Business Association	1,299,603	-	458,362	-	841,241
Corporate Paper	2,892,130	-	-	2,892,130	-
Wisconsin Local Government Investment Pool	2,849,184	2,849,184	-	-	-
Wisconsin Local Government Investment Pool - DNR	698,495	698,495	-	-	-
Totals	\$ 23,627,776	\$ 5,059,946	\$ 1,886,769	\$ 14,754,115	\$ 1,926,946

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Highly Sensitive Investments	Fair Value at Year End
Federal National Mortgage Association	\$ 7,253,923
Federal Home Loan Bank	494,400
Federal Home Loan Mortgage Corporation	5,201,492
Governmental National Mortgage Association	2,938,549
Small Business Association	1,299,603
Corporate Paper	2,892,130

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$3,547,679 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, 2013, 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, 2013 the investment cost was \$454,942 with a fair market value of \$461,145.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

2. Property Tax Apportionments

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

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

State apportionment	\$ 614,133
County apportionment	<u>15,056,435</u>
Total	<u><u>\$ 15,670,568</u></u>

The above County apportionment of \$15,056,435 is for financing 2014 operations and will be transferred in 2014 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds.

3. Delinquent Property Taxes - General Fund

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

On December 31, 2013, the County's general fund showed an investment of \$3,127,623 in delinquent taxes as follows:

Tax certificates	\$ 2,995,114
Tax deeds	<u>132,509</u>
Total	<u><u>\$ 3,127,623</u></u>

An aging of the total delinquent taxes of \$3,127,623 on December 31, 2013 follows:

Year Acquired	Total	Tax Certificates	Tax Deeds
Prior to 2007	\$ 18,457	\$ 3,170	\$ 15,287
2007	705	503	202
2008	4,109	530	3,579
2009	1,389	1,262	127
2010	6,275	4,666	1,609
2011	518,337	507,795	10,542
2012	938,796	897,275	41,521
2013	1,639,555	1,579,913	59,642
	<u><u>\$ 3,127,623</u></u>	<u><u>\$ 2,995,114</u></u>	<u><u>\$ 132,509</u></u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Of the total of \$3,127,623 for delinquent taxes, \$332,605 was collected by the County within 60 days after December 31, 2013. The remaining unpaid balance of \$2,795,018 is recorded as nonspendable fund balance for the general fund.

4. Restricted Assets

Restricted assets on December 31, 2013 totaled \$1,218,982 and consisted of cash and investments held for the following purposes:

Special Revenue Fund		
Solid waste long-term care	\$	309,039
Enterprise Fund		
Highway Retirees Health Insurance		172,102
Solid waste long-term care/closure		737,841
Total Restricted Assets	<u>\$</u>	<u>1,218,982</u>

5. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,727,110	\$ 96,365	\$ -	\$ 4,823,476
Capital assets, being depreciated:				
Buildings and improvements	44,097,249	334,783	80,000	44,352,032
Machinery and equipment	9,082,003	1,260,958	274,776	10,068,185
Infrastructure	52,030,380	2,458,102	843,637	53,644,845
Subtotals	<u>105,209,632</u>	<u>4,053,843</u>	<u>1,198,413</u>	<u>108,065,062</u>
Less accumulated depreciation for:				
Buildings and improvements	11,798,101	904,428	80,000	12,622,529
Machinery and equipment	6,847,033	717,343	213,127	7,351,249
Infrastructure	21,259,734	1,276,894	814,481	21,722,147
Subtotals	<u>39,904,868</u>	<u>2,898,665</u>	<u>1,107,608</u>	<u>41,695,925</u>
Total capital assets, being depreciated, net	<u>65,304,764</u>	<u>1,155,178</u>	<u>90,805</u>	<u>66,369,137</u>
Governmental activities capital assets, net	<u>\$ 70,031,874</u>	<u>\$ 1,251,543</u>	<u>\$ 90,805</u>	71,192,614
Less related long-term debt outstanding				<u>17,241,000</u>
Net investment in capital assets				<u>\$ 53,951,614</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 113,989	\$ -	\$ -	\$ 113,989
Capital assets, being depreciated:				
Land improvements	2,779,000	-	-	2,779,000
Buildings	4,798,350	125,000	-	4,923,350
Machinery and equipment	8,742,701	702,783	477,458	8,968,026
Subtotals	16,320,051	827,783	477,458	16,670,376
Less accumulated depreciation for:				
Land improvements	1,962,942	70,848	-	2,033,790
Buildings	2,374,498	180,818	-	2,555,316
Machinery and equipment	5,073,222	469,768	193,691	5,349,299
Subtotals	9,410,662	721,434	193,691	9,938,405
Total capital assets, being depreciated, net	6,909,389	106,349	283,767	6,731,971
Business-type activities capital assets, net	<u>\$ 7,023,378</u>	<u>\$ 106,349</u>	<u>\$ 283,767</u>	6,845,960
Less related long-term debt outstanding				<u>-</u>
Net investment in capital assets				<u>\$ 6,845,960</u>
Depreciation expense was charged to functions of the County as follows:				
Governmental activities				
General government				\$ 98,152
Public protection				769,030
Public ways and facilities				1,276,893
Health				69,073
Culture and recreation				48,365
Education				425,631
Forestry				72,838
Conservation and development				2,177
Allocated from internal service funds				136,506
Total depreciation expense - governmental activities				<u>\$ 2,898,665</u>
Business-type activities				
Highway				\$ 631,321
Solid waste				90,113
Total depreciation expense - business-type activities				<u>\$ 721,434</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

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, 2013 are detailed below:

	Interfund Receivables	Interfund Payables
Cash advance for cash flow.		
General Fund	\$ 756,871	\$ -
Health and Human Services Special Revenue Fund	-	756,871
Totals	<u>\$ 756,871</u>	<u>\$ 756,871</u>

Interfund transfers for the year ended December 31, 2013 were as follows:

	Transfer to:					Totals
	General Fund	County Roads and Bridges	Health & Human Services	Solid Waste Long-term Care	Information Services	
Transfers from:						
General fund	\$ -	\$ 762,700	\$ 52,725	\$ 50,000	\$ 82,947	\$ 948,372
Debt service	427,330	185,732	-	-	-	613,062
Forestry and parks developmer	292,826	-	-	-	-	292,826
Totals	<u>\$720,156</u>	<u>\$ 948,432</u>	<u>\$ 52,725</u>	<u>\$ 50,000</u>	<u>\$ 82,947</u>	<u>\$ 1,854,260</u>

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

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2013:

	Outstanding 1/1/13	Issued	Retired	Outstanding 12/31/13	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 18,065,000	\$ -	\$ 1,575,000	\$ 16,490,000	\$ 1,675,000
Notes	2,540,000	-	140,000	2,400,000	150,000
Total General Obligation Debt	<u>20,605,000</u>	<u>-</u>	<u>1,715,000</u>	<u>18,890,000</u>	<u>1,825,000</u>
Debt Premium	922,152	-	93,000	829,152	93,000
Post-employment health benefits payable	4,664,183	1,607,356	1,046,431	5,225,108	-
Compensated absences	2,229,966	178,944	-	2,408,910	240,891
Governmental activities Long-term obligations	<u>\$ 28,421,301</u>	<u>\$ 1,786,300</u>	<u>\$ 2,854,431</u>	<u>\$ 27,353,170</u>	<u>\$ 2,158,891</u>
Business-type activities:					
Post-employment health benefits payable					
	\$ 417,323	\$ -	\$ 127,379	\$ 289,944	\$ -
Compensated absences	146,493	-	26,691	119,802	11,980
Business-type activities Long-term obligations	<u>\$ 563,816</u>	<u>\$ -</u>	<u>\$ 154,070</u>	<u>\$ 409,746</u>	<u>\$ 11,980</u>

Total interest paid during the year on long-term debt totaled \$580,300.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$16,615,000 issued 3/15/12; \$225,000 due annually 2013 to 2022
interest 1.50% to 4.00 % \$ 16,490,000

Notes

\$3,250,000 issued 8/15/06; \$125,000 to \$2,100,000 due annually through 2016;
interest 3.75% to 4.0% 2,400,000

Total Outstanding General Obligation Debt \$ 18,890,000

Annual principal and interest maturities of the outstanding general obligation debt of \$18,890,000 on December 31, 2013 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2014	\$ 1,825,000	\$ 521,725	\$ 2,346,725
2015	1,850,000	490,225	2,340,225
2016	3,875,000	458,350	4,333,350
2017	1,800,000	333,600	2,133,600
2018	1,900,000	297,600	2,197,600
2019-2022	7,640,000	696,300	8,336,300
	<u>\$ 18,890,000</u>	<u>\$ 2,797,800</u>	<u>\$ 21,687,800</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, 2013 was \$163,193,786 as follows:

Equalized valuation of the County	\$ 3,618,807,800
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	180,940,390
Total outstanding general obligation debt applicable to debt limitation	\$ 18,890,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>1,143,396</u>
Net outstanding general obligation debt applicable to debt limitation	<u>17,746,604</u>
Legal Margin for New Debt	<u><u>\$ 163,193,786</u></u>

Advance Refunding

During 2012, the County advance refunded general obligation bonds issued from 2003. The County issued \$16,615,000 of general obligation refunding bonds to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The future debt service payments were called on December 1, 2013 and the debt is retired.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

8. Closure and Post-Closure Care Costs

The Marinette-Oconto (MAR-OCO) Joint Landfill is a solid waste landfill operation owned 50% by Marinette County and 50% by Oconto County. Marinette County records its 50% share of MAR-OCO's financial transactions in an enterprise fund on its financial statements. Federal and state laws and regulations require MAR-OCO to place covers on landfill increments as they are filled (closure costs) and to perform certain maintenance and monitoring functions (post-closure care) of the landfill site for forty years after the landfill stops accepting waste. Most closure costs are paid when individual landfill increments reach capacity for accepting waste and post-closure care costs will normally only be paid after the entire landfill stops accepting waste. In accordance with GASB Statement No. 18, MAR-OCO annually records an estimate of the closure and post-closure care costs as an operating expense during the life of the landfill based on landfill capacity used compared to total estimated capacity available. The resultant liabilities for these estimated operating expenses are reduced each year for actual payments made. An analysis of Marinette County's 50% share of the estimated liabilities for closure and post-closure care costs on December 31, 2013 follows:

	Landfill Closure Care	Landfill Post closure Care
Total estimated costs	\$ 986,856	\$ 2,451,280
Percentage of storage capacity used as of December 31, 2013	78.89%	53.75%
Total estimated liability for costs as of December 31, 2013	778,528	1,317,563
Less closure costs paid	678,725	-
Liabilities as of December 31, 2013	<u>\$ 99,803</u>	<u>\$ 1,317,563</u>

The above total costs of \$99,803 and \$1,317,563 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 \$1,317,563 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, 2013 was \$737,841. In addition, MAR-OCO has established an irrevocable letter of credit in the amount of \$900,000 (County share of \$450,000) to provide additional funding for landfill closure. In accordance with Wisconsin Statutes, the Wisconsin Department of Natural Resources is the beneficiary of the letter of credit.

9. Fund Equity

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

NONSPENDABLE FUND BALANCES

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

General Fund	
Prepaid items	\$ 18,015
Delinquent property taxes	2,795,018
Long-term loans receivable	437,025
Total Nonspendable Fund Balances	<u>\$ 3,250,058</u>

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

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, 2013, restricted fund balances consisted of the following:

General Fund

Sheriff Department honor guard uniforms	\$ 1,083
Sheriff Department canine	12,273
Family counseling	37,767
Veterans transportation	31,336
Wildlife habitat	12,008
County forest land acquisition	9,251
	103,718

Special Revenue Funds

Land records modernization	141,577
Teen court	3,377
Jail assessments	27,493
Dog licenses	1,000
Nicolet library grant	13,416
Library donations	145,310
Peshtigo library - McCauley trust	200,032
Peshtigo library - Falkenberg trust	21,977
Community Development Block Grant - Revolving Loans	188,484
	742,666

Total Restricted Fund Balances	\$ 846,384
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Restricted net position on the statement of net position includes all of the above restricted fund balances and the outstanding loan balance in the Community Development Block Grant fund of \$1,339,632, resulting in a total restricted balance of \$2,186,016.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

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, 2013, 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	188,605
Tourism	17,973
Land information	42,816
Environmental site assessment	23,679
	<u>21,331,981</u>
Special Revenue Funds	
County roads and bridges	444,615
Health and Human Services	747,597
Solid waste - long-term care	309,785
Forest and parks development	400,000
Revolving loan fund	316,648
	<u>2,218,645</u>
Debt Service Fund	<u>1,143,396</u>
Total Committed Fund Balances	<u><u>\$ 24,694,022</u></u>

ASSIGNED FUND BALANCES

Portions of governmental fund balances have been assigned to specific purposes by County management with approval of the County's Finance Committee. These amounts cannot be used for any other purpose unless the Finance Committee approves the change. At December 31, 2013, assigned fund balances consisted of the following:

General Fund	
Capital maintenance	\$ 336,617
Subsequent years budget	255,033
County Department budget carryovers	165,495
Total Assigned Fund Balances	<u><u>\$ 757,145</u></u>

UNASSIGNED FUND BALANCES

Unassigned fund balance on December 31, 2013 totaled \$6,263,703 and of that amount, \$2,220,003 was allocated for contingencies and \$1,850,003 was allocated for cash flow requirements.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

10. Minimum Fund Balance Policy

The County has adopted the following fund balance policy:

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

Budgeted 2014 General Fund Operating Expenditures	\$ 22,200,033
	17%
17% of total budgeted regular General Fund Expenditures	\$ 3,774,006

The General Fund unassigned fund balance on December 31, 2013 totaled \$6,263,703.

NOTE D - OTHER INFORMATION

1. Retirement Commitments

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

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one half of the actuarially determined contribution rate for employees in the General Employment category, including Teachers, Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2013 are:

	2013	
	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%
Executives & Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for County employees covered by the WRS for the year ended December 31, 2013 was \$16,137,715 the employer's total payroll was \$16,909,208. The total required contribution for the year ended December 31, 2013 was \$2,209,189, which consisted of \$1,135,088, or 7.0% of covered payroll from the employer and \$1,074,101, or 6.7% of covered payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$1,910,339 and \$1,894,233 respectively, equal to the required contributions for each year.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE D - OTHER INFORMATION (Continued)

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

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

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

2. Other Post-Employment Benefits

Plan Description - The County provides health insurance coverage for certain retired employees and their dependents; for a maximum of eight years after retirement or until the age of 70 is attained, whichever occurs first. The retired employees contribute various percentages as determined by bargained or other agreements. Any employees hired after December 31, 2011 are not eligible for retiree health insurance benefits. There are 160 active and 62 retired employees in the plan.

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

Component	Amount
Annual required contribution	\$ 1,908,382
Interest on net OPEB	201,735
Adjustment to annual required contribution	<u>(280,454)</u>
Annual OPEB cost (expense)	1,829,663
Contributions made	<u>(1,396,117)</u>
Change in net OPEB obligation	433,546
OPEB obligation - beginning of year	<u>5,081,506</u>
OPEB obligation - end of year	<u><u>\$ 5,515,052</u></u>

The annual required contribution for the current year was determined as part of the January 1, 2014 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.0% discount rate, and (b) projected salary increases at 2.5%.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE D - OTHER INFORMATION (Continued)

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll. The remaining amortization period at December 31, 2013 is 24 years, and the remaining amount is \$20,404,371.

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

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2011	\$ 2,157,088	65.05%	\$ 4,375,043
12/31/2012	2,003,096	64.73%	5,081,506
12/31/2013	1,829,663	76.30%	5,512,052

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

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

In the January 1, 2014 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 4.0% to discount expected liabilities to the valuation date. The 2015 and 2016 trend rates of 8.0% reflect the average annual change in costs (and premiums) from 2008 to 2012. Rates for 2025 and beyond are based on projections of the Office of Actuary at the Centers for Medicare & Medicaid Services, as published in *National Health Expenditures Projections: 2012-2022*. Rates for 2017 through 2024 are scaled between the 2016 and 2025 rates. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2013 was 24 years.

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE D - OTHER INFORMATION (Continued)

3. Risk Management

The County is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; or acts of God. The County has chosen to retain a portion of the risks through self-insurance programs and has also purchased insurance to transfer other risks to outside parties. Financial transactions for the foregoing are recorded in a self-insurance internal service fund. On December 31, 2013 the self-insurance internal service fund had a net position surplus of \$705,384 allocated to the following risk management programs:

Life insurance	\$ 14,925
Property and liability insurance	(28,246)
Workers compensation	718,705
Net Position	\$ 705,384

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

Property and Liability Insurance

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

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

Health Insurance

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

Workers Compensation

The County has established a self-insurance fund to finance workers compensation awards for County employees. The program is funded by charges to County departments. The program also is supplemented by stop loss protection, which limits the County's annual liability. Fund expenses and the accrual of claim liabilities are accounted for in the same manner as discussed previously for the health self-insurance program. Changes in the fund's claims liability amount for 2012 and 2013 follow:

		Liability January 1		Current Year Claims and Changes in Estimates		Claim Payments		Liability December 31
2012	\$	-	\$	200,109	\$	200,109	\$	-
2013		-		303,446		303,446		-

MARINETTE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE D - OTHER INFORMATION (Continued)

4. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2013 and 2014 budget years, the increase in the maximum allowable tax levy was limited to the greater of the percentage change in the County's January 1 equalized value as a result of net new construction. The actual limit for the County for the 2013 budget was 1.04%. For the 2014 budget year, the actual limit for the County 1.03%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In additions, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2006 and in certain other situations.

5. Contingencies

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

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

6. Subsequent Events

The County issued \$9,435,000 of tax exempt general obligation promissory notes priced on February 1, 2014 with principal amounts of \$635,000 to \$4,000,000 due annually through 2023, rates on the issue range from 1% to 3%.

REQUIRED SUPPLEMENTARY INFORMATION

MARINETTE COUNTY, WISCONSIN
Schedule of Funding Progress
Other Post-Employment Benefit Plan
For the Year Ended December 31, 2013

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

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

MARINETTE COUNTY, WISCONSIN
 Schedule of Employer Contributions
 Other Post-Employment Benefit Plan
 For the Year Ended December 31, 2013

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

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

SUPPLEMENTARY INFORMATION

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues
General Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes				
General property	\$ 9,784,955	\$ 9,784,955	\$ 9,784,955	\$ -
Forest crop	45,000	45,000	39,392	(5,608)
Payment in lieu of taxes	276,000	276,000	283,394	7,394
Retained sales taxes	150	150	157	7
Real estate transfer fees	75,000	75,000	66,317	(8,683)
Interest on taxes	600,000	600,000	634,393	34,393
Total Taxes	10,781,105	10,781,105	10,808,608	27,503
Intergovernmental				
Federal aids				
SSA inmate incentive program	6,000	6,000	5,042	(958)
State aids				
Shared and Utility taxes	1,462,277	1,462,277	1,445,886	(16,391)
Exempt computers	39,000	39,000	36,570	(2,430)
Land information	225,000	227,281	167,444	(59,837)
Victim witness program	25,937	25,937	29,623	3,686
Circuit court	164,093	164,093	163,021	(1,072)
Forest roads	70,479	70,479	70,230	(249)
Police training/ATV/Snowmobile/Other	116,480	117,669	76,313	(41,356)
Boat and water safety	13,600	13,600	8,195	(5,405)
Emergency government	63,514	62,121	60,741	(1,380)
Hazmat	10,000	27,554	23,907	(3,647)
Homeland security funding	36,873	102,518	86,753	(15,765)
Transportation	135,983	137,198	137,198	-
Child support program	552,117	554,567	544,087	(10,480)
ATV\Snowmobile trails and areas	489,333	489,333	299,480	(189,853)
Wildlife habitat management	123,989	123,989	119,445	(4,544)
Targeted Run-Off Management (watershed)	750,000	750,000	651,999	(98,001)
S.W.R.M. automation grant	185,000	211,783	220,072	8,289
Forestry administrator	52,753	52,753	48,312	(4,441)
Hazard mitigation grant	3,915	3,915	3,394	(521)
Kirtland Warbler Grant	-	15,295	5,520	(9,775)
Knowles-Nelson Grant	-	99,400	99,448	48
Sustainable forestry grant	3,000	16,000	10,266	(5,734)
Veterans service	10,000	10,000	10,000	-
Aquatic invasive species	62,881	62,881	19,184	(43,697)
Charges for services				
Sheriff - local	54,107	54,107	31,453	(22,654)
Sheriff - state	135,200	135,200	105,794	(29,406)
Clerk	11,300	11,300	6,409	(4,891)
Finance	64,900	64,900	64,900	-
Forestry	42,363	96,223	88,738	(7,485)
Land information	37,000	37,000	39,008	2,008
Extension	2,774	2,774	2,774	-
Total Intergovernmental	4,949,868	5,247,147	4,681,206	(565,941)

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Regulation and Compliance				
Zoning permits and fees	30,800	30,800	24,210	(6,590)
Sanitary permits/reviews	84,000	84,000	72,160	(11,840)
Non-metallic mining fees	26,000	26,000	21,639	(4,361)
Occupational licenses	40	40	40	-
County ordinance forfeitures and defaults	106,500	106,500	124,818	18,318
County's share of state fines and forfeitures	83,000	83,000	71,391	(11,609)
County share agriculture use penalty	1,000	1,000	100	(900)
Total Regulation and Compliance	331,340	331,340	314,358	(16,982)
Charges For Services				
Clerk	3,525	3,525	4,070	545
Treasurer	64,675	64,675	61,654	(3,021)
Child support	8,870	8,870	9,442	572
Circuit court	134,000	141,073	135,109	(5,964)
Witness fees	1,200	1,200	1,119	(81)
Family court counseling	10,000	10,000	8,035	(1,965)
Guardian ad litem fees	84,250	84,250	78,836	(5,414)
District Attorney	6,500	6,500	8,356	1,856
Register of deeds	279,100	279,100	267,381	(11,719)
Sheriff fees	223,892	265,694	253,628	(12,066)
Board of prisoners at county jail	129,000	129,000	114,942	(14,058)
Inmate reimbursements	116,900	116,900	95,797	(21,103)
Jail canteen	22,000	22,000	34,492	12,492
Accident photos and reports	2,000	2,000	1,754	(246)
Coroner fees	40,020	40,020	39,670	(350)
Library	34,000	34,000	32,284	(1,716)
Parks	168,500	168,500	186,601	18,101
County forest	2,332,217	2,332,217	2,429,937	97,720
Land information	103,656	137,266	93,900	(43,366)
Human Resources	-	-	99	99
Camp Bird	60,000	60,000	66,872	6,872
Extension program	16,619	16,619	11,243	(5,376)
Total Charges For Services	3,840,924	3,923,409	3,935,221	11,812
Commercial				
Investment income	600,000	600,000	(175,537)	(775,537)
Other - Interest	12,136	12,136	11,001	(1,135)
Rent of county buildings and offices	30,496	30,496	26,878	(3,618)
Land leases	16,380	16,380	17,186	806
Sale of county property	40,500	40,500	43,019	2,519
Total Commercial	699,512	699,512	(77,453)	(776,965)

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues (Continued)
General Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous				
Revenues from departments				
Human services buildings	340,085	340,085	340,085	-
Library building	61,801	61,801	61,801	-
Motor pool	15,664	15,664	15,664	-
Maintenance other	121	121	4,105	3,984
Family court commissioner	1,200	1,200	1,261	61
Clerk of court	5,000	5,000	23,100	18,100
Corporation counsel	1,571	1,571	1,520	(51)
Finance	24,066	45,726	53,261	7,535
District Attorney	10,000	10,000	14,767	4,767
CDBG and MAR-OCO administrative	19,400	19,400	24,381	4,981
Human resources	7,500	7,510	6,536	(974)
Emergency management	-	-	430	430
Donations	22,500	24,400	24,796	396
Insurance recoveries	-	74,178	100,664	26,486
Total Miscellaneous	<u>508,908</u>	<u>606,656</u>	<u>672,371</u>	<u>65,715</u>
 Total Revenues	 <u>\$ 21,111,657</u>	 <u>\$ 21,589,169</u>	 <u>\$ 20,334,311</u>	 <u>\$ (1,254,858)</u>

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures
General Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government				
County board	\$ 227,260	\$ 230,659	\$ 211,460	\$ 19,199
Administrator	182,511	198,429	198,429	-
Clerk	151,527	167,640	163,156	4,484
Treasurer	237,859	251,304	249,519	1,785
Finance	1,041,012	668,297	647,691	20,606
Elections	34,750	34,750	22,296	12,454
Property management	28,363	28,363	20,528	7,835
Human resources	157,791	177,344	177,096	248
Independent auditing	26,000	26,000	23,665	2,335
Special accounting	5,567	5,567	5,567	-
District attorney	246,292	264,967	250,268	14,699
Victim witness program	55,186	56,668	56,668	-
Corporation counsel	167,453	199,631	189,703	9,928
Circuit court	296,915	332,148	332,148	-
Clerk of court	579,392	513,663	504,090	9,573
Family court commissioner	82,031	143,333	138,802	4,531
Family court commissioner - mediation services	10,000	10,000	10,000	-
Law library	10,000	10,000	3,752	6,248
Coroner	108,856	112,263	112,263	-
Register of deeds	292,610	292,557	247,968	44,589
Land information	917,988	1,000,430	1,000,430	-
Courthouse	1,748,471	1,971,955	1,711,355	260,600
Tax deed expense	29,475	29,475	25,372	4,103
Personal property chargeback	3,000	3,000	991	2,009
Illegal taxes	2,000	16,360	16,360	-
Employee health insurance	42,150	43,032	43,032	-
Retirees health insurance	816,560	814,284	807,543	6,741
State special charges	1,798	1,798	1,798	-
Paying agent service charges	380	575	575	-
Contingency	420,000	-	-	-
Total General Government	7,923,197	7,604,492	7,172,525	431,967
Public Protection				
Sheriff and traffic	3,942,335	4,191,527	4,168,213	23,314
Central Dispatch	1,361,148	1,413,347	1,393,801	19,546
MEG unit	95,826	110,874	110,874	-
Civil service commission	2,000	2,000	788	1,212
Fire suppression	1,500	2,699	2,699	-
Emergency management	49,900	57,323	57,150	173
Emergency management EMPG grant	41,222	48,626	48,170	456
Emergency management EPCRA grant	20,093	20,270	20,270	-
Emergency management hazmat grants	10,000	27,554	26,066	1,488
Emergency management other grants	15,000	80,963	75,221	5,742
Emergency 911 system	-	150,000	146,393	3,607
Ambulance and rescue squads	32,050	32,050	29,930	2,120
Jail	2,648,719	2,701,008	2,700,968	40
Total Public Protection	8,219,793	8,838,241	8,780,543	57,698

(Continued)

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures (Continued)
General Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Ways and Facilities				
Airport	85,700	108,200	104,936	3,264
Health				
Committee on aging	305,019	305,019	304,704	315
Child support program	669,493	675,018	633,905	41,113
Employee wellness	15,000	15,000	15,000	-
Veterans relief	4,520	5,210	4,426	784
Veterans service officer	166,886	172,751	170,890	1,861
Burial of veterans	3,000	3,000	2,111	889
Total Health	<u>1,163,918</u>	<u>1,175,998</u>	<u>1,131,036</u>	<u>44,962</u>
Culture and Recreation				
Library	959,420	911,102	880,292	30,810
Fairs and exhibits	10,000	10,000	10,000	-
Snowmobile/ATV trails/Water Recreation	502,429	502,429	313,802	188,627
Parks	690,742	695,630	680,241	15,389
Total Culture and Recreation	<u>2,162,591</u>	<u>2,119,161</u>	<u>1,884,335</u>	<u>234,826</u>
Education				
University extension program	298,924	324,326	313,909	10,417
U.W. Center	56,000	56,000	55,863	137
Total Education	<u>354,924</u>	<u>380,326</u>	<u>369,772</u>	<u>10,554</u>
Forestry				
County forest	1,088,447	1,127,851	1,055,042	72,809
Forestry Roads	-	106,388	106,388	-
Forestry equipment	124,500	162,500	145,608	16,892
Total Forestry	<u>1,212,947</u>	<u>1,396,739</u>	<u>1,307,038</u>	<u>89,701</u>
Conservation and Development				
Camp Bird	147,209	147,424	140,052	7,372
Wildlife habitat management	18,920	18,906	6,459	12,447
Wildlife damage	112,453	113,881	108,391	5,490
Hazardouse Mitigation Grant	-	6,790	6,787	3
Kirtland Warbler Grant	-	19,403	5,520	13,883
Contributions to sports clubs	2,352	2,352	876	1,476
Lake Noquebay dam	13,000	23,000	14,068	8,932
Aquatic invasive species and other lake grants	64,181	64,540	34,888	29,652
Yellow Floating Heart Grant	-	14,263	6,637	7,626
Land conservation grant	9,688	9,688	8,243	1,445
S.W.R.M. automation grant	244,568	262,572	262,032	540
Targeted run-off management	750,000	750,000	651,999	98,001
Non-metallic mining	34,040	34,040	22,012	12,028
Property site assessment	200,000	200,000	134,703	65,297
Regional planning commission	17,766	17,766	17,766	-
Conservation Camp	7,750	7,750	6,912	838
Tourism	95,000	94,348	94,348	-
Economic development	83,438	83,438	83,438	-
Total Conservation and Development	<u>1,800,365</u>	<u>1,870,161</u>	<u>1,605,131</u>	<u>265,030</u>
Total Expenditures	<u>\$ 22,923,435</u>	<u>\$ 23,493,318</u>	<u>\$ 22,355,316</u>	<u>\$ 1,138,002</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

MARINETTE COUNTY, WISCONSIN

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	Special Revenue Funds						
	Library Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust	Forestry & Parks Development
ASSETS							
Pooled cash and investments	\$ 14,060	\$ -	\$ 7,186	\$ 146,300	\$ 199,872	\$ 21,872	\$ 407,673
Receivables							
Accounts	-	-	96	702	-	-	-
Interest	-	746	-	-	989	105	-
Loans	-	-	-	-	-	-	-
Restricted assets							
Pooled cash and investments	-	309,039	-	-	-	-	-
TOTAL ASSETS	\$ 14,060	\$ 309,785	\$ 7,282	\$ 147,002	\$ 200,861	\$ 21,977	\$ 407,673
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 644	\$ -	\$ 6,282	\$ 1,692	\$ 829	\$ -	\$ 7,673
Deferred Inflows of Resources							
Loans	-	-	-	-	-	-	-
Fund Balances							
Restricted	13,416	-	1,000	145,310	200,032	21,977	-
Committed	-	309,785	-	-	-	-	400,000
Total Fund Balances	13,416	309,785	1,000	145,310	200,032	21,977	400,000
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,060	\$ 309,785	\$ 7,282	\$ 147,002	\$ 200,861	\$ 21,977	\$ 407,673

(Continued)

MARINETTE COUNTY, WISCONSIN

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	Special Revenue Funds (Continued)					Totals 2013
	Jail Assessments	Land Records Modernization	Revolving Loan Fund	Teen Court	Community Development Block Grant	
ASSETS						
Pooled cash and investments	\$ 27,682	\$ 145,547	\$ 324,106	\$ 3,332	\$ 195,453	\$ 1,493,083
Receivables						
Accounts	3,381	280	-	45	-	4,504
Interest	-	-	-	-	-	1,840
Loans	-	-	1,020,128	-	1,339,632	2,359,760
Restricted assets						
Pooled cash and investments	-	-	-	-	-	309,039
TOTAL ASSETS	\$ 31,063	\$ 145,827	\$ 1,344,234	\$ 3,377	\$ 1,535,085	\$ 4,168,226
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 3,570	\$ 4,250	\$ 7,458	\$ -	\$ 6,969	\$ 39,367
Deferred Inflows of Resources						
Loans	-	-	1,020,128	-	1,339,632	2,359,760
Fund Balances						
Restricted	27,493	141,577	-	3,377	188,484	742,666
Committed	-	-	316,648	-	-	1,026,433
Total Fund Balances	27,493	141,577	316,648	3,377	188,484	1,769,099
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 31,063	\$ 145,827	\$ 1,344,234	\$ 3,377	\$ 1,535,085	\$ 4,168,226

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Special Revenue Funds						
	Grants	Solid Waste Long-term Care	Dog License	Library Donation	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust	Forestry & Parks Development
Revenues							
Intergovernmental							
State aid	\$ 4,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regulations and compliance - fees	-	-	6,232	-	-	-	14,880
Charges for services	-	-	-	-	-	-	38,670
Commercial							
Loan Repayments							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Interest on investments	-	2,751	-	-	1,995	212	-
Sale of County property	-	-	-	-	-	-	363,314
Miscellaneous							
Donations	-	-	-	8,538	-	-	-
Total Revenues	<u>4,650</u>	<u>2,751</u>	<u>6,232</u>	<u>8,538</u>	<u>1,995</u>	<u>212</u>	<u>416,864</u>
Expenditures							
General government	-	-	-	-	-	-	-
Public protection	-	-	-	-	-	-	-
Public ways and facilities	-	22,325	-	-	-	-	-
Health	-	-	6,232	-	-	-	-
Culture and recreation	3,552	-	-	13,817	4,301	134	124,038
Conservation and development	-	-	-	-	-	-	-
Total Expenditures	<u>3,552</u>	<u>22,325</u>	<u>6,232</u>	<u>13,817</u>	<u>4,301</u>	<u>134</u>	<u>124,038</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,098</u>	<u>(19,574)</u>	<u>-</u>	<u>(5,279)</u>	<u>(2,306)</u>	<u>78</u>	<u>292,826</u>
Other Financing Sources (Uses)							
Transfer in (out)	-	50,000	-	-	-	-	(292,826)
Net Change in Fund Balance	1,098	30,426	-	(5,279)	(2,306)	78	-
Fund Balance - January 1	<u>12,318</u>	<u>279,359</u>	<u>1,000</u>	<u>150,589</u>	<u>202,338</u>	<u>21,899</u>	<u>400,000</u>
Fund Balance - December 31	<u>\$ 13,416</u>	<u>\$ 309,785</u>	<u>\$ 1,000</u>	<u>\$ 145,310</u>	<u>\$ 200,032</u>	<u>\$ 21,977</u>	<u>\$ 400,000</u>

(Continued)

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Special Revenue Funds (Continued)					Totals 2013
	Jail Assessments	Land Records Modernization	Revolving Loan Fund	Teen Court	Community Development Block Grant	
Revenues						
Intergovernmental						
State aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,650
Regulations and compliance - fees	38,808	77,876	-	-	-	137,796
Charges for services	-	-	-	-	-	38,670
Commercial						
Loan Repayments						
Principal	-	-	129,349	-	77,556	206,905
Interest	-	-	33,666	-	29,129	62,795
Interest on investments	-	-	655	-	499	6,112
Sale of County property	-	-	-	-	-	363,314
Miscellaneous						
Donations	-	-	-	210	-	8,748
Total Revenues	38,808	77,876	163,670	210	107,184	828,990
Expenditures						
General government	-	37,782	-	1,042	-	38,824
Public protection	262,292	-	-	-	-	262,292
Public ways and facilities	-	-	-	-	-	22,325
Health	-	-	-	-	-	6,232
Culture and recreation	-	-	-	-	-	145,842
Conservation and development	-	-	9,100	-	16,078	25,178
Total Expenditures	262,292	37,782	9,100	1,042	16,078	500,693
Excess (Deficiency) of Revenues Over Expenditures	(223,484)	40,094	154,570	(832)	91,106	328,297
Other Financing Sources (Uses)						
Transfer in (out)	-	-	-	-	-	(242,826)
Net Change in Fund Balance	(223,484)	40,094	154,570	(832)	91,106	85,471
Fund Balance - January 1	250,977	101,483	162,078	4,209	97,378	1,683,628
Fund Balance - December 31	\$ 27,493	\$ 141,577	\$ 316,648	\$ 3,377	\$ 188,484	\$ 1,769,099

INTERNAL SERVICE FUNDS

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

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

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

MARINETTE COUNTY, WISCONSIN
Combining Statement of Net Position
Internal Service Funds
December 31, 2013

	Self- Insurance	Information Services	Central Motor Pool	Totals 2013
ASSETS				
Current Assets				
Pooled cash and investments	\$ 397,185	\$ 401,964	\$ 60,483	\$ 859,632
Receivables				
Accounts	-	1,553	-	1,553
Property taxes levied for subsequent year	29,455	-	-	29,455
Prepays	309,133	11,381	-	320,514
Inventories	-	34,908	-	34,908
Total Current Assets	735,773	449,806	60,483	1,246,062
Capital Assets				
Machinery and equipment	-	762,733	698,698	1,461,431
Accumulated depreciation	-	(321,739)	(535,125)	(856,864)
Net Capital Assets	-	440,994	163,573	604,567
TOTAL ASSETS	735,773	890,800	224,056	1,850,629
LIABILITIES				
Current Liabilities				
Accounts payable	1	38,955	2,365	41,321
Accrued liabilities	933	9,318	-	10,251
TOTAL CURRENT LIABILITIES	934	48,273	2,365	51,572
DEFERRED INFLOWS OF RESOURCES				
Property taxes	29,455	-	-	29,455
NET POSITION				
Net invested in capital assets	-	440,994	163,573	604,567
Unrestricted	705,384	401,533	58,118	1,165,035
	\$ 705,384	\$ 842,527	\$ 221,691	\$ 1,769,602

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2013

	Self- Insurance	Information Services	Central Motor Pool	Totals 2013
Operating Revenues				
Charges for services	\$ 581,904	\$ 1,161,354	\$ 184,976	\$ 1,928,234
Operating Expenses				
Claims and premiums	718,079	-	-	718,079
Operation and maintenance	-	946,482	125,420	1,071,902
Depreciation	-	61,981	74,526	136,507
Total Operating Expenses	718,079	1,008,463	199,946	1,926,488
Operating Income (Loss)	(136,175)	152,891	(14,970)	1,746
Nonoperating Revenues (Expenses)				
General property taxes	30,000	-	-	30,000
Insurance recoveries/dividends	23,560	-	2,459	26,019
Gain (Loss) on disposal of assets	-	(22,903)	3,695	(19,208)
Miscellaneous Revenue	-	-	30,547	30,547
Total Nonoperating Revenues (Expenses)	53,560	(22,903)	36,701	67,358
Change in Net Position	(82,615)	129,988	21,731	69,104
Transfer In	-	82,947	-	82,947
Total Net Position - January 1	787,999	629,592	199,960	1,617,551
Total Net Position - December 31	\$ 705,384	\$ 842,527	\$ 221,691	\$ 1,769,602

MARINETTE COUNTY, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2013

	Self- Insurance	Information Services	Central Motor Pool	Totals 2013
Cash Flows from Operating Activities				
Receipts from customers/insured	\$ -	\$ 2,500	\$ -	\$ 2,500
Internal activity - payments from other funds	611,904	1,158,983	184,976	1,955,863
Payment to employees	(45,350)	(506,584)	-	(551,934)
Payment to suppliers/providers	(779,974)	(478,231)	(125,800)	(1,384,005)
Net Cash Provided (Used) by Operating Activities	(213,420)	176,668	59,176	22,424
Cash Flows from Noncapital Financing Activities				
Property taxes	30,000	-	-	30,000
Insurance recoveries	23,560	-	2,459	26,019
Net Cash Provided by Noncapital Financing Activities	53,560	-	2,459	56,019
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	-	(192,290)	(132,084)	(324,374)
Proceeds from sale of assets	-	1,170	9,851	11,021
Transfer from general fund	-	82,947	-	82,947
Contributed Capital	-	-	30,547	30,547
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(108,173)	(91,686)	(199,859)
Increase (Decrease) in Cash and Cash Equivalents	(159,860)	68,495	(30,051)	(121,416)
Cash and Cash Equivalents - January 1	557,045	333,469	90,534	981,048
Cash and Cash Equivalents - December 31	\$ 397,185	\$ 401,964	\$ 60,483	\$ 859,632
Displayed as:				
Current Assets				
Pooled cash and investments	\$ 397,185	\$ 401,964	\$ 60,483	\$ 859,632
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (loss)	\$ (136,175)	\$ 152,891	\$ (14,970)	\$ 1,746
Depreciation	-	61,981	74,526	136,507
Change in assets and liabilities:				
Receivables, net	30,000	129	-	30,129
Prepaid items	(77,553)	(2,585)	-	(80,138)
Accounts and other payables	(29,692)	(35,748)	(380)	(65,820)
Net Cash Provided (Used) by Operating Activities	\$ (213,420)	\$ 176,668	\$ 59,176	\$ 22,424

MARINETTE COUNTY, WISCONSIN
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2013

	Agency Funds								Totals 2013
	State Tax Appor- tionment	District Taxes and Collections	Human Services Protective Payee	Sheriff Inmate	Clerk of Court Deposits	MAR-OCO Landfill Deposits	Section 125 Flex Plan	Employee Wellness Program	
ASSETS									
Cash and investments	\$ -	\$ 6,134,493	\$ 96,411	\$ 34,532	\$ 507,523	\$ 1,361,630	\$ -	\$ 14,059	\$ 8,148,648
Receivables									
Accounts receivable	-	-	-	-	-	-	10,605	-	10,605
Delinquent property taxes	-	74,480	-	-	-	-	-	-	74,480
Property taxes levied for subsequent year	614,133	-	-	-	-	-	-	-	614,133
TOTAL ASSETS	<u>\$ 614,133</u>	<u>\$ 6,208,973</u>	<u>\$ 96,411</u>	<u>\$ 34,532</u>	<u>\$ 507,523</u>	<u>\$ 1,361,630</u>	<u>\$ 10,605</u>	<u>\$ 14,059</u>	<u>\$ 8,847,866</u>
LIABILITIES									
Liabilities									
Due to taxing districts									
Tax collections	\$ 614,133	\$ 5,859,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,473,574
Special assessments	-	84,148	-	-	-	-	-	-	84,148
Forest income	-	265,384	-	-	-	-	-	-	265,384
Accounts payable	-	-	-	-	-	-	503	2,621	3,124
Advance from general fund	-	-	-	-	-	-	10,102	-	10,102
Deposits payable	-	-	96,411	34,532	507,523	1,361,630	-	11,438	2,011,534
TOTAL LIABILITIES	<u>\$ 614,133</u>	<u>\$ 6,208,973</u>	<u>\$ 96,411</u>	<u>\$ 34,532</u>	<u>\$ 507,523</u>	<u>\$ 1,361,630</u>	<u>\$ 10,605</u>	<u>\$ 14,059</u>	<u>\$ 8,847,866</u>

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



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

To the County Board
Marinette County, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marinette County, Wisconsin, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Marinette County, Wisconsin's basic financial statements, and have issued our report thereon dated June 27, 2014. Our report includes a reference to other auditors who audited the financial statements of the Marinette County Committee on Aging, Inc. and the Stephenson Public Library Foundation, Inc., as described in our report on Marinette County, Wisconsin's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
June 27, 2014

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE



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

To the County Board
Marinette County, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Marinette County, Wisconsin's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Marinette County, Wisconsin's major federal and state programs for the year ended December 31, 2013. Marinette County, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Marinette County, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133 and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Marinette County, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Marinette County, Wisconsin's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Marinette County, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013.



Report on Internal Control Over Compliance

Management of Marinette County, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Marinette County, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Marinette County, Wisconsin's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-001 that we consider to be a significant deficiency.

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

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



Certified Public Accountants
Green Bay, Wisconsin
June 27, 2014

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
FEDERAL PROGRAMS		
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Special Supplemental Nutrition Program for Women, Infants and Children	WI Department of Health Services	10.557
State Administrative Matching Grants for Food Stamp Program	WI Department of Health Services	10.561
State Administrative Matching Grants for Food Stamp Program	Brown County	10.561
Total State Administrative Matching Grants for Food Stamp Program		
WIC Farmers' Market Nutrition Program	WI Department of Health Services	10.572
Total U.S. Department of Agriculture		
<u>U.S. DEPARTMENT OF THE INTERIOR FISH AND WILDLIFE SERVICES</u>		
Fish and Wildlife Management Assistance	Direct Program	15.608
National Fire Plan	WI Department of Natural Resources	15.228
Total U.S. Department of the Interior Fish and Wildlife Services		
<u>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		
Alcohol Impaired Driving Countermeasures Incentive grants	WI Department of Transportation	20.601
Seatbelt Enforcement	WI Department of Transportation	20.609
Total Highway Safety Cluster		
Hazmat Public Sector Training and Planning Grants	WI Department of Military Affairs	20.703
Total U.S. Department of Transportation		
<u>ENVIRONMENTAL PROTECTION AGENCY</u>		
State Indoor Radon Grants	WI Department of Health Services	66.032
Great Lakes Program	WI Department of Natural Resources	66.469
ARRA - Brownfield Assessment and Cleanup Cooperative Agreements	Direct Program	66.818
Total Environmental Protection Agency		
<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
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Public Health Emergency Preparedness	WI Department of Health Services	93.069
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	WI Department of Health Services	93.074
Immunization Cluster		
Childhood Immunization Grants	WI Department of Health Services	93.268
PPHF 2012 National Public Health Improvement Initiative	WI Department of Health Services	93.507
Family Preservation and Support Services	WI Department of Children and Families	93.556
Temporary Assistance for Needy Families	WI Department of Health Services	93.558
Temporary Assistance for Needy Families	Brown County	93.558
Temporary Assistance for Needy Families	WI Department of Children and Families	93.558
Total Temporary Assistance for Needy Families		

(Continued)

(Accrued) Deferred Revenue 1/1/13	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/13	Total Revenues	Total Expenditures
\$ (19,811)	\$ 191,204	\$ 13,149	\$ 184,542	\$ 184,542
-	-	-	-	-
(60,018)	207,309	65,897	213,188	213,188
(60,018)	207,309	65,897	213,188	213,188
(68)	68	-	-	-
(79,897)	398,581	79,046	397,730	397,730
-	11,000	-	11,000	11,000
-	-	3,394	3,394	3,394
-	11,000	3,394	14,394	14,394
(1,783)	10,044	-	8,261	8,261
-	4,000	-	4,000	4,000
(1,783)	14,044	-	12,261	12,261
(3,287)	41,583	6,056	44,352	44,352
-	8,282	-	8,282	8,282
(5,070)	63,909	6,056	64,895	64,895
-	16,646	-	16,646	16,646
(5,070)	80,555	6,056	81,541	81,541
(1,875)	1,875	-	-	-
(9,581)	9,581	-	-	-
(109,961)	196,436	39,117	125,592	125,592
(121,417)	207,892	39,117	125,592	125,592
-	36,664	-	36,664	36,664
(13,979)	15,314	-	1,335	1,335
-	19,879	8,187	28,066	28,066
(3,370)	11,860	2,546	11,036	11,036
-	3,061	1,939	5,000	5,000
(17,174)	39,872	20,129	42,827	42,827
-	87,451	-	87,451	87,451
(1,940)	6,359	1,623	6,042	6,042
(29,224)	193,471	34,034	198,281	198,281
(31,164)	287,281	35,657	291,774	291,774

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2013

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number
FEDERAL PROGRAMS (Continued)		
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>		
Child Support Enforcement (Title IV-D)	WI Department of Children and Families	93.563
Low Income Home Energy Assistance	WI Department of Administration	93.568
Child Care Development Fund	WI Department of Children and Families	93.596
Chafee Education and Training Vouchers	WI Department of Children and Families	93.599
Child Welfare Services - State Grants	WI Department of Children and Families	93.645
Child Welfare Services - State Grants	WI Department of Corrections	93.645
Total Child Welfare Services - State Grants		
Foster Care (Title IV-E)	WI Department of Children and Families	93.658
Foster Care (Title IV-E)	WI Department of Corrections	93.658
Total Foster Care (Title IV-E)		
Social Services Block Grant	WI Department of Health Services	93.667
Social Services Block Grant	WI Department of Children and Families	93.667
Total Social Services Block Grant		
Youth Independent Living	WI Department of Children and Families	93.674
State Children's Insurance Program	WI Department of Health Services	93.767
State Children's Insurance Program	Brown County	
Total State Children's Insurance Program		
Medical Assistance Program		93.778
Human Services	WI Department of Health Services	
Human Services - TPA	WI Department of Health Services	
Human Services	Brown County	
Public Health	WI Department of Health Services	
Total Medical Assistance Program		
Centers for Medicare and Medicaid Services Research, Demonstrations & Evaluations	WI Department of Health Services	93.779
Block Grants for Community Mental Health Services	WI Department of Health Services	93.958
Block Grants for Prevention and Treatment of Substance Abuse	WI Department of Health Services	93.959
Preventive Health and Social Services Block Grant	WI Department of Health Services	93.991
Material and Child Health Services Block Grant	WI Department of Health Services	93.994
Total U.S. Department of Health and Human Services		
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>		
Emergency Management Performance Grants	WI Department of Military Affairs	97.042
Pre-Disaster Mitigation Grant (PDM)	WI Department of Military Affairs	97.017
Port Security Grant Program	Direct Program	97.056
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 1/1/13	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/13	Total Revenues	Total Expenditures
(138,726)	505,832	131,985	499,091	499,091
(30,826)	77,094	25,188	71,456	71,456
(11,136)	46,155	11,628	46,647	46,647
-	146	223	369	369
-	23,018	-	23,018	23,018
(1,017)	6,760	(713)	5,030	5,030
(1,017)	29,778	(713)	28,048	28,048
(375)	142,987	289	142,901	142,901
(1,626)	10,239	(1,069)	7,544	7,544
(2,001)	153,226	(780)	150,445	150,445
-	154,300	(5)	154,295	154,295
-	63,000	-	63,000	63,000
-	217,300	(5)	217,295	217,295
(15,399)	15,439	14,743	14,783	14,783
-	-	-	-	-
(11,231)	38,220	11,288	38,277	38,277
(11,231)	38,220	11,288	38,277	38,277
(808,933)	3,782,025	873,463	3,846,555	3,846,555
-	261,374	-	261,374	261,374
(83,229)	284,020	86,152	286,943	286,943
(239)	1,190	-	951	951
(892,401)	4,328,609	959,615	4,395,823	4,395,823
-	47,306	23,779	71,085	71,085
(8,294)	82,234	13,503	87,443	87,443
(7,307)	75,639	6,841	75,173	75,173
-	4,798	-	4,798	4,798
(3,250)	18,894	-	15,644	15,644
(1,187,275)	6,017,937	1,265,753	6,096,415	6,096,415
(25,067)	49,428	23,809	48,170	48,170
(12,333)	-	27,446	15,113	15,113
(19,771)	59,008	-	39,237	39,237
(57,171)	108,436	51,255	102,520	102,520
<u>\$ (1,450,830)</u>	<u>\$ 6,861,065</u>	<u>\$ 1,444,621</u>	<u>\$ 6,854,856</u>	<u>\$ 6,854,856</u>

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance
For the Year Ended December 31, 2013

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

DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION

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

DEPARTMENT OF SAFETY & PROFESSIONAL SERVICES

Wisconsin Fund Private Sewage System Replacement	Direct Program	165.202
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DEPARTMENT OF NATURAL RESOURCES

Aids in Lieu of Taxes	Direct Program	370.503
Jorgenson Knowles Nelson Stewardship Grant	Direct Program	370.512
Kirkland Warbler Grant	Direct Program	N/A
UTV-14003	Direct Program	370.548
Boating Enforcement Aids	Direct Program	370.550
All Terrain Vehicle Enforcement	Direct Program	370.551
Snowmobile Enforcement	Direct Program	370.552
Wildlife Damage Claims and Abatement 2012	Direct Program	370.553
2013	Direct Program	
County Conservation Aids	Direct Program	370.563
County Forest Wil	Direct Program	370.564
Forest Croplands & Managed Forest Land Aids	Direct Program	370.566
Urban and Community Forestry	Direct Program	370.572
Recreational Aids - Snowmobile Trails and Area Aid	Direct Program	370.574 & 370.575
Recreational Aids - All-Terrain Vehicle	Direct Program	370.576 & 370.577
Nonpoint Source Pollution	Direct Program	370.662
Environmental Aids - Lake Protection Grant	Direct Program	370.663
Invasive Aquatic Species	Direct Program	370.678
Total Department of Natural Resources		

DEPARTMENT OF CORRECTIONS

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

(Continued)

(Accrued) Deferred Revenue 1/1/13	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/13	Total Revenues	Total Expenditures
\$ -	\$ 143,331	\$ -	\$ 143,331	\$ 143,331
(38,800)	115,541	-	76,741	76,741
(38,800)	258,872	-	220,072	220,072
-	22,281	-	22,281	22,281
-	174	-	174	174
-	-	99,400	99,400	99,400
-	-	5,520	5,520	5,520
-	10,061	(10,061)	-	-
-	8,195	-	8,195	8,195
-	9,804	-	9,804	9,804
-	9,905	-	9,905	9,905
(119,404)	119,404	-	-	-
-	-	107,977	107,977	107,977
-	1,908	3,512	5,420	5,420
-	11,468	-	11,468	11,468
-	52,095	-	52,095	52,095
-	58,577	-	58,577	58,577
(71,889)	216,686	25,237	170,034	170,034
(9,918)	89,177	49,491	128,750	128,750
(114,710)	639,425	127,284	651,999	651,999
1,250	-	(1,250)	-	-
(8,646)	19,401	23,573	34,328	34,328
(323,317)	1,246,280	430,683	1,353,646	1,353,646
(4,078)	11,720	2,763	10,405	10,405
(99,011)	658,879	(69,488)	490,380	490,380
(103,089)	670,599	(66,725)	500,785	500,785

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2013

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
STATE PROGRAMS		
<u>DEPARTMENT OF HEALTH SERVICES (Continued)</u>		
Medicaid Personal Care Program (See Note D)	Direct Program	N/A
Wisconsin Medicaid Cost Reporting (See Note D)	Direct Program	N/A
Fraud Prevention Investigation State Funds	Brown County	435.60
IM Available Allocation - State	Brown County	435.283
IMAA State Share Supplemental	Brown County	435.292
IMAA Federal Share Supplemental	Brown County	435.293
IMAA State Share ACA	Brown County	435.297
IMAA Federal ACA	Brown County	435.298
Community Options Programs	Direct Program	435.367
Medical Assistance Program Benefits		
COP W Program	Direct Program	435.338
CIP II Program	Direct Program	435.348
CIP II Comm Relocate - Non Federal	Direct Program	435.369
CIP II Diversions - Non Federal	Direct Program	435.375
FCT - CIP II	Direct Program	435.392
ICFMR Nonfed	Direct Program	435.407
FC Transition CIP1B Nonfed	Direct Program	435.410
CIP II MFP Non Federal	Direct Program	435.478
Brain Injury Waiver Program	Direct Program	435.506
Certified Mental Health Program	Direct Program	435.517
CIP 1B Program	Direct Program	435.564
TPA CLTS DD AUTISM GPR	Direct Program	435.802
TPA CLTS DD OTHER GPR	Direct Program	435.805
TPA CLTS MH AUTISM GPR	Direct Program	435.808
TPA CLTS MH OTHER GPR	Direct Program	435.811
TPA CLTS PD OTHER GPR	Direct Program	435.817
CIP 1A Program	Direct Program	435.580
CLTS DD Autism Admin	Direct Program	435.832
CLTS DD Other Admin	Direct Program	435.835
CLTS MH Autism Admin	Direct Program	435.838
CLTS MH Other Admin	Direct Program	435.841
CLTS PD Other Admin	Direct Program	435.847
MA COP LTS Expansion	Direct Program	435.1425
Integrated Service Child Disb	Direct Program	435.530
Non-Resident	Direct Program	435.531
Birth to Three	Direct Program	435.550
Basic County Allocation	Direct Program	435.561
IDP Emergency Funds	Direct Program	435.567
Family Support Program	Direct Program	435.577
Community and Mental Health Services	Direct Program	435.681
Fluoride Mouthrinse	Direct Program	435.151735
Special Supplemental Food Program for Women, Infants and Children	Direct Program	435.154720
Wisconsin Well Women Program	Direct Program	435.157000
Lead Poisoning Prevention	Direct Program	435.157720
Birth Defects - Children and Youths with Special Needs Project	Direct Program	435.154790
Maternal and Child Health Services	Direct Program	435.159320
Elder Abuse	Greater Wisconsin Agency on Aging	435.560490
Aging and Disability Resource Center	Direct Program	435.560100
Total Department of Health Services		

(Continued)

(Accrued) Deferred Revenue 1/1/13	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/13	Total Revenues	Total Expenditures
-	-	2,895	2,895	2,895
-	310,926	-	310,926	310,926
-	1,626	13,854	15,480	15,480
-	14	116	130	130
-	21,691	17,559	39,250	39,250
-	183	147	330	330
(264,880)	510,803	250,212	496,135	496,135
(67,709)	329,473	22,126	283,890	283,890
(43,234)	496,806	74,614	528,186	528,186
15,936	77,959	(11,570)	82,325	82,325
19,954	59,405	(32,317)	47,042	47,042
-	3,253	7,931	11,184	11,184
(130,666)	176,017	132,438	177,789	177,789
(24,621)	33,571	25,563	34,513	34,513
-	12,081	4,738	16,819	16,819
(5,117)	80,259	5,157	80,299	80,299
-	-	22,905	22,905	22,905
(34,263)	207,621	100,223	273,581	273,581
-	112,085	-	112,085	112,085
-	28,600	-	28,600	28,600
-	3,603	-	3,603	3,603
-	6,192	-	6,192	6,192
-	1,658	-	1,658	1,658
-	205,356	-	205,356	205,356
(2,124)	(703)	11,827	9,000	9,000
1,961	(4,104)	3,821	1,678	1,678
(122)	(35)	490	333	333
10	(295)	658	373	373
173	(313)	263	123	123
-	4,800	14,401	19,201	19,201
-	8,807	1,288	10,095	10,095
(4,202)	4,202	-	-	-
-	35,981	-	35,981	35,981
-	901,686	-	901,686	901,686
-	-	79,945	79,945	79,945
(2,565)	38,025	(1,217)	34,243	34,243
-	125,303	-	125,303	125,303
-	1,302	-	1,302	1,302
(365)	1,664	433	1,732	1,732
(6,938)	32,020	230	25,312	25,312
(1,004)	7,258	-	6,254	6,254
-	2,000	-	2,000	2,000
(239)	1,190	-	951	951
(4,050)	28,132	7,800	31,882	31,882
-	289,163	(859)	288,304	288,304
(554,065)	4,155,265	755,671	4,356,871	4,356,871

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2013

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

DEPARTMENT OF CHILDREN AND FAMILIES

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

DEPARTMENT OF JUSTICE

Victim and Witness Assistance Program - A Program Cluster	Direct Program	455.503, 455.532 & 455.539
Total Department of Justice		

DEPARTMENT OF MILITARY AFFAIRS

EPCRA Emergency Planning Grant	Direct Program	465.337
Confined Space Training	Direct Program	465.342
EPCRA Computer & Hazmat Equipment Grant	Direct Program	465.367
Total Department of Military Affairs		

DEPARTMENT OF ADMINISTRATION

Planning Grant	Direct Program	505.110
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 1/1/13	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/13	Total Revenues	Total Expenditures
(608)	608	783	783	783
(268)	268	-	-	-
-	227,729	-	227,729	227,729
(40,337)	80,476	-	40,139	40,139
-	41,965	-	41,965	41,965
(41,213)	351,046	783	310,616	310,616
(13,177)	26,222	16,577	29,622	29,622
(13,177)	26,222	16,577	29,622	29,622
(6,690)	12,976	6,285	12,571	12,571
-	5,940	-	5,940	5,940
(6,748)	15,542	-	8,794	8,794
(13,438)	34,458	6,285	27,305	27,305
-	300	-	300	300
(18,587)	54,567	16,770	52,750	52,750
(18,587)	54,867	16,770	53,050	53,050
\$ (1,105,686)	\$ 6,819,890	\$ 1,160,044	\$ 6,874,248	\$ 6,874,248

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, 2013

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 2013 basic financial statements. Accrued revenue at year-end consists of state program expenditures scheduled for reimbursement to the County in the succeeding year while deferred revenue represents advances for state programs that exceed recorded County expenditures.

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

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

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

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

NOTE C - OVERSIGHT AGENCIES

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

Federal – Environmental Protection Agency
State - Wisconsin Department of Health Services

MARINETTE COUNTY, WISCONSIN

Notes to the Schedule of Expenditures of Federal Awards
and the Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2013

NOTE D - TITLE 19 MEDICAL ASSISTANCE PAYMENTS

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

NOTE E - STATE DIRECT PAYMENTS

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

NOTE F - STATE OF WISCONSIN REPORTING SYSTEM

The Wisconsin Department of Health Services (DHS), Department of Children and Families (DCF), and Department of Workforce Development (DWD) utilize the Community Aids Reporting System (CARS) and the Central Office Reporting System (CORe) for reimbursing the County for various federal and state program expenditures. The expenditures reported on the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance for various DHS, DCF and DWD programs agree with the expenditures reported on the May 2014 CARS for the Human Services Department and the December, 2013 CORe for Child Support and W2 programs, with adjustments for anticipated receivables.

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2013

Section I - Summary of Auditors' Results

Basic Financial Statements

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

Federal Awards and State Financial Assistance

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

Identification of major federal program:

CFDA Number	Name of Federal Program
93.778	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, 2013

Section I - Summary of Auditors' Results (Continued)

Identification of major state programs:

State ID Number	Name of State Program
115.15	Basic Annual Staffing Grants
115.40	Land & Water Resource Management Plan Implementation
370.574 & 370.575	Recreational Aids - Snowmobile Trails and Area Aid
370.576 & 370.577	Recreational Aids - All-Terrain Vehicle
435.283	IM Available Allocation - State
435.292	IMAA State Share Supplemental
435.293	IMAA Federal Share Supplemental
435.297	IMAA State Share ACA
435.298	IMAA Federal ACA
	Medical Assistance Program Benefits
435.338	COP W Program
435.348	CIP II Program
435.369	CIP II Comm Relocate - Non Federal
435.375	CIP II Diversions - Non Federal
435.392	FCT - CIP II
435.407	ICFMR Nonfed
435.410	FC Transition CIP1B Nonfed
435.478	CIP II MFP Non Federal
435.506	Brain Injury Waiver Program
435.564	CIP 1B Program
435.580	CIP 1A Program
435.802	TPA CLTS DD AUTISIM GPR
435.805	TPA CLTS DD OTHER GPR
435.808	TPA CLTS MH AUTISM GPR
435.811	TPA CLTS MH OTHER GPR
435.817	TPA CLTS PD OTHER GPR
435.832	CLTS DD Autism Admin
435.835	CLTS DD Other Admin
435.838	CLTS MH Autism Admin
435.841	CLTS MH Other Admin
435.847	CLTS PD Other Admin
N/A	Medicaid Personal Care Program
N/A	Comprehensive Community Services
N/A	Wisconsin Medicaid Cost Reporting
435.561	Basic County Allocation
435.681	Community and Mental Health Services
437.3561	Basic County Allocation
437.3681	Community and Mental Health Services
445.347	Child Day Care

Section II - Financial Statement Findings

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2013.

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended December 31, 2013

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

Finding No.	Internal Control Deficiency
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2013-001 Financial Reporting for Federal and State Financial Assistance

*Federal CFDA – All
 State IDs - All*

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

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

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

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

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

MARINETTE COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended December 31, 2013

Section IV - Other Issues

- | | | |
|----|---|---|
| 1. | Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. | Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| | Department of Agriculture, Trade and Consumer Protection | Yes |
| | Department of Safety and Professional Services | Yes |
| | Department of Natural Resources | Yes |
| | Department of Transportation | Yes |
| | Department of Corrections | Yes |
| | Department of Health Services | Yes |
| | Department of Children and Families | Yes |
| | Department of Justice | Yes |
| | Department of Military Affairs | Yes |
| | Department of Administration | Yes |
| 3. | Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. | Name and signature of partner | 
<hr style="width: 20%; margin-left: auto; margin-right: 0;"/> Jon T. Trautman, CPA |
| 5. | Date of report | June 27, 2014 |

MARINETTE COUNTY, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2013

Prior Year Audit Findings

The findings noted in the 2012 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 2012-01 outweigh the benefits to be received. Management reviews the single audit report prepared by Schenck.

Corrective Action Plan

Finding No.	Corrective Action Plan
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2013-001

Financial Reporting for Federal and State Financial Assistance

Management believes the cost of additional staff time and training to prepare these items outweigh the benefits to be received. Management will continue to review the schedules and financial information.

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, 2013, we have also examined the 2013 Financial Report Form A required to be submitted to the Wisconsin Department of Revenue (WDR) by Wisconsin Administration Rule, Tax 16. The 2013 Financial Report Form A has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion the 2013 Financial Report Form A, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants
Green Bay, Wisconsin
June 27, 2014

