

Marinette County, Wisconsin

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017

Marinette County, Wisconsin

DECEMBER 31, 2017

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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, 2017, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Health and Human Services special revenue fund, and the County Roads and Bridges special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note C.8 to the financial statements, in 2017 the County adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

EMPHASIS OF MATTER

As described in Note D.3, the County recorded a prior period adjustment of \$41,106 in the government-wide and proprietary fund statements to properly record capital assets. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17 and the schedules relating to pensions and other postemployment benefits on pages 66 through 68 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the basic financial statements.

The supplementary information and the schedules of expenditures of federal and state awards 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 and state awards 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 September 10, 2018, 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
September 10, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS



FINANCE DEPARTMENT

Management's Discussion and Analysis December 31, 2017

As management of Marinette County, the Management Discussion and Analysis offers readers our discussion and analysis of the County's financial activities during the fiscal year that ended December 31, 2017. Our discussion and analysis is based on currently known facts, decisions, and conditions of the County.

Financial Highlights

- As of December 31, 2017, the total net position of the County was \$95,440,698, a decrease of \$5,016,817 from the previous year. Of this amount, a \$3,531,128 decrease was from Governmental Activities and a \$1,485,689 decrease in Business-type Activities. The main source of this decrease relates to the Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Under GASB75, standards for recognizing and measuring liabilities, deferred outflows and inflows of resources and expenditures were established. This standard requires recognition of the entire OPEB liability, measured as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The governmental activities recognized a cumulative change in accounting principle \$(5,323,983) while the business-type activities a recognized \$(1,338,935). Positive mitigating factors were a decrease of \$997,717 in net pension liability and a decrease of \$818,178 in compensated absences liability. In 2017, the County re-evaluated how it recognized compensated absences in relation to GASB16, adjusting the liability to reflect that sick hours accrued by employees are only payable at the time of retirement and receipt of WRS. Also mitigating the decrease was unspent contingency funds of \$467,170.
- Of the total net position, *unrestricted* funds which may be used to meet the County's ongoing obligations to citizens and creditors, decreased \$4,452,980 from \$36,070,107 in 2016 to \$31,617,127 in 2017.
- *Restricted* funds also decreased \$2,332,218 from \$5,398,465 in 2016 to \$3,066,247 in 2017. The main source of this decrease was due to the reduction of the capital improvement project accounts. Both the 2014 and 2015 CIP funds were closed to debt service as of December 31, 2017. The remaining 2016 CIP fund has a balance of \$972,357.
- The County's operating property tax rate decreased \$.042 to \$4.322 per \$1,000 of property value for the year ended December 31, 2017. The decrease in the operating tax rate was driven by a \$75,884,600 increase in the County's equalized property valuation. In 2017, the County decreased the debt service property tax by \$.013 to \$0.238 for service debt related to the County's Capital Improvement Plan.
- The operating tax levy increased \$178,793 (.796%) from the prior year. This increase and the debt service levy were in compliance with the allowable tax levy limits imposed by the State of Wisconsin.
- As of December 31, 2017, the County's combined governmental funds reported ending fund balances totaling \$34,885,567, a decrease of \$7,495,244 from the previous year. In March, 2017, the Marinette County Board of Supervisors approved a loan to the City of Marinette for \$7.5 million dollars. The loan was to construct a Community Sports and Event Center. Of the December 31, 2017 combined governmental fund balance of \$34,885,567, approximately 83.0% of this total amount, \$28,955,876 is *available for spending* at the County's discretion (*unrestricted fund balance*). The County's unrestricted fund balance of \$28,955,876 is further categorized based on constraints imposed upon the use of those funds. Of the total unrestricted fund balance, \$18,314,010 is committed by County Board action to specific purposes, \$1,924,287 is assigned for specific purpose by the governing body or by the Finance Director with the Administrator's approval, and \$8,717,579 is not committed or assigned (unassigned).

- As of December 31, 2017, the unrestricted fund balance for the general fund was \$25,048,292, or approximately 87% of total 2017 actual general fund operating expenditures of \$28,687,102. The unassigned general fund amount of \$9,172,653 represents 14.4% of the County's 2017 original adopted gross operational and debt service expenditure budgets which totaled \$63,518,935. Under the County's Fund Balance Policy, \$2,210,574 and \$1,842,145 of the \$9,172,653 unassigned general fund balance is classified for contingencies and cash flow requirements respectfully.
- The County Roads and Bridges Special Revenue Fund balance increased \$534,016 to \$2,254,893. Of the \$2,254,893 ending fund balance, \$432,660 is committed for specific projects leaving \$1,822,233 available for discretionary County Road spending. A decrease in County maintenance expenditures was a major reason for the funds increase.
- The Health and Human Services (HHS) special revenue fund realized a fund balance decrease of \$421,537 for 2017. High placement costs for juvenile boarding, along with departmental restructuring and service changes, either State mandated or implemented to provide better service to Marinette County residents, continue to affect financial results. For 2017 the ending HHS fund balance showed a deficit of \$455,074.
- At the end the 2017, the County's general obligation debt was \$27,740,000 compared to \$30,240,000 at the end of 2016. After current year debt service cost and a budgeted transfer out of \$400,000, the debt service fund ended the year with a net increase of \$687,066. The fund ended 2017 with a fund balance of \$628,112, compared to a deficit of \$58,954 in 2016. Sales tax revenues were higher than anticipated, resulting in a more favorable position.

Overview of the Basic Financial Statements

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

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

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

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

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

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

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

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

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

Marinette County maintains 18 individual governmental funds. Information for the County's major funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The County's major funds are the general fund; county roads and bridges, and health and human services special revenue funds; and the debt service fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 22 - 29 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 30 - 33 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 34 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 35 - 65 of this report.

Other information. Required supplementary information relating to pensions and other post-employment benefits and the combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the notes to the basic financial statements. Required supplementary information and the Combining and individual fund statements and schedules can be found on pages 66 - 86.

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 2017 was \$95,440,698 compared to \$100,457,515 for the year ended 2016.

Marinette County's Net Position							
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	Total	Total Percentage Change
	2016	2016	2017	2017	2016	2017	2016-2017
Current & other assets	\$ 65,273,489	\$ 4,487,558	\$ 65,358,011	\$ 4,824,500	\$ 69,761,047	\$ 70,182,511	0.60%
Capital assets	80,528,202	7,566,741	79,948,022	7,143,068	88,094,943	87,091,090	-1.14%
Total assets	145,801,691	12,054,299	145,306,033	11,967,568	157,855,990	157,273,601	-0.37%
Deferred outflow of resources	10,256,218	1,498,998	7,168,430	1,076,928	11,755,216	8,245,358	-29.86%
Long-term liabilities outstanding	38,204,977	575,643	39,369,084	1,818,070	38,780,620	41,187,154	6.21%
Other liabilities	7,522,395	2,170,375	6,847,427	2,013,901	9,692,770	8,861,328	-8.58%
Total liabilities	45,727,372	2,746,018	46,216,511	3,831,971	48,473,390	50,048,482	3.25%
Deferred inflow of resources	20,195,196	485,105	19,653,739	376,040	20,680,301	20,029,779	-3.15%
Net position:							
Net investment in capital assets	51,422,202	7,566,741	53,614,256	7,143,068	58,988,943	60,757,324	3.00%
Restricted	4,842,998	555,467	2,692,390	373,857	5,398,465	3,066,247	-43.20%
Unrestricted	33,870,141	2,199,966	30,297,567	1,319,560	36,070,107	31,617,127	-12.35%
Net position:	\$ 90,135,341	\$ 10,322,174	\$ 86,604,213	\$ 8,836,485	\$ 100,457,515	\$ 95,440,698	-4.99%

The largest portion of the County's net position (63.7%) reflects its investment in capital assets of \$60,757,324 (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. Currently, Marinette County uses a combination of County sales tax and a debt levy to provide for its debt service.

An additional portion of the County's net position (\$3,066,247) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$31,617,127) may be used to meet the County's ongoing obligations to citizens and creditors.

Change in net position. After the year-end results, the County's net position totaled \$95,440,698. Although governmental activities increased the County's net position \$1,792,855 and Business-type activities decreased the County's net position by \$187,860 in 2017 through the operating budgets, the County recognized an overall decrease in net position of \$5,016,817 from 2016. The key elements affecting the change in net position were as follows:

Governmental Activities:

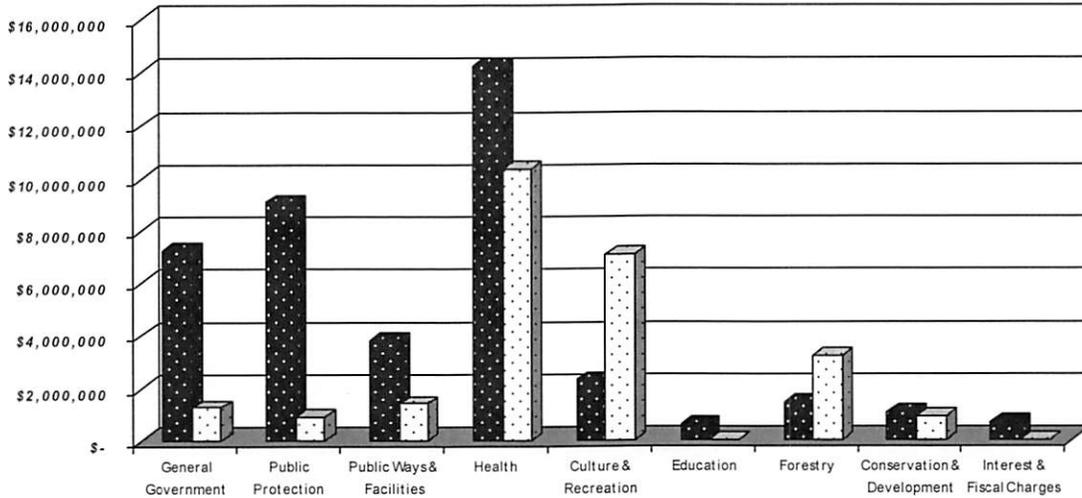
- In 2017, the County implemented the Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As stated earlier, GASB75 established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources and expenditures. This standard requires recognition of the entire OPEB liability, measured as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The governmental activities recognized a cumulative change in accounting principle \$(5,323,983) in 2017 as a result. This was the main source of the governmental activities change in net position.
- Overall, County Departments stayed within their original appropriations and returned unspent appropriations to the general fund. Although County revenues decreased slightly to \$42,355,476 in 2017, governmental activity expenditures decreased \$2,344,103 to \$40,562,621. As a result, this positively mitigated net position by \$1,792,855.
- The Sheriff Department software funds of \$750,000 were unspent in 2017. These funds were transferred from the 2016 Capital Improvement Project (CIP) funds and carried over to the 2018 budget year. Additional Capital maintenance funds of \$661,327 assigned for specific building repair and update projects were also unspent in 2017 and carried over to 2018.
- As stated in the financial highlights, the general fund had unspent contingency funds of \$467,170. During the budget process, the County set aside \$350,000 for wage increases within the Carlson-Dettman study. These funds were not used in 2017 as most departments absorbed the costs.
- Timber sales have been slow to recover to since the 2015 high of \$3,685,654. Overall results for 2017 were \$81,227 short of 2016 revenues for a total of \$2,854,533. Low stumpage rates continue to be the major reason for the decreasing revenues.
- The operating tax levy increased \$178,793 (.796%) from the prior year in compliance with the State imposed local unit levy limits. This increase was easily absorbed by employee benefit cost increases.

Business-type Activities:

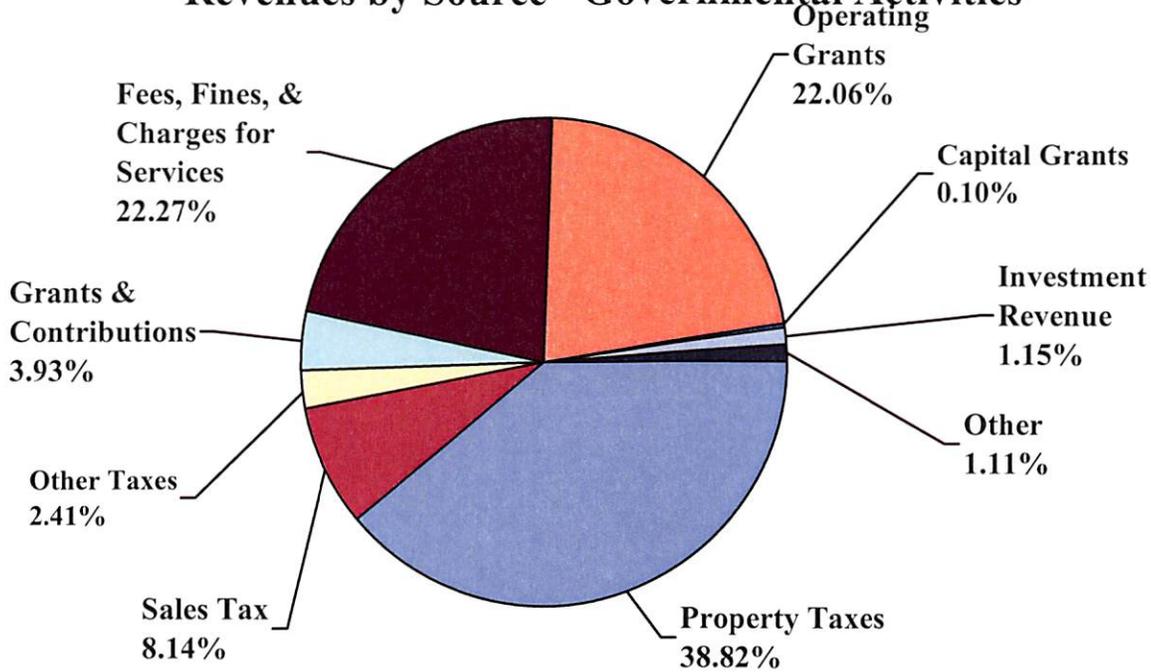
- Under Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, business-type activities recognized a cumulative change in accounting principle of \$(1,338,935). This was the main source of the business-type activities change in net position.
- In 2017, the County determined that business activities inadvertently understated capital assets by \$114,182 as presented in the December 31, 2016 Annual Financial Report and prior years. This was a salt shed at the Pembine location of the Highway Department. As a result, a prior period adjustment was made increasing net position \$41,106, the present book value of the asset.
- The Solid Waste Fund's 2017 operating loss was \$68,162 compared to the 2016 operating loss of \$44,592. The major source of the loss was due to a reduction of operating revenues from \$619,779 in 2016 to \$473,962 in 2017. Decreased expenditures of \$542,125, interest earnings of \$9,715 combined with a positive cumulative change in accounting principle of \$11,689 mitigated some of the loss. Cash and cash equivalents increased \$62,199 to \$565,784 in 2017. Operating results of the landfill reflect the County's policy to provide competitive solid waste disposal alternatives within Marinette and Oconto County's. It is expected that all landfill closure and post closure cost will be fully funded at the end of landfill operations with no additional contributions needed from the Counties.

Marinette County's Change in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2016	2017	2016	2017	2016	2017
Revenues:						
Program revenues:						
Fees, fines, & charges for services	\$ 9,544,069	\$ 9,434,335	\$ 9,365,474	\$ 7,407,635	\$ 18,909,543	\$ 16,841,970
Operating grants and contributions	9,180,480	9,342,367	-	-	9,180,480	9,342,367
Capital grants and contributions	434,155	43,746	-	-	434,155	43,746
General revenues:						
Property & sales taxes	19,748,491	19,891,853	-	-	19,748,491	19,891,853
Other taxes	1,028,744	1,018,852	-	-	1,028,744	1,018,852
Grants & contributions not restricted to specific programs	1,673,716	1,665,806	-	-	1,673,716	1,665,806
Other	768,377	958,517	24,893	47,899	793,270	1,006,416
Total revenues	42,378,032	42,355,476	9,390,367	7,455,534	51,768,399	49,811,010
Expenses:						
General government	7,699,891	7,220,567	-	-	7,699,891	7,220,567
Public protection	9,625,245	9,103,871	-	-	9,625,245	9,103,871
Public ways & facilities	4,157,170	3,817,716	-	-	4,157,170	3,817,716
Health	14,547,084	14,205,778	-	-	14,547,084	14,205,778
Culture & recreation	2,356,851	2,336,218	-	-	2,356,851	2,336,218
Education	839,405	636,105	-	-	839,405	636,105
Forestry	1,406,195	1,439,298	-	-	1,406,195	1,439,298
Conservation & development	1,427,251	1,075,065	-	-	1,427,251	1,075,065
Interest & fiscal charges	847,632	728,003	-	-	847,632	728,003
Highway operations	-	-	8,899,210	7,101,270	8,899,210	7,101,270
Solid waste	-	-	664,370	542,124	664,370	542,124
Total expenses	42,906,724	40,562,621	9,563,580	7,643,394	52,470,304	48,206,015
Increase (decrease) in net position	(528,692)	1,792,855	(173,213)	(187,860)	(701,905)	1,604,995
Cumulative Effect of Change in Accounting Principle						
	-	(5,323,983)	22,075	(1,338,935)	22,075	(6,662,918)
Prior Period Adjustment						
				41,106		41,106
Net Position - January 1	90,664,033	90,135,341	10,473,312	10,322,174	101,137,345	100,457,515
Net Position - December 31	\$ 90,135,341	\$ 86,604,213	\$ 10,322,174	\$ 8,836,485	\$ 100,457,515	\$ 95,440,698

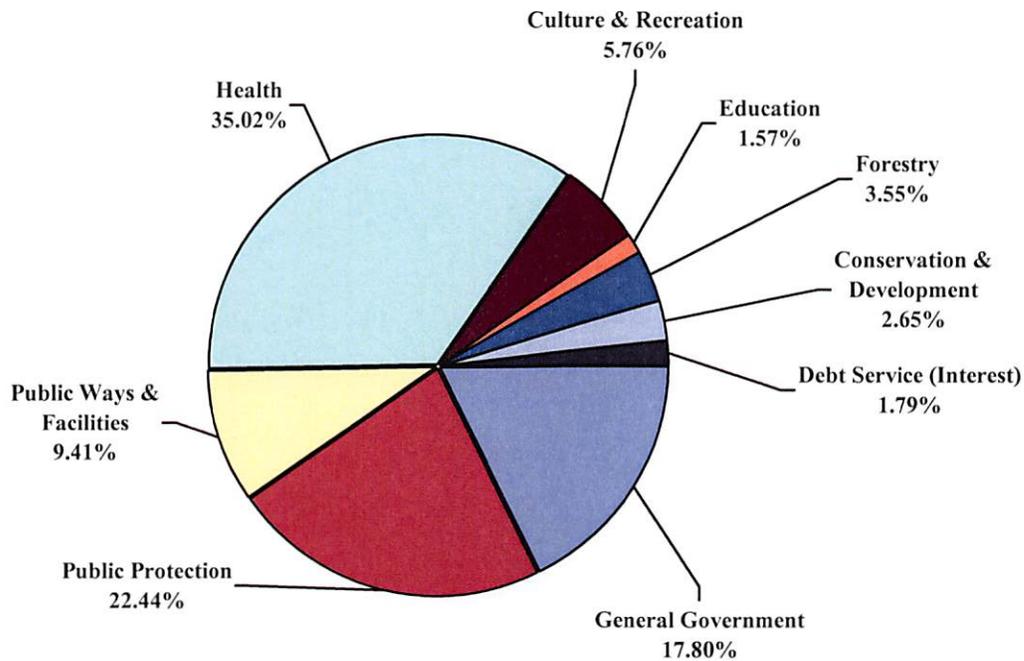
Expenses & Program Revenues - Governmental Activities



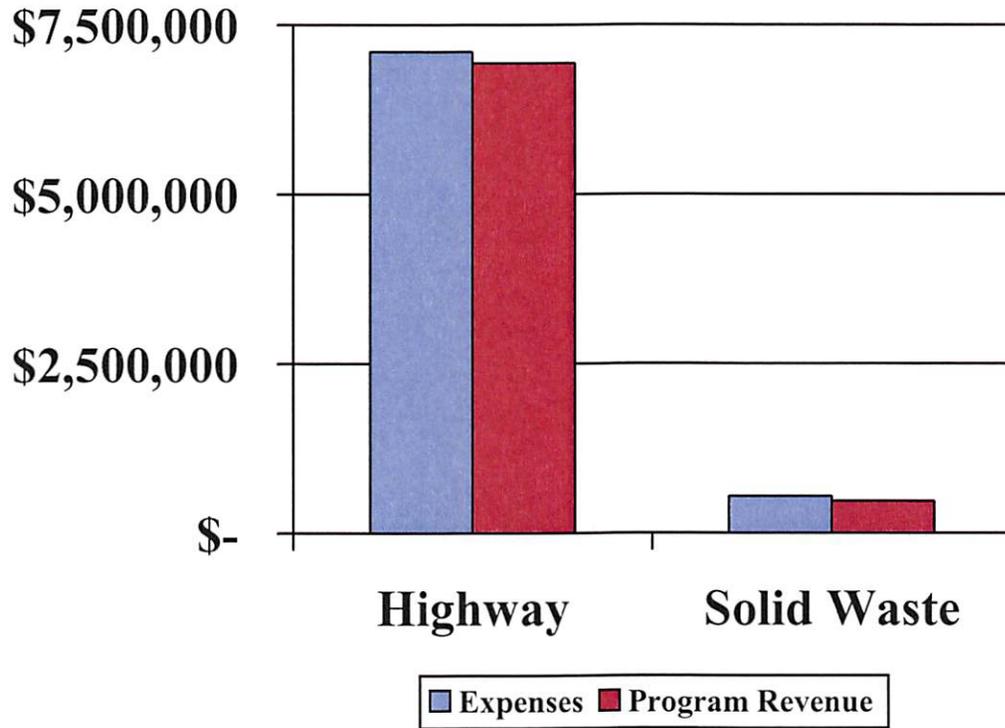
Revenues by Source - Governmental Activities



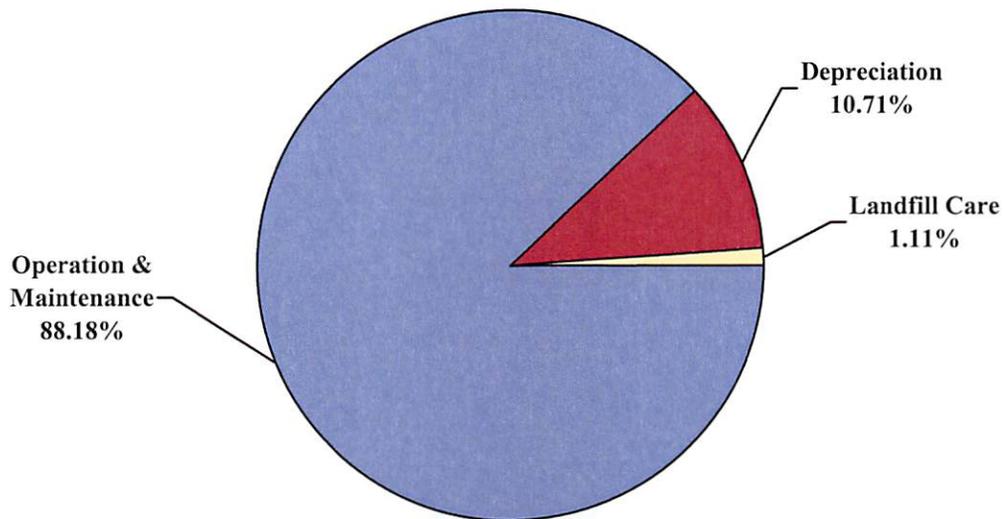
Expenses by Activity - Governmental Activities



Expenses and Program Revenues - Business Type Activities



Expenses by Activity - Business Type Activities



Financial Analysis of Marinette County's Funds

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

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

As of December 31, 2017, the County's combined governmental funds totaled \$34,885,567, a decrease of \$7,495,244 from the prior year. Approximately 83% of this amount, \$28,955,876, 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 (\$202,721), 2) for non-liquid delinquent taxes (\$2,634,200) 3) for loans receivable that are not expected to be liquidated in the next year (\$835,455) 4) by grant, donor or other restrictions (\$2,257,315).

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 \$25,048,292, while the total fund balance was \$28,867,705. 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 87.3% of total 2017 general fund expenditures, while total fund balance represents 100.6% of that same amount. This compares to prior year percentages of 142% and 162% respectively.

Marinette County's General fund balance decreased by \$6,299,236 for the year ended December 31, 2017. The main contributing factor to the decrease was due to the recognition of a loan to the City of Marinette for \$7.5 million as an expense in 2017. The decrease in fund balance from the loan was mitigated by County Departments staying within their original appropriations and returning unspent appropriations to the general fund. As stated earlier, although County revenues decreased slightly to \$42,355,476 in 2017, governmental activity expenditures decreased \$2,344,103 to \$40,562,621. Other factors mitigating the decrease were unspent contingency funds and uncompleted capital maintenance project funding.

As mentioned previously, the County's Health and Human Services (HHS) Special Revenue Fund decreased by \$421,537 to a deficit \$455,074 balance. High placement costs for juvenile boarding are the main source for the decrease in fund balance. Major changes to HHS programs and regionalization of Family Care continue to affect the overall HHS financial results. Unfilled staff vacancies and conservative budgeting have assisted in mitigating greater decreases. The current fund balance represents -3.43% of the total 2017 Health and Human Services special revenue fund expenditures. The County's strong General Fund was used to cover this deficit balance.

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

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

Unrestricted net position of the highway department enterprise fund at the end of the year was \$1,757,927, a decrease of \$1,426,231 from 2016. As stated earlier, the main source for this decrease was due to statement GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The County's 2017 net position for the highway department decreased \$160,888 through operations, compared to a decrease of \$149,866 in 2016.

Marinette County's share (50%) of the unrestricted net position of a landfill operated jointly with Oconto County and reported as the Solid Waste Fund decreased by \$33,758 in 2017. An operating loss of \$68,162 was offset by \$9,715 in investment earnings, \$13,000 in sale of county property, and \$11,689 cumulative change in accounting principle related to GASB Statement 75 requiring recognition of the entire OPEB liability measured as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service. The decrease in net position for the solid waste fund in 2016 was \$15,535.

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

General Fund Budgetary Highlights

Additional expenditure appropriations during the year increased the original general fund expenditure budget by \$7,804,450. The change to the 2017 expenditure appropriations can be summarized as follows:

- An increase in Economic Development grants, contributions and indemnity to recognize an expense for the loan to the City of Marinette for \$7.5 million
- A net of carryover of unspent 2016 appropriations of \$105,580.
- A number of other items associated with departments for grant carry-overs, reserved fund carry-overs to complete various capital projects, and onetime expenses that were funded with additional revenues received by departments during the year.

Actual expenditures were less than final budgeted expenditures by \$2,025,194 primarily due to the following:

- Approximately \$661,327 in capital maintenance projects for the Courthouse were not completed during the current year and carried over to 2018. Additionally, some projects came in less than expected.
- The Sheriff Department software funds of \$750,000 were unspent in 2017. These funds were transferred from the 2016 Capital Improvement Project (CIP) funds and carried over to the 2018 budget year.
- Remaining contingency balance of \$467,170. As stated earlier, in addition to the \$250,000 originally budgeted for contingency in 2017, \$350,000 was placed in the fund for wage increases within the Carlson-Dettman study. The County's Health and Dental (H&D) Insurance cost remained stable in 2017. Budgeted H&D increases offset the wage study increases leaving the contingency funds unspent.
- Positive results in public protection of \$238,187 and conservation and development of \$251,759.
- Overall positive results from several departments remaining under budget.

Actual revenues were \$822,750 less than projected budget amount in 2017. Both unrealized intergovernmental revenues and charges for services in the recreation and conservation programs were the main areas of revenue shortfalls. However, they were not a factor in overall results, as the related expenditures also were not realized as mentioned above.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$87,091,090 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery/equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress. The total decrease in the County's net investment in capital assets for the current year was \$1,044,959 mainly as a result of a depreciation exceeding investment in new capital assets.

Additional information on Marinette County's capital assets can be found in Note C.4 on pages 48 - 50 of this report.

Marinette County's Capital Assets (Net of Accumulated Depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2016	2017	2016	2017	2016	2017
Land	\$ 4,865,776	\$ 4,865,401	\$ 238,989	\$ 238,989	\$ 5,104,765	\$ 5,104,390
Construction in progress	28,150	153,211	-	178,612	28,150	331,823
Land improvements	-	-	1,074,352	991,643	1,074,352	991,643
Buildings & improvements	29,654,186	28,902,695	1,810,667	1,637,389	31,464,853	30,540,084
Machinery & equipment	3,359,831	3,386,752	4,483,839	4,096,435	7,843,670	7,483,187
Infrastructure	42,620,259	42,639,963	-	-	42,620,259	42,639,963
Total	\$ 80,528,202	\$ 79,948,022	\$ 7,607,847	\$ 7,143,068	\$ 88,136,049	\$ 87,091,090

Long-term debt. At the end of the year, the County's total general obligation debt outstanding was \$27,740,000. 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	
	2016	2017	2016	2017	2016	2017
General Obligation Debt						
Bonds and notes	\$ 30,240,000	\$ 27,740,000	\$ -	\$ -	\$ 30,240,000	\$ 27,740,000

The County's total general-obligation debt balance decreased by \$2,500,000 (8.27%) in 2017. A shift by the Marinette County Board to fund capital improvements through the operational budget and discontinue borrowing will continue to decrease outstanding debt in future years.

The County's general obligation debt is serviced by the ½ % County sales tax and supplemented by a debt service levy. In 2014 an internal advance from the General Fund of \$1,000,000 was utilized to help with the early retirement of the 2004 Library renovation debt. The balance on the advance is \$400,000 as of December 31, 2017. The advance is scheduled to be paid off in 2019, however due to better than expected revenues from sales tax, the advance will be paid off in 2018.

Sales tax revenues are also used to fund County tourism and some capital outlay in the general fund. The 2017 transfer out of the debt service fund for the foregoing items was \$400,000. The 2018 budgeted transfer from the Debt Service fund was increased to \$1,056,821.

As of December 31, 2017 the Standard and Poor's affirmed rating remains AA/Stable for Marinette County. The good and bad factors in the rating include:

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

State statutes limit the amount of general obligation debt the County may issue to 5% of its total equalized valuation. The current debt limitation for the County is \$192,164,465 which is \$164,424,465 in excess of the County's \$27,740,000 in outstanding general obligation debt. The County further constricts its debt through a County Debt Policy.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Marinette County is currently 4.6% for March, 2018, which is the latest available data at the time of this report. This compares to the State of Wisconsin's average unemployment rate of 2.9% and last March's County rate of 5.3%.
- The local economy for Marinette County is still seen as weak by the County's debt rating agency. The debt rating agency attributes the weak local economy to the reliance of the Marinette Marine Corporation, one of the County's larger employers on government contracts. Marinette Marine maintains a workforce of 1,400 employees. In 2017, Marinette Marine announced they were seeking financial support to expand their operations. With a \$100 million expansion to the shipyard, it would allow the shipyard to be conducive to constructing multi-mission surface combatants (MMSC) and next generation FFG(X) Frigates through the U.S. Navy. However, modifications for the construction and launching of the larger ships is required should Marinette Marine be awarded the contracts. Marinette Marine expects the creation of an additional 400 jobs at the shipyard, having a substantial effect for the local economy.
- Bay Area Medical Center recently partnered with Aurora Health Care and is building a new facility. The new \$135 million facility consists of a medical office building housing physician offices and a Cancer Care Center with the hospital connected. The new facility will provide state-of-the-art services and care delivering primary care, urgent care and nonsurgical specialties. Bay Area Medical Center plans to open August 16, 2018 and is expected to add jobs to the local economy.
- Several small to mid-size employers throughout the County also feel the effects of the weak local economy in their specialty industries and continue to recover. Tourism continues to be vital to Marinette County and is anticipated to increase as the County seeks ways and means to promote economic development and tourism. The major retail center is in the City of Marinette and continues to develop as several major retailers have taken occupancy with plans to open additional businesses in the Mall. The Peshtigo Industrial area has attracted smaller industries recently as the location appears to be attractive. Agriculture and Forestry, staples of this County, also help support Marinette County's tax base.
- Construction is complete of the Wisconsin Maritime Center for Excellence. The project, undertaken by Marinette County Association for Business and Industry (MCABI), was built using a grant from the Wisconsin Building Commission. The new facility provides office space for the naval personnel and contractors working with Marinette Marine, as well as serves as an incubator for fledging businesses and manufacturers.
- The City of Marinette has almost completed a \$12 million dollar Community Sports and Event Center. The Center houses soccer, baseball, ice hockey, tennis, volleyball, curling and has an indoor walking/jogging track. It also has space available for concerts, trade shows and meeting rooms. In 2017, Marinette County issued a \$7.5 million dollar loan to the City of Marinette through a general obligation note to aid in the construction of this project. The center is expected to help draw workforce talent to the area by providing recreation opportunities for families.

- Marinette County's staff includes non-represented employees, elected officials and union employees. Union employees include certain Sheriff's Department employees represented by the Wisconsin Professional Police Association (WPPA). The WPPA contract runs through 2018.

The following factors were considered in preparing the County's 2018 budget:

State levy limit statutes provide that Counties may only increase their annual operating tax levy by the percentage change in new construction less improvements removed from the assessment roll in the last year. The limit can't go below zero. These levy limits are permanent per the 2011-13 state budgets. The statutes established specific penalties for failure to meet the levy requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids. Under the limit, the County's operating tax levy increase for the 2018 budget increased to \$274,552 or 1.774%.

As part of the 2018 general fund budget, the County applied \$16,000 of restricted, \$91,617 of committed, \$584,280 of assigned, and \$230,000 of unassigned fund balances. Total general fund amounts applied totaled \$922,397. Total restricted and committed special revenue and debt service fund balances applied to the 2018 budget were \$488,640. Of the total funds applied (\$1,581,037) to the 2018 budget, \$1,351,037 represented funds specifically accumulated for special purposes or debt service. The County also transferred \$1,056,821 in expected surplus sale tax collections from the County's Debt Service Fund to the General Fund for specific capital outlay items and tourism expenditures in the 2018 budget.

The County's 2018 budget contains capital project expenditures of \$3,505,382. In previous years, capital project expenditures were funded through general obligation borrowing. Beginning in 2017 going forward, capital project expenditures are funded through the operational budget, fund balances and the application of County savings. This was a cultural shift, moving away from using general obligation bonding. Of the 2018 capital project expenditures, \$1,129,382 is for county roads and bridges annual maintenance, \$550,000 is for Dispatch radio consoles, \$32,000 is for Emergency Management radio upgrades, \$50,000 is for facilities management, and \$160,000 is for storage and licensing upgrades related to the Information Services department.

The debt levy for 2018 of \$928,296 was required to help fund principal and interest payments related to the County's Capital Improvement Plan (CIP). The five year CIP was initiated in 2014. The County uses a combination of sales tax revenues and debt service levy to fund debt service requirements.

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

The County committed \$14,000,000 that was received from the 2008 sale of the Bay Area Medical Center facilities and \$5,058,908 previously committed for county health care to a property tax reduction fund (\$19,058,908). The investment income from this fund is considered in the budget process and used to fund County operations and keep property tax rates reduced if and when levy limits are removed. This fund was reduced in 2017, recognizing an expense of \$7.5 million dollars for the loan to the City of Marinette, leaving a fund balance at year-end of \$11,558,908. As payments are received over the course of the 20 year loan, principal payments will be deposited back into the fund.

Lower interest rates continue to hurt the County's investment returns in recent years, but are improving.

During 2011 the County developed and approved a fund balance policy that is in compliance with Government Accounting Standards Board (GASB) 54 and defines the County's goals to maintaining a strong adequate fund balance while addressing future needs both planned as well as unplanned. The County is in compliance with the fund balance policy and considered the policy in the development of the County's 2018 Budget.

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

Contacting the County's Financial Management

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

BASIC FINANCIAL STATEMENTS

Marinette County, Wisconsin

STATEMENT OF NET POSITION December 31, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled cash and investments	\$ 32,185,147	\$ 1,962,989	\$ 34,148,136
Other cash and investments	-	-	-
Accounts receivable	1,672,776	30,494	1,703,270
Interest receivable	841,227	1,034	842,261
Taxes receivable	19,795,186	-	19,795,186
Loans receivable	8,728,166	-	8,728,166
Internal balances	(51,876)	51,876	-
Due from other governments	1,626,683	525,956	2,152,639
Inventories and prepaid items	292,815	1,321,239	1,614,054
Restricted cash and investments	267,887	930,912	1,198,799
Capital assets (net of accumulated depreciation)			
Nondepreciable	5,018,612	417,601	5,436,213
Depreciable	74,929,410	6,725,467	81,654,877
TOTAL ASSETS	145,306,033	11,967,568	157,273,601
DEFERRED OUTFLOWS OF RESOURCES			
Retirement system unfunded liability amortization	-	195,574	195,574
Deferred charge on refunding	288,648	-	288,648
Deferred pension contributions & changes	6,879,782	881,354	7,761,136
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,168,430	1,076,928	8,245,358
LIABILITIES			
Accounts payable	1,104,768	131,641	1,236,409
Accrued liabilities	1,174,269	3,771	1,178,040
Unearned fringe benefit	-	39,186	39,186
Due to other governments	96,633	-	96,633
Deposits from others	324,535	-	324,535
Unearned revenue	449,427	-	449,427
Accrued interest	218,498	-	218,498
Long-term obligations			
Unamortized premiums	922,140	-	922,140
Portion due or payable within one year:			
Bonds and notes payable	2,400,000	-	2,400,000
Compensated absences	157,157	17,903	175,060
Portion due or payable after one year:			
Bonds and notes payable	25,340,000	-	25,340,000
Net pension liability	895,593	119,572	1,015,165
Compensated absences	1,414,411	161,128	1,575,539
Postemployment benefits	11,719,080	1,537,370	13,256,450
Landfill care costs	-	1,821,400	1,821,400
TOTAL LIABILITIES	46,216,511	3,831,971	50,048,482
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	16,837,177	-	16,837,177
Deferred pension contributions and changes	2,816,562	376,040	3,192,602
TOTAL DEFERRED INFLOWS OF RESOURCES	19,653,739	376,040	20,029,779
NET POSITION			
Net investment in capital assets	53,614,256	7,143,068	60,757,324
Restricted	2,692,390	373,857	3,066,247
Unrestricted	30,297,567	1,319,560	31,617,127
TOTAL NET POSITION	\$ 86,604,213	\$ 8,836,485	\$ 95,440,698

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
\$ -	\$ -	\$ -
56,506	105,113	1,951,468
100,738	5,372,764	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
45,000	-	-
495,851	1,378	-
<u>698,095</u>	<u>5,479,255</u>	<u>1,951,468</u>
-	-	-
-	-	-
-	-	-
-	-	-
19,277	-	-
10,852	7,060	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
12,693	69,659	-
-	-	-
352,301	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>395,123</u>	<u>76,719</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
-	1,378	-
-	-	-
302,992	5,401,158	1,951,468
<u>\$ 302,992</u>	<u>\$ 5,402,536</u>	<u>\$ 1,951,468</u>

Marinette County, Wisconsin

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental				
General government	\$ 7,220,567	\$ 1,043,282	\$ 225,161	\$ -
Public protection	9,103,871	697,426	244,809	-
Public ways and facilities	3,817,716	-	1,374,305	43,746
Health	14,205,778	3,902,902	6,467,342	-
Culture and recreation	2,336,218	331,199	375,936	-
Education	636,105	17,543	-	-
Forestry	1,439,298	3,067,806	123,501	-
Conservation and development	1,075,065	374,177	531,313	-
Interest and fiscal charges	728,003	-	-	-
Total Governmental Activities	40,562,621	9,434,335	9,342,367	43,746
Business-type				
Highway	7,101,270	6,933,673	-	-
Solid waste	542,124	473,962	-	-
Total Business-type Activities	7,643,394	7,407,635	-	-
Total Marinette County	\$ 48,206,015	\$ 16,841,970	\$ 9,342,367	\$ 43,746
Component Unit				
Committee on Aging	\$ 982,942	\$ 267,060	\$ 716,148	\$ -
Association of Business & Industry	219,637	-	3,854,642	-
Stephenson Library Trust	13,663	-	-	-
Total Component Units	\$ 1,216,242	\$ 267,060	\$ 4,570,790	\$ -

General revenues:

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

Total general revenues

Change in net position

Net position - January 1, as originally reported

Prior period adjustment

Cumulative effect of change in accounting principle

Net position - January 1, as restated

Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position			Component Units		
Governmental Activities	Business-type Activities	Total	Committee on Aging	Association for Business & Industry	Stephenson Public Library Foundation
\$ (5,952,124)	\$ -	\$ (5,952,124)	\$ -	\$ -	\$ -
(8,161,636)	-	(8,161,636)	-	-	-
(2,399,665)	-	(2,399,665)	-	-	-
(3,835,534)	-	(3,835,534)	-	-	-
(1,629,083)	-	(1,629,083)	-	-	-
(618,562)	-	(618,562)	-	-	-
1,752,009	-	1,752,009	-	-	-
(169,575)	-	(169,575)	-	-	-
(728,003)	-	(728,003)	-	-	-
<u>(21,742,173)</u>	<u>-</u>	<u>(21,742,173)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(167,597)	(167,597)	-	-	-
-	(68,162)	(68,162)	-	-	-
<u>-</u>	<u>(235,759)</u>	<u>(235,759)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(21,742,173)</u>	<u>(235,759)</u>	<u>(21,977,932)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	266	-	-
-	-	-	-	3,635,005	-
-	-	-	-	-	(13,663)
<u>-</u>	<u>-</u>	<u>-</u>	<u>266</u>	<u>3,635,005</u>	<u>(13,663)</u>
10,676,044	-	10,676,044	-	-	-
1,801,303	-	1,801,303	-	-	-
3,113,632	-	3,113,632	-	-	-
853,246	-	853,246	-	-	-
3,447,628	-	3,447,628	-	-	-
1,018,852	-	1,018,852	-	-	-
1,665,806	-	1,665,806	-	-	-
486,531	9,715	496,246	-	-	111,594
80,263	-	80,263	-	-	-
155,222	13,000	168,222	-	-	-
236,501	25,184	261,685	15,013	-	-
<u>23,535,028</u>	<u>47,899</u>	<u>23,582,927</u>	<u>15,013</u>	<u>-</u>	<u>111,594</u>
<u>1,792,855</u>	<u>(187,860)</u>	<u>1,604,995</u>	<u>15,279</u>	<u>3,635,005</u>	<u>97,931</u>
90,135,341	10,322,174	100,457,515	287,713	1,767,531	1,853,537
-	41,106	41,106	-	-	-
<u>(5,323,983)</u>	<u>(1,338,935)</u>	<u>(6,662,918)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>84,811,358</u>	<u>9,024,345</u>	<u>93,835,703</u>	<u>287,713</u>	<u>1,767,531</u>	<u>1,853,537</u>
<u>\$ 86,604,213</u>	<u>\$ 8,836,485</u>	<u>\$ 95,440,698</u>	<u>\$ 302,992</u>	<u>\$ 5,402,536</u>	<u>\$ 1,951,468</u>

Marinette County, Wisconsin

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General	County Roads and Bridges	Health and Human Human Services	Debt Service
ASSETS				
Pooled cash and investments	\$ 24,391,663	\$ 2,254,893	\$ 650	\$ 464,654
Delinquent property taxes	2,958,009	-	-	-
Accounts receivable	774,056	-	439,334	563,458
Property taxes levied for subsequent year	9,669,498	2,405,177	3,741,457	928,296
Interest receivable	653,228	-	-	-
Loans receivable	7,935,455	-	-	-
Due from other funds	1,548,432	-	-	-
Due from other governments	689,692	-	936,991	-
Prepaid items	202,721	-	49,647	-
Restricted assets - pooled cash and	-	-	-	-
TOTAL ASSETS	<u>\$ 48,822,754</u>	<u>\$ 4,660,070</u>	<u>\$ 5,168,079</u>	<u>\$ 1,956,408</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 627,551	\$ -	\$ 268,309	\$ -
Accrued liabilities	835,410	-	313,538	-
Due to general fund	-	-	1,148,432	400,000
Due to other governments	28,196	-	68,437	-
Deposits from others	324,363	-	172	-
Unearned revenue	323,429	-	82,808	-
Total Liabilities	<u>2,138,949</u>	<u>-</u>	<u>1,881,696</u>	<u>400,000</u>
Deferred Inflows of Resources				
Property taxes levied for subsequent year	9,669,498	2,405,177	3,741,457	928,296
Loans receivable	7,500,000	-	-	-
Interest of delinquent taxes	536,073	-	-	-
Fines and forfeitures	110,529	-	-	-
Total Deferred Inflows of Resources	<u>17,816,100</u>	<u>2,405,177</u>	<u>3,741,457</u>	<u>928,296</u>
Fund Balances				
Nonspendable	3,672,376	-	-	-
Restricted	147,037	-	-	-
Committed	13,951,352	2,254,893	-	628,112
Assigned	1,924,287	-	-	-
Unassigned	9,172,653	-	(455,074)	-
Total fund balances	<u>28,867,705</u>	<u>2,254,893</u>	<u>(455,074)</u>	<u>628,112</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 48,822,754</u>	<u>\$ 4,660,070</u>	<u>\$ 5,168,079</u>	<u>\$ 1,956,408</u>

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

Other Governmental	Total
\$ 3,550,111	\$ 30,661,971
-	2,958,009
3,189	1,780,037
-	16,744,428
1,244	654,472
792,711	8,728,166
-	1,548,432
-	1,626,683
-	252,368
267,887	267,887
<u>\$ 4,615,142</u>	<u>\$ 65,222,453</u>

\$ 189,310	\$ 1,085,170
-	1,148,948
-	1,548,432
-	96,633
-	324,535
43,190	449,427
<u>232,500</u>	<u>4,653,145</u>

-	16,744,428
792,711	8,292,711
-	536,073
-	110,529
<u>792,711</u>	<u>25,683,741</u>

-	3,672,376
2,110,278	2,257,315
1,479,653	18,314,010
-	1,924,287
-	8,717,579
<u>3,589,931</u>	<u>34,885,567</u>

<u>\$ 4,615,142</u>	<u>\$ 65,222,453</u>
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Marinette County, Wisconsin

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page \$ 34,885,567

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

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

Capital assets	\$ 79,948,022	
Less: amount included below with internal service funds	<u>(1,060,501)</u>	78,887,521

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	\$ (27,740,000)	
Loss on advance refunding	288,648	
Refinancing premium	(922,140)	
Compensated absences	(1,571,568)	
Post-employment health insurance	(11,719,080)	
Accrued interest on long-term obligations	<u>(218,498)</u>	(41,882,638)

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

Loans receivable	\$ 8,292,711	
Interest on loans	66,500	
Interest on delinquent taxes	536,073	
Clerk of Courts receivable	<u>110,529</u>	9,005,813

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

Net pension liability	\$ (895,593)	
Deferred outflow of resources - contributions and changes	6,879,782	
Deferred inflow of resources	<u>(2,816,562)</u>	3,167,627

Internal service funds are used by management to charge the costs of reproduction, motor pool, information services and the County's insurance to individual funds.

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 2,540,323

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

\$ 86,604,213

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, 2017

	General	County Roads and Bridges	Health and Human Services	Debt Service	Other Governmental	Total
Revenues						
Taxes	\$ 11,593,849	\$ 1,801,303	\$ 3,113,632	\$ 853,246	\$ -	\$ 17,362,030
Sales tax	-	-	-	3,447,628	-	3,447,628
Intergovernmental	4,102,616	1,425,767	5,929,070	-	6,810	11,464,263
Regulation and compliance	343,284	-	-	-	166,535	509,819
Charges for services	4,352,916	-	3,807,253	-	46,614	8,206,783
Commercial	572,087	-	-	-	411,894	983,981
Miscellaneous	785,114	22,240	-	-	32,417	839,771
Total revenues	<u>21,749,866</u>	<u>3,249,310</u>	<u>12,849,955</u>	<u>4,300,874</u>	<u>664,270</u>	<u>42,814,275</u>
Expenditures						
Current						
General government	6,346,452	-	-	-	644,593	6,991,045
Public protection	8,889,642	-	-	-	163,148	9,052,790
Public ways and facilities	-	3,835,403	-	-	2,018	3,837,421
Health	924,789	-	13,283,492	-	5,601	14,213,882
Culture and recreation	2,261,642	-	-	-	183,582	2,445,224
Education	384,021	-	-	-	-	384,021
Forestry	1,392,756	-	-	-	-	1,392,756
Conservation and development	8,487,800	-	-	-	146,855	8,634,655
Debt service						
Principal payments	-	-	-	2,500,000	-	2,500,000
Interest and fiscal charges	-	-	-	857,725	-	857,725
Total expenditures	<u>28,687,102</u>	<u>3,835,403</u>	<u>13,283,492</u>	<u>3,357,725</u>	<u>1,145,797</u>	<u>50,309,519</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,937,236)</u>	<u>(586,093)</u>	<u>(433,537)</u>	<u>943,149</u>	<u>(481,527)</u>	<u>(7,495,244)</u>
Other financing sources (uses)						
Transfers in	650,000	1,120,109	12,000	143,917	-	1,926,026
Transfers out	(12,000)	-	-	(400,000)	(1,514,026)	(1,926,026)
Total other financing sources (uses)	<u>638,000</u>	<u>1,120,109</u>	<u>12,000</u>	<u>(256,083)</u>	<u>(1,514,026)</u>	<u>-</u>
Net change in fund balances	(6,299,236)	534,016	(421,537)	687,066	(1,995,553)	(7,495,244)
Fund balances - January 1	35,166,941	1,720,877	(33,537)	(58,954)	5,585,484	42,380,811
Fund balances - December 31	<u>\$ 28,867,705</u>	<u>\$ 2,254,893</u>	<u>\$ (455,074)</u>	<u>\$ 628,112</u>	<u>\$ 3,589,931</u>	<u>\$ 34,885,567</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 BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

Reconciliation to the Statement of Activities

Net Change in Fund Balances from previous page	\$ (7,495,244)
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 expenses in governmental fund statements	2,444,645
Depreciation expense reported in the statement of activities	(3,044,240)
Net book value of disposals	(41,732)
Governmental funds do not present revenues that are not available to pay current obligations. In contract such revenues are reported in the statement of activities when earned:	
Revolving loan receivables	7,446,070
Clerk of court receivables	38,551
Interest receivable on taxes	(3,466)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repaid	2,500,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Accrued interest on long-term debt	25,773
Amortization of debt premium net of refunding expense	103,949
Compensated absences	851,925
Other postemployment benefits	(93,635)
Net pension liability	
Deferred outflows of resources related to pensions	(3,028,988)
Deferred inflows of resources related to pensions	934,409
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>268,060</u>
Change in Net Position of Governmental Activities as reported in the Statement of Activities (see pages 20 - 21)	<u>\$ 906,077</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 11,584,147	\$ 11,584,147	\$ 11,593,849	\$ 9,702
Intergovernmental	4,086,564	4,427,597	4,102,616	(324,981)
Regulation and compliance	312,490	312,490	343,284	30,794
Charges for services	4,832,803	4,841,293	4,352,916	(488,377)
Commercial	692,710	692,710	572,087	(120,623)
Miscellaneous	509,132	714,379	785,114	70,735
Total revenues	22,017,846	22,572,616	21,749,866	(822,750)
Expenditures				
General government	8,012,066	7,731,616	6,346,452	1,385,164
Public protection	8,732,559	9,127,829	8,889,642	238,187
Health	989,618	969,809	924,789	45,020
Culture and recreation	2,235,477	2,324,344	2,261,642	62,702
Education	364,486	401,197	384,021	17,176
Forestry	1,382,890	1,417,942	1,392,756	25,186
Conservation and development	1,190,750	8,739,559	8,487,800	251,759
Total expenditures	22,907,846	30,712,296	28,687,102	2,025,194
Excess (deficiency) of revenues over (under) expenditures	<u>(890,000)</u>	<u>(8,139,680)</u>	<u>(6,937,236)</u>	<u>1,202,444</u>
Other financing sources (uses)				
Transfers in	400,000	650,000	650,000	-
Transfers out	-	12,000	(12,000)	(24,000)
Total other financing sources (uses)	<u>400,000</u>	<u>662,000</u>	<u>638,000</u>	<u>(24,000)</u>
Net change in fund balance	(490,000)	(7,477,680)	(6,299,236)	1,178,444
Fund balance - January 1	34,160,727	34,472,935	35,166,941	694,006
Fund balance - December 31	\$ 33,670,727	\$ 26,995,255	\$ 28,867,705	\$ 1,872,450

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,113,632	\$ 3,113,632	\$ 3,113,632	\$ -
Intergovernmental	5,704,161	5,714,894	5,929,070	214,176
Charges for services	4,704,136	4,728,980	3,807,253	(921,727)
Total revenues	<u>13,521,929</u>	<u>13,557,506</u>	<u>12,849,955</u>	<u>(707,551)</u>
Expenditures				
Health	<u>13,599,288</u>	<u>13,338,849</u>	<u>13,283,492</u>	<u>55,357</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,359)</u>	<u>218,657</u>	<u>(433,537)</u>	<u>(652,194)</u>
Other financing sources				
Transfers in	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Net change in fund balance	<u>(77,359)</u>	<u>230,657</u>	<u>(421,537)</u>	<u>(652,194)</u>
Fund balance - January 1	<u>(33,537)</u>	<u>(33,537)</u>	<u>(33,537)</u>	<u>-</u>
Fund balance - December 31	<u>\$ (110,896)</u>	<u>\$ 197,120</u>	<u>\$ (455,074)</u>	<u>\$ (652,194)</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 FUND
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,801,303	\$ 1,801,303	\$ 1,801,303	\$ -
Intergovernmental	1,374,705	1,374,705	1,425,767	51,062
Miscellaneous	-	-	22,240	22,240
Total revenues	<u>3,176,008</u>	<u>3,176,008</u>	<u>3,249,310</u>	<u>73,302</u>
Expenditures				
Public ways and facilities	<u>7,480,208</u>	<u>4,537,465</u>	<u>3,835,403</u>	<u>702,062</u>
Excess (deficiency) of revenues under expenditures	<u>(4,304,200)</u>	<u>(1,361,457)</u>	<u>(586,093)</u>	<u>775,364</u>
Other Finance Sources				
Transfers in	<u>4,237,000</u>	<u>458,638</u>	<u>1,120,109</u>	<u>661,471</u>
Net change in fund balance	(67,200)	(902,819)	534,016	1,436,835
Fund balance - January 1	<u>1,720,877</u>	<u>1,720,877</u>	<u>1,720,877</u>	-
Fund balance - December 31	<u>\$ 1,653,677</u>	<u>\$ 818,058</u>	<u>\$ 2,254,893</u>	<u>\$ 1,436,835</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, 2017**

	Enterprise Funds			Governmental Activities
	Highway	MAR-OCO	Total	Internal Service Funds
ASSETS				
Current assets				
Pooled cash and investments	\$ 1,397,105	\$ 565,584	\$ 1,962,689	\$ 1,523,176
Petty cash	100	200	300	-
Accounts receivable	1,827	28,667	30,494	12,994
Property taxes levied for subsequent year	-	-	-	92,749
Interest receivable	-	1,034	1,034	-
Due from other governments	525,956	-	525,956	-
Prepaid items	-	-	-	21,723
Inventories	1,321,239	-	1,321,239	18,724
Total current assets	<u>3,246,227</u>	<u>595,485</u>	<u>3,841,712</u>	<u>1,669,366</u>
Noncurrent assets				
Restricted assets - pooled cash and investments	172,102	758,810	930,912	-
Capital assets				
Nondepreciable	230,087	187,514	417,601	-
Depreciable	5,546,349	1,179,118	6,725,467	1,060,501
Total noncurrent assets	<u>5,948,538</u>	<u>2,125,442</u>	<u>8,073,980</u>	<u>1,060,501</u>
TOTAL ASSETS	<u>9,194,765</u>	<u>2,720,927</u>	<u>11,915,692</u>	<u>2,729,867</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	<u>1,050,148</u>	<u>26,780</u>	<u>1,076,928</u>	<u>-</u>
LIABILITIES				
Current liabilities				
Unearned fringe benefit	39,186	-	39,186	-
Accounts payable	110,590	21,052	131,642	19,598
Accrued liabilities	-	3,771	3,771	25,321
Compensated absences payable	17,903	-	17,903	-
Total current liabilities	<u>167,679</u>	<u>24,823</u>	<u>192,502</u>	<u>44,919</u>
Noncurrent liabilities				
Compensated absences payable	161,128	-	161,128	-
Postemployment health insurance	1,527,169	10,201	1,537,370	-
Net pension liability	115,978	3,594	119,572	-
Accrued landfill closure/post closure care cost	-	1,821,400	1,821,400	-
Total noncurrent liabilities	<u>1,804,275</u>	<u>1,835,195</u>	<u>3,639,470</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,971,954</u>	<u>1,860,018</u>	<u>3,831,972</u>	<u>44,919</u>

Marinette County, Wisconsin

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2017

	Enterprise Funds			Governmental Activities
	Highway	MAR-OCO	Total	Internal Service Funds
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent years	-	-	-	92,749
Deferred inflows related to pension	364,739	11,301	376,040	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>364,739</u>	<u>11,301</u>	<u>376,040</u>	<u>92,749</u>
NET POSITION				
Net investment in capital assets	5,776,436	1,366,632	7,143,068	1,060,500
Restricted	373,857	-	373,857	-
Unrestricted	1,757,927	(490,243)	1,267,684	1,531,699
TOTAL NET POSITION	<u>\$ 7,908,220</u>	<u>\$ 876,389</u>	<u>8,784,609</u>	<u>\$ 2,592,199</u>
			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	51,876
			Net position of business-type activities as reported in the statement of net position (see pages 18 - 19)	<u>\$ 8,836,485</u>

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

Marinette County, Wisconsin

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Enterprise Funds			Governmental Activities
	Highway	MAR-OCO	Total	Internal Service Funds
Operating revenues				
Charges for services	\$ 6,933,673	\$ 473,962	\$ 7,407,635	\$ 2,278,988
Operating expenses				
Administration	-	26,621	26,621	-
Operation and maintenance	6,387,088	320,297	6,707,385	1,358,622
Claims and premiums	-	-	-	750,908
Landfill closure/post-closure care costs	-	84,470	84,470	-
Depreciation	707,473	110,736	818,209	212,554
Total operating expenses	7,094,561	542,124	7,636,685	2,322,084
Operating loss	(160,888)	(68,162)	(229,050)	(43,096)
Nonoperating Revenues				
General property taxes	-	-	-	101,047
Sale of county property	-	13,000	13,000	10,910
Insurance recoveries and dividends	-	-	-	43,235
Investment earnings	-	9,715	9,715	-
Miscellaneous	25,184	-	25,184	-
Total nonoperating revenues	25,184	22,715	47,899	155,192
Income (loss) before contributions	(135,704)	(45,447)	(181,151)	112,096
Capital contributions	-	-	-	149,255
Change in net position	(135,704)	(45,447)	(181,151)	261,351
Net position - January 1, as originally reported	9,353,442	910,147	10,263,589	2,330,848
Cumulative effect of change in accounting principles	(1,350,624)	11,689	(1,338,935)	-
Prior period adjustment	41,106	-	41,106	-
Total net position - January 1, restated	8,043,924	921,836	8,965,760	2,330,848
Total net position - December 31	\$ 7,908,220	\$ 876,389	\$ 8,784,609	\$ 2,592,199
Change in net position, per above			\$ (181,151)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(6,709)	
Change in net position of business-type activities as reported on the statement of activities (see pages 20 - 21)			\$ (187,860)	

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

Marinette County, Wisconsin

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Enterprise Funds			Governmental Activities
	Highway	MAR-OCO	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash from interfund	\$ 4,134,941	\$ -	\$ 4,134,941	\$ 2,218,060
Cash receipts from customers	2,806,852	489,781	3,296,633	69,985
Payments to employees	(3,506,949)	(99,069)	(3,606,018)	(668,457)
Payments to suppliers	(2,810,536)	(265,246)	(3,075,782)	(1,289,168)
Net cash provided by operating activities	<u>624,308</u>	<u>125,466</u>	<u>749,774</u>	<u>330,420</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property taxes	-	-	-	101,047
Insurance recoveries	-	-	-	36,568
Miscellaneous revenue	25,184	-	25,184	6,668
Net cash provided by noncapital financing activities	<u>25,184</u>	<u>-</u>	<u>25,184</u>	<u>144,283</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(273,520)	(66,911)	(340,431)	(273,702)
Contributed capital	-	-	-	149,255
Proceeds from sale of assets	-	-	-	10,910
Net cash used by capital and related financing activities	<u>(273,520)</u>	<u>(66,911)</u>	<u>(340,431)</u>	<u>(113,537)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	-	9,391	9,391	-
Net increase in cash and cash equivalents	375,972	67,946	443,918	361,166
Cash and cash equivalents - January 1	1,193,335	1,256,647	2,449,982	1,162,010
Cash and cash equivalents - December 31	<u>\$ 1,569,307</u>	<u>\$ 1,324,593</u>	<u>\$ 2,893,900</u>	<u>\$ 1,523,176</u>
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	\$ (160,888)	\$ (68,162)	\$ (229,050)	\$ (43,096)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	707,473	110,736	818,209	212,554
Change in pension liability (asset), deferred inflows and outflows	-	5,411	5,411	-
Changes in assets and liabilities:				
Accounts payable - interfund	-	-	-	(8,300)
Accounts payable - other	(3,785)	-	(3,785)	-
Accounts payable - supplier	(288,296)	(18,055)	(306,351)	(72,285)
Customer receivables	8,120	15,819	23,939	(10,411)
Inventory	(55,633)	-	(55,633)	(471)
Other operating receivables	5,676	-	5,676	8,298
Salaries and benefits payable	206,569	1,050	207,619	14,914
Increase in postclosure care cost estimates	-	84,470	84,470	-
Prepaid items	(8,131)	-	(8,131)	229,217
Postemployment benefits	213,203	(5,803)	207,400	-
Net cash provided by operating activities	<u>\$ 624,308</u>	<u>\$ 125,466</u>	<u>\$ 749,774</u>	<u>\$ 330,420</u>

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

Marinette County, Wisconsin

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2017

	<u>Agency funds</u>
ASSETS	
Cash and investments	\$ 8,359,766
Delinquent property taxes	107,962
Accounts receivable	118
Prepaid items	120
TOTAL ASSETS	<u>\$ 8,467,966</u>
LIABILITIES	
Tax collections	\$ 6,039,086
Forest income	325,612
Special assessments	113,132
Accounts payable	2,235
Deposits payable	1,967,621
Accrued liabilities	280
TOTAL LIABILITIES	<u>\$ 8,447,966</u>

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

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

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

2. Component Units

BLENDED COMPONENT UNIT

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

DISCRETELY PRESENTED COMPONENT UNITS

The component unit columns in the basic financial statements represent the financial data of the Marinette County Committee on Aging, Inc. (MCCA), the Marinette County Association for Business and Industry, Inc. (MCABI), and the Stephenson Public Library Foundation, Inc. They are reported in separate columns to emphasize that the entities are legally separate from the County. The MCCA is a not-for-profit corporation that provides services primarily in connection with the "Older Americans Program" for the elderly of Marinette County. The County annually provides significant operating subsidies to the MCCA. Audited financial statements for the MCCA can be obtained from their administrative office in Crivitz, Wisconsin. The MCCA expended less than \$750,000 in federal funds during 2017 and therefore was not required to have an audit performed in accordance with the Uniform Guidance. Because the MCCA received funding of more than \$25,000 from the State of Wisconsin Department of Health Services (DHS) during 2017, the MCCA's audited financial statements include an audit performed in accordance with the DHS'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 at 1320 Main Street, Marinette, Wisconsin, 54143. 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

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3. Government-Wide and Fund Financial Statements

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

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

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

The County reports the following major governmental funds.

GENERAL FUND

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

COUNTY ROADS AND BRIDGES SPECIAL REVENUE FUND

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

HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND

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

DEBT SERVICE FUND

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

Marinette County, Wisconsin

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The County reports the following major enterprise funds:

HIGHWAY

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

MAR-OCO LANDFILL

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

Additionally, the government reports the following fund types:

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

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

4. Measurement Focus and Basis of Accounting

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

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

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

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

Marinette County, Wisconsin

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

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

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

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

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. 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, 2017 for collection in 2018 are \$16,837,177. The County apportionment is for financing 2018 operations and will be transferred in 2018 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds.

c. Accounts and Loans Receivable

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

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2017

d. 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.

e. Inventories

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

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

f. Prepaid Items

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

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

g. Capital Assets

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

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

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

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

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

h. 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.

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has three items that qualify for reporting in this category. 1). The Highway fund retirement system unfunded liability reported in the government-wide and proprietary funds statements of net position. The unfunded liability charge results from the previous pay off of the retirement liability. This amount is deferred and being amortized over a thirty year period. 2). A deferred charge on debt refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 3). The County's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category in the government-wide statement of net position. The first is property taxes, which will be recognized as an inflow of resources in the subsequent year for which it was levied. The second is related to the County proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

The County also has an additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources, loans receivable, interest on delinquent taxes and fines and forfeitures. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

j. Long-term Obligations

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

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

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

k. Pensions

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

l. Other Postemployment Benefits Other Than Pensions (OPEB)

Qualifying employees are provided with other postemployment benefits. The OPEB is a single employer defined benefit plan administered by the County. For purposes of measuring the OPEB liability, related deferred outflows and inflows and OPEB expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

m. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

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

6. Use of Estimates

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

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

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

- A. 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.
- B. 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.
- C. During the year, formal budgetary integration is employed as a management control device for the governmental funds.
- D. 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.
- E. 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, 2017.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

2. Deficit Fund Balance

As of December 31, 2017, the health and human services fund had a deficit fund balance of \$455,074 respectively. This deficit will be funded with a transfer from the unassigned General Fund balance.

3. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2017 and 2018 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 2017 budget was 0.796%. For the 2018 budget year, the actual limit for the County 1.774%. 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.

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 \$43,706,701 on December 31, 2017 as summarized below:

Petty cash and cash on hand	\$	5,045
Deposits with financial institutions		10,519,340
Investments		33,182,316
	\$	<u>43,706,701</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position		
Cash and investments	\$	34,148,136
Restricted cash and investments		1,198,799
Fiduciary fund statement of net position		
Agency funds		8,359,766
	\$	<u>43,706,701</u>

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

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Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The County has the following fair value measurements as of December 31, 2017:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Federal National Mortgage Association	\$ -	\$ 5,251,670	\$ -
Federal Home Loan Mortgage Corporation	-	4,046,309	-
Federal Farm Credit Bank	-	4,201,994	-
Governmental National Mortgage Association	-	697,138	-
Negotiable Certificates of Deposit	-	8,312,527	-
Small Business Association	-	521,012	-
Corporate Paper	-	2,976,469	-
Municipal Bonds	-	1,768,114	-
Total investments by fair value level	<u>\$ -</u>	<u>\$ 27,775,233</u>	<u>\$ -</u>

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

Custodial Credit Risk

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

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

As of December 31, 2017, \$7,374,956 of the County's deposits with financial institutions was in excess of federal and state depository insurance limits and uncollateralized.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

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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 further reduces credit risk through its investment policy which limits types of investments, prequalifies institutions, and diversifies the investments. The negotiable CD's listed below are not rated, however these investments per institution are less than \$250,000 each, and are therefore insured by FDIC. Presented below is the actual rating at time of purchase for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Exempt From Disclosure</u>	<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Federal National Mortgage Association	\$ 5,251,670	\$ -	\$ 5,251,670	\$ -	\$ -
Federal Home Loan Mortgage Corporation	4,046,310	-	4,046,310	-	-
Federal Farm Credit Bank	4,201,994	-	4,201,994	-	-
Governmental National Mortgage Association	697,138	-	697,138	-	-
Negotiable Certificates of Deposit	8,312,527	-	-	-	8,312,527
Small Business Association	521,012	-	521,012	-	-
Corporate Paper	2,976,469	-	2,976,469	-	-
Municipal Bonds	1,768,114	-	1,768,114	-	-
Wisconsin Local Government Investment Pool	4,697,451	-	-	-	4,697,451
Wisconsin Local Government Investment Pool - DNR	709,631	-	-	-	709,631
Totals	\$ 33,182,316	\$ -	\$ 19,462,707	\$ -	\$ 13,719,609

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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percent of Total</u>
Federal National Mortgage Association (FNMA)	U.S.	\$ 5,251,670	15.0%
Federal Home Loan Mortgage Corporation (FHLMC)	U.S.	4,046,309	11.6%
Federal Farm Credit Bank	U.S.	4,201,994	12.1%

As of December 31, 2017, the County is not in violation of diversification limits as imposed by its investment policy.

Marinette County, Wisconsin

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Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal National Mortgage Association	\$ 5,251,670	\$ 327,244	\$ 1,415,891	\$ 3,508,535	\$ -
Federal Home Loan Mortgage Corporation	4,046,310	2,356,704	943,569	746,036	-
Federal Farm Credit Bank	4,201,994	-	4,201,994	-	-
Governmental National Mortgage Association	697,138	15,350	493,749	-	188,039
Negotiable Certificates of Deposit	8,312,527	3,719,100	1,973,769	2,619,658	-
Small Business Association	521,012	-	521,012	-	-
Corporate Paper	2,976,469	499,668	-	2,476,801	-
Municipal Bonds	1,768,114	380,660	-	1,387,454	-
Wisconsin Local Government Investment Pool	4,697,451	4,697,451	-	-	-
Wisconsin Local Government Investment Pool - DNR	709,631	709,631	-	-	-
Totals	\$ 33,182,316	\$ 12,705,808	\$ 9,549,984	\$ 10,738,484	\$ 188,039

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Highly Sensitive Investments	Fair Value at Year End
Federal National Mortgage Association	\$ 5,251,670
Federal Home Loan Mortgage Corporation	4,046,310
Federal Farm Credit Bank	4,201,994
Governmental National Mortgage Association	697,138
Small Business Association	521,012
Corporate Paper	2,976,469

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$5,407,082 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, 2017, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

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COMPONENT UNITS

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

The Marinette County Association for Business & Industry, component unit has a bank balance and investments. The bank balance consists of cash in money market funds and general demand accounts. The investments are stated at fair market value and consist of various securities with local financial institution trust departments. At December 31, 2017 the investment in money markets was \$66,639 with a fair market value of \$66,639.

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, 2017 the investment cost was \$475,596 with a fair market value of \$571,294.

2. 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, 2017, the County's general fund showed an investment of \$2,958,009 in delinquent taxes as follows:

Tax certificates	\$ 2,839,123
Tax deeds	118,886
Total	<u>\$ 2,958,009</u>

An aging of the total delinquent taxes of \$2,958,009 on December 31, 2017 follows:

<u>Year Acquired</u>	<u>Total</u>	<u>Tax Certificates</u>	<u>Tax Deeds</u>
Prior to 2011	\$ 56,287	\$ 2,036	\$ 54,251
2011	15,205	1,427	13,778
2012	1,748	1,356	392
2013	5,779	3,942	1,837
2014	10,408	8,622	1,786
2015	501,160	501,160	-
2016	884,054	878,357	5,697
2017	1,483,368	1,442,223	41,145
	<u>\$ 2,958,009</u>	<u>\$ 2,839,123</u>	<u>\$ 118,886</u>

Of the total of \$2,958,009 for delinquent taxes, \$323,809 was collected by the County within 60 days after December 31, 2017. The remaining unpaid balance of \$2,634,200 is recorded as non-spendable fund balance for the general fund.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2017

3. Restricted Assets

Restricted assets on December 31, 2017 totaled \$1,198,799 and consisted of cash and investments held for the following purposes:

Special Revenue Fund		
Solid waste long-term care	\$	267,887
Enterprise Funds		
Highway retirees health insurance		172,102
Solid waste long-term care/closure		758,810
Total Restricted Assets	\$	<u>1,198,799</u>

4. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, nondepreciable				
Land	\$ 4,865,776	\$ -	\$ 375	\$ 4,865,401
Construction work in progress	28,150	153,211	28,150	153,211
Subtotals	<u>4,893,926</u>	<u>153,211</u>	<u>28,525</u>	<u>5,018,612</u>
Capital assets, depreciable				
Buildings and improvements	45,016,511	189,427	-	45,205,938
Machinery and equipment	11,963,401	813,685	472,977	12,304,109
Infrastructure	64,651,874	1,590,174	146,928	66,095,120
Subtotals	<u>121,631,786</u>	<u>2,593,286</u>	<u>619,905</u>	<u>123,605,167</u>
Less accumulated depreciation for:				
Buildings and improvements	15,362,325	940,918	-	16,303,243
Machinery and equipment	8,603,570	745,406	431,619	8,917,357
Infrastructure	22,031,615	1,570,470	146,928	23,455,157
Subtotals	<u>45,997,510</u>	<u>3,256,794</u>	<u>578,547</u>	<u>48,675,757</u>
Total capital assets, depreciable, net	<u>75,634,276</u>	<u>(663,508)</u>	<u>41,358</u>	<u>74,929,410</u>
Governmental activities capital assets, net	<u>\$ 80,528,202</u>	<u>\$ (510,297)</u>	<u>\$ 69,883</u>	<u>79,948,022</u>
Less related long-term debt outstanding				<u>26,333,766</u>
Net investment in capital assets				<u>\$ 53,614,256</u>

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, nondepreciable				
Land	\$ 238,989	\$ -	\$ -	\$ 238,989
Work in progress	-	178,612	-	178,612
Subtotals	<u>238,989</u>	<u>178,612</u>	<u>-</u>	<u>417,601</u>
Capital assets, depreciable				
Land improvements	3,413,390	529	-	3,413,919
Buildings	4,986,241	-	-	4,986,241
Machinery and equipment	10,405,586	647,657	689,137	10,364,106
Subtotals	<u>18,805,217</u>	<u>648,186</u>	<u>689,137</u>	<u>18,764,266</u>
Less accumulated depreciation for:				
Land improvements	2,339,038	83,238	-	2,422,276
Buildings	3,175,574	173,278	-	3,348,852
Machinery and equipment	5,921,747	561,694	215,770	6,267,671
Subtotals	<u>11,436,359</u>	<u>818,210</u>	<u>215,770</u>	<u>12,038,799</u>
Total capital assets, depreciable, net	<u>7,368,858</u>	<u>(170,024)</u>	<u>473,367</u>	<u>6,725,467</u>
Business-type activities capital assets, net	<u>\$ 7,607,847</u>	<u>\$ 8,588</u>	<u>\$ 473,367</u>	7,143,068
Less related long-term debt outstanding				<u>-</u>
Net investment in capital assets				<u>\$ 7,143,068</u>

*The County determined that business activities inadvertently understated capital assets by \$114,182 as presented in the December 31, 2016 Annual Financial Report and prior years. As a result, the beginning balance has been increased by \$41,106, the net book value of the asset.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2017

Depreciation expense was charged to functions of the County as follows:

Governmental activities	
General government	\$ 127,670
Public protection	647,714
Public ways and facilities	1,570,470
Health	82,203
Culture and recreation	55,564
Education	445,354
Forestry	112,236
Conservation and development	3,028
Allocated from internal service funds	212,554
Total depreciation expense - governmental activities	<u>\$ 3,256,794</u>
Business-type activities	
Highway	\$ 707,474
Solid waste	110,736
Total depreciation expense - business-type activities	<u>\$ 818,210</u>

5. Inter-fund Receivable, Payables, and Transfers

Inter-fund receivables and payables between individual funds of the County, as reported in the fund financial statements, as of December 31, 2017 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Cash advance for cash flow/ fund balance deficit		
General Fund	\$ 1,148,432	\$ -
Health and Human Services Fund	-	1,148,432
Totals	<u>\$ 1,148,432</u>	<u>\$ 1,148,432</u>
Long-term advance to other funds		
General Fund	\$ 400,000	\$ -
Debt Service Fund	-	400,000
Totals	<u>\$ 400,000</u>	<u>\$ 400,000</u>

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 200,000	\$ 12,000	\$ 212,000
2019	200,000	6,000	206,000
	<u>\$ 400,000</u>	<u>\$ 18,000</u>	<u>\$ 418,000</u>

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Inter-fund transfers for the year ended December 31, 2017 were as follows:

	Transfer to:				Totals
	General Fund	County Roads and Bridges	Debt Service	Health and Human Services	
Transfers from:					
General fund	\$ -	\$ -	\$ -	\$ 12,000	\$ 12,000
Debt service	400,000	-	-	-	400,000
2014 capital projects	-	100,381	131,618	-	231,999
2015 capital projects	-	52,607	12,299	-	64,906
2016 capital projects	250,000	967,121	-	-	1,217,121
Totals	<u>\$ 650,000</u>	<u>\$ 1,120,109</u>	<u>\$ 143,917</u>	<u>\$ 12,000</u>	<u>\$ 1,926,026</u>

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

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2017:

	Outstanding 1/1/17	Issued	Retired	Outstanding 12/31/17	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 11,340,000	\$ -	\$ 1,800,000	\$ 9,540,000	\$ 1,900,000
Notes	18,900,000	-	700,000	18,200,000	500,000
Total General Obligation Debt	<u>30,240,000</u>	-	<u>2,500,000</u>	<u>27,740,000</u>	<u>2,400,000</u>
Debt premium	1,084,889	-	162,749	922,140	162,749
Compensated absences	<u>2,423,493</u>	-	<u>851,925</u>	<u>1,571,568</u>	<u>157,157</u>
Governmental activities Long-term obligations	<u>\$ 33,748,382</u>	<u>\$ -</u>	<u>\$ 3,514,674</u>	<u>\$ 30,233,708</u>	<u>\$ 2,719,906</u>
Business-type activities:					
Compensated absences	<u>\$ 145,284</u>	<u>\$ 33,747</u>	<u>\$ -</u>	<u>\$ 179,031</u>	<u>\$ 17,903</u>

Total interest paid during the year on long-term debt totaled \$839,725.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2017

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$16,615,000 issued 3/15/12; \$125,000 to \$1,875,000 due annually to 2022;
interest 1.50% to 4.00 % \$ 9,540,000

Notes

\$9,435,000 issued 2/12/14; \$635,000 to \$4,000,000 due annually to 2023;
interest 1.00% to 3.00% 7,800,000

\$5,945,000 issued 3/10/15; \$145,000 to \$4,000,000 due annually to 2024;
interest 2.00% to 2.50% 5,600,000

\$5,000,000 issued 4/13/16; \$100,000 to \$2,000,000 due annually to 2026;
interest 2.00% to 2.25% 4,800,000

Total Outstanding General Obligation Debt \$ 27,740,000

Annual principal and interest maturities of the outstanding general obligation debt of \$27,740,000 on December 31, 2017 are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 2,400,000	\$ 759,475	\$ 3,159,475
2019	2,350,000	711,975	3,061,975
2020	2,400,000	653,475	3,053,475
2021	2,365,000	585,787	2,950,787
2022	5,325,000	454,250	5,779,250
2023-2026	12,900,000	544,250	13,444,250
	<u>\$ 27,740,000</u>	<u>\$ 3,709,212</u>	<u>\$ 31,449,212</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, 2017 was \$165,052,577 as follows:

Equalized valuation of the County	\$ 3,843,289,300
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	192,164,465
Total outstanding general obligation debt applicable to debt limitation	\$ 27,740,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>628,112</u>
Net outstanding general obligation debt applicable to debt limitation	<u>27,111,888</u>
Legal Margin for New Debt	<u><u>\$ 165,052,577</u></u>

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

7. Pension Plan

a. Plan Description

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

ETF issues a standalone Comprehensive Financial Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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

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

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

The WRS also provides death and disability benefits for employees.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

b. Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

c. Contributions

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

During the reporting period ending December 31, 2016, the WRS recognized \$1,178,489 in contributions from the County.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

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

At December 31, 2017, the County reported a liability of \$1,015,165 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the County's proportion was 0.12359975%, which was a decrease of 0.00070576% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the County recognized pension expense of \$2,627,206.

At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 388,452	\$ 3,203,903
Net differences between projected and actual earnings on pension plan investments	5,071,050	-
Changes in assumptions	1,065,150	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,418	-
Employer contributions subsequent to the measurement date	1,241,846	-
Subtotal	<u>7,787,916</u>	<u>3,203,903</u>
Less 50% of MAR-OCO Landfill balances related to another entity	(26,780)	(11,301)
Total	<u>\$ 7,761,136</u>	<u>\$ 3,192,602</u>

\$1,241,846 reported as deferred outflows related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Expense</u>
2017	\$ 1,356,749
2018	1,356,749
2019	927,075
2020	(300,372)
2021	1,966
Total	<u>\$ 3,342,167</u>

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

e. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2015
Measurement date of net pension liability (asset):	December 31, 2016
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Value
Long-term expected rate of return:	7.2%
Discount rate:	7.2%
Salary increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

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

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
<u>Core Fund Asset Class</u>				
Global equities	50%	45%	8.3%	5.4%
Fixed income	24.5%	37%	4.2%	1.4%
Inflation sensitive assets	15.5%	20%	4.3%	1.5%
Real estate	8%	7%	6.5%	3.6%
Private equity/debt	8%	7%	9.4%	6.5%
Multi-asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. equities	70%	70%	7.6%	4.7%
International equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease to Discount Rate (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase to Discount Rate (8.2%)</u>
County's proportionate share of the net pension liability (asset)	\$ 13,402,402	\$ 1,018,757	\$ 8,517,211

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

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

f. Payable to the WRS

At December 31, 2017 the County reported a payable of \$193,526 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

8. Other Postemployment Benefits Other Than Pension Benefits (OPEB)

Marinette County has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2017. These statements revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits. Financial statements for the year ended December 31, 2016 have not been restated.

The cumulative effect of this change was to decrease the December 31, 2016 net position by \$6,662,918 as follows:

Other postemployment liability	
Balance previously reported	\$ 6,522,897
Actuarially determined balance	<u>13,185,815</u>
Change in other postemployment liability	<u>\$ (6,662,918)</u>

a. Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of Marinette County, including MAR-OCO. Eligible retired employees have access to group medical coverage through the County's group plan. County paid medical benefits are paid for as indicated below. All employees of the County are eligible for the Plan if they meet the following age and service requirements below.

b. Benefits Provided

For employees who were hired before January 1, 2012, and retire from the County after attaining age 55 and 20 years of service, the employee is eligible to remain on the County's medical insurance plan for eight years. For employees who were hired before January 1, 2012, and retire from the County after attaining age 62 and 15 years of service, the employee is eligible to remain on the County's medical insurance plan for eight years.

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	<u>175</u>
--	------------

c. Net OPEB Liability

Marinette County's net OPEB liability was measured as of January 1, 2018 with rollback to December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

d. Actuarial Assumptions

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	3.5%
Salary Increases:	2.0%
Investment Rate of Return:	3.5%
Healthcare cost trend rates:	6.5% decreasing by 0.50% every two years down to 5.0%, and level thereafter

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Mortality rates are a blend of the Death - in-Service and Retired Lives mortality rates from the "Wisconsin Retirement System 2012 - 2014 Experience Study" with the MP-2015 generational improvement scale (multiplied by 50%).

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of the Wisconsin Retirement System's Three-Year Experience Study for the period 2012 through 2014.

Discount rate. The discount rate used to measure the total OPEB liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that Marinette County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

e. Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
	<u>(a)</u>
Balance at January 1, 2017	<u>\$ 13,185,815</u>
Changes for the year:	
Service cost	293,379
Interest	471,772
Differences between expected and actual experience	-
Contributions - employer	-
Net investment income	-
Benefit payments	(694,516)
Administrative expense	-
Net changes	<u>70,635</u>
Balance at December 31, 2017	<u>\$ 13,256,450</u>

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of Marinette County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (3.5%) than the current rate:

	<u>1% Decrease to</u>	<u>Current</u>	<u>1% Increase to</u>
	<u>Discount Rate</u>	<u>Discount Rate</u>	<u>Discount Rate</u>
	<u>(2.5%)</u>	<u>(3.50%)</u>	<u>(4.50%)</u>
Net OPEB Liability	\$ 14,280,409	\$ 13,256,450	\$ 12,307,470

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of Marinette County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 4.5%) or 1-percentage-point higher (7.5% decreasing to 6.5%) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 4.5%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.5%)	1% Increase (7.5% decreasing to 6.5%)
Net OPEB liability	\$ 11,888,855	\$ 13,256,450	\$ 14,954,107

For the year ended December 31, 2017, Marinette County recognized OPEB expense of \$471,772.

9. Closure and Post-Closure Care Costs

The Marinette-Oconto (MAR-OCO) Joint Landfill is a solid waste landfill operation owned 50% by Marinette County and 50% by Oconto County. Marinette County records its 50% share of MAR-OCO's financial transactions in an enterprise fund on its financial statements. Federal and state laws and regulations require MAR-OCO to place covers on landfill increments as they are filled (closure costs) and to perform certain maintenance and monitoring functions (post-closure care) of the landfill site for forty years after the landfill stops accepting waste. Most closure costs are paid when individual landfill increments reach capacity for accepting waste and post-closure care costs will normally only be paid after the entire landfill stops accepting waste. In accordance with GASB Statement No. 18, MAR-OCO annually records an estimate of the closure and post-closure care costs as an operating expense during the life of the landfill based on landfill capacity used compared to total estimated capacity available. The resultant liabilities for these estimated operating expenses are reduced each year for actual payments made. An analysis of Marinette County's 50% share of the estimated liabilities for closure and post-closure care costs on December 31, 2017 follows:

	Landfill Closure Care	Landfill Post closure Care
Total estimated costs	\$ 1,289,255	\$ 2,451,280
Percentage of storage capacity used as of December 31, 2017	75.30%	62.39%
Total estimated liability for costs as of December 31, 2017	970,771	1,529,354
Less closure costs paid	678,724	-
Liabilities as of December 31, 2017	<u>\$ 292,046</u>	<u>\$ 1,529,354</u>

The above total costs of \$292,046 and \$1,529,354 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 \$1,529,354 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, 2017 was \$758,810. 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.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

10. Fund Equity

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

NON-SPENDABLE FUND BALANCES

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

General Fund	
Prepaid items	\$ 202,721
Delinquent property taxes	2,634,200
Long-term loans receivable	835,455
Total Nonspendable Fund Balances	<u>\$ 3,672,376</u>

RESTRICTED FUND BALANCES AND NET POSITION

Portions of governmental fund balances are restricted for specific purposes by constraints imposed by external providers. At December 31, 2017, restricted fund balances consisted of the following:

General Fund	
Sheriff Department honor guard uniforms	\$ 2,161
Sheriff Department canine	16,585
Family counseling	29,486
Veterans transportation	44,547
Veterans emergency assistance	9,000
Wildlife habitat	36,565
County forest land acquisition	8,693
	<u>147,037</u>
Special Revenue Funds	
Land records modernization	214,493
Teen court	660
Jail assessments	97,179
Dog licenses	1,000
Nicolet library grant	13,778
Library donations	139,360
Peshtigo library - McCauley trust	182,338
Peshtigo library - Falkenberg trust	19,255
Community Development Block Grant	469,858
	<u>1,137,921</u>
2016 Capital projects	<u>972,357</u>
Total Restricted Fund Balances - Governmental Balance Sheet	<u>2,257,315</u>
Outstanding Loan Balance - Community Development Block Grant	435,075
Total Restricted Net Position - Statement of Net Position	<u>\$ 2,692,390</u>

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

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, 2017, committed fund balances consisted of the following:

General Fund	
Property tax reduction fund	\$ 11,558,908
Service level stabilization	2,000,000
Forestry heavy equipment	247,770
Tourism	18,904
Land information	102,109
Environmental site assessment	23,661
	<u>13,951,352</u>
Special Revenue Funds	
County roads and bridges	2,254,893
Solid waste long-term care	268,544
Forest and parks development	402,249
Revolving loan fund	808,860
	<u>3,734,546</u>
Debt Service Fund	<u>628,112</u>
Total Committed Fund Balances	<u>\$ 18,314,010</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, 2017, assigned fund balances consisted of the following:

General Fund	
Capital maintenance	\$ 820,288
Subsequent years budget	230,000
County Department budget carryovers	873,999
Total Assigned Fund Balances	<u>\$ 1,924,287</u>

UNASSIGNED FUND BALANCES

General fund unassigned fund balance on December 31, 2017 was \$9,172,653 and after an interfund loan to cover the Health and Human Services negative fund balance of \$455,074, was \$8,717,579 respectively. Of the \$8,717,579 balance, \$2,210,574 was allocated for contingencies and \$1,842,145 was allocated for cash flow requirements.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

11. Minimum Fund Balance Policy

The County has adopted the following fund balance policy:

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

Budgeted 2017 General Fund Operating Expenditures	\$ 22,907,846
	17%
17% of total budgeted regular General Fund Expenditures	<u>\$ 3,894,334</u>

The General Fund unassigned fund balance on December 31, 2017 totaled \$9,172,653.

NOTE D - OTHER INFORMATION

1. 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, 2017 the self-insurance internal service fund had net position of \$645,396 allocated to the following risk management programs:

Property and liability insurance	\$ 19,976
Workers compensation	625,420
Net Position	<u>\$ 645,396</u>

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.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS December 31, 2017

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 2016 and 2017 follows:

Year	Liability January 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31,
2016	\$ -	\$ 266,074	\$ 266,074	\$ -
2017	-	302,890	302,890	-

2. Contingencies

- a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under Uniform Grant Guidance has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.
- b. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and Corporation Counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

3. Prior Period Adjustment

A prior period adjustment was recognized in the Highway Enterprise fund. This adjustment was due to an asset that had been inadvertently omitted from the financial statements in a prior year. The net book value of this asset was \$41,106.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

4. Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

Marinette County, Wisconsin

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

For the Year Ended December 31, 2017

	<u>2017</u>
Total OPEB liability	
Service cost	\$ 293,379
Interest	471,772
Benefit payments	<u>(694,516)</u>
Net change in total OPEB liability	70,635
Total OPEB liability - beginning	<u>13,185,815</u>
Total OPEB liability - ending (a)	<u>\$ 13,256,450</u>
Covered-employee payroll	\$ -
County's net OPEB liability as a percentage of covered-employee payroll	N/A

* The amounts presented for each fiscal year were determined as of the current fiscal year end.
Amounts for prior years were not available.

The notes to the required supplementary information are an integral part of this schedule.

Marinette County, Wisconsin

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN
For the Year Ended December 31, 2017**

	2017
Actuarially determined contribution (ADC)	\$ 694,516
Contributions in relation to the ADC	694,516
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ -
Contributions as a percentage of covered-employee payroll	N/A

Key Methods and Assumption Used to Calculate ADC

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Amortization method	21 Year Level Dollar
Discount rate	3.50%
Inflation	3.50%

* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

The notes to the required supplementary information are an integral part of this schedule.

Marinette County, Wisconsin

WISCONSIN RETIREMENT SYSTEM

Schedule of Proportionate Share of the Net Pension Liability (Asset)

Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.124750%	\$ (3,064,193)	\$ 16,438,902	18.64%	102.74%
12/31/16	0.124306%	2,019,940	16,649,208	12.13%	98.20%
12/31/17	0.123600%	1,018,758	16,884,519	6.03%	99.12%

* The amounts presented for each fiscal year were determined as of the calendar year-end of the prior year.

Schedule of Contributions

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
12/31/15	\$ 1,190,983	\$ 1,190,983	\$ -	\$ 16,649,208	7.15%
12/31/16	1,178,489	1,178,489	-	16,884,519	6.98%
12/31/17	1,243,561	1,243,561	-	16,988,726	7.32%

* The County implemented GASB Statement Nos. 68 and 71 for the year ended 12/31/15. Information for prior years is not available. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The notes to the required supplementary information are an integral part of this schedule.

Marinette County, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017

NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 75

The County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the fiscal year ended December 31, 2017. Information for prior years is not available.

NOTE B - WISCONSIN RETIREMENT SYSTEM

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

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

The proportionate share of the net pension liability of \$1,018,758 includes \$3,594 of Oconto County's portion of the MAR-OCO landfill which is not shown on Marinette's County liability.

SUPPLEMENTARY INFORMATION

Marinette County, Wisconsin

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES

GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes				
General property taxes	\$ 10,574,997	\$ 10,574,997	\$ 10,574,997	\$ -
Forest crop	63,000	63,000	91,592	28,592
Payment in lieu of taxes	301,000	301,000	301,702	702
Retained sales tax	150	150	152	2
Real estate transfer fees	70,000	70,000	98,440	28,440
Interest on taxes	575,000	575,000	526,966	(48,034)
Total taxes	11,584,147	11,584,147	11,593,849	9,702
Intergovernmental				
Federal aids				
SSA inmate incentive program	14,000	14,000	11,356	(2,644)
State aids				
Shared and utility taxes	1,638,878	1,638,878	1,640,443	1,565
Exempt computers	25,000	25,000	25,363	363
Land information grants	-	13,960	8,190	(5,770)
Victim witness program	30,000	30,000	32,889	2,889
Circuit court grants	175,559	175,559	184,082	8,523
Forest roads	73,745	73,745	70,568	(3,177)
Police training/ATV/Snowmobile/Other	29,280	116,842	138,846	22,004
Boat and water safety	6,500	6,500	9,802	3,302
Anti-Drug grants	-	7,921	7,921	-
Emergency government grants	66,155	66,155	66,222	67
Hazmat	10,000	10,000	8,662	(1,338)
Homeland security funding	5,000	5,000	2,000	(3,000)
Transportation	2,200	2,200	2,279	79
Child support program	602,612	602,612	525,993	(76,619)
ATV/Snowmobile trail maintenance and grooming	320,718	420,174	369,126	(51,048)
Wildlife habitat management	112,419	112,419	95,977	(16,442)
Targeted run-off management	300,000	300,000	150,000	(150,000)
S.W.R.M. automation grant	227,485	287,685	248,692	(38,993)
Forestry administrator	52,753	52,753	49,973	(2,780)
Hazard mitigation grant	4,305	4,305	2,960	(1,345)
Sustainable forestry grant	7,350	7,350	-	(7,350)
Veterans service awards	10,000	10,000	10,000	-
Aquatic invasive species	31,000	11,560	7,100	(4,460)
Conservation grants - other	5,000	34,380	29,544	(4,836)
Charges for services				
Sheriff - local	40,000	40,000	20,631	(19,369)
Sheriff - state	100,000	100,000	101,663	1,663
Clerk	3,000	3,000	15,466	12,466
Finance	72,559	72,559	72,559	-
Forestry	53,613	113,014	148,004	34,990
Human Resources	-	2,593	2,593	-
Land information	64,000	64,000	39,823	(24,177)
Extension	3,433	3,433	3,889	456
Total intergovernmental	4,086,564	4,427,597	4,102,616	(324,981)

Marinette County, Wisconsin

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES

GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Regulation and compliance				
Zoning permits and fees	24,950	24,950	24,800	(150)
Sanitary permits and reviews	84,000	84,000	88,210	4,210
Non-metallic mining fees	22,500	22,500	24,650	2,150
Occupational licenses	40	40	20	(20)
County ordinance forfeitures and defaults	102,000	102,000	135,983	33,983
County share of state fines and forfeitures	79,000	79,000	69,621	(9,379)
Total regulation and compliance	312,490	312,490	343,284	30,794
Charges for services				
County clerk fees	3,500	3,500	3,436	(64)
Treasurer	61,500	65,700	68,635	2,935
Child support	9,625	9,625	10,713	1,088
Circuit court	151,000	151,000	147,403	(3,597)
Witness fees	1,000	1,000	756	(244)
Family court counseling	8,500	8,500	7,325	(1,175)
Corporation counsel fees	650	650	825	175
Guardian ad litem fees	81,250	82,628	72,010	(10,618)
District attorney charges	10,000	10,000	8,728	(1,272)
Register of deeds	215,100	215,100	221,034	5,934
Sheriff fees	272,200	272,200	290,707	18,507
Board of prisoners at county jail	130,000	130,000	131,633	1,633
Inmate reimbursements	110,000	110,000	75,222	(34,778)
Jail canteen	34,000	34,000	33,148	(852)
Accident photos and reports	1,700	1,700	1,141	(559)
Coroner fees	40,020	40,020	43,190	3,170
Library	34,000	34,000	31,162	(2,838)
Parks	225,000	225,369	236,044	10,675
County forest	3,326,040	3,326,040	2,860,166	(465,874)
Land information fees	35,700	35,700	31,948	(3,752)
Human resource charges	-	43	43	-
Camp Bird	70,000	70,000	61,696	(8,304)
Tourism	-	-	2,297	2,297
Extension program	12,018	14,518	13,654	(864)
Total charges for services	4,832,803	4,841,293	4,352,916	(488,377)
Commercial				
Investment income	500,000	500,000	427,982	(72,018)
Other - interest	27,600	27,600	28,671	1,071
Rent of county buildings and offices	55,610	55,610	58,597	2,987
Land leases	22,000	22,000	21,666	(334)
Sale of county property	87,500	87,500	35,171	(52,329)
Total Commercial	692,710	692,710	572,087	(120,623)

Marinette County, Wisconsin

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES

GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Miscellaneous				
Revenues from departments				
CDBG and MAR-OCO administrative	7,825	7,825	36,835	29,010
Clerk of courts	7,000	44,100	80,411	36,311
Corporation counsel	1,571	1,571	1,525	(46)
Dispatch	-	-	90	90
District attorney	10,000	10,000	13,373	3,373
Family court commissioner	2,400	2,400	1,351	(1,049)
Finance department	47,413	47,413	39,748	(7,665)
Forestry department	5,000	21,500	18,680	(2,820)
Human resources	11,000	16,992	16,992	-
Maintenance	399,823	399,823	401,312	1,489
Parks department	-	-	669	669
Donations	17,000	17,000	27,627	10,627
Insurance recoveries and dividends	100	145,755	146,501	746
Total miscellaneous	509,132	714,379	785,114	70,735
Total revenues	\$ 22,017,846	\$ 22,572,616	\$ 21,749,866	\$ (822,750)

Marinette County, Wisconsin

DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES

GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government				
County board	\$ 204,417	\$ 260,881	\$ 227,948	\$ 32,933
Administrator	223,382	272,413	269,061	3,352
County clerk	168,765	176,301	171,672	4,629
Treasurer	242,529	271,620	271,620	-
Finance	1,417,896	667,679	642,958	24,721
Elections	22,450	22,450	18,477	3,973
Property management	42,113	41,489	23,842	17,647
Human resources	195,286	218,561	218,561	-
Independent auditing	25,200	25,200	25,125	75
Special accounting	5,850	5,850	5,850	-
District attorney	229,647	245,196	218,687	26,509
Victim witness program	61,395	69,366	61,985	7,381
Corporation counsel	162,056	171,404	171,404	-
Circuit court	389,092	421,701	413,648	8,053
Clerk of court	503,891	533,461	508,528	24,933
Family court commissioner	192,908	194,694	190,178	4,516
Family court commissioner - mediation services	10,000	10,000	10,000	-
Law library	4,500	4,500	4,440	60
Coroner	121,127	118,127	100,228	17,899
Register of deeds	252,415	247,983	241,882	6,101
Land information	653,750	706,703	682,944	23,759
Courthouse facilities	1,493,492	1,925,018	1,251,627	673,391
Tax deed expense	27,200	25,713	25,713	-
Personal property chargeback	500	197	197	-
Illegal taxes	3,805	3,805	598	3,207
Employee health insurance	16,500	16,563	16,563	-
Retiree health insurance	741,200	606,871	572,016	34,855
State special charges	700	700	700	-
Contingency	600,000	467,170	-	467,170
Total general government	8,012,066	7,731,616	6,346,452	1,385,164
Public protection				
Sheriff and traffic	4,391,852	4,651,163	4,558,436	92,727
Central dispatch	1,277,732	1,323,382	1,323,382	-
MEG unit	106,948	105,861	96,046	9,815
Civil service commission	1,775	1,775	84	1,691
Fire suppression	1,500	1,500	-	1,500
Emergency management	60,844	230,979	230,979	-
Emergency management EMPG grant	45,361	45,404	44,519	885
Emergency management EPCRA grant	23,614	23,614	23,422	192
Emergency management hazmat grant	10,000	10,000	8,619	1,381
Emergency management other grants	5,000	5,000	2,000	3,000
Ambulance and rescue squads	32,050	32,050	32,050	-
Jail	2,775,883	2,697,101	2,570,105	126,996
Total public protection	8,732,559	9,127,829	8,889,642	238,187

Marinette County, Wisconsin

DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES

GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Health				
Committee on aging	144,479	145,200	145,200	-
Child support program	658,766	646,682	620,928	25,754
Employee wellness	15,000	15,000	15,000	-
Veterans relief	4,020	4,020	2,127	1,893
Veterans service officer	164,303	155,857	139,398	16,459
Burial of veterans	3,050	3,050	2,136	914
Total health	989,618	969,809	924,789	45,020
Culture and recreation				
Library	1,108,178	1,100,295	1,086,785	13,510
Fairs and exhibits	10,000	10,000	10,000	-
Snowmobile/ATV trails/Water recreation	322,447	423,387	374,195	49,192
Parks	794,852	790,662	790,662	-
Total culture and recreation	2,235,477	2,324,344	2,261,642	62,702
Education				
University extension program	308,486	338,939	322,455	16,484
U.W. Center	56,000	62,258	61,566	692
Total education	364,486	401,197	384,021	17,176
Forestry				
County forest	1,161,145	1,164,222	1,159,222	5,000
Forest roads	73,745	118,117	118,117	-
Forest equipment	148,000	135,603	115,417	20,186
Total forestry	1,382,890	1,417,942	1,392,756	25,186
Conservation and development				
Land information	254,868	365,362	353,746	11,616
Wildlife habitat management	17,902	17,902	11,007	6,895
Wildlife damage	94,522	94,403	85,191	9,212
Hazardous mitigation grant	4,305	4,305	159	4,146
Lake Noquebay dam	3,000	3,000	3,000	-
Lundgren Lake	4,474	4,249	1,669	2,580
SWRM automation grant	257,293	149,100	115,668	33,432
Targeted run-off management	300,000	300,000	150,000	150,000
Non-metallic mining	18,041	17,188	6,985	10,203
Conservation grants	-	43,300	36,744	6,556
Regional planning commission	21,487	21,487	21,486	1
Conservation camp	8,050	8,050	7,538	512
Tourism	123,738	127,143	110,537	16,606
Economic development	83,070	7,584,070	7,584,070	-
Total conservation and development	1,190,750	8,739,559	8,487,800	251,759
Total expenditures	\$ 22,907,846	\$ 30,712,296	\$ 28,687,102	\$ 2,025,194

Marinette County, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2017**

	<u>Dog License</u>	<u>Library</u>	<u>County Revolving Loan</u>	<u>Community Development Block Grant</u>
ASSETS				
Pooled cash and investments	\$ 6,311	\$ 14,494	\$ 811,263	\$ 472,033
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Loans receivable	-	-	357,636	435,075
Restricted assets - pooled cash and investments	-	-	-	-
TOTAL ASSETS	<u>\$ 6,311</u>	<u>\$ 14,494</u>	<u>\$ 1,168,899</u>	<u>\$ 907,108</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 5,311	\$ 716	\$ 2,403	\$ 2,175
Unearned revenue	-	-	-	-
Total liabilities	<u>5,311</u>	<u>716</u>	<u>2,403</u>	<u>2,175</u>
Deferred inflows of resources				
Loans receivable	-	-	357,636	435,075
Fund balances				
Restricted	1,000	13,778	-	469,858
Committed	-	-	808,860	-
Total fund balances	<u>1,000</u>	<u>13,778</u>	<u>808,860</u>	<u>469,858</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,311</u>	<u>\$ 14,494</u>	<u>\$ 1,168,899</u>	<u>\$ 907,108</u>

Special Revenue

Solid Waste - Long Term Care	Teen Court	Library Donations	Peshtigo Library McCauley Trust	Peshtigo Library Falkenberg Trust	Forestry & Parks Development	Jail Assessment
\$ -	\$ 684	\$ 142,085	\$ 182,418	\$ 19,199	\$ 426,497	\$ 94,659
-	15	575	-	-	-	2,599
657	-	-	531	56	-	-
-	-	-	-	-	-	-
267,887	-	-	-	-	-	-
<u>\$ 268,544</u>	<u>\$ 699</u>	<u>\$ 142,660</u>	<u>\$ 182,949</u>	<u>\$ 19,255</u>	<u>\$ 426,497</u>	<u>\$ 97,258</u>
\$ -	\$ 39	\$ 3,300	\$ 611	\$ -	\$ 24,248	\$ 79
-	-	-	-	-	-	-
-	39	3,300	611	-	24,248	79
-	-	-	-	-	-	-
-	660	139,360	182,338	19,255	-	97,179
268,544	-	-	-	-	402,249	-
<u>268,544</u>	<u>660</u>	<u>139,360</u>	<u>182,338</u>	<u>19,255</u>	<u>402,249</u>	<u>97,179</u>
<u>\$ 268,544</u>	<u>\$ 699</u>	<u>\$ 142,660</u>	<u>\$ 182,949</u>	<u>\$ 19,255</u>	<u>\$ 426,497</u>	<u>\$ 97,258</u>

Marinette County, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2017**

	Special Revenue		Capital Projects	
	Land Records Modernization	Total	2014 Capital Projects	2015 Capital Projects
ASSETS				
Pooled cash and investments	\$ 264,283	\$ 2,433,926	\$ 1,350	\$ 66,517
Accounts receivable	-	3,189	-	-
Interest receivable	-	1,244	-	-
Loans receivable	-	792,711	-	-
Restricted assets - pooled cash and investments	-	267,887	-	-
TOTAL ASSETS	\$ 264,283	\$ 3,498,957	\$ 1,350	\$ 66,517
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 6,600	\$ 45,482	\$ 1,350	\$ 66,517
Unearned revenue	43,190	43,190	-	-
Total liabilities	49,790	88,672	1,350	66,517
Deferred inflows of resources				
Loans receivable	-	792,711	-	-
Fund balances				
Restricted	214,493	1,137,921	-	-
Committed	-	1,479,653	-	-
Total fund balances	214,493	2,617,574	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 264,283	\$ 3,498,957	\$ 1,350	\$ 66,517

<u>2016 Capital Projects</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,048,318	\$ 1,116,185	\$ 3,550,111
-	-	3,189
-	-	1,244
-	-	792,711
-	-	267,887
<u>\$ 1,048,318</u>	<u>\$ 1,116,185</u>	<u>\$ 4,615,142</u>
\$ 75,961	\$ 143,828	\$ 189,310
-	-	43,190
<u>75,961</u>	<u>143,828</u>	<u>232,500</u>
-	-	792,711
972,357	972,357	2,110,278
-	-	1,479,653
<u>972,357</u>	<u>972,357</u>	<u>3,589,931</u>
<u>\$ 1,048,318</u>	<u>\$ 1,116,185</u>	<u>\$ 4,615,142</u>

Marinette County, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

					Special Revenue
	Dog License	Library Grants	County Revolving Loan	Community Development Block Grant	Solid Waste - Long Term Care
REVENUES					
Intergovernmental	\$ -	\$ 6,810	\$ -	\$ -	\$ -
Regulation and compliance	5,601	-	-	-	-
Charges for services	-	-	-	-	-
Loan repayments - Principal	-	-	48,404	172,026	-
Loan repayments - Interest	-	-	13,261	24,808	-
Interest on investments	-	-	5,644	2,801	2,775
Sale of county property	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	-	-	1,522	9,130	-
Total revenues	<u>5,601</u>	<u>6,810</u>	<u>68,831</u>	<u>208,765</u>	<u>2,775</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	-	-	-	-	-
Public ways and facilities	-	-	-	-	2,018
Health	5,601	-	-	-	-
Culture and recreation	-	5,651	-	-	-
Conservation and development	-	-	2,962	143,893	-
Total expenditures	<u>5,601</u>	<u>5,651</u>	<u>2,962</u>	<u>143,893</u>	<u>2,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>1,159</u>	<u>65,869</u>	<u>64,872</u>	<u>757</u>
OTHER FINANCING USES					
Transfers out	-	-	-	-	-
Net change in fund balances	-	1,159	65,869	64,872	757
Fund balances - January 1	1,000	12,619	742,991	404,986	267,787
Fund balances - December 31	<u>\$ 1,000</u>	<u>\$ 13,778</u>	<u>\$ 808,860</u>	<u>\$ 469,858</u>	<u>\$ 268,544</u>

<u>Teen Court</u>	<u>Library Donations</u>	<u>Peshtigo Library McCauley Trust</u>	<u>Peshtigo Library Falkenberg Trust</u>	<u>Forestry & Parks Development</u>	<u>Jail Assessment</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	13,022	43,281
-	-	-	-	46,614	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	999	110	-	-
-	-	-	-	120,051	-
165	21,600	-	-	-	-
-	-	-	-	-	-
<u>165</u>	<u>21,600</u>	<u>999</u>	<u>110</u>	<u>179,687</u>	<u>43,281</u>
1,070	-	-	-	-	-
-	-	-	-	-	21,101
-	-	-	-	-	-
-	-	-	-	-	-
-	16,705	7,404	95	153,727	-
-	-	-	-	-	-
<u>1,070</u>	<u>16,705</u>	<u>7,404</u>	<u>95</u>	<u>153,727</u>	<u>21,101</u>
(905)	4,895	(6,405)	15	25,960	22,180
-	-	-	-	-	-
(905)	4,895	(6,405)	15	25,960	22,180
1,565	134,465	188,743	19,240	376,289	74,999
<u>\$ 660</u>	<u>\$ 139,360</u>	<u>\$ 182,338</u>	<u>\$ 19,255</u>	<u>\$ 402,249</u>	<u>\$ 97,179</u>

Marinette County, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue		Capital Projects	
	Land Records Modernization	Total	2014 Capital Projects	2015 Capital Projects
REVENUES				
Intergovernmental	\$ -	\$ 6,810	\$ -	\$ -
Regulation and compliance	104,631	166,535	-	-
Charges for services	-	46,614	-	-
Loan repayments - Principal	-	220,430	-	-
Loan repayments - Interest	-	38,069	-	-
Interest on investments	-	12,329	1,270	1,194
Sale of county property	-	120,051	-	-
Donations	-	21,765	-	-
Miscellaneous	-	10,652	-	-
Total revenues	104,631	643,255	1,270	1,194
EXPENDITURES				
Current:				
General government	64,882	65,952	8,292	100,950
Public protection	-	21,101	-	-
Public ways and facilities	-	2,018	-	-
Health	-	5,601	-	-
Culture and recreation	-	183,582	-	-
Conservation and development	-	146,855	-	-
Total expenditures	64,882	425,109	8,292	100,950
Excess (deficiency) of revenues over (under) expenditures	39,749	218,146	(7,022)	(99,756)
OTHER FINANCING USES				
Transfers out	-	-	(231,999)	(64,906)
Net change in fund balances	39,749	218,146	(239,021)	(164,662)
Fund balances - January 1	174,744	2,399,428	239,021	164,662
Fund balances - December 31	\$ 214,493	\$ 2,617,574	\$ -	\$ -

2016 Capital Projects	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 6,810
-	-	166,535
-	-	46,614
-	-	220,430
-	-	38,069
18,551	21,015	33,344
-	-	120,051
-	-	21,765
-	-	10,652
<u>18,551</u>	<u>21,015</u>	<u>664,270</u>
469,399	578,641	644,593
142,047	142,047	163,148
-	-	2,018
-	-	5,601
-	-	183,582
-	-	146,855
<u>611,446</u>	<u>720,688</u>	<u>1,145,797</u>
<u>(592,895)</u>	<u>(699,673)</u>	<u>(481,527)</u>
<u>(1,217,121)</u>	<u>(1,514,026)</u>	<u>(1,514,026)</u>
(1,810,016)	(2,213,699)	(1,995,553)
2,782,373	3,186,056	5,585,484
<u>\$ 972,357</u>	<u>\$ 972,357</u>	<u>\$ 3,589,931</u>

Marinette County, Wisconsin

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2017**

	<u>Information Services</u>	<u>Motor Pool</u>	<u>Self Insurance</u>	<u>Total</u>
ASSETS				
Current assets				
Pooled cash and investments	\$ 730,980	\$ 161,397	\$ 630,799	\$ 1,523,176
Accounts receivable	1,824	-	11,170	12,994
Property taxes levied for subsequent year	-	-	92,749	92,749
Prepaid items	16,243	-	5,480	21,723
Inventories	18,724	-	-	18,724
Total current assets	<u>767,771</u>	<u>161,397</u>	<u>740,198</u>	<u>1,669,366</u>
Noncurrent assets				
Machinery and equipment	1,647,529	670,723	-	2,318,252
Accumulated depreciation	(681,121)	(576,630)	-	(1,257,751)
Total noncurrent assets	<u>966,408</u>	<u>94,093</u>	<u>-</u>	<u>1,060,501</u>
TOTAL ASSETS	<u>1,734,179</u>	<u>255,490</u>	<u>740,198</u>	<u>2,729,867</u>
LIABILITIES				
Current liabilities				
Accounts payable	17,275	2,316	7	19,598
Accrued liabilities	23,275	-	2,046	25,321
TOTAL LIABILITIES	<u>40,550</u>	<u>2,316</u>	<u>2,053</u>	<u>44,919</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	-	-	92,749	92,749
NET POSITION				
Net investment in capital assets	966,408	94,092	-	1,060,500
Unrestricted	727,221	159,082	645,396	1,531,699
Total net position	<u>\$ 1,693,629</u>	<u>\$ 253,174</u>	<u>\$ 645,396</u>	<u>\$ 2,592,199</u>

Marinette County, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017**

	<u>Information Services</u>	<u>Motor Pool</u>	<u>Self Insurance</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 1,536,856	\$ 142,655	\$ 599,477	\$ 2,278,988
Operating expenses				
Operation and maintenance	1,275,829	82,793	-	1,358,622
Claims and premiums	-	-	750,908	750,908
Depreciation	142,128	70,426	-	212,554
Total operating expenses	<u>1,417,957</u>	<u>153,219</u>	<u>750,908</u>	<u>2,322,084</u>
Operating income (loss)	<u>118,899</u>	<u>(10,564)</u>	<u>(151,431)</u>	<u>(43,096)</u>
Nonoperating revenues				
General property taxes	-	-	101,047	101,047
Sale of county property	860	10,050	-	10,910
Insurance recoveries and dividends	35,587	981	6,667	43,235
Total nonoperating revenues	<u>36,447</u>	<u>11,031</u>	<u>107,714</u>	<u>155,192</u>
Income (loss) before contributions	155,346	467	(43,717)	112,096
Capital contributions	<u>149,255</u>	<u>-</u>	<u>-</u>	<u>149,255</u>
Change in net position	304,601	467	(43,717)	261,351
Total net position - January 1	<u>1,389,028</u>	<u>252,707</u>	<u>689,113</u>	<u>2,330,848</u>
Total net position - December 31	<u>\$ 1,693,629</u>	<u>\$ 253,174</u>	<u>\$ 645,396</u>	<u>\$ 2,592,199</u>

Marinette County, Wisconsin

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017

	Information Services	Motor Pool	Self Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash from interfund	\$ 1,467,630	\$ 142,655	\$ 607,775	\$ 2,218,060
Cash receipts from customers	69,985	-	-	69,985
Payments to employees	(570,474)	-	(97,983)	(668,457)
Payments to suppliers	(728,992)	(133,331)	(426,845)	(1,289,168)
Net cash provided by operating activities	<u>238,149</u>	<u>9,324</u>	<u>82,947</u>	<u>330,420</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property taxes	-	-	101,047	101,047
Insurance recoveries	35,587	981	-	36,568
Miscellaneous revenue	-	-	6,668	6,668
Net cash provided by noncapital financing activities	<u>35,587</u>	<u>981</u>	<u>107,715</u>	<u>144,283</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(273,702)	-	-	(273,702)
Contributed capital	149,255	-	-	149,255
Proceeds from sale of assets	860	10,050	-	10,910
Net cash provided (used) by capital and related financing activities	<u>(123,587)</u>	<u>10,050</u>	<u>-</u>	<u>(113,537)</u>
Net increase in cash and cash equivalents	150,149	20,355	190,662	361,166
Cash and cash equivalents - January 1	580,831	141,042	440,137	1,162,010
Cash and cash equivalents - December 31	<u>\$ 730,980</u>	<u>\$ 161,397</u>	<u>\$ 630,799</u>	<u>\$ 1,523,176</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 118,899	\$ (10,565)	\$ (151,431)	\$ (43,097)
Depreciation	142,128	70,426	-	212,554
Changes in assets and liabilities				
Accounts payable - interfund	-	-	(8,299)	(8,299)
Accounts payable - supplier	(21,684)	(50,537)	(64)	(72,285)
Customer receivables	759	-	(11,170)	(10,411)
Inventory	(471)	-	-	(471)
Other operating receivables	-	-	8,298	8,298
Salaries and benefits payable	14,761	-	153	14,914
Prepaid items	(16,243)	-	245,460	229,217
Net cash provided by operating activities	<u>\$ 238,149</u>	<u>\$ 9,324</u>	<u>\$ 82,947</u>	<u>\$ 330,420</u>

Marinette County, Wisconsin

COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
December 31, 2017

	Section 12 Flex Plan	Wellness	District Tax Collections	Mar-OCO Deposits	Clerk of Courts Trust Deposits	Sheriff Inmate	HHS Protective Payee Deposits	Total
ASSETS								
Cash and investments	\$ 1,975	\$ 13,152	\$ 6,369,868	\$ 1,324,593	\$ 508,300	\$ 40,695	\$ 101,183	\$ 8,359,766
Delinquent property taxes	-	-	107,962	-	-	-	-	107,962
Accounts receivable	-	118	-	-	-	-	-	118
Prepaid items	-	120	-	-	-	-	-	120
TOTAL ASSETS	<u>\$ 1,975</u>	<u>\$ 13,390</u>	<u>\$ 6,477,830</u>	<u>\$ 1,324,593</u>	<u>\$ 508,300</u>	<u>\$ 40,695</u>	<u>\$ 101,183</u>	<u>\$ 8,467,966</u>
LIABILITIES								
Tax collections	\$ -	\$ -	\$ 6,039,086	\$ -	\$ -	\$ -	\$ -	\$ 6,039,086
Forest income	-	-	325,612	-	-	-	-	325,612
Special assessments	-	-	113,132	-	-	-	-	113,132
Accounts payable	1,975	260	-	-	-	-	-	2,235
Deposits payable	-	12,850	-	1,324,593	508,300	40,695	101,183	1,987,621
Accrued liabilities	-	280	-	-	-	-	-	280
TOTAL LIABILITIES	<u>\$ 1,975</u>	<u>\$ 13,390</u>	<u>\$ 6,477,830</u>	<u>\$ 1,324,593</u>	<u>\$ 508,300</u>	<u>\$ 40,695</u>	<u>\$ 101,183</u>	<u>\$ 8,467,966</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, (the "County") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 10, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

PURPOSE OF THIS REPORT

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



Certified Public Accountants

Green Bay, Wisconsin
September 10, 2018

FEDERAL AND STATE AWARDS

Independent auditors' report on compliance for each major federal and state program and on internal control over compliance required by the Uniform Guidance and the *State Single Audit Guidelines*

To the County Board
Marinette County, Wisconsin

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM

We have audited Marinette County, Wisconsin's (the "County's") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2017. The County'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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the County's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County'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 the County's compliance.

OPINION ON EACH MAJOR FEDERAL AND STATE PROGRAM

In our opinion, the County 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, 2017.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the County 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 the County'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 the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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



Certified Public Accountants

Green Bay, Wisconsin
September 10, 2018

Marinette County, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Revenues			Total Expenditures	Subrecipient Payment
				(Accrued) Deferred Revenue 1/1/17	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/17		
U.S. DEPARTMENT OF AGRICULTURE								
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	WI DHS	154710	\$ (745)	\$ 143,121	\$ 23,164	\$ 165,540	\$ -
SNAP Cluster								
State Administrative Matching Grants for Food Stamp Program	10.561	Brown County	61	(958)	3,163	733	2,938	-
State Administrative Matching Grants for Food Stamp Program	10.561	Brown County	277	(3,756)	8,025	1,423	5,692	-
State Administrative Matching Grants for Food Stamp Program	10.561	Brown County	284	(121,643)	319,933	117,199	315,489	-
Total State Administrative Matching Grants for Food Stamp Program and SNAP Cluster				(126,357)	331,121	119,355	324,119	-
Total U.S. Department of Agriculture				(127,102)	474,242	142,519	489,659	-
U.S. DEPARTMENT OF INTERIOR								
National Fire Plan	15.228	WI DNR	N/A	2,960	-	-	2,960	-
U.S. DEPARTMENT OF JUSTICE								
Bullet Proof Vest Partnership	16.607	Direct Program	1121-0235	(2,847)	6,142	-	3,295	-
COPS Anti Heroin Task Force	16.710	WI DOJ	HP-WX-0006	(4,812)	5,007	908	1,103	-
COPS Anti Methamphetamine	16.710	WI DOJ		-	6,945	1,909	8,854	-
Subtotal				(4,812)	11,952	2,817	9,957	-
Total U.S. Department of Justice				(7,659)	18,094	2,817	13,252	-
U.S. DEPARTMENT OF TRANSPORTATION								
Highway Safety Cluster								
Child Safety Seat Grant	20.616	WI DOT	0956-25-37	(44)	44	-	-	-
Alcohol Enforcement	20.616	WI DOT	3717	(6,350)	56,462	3,198	53,310	-
Subtotal				(6,394)	56,506	3,198	53,310	-
Seatbelt Enforcement	20.609	WI DOT	3718	(8,236)	58,650	3,384	53,798	-
Total Highway Safety Cluster				(14,630)	115,156	6,582	107,108	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	WI DMA	01-10676	-	2,000	-	2,000	-
Total U.S. Department of Transportation				(14,630)	117,156	6,582	109,108	-
ENVIRONMENTAL PROTECTION AGENCY								
Watercraft Inspectors WRISC from USFS	66.469	Dickinson Conservation District	15-PA-11091300-028	-	-	8,190	8,190	-
DEPARTMENT OF EDUCATION								
Special Education-Grants for Infants and Families	84.181	WI DHS	550	-	36,664	-	36,664	-

Marinette County, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Revenues			Total Expenditures	Subrecipient Payment
				(Accrued) Deferred Revenue 1/1/17	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/17		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	WI DHS	1111	-	2,170	-	2,170	-
Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	WI DHS	155015	(11,546)	52,713	3,884	45,051	-
Public Health Emergency Preparedness	93.069	WI DHS	155050	-	500	3,279	3,779	-
Public Health Emergency Preparedness	93.069	WI DHS	155015	-	8,800	-	8,800	-
Total Public Health Emergency Preparedness Aligned Cooperative Agreements				(11,546)	64,183	7,163	59,800	-
Immunization Cooperative Agreements	93.268	WI DHS	155020	(1,103)	9,595	3,000	11,492	-
Affordable Care Act: Aging and Disability Resource Center	93.626	Shawano County	560101	-	1,014	-	1,014	-
Promoting Safe and Stable Families	93.556	WI DCF	3306	-	42,827	-	42,827	-
TANF Cluster								
Temporary Assistance for Needy Families	93.558	WI DHS	561	(182)	83,228	-	83,046	-
Temporary Assistance for Needy Families	93.558	WI DCF	852	(896)	26,171	1,406	26,681	-
Temporary Assistance for Needy Families	93.558	WI DCF	3377	(32,320)	192,632	34,800	195,112	-
Temporary Assistance for Needy Families	93.558	WI DCF	3380	(5,570)	15,469	4,875	14,774	-
Total Temporary Assistance for Needy Families and TANF Cluster				(38,968)	317,500	41,081	319,613	-
Child Support Enforcement (Title IV-D) All Other Expenditures 66% Federal	93.563	WI DCF	7477	(140,381)	381,769	82,680	324,068	-
Child Support Enforcement (Title IV-D) Fees 66% Federal	93.563	WI DCF	7482	1,703	(7,522)	(1,251)	(7,070)	-
Child Support Enforcement (Title IV-D) Qualifying Non IV-D Activities Federal	93.563	WI DCF	7506	(155)	752	116	713	-
Child Support Enforcement (Title IV-D) County E-Filing	93.563	WI DCF	7558	-	8,975	-	8,975	-
Child Support Enforcement (Title IV-D) Performance Based Incentives	93.563	WI DCF	7615	-	101,480	-	101,480	-
Total Child Support Enforcement (Title IV-D)				(138,833)	485,454	81,545	428,166	-
Low Income Home Energy Assistance	93.568	WI DOA	AD1599971.38 & AD1599972.38	(19,196)	87,830	19,932	88,566	-
CCDF Cluster								
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	WI DCF	831	(260)	1,810	317	1,867	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	WI DCF	840	(160)	2,985	-	2,825	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	WI DCF	852	(896)	26,171	1,407	26,682	-
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund and CCDF Cluster				(1,316)	30,966	1,724	31,374	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	WI DCF	3411	(85)	85	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	WI DCF	3413	(199)	4,349	391	4,541	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	WI DCF	3561	-	22,386	1,153	23,539	-
Total Stephanie Tubbs Jones Child Welfare Services Program				(284)	26,820	1,544	28,080	-
Foster Care (Title IV-E)	93.658	WI DCF	3411	(153)	153	-	-	-
Foster Care (Title IV-E)	93.658	WI DCF	3413	(356)	7,798	701	8,143	-
Foster Care (Title IV-E)	93.658	WI DCF	3561	-	251,227	12,943	264,170	-
Total Foster Care (Title IV-E)				(509)	259,178	13,644	272,313	-
Social Services Block Grant	93.667	WI DHS	561	(343)	156,054	-	155,711	-
Capacity Building Assistance to Strengthen Immunization Infrastructure and Performance	93.733	WI DHS	155032	(3,243)	3,697	-	454	-
Preventive Health and Health Services Block Grant	93.758	WI DHS	159220	-	7,364	(68)	7,296	-

Marinette County, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Revenues			Total Expenditures	Subrecipient Payment
				(Accrued) Deferred Revenue 1/1/17	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/17		
Children's Health Insurance Program	93.767	Brown County	277	(491)	1,050	186	745	-
Children's Health Insurance Program	93.767	Brown County	284	(15,927)	42,209	15,534	41,816	-
Total Children's Health Insurance Program				(16,418)	43,259	15,720	42,561	-
Medicaid Cluster								
Medical Assistance Program	93.778	WI DHS	878	(6,942)	6,942	12,268	12,268	-
Medical Assistance Program	93.778	WI DHS	881	(9,584)	9,584	1,795	1,795	-
Medical Assistance Program	93.778	WI DHS	159320	(285)	1,186	-	901	-
Medical Assistance Program	93.778	WI DHS	560081	(9,898)	68,646	24,752	83,500	-
Medical Assistance Program	93.778	WI DHS	560087	(37,372)	125,769	39,486	127,883	-
Medical Assistance Program	93.778	WI DHS	560091	(5,829)	28,948	9,339	32,458	-
Medical Assistance Program - WIMCR	93.778	WI DHS	N/A	-	236,563	-	236,563	-
Medical Assistance Program	93.778	Brown County	62	(958)	3,163	733	2,938	-
Medical Assistance Program	93.778	Brown County	277	(4,863)	10,389	1,842	7,368	-
Medical Assistance Program	93.778	Brown County	284	(179,069)	449,397	159,776	430,104	-
Medical Assistance Program - CLTS TPA	93.778	WI DHS	N/A	-	264,371	-	264,371	-
Total Medicaid Cluster				(254,800)	1,204,958	249,991	1,200,149	-
Block Grants for Community Mental Health Services	93.958	WI DHS	515	-	5,495	1,327	6,822	-
Block Grants for Community Mental Health Services	93.958	WI DHS	569	(2,999)	13,725	8,006	18,732	-
Total Block Grants for Community Mental Health Services				(2,999)	19,220	9,333	25,554	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	WI DHS	570	(2,137)	36,399	40,911	75,173	-
Maternal and Child Health Services Block Grant to the States	93.994	WI DHS	159320	(5,367)	22,306	-	16,939	-
Total U.S. Department of Health and Human Services				(497,062)	2,818,624	485,520	2,807,082	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>								
Emergency Management Performance Grants	97.042	WI DMA	C8363	-	25,201	25,201	50,402	-
TOTAL FEDERAL AWARDS				\$ (643,493)	\$ 3,489,981	\$ 670,829	\$ 3,517,317	\$ -

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

Marinette County, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/State Program Title	State I.D. Number	State Identifying Number	(Accrued) Deferred Revenue 1/1/17	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/17	Total Expenditures	Subrecipient Payments
DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION							
County Staff and Support	115.150	9214-17-38-00	\$ (145,096)	\$ 284,581	\$ -	\$ 139,485	\$ -
Land & Water Resource Management Plan Implementation	115.400	9214-15-38-00	(54,414)	54,414	-	-	-
Land & Water Resource Management Plan Implementation	115.400	LWP-28	-	-	13,939	13,939	-
Land & Water Resource Management Plan Implementation	115.400	LWP-29	-	-	48,181	48,181	-
Land & Water Resource Management Plan Implementation	115.400	LWP-30	-	-	4,687	4,687	-
Land & Water Resource Management Plan Implementation	115.400	NM-17-1	-	-	1,915	1,915	-
Land & Water Resource Management Plan Implementation	115.400	NM-17-2	-	-	1,652	1,652	-
Land & Water Resource Management Plan Implementation	115.400	NM-17-3	-	-	38,833	38,833	-
Subtotal			(54,414)	54,414	109,207	109,207	-
Total Department of Agriculture, Trade and Consumer Protection			(199,510)	338,995	109,207	248,692	-
DEPARTMENT OF NATURAL RESOURCES							
Boating Enforcement	370.550	NR50.13	-	9,802	-	9,802	-
AIV Enforcement	370.551	NR50.125	-	11,229	-	11,229	-
Snowmobile Enforcement	370.552	NR50.12	-	2,311	-	2,311	-
Wildlife Damage Abatement and Claims	370.553	TRC38000AY16	(72,141)	72,141	85,191	85,191	-
Wildlife Habitat	370.564	37000-FWHIG	-	10,786	-	10,786	-
County Forest Administrator Grants	370.572	N/A	-	46,028	-	46,028	-
Recreational Aids - Snowmobile Trail and Area Aid	370.574 & 370.575	S-4404	(13,287)	13,287	-	-	-
Recreational Aids - Snowmobile Trail and Area Aid	370.574 & 370.575	S-4707	56,782	76,415	13,762	146,959	-
Recreational Aids - Snowmobile Trail and Area Aid	370.574 & 370.577	S-4904	-	24,600	8,200	32,800	-
Recreational Aids - Snowmobile Trail and Area Aid	370.574 & 370.577	S-5007	-	74,145	(59,538)	14,607	-
Total Recreational Aids - Snowmobile Trail and Area Aid			43,495	188,447	(37,576)	194,366	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	ATV-3247	(4,881)	4,881	-	-	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	ATV-3481T (Troutes)	98	1,042	-	1,140	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	ATV-3467 (Winter)	11,710	11,710	-	23,420	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	ATV-3420 (Summer)	39,232	48,119	-	87,351	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	ATV-3503	-	22,403	5,122	27,525	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	ATV-3620 (Summer)	-	72,487	(37,163)	35,324	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	ATV-3667 (Winter)	-	11,710	(11,710)	-	-
All-Terrain Vehicle (ATV) Program	370.576 & 370.577	AV3686T (Troutes)	-	1,041	(1,041)	-	-
Total All-Terrain Vehicle (ATV) Program			46,159	173,393	(44,792)	174,760	-
Nonpoint Source Pollution	370.662	TRC-TRC-38000-AY	(116,349)	116,349	-	-	-
Nonpoint Source Pollution	370.662	TRC-GB13-38000-15	-	-	150,000	150,000	-
Subtotal			(116,349)	116,349	150,000	150,000	-
Lake Management Planning - Large Scale Grants	370.663	LPL-1562-15	-	-	1,049	1,049	-
Invasive Aquatic Species	370.678	ACEI-112-12 & AIRR20516	(49,143)	49,143	1,669	1,669	-
Total Department of Natural Resources			(147,979)	679,629	155,541	687,191	-
DEPARTMENT OF TRANSPORTATION							
Elderly and Handicapped Transportation Aids	395.101	N/A	-	131,927	-	131,927	-
Total Department of Transportation			-	131,927	-	131,927	-

Marinette County, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/State Program Title	State I.D. Number	State Identifying Number	Cash Received (Refunded)	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/17	Total Expenditures	Subrecipient Payments
DEPARTMENT OF HEALTH SERVICES							
Fraud Prevention Investigation, State Share	435.060	60	(1,914)	6,320	1,470	5,876	-
IMAA State Share ACA	435.276	276	(9,173)	19,597	3,474	13,898	-
IMAA Federal Share ACA	435.277	277	(62)	133	24	95	-
IMAA State Share	435.283	283	(17,860)	205,178	-	187,318	-
IMAA Federal Share	435.284	284	(2,011)	7,718	3,373	9,080	-
Adult Protective Services	435.312	312	(3,957)	21,655	18,702	36,400	-
Children's COP	435.377	377	(2,302)	112,989	(36,135)	74,552	-
Coordinated Services - County	435.515	515	-	42,831	10,347	53,178	-
Community mental Health	435.516	516	-	240,078	-	240,078	-
Non-Resident - 997	435.531	531	-	7,873	6,023	13,896	-
Birth To Three Initiative	435.550	550	-	35,981	-	35,981	-
Basic County Allocation	435.561	561	(2,073)	891,655	-	889,582	-
IDP Emergency Funds	435.567	567	(52,229)	52,229	75,561	75,561	-
State/County Match	435.681	681	-	124,043	-	124,043	-
CLTS Waiver GPR	435.871	N/A	-	74,598	-	74,598	-
CLTS Grandfather GPR	435.874	N/A	-	23,832	-	23,832	-
CLTS Other - County Administrative Costs	435.877	877	(6,942)	6,942	12,268	12,268	-
CLTS Autism - County Administrative Costs	435.880	880	(11,640)	11,640	1,795	1,795	-
CLTS Autism - County Administrative Costs	435.881	881	(2,055)	2,055	-	-	-
Fluoride Mouth rinse	435.151735	151735	(976)	976	1,302	1,302	-
WIC Total Grants	435.154710	154710	(1)	1	-	-	-
WIC Farmers Market	435.154720	154720	(263)	1,533	462	1,732	-
Birth Defects/CYSHCN Project	435.154790	154790	-	1,700	897	2,597	-
Cons Contracts CHHD LD	435.157720	157720	-	4,707	1,603	6,310	-
Cons Contracts PHHS	435.159220	159220	(130)	130	-	-	-
Maternal & Child Health Svc. Block Grant	435.159320	159320	(285)	1,186	-	901	-
IPCP-NP-WINS	435.181004	181004	-	3,135	-	3,135	-
IPCP-NP-IN IRV	435.181010	181010	-	2,200	-	2,200	-
Aging Disability Resource Center	435.560100	560100	1,689	212,830	78,107	292,626	-
Elder Abuse	435-560490	560490	(7,979)	22,672	9,389	24,082	-
WI Tuberculosis Program	435.107	N/A	-	1,397	-	1,397	-
Total Department of Health Services			(120,163)	2,139,814	188,662	2,208,313	-
DEPARTMENT OF CHILDREN AND FAMILIES							
Food Stamp Agency Incentives	437.965	965	(602)	8,269	3,459	11,126	-
AFDC Agency Incentives	437.975	975	(68)	326	90	348	-
Medicaid Agency Incentives	437.980	980	(493)	7,700	1,048	8,255	-
Community Intervention Program	437.3410	3410	(1,931)	6,786	1,566	6,421	-
Youth Aids AODA	437.3411	3411	(9,583)	9,583	9,784	9,784	-
Youth Aids	437.3413	3413	(22,264)	487,737	43,849	509,322	-
Basic County Allocation	437.3561	3561	-	256,850	13,233	270,083	-
Child Support Mobility Support Liability Incentive	437.7332	7332	(3,079)	30,959	1,752	29,632	-
Child Support State GPR/PR Funding Allocation	437.7502	7502	-	66,469	-	66,469	-
Child Support Medical Support GPR Earned	437.7606	7606	-	3,376	-	3,376	-
Total Department of Children and Families			(38,020)	878,055	74,781	914,816	-

Marinette County, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/State Program Title	State I.D. Number	State Identifying Number	Cash Received (Refunded)	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/17	Total Expenditures	Subrecipient Payments
DEPARTMENT OF JUSTICE							
Victim and Witness Assistance Program - A Program Cluster	455.503, 455.532, & 455.539	N/A	(19,439)	35,650	16,678	32,889	-
Treatment Alternative and Diversion Program	455.217	2017-TD-02-11969 & 2016-TD-02-	(32,788)	126,751	31,594	125,557	-
DNA Sample Program	455.221	N/A	-	2,700	-	2,700	-
Total Department of Justice			<u>(52,227)</u>	<u>165,101</u>	<u>48,272</u>	<u>161,146</u>	<u>-</u>
DEPARTMENT OF MILITARY AFFAIRS							
Emergency Training Grant Program	465.337	323.60 Ss.	-	7,910	7,909	15,819	-
Computer and Hazmat Equipment Grant	465.367	323.61 Ss.	-	8,662	-	8,662	-
Total Department of Military Affairs			<u>-</u>	<u>16,572</u>	<u>7,909</u>	<u>24,481</u>	<u>-</u>
DEPARTMENT OF ADMINISTRATION							
Land Information Board	505.110	N/A	-	21,824	-	21,824	-
Training Grant	505.118	N/A	-	1,000	-	1,000	-
Strategic Initiative Grant	505.166	N/A	-	50,000	-	50,000	-
Public Benefits - Low Income Energy Assistance Program	505.371	AD1599971.38 & AD1599972.38	(12,291)	67,763	13,786	69,258	-
Total Department of Administration			<u>(12,291)</u>	<u>140,587</u>	<u>13,786</u>	<u>142,082</u>	<u>-</u>
TOTAL STATE PROGRAMS			<u>\$ (570,190)</u>	<u>\$ 4,490,680</u>	<u>\$ 598,158</u>	<u>\$ 4,518,648</u>	<u>\$ -</u>

(1) Victim Witness is a cluster program funded by the following State ID Numbers: 455.503, 455.532, 455.536, 455.537 and 455.539

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

Marinette County, Wisconsin

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards for the County are presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The Schedules of Expenditures of Federal and State Awards include all federal and state awards of the County. Because the schedules present only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2: 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 2017 fund financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the County in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded County expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The County has not elected to charge a de minimis rate of 10% of modified total costs.

NOTE 3: OVERSIGHT AGENCIES

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

Federal - U.S. Department of Justice

State - Wisconsin Department of Health Services

NOTE 4: TITLE 19 MEDICAL ASSISTANCE PAYMENTS

The Schedules of Expenditures of Federal and State Awards do not include repayments received by the County's Human Service Department for 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 or state awards.

NOTE 5: PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DCF - Wisconsin Department of Children and Families

WI DHS - Wisconsin Department of Health Services

WI DMA - Wisconsin Department of Military Affairs

WI DNR - Wisconsin Department of Natural Resources

WI DOA - Wisconsin Department of Administration

WI DOJ - Wisconsin Department of Justice

WI DOT - Wisconsin Department of Transportation

Marinette County, Wisconsin

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6: 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 Schedules of Expenditures of Federal and State Awards.

NOTE 7: STATE OF WISCONSIN COMMUNITY AIDS REPORTING SYSTEM

The Wisconsin Departments of Health Services (DHS) and Children and Families (DCF) utilize the Community Aids Reporting System (CARS) and the System for Payments and Reports of Contracts (SPARC) for reimbursing the County for various federal and state program expenditures. The expenditures reported on the Schedules of Expenditures of Federal and State Awards for various DHS & DCF programs agree with the expenditures reported on the April 2018 CARS for the Human Services and Public Health Departments, and the December 2017 SPARC for Child Support and Child Care programs.

Marinette County, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

BASIC FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
▶ Material weakness identified?	No
▶ Significant deficiencies identified?	None reported
Noncompliance material to basic financial statements noted?	No

FEDERAL AND STATE AWARDS

Internal control over major program:	
▶ Material weakness identified?	No
▶ Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.778	Medical Assistance Program

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
115.15	Basic Annual Staffing Grants
115.40	LWRM Plan Implementation
395.101	Elderly and Handicapped Transportation Aid
435.276	IMAA State Share ACA
435.277	IMAA Federal Share ACA
435.283	IMAA State Share
435.284	IMAA Federal Share
435.871	CLTS Other GPR
435.874	CLTS Autism Fed
435.877	CLTS Other CWA Admin GPR
435.880	CLTS Autism CWA Admin GPR
435.560100	ADRC
437.3413	Youth Aids

Audit threshold used to determine between Type A and Type B programs:

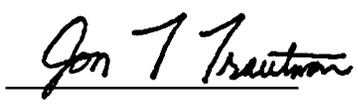
Federal Awards	\$750,000
State Awards	\$250,000

Auditee qualified as low-risk auditee Yes

Marinette County, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION III - 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 | No |
| Department of Natural Resources | No |
| Department of Transportation | No |
| Department of Health Services | No |
| Department of Children and Families | No |
| Department of Justice | No |
| Department of Military Affairs | No |
| Department of Administration | No |
| 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 |  |
| 5. Date of report | Jon Trautman, CPA
September 10, 2018 |

Marinette County, Wisconsin

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2017

PRIOR YEAR AUDIT FINDING

The finding noted in the 2016 Schedule of Findings and Questioned Costs has been reported to the proper federal and state agencies. The current status of the prior year audit finding, as provided by management, follows:

<u>Finding No.</u>	<u>Prior Year Audit Finding</u>
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2016-001	Financial Reporting for Federal and State Financial Assistance
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The County prepared the schedule of federal and state awards for the year ended December 31, 2107. Therefore no finding remained for the current year.

CORRECTIVE ACTION PLAN

No corrective action plan is required for the year ended December 31, 2017.