

Marinette County, Wisconsin

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2018

Marinette County, Wisconsin

DECEMBER 31, 2018

Table of Contents

| | |
|--|----|
| INDEPENDENT AUDITORS' REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4 |
| BASIC FINANCIAL STATEMENTS | |
| Government-wide Financial Statements | |
| Statement of Net Position | 18 |
| Statement of Activities | 20 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 22 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 25 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | 28 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Health and Human Services Fund | 29 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - County Roads and Bridges Fund | 30 |
| Statement of Net Position - Proprietary Funds | 31 |
| Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds | 33 |
| Statement of Cash Flows - Proprietary Funds | 35 |
| Statement of Fiduciary Net Position | 36 |
| Notes to Basic Financial Statements | 37 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System | 66 |
| Schedule of Contributions - Wisconsin Retirement System | 66 |
| Schedule of Changes in Net OPEB Liability and Related Ratios | 67 |
| Schedule of Employer Contributions - Other Postemployment Benefit Plan | 68 |
| Notes to Required Supplementary Information | 69 |

Marinette County, Wisconsin

DECEMBER 31, 2018

SUPPLEMENTARY INFORMATION

| | |
|---|----|
| Detailed Comparison of Budgeted and Actual Revenues - General Fund | 70 |
| Detailed Comparison of Budgeted and Actual Expenditures - General Fund | 72 |
| Combining Balance Sheet - Nonmajor Special Revenue Funds | 74 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds | 77 |
| Combining Statement of Net Position - Internal Service Funds | 80 |
| Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds | 81 |
| Statement of Cash Flows - Internal Service Funds | 82 |
| Combining Statement of Fiduciary Net Position | 83 |

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 <i>Government Auditing Standards</i> | 85 |
|---|----|

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 <i>State Single Audit Guidelines</i> | 87 |
| Schedule of Expenditures of Federal Awards | 89 |
| Schedule of State Financial Assistance | 92 |
| Notes to the Schedules of Expenditures of Federal and State Awards | 95 |
| Schedule of Findings and Questioned Costs | 97 |



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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Committee on Aging, Association for Business & Industry and the Stephenson Public Library Foundation, which are presented as discretely presented component units of Marinette County, Wisconsin. They represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units. These statements were audited by other auditors who reports, have been furnished to us and our opinion, insofar as it relates to the amounts for the discretely presented component units, is based solely upon the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Stephenson Public Library foundation and the Marinette County Association of Business and Industry were not audited in accordance with *Government Auditing Standards*.

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 based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2018, 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.

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 August 8, 2019, 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 solely 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 effectiveness of the County's 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Green Bay, Wisconsin
August 8, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS



FINANCE DEPARTMENT

Management's Discussion and Analysis December 31, 2018

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, 2018. Our discussion and analysis is based on currently known facts, decisions, and conditions of the County.

The 2017 business-type activities have been restated to prevent misstating any increases and/or decreases to the financial position of the Maroco landfill. In previous years, Marinette County reported a proportionate share, namely 50%, in the jointly owned landfill with Oconto County. For ease of reporting, the 2018 statements reflect Maroco as a whole, with the County reporting 100% of the financials.

Financial Highlights

- As of December 31, 2018, the total net position of the County was \$99,317,087, an increase of \$2,886,528 from the previous year. Of this amount, a \$2,290,573 increase was from Governmental Activities and \$595,955 from the Business-type Activities. The main source of this increase relates to excess revenues over expenditures. In the Governmental Activities, revenues increased \$2,116,518 from \$42,355,476 in 2017 to \$44,471,994 in 2018. Expenses increased \$1,618,800 from \$40,562,621 in 2017 to \$42,181,421 in 2018. In the Business-type Activities, revenues increased \$1,015,486 from \$7,952,211 in 2017 to \$8,967,697 in 2018. Expenses increased \$186,224 from \$8,185,518 in 2017 to \$8,371,742 in 2018.
- Of the total net position, *unrestricted* funds which may be used to meet the County's ongoing obligations to citizens and creditors, increased \$1,686,223 from \$31,126,884 in 2017 to \$32,813,107 in 2018.
- *Restricted* funds decreased \$303,967 from \$3,066,247 in 2017 to \$2,762,280 in 2018. The main source of this decrease was due to the reduction of the 2016 capital improvement project account. The remaining 2016 CIP fund has a balance of \$572,344.
- The County's operating property tax rate decreased \$.065 to \$4.257 per \$1,000 of property value for the year ended December 31, 2018. The decrease in the operating tax rate was driven by a \$132,137,700 increase in the County's equalized property valuation. In 2018, the County increase the debt service property tax by \$.012 to \$0.250 for service debt related to the County's Capital Improvement Plan.
- The operating tax levy increased \$332,368 (1.774%) 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, 2018, the County's combined governmental funds reported ending fund balances totaling \$35,408,500, an increase of \$522,932 from the previous year. Of the December 31, 2018 combined governmental fund balance of \$35,408,500, approximately 86.3% of this total amount, \$30,550,069 is *available for spending* at the County's discretion (*unrestricted fund balance*). The County's unrestricted fund balance of \$30,550,069 is further categorized based on constraints imposed upon the use of those funds. Of the total unrestricted fund balance, \$18,763,603 is committed by County Board action to specific purposes, \$2,100,429 is assigned for specific purpose by the governing body or by the Finance Director with the Administrator's approval, and \$9,686,037 is not committed or assigned (unassigned).

- As of December 31, 2018, the unrestricted fund balance for the general fund was \$25,915,553, or approximately 117% of total 2018 actual general fund operating expenditures of \$22,161,167. The unassigned general fund amount of \$9,686,311 represents 16.7% of the County's 2018 original adopted gross operational and debt service expenditure budgets which totaled \$57,889,971. Under the County's Fund Balance Policy, \$2,339,443 and \$1,836,462 of the \$9,686,311 unassigned general fund balance is classified for contingencies and cash flow requirements respectfully.
- The County Roads and Bridges Special Revenue Fund balance decreased \$182,003 to \$2,072,890. Of the \$2,072,890 ending fund balance, \$488,400 is committed for specific projects leaving \$1,584,490 available for discretionary County Road spending. An increase in County maintenance expenditures was a major reason for the funds decrease.
- The Health and Human Services (HHS) special revenue fund realized a fund balance increase of \$527,360 for 2018. A transfer from the general fund of \$455,074 to cover the 2017 fund deficit was the main source of the increase. The general fund also transferred \$220,000 for the purchase of the Marinette County Group Home and \$67,844 to support mental health case management and telehealth psychiatrist services in 2018. High placement costs for juvenile boarding, either State mandated or implemented to provide better service to Marinette County residents, continue to affect financial results. For 2018, the ending HHS fund balance was \$72,286.
- At the end the 2018, the County's general obligation debt was \$25,340,000 compared to \$27,740,000 at the end of 2017. After current year debt service costs, the debt service fund ended the year with a net increase of \$206,768. The fund ended 2018 with a fund balance of \$834,881, compared to \$687,066 in 2017. The debt service fund realized a savings of \$200,000 in principal and \$6,000 in interest due to early retirement of an inter-fund advance from the general fund in 2017.

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 2018 was \$99,203,615 compared to \$96,317,087 for the year ended 2017.

| Marinette County's Net Position | | | | | | | |
|--------------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|--------------|--------------|-------------------------------|
| | Governmental Activities | Business-type Activities | Governmental Activities | Business-type Activities | Total | Total | Total Percentage Change |
| | 2017 | 2017 | 2018 | 2018 | 2017 | 2018 | 2017-2018 |
| Current & other assets | \$65,358,011 | \$10,819,985 | \$69,622,303 | \$7,709,790 | \$76,177,996 | \$77,332,093 | 1.52% |
| Capital assets | 79,948,022 | 9,268,510 | 79,730,806 | 8,447,068 | 89,216,532 | 88,177,874 | -1.16% |
| Total assets | 145,306,033 | 20,088,495 | 149,353,109 | 16,156,858 | 165,394,528 | 165,509,967 | 0.07% |
| Deferred outflow of resources | 7,168,430 | 1,103,708 | 6,172,584 | 930,053 | 8,272,138 | 7,102,637 | -14.14% |
| Long-term liabilities outstanding | 39,369,084 | 3,653,265 | 36,314,065 | 5,493,085 | 43,022,349 | 41,807,150 | -2.82% |
| Other liabilities | 6,847,427 | 2,038,724 | 6,553,278 | 474,622 | 8,886,151 | 7,027,900 | -20.91% |
| Total liabilities | 46,216,511 | 5,691,989 | 42,867,343 | 5,967,707 | 51,908,500 | 48,835,050 | -5.92% |
| Deferred inflow of resources | 19,653,739 | 387,341 | 23,763,564 | 810,375 | 20,041,080 | 24,573,939 | 22.62% |
| Net position: | | | | | | | |
| Net investment in capital assets | 53,614,256 | 8,509,700 | 55,181,160 | 8,447,068 | 62,123,956 | 63,628,228 | 2.42% |
| Restricted | 2,692,390 | 373,857 | 2,350,764 | 411,516 | 3,066,247 | 2,762,280 | -9.91% |
| Unrestricted | 30,297,567 | 829,317 | 31,362,862 | 1,450,245 | 31,126,884 | 32,813,107 | 5.42% |
| Net position: | \$86,604,213 | \$9,712,874 | \$88,894,786 | \$10,308,829 | \$96,317,087 | \$99,203,615 | 3.00% |

The largest portion of the County's net position (64.1%) reflects its investment in capital assets of \$63,628,228 (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 (\$2,762,280) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$32,813,107) 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 \$99,203,615. Of the \$2,886,528 increase in net position from 2017, Governmental Activities increased \$2,290,573 and Business-type Activities increased \$595,955. The key elements affecting the change in net position were as follows:

Governmental Activities:

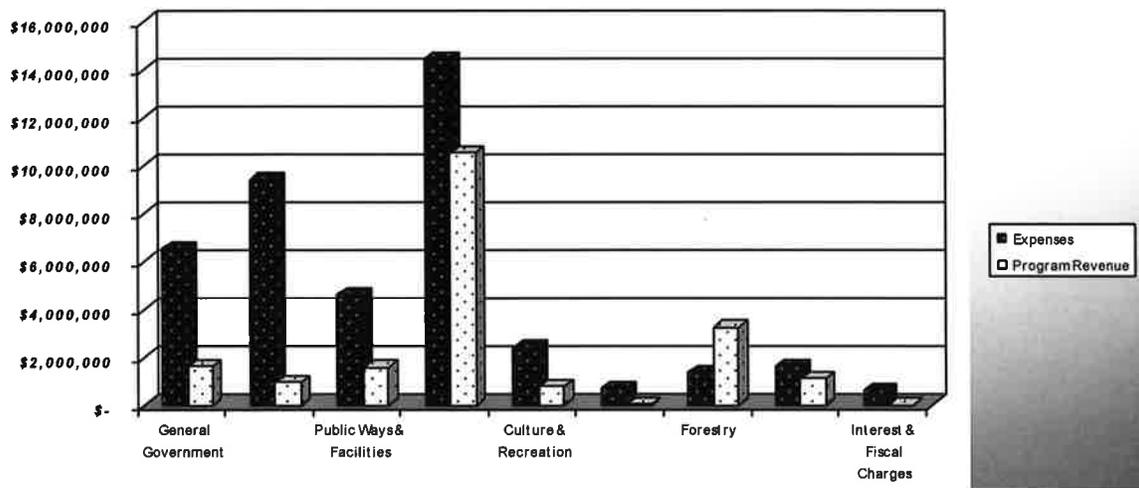
- The main source of the Governmental Activities change in net position relates to excess revenues over expenditures. Revenues in the Governmental Activities increased \$2,116,518 from \$42,355,476 in 2017 to \$44,471,994 in 2018. Expenses increased \$1,618,800 from \$40,562,621 in 2017 to \$42,181,421 in 2018.
- Overall, County Departments stayed within their original appropriations and returned unspent appropriations to the general fund.
- Of the \$750,000 Sheriff Department software funds, \$519,632 remained unspent in 2018 and was carried forward to the 2019 budget. These funds were originally transferred from the 2016 Capital Improvement Project (CIP) funds. Additional Capital maintenance funds of \$572,344 assigned for specific building repair and update projects were also unspent in 2018 and carried over to 2019.
- Of the \$550,000 for radio equipment and consoles in Dispatch, \$420,023 remained unspent and was carried forward to the 2019 budget. This project was expected to be completed in early 2019.
- The general fund had unspent contingency funds of \$35,061. Of the \$575,000 budgeted, \$60,000 was carried forward to 2019 for the broadband project. \$100,000 was transferred to the self-insurance fund for start-up costs associated with the decision to move to a self-insured plan for 2019. The remaining amount of \$379,939 was transferred to cover unexpected 2018 expenses and year-end budget overages
- Timber sales have been slow to recover to since the 2015 high of \$3,685,654. Revenues increased \$37,638 from \$2,854,533 in 2017 to \$2,892,171 in 2018. Low stumpage rates continue to be the major reason for the decreased revenues.
- The operating tax levy increased \$332,368 (1.774%) 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:

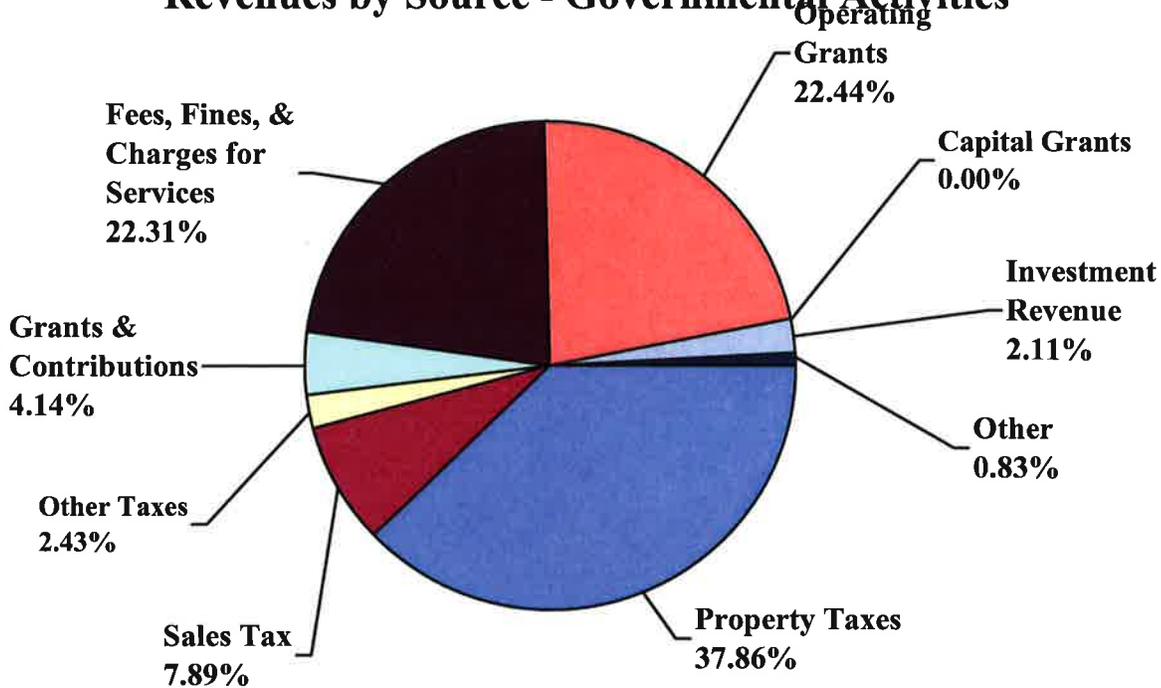
- As stated earlier, the 2017 business-type activities have been restated to prevent misstating any increases and/or decreases to the financial position of the Maroco landfill. In previous years, Marinette County reported a proportionate share, namely 50%, in the jointly owned landfill with Oconto County. For ease of reporting, the 2018 statements reflect Maroco as a whole, with the County reporting 100% of the financials.
- The main source of the Business-type Activities change in net position also relates to excess revenues over expenditures. Revenues in the Business-type increased \$1,015,486 from \$7,952,211 in 2017 to \$8,967,697 in 2018. Expenses increased \$186,224 from \$8,185,518 in 2017 to \$8,371,742 in 2018.
- The Solid Waste Fund's 2018 operating loss was \$77,936 compared to the 2017 operating loss of \$136,324. The major source of the loss was due to excess expenditures of \$1,149,709 over revenues of \$1,071,773 in 2018. Interest earnings of \$43,587 mitigated some of the loss. Cash and cash equivalents increased \$392,389 to \$1,523,957 in 2018. 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 | |
| | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Fees, fines, & charges for services | \$ 9,434,335 | \$ 9,922,318 | \$ 7,881,597 | \$ 8,900,439 | \$ 17,315,932 | \$ 18,822,757 |
| Operating grants and contributions | 9,342,367 | 9,978,061 | - | - | 9,342,367 | 9,978,061 |
| Capital grants and contributions | 43,746 | - | - | - | 43,746 | - |
| General revenues: | | | | | | |
| Property & sales taxes | 19,891,853 | 20,343,946 | - | - | 19,891,853 | 20,343,946 |
| Other taxes | 1,018,852 | 1,079,827 | - | - | 1,018,852 | 1,079,827 |
| Grants & contributions not restricted to specific programs | 1,665,806 | 1,842,009 | - | - | 1,665,806 | 1,842,009 |
| Other | 958,517 | 1,305,833 | 70,614 | 67,258 | 1,029,131 | 1,373,091 |
| Total revenues | 42,355,476 | 44,471,994 | 7,952,211 | 8,967,697 | 50,307,687 | 53,439,691 |
| Expenses: | | | | | | |
| General government | 7,220,567 | 6,717,518 | - | - | 7,220,567 | 6,717,518 |
| Public protection | 9,103,871 | 9,466,058 | - | - | 9,103,871 | 9,466,058 |
| Public ways & facilities | 3,817,716 | 4,622,268 | - | - | 3,817,716 | 4,622,268 |
| Health | 14,205,778 | 14,526,489 | - | - | 14,205,778 | 14,526,489 |
| Culture & recreation | 2,336,218 | 2,433,084 | - | - | 2,336,218 | 2,433,084 |
| Education | 636,105 | 734,784 | - | - | 636,105 | 734,784 |
| Forestry | 1,439,298 | 1,391,598 | - | - | 1,439,298 | 1,391,598 |
| Conservation & development | 1,075,065 | 1,629,429 | - | - | 1,075,065 | 1,629,429 |
| Interest & fiscal charges | 728,003 | 660,193 | - | - | 728,003 | 660,193 |
| Highway operations | - | - | 7,101,270 | 7,222,033 | 7,101,270 | 7,222,033 |
| Solid waste | - | - | 1,084,248 | 1,149,709 | 1,084,248 | 1,149,709 |
| Total expenses | 40,562,621 | 42,181,421 | 8,185,518 | 8,371,742 | 48,748,139 | 50,553,163 |
| Increase (decrease) in net position | 1,792,855 | 2,290,573 | (233,307) | 595,955 | 1,559,548 | 2,886,528 |
| Cumulative Effect of Change in Accounting Principle | (5,323,983) | - | (1,327,246) | - | (6,651,229) | - |
| Prior Period Adjustment | - | - | 41,106 | - | 41,106 | - |
| Net Position - January 1 | 90,135,341 | 86,604,213 | 11,232,321 | 9,712,874 | 101,367,662 | 96,317,087 |
| Net Position - December 31 | \$ 86,604,213 | \$ 88,894,786 | \$ 9,712,874 | \$ 10,308,829 | \$ 96,317,087 | \$ 99,203,615 |

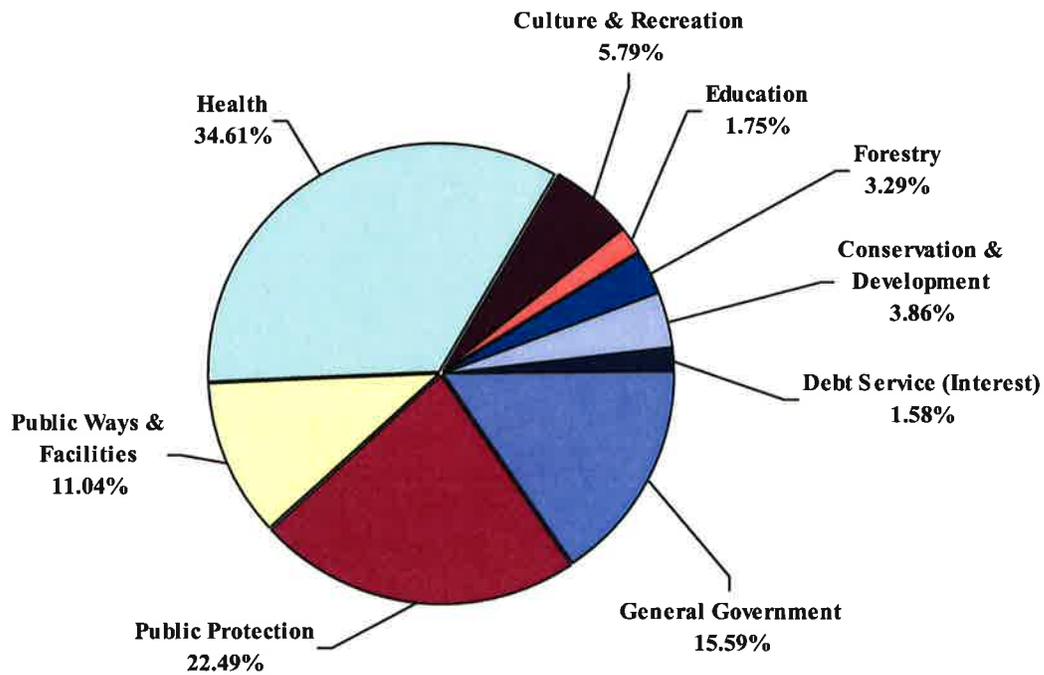
Expenses & Program Revenues - Governmental Activities



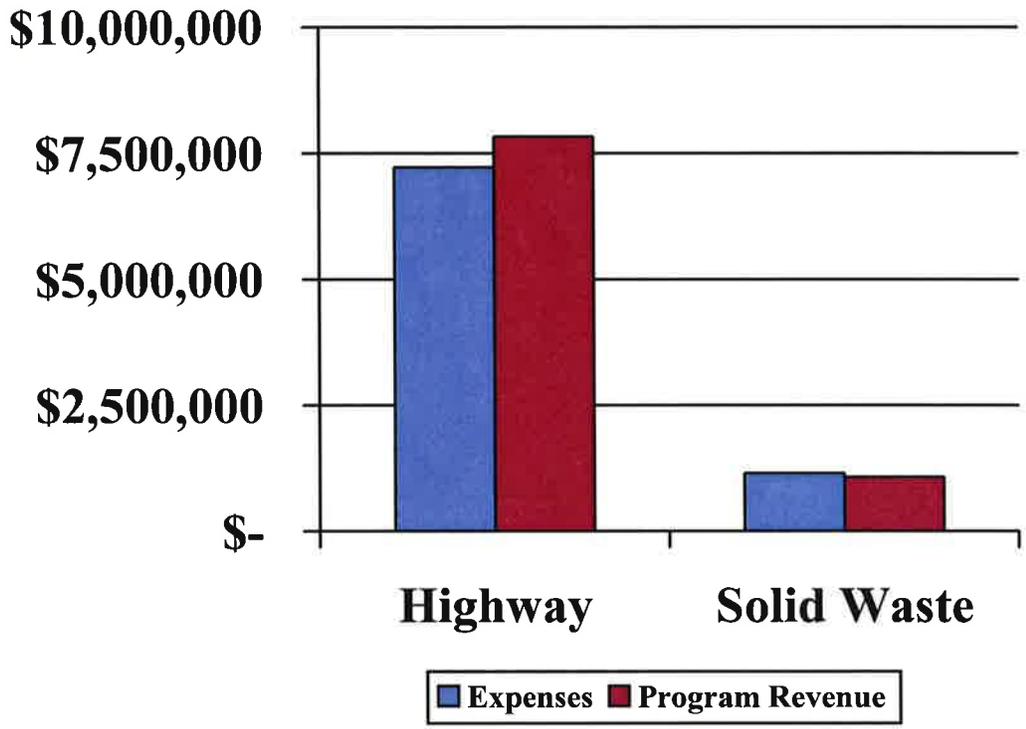
Revenues by Source - Governmental Activities



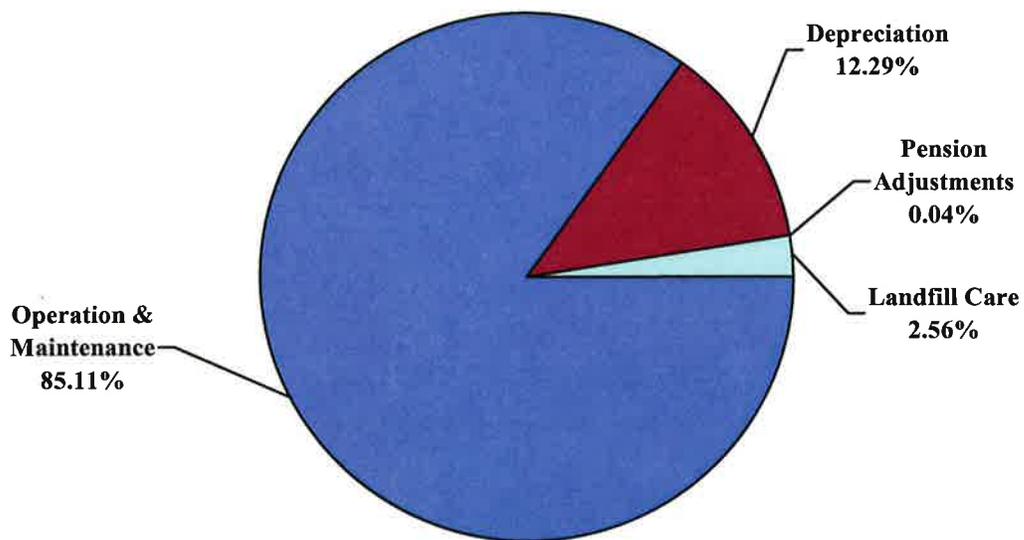
Expenses by Activity - Governmental Activities



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, 2018, the County's combined governmental funds totaled \$35,408,500, an increase of \$522,932 from the prior year. Approximately 86% of this amount, \$30,550,069, 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 (\$352,318), 2) for non-liquid delinquent taxes (\$2,602,019) 3) for loans receivable that are not expected to be liquidated in the next year (\$201,926) 4) by grant, donor or other restrictions (\$1,702,168).

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 \$25,915,553, while the total fund balance was \$29,221,399. 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 116.9% of total 2018 general fund expenditures, while total fund balance represents 137.9% of that same amount. This compares to prior year percentages of 87.3% and 100.6% respectively.

Marinette County's General fund balance increased by \$353,693 for the year ended December 31, 2018. The slight increase in fund balance was mainly due to County Departments staying within their original appropriations and returning unspent appropriations to the general fund. Other factors contributing this increase include uncompleted capital maintenance project funding.

The County's Health and Human Services (HHS) Special Revenue Fund ended with a fund balance of \$72,286 in 2018. This compares to the deficit fund balance of \$455,074 in the previous year. A transfer from the general fund of \$455,074 to cover the 2017 fund deficit was the main source of the increase. High placement costs for juvenile boarding continue to strain annual expenditures. Unfilled staff vacancies and conservative budgeting have assisted in mitigating these expenditures. The current fund balance represents .53% of the total 2018 Health and Human Services special revenue fund expenditures of \$13,743,186.

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 \$2,135,409, an increase \$377,482 from 2017. The main source of the increase relates to excess revenues over expenditures. Revenues increased \$894,993 from \$6,933,673 in 2017 to \$7,828,666 in 2018. Comparatively, expenses increased slightly \$124,344 from \$7,094,561 in 2017 to \$7,218,905 in 2018.

For the Maroco Landfill, the Business-type Activities in 2017 have been restated to prevent misstating any increases and/or decreases to the financial position of the Maroco landfill. In previous years, Marinette County reported a proportionate share, namely 50%, in the jointly owned landfill with Oconto County. For ease of reporting, the 2018 statements reflect Maroco as a whole, reporting 100% of the financials.

The Maroco unrestricted net position increased \$246,574 from (\$980,486) in 2017 to (\$733,912) in 2018. An operating loss of \$77,936 was offset by \$43,587 in investment earnings. Overall, a decrease in net position for the solid waste fund in 2017 was \$34,349 from \$1,752,778 in 2017 to \$1,718,429 in 2018.

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 decreased the original general fund expenditure budget by \$316,886. The change to the 2018 expenditure appropriations can be summarized as follows:

- A net carryover of unspent appropriations from 2017 to 2018 of \$873,999
- Department requests to carry forward unspent appropriations from 2018 to 2019 of (\$1,194,739)
- Various other items associated with grant carry-overs, reserved fund carry-overs to complete various capital projects, and onetime expenses that were funded with additional revenues received by departments during the year.

Actual expenditures were less than final budgeted expenditures by \$1,483,217 primarily due to the following:

- Approximately \$632,345 in capital maintenance projects for the Courthouse were not completed during the current year and carried over to 2019.
- Overall positive results from several departments remaining under budget, namely an additional amount of \$173,621 in general government, \$93,399 in education, \$112,560 in forestry, and \$352,107 in conservation and development contributed

Actual revenues were \$811,419 less than projected budget amount in 2018. Both unrealized intergovernmental revenues and charges for services 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, 2018 amounts to \$88,177,874 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery/equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress. The total increase in the County's net investment in capital assets for the current year was \$1,086,784 mainly as a result of investment in new capital assets in land improvements and machinery and equipment.

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 | |
| | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| Land | \$ 4,865,401 | \$ 4,925,401 | \$ 238,989 | \$ 426,503 | \$ 5,104,390 | \$ 5,351,904 |
| Construction in progress | 153,211 | 499,536 | 178,612 | 237,727 | 331,823 | 737,263 |
| Land improvements | - | - | 991,643 | 1,730,795 | 991,643 | 1,730,795 |
| Buildings & improvements | 28,902,695 | 28,374,868 | 1,637,389 | 1,462,049 | 30,540,084 | 29,836,917 |
| Machinery & equipment | 3,386,752 | 3,523,305 | 4,096,435 | 4,589,994 | 7,483,187 | 8,113,299 |
| Infrastructure | 42,639,963 | 42,407,696 | - | - | 42,639,963 | 42,407,696 |
| Total | \$79,948,022 | \$ 79,730,806 | \$ 7,143,068 | \$ 8,447,068 | \$87,091,090 | \$ 88,177,874 |

Long-term debt. At the end of the year, the County's total general obligation debt outstanding was \$25,340,000. 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 | |
| | 2017 | 2018 | 2016 | 2017 | 2017 | 2018 |
| General Obligation Debt | | | | | | |
| Bonds and notes | \$27,740,000 | \$ 25,340,000 | \$ - | \$ - | \$27,740,000 | \$ 25,340,000 |

The County's total general-obligation debt balance decreased by \$2,400,000 (8.65%) in 2018. 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 of \$400,000 was paid off in 2018 due to positive results in sales tax.

Sales tax revenues are also used to fund County tourism and some capital outlay in the general fund. The 2018 transfer out of the debt service fund for the foregoing items \$1,056,821. In 2019, sales tax revenues net of principal and interest payments on debt will be left in the debt services fund in anticipation of notes maturing for the 2014, 2015 and 2016 borrowing subject to early call for redemption.

As of December 31, 2018 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 \$195,696,555 which is \$170,356,555 in excess of the County's \$25,340,000 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 3.5% for April, 2019, which is the latest available data at the time of this report. This rate is down from the 4.5% recorded in March, 2019 and the 4.6% recorded in March, 2018. Comparatively, the State of Wisconsin's average rate for April, 2019 is 2.8%.
- 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 a concentrated employment base, with reliance of the Marinette Marine Corporation, one of the County's larger employers on government contracts. Marinette Marine, having a substantial effect for the local economy, currently employs approximately 1,500 employees as compared to 1,400 a year ago. Their parent company, Fincantieri, has recently completed a \$73.5 million capital expansion program, with 550,000 square feet of manufacturing, warehouse and receiving space, allowing the ability to build six Littoral Combat Ships simultaneously.
- Bay Area Medical Center completed the construction of a \$135 million dollar 332,000 facility in 2018. The new facility provides an extensive women's health center, heart and vascular center, and cancer center. Recently, Advocate Aurora Health recently signed an agreement to assume full ownership of Bay Area Medical Center. The deal is expected to close mid-year, 2019 and the community would benefit from coordinated services existing in the Advocate Aurora Health footprint.
- 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. Evidence of community involvement and support for growth, the fall of 2018 brought an effort to have the Twin Cities selected for the latest season of Small Business Revolution. Ultimately, though not chosen, Marinette and Menominee was among the final ten with more than 12,000 towns nominated.
- 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 new major retailers have taken occupancy in the efforts to rejuvenate the Mall area.
- The City of Marinette completed a \$12 million dollar Community Sports and Event Center. The new facility supports large events such as concerts and trade shows, as well as sports activities including soccer, baseball, softball, ice hockey, basketball, tennis, curling and indoor track events. It is expected to help draw workforce talent to the area, providing recreation opportunities for families.
- Also promoting tourism, beginning in 2018 the Marinette County Board of Supervisors approved ordinance changes to allow ATV/UTV access to some County roads. Municipalities throughout the county have requested these road routes to aid in accessing the trail systems. Volunteers from six Marinette County ATV Clubs maintain the nearly 300 miles of trails.
- In 2018, Packerland Broadband was awarded three grants by the State of Wisconsin. One of the three grants will be used to provide internet service to unserved and underserved homes in Marinette County. The \$210,000 grant will deploy a TV White Space system to ten locations in Marinette County and involves placing a tower in the Town of Dunbar. The Marinette County Board of Supervisors approved partnering and entering into an agreement with Packerland Broadband to establish services in portions of the county along the US Highway 141 corridor at a cost not to exceed \$60,000 in support of this project.

The following factors were considered in preparing the County's 2019 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 2019 budget increased to \$243,983 or 1.549%.

As part of the 2019 general fund budget, the County applied \$11,517 of restricted, \$13,844 of committed, \$762,268 of assigned, and \$641,129 of unassigned fund balances. Total general fund amounts applied totaled \$1,428,758. Total restricted and committed special revenue and debt service fund balances applied to the 2019 budget were \$664,982. Of the total funds applied (\$2,772,618) to the 2019 budget, \$2,522,618 represented funds specifically accumulated for special purposes. The County elected to leave expected surplus sales tax collections net of principal and interest payments on debt fund in anticipation of notes maturing for the 2014, 2015 and 2016 borrowing subject to early call for redemption.

The County's 2019 budget contains capital project expenditures of \$4,482,113. In previous years, capital project expenditures were funded through general obligation borrowing. Capital project expenditures are currently funded through the operational budget, fund balances and the application of County savings. This was a cultural shift beginning in 2017, moving away from using general obligation bonding. Of the 2019 budgeted capital project expenditures of \$2,126,045, \$1,674,875 is for county road annual maintenance, \$375,000 for Ella Court building renovations, and \$76,170 is for Sheriff Department vehicle replacements.

The debt levy for 2019 of \$957,406 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 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. Beginning in 2019, the sales tax is being used solely for debt service, moving away from its use to fund capital outlay, tourism, and economic development.

The County committed \$19,058,908 to a property tax reduction fund that was received from the 2008 sale of the Bay Area Medical Center facilities and from funds previously committed for county health care. 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 with a \$7.5 million dollar loan to the City of Marinette. As payments are received over the course of the 20 year loan, principal payments will be deposited back into the fund. The year-end fund balance increased \$150,000 from \$11,558,908 in 2017 to \$11,708,908 in 2018. 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 2019 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, 2018

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Pooled cash and investments | \$ 32,381,993 | \$ 3,729,957 | \$ 36,111,950 |
| Other cash and investments | - | - | - |
| Accounts receivable | 1,953,443 | 95,151 | 2,048,594 |
| Interest receivable | 831,344 | 2,779 | 834,123 |
| Taxes receivable | 20,182,972 | - | 20,182,972 |
| Loans receivable | 8,464,578 | - | 8,464,578 |
| Internal balances | (48,748) | 48,748 | - |
| Due from other governments | 1,454,194 | 367,101 | 1,821,295 |
| Inventories and prepaid items | 878,241 | 1,492,296 | 2,370,537 |
| Restricted cash and investments | 266,687 | 1,562,242 | 1,828,929 |
| Net pension asset | 3,257,599 | 411,516 | 3,669,115 |
| Capital assets (net of accumulated depreciation) | | | |
| Nondepreciable | 5,424,937 | 664,230 | 6,089,167 |
| Depreciable | 74,305,869 | 7,782,838 | 82,088,707 |
| TOTAL ASSETS | 149,353,109 | 16,156,858 | 165,509,967 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Retirement system unfunded liability amortization | - | 180,530 | 180,530 |
| Deferred charge on refunding | 229,848 | - | 229,848 |
| Deferred pension contributions & changes | 5,942,736 | 749,523 | 6,692,259 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 6,172,584 | 930,053 | 7,102,637 |
| LIABILITIES | | | |
| Accounts payable | 1,113,013 | 371,470 | 1,484,483 |
| Accrued liabilities | 1,273,925 | 8,712 | 1,282,637 |
| Unearned fringe benefit | - | 80,129 | 80,129 |
| Due to other governments | 73,137 | - | 73,137 |
| Deposits from others | 199,183 | - | 199,183 |
| Unearned revenue | 416,385 | - | 416,385 |
| Accrued interest | 211,165 | - | 211,165 |
| Long-term obligations | | | |
| Unamortized premiums | 759,391 | - | 759,391 |
| Portion due or payable within one year: | | | |
| Bonds and notes payable | 2,350,000 | - | 2,350,000 |
| Compensated absences | 157,079 | 14,311 | 171,390 |
| Portion due or payable after one year: | | | |
| Bonds and notes payable | 22,990,000 | - | 22,990,000 |
| Compensated absences | 1,413,715 | 128,796 | 1,542,511 |
| Post employment insurance | 11,910,350 | 1,507,350 | 13,417,700 |
| Landfill care costs | - | 3,856,939 | 3,856,939 |
| TOTAL LIABILITIES | 42,867,343 | 5,967,707 | 48,835,050 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property taxes | 17,348,566 | - | 17,348,566 |
| Deferred pension contributions and changes | 6,414,998 | 810,375 | 7,225,373 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 23,763,564 | 810,375 | 24,573,939 |
| NET POSITION | | | |
| Net investment in capital assets | 55,181,160 | 8,447,068 | 63,628,228 |
| Restricted | 2,350,764 | 411,516 | 2,762,280 |
| Unrestricted | 31,362,862 | 1,450,245 | 32,813,107 |
| TOTAL NET POSITION | \$ 88,894,786 | \$ 10,308,829 | \$ 99,203,615 |

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 | |
| \$ - | \$ - | \$ - | |
| 77,223 | 51,915 | 1,899,033 | |
| 96,351 | 8,546 | - | |
| - | - | - | |
| - | - | - | |
| - | - | - | |
| - | - | - | |
| - | 1,287 | - | |
| - | - | - | |
| - | - | - | |
| 45,000 | 540,366 | - | |
| 500,398 | 4,901,151 | - | |
| <u>718,972</u> | <u>5,503,265</u> | <u>1,899,033</u> | |
| - | - | - | |
| - | - | - | |
| - | - | - | |
| - | - | - | |
| 19,619 | 6,989 | - | |
| 11,196 | 3,145 | - | |
| - | - | - | |
| - | 51,399 | - | |
| - | 790 | - | |
| - | - | - | |
| - | 951 | - | |
| - | - | - | |
| 14,465 | 182,903 | - | |
| - | - | - | |
| 338,123 | 36,058 | - | |
| - | - | - | |
| - | - | - | |
| - | - | - | |
| <u>383,403</u> | <u>282,235</u> | <u>-</u> | |
| - | - | - | |
| - | - | - | |
| - | - | - | |
| - | 5,222,556 | - | |
| 5,000 | - | - | |
| 330,569 | (1,526) | 1,899,033 | |
| <u>\$ 335,569</u> | <u>\$ 5,221,030</u> | <u>\$ 1,899,033</u> | |

MARINETTE COUNTY, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2018

| Activities | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|---|--|--|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental | | | | |
| General government | \$ 6,717,518 | \$ 1,390,928 | \$ 221,608 | \$ - |
| Public protection | 9,466,058 | 740,825 | 232,175 | - |
| Public ways and facilities | 4,622,268 | - | 1,580,451 | - |
| Health | 14,526,489 | 3,810,935 | 6,755,383 | - |
| Culture and recreation | 2,433,084 | 415,234 | 348,324 | - |
| Education | 734,784 | 9,641 | - | - |
| Forestry | 1,391,598 | 3,125,587 | 126,714 | - |
| Conservation and development | 1,629,429 | 429,168 | 713,406 | - |
| Interest and fiscal charges | 660,193 | - | - | - |
| Total Governmental Activities | <u>42,181,421</u> | <u>9,922,318</u> | <u>9,978,061</u> | <u>-</u> |
| Business-type | | | | |
| Highway | 7,222,033 | 7,828,666 | - | - |
| Solid waste | 1,149,709 | 1,071,773 | - | - |
| Total Business-type Activities | <u>8,371,742</u> | <u>8,900,439</u> | <u>-</u> | <u>-</u> |
| Total Marinette County | <u>\$ 50,553,163</u> | <u>\$ 18,822,757</u> | <u>\$ 9,978,061</u> | <u>\$ -</u> |
| Component Unit | | | | |
| Committee on Aging | \$ 953,696 | \$ 266,176 | \$ 717,073 | \$ - |
| Association of Business & Industry | 587,780 | - | 156,283 | - |
| Stephenson Library Trust | 22,473 | - | - | - |
| Total Component Units | <u>\$ 1,563,949</u> | <u>\$ 266,176</u> | <u>\$ 873,356</u> | <u>\$ -</u> |

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 (loss) on other property sales
- Miscellaneous
- Total general revenues**

Change in net position

Net position - January 1

Net position - December 31

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

| Net (Expense) Revenue and Changes in Net Position | | | Component Units | | |
|--|-----------------------------|----------------------|-----------------------|---|--|
| Governmental Activities | Business-type Activities | Total | Committee on Aging | Association for Business & Industry | Stephenson Public Library Foundation |
| \$ (5,104,982) | \$ - | \$ (5,104,982) | \$ - | \$ - | \$ - |
| (8,493,058) | - | (8,493,058) | - | - | - |
| (3,041,817) | - | (3,041,817) | - | - | - |
| (3,960,171) | - | (3,960,171) | - | - | - |
| (1,669,526) | - | (1,669,526) | - | - | - |
| (725,143) | - | (725,143) | - | - | - |
| 1,860,703 | - | 1,860,703 | - | - | - |
| (486,855) | - | (486,855) | - | - | - |
| (660,193) | - | (660,193) | - | - | - |
| <u>(22,281,042)</u> | <u>-</u> | <u>(22,281,042)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | 606,633 | 606,633 | - | - | - |
| - | (77,936) | (77,936) | - | - | - |
| - | <u>528,697</u> | <u>528,697</u> | - | - | - |
| <u>(22,281,042)</u> | <u>528,697</u> | <u>(21,752,345)</u> | - | - | - |
| - | - | - | 29,553 | - | - |
| - | - | - | - | (431,497) | - |
| - | - | - | - | - | (22,473) |
| - | - | - | <u>29,553</u> | <u>(431,497)</u> | <u>(22,473)</u> |
| 9,762,247 | - | 9,762,247 | - | - | - |
| 2,405,177 | - | 2,405,177 | - | - | - |
| 3,741,457 | - | 3,741,457 | - | - | - |
| 928,296 | - | 928,296 | - | - | - |
| 3,506,769 | - | 3,506,769 | - | - | - |
| 1,079,827 | - | 1,079,827 | - | - | - |
| 1,842,009 | - | 1,842,009 | - | - | - |
| 936,974 | 43,587 | 980,561 | - | - | (29,962) |
| 77,453 | - | 77,453 | - | 249,991 | - |
| 89,404 | - | 89,404 | - | - | - |
| 202,002 | 23,671 | 225,673 | 3,024 | - | - |
| <u>24,571,615</u> | <u>67,258</u> | <u>24,638,873</u> | <u>3,024</u> | <u>249,991</u> | <u>(29,962)</u> |
| 2,290,573 | 595,955 | 2,886,528 | 32,577 | (181,506) | (52,435) |
| <u>86,604,213</u> | <u>9,712,874</u> | <u>96,317,087</u> | <u>302,992</u> | <u>5,402,536</u> | <u>1,951,468</u> |
| <u>\$ 88,894,786</u> | <u>\$ 10,308,829</u> | <u>\$ 99,203,615</u> | <u>\$ 335,569</u> | <u>\$ 5,221,030</u> | <u>\$ 1,899,033</u> |

MARINETTE COUNTY, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2018

| | <u>GENERAL FUND</u> | <u>COUNTY ROADS AND BRIDGES</u> | <u>HEALTH AND HUMAN SERVICES</u> | <u>DEBT SERVICE</u> |
|--|-------------------------|---|--|-------------------------|
| ASSETS | | | | |
| Pooled cash and investments | \$ 25,819,385 | \$ 2,072,890 | \$ 650 | \$ 221,703 |
| Delinquent property taxes | 2,834,406 | - | - | - |
| Accounts receivable | 924,507 | - | 552,751 | 613,178 |
| Property taxes levied for subsequent year | 9,957,324 | 2,052,332 | 4,277,684 | 957,406 |
| Interest receivable | 659,261 | - | - | - |
| Loans receivable | 7,551,925 | - | - | - |
| Due from other funds | 605,990 | - | - | - |
| Due from other governments | 530,178 | - | 924,016 | - |
| Prepaid items | 351,548 | - | 770 | - |
| Restricted assets - pooled cash and investments | - | - | - | - |
| Total assets | <u>\$ 49,234,524</u> | <u>\$ 4,125,222</u> | <u>\$ 5,755,871</u> | <u>\$ 1,792,287</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 758,022 | \$ - | \$ 235,811 | \$ - |
| Accrued liabilities | 852,910 | - | 387,885 | - |
| Due to general fund | - | - | 605,804 | - |
| Due to other funds | - | - | - | - |
| Due to other governments | 73,137 | - | - | - |
| Deposits from others | 194,053 | - | 278 | - |
| Unearned revenue | 230,474 | - | 176,123 | - |
| Total liabilities | <u>2,108,596</u> | <u>-</u> | <u>1,405,901</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property taxes | 9,957,324 | 2,052,332 | 4,277,684 | 957,406 |
| Loans receivable | - | - | - | - |
| Long-term loans receivable | 7,350,000 | - | - | - |
| Interest of delinquent taxes | 511,182 | - | - | - |
| Fines and forfeitures | 86,023 | - | - | - |
| Total deferred inflow of resources | <u>17,904,529</u> | <u>2,052,332</u> | <u>4,277,684</u> | <u>957,406</u> |
| Total liabilities and deferred inflows of resources | <u>20,013,125</u> | <u>2,052,332</u> | <u>5,683,585</u> | <u>957,406</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable | 3,155,493 | - | 770 | - |
| Restricted | 150,353 | - | - | - |
| Committed | 14,128,813 | 2,072,890 | 71,516 | 834,881 |
| Assigned | 2,100,429 | - | - | - |
| Unassigned | 9,686,311 | - | - | - |
| Total fund balances (deficits) | <u>29,221,399</u> | <u>2,072,890</u> | <u>72,286</u> | <u>834,881</u> |
| Total liabilities and fund balances (deficits) | <u>\$ 49,234,524</u> | <u>\$ 4,125,222</u> | <u>\$ 5,755,871</u> | <u>\$ 1,792,287</u> |

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

| <u>Total Nonmajor Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------|---|
| \$ 2,937,842 | \$ 31,052,470 |
| - | 2,834,406 |
| 13,737 | 2,104,173 |
| - | 17,244,746 |
| 1,845 | 661,106 |
| 912,653 | 8,464,578 |
| 2,705 | 608,695 |
| - | 1,454,194 |
| - | 352,318 |
| 266,687 | 266,687 |
| <u>\$ 4,135,469</u> | <u>\$ 65,043,373</u> |
| | |
| \$ 12,845 | \$ 1,006,678 |
| 36 | 1,240,831 |
| 186 | 605,990 |
| 2,705 | 2,705 |
| - | 73,137 |
| - | 194,331 |
| - | 406,597 |
| <u>15,772</u> | <u>3,530,269</u> |
| | |
| - | 17,244,746 |
| 912,653 | 912,653 |
| - | 7,350,000 |
| - | 511,182 |
| - | 86,023 |
| <u>912,653</u> | <u>26,104,604</u> |
| | |
| <u>928,425</u> | <u>29,634,873</u> |
| | |
| - | 3,156,263 |
| 1,551,815 | 1,702,168 |
| 1,655,503 | 18,763,603 |
| - | 2,100,429 |
| (274) | 9,686,037 |
| <u>3,207,044</u> | <u>35,408,500</u> |
| | |
| <u>\$ 4,135,469</u> | <u>\$ 65,043,373</u> |

MARINETTE COUNTY, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2018

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page \$ 35,408,499

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 | \$ 79,730,806 | |
| Less: amount included below with internal service funds | <u>(1,086,039)</u> | 78,644,767 |

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 | \$ (25,340,000) | |
| Loss on advance refunding | 229,848 | |
| Refinancing premium | (759,391) | |
| Compensated absences | (1,570,794) | |
| Post-employment health insurance | (11,910,350) | |
| Accrued interest on long-term obligations | <u>(211,165)</u> | (39,561,852) |

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

| | | |
|------------------------------|---------------|-----------|
| Loans receivable | \$ 8,262,653 | |
| Interest on loans | 18,620 | |
| Interest on delinquent taxes | 511,182 | |
| Clerk of Courts receivable | <u>86,023</u> | 8,878,478 |

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 asset | \$ 3,257,599 | |
| Deferred outflow of resources | 5,942,736 | |
| Deferred inflows of resources | <u>(6,414,998)</u> | 2,785,337 |

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.

2,739,557

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

\$ 88,894,786

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, 2018

| | GENERAL FUND | COUNTY ROADS AND BRIDGES | HEALTH AND HUMAN SERVICES | DEBT SERVICE |
|---|----------------------|--------------------------------|---------------------------------|--------------------|
| REVENUES | | | | |
| Taxes | \$ 10,749,325 | \$ 2,405,177 | \$ 3,741,457 | \$ 928,296 |
| Sales tax | - | - | - | 3,506,769 |
| Intergovernmental | 4,543,361 | 1,588,167 | 6,103,085 | - |
| Regulation and compliance | 367,064 | - | - | - |
| Charges for services | 4,603,339 | - | 3,683,086 | - |
| Commercial | 1,091,209 | - | - | - |
| Miscellaneous | 946,659 | 20,032 | - | - |
| Total revenues | <u>22,300,957</u> | <u>4,013,376</u> | <u>13,527,628</u> | <u>4,435,065</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 6,458,311 | - | - | - |
| Public protection | 9,504,400 | - | - | - |
| Public ways and facilities | - | 4,386,850 | - | - |
| Health | 1,011,332 | - | 13,743,186 | - |
| Culture and recreation | 2,222,440 | - | - | - |
| Education | 269,190 | - | - | - |
| Forestry | 1,494,916 | - | - | - |
| Conservation and development | 1,200,578 | - | - | - |
| Debt service: | | | | |
| Principal payments | - | - | - | 2,400,000 |
| Interest and fiscal charges | - | - | - | 771,475 |
| Total expenditures | <u>22,161,167</u> | <u>4,386,850</u> | <u>13,743,186</u> | <u>3,171,475</u> |
| Excess (deficiency) of revenues over expenditures | <u>139,790</u> | <u>(373,474)</u> | <u>(215,558)</u> | <u>1,263,590</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,056,821 | 191,471 | 742,918 | - |
| Transfers out | (842,918) | - | - | (1,056,821) |
| Total other financing sources (uses) | <u>213,903</u> | <u>191,471</u> | <u>742,918</u> | <u>(1,056,821)</u> |
| Net change in fund balances | 353,693 | (182,003) | 527,360 | 206,769 |
| Fund balances - beginning | 28,867,705 | 2,254,893 | (455,074) | 628,112 |
| Fund balances - ending | <u>\$ 29,221,398</u> | <u>\$ 2,072,890</u> | <u>\$ 72,286</u> | <u>\$ 834,881</u> |

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

| <u>Total Nonmajor Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------|---|
| \$ - | \$ 17,824,255 |
| - | 3,506,769 |
| 7,712 | 12,242,325 |
| 283,163 | 650,227 |
| 69,168 | 8,355,593 |
| 450,748 | 1,541,957 |
| 16,217 | 982,908 |
| <u>827,008</u> | <u>45,104,034</u> |
| 293,130 | 6,751,441 |
| 119,179 | 9,623,579 |
| 3,151 | 4,390,001 |
| 5,938 | 14,760,456 |
| 209,898 | 2,432,338 |
| - | 269,190 |
| - | 1,494,916 |
| 387,128 | 1,587,706 |
| - | 2,400,000 |
| - | 771,475 |
| <u>1,018,424</u> | <u>44,481,102</u> |
| <u>(191,416)</u> | <u>622,932</u> |
| - | 1,991,210 |
| <u>(191,471)</u> | <u>(2,091,210)</u> |
| <u>(191,471)</u> | <u>(100,000)</u> |
| (382,887) | 522,932 |
| 3,589,931 | 34,885,567 |
| <u>\$ 3,207,044</u> | <u>\$ 35,408,499</u> |

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2018

Reconciliation to the Statement of Activities

| | |
|--|---------------------|
| Net Change in Fund Balances from previous page | \$ 522,932 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| <p>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.</p> | |
| Capital assets reported as expenses in governmental fund statements | \$ 1,620,042 |
| Depreciation expense reported in the statement of activities | (1,517,912) |
| Net book value of disposals | (112,619) |
| Infrastructure adjustments | <u>(232,267)</u> |
| <p>Governmental funds do not present revenues that are not available to pay current obligations. In contrast such revenues are reported in the statement of activities when earned:</p> | |
| Interest receivable on taxes | \$ (24,890) |
| Clerk of court receivables | (24,506) |
| Loans | (197,880) |
| Revolving loan receivables | <u>119,942</u> |
| <p>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.</p> | |
| Principal repaid | 2,400,000 |
| <p>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:</p> | |
| Accrued interest on long-term debt | 7,333 |
| Amortization of debt premium net of refunding expense | 103,949 |
| Compensated absences | 774 |
| Other postemployment benefits | (191,270) |
| Net pension liability | 4,153,193 |
| Deferred outflows of resources related to pensions | (937,046) |
| Deferred inflows of resources related to pensions | <u>(3,598,436)</u> |
| <p>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.</p> | |
| | <u>199,234</u> |
| Change in Net Position of Governmental Activities as reported in the Statement of Activities (see pages 20 and 21) | <u>\$ 2,290,573</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 – Budget and Actual
General Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 10,699,620 | \$ 10,715,087 | \$ 10,749,325 | \$ 34,238 |
| Intergovernmental | 4,237,556 | 4,679,199 | 4,543,361 | (135,838) |
| Regulation and compliance | 318,990 | 341,250 | 367,064 | 25,814 |
| Charges for services | 5,272,368 | 5,665,779 | 4,603,339 | (1,062,440) |
| Commercial | 937,284 | 1,122,346 | 1,091,209 | (31,137) |
| Miscellaneous | 517,734 | 588,715 | 946,659 | 357,944 |
| Total revenues | <u>21,983,552</u> | <u>23,112,376</u> | <u>22,300,957</u> | <u>(811,419)</u> |
| EXPENDITURES | | | | |
| General government | 8,370,111 | 7,264,177 | 6,458,311 | 805,866 |
| Public protection | 9,286,841 | 9,564,221 | 9,504,400 | 59,821 |
| Health | 1,016,378 | 1,028,281 | 1,011,332 | 16,949 |
| Culture and recreation | 2,233,745 | 2,264,955 | 2,222,440 | 42,515 |
| Education | 338,846 | 362,589 | 269,190 | 93,399 |
| Forestry | 1,526,576 | 1,607,476 | 1,494,916 | 112,560 |
| Conservation and development | 1,188,773 | 1,552,685 | 1,200,578 | 352,107 |
| Total expenditures | <u>23,961,270</u> | <u>23,644,384</u> | <u>22,161,167</u> | <u>1,483,217</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,977,718)</u> | <u>(532,008)</u> | <u>139,790</u> | <u>671,798</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,056,821 | 1,056,821 | 1,056,821 | - |
| Transfers out | - | (842,917) | (842,918) | (1) |
| Total other financing sources (uses) | <u>1,056,821</u> | <u>213,904</u> | <u>213,903</u> | <u>(1)</u> |
| Net change in fund balances | (920,897) | (318,104) | 353,693 | 671,797 |
| Fund balances - beginning | 33,670,727 | 26,995,255 | 28,867,705 | 1,872,450 |
| Fund balances - ending | <u>\$ 32,749,830</u> | <u>\$ 26,677,151</u> | <u>\$ 29,221,398</u> | <u>\$ 2,544,247</u> |

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

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Health and Human Services
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 3,741,457 | \$ 3,741,457 | \$ 3,741,457 | \$ - |
| Intergovernmental | 5,655,929 | 5,941,863 | 6,103,085 | 161,222 |
| Charges for services | 4,755,248 | 4,754,430 | 3,683,086 | (1,071,344) |
| Total revenues | <u>14,152,634</u> | <u>14,437,750</u> | <u>13,527,628</u> | <u>(910,122)</u> |
| EXPENDITURES | | | | |
| Health | <u>14,152,634</u> | <u>14,725,533</u> | <u>13,743,186</u> | <u>982,347</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(287,783)</u> | <u>(215,558)</u> | <u>72,225</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>-</u> | <u>742,918</u> | <u>742,918</u> | <u>-</u> |
| Net change in fund balances | <u>-</u> | <u>455,135</u> | <u>527,360</u> | <u>72,225</u> |
| Fund balances - beginning | <u>(455,074)</u> | <u>(455,074)</u> | <u>(455,074)</u> | <u>-</u> |
| Fund balances - ending | <u>\$ (455,074)</u> | <u>\$ 61</u> | <u>\$ 72,286</u> | <u>\$ 72,225</u> |

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

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
County Roads and Bridges
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 2,405,177 | \$ 2,405,177 | \$ 2,405,177 | \$ - |
| Intergovernmental | 1,580,451 | 1,580,451 | 1,588,167 | 7,716 |
| Miscellaneous revenues | - | - | 20,032 | 20,032 |
| Total revenues | <u>3,985,628</u> | <u>3,985,628</u> | <u>4,013,376</u> | <u>27,748</u> |
| EXPENDITURES | | | | |
| Public ways and facilities | <u>4,165,818</u> | <u>4,545,818</u> | <u>4,386,850</u> | <u>158,968</u> |
| Excess (deficiency) of revenues over expenditures | <u>(180,190)</u> | <u>(560,190)</u> | <u>(373,474)</u> | <u>186,716</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>222,066</u> | <u>222,066</u> | <u>191,471</u> | <u>(30,595)</u> |
| Net change in fund balances | 41,876 | (338,124) | (182,003) | 156,121 |
| Fund balances - beginning | 1,653,677 | 818,058 | 2,254,893 | 1,436,835 |
| Fund balances - ending | <u>\$ 1,695,553</u> | <u>\$ 479,934</u> | <u>\$ 2,072,890</u> | <u>\$ 1,592,956</u> |

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

MARINETTE COUNTY, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2018

| | Business-type Activities | | | Governmental |
|---|--------------------------|---------------------|------------------------|-----------------------------------|
| | Highway | Mar-Oco Landfill | Total Enterprise Funds | Activities Internal Service Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Pooled cash and investments | \$ 2,205,900 | \$ 1,523,557 | \$ 3,729,457 | \$ 1,329,523 |
| Petty cash | 100 | 400 | 500 | - |
| Accounts receivable | 50 | 95,101 | 95,151 | 888 |
| Property taxes levied for subsequent year | - | - | - | 103,820 |
| Interest receivable | - | 2,779 | 2,779 | - |
| Due from other governments | 367,101 | - | 367,101 | - |
| Prepaid items | - | - | - | 508,751 |
| Inventories | 1,492,296 | - | 1,492,296 | 17,172 |
| Total current assets | <u>4,065,447</u> | <u>1,621,837</u> | <u>5,687,284</u> | <u>1,960,154</u> |
| Noncurrent assets: | | | | |
| Restricted assets | | | | |
| Pooled cash and investments | - | 1,562,242 | 1,562,242 | - |
| Net pension asset | 387,147 | 24,369 | 411,516 | - |
| Capital assets | | | | |
| Land | 51,475 | 375,028 | 426,503 | - |
| Land improvements | 142,695 | 6,578,873 | 6,721,568 | - |
| Work in progress | 237,727 | - | 237,727 | - |
| Buildings | 4,968,773 | 34,936 | 5,003,709 | - |
| Machinery and equipment | 10,491,313 | 896,610 | 11,387,923 | 2,435,031 |
| Accumulated depreciation | (9,872,887) | (5,457,475) | (15,330,362) | (1,348,992) |
| Total noncurrent assets | <u>6,406,243</u> | <u>4,014,583</u> | <u>10,420,826</u> | <u>1,086,039</u> |
| TOTAL ASSETS | <u>10,471,690</u> | <u>5,636,420</u> | <u>16,108,110</u> | <u>3,046,193</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pension | <u>885,980</u> | <u>44,073</u> | <u>930,053</u> | <u>-</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Unearned fringe benefit | 80,129 | - | 80,129 | - |
| Accounts payable | 333,281 | 38,189 | 371,470 | 106,334 |
| Accrued liabilities | - | 8,712 | 8,712 | 33,094 |
| Deposits from others | - | - | - | 4,852 |
| Unearned revenue | - | - | - | 9,788 |
| Compensated absences payable | 14,311 | - | 14,311 | - |
| Total current liabilities | <u>427,721</u> | <u>46,901</u> | <u>474,622</u> | <u>154,068</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences payable | 128,796 | - | 128,796 | - |
| Post employment health insurance | 1,497,115 | 10,235 | 1,507,350 | - |
| Accrued landfill closure/post closure care cost | - | 3,856,939 | 3,856,939 | - |
| Total noncurrent liabilities | <u>1,625,911</u> | <u>3,867,174</u> | <u>5,493,085</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>2,053,632</u> | <u>3,914,075</u> | <u>5,967,707</u> | <u>154,068</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property taxes | - | - | - | 103,820 |
| Deferred inflows related to pension | 762,386 | 47,989 | 810,375 | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>762,386</u> | <u>47,989</u> | <u>810,375</u> | <u>103,820</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 6,019,096 | 2,427,972 | 8,447,068 | 1,086,039 |
| Restricted | 387,147 | 24,369 | 411,516 | - |
| Unrestricted | 2,135,409 | (733,912) | 1,401,497 | 1,702,266 |
| TOTAL NET POSITION | <u>\$ 8,541,652</u> | <u>\$ 1,718,429</u> | <u>\$ 10,260,081</u> | <u>\$ 2,788,305</u> |

MARINETTE COUNTY, WISCONSIN
Statement of Net Position
Proprietary Funds
For the Year Ended December, 31, 2018

| | |
|---|----------------------|
| Total Fund Balances as shown on previous page | \$ 10,260,081 |
| Some amounts reported for business-type activities in the statement of net position are different because certain internal service assets and liabilities are included with business-type activities. | <u>48,748</u> |
| Net Position of Business-Type Activities as Reported on the Statement of Net Position (see page 18 - 19) | <u>\$ 10,308,829</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, 2018

| | Business-type Activities | | | Governmental Activities |
|--|--------------------------|---------------------|---------------------------|----------------------------|
| | Highway | Mar-Oco Landfill | Total Enterprise Funds | Internal Service Funds |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 7,828,666 | \$ 1,071,773 | \$ 8,900,439 | \$ 2,391,519 |
| OPERATING EXPENSES | | | | |
| Administration | - | 64,336 | 64,336 | - |
| Operation and maintenance | 6,495,652 | 562,624 | 7,058,276 | 1,625,393 |
| Claims and premiums | - | - | - | 623,186 |
| Landfill closure/post-closure care costs | - | 214,139 | 214,139 | - |
| Pension adjustments | - | 3,319 | 3,319 | - |
| Depreciation | 723,253 | 305,291 | 1,028,544 | 192,610 |
| Total operating expenses | <u>7,218,905</u> | <u>1,149,709</u> | <u>8,368,614</u> | <u>2,441,189</u> |
| Operating income (loss) | <u>609,761</u> | <u>(77,936)</u> | <u>531,825</u> | <u>(49,670)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| General property taxes | - | - | - | 92,749 |
| Sale of county property | - | - | - | 19,041 |
| Insurance recoveries and dividends | - | - | - | 32,200 |
| Investment earnings | - | 43,587 | 43,587 | - |
| Miscellaneous revenues | 23,671 | - | 23,671 | 1,786 |
| Total nonoperating revenues (expenses) | <u>23,671</u> | <u>43,587</u> | <u>67,258</u> | <u>145,776</u> |
| Income (loss) before contributions and transfers | 633,432 | (34,349) | 599,083 | 96,106 |
| Transfers in | - | - | - | 100,000 |
| Change in net position | <u>633,432</u> | <u>(34,349)</u> | <u>599,083</u> | <u>196,106</u> |
| Total net position - January 1, as originally reported | <u>7,908,220</u> | <u>1,752,778</u> | <u>9,660,998</u> | <u>2,592,199</u> |
| Total net position - ending | <u>\$ 8,541,652</u> | <u>\$ 1,718,429</u> | <u>\$ 10,260,081</u> | <u>\$ 2,788,305</u> |

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

MARINETTE COUNTY, WISCONSIN
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December, 31, 2018

| | |
|--|-------------------|
| Change in Net Position, per above | \$ 599,083 |
| Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities. | <u>(3,128)</u> |
| Change in Net Position of Business-Type Activities as Reported on the Statement of Activities (see pages 20 - 21) | <u>\$ 595,955</u> |

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

MARINETTE COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

| | Business-type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|---------------------|---------------------------|----------------------------|
| | HIGHWAY | MAR-OCO LANDFILL | Total Enterprise Funds | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash from interfund | \$ 4,578,231 | \$ - | \$ 4,578,231 | \$ 2,106,551 |
| Cash receipts from customers | 3,411,068 | 1,034,007 | 4,445,075 | 286,003 |
| Payments to employees | (3,583,527) | (200,657) | (3,784,184) | (674,191) |
| Payments to suppliers | (2,826,837) | (439,213) | (3,266,050) | (1,939,644) |
| Net cash provided (used) by operating activities | <u>1,578,935</u> | <u>394,137</u> | <u>1,973,072</u> | <u>(221,281)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Property taxes | - | - | - | 92,749 |
| Insurance recoveries | - | - | - | 32,200 |
| Transfer in | - | - | - | 100,000 |
| Miscellaneous revenue | 23,671 | - | 23,671 | 1,786 |
| Net cash provided by noncapital financing activities | <u>23,671</u> | <u>-</u> | <u>23,671</u> | <u>226,735</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchases of capital assets | (965,913) | - | (965,913) | (218,148) |
| Proceeds from sale of assets | - | - | - | 19,041 |
| Net cash used by capital and related financing activities | <u>(965,913)</u> | <u>-</u> | <u>(965,913)</u> | <u>(199,107)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received on investments | - | 42,876 | 42,876 | - |
| Net increase (decrease) in cash and cash equivalents | 636,693 | 437,013 | 1,073,706 | (193,653) |
| Balances - beginning of year | 1,569,307 | 2,649,186 | 4,218,493 | 1,523,176 |
| Balances - end of the year | <u>\$ 2,206,000</u> | <u>\$ 3,086,199</u> | <u>\$ 5,292,199</u> | <u>\$ 1,329,523</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating Income (Loss) | \$ 609,761 | \$ (77,936) | \$ 531,825 | \$ (49,670) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | 723,253 | 305,291 | 1,028,544 | 192,610 |
| Changes in assets and liabilities: | | | | |
| Accounts Payable - Interfund | - | - | - | 11,071 |
| Accounts Payable - Other | (10,698) | - | (10,698) | - |
| Accounts Payable - Supplier | 187,252 | (3,916) | 183,336 | 105,210 |
| Customer Receivables | 170,773 | (37,766) | 133,007 | 12,106 |
| Inventory | (171,057) | - | (171,057) | 1,552 |
| Other operating receivables | - | - | - | (11,071) |
| Salaries & Benefits Payable | 314,553 | 1,170 | 315,723 | 3,938 |
| Increase in postclosure care cost estimates | - | 214,139 | 214,139 | - |
| Prepaid items | 8,131 | - | 8,131 | (487,027) |
| Post employment benefits | (30,054) | (10,166) | (40,220) | - |
| Change in pension liability(asset), deferred inflows and outflows | (222,979) | 3,321 | (219,658) | - |
| Net cash provided (used) by operating activities | <u>\$ 1,578,935</u> | <u>\$ 394,137</u> | <u>\$ 1,973,072</u> | <u>\$ (221,281)</u> |
| CASH RECONCILIATION | | | | |
| Actual Balance - end of year | \$ 2,206,000 | \$ 3,086,199 | \$ 5,292,199 | \$ 1,329,523 |

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

MARINETTE COUNTY, WISCONSIN

Statement of Fiduciary Net Position

December 31, 2018

| | <u>Agency funds</u> |
|---------------------------|---------------------|
| ASSETS | |
| Cash and investments | \$ 5,096,218 |
| Delinquent property taxes | 150,274 |
| Total assets | <u>\$ 5,246,492</u> |
| LIABILITIES | |
| Tax collections | \$ 4,179,669 |
| Forest income | 290,851 |
| Special assessments | 154,639 |
| Accounts payable | 2,561 |
| Deposits payable | 618,166 |
| Accrued liabilities | 606 |
| Total liabilities | <u>\$ 5,246,492</u> |

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

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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. Marinette County records 100% of MAR-OCO's financial transactions in an enterprise fund on its financial statements.

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 2018 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 2018, 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 DECEMBER 31, 2018

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

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

The County reports the following major enterprise funds:

HIGHWAY

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

MAR-OCO LANDFILL

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

Additionally, the government reports the following fund types:

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

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

4. Measurement Focus and Basis of Accounting

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

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

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

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

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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, 2018 for collection in 2019 are \$17,348,566. The County apportionment is for financing 2019 operations and will be transferred in 2019 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, 2018

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:

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

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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, 2018

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.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

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

6. Use of Estimates

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

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.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

- 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, 2018.

2. Deficit Fund Balance

As of December 31, 2018, the teen court fund had a deficit fund balance of \$274 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 2018 and 2019 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 2018 budget was 1.774%. For the 2019 budget year, the actual limit for the County was 1.549%. 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 \$43,037,097 on December 31, 2018 as summarized below:

| | |
|--------------------------------------|----------------------|
| Petty cash and cash on hand | \$ 4,735 |
| Deposits with financial institutions | 7,431,738 |
| Investments | 35,600,624 |
| | <u>\$ 43,037,097</u> |

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Reconciliation to the basic financial statements:

| | |
|---|----------------------|
| Government-wide Statement of Net Position | |
| Cash and investments | \$ 36,111,950 |
| Restricted cash and investments | 1,828,929 |
| Fiduciary fund statement of net position | |
| Agency funds | 5,096,218 |
| | <u>\$ 43,037,097</u> |

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, 2018:

| | Fair Value Measurements Using: | | |
|--|--------------------------------|----------------------|-------------|
| | Level 1 | Level 2 | Level 3 |
| Federal National Mortgage Association | \$ - | \$ 4,450,061 | \$ - |
| Federal Home Loan Mortgage Corporation | - | 2,441,354 | - |
| Federal Farm Credit Bank | - | 4,218,629 | - |
| Governmental National Mortgage Association | - | 583,340 | - |
| Negotiable Certificates of Deposit | - | 8,402,345 | - |
| Small Business Association | - | 415,401 | - |
| Corporate Paper | - | 5,925,649 | - |
| Municipal Bonds | - | 1,728,656 | - |
| Total investments by fair value level | <u>\$ -</u> | <u>\$ 28,165,433</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.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

As of December 31, 2018, \$5,150,873 of the County's deposits with financial institutions was in excess of federal and state depository insurance limits and uncollateralized.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County 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.

| Investment Type | Amount | Exempt From Disclosure | AAA | Aa | Not Rated |
|--|---------------------|------------------------|---------------------|-------------|---------------------|
| Federal National Mortgage Association | \$ 4,450,061 | \$ - | \$ 4,450,061 | \$ - | \$ - |
| Federal Home Loan Mortgage Corporation | 2,441,354 | - | 2,441,354 | - | - |
| Federal Farm Credit Bank | 4,218,629 | - | 4,218,629 | - | - |
| Governmental National Mortgage Association | 583,340 | - | 583,340 | - | - |
| Negotiable Certificates of Deposit | 8,402,344 | - | - | - | 8,402,344 |
| Small Business Association | 415,401 | - | 415,401 | - | - |
| Corporate Paper | 5,925,648 | - | 5,925,648 | - | - |
| Municipal Bonds | 1,728,656 | - | 1,728,656 | - | - |
| Wisconsin Local Government Investment Pool | 6,708,591 | - | - | - | 6,708,591 |
| Wisconsin Local Government Investment Pool - DNR | 726,600 | - | - | - | 726,600 |
| Totals | \$35,600,624 | \$ - | \$19,763,089 | \$ - | \$15,837,535 |

Concentration of Credit Risk

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

| Issuer | Investment Type | Reported Amount | Percent of Total |
|--|-----------------|-----------------|------------------|
| Federal National Mortgage Association (FNMA) | U.S. | \$ 4,450,061 | 12.1% |
| Federal Home Loan Mortgage Corporation (FHLMC) | U.S. | 2,441,354 | 6.7% |
| Federal Farm Credit Bank | U.S. | 4,218,629 | 11.4% |

As of December 31, 2018, the County is not in violation of diversification limits as imposed by its investment policy.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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 | \$ 4,450,061 | \$ 1,149,053 | \$ 2,628,244 | \$ 672,764 | \$ - |
| Federal Home Loan Mortgage Corporation | 2,441,354 | - | 274,356 | 2,166,998 | - |
| Federal Farm Credit Bank | 4,218,629 | 4,218,629 | - | - | - |
| Governmental National Mortgage Association | 583,340 | - | - | 583,340 | - |
| Negotiable Certificates of Deposit | 8,402,344 | 1,978,309 | 1,230,101 | 5,193,934 | - |
| Small Business Association | 415,401 | - | - | - | 415,401 |
| Corporate Paper | 5,925,648 | 1,483,764 | - | 4,441,884 | - |
| Municipal Bonds | 1,728,656 | 370,607 | 742,185 | 615,864 | - |
| Wisconsin Local Government Investment Pool | 6,708,591 | 6,708,591 | - | - | - |
| Wisconsin Local Government Investment Pool - DNR | 726,600 | 726,600 | - | - | - |
| Totals | \$35,600,624 | \$16,635,553 | \$ 4,874,886 | \$13,674,784 | \$ 415,401 |

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 | \$ 4,450,061 |
| Federal Home Loan Mortgage Corporation | 2,441,354 |
| Federal Farm Credit Bank | 4,218,629 |
| Governmental National Mortgage Association | 583,340 |
| Small Business Association | 415,401 |
| Corporate Paper | 5,925,648 |

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$7,435,191 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, 2018, 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 DECEMBER 31, 2018

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, 2018 the investment in money markets was \$51,915 with a fair market value of \$51,915.

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 \$485,461 with a fair market value of \$497,575.

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, 2018, the County's general fund showed an investment of \$2,834,406 in delinquent taxes as follows:

| | |
|------------------|---------------------|
| Tax certificates | \$ 2,692,888 |
| Tax deeds | 141,518 |
| Total | <u>\$ 2,834,406</u> |

An aging of the total delinquent taxes of \$2,834,406 on December 31, 2018 follows:

| Year Acquired | Total | Tax Certificates | Tax Deeds |
|---------------|---------------------|---------------------|-------------------|
| Prior to 2012 | \$ 70,868 | \$ 2,530 | \$ 68,338 |
| 2012 | 1,748 | 1,356 | 392 |
| 2013 | 2,677 | 1,293 | 1,384 |
| 2014 | 6,605 | 4,819 | 1,786 |
| 2015 | 9,294 | 9,294 | - |
| 2016 | 484,979 | 480,498 | 4,481 |
| 2017 | 864,312 | 848,058 | 16,254 |
| 2018 | 1,393,924 | 1,345,041 | 48,883 |
| | <u>\$ 2,834,406</u> | <u>\$ 2,692,888</u> | <u>\$ 141,518</u> |

Of the total of \$2,834,406 for delinquent taxes, \$232,386 was collected by the County within 60 days after December 31, 2018. The remaining unpaid balance of \$2,602,020 recorded as non-spendable fund balance for the general fund.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

3. Restricted Assets

Restricted assets on December 31, 2018 totaled \$1,828,929 and consisted of cash and investments held for the following purposes:

| | |
|------------------------------------|---------------------|
| Special Revenue Fund | |
| Solid waste long-term care | \$ 266,687 |
| Enterprise Funds | |
| Solid waste long-term care/closure | 1,562,242 |
| Total Restricted Assets | <u>\$ 1,828,929</u> |

4. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|------------------|-------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets, nondepreciable | | | | |
| Land | \$ 4,865,401 | \$ 60,000 | \$ - | \$ 4,925,401 |
| Construction work in progress | 153,211 | 538,980 | 192,655 | 499,536 |
| Subtotals | <u>5,018,612</u> | <u>598,980</u> | <u>192,655</u> | <u>5,424,937</u> |
| Capital assets, depreciable | | | | |
| Buildings and improvements | 45,205,938 | 422,791 | - | 45,628,729 |
| Machinery and equipment | 12,304,109 | 1,009,074 | 513,083 | 12,800,100 |
| Infrastructure | 66,095,120 | 1,397,533 | 595,297 | 66,897,356 |
| Subtotals | <u>123,605,167</u> | <u>2,829,398</u> | <u>1,108,380</u> | <u>125,326,185</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 16,303,243 | 950,618 | - | 17,253,861 |
| Machinery and equipment | 8,917,357 | 759,904 | 400,466 | 9,276,795 |
| Infrastructure | 23,455,157 | 1,629,800 | 595,297 | 24,489,660 |
| Subtotals | <u>48,675,757</u> | <u>3,340,322</u> | <u>995,763</u> | <u>51,020,316</u> |
| Total capital assets, depreciable, net | <u>74,929,410</u> | <u>(510,924)</u> | <u>112,617</u> | <u>74,305,869</u> |
| Governmental activities capital assets, net | <u>\$ 79,948,022</u> | <u>\$ 88,056</u> | <u>\$ 305,272</u> | 79,730,806 |
| Less related long-term debt outstanding | | | | <u>24,549,646</u> |
| Net investment in capital assets | | | | <u>\$ 55,181,160</u> |

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------------|------------------|---------------------|
| Business-type activities: | | | | |
| Capital assets, nondepreciable | | | | |
| Land | \$ 426,503 | \$ - | \$ - | \$ 426,503 |
| Work in progress | 178,612 | 195,763 | 136,648 | 237,727 |
| Subtotals | <u>605,115</u> | <u>195,763</u> | <u>136,648</u> | <u>664,230</u> |
| Capital assets, depreciable | | | | |
| Land improvements | 6,703,354 | 18,214 | - | 6,721,568 |
| Buildings | 5,003,709 | - | - | 5,003,709 |
| Machinery and equipment | 10,812,413 | 792,512 | 217,002 | 11,387,923 |
| Subtotals | <u>22,519,476</u> | <u>810,726</u> | <u>217,002</u> | <u>23,113,200</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 4,751,258 | 239,515 | - | 4,990,773 |
| Buildings | 3,366,320 | 175,340 | - | 3,541,660 |
| Machinery and equipment | 6,497,313 | 613,689 | 313,073 | 6,797,929 |
| Subtotals | <u>14,614,891</u> | <u>1,028,544</u> | <u>313,073</u> | <u>15,330,362</u> |
| Total capital assets, depreciable, net | <u>7,904,585</u> | <u>(217,818)</u> | <u>(96,071)</u> | <u>7,782,838</u> |
| Business-type activities capital assets, net | <u>\$ 8,509,700</u> | <u>\$ (22,055)</u> | <u>\$ 40,577</u> | 8,447,068 |
| Less related long-term debt outstanding | | | | <u>-</u> |
| Net investment in capital assets | | | | <u>\$ 8,447,068</u> |

*Beginning with the financial statements for 2018, the County incorporates both portions of invested interest in the Mar-Oco Landfill, which is 50% co-owned by Marinette and Oconto counties. The beginning numbers for 2018 have been adjusted to reflect the both shares.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

| | |
|---|---------------------|
| Governmental activities | |
| General government | \$ 127,670 |
| Public protection | 676,516 |
| Public ways and facilities | 1,629,800 |
| Health | 84,768 |
| Culture and recreation | 58,658 |
| Education | 448,224 |
| Forestry | 119,870 |
| Conservation and development | 2,206 |
| Allocated from internal service funds | 192,610 |
| Total depreciation expense - governmental activities | <u>\$ 3,340,322</u> |
| Business-type activities | |
| Highway | \$ 723,253 |
| Solid waste | 305,291 |
| Total depreciation expense - business-type activities | <u>\$ 1,028,544</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, 2018 are detailed below:

| | Interfund Receivables | Interfund Payables |
|--|--------------------------|-----------------------|
| Cash advance for cash flow/ fund balance deficit | | |
| General Fund | \$ 606,176 | \$ - |
| Health and Human Services Fund | - | 605,990 |
| Teen Court | - | 186 |
| Library Donations | 2,705 | - |
| Falkenberg Trust | - | 2,705 |
| Totals | <u>\$ 608,881</u> | <u>\$ 608,881</u> |

Inter-fund transfers for the year ended December 31, 2018 were as follows:

| | Transfer to: | | | | Totals |
|-----------------------|---------------------|--------------------------------|--------------------|---------------------------------|---------------------|
| | General Fund | County Roads and Bridges | Self- Insurance | Health and Human Services | |
| Transfers from: | | | | | |
| General fund | \$ - | \$ - | \$ 100,000 | \$ 742,918 | \$ 842,918 |
| Debt service | 1,056,821 | - | - | - | 1,056,821 |
| 2016 capital projects | - | 191,471 | - | - | 191,471 |
| Totals | <u>\$ 1,056,821</u> | <u>\$ 191,471</u> | <u>\$ 100,000</u> | <u>\$ 742,918</u> | <u>\$ 2,091,210</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.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2018:

| | Outstanding 1/1/18 | Issued | Retired | Outstanding 12/31/18 | Due Within One Year |
|--|-----------------------|-------------|---------------------|-------------------------|------------------------|
| Governmental activities: | | | | | |
| General Obligation Debt | | | | | |
| Bonds | \$ 9,540,000 | \$ - | \$ 1,900,000 | \$ 7,640,000 | \$ 1,900,000 |
| Notes | 18,200,000 | - | 500,000 | 17,700,000 | 450,000 |
| Total General Obligation Debt | 27,740,000 | - | 2,400,000 | 25,340,000 | 2,350,000 |
| Debt premium | 922,140 | - | 162,749 | 759,391 | 162,749 |
| Compensated absences | 1,571,568 | - | 774 | 1,570,794 | 157,079 |
| Governmental activities Long-term obligations | <u>\$ 30,233,708</u> | <u>\$ -</u> | <u>\$ 2,563,523</u> | <u>\$ 27,670,185</u> | <u>\$ 2,669,828</u> |
| Business-type activities: | | | | | |
| Compensated absences | <u>\$ 179,031</u> | <u>\$ -</u> | <u>\$ 35,924</u> | <u>\$ 143,107</u> | <u>\$ 14,311</u> |

Total interest paid during the year on long-term debt totaled \$759,475.

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 % \$ 7,640,000

Notes

\$9,435,000 issued 2/12/14; \$635,000 to \$4,000,000 due annually to 2023;
interest 1.00% to 3.00% 7,600,000

\$5,945,000 issued 3/10/15; \$145,000 to \$4,000,000 due annually to 2024;
interest 2.00% to 2.50% 5,400,000

\$5,000,000 issued 4/13/16; \$100,000 to \$2,000,000 due annually to 2026;
interest 2.00% to 2.25% 4,700,000

Total Outstanding General Obligation Debt

\$ 25,340,000

Annual principal and interest maturities of the outstanding general obligation debt of \$25,340,000 on December 31, 2018 are detailed below:

| Year Ended December 31, | Governmental Activities | | |
|----------------------------|-------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 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 | 4,700,000 | 266,000 | 4,966,000 |
| 2024-2026 | 8,200,000 | 278,250 | 8,478,250 |
| | <u>\$ 25,340,000</u> | <u>\$ 2,949,737</u> | <u>\$ 28,289,737</u> |

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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, 2018 was \$171,191,436 as follows:

| | | |
|---|----------------|-----------------------|
| Equalized valuation of the County | | \$3,913,931,100 |
| Statutory limitation percentage | | <u>(x) 5%</u> |
| General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes | | 195,696,555 |
| Total outstanding general obligation debt applicable to debt limitation | \$ 25,340,000 | |
| Less: Amounts available for financing general obligation debt | | |
| Debt service fund | <u>834,881</u> | |
| Net outstanding general obligation debt applicable to debt limitation | | 24,505,119 |
| Legal Margin for New Debt | | <u>\$ 171,191,436</u> |

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 executive service retirement plan participants, if hired on or before December 31, 2016 are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

b. Post-Retirement Adjustments

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

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|----------------------|--------------------------|
| 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) |
| 2017 | 2.0 | 4 |

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 year ending December 31, 2018, the WRS recognized \$1,289,995 in contributions from the County.

Contribution rates for the reporting period are:

| Employee Category | Employee | Employer |
|--|----------|----------|
| General (including teachers, executives and elected officials) | 6.8% | 6.8% |
| Protective with Social Security | 6.8% | 10.6% |
| Protective without Social Security | 6.8% | 14.9% |

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

At December 31, 2018, the County reported an asset of \$3,669,115 for its proportionate share of the net pension asset. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the County's proportion was 0.12357592%, which was a decrease of 0.00002383 from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the County recognized pension expense of \$1,596,831.

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 4,661,701 | \$ 2,180,590 |
| Net differences between projected and actual earnings on pension plan investments | - | 5,042,858 |
| Changes in assumptions | 724,945 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 15,618 | 1,925 |
| Employer contributions subsequent to the measurement date | 1,289,995 | - |
| Total | <u>\$ 6,692,259</u> | <u>\$ 7,225,373</u> |

\$1,289,995 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, 2019.

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

| Year Ended December 31, | Expense |
|----------------------------|-----------------------|
| 2019 | \$ 402,251 |
| 2020 | (27,337) |
| 2021 | (1,254,552) |
| 2022 | (952,271) |
| 2023 | 8,800 |
| Total | <u>\$ (1,823,109)</u> |

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

e. Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial valuation date: | December 31, 2016 |
| Measurement date of net pension liability (asset): | December 31, 2017 |
| Actuarial cost method: | Entry Age |
| Asset valuation method: | Fair Market 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, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 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, 2018

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

| Core Fund Asset Class | Current Asset Allocation % | Long-term Expected Nominal Rate of Return % | Long-term Expected Real Rate of Return % |
|----------------------------|-------------------------------|---|--|
| Global Equities | 50% | 8.2% | 5.3% |
| Fixed Income | 24.5% | 4.2% | 1.4% |
| Inflation Sensitive Assets | 15.5% | 3.8% | 1.0% |
| Real Estate | 8% | 6.5% | 3.6% |
| Private Equity/Debt | 8% | 9.4% | 6.5% |
| Multi-asset | 4% | 6.5% | 3.6% |
| Total Core Fund | 110% | 7.3% | 4.4% |
| Variable Fund Asset Class | | | |
| U.S. Equities | 70% | 7.5% | 4.6% |
| International Equities | 30% | 7.8% | 4.9% |
| Total Variable Fund | 100% | 7.9% | 5.0% |

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 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | 1% Decrease to Discount Rate (6.2%) | Current Discount Rate (7.2%) | 1% Increase to Discount Rate (8.2%) |
|--|---|------------------------------------|---|
| County's proportionate share of the net pension liability (asset) | \$ 9,493,255 | \$ (3,669,115) | \$ (13,672,924) |

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://ef.wi.gov/publications/cafr.htm>.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

f. Payable to the WRS

At December 31, 2018 the County reported a payable of \$194,552 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

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

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. The Plan does not issue separate financial statements.

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 January 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments 175

c. Total OPEB Liability

The County's total OPEB liability was determined by an actuarial valuation as of January 1, 2018, rolled forward to the measurement date of December 31, 2018.

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:

| | |
|------------------------------|---|
| Actuarial Valuation Date: | January 1, 2018 |
| 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, 2018

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 discount assumption reflects the time value of money as of the valuation date. This assumption is to be based on the estimated long-term investment yield on the investments that are to be used to finance the payment of benefits. For purposes of determining the net periodic cost for the valuation, as discount assumption of 3.5% was used. This rate is a blend of expected earning on County Funds and the current yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The County did not have any funds in a trust at year end.

e. Changes in the Net OPEB Liability

| | <u>Increase (Decrease)</u> |
|---|-----------------------------|
| | <u>Total OPEB</u> |
| | <u>Liability</u> |
| Balance at January 1, 2018 | <u>\$ 13,266,650</u> |
| Changes for the year: | |
| Service cost | 303,647 |
| Interest | 474,960 |
| Differences between expected and actual experience | - |
| Contributions - employer | - |
| Net investment income | - |
| Benefit payments | (627,557) |
| Administrative expense | - |
| Net changes | <u>151,050</u> |
| Balance at December 31, 2018 | <u><u>\$ 13,417,700</u></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:

| | 1% Decrease to Discount Rate (2.5%) | Current Discount Rate (3.50%) | 1% Increase to Discount Rate (4.50%) |
|--------------------|---|-------------------------------------|--|
| Net OPEB Liability | <u>\$ 14,453,317</u> | <u>\$ 13,417,700</u> | <u>\$ 12,457,915</u> |

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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 | \$ 12,034,534 | \$ 13,417,700 | \$ 15,134,686 |

For the year ended December 31, 2018, Marinette County recognized OPEB expense of \$779,812.

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 100% 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 the estimated liabilities for closure and post-closure care costs on December 31, 2018 follows:

| | Landfill Closure Care | Landfill Post closure Care |
|---|-----------------------------|----------------------------------|
| Total estimated costs | \$ 2,578,511 | \$ 4,902,560 |
| Percentage of storage capacity used as of December 31, 2018 | 79.38% | 64.61% |
| Total estimated liability for costs as of December 31, 2018 | 2,046,844 | 3,167,544 |
| Less closure costs paid | 1,357,449 | - |
| Liabilities as of December 31, 2018 | <u>\$ 689,395</u> | <u>\$ 3,167,544</u> |

The above total costs of \$689,395 and \$3,167,544 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 \$3,167,544 is being met through annual deposits into a separate cash and investment account for the enterprise fund. The balance in the account on December 31, 2018 was \$1,562,242. 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, 2018

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 | \$ 351,548 |
| Delinquent property taxes | 2,602,020 |
| Long-term loans receivable | 201,925 |
| Total Nonspendable Fund Balances | <u>3,155,493</u> |
| Special Revenue Funds | |
| Prepaid items | 770 |
| Total Nonspendable Fund Balances - Governmental Balance Sheet | <u>\$ 3,156,263</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, 2018, restricted fund balances consisted of the following:

| | |
|--|---------------------|
| General Fund | |
| Sheriff Department honor guard uniforms | \$ 3,666 |
| Sheriff Department canine | 8,108 |
| Family counseling | 28,026 |
| Veterans transportation | 47,961 |
| Veterans emergency assistance | 15,137 |
| Wildlife habitat | 40,662 |
| County forest land acquisition | 6,793 |
| | <u>150,353</u> |
| Special Revenue Funds | |
| Land records modernization | 287,686 |
| Jail assessments | 100,592 |
| Dog licenses | 1,000 |
| Nicolet library grant | 15,296 |
| Library donations | 124,982 |
| Peshtigo library - McCauley trust | 178,452 |
| Peshtigo library - Falkenberg trust | 19,393 |
| Community Development Block Grant | 252,070 |
| | <u>979,471</u> |
| 2016 Capital projects | <u>572,344</u> |
| Total Restricted Fund Balances - Governmental Balance Sheet | <u>1,702,168</u> |
| Outstanding Loan Balance - Community Development Block Grant | 648,596 |
| Total Restricted Net Position - Statement of Net Position | <u>\$ 2,350,764</u> |

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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, 2018, committed fund balances consisted of the following:

| | |
|-------------------------------|----------------------|
| General Fund | |
| Property tax reduction fund | \$ 11,708,908 |
| Service level stabilization | 2,000,000 |
| Forestry heavy equipment | 215,194 |
| Tourism | 44,050 |
| Land information | 137,000 |
| Environmental site assessment | 23,661 |
| | <u>14,128,813</u> |
| Special Revenue Funds | |
| County roads and bridges | 2,072,890 |
| Health and Human Services | 71,516 |
| Solid waste long-term care | 267,476 |
| Forest and parks development | 408,268 |
| Revolving loan fund | 979,759 |
| | <u>3,799,909</u> |
| Debt Service Fund | <u>834,881</u> |
| Total Committed Fund Balances | <u>\$ 18,763,603</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, 2018, assigned fund balances consisted of the following:

| | |
|-------------------------------------|---------------------|
| General Fund | |
| Capital maintenance | \$ 868,354 |
| Subsequent years budget | 250,000 |
| County Department budget carryovers | 982,075 |
| Total Assigned Fund Balances | <u>\$ 2,100,429</u> |

UNASSIGNED FUND BALANCES

General fund unassigned fund balance on December 31, 2018 was \$9,686,311 and after an interfund loan to cover the Teen Court negative fund balance of \$274, was \$9,686,037 respectively. Of the \$9,686,311 balance, \$2,339,443 was allocated for contingencies and \$1,836,462 was allocated for cash flow requirements.

Marinette County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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 2018 General Fund Operating Expenditures | \$ 23,961,270 |
| | 17% |
| 17% of total budgeted regular General Fund Expenditures | <u>\$ 4,073,416</u> |

The General Fund unassigned fund balance on December 31, 2018 totaled \$9,473,647.

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, 2018 the self-insurance internal service fund had net position of \$801,790 allocated to the following risk management programs:

| | |
|----------------------------------|-------------------|
| Property and liability insurance | \$ 5,462 |
| Health and Dental | 91,928 |
| Workers compensation | 704,400 |
| Net Position | <u>\$ 801,790</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, 2018

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 as 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 | - |
| 2018 | - | 180,663 | 180,663 | - |

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. 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 Proportionate Share of the Net Pension Asset
Wisconsin Retirement System

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

| Plan Year Ending | 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 Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) |
|------------------|---|--|--------------------------|---|--|
| 12/31/14 | 0.124750% | \$ (3,064,193) | \$ 16,438,902 | 18.64% | 102.74% |
| 12/31/15 | 0.124306% | 2,019,940 | 16,649,208 | 12.13% | 98.20% |
| 12/31/16 | 0.123600% | 1,018,758 | 16,884,519 | 6.03% | 99.12% |
| 12/31/17 | 0.123576% | (3,669,115) | 16,988,726 | 21.60% | 102.93% |

Schedule of Employer Contributions

| Fiscal Year Ending | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------|--------------------------------------|---|----------------------------------|-----------------|--|
| 12/31/14 | \$ 1,214,799 | \$ 1,214,799 | \$ - | \$ 16,438,902 | 7.39% |
| 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% |
| 12/31/18 | 1,289,995 | 1,289,995 | - | 17,556,812 | 7.35% |

See notes to required supplementary information.

MARINETTE COUNTY, WISCONSIN
Schedule Of Changes In Net OPEB Liability and Related Ratios
For the Year Ended December 31, 2018

| | 2018 | 2017 |
|---|---------------|---------------|
| Total OPEB liability | | |
| Service cost | \$ 303,647 | \$ 293,379 |
| Interest | 474,960 | 472,332 |
| Benefit payments | (627,557) | (700,879) |
| Net change in total OPEB liability | 151,050 | 64,832 |
| Total OPEB liability - beginning | 13,266,650 | 13,201,818 |
| Total OPEB liability - ending (a) | \$ 13,417,700 | \$ 13,266,650 |
| | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% |
| | | |
| Covered-employee payroll | \$ 6,526,111 | \$ 6,259,908 |
| | | |
| County's OPEB liability as a percentage of covered-employee payroll | 205.60% | 212% |

See notes to required supplementary information.

MARINETTE COUNTY, WISCONSIN
Schedule of Employer Contributions
Other Postemployment Benefit Plan
For the Year Ended December 31, 2018

| | 2018 | 2017 |
|---|--------------|--------------|
| Actuarially determined contribution (ADC) | \$ 1,089,976 | \$ 1,064,139 |
| Contributions in relation to the ADC | 627,557 | 1,064,139 |
| Contribution deficiency (excess) | \$ 462,419 | \$ - |
| | | |
| Covered-employee payroll | \$ 6,526,111 | \$ 6,259,908 |
| | | |
| Contributions as a percentage of covered-employee payroll | 10% | 17% |

Key Methods and Assumption Used to Calculate ADC

| | |
|------------------------|----------------------|
| Actuarial cost method | Entry Age Normal |
| Asset valuation method | Market Value |
| Amortization method | 20 Year Level Dollar |
| Discount rate | 3.50% |
| Inflation | 3.50% |

See notes to required supplementary information.

Marinette County, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

NOTE A - WISCONSIN RETIREMENT SYSTEM

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

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

The proportionate share of the net pension asset of \$3,669,115 includes \$24,369 of both Oconto and Marinette County's portion of the MAR-OCO landfill.

SUPPLEMENTARY INFORMATION

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues
General Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Taxes | | | | |
| General property taxes | \$ 9,669,498 | \$ 9,669,498 | \$ 9,669,498 | \$ - |
| Forest crop | 63,972 | 79,439 | 149,847 | 70,408 |
| Payment in lieu of taxes | 301,000 | 301,000 | 300,140 | (860) |
| Retained sales tax | 150 | 150 | 173 | 23 |
| Real estate transfer fees | 90,000 | 90,000 | 102,779 | 12,779 |
| Interest on taxes | 575,000 | 575,000 | 526,888 | (48,112) |
| Total taxes | 10,699,620 | 10,715,087 | 10,749,325 | 34,238 |
| Intergovernmental | | | | |
| Federal aids | | | | |
| SSA inmate incentive program | 10,000 | 10,000 | 11,039 | 1,039 |
| State aids | | | | |
| Shared and utility taxes | 1,633,684 | 1,633,684 | 1,816,273 | 182,589 |
| Exempt computers | 25,000 | 25,000 | 25,736 | 736 |
| Victim witness program | 30,000 | 30,000 | 31,274 | 1,274 |
| Circuit court grants | 178,559 | 178,559 | 190,334 | 11,775 |
| Forest roads | 73,745 | 73,745 | 72,454 | (1,291) |
| Police training/ATV/Snowmobile/Other | 131,836 | 131,836 | 114,966 | (16,870) |
| Boat and water safety | 10,000 | 10,000 | 11,395 | 1,395 |
| Anti-Drug grants (Federal????) | 11,000 | 11,000 | 9,911 | (1,089) |
| Emergency government grants | 66,197 | 99,669 | 73,685 | (25,984) |
| Hazmat | 10,000 | 10,000 | 8,979 | (1,021) |
| Homeland security funding | 5,000 | 5,000 | 2,200 | (2,800) |
| Transportation | 2,200 | 2,200 | 2,788 | 588 |
| Child support program | 615,622 | 615,622 | 639,510 | 23,888 |
| ATV/Snowmobile trail maintenance and grooming | 320,718 | 346,515 | 340,612 | (5,903) |
| Wildlife habitat management | 110,057 | 171,767 | 141,419 | (30,348) |
| Targeted run-off management | 300,000 | 300,000 | 33,651 | (266,349) |
| S.W.R.M. automation grant | 225,314 | 503,290 | 503,290 | - |
| Forestry administrator | 63,583 | 63,583 | 51,426 | (12,157) |
| Hazard mitigation grant | 3,493 | 3,493 | 2,834 | (659) |
| Sustainable forestry grant | 7,350 | 7,350 | - | (7,350) |
| Veterans service awards | 10,000 | 10,000 | 10,000 | - |
| Aquatic invasive species | 10,500 | 10,500 | 9,593 | (907) |
| Conservation grants - other | 40,422 | 64,843 | 25,453 | (39,390) |
| Charges for services | | | | |
| Sheriff - local | 25,000 | 25,000 | 5,294 | (19,706) |
| Sheriff - state | 100,000 | 100,000 | 88,472 | (11,528) |
| Clerk | 3,000 | 3,000 | 5,968 | 2,968 |
| Finance | 87,207 | 87,207 | 87,436 | 229 |
| Forestry | 59,643 | 65,372 | 144,665 | 79,293 |
| Human Resources | - | 12,538 | 18,094 | 5,556 |
| Land information | 64,000 | 64,000 | 64,610 | 610 |
| Extension | 4,426 | 4,426 | - | (4,426) |
| Total intergovernmental | 4,237,556 | 4,679,199 | 4,543,361 | (135,838) |
| Regulation and compliance | | | | |
| Zoning permits and fees | 24,950 | 24,950 | 22,400 | (2,550) |
| Sanitary permits and reviews | 84,000 | 84,000 | 109,080 | 25,080 |
| Non-metallic mining fees | 24,000 | 24,000 | 29,117 | 5,117 |
| Occupational licenses | 40 | 40 | 60 | 20 |
| County ordinance forfeitures and defaults | 112,000 | 131,859 | 124,525 | (7,334) |
| County share of state fines and forfeitures | 74,000 | 76,401 | 81,882 | 5,481 |
| Total regulation and compliance | 318,990 | 341,250 | 367,064 | 25,814 |

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Revenues
General Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--------------------------------------|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Charges for services | | | | |
| County clerk fees | 3,500 | 3,500 | 4,141 | 641 |
| Treasurer | 62,250 | 65,221 | 66,805 | 1,584 |
| Child support | 9,625 | 9,625 | 9,795 | 170 |
| Circuit court | 152,000 | 159,558 | 174,230 | 14,672 |
| Witness fees | 1,000 | 1,000 | 722 | (278) |
| Family court counseling | 8,500 | 8,500 | 8,540 | 40 |
| Corporation counsel fees | 650 | 650 | 1,250 | 600 |
| Guardian ad litem fees | 81,250 | 129,810 | 103,576 | (26,234) |
| District attorney charges | 10,000 | 10,000 | 8,516 | (1,484) |
| Register of deeds | 220,100 | 220,100 | 227,502 | 7,402 |
| Sheriff fees | 319,400 | 325,883 | 279,892 | (45,991) |
| Board of prisoners at county jail | 130,000 | 130,000 | 142,492 | 12,492 |
| Inmate reimbursements | 115,000 | 115,000 | 126,164 | 11,164 |
| Jail canteen | 34,000 | 50,849 | 50,849 | - |
| Accident photos and reports | 1,700 | 1,700 | 3,479 | 1,779 |
| Coroner fees | 40,020 | 40,020 | 45,900 | 5,880 |
| Library | 34,000 | 35,423 | 31,729 | (3,694) |
| Parks | 331,500 | 331,500 | 322,419 | (9,081) |
| County forest | 3,598,466 | 3,907,808 | 2,896,502 | (1,011,306) |
| Land information fees | 35,700 | 35,700 | 28,109 | (7,591) |
| Camp Bird | 71,250 | 71,250 | 61,086 | (10,164) |
| Extension program | 12,457 | 12,682 | 9,641 | (3,041) |
| Total charges for services | 5,272,368 | 5,665,779 | 4,603,339 | (1,062,440) |
| Commercial | | | | |
| Investment income | 720,000 | 544,702 | 589,814 | 45,112 |
| Loan repayments - Principal | - | 200,000 | 150,000 | (50,000) |
| Loan repayments - Interest | - | 160,360 | 160,360 | - |
| Other - interest | 22,868 | 22,868 | 21,209 | (1,659) |
| Rent of county buildings and offices | 55,610 | 55,610 | 54,647 | (963) |
| Land leases | 22,806 | 22,806 | 22,806 | - |
| Sale of county property | 116,000 | 116,000 | 92,373 | (23,627) |
| Total commercial | 937,284 | 1,122,346 | 1,091,209 | (31,137) |
| Miscellaneous | | | | |
| CDBG and MAR-OCO administrative | 8,240 | 8,240 | 23,107 | 14,867 |
| Clerk of courts | 7,000 | 7,000 | 16,228 | 9,228 |
| Corporation counsel | 1,571 | 1,571 | 1,452 | (119) |
| County Board | - | - | 651 | 651 |
| District attorney | 10,000 | 10,000 | 12,621 | 2,621 |
| Family court commissioner | 2,400 | 2,400 | 1,419 | (981) |
| Finance department | 40,000 | 66,789 | 68,566 | 1,777 |
| Forestry department | 5,000 | 5,000 | 244,804 | 239,804 |
| Human resources | 25,700 | 15,000 | 14,020 | (980) |
| Maintenance | 399,823 | 399,823 | 404,924 | 5,101 |
| Land Conservation | - | - | 339 | 339 |
| Land Information | - | - | 491 | 491 |
| Donations | 18,000 | 34,200 | 43,955 | 9,755 |
| Insurance recoveries and dividends | - | 38,692 | 114,082 | 75,390 |
| Total miscellaneous | 517,734 | 588,715 | 946,659 | 357,944 |
| Total revenues | \$ 21,983,552 | \$ 23,112,376 | \$ 22,300,957 | \$ (811,419) |

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures
General Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| General government | | | | |
| County board | 204,184 | 239,939 | 203,314 | 36,625 |
| Administrator | 237,344 | 256,837 | 256,837 | - |
| County clerk | 163,756 | 183,184 | 181,906 | 1,278 |
| Treasurer | 255,616 | 279,134 | 277,769 | 1,365 |
| Finance | 1,367,813 | 643,643 | 643,643 | - |
| Elections | 67,700 | 67,700 | 62,921 | 4,779 |
| Property management | 38,643 | 38,152 | 31,237 | 6,915 |
| Human resources | 216,849 | 234,024 | 234,024 | - |
| Independent auditing | 25,545 | 25,125 | 25,125 | - |
| Special accounting | 5,850 | 5,850 | 5,850 | - |
| District attorney | 235,021 | 250,359 | 238,603 | 11,756 |
| Victim witness program | 62,730 | 65,131 | 65,131 | - |
| Corporation counsel | 163,504 | 173,729 | 172,540 | 1,189 |
| Circuit court | 334,024 | 424,826 | 424,826 | - |
| Clerk of court | 492,239 | 523,427 | 523,427 | - |
| Family court commissioner | 201,592 | 208,750 | 199,783 | 8,967 |
| Family court commissioner - mediation services | 10,000 | 10,000 | 10,000 | - |
| Law library | 4,500 | 4,500 | 4,461 | 39 |
| Coroner | 117,244 | 117,244 | 97,965 | 19,279 |
| Register of deeds | 237,487 | 290,095 | 285,743 | 4,352 |
| Land information | 617,798 | 649,247 | 600,924 | 48,323 |
| Courthouse facilities | 1,913,146 | 1,948,474 | 1,322,582 | 625,892 |
| Tax deed expense | 27,950 | 24,455 | 24,455 | - |
| Personal property chargeback | 500 | 4,336 | 4,290 | 46 |
| Illegal taxes | 2,000 | - | - | - |
| Employee health insurance | 214,300 | 38,546 | 38,546 | - |
| Retiree health insurance | 575,944 | 520,577 | 520,577 | - |
| State special charges | 1,832 | 1,832 | 1,832 | - |
| Contingency | 575,000 | 35,061 | - | 35,061 |
| Total general government | <u>8,370,111</u> | <u>7,264,177</u> | <u>6,458,311</u> | <u>805,866</u> |
| Public protection | | | | |
| Sheriff and traffic | 4,554,760 | 5,065,385 | 5,065,213 | 172 |
| Central dispatch | 1,869,804 | 1,540,085 | 1,532,885 | 7,200 |
| Civil service commission | 1,775 | 1,775 | 246 | 1,529 |
| Fire suppression | 1,500 | 1,500 | 495 | 1,005 |
| Emergency management | 99,307 | 122,102 | 108,532 | 13,570 |
| Emergency management EMPG grant | 48,289 | 48,369 | 44,622 | 3,747 |
| Emergency management EPCRA grant | 25,744 | 25,744 | 22,790 | 2,954 |
| Emergency management hazmat grant | 10,000 | 10,000 | 8,776 | 1,224 |
| Emergency management other grants | 5,000 | 40,053 | 11,633 | 28,420 |
| Ambulance and rescue squads | 32,050 | 32,050 | 32,050 | - |
| Jail | 2,638,612 | 2,677,158 | 2,677,158 | - |
| Total public protection | <u>9,286,841</u> | <u>9,564,221</u> | <u>9,504,400</u> | <u>59,821</u> |
| Health | | | | |
| Committee on aging | 144,479 | 144,838 | 144,838 | - |
| Child support program | 686,981 | 687,666 | 670,717 | 16,949 |
| Employee wellness | 15,000 | 18,500 | 18,500 | - |
| Veterans relief | 3,620 | 2,749 | 2,749 | - |
| Veterans service officer | 163,248 | 172,382 | 172,382 | - |
| Burial of veterans | 3,050 | 2,146 | 2,146 | - |
| Total health | <u>1,016,378</u> | <u>1,028,281</u> | <u>1,011,332</u> | <u>16,949</u> |

MARINETTE COUNTY, WISCONSIN
Detailed Comparison of Budgeted and Actual Expenditures
General Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Culture and recreation | | | | |
| Library | 1,103,594 | 1,115,242 | 1,093,087 | 22,155 |
| Fairs and exhibits | 10,000 | 10,000 | 10,000 | - |
| Snowmobile/ATV trails/Water recreation | 321,342 | 349,834 | 340,049 | 9,785 |
| Parks | 798,809 | 789,879 | 779,304 | 10,575 |
| Total culture and recreation | <u>2,233,745</u> | <u>2,264,955</u> | <u>2,222,440</u> | <u>42,515</u> |
| Education | | | | |
| University extension program | 252,846 | 276,589 | 184,664 | 91,925 |
| U.W. Center | 86,000 | 86,000 | 84,526 | 1,474 |
| Total education | <u>338,846</u> | <u>362,589</u> | <u>269,190</u> | <u>93,399</u> |
| Forestry | | | | |
| County forest | 1,197,831 | 1,215,601 | 1,175,087 | 40,514 |
| Forest roads | 73,745 | 136,875 | 135,584 | 1,291 |
| Forest equipment | 255,000 | 255,000 | 184,245 | 70,755 |
| Total forestry | <u>1,526,576</u> | <u>1,607,476</u> | <u>1,494,916</u> | <u>112,560</u> |
| Conservation and development | | | | |
| Land Conservation | 475,985 | 769,748 | 759,085 | 10,663 |
| Wildlife habitat management | 17,698 | 17,698 | 6,680 | 11,018 |
| Wildlife damage | 102,359 | 164,069 | 130,641 | 33,428 |
| Hazardous mitigation grant | 3,493 | 12,657 | 11,998 | 659 |
| Lake Noquebay dam | 3,000 | 3,000 | 3,000 | - |
| Aquatic invasive species and other lake grants | 20,607 | 45,028 | 24,807 | 20,221 |
| Targeted run-off management | 300,000 | 300,000 | 33,651 | 266,349 |
| Non-metallic mining | 23,222 | 23,222 | 16,115 | 7,107 |
| Regional planning commission | 22,280 | 22,280 | 22,279 | 1 |
| Conservation camp | 9,200 | 9,200 | 6,540 | 2,660 |
| Tourism | 128,103 | 102,957 | 102,956 | 1 |
| Economic development | 82,826 | 82,826 | 82,826 | - |
| Total conservation and development | <u>1,188,773</u> | <u>1,552,685</u> | <u>1,200,578</u> | <u>352,107</u> |
| Total expenditures | <u>\$ 23,961,270</u> | <u>\$ 23,644,384</u> | <u>\$ 22,161,167</u> | <u>\$ 1,483,217</u> |

MARINETTE COUNTY, WISCONSIN
 Combining Balance Sheet
 Nonmajor Special revenue funds
 December 31, 2018

| | DOG LICENSE FUND | COUNTY LIBRARY | COUNTY REVOLVING LOAN FUND | COMM DEVELOPMENT BLOCK GRANT |
|---|---------------------|------------------|----------------------------------|------------------------------------|
| ASSETS | | | | |
| Pooled cash and investments | \$ 6,777 | \$ 14,713 | \$ 971,079 | \$ 255,313 |
| Accounts receivable | - | 962 | 10,000 | - |
| Interest receivable | - | - | - | - |
| Loans receivable | - | - | 264,057 | 648,596 |
| Due from other funds | - | - | - | - |
| Restricted assets - pooled cash and investments | - | - | - | - |
| Total assets | <u>\$ 6,777</u> | <u>\$ 15,675</u> | <u>\$ 1,245,136</u> | <u>\$ 903,909</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 5,777 | \$ 379 | \$ 1,320 | \$ 3,243 |
| Accrued liabilities | - | - | - | - |
| Due to general fund | - | - | - | - |
| Due to other funds | - | - | - | - |
| Total liabilities | <u>5,777</u> | <u>379</u> | <u>1,320</u> | <u>3,243</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Loans receivable | - | - | 264,057 | 648,596 |
| Total liabilities and deferred inflows of resources | <u>5,777</u> | <u>379</u> | <u>265,377</u> | <u>651,839</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Restricted | 1,000 | 15,296 | - | 252,070 |
| Committed | - | - | 979,759 | - |
| Unassigned | - | - | - | - |
| Total fund balances (deficits) | <u>1,000</u> | <u>15,296</u> | <u>979,759</u> | <u>252,070</u> |
| Total liabilities and fund balances (deficits) | <u>\$ 6,777</u> | <u>\$ 15,675</u> | <u>\$ 1,245,136</u> | <u>\$ 903,909</u> |

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

| SOLID WASTE - LONG TERM CARE | TEEN COURT | LIBRARY DONATIONS | PESHTIGO LIB MCCAULEY TRUST | PESHTIGO LIB FALKENBERG TRUST | FORESTRY & PARKS DEVELOPMENT |
|---------------------------------|--------------|----------------------|--------------------------------|-------------------------------------|------------------------------------|
| \$ - | \$ - | \$ 123,219 | \$ 177,698 | \$ 21,994 | \$ 408,390 |
| 789 | - | 425 | 952 | 104 | - |
| - | - | - | - | - | - |
| - | - | 2,705 | - | - | - |
| 266,687 | - | - | - | - | - |
| <u>\$ 267,476</u> | <u>\$ -</u> | <u>\$ 126,349</u> | <u>\$ 178,650</u> | <u>\$ 22,098</u> | <u>\$ 408,390</u> |
| \$ - | \$ 52 | \$ 1,367 | \$ 198 | \$ - | \$ 122 |
| - | 36 | - | - | - | - |
| - | 186 | - | - | - | - |
| - | - | - | - | 2,705 | - |
| - | <u>274</u> | <u>1,367</u> | <u>198</u> | <u>2,705</u> | <u>122</u> |
| - | - | - | - | - | - |
| - | <u>274</u> | <u>1,367</u> | <u>198</u> | <u>2,705</u> | <u>122</u> |
| - | - | 124,982 | 178,452 | 19,393 | - |
| 267,476 | - | - | - | - | 408,268 |
| - | (274) | - | - | - | - |
| <u>267,476</u> | <u>(274)</u> | <u>124,982</u> | <u>178,452</u> | <u>19,393</u> | <u>408,268</u> |
| <u>\$ 267,476</u> | <u>\$ -</u> | <u>\$ 126,349</u> | <u>\$ 178,650</u> | <u>\$ 22,098</u> | <u>\$ 408,390</u> |

MARINETTE COUNTY, WISCONSIN

Combining Balance Sheet

Nonmajor Special revenue funds

December 31, 2018

| | <u>JAIL ASSESSMENT</u> | <u>LAND RECORDS MODERNIZATION</u> | <u>2016 CAPITAL PROJECTS</u> | <u>Total Nonmajor Special revenue funds</u> |
|---|------------------------|---------------------------------------|----------------------------------|---|
| ASSETS | | | | |
| Pooled cash and investments | \$ 98,629 | \$ 287,686 | \$ 572,344 | \$ 2,937,842 |
| Accounts receivable | 2,350 | - | - | 13,737 |
| Interest receivable | - | - | - | 1,845 |
| Loans receivable | - | - | - | 912,653 |
| Due from other funds | - | - | - | 2,705 |
| Restricted assets - pooled cash and investments | - | - | - | 266,687 |
| Total assets | <u>\$ 100,979</u> | <u>\$ 287,686</u> | <u>\$ 572,344</u> | <u>4,135,469</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 387 | \$ - | \$ - | \$ 12,845 |
| Accrued liabilities | - | - | - | 36 |
| Due to general fund | - | - | - | 186 |
| Due to other funds | - | - | - | 2,705 |
| Total liabilities | <u>387</u> | <u>-</u> | <u>-</u> | <u>15,772</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Loans receivable | - | - | - | 912,653 |
| Total liabilities and deferred inflows of resources | <u>387</u> | <u>-</u> | <u>-</u> | <u>928,425</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Restricted | 100,592 | 287,686 | 572,344 | 1,551,815 |
| Committed | - | - | - | 1,655,503 |
| Unassigned | - | - | - | (274) |
| Total fund balances (deficits) | <u>100,592</u> | <u>287,686</u> | <u>572,344</u> | <u>3,207,044</u> |
| Total liabilities and fund balances (deficits) | <u>\$ 100,979</u> | <u>\$ 287,686</u> | <u>\$ 572,344</u> | <u>\$ 4,135,469</u> |

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018

| | DOG LICENSE FUND | COUNTY LIBRARY | COUNTY REVOLVING LOAN FUND | COMM DEVELOPMENT BLOCK GRANT |
|---|---------------------|-------------------|----------------------------------|------------------------------------|
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ 7,712 | \$ - | \$ - |
| Regulation and compliance | 5,938 | - | - | - |
| Charges for services | - | - | - | - |
| Loan repayments - Principal | - | - | 180,374 | 113,086 |
| Loan repayments - Interest | - | - | 9,665 | 15,275 |
| Interest on investments | - | - | 14,175 | 7,664 |
| Sale of county property | - | - | - | - |
| Donations | - | - | - | - |
| Miscellaneous revenues | - | - | - | - |
| Total revenues | <u>5,938</u> | <u>7,712</u> | <u>204,214</u> | <u>136,025</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public protection | - | - | - | - |
| Public ways and facilities | - | - | - | - |
| Health | 5,938 | - | - | - |
| Culture and recreation | - | 6,194 | - | - |
| Conservation and development | - | - | 33,315 | 353,813 |
| Total expenditures | <u>5,938</u> | <u>6,194</u> | <u>33,315</u> | <u>353,813</u> |
| Excess (deficiency) of revenues over expenditures | - | 1,518 | 170,899 | (217,788) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | - | - |
| Net change in fund balances | - | 1,518 | 170,899 | (217,788) |
| Fund balances - beginning | 1,000 | 13,778 | 808,860 | 469,858 |
| Fund balances - ending | <u>\$ 1,000</u> | <u>\$ 15,296</u> | <u>\$ 979,759</u> | <u>\$ 252,070</u> |

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

| SOLID WASTE - LONG TERM CARE | TEEN COURT | LIBRARY DONATIONS | PESHTIGO LIB MCCAULEY TRUST | PESHTIGO LIB FALKENBERG TRUST | FORESTRY & PARKS DEVELOPMENT |
|---------------------------------|-----------------|----------------------|--------------------------------|-------------------------------------|------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | 15,252 |
| - | - | - | - | - | 69,168 |
| - | - | - | - | - | - |
| 2,083 | - | - | 1,984 | 214 | - |
| - | - | - | - | - | 91,867 |
| - | 105 | 12,812 | - | - | 300 |
| - | - | - | - | - | - |
| <u>2,083</u> | <u>105</u> | <u>12,812</u> | <u>1,984</u> | <u>214</u> | <u>176,587</u> |
| - | 1,039 | - | - | - | - |
| - | - | - | - | - | - |
| 3,151 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 27,190 | 5,870 | 76 | 170,568 |
| - | - | - | - | - | - |
| <u>3,151</u> | <u>1,039</u> | <u>27,190</u> | <u>5,870</u> | <u>76</u> | <u>170,568</u> |
| <u>(1,068)</u> | <u>(934)</u> | <u>(14,378)</u> | <u>(3,886)</u> | <u>138</u> | <u>6,019</u> |
| - | - | - | - | - | - |
| (1,068) | (934) | (14,378) | (3,886) | 138 | 6,019 |
| 268,544 | 660 | 139,360 | 182,338 | 19,255 | 402,249 |
| <u>\$ 267,476</u> | <u>\$ (274)</u> | <u>\$ 124,982</u> | <u>\$ 178,452</u> | <u>\$ 19,393</u> | <u>\$ 408,268</u> |

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018

| | JAIL ASSESSMENT | LAND RECORDS MODERNIZATION | 2016 CAPITAL PROJECTS | Total Nonmajor Special revenue funds |
|---|--------------------|-------------------------------|--------------------------|---|
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ 7,712 |
| Regulation and compliance | 44,183 | 217,790 | - | 283,163 |
| Charges for services | - | - | - | 69,168 |
| Loan repayments - Principal | - | - | - | 293,460 |
| Loan repayments - Interest | - | - | - | 24,940 |
| Interest on investments | - | - | 14,361 | 40,481 |
| Sale of county property | - | - | - | 91,867 |
| Donations | - | - | - | 13,217 |
| Miscellaneous revenues | - | - | 3,000 | 3,000 |
| Total revenues | <u>44,183</u> | <u>217,790</u> | <u>17,361</u> | <u>827,008</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | 144,597 | 147,494 | 293,130 |
| Public protection | 40,770 | - | 78,409 | 119,179 |
| Public ways and facilities | - | - | - | 3,151 |
| Health | - | - | - | 5,938 |
| Culture and recreation | - | - | - | 209,898 |
| Conservation and development | - | - | - | 387,128 |
| Total expenditures | <u>40,770</u> | <u>144,597</u> | <u>225,903</u> | <u>1,018,424</u> |
| Excess (deficiency) of revenues over expenditures | <u>3,413</u> | <u>73,193</u> | <u>(208,542)</u> | <u>(191,416)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (191,471) | (191,471) |
| Net change in fund balances | 3,413 | 73,193 | (400,013) | (382,887) |
| Fund balances - beginning | 97,179 | 214,493 | 972,357 | 3,589,931 |
| Fund balances - ending | <u>\$ 100,592</u> | <u>\$ 287,686</u> | <u>\$ 572,344</u> | <u>\$ 3,207,044</u> |

MARINETTE COUNTY, WISCONSIN

Combining Statement of Net Position

Nonmajor Internal Service Funds

December 31, 2018

| | Information Services | Motor Pool | Self Insurance | Total Nonmajor Internal Service Funds |
|---|-------------------------|-------------------|-------------------|---|
| ASSETS | | | | |
| Current assets: | | | | |
| Pooled cash and investments | \$ 791,978 | \$ 137,652 | \$ 399,893 | \$ 1,329,523 |
| Accounts receivable | 771 | - | 117 | 888 |
| Property taxes levied for subsequent year | - | - | 103,820 | 103,820 |
| Prepaid items | 15,611 | - | 493,140 | 508,751 |
| Inventories | 17,172 | - | - | 17,172 |
| Total current assets | <u>825,532</u> | <u>137,652</u> | <u>996,970</u> | <u>1,960,154</u> |
| Noncurrent assets: | | | | |
| Machinery and equipment | 1,745,029 | 690,002 | - | 2,435,031 |
| Accumulated depreciation | (806,157) | (542,835) | - | (1,348,992) |
| Total noncurrent assets | <u>938,872</u> | <u>147,167</u> | <u>-</u> | <u>1,086,039</u> |
| TOTAL ASSETS | <u>1,764,404</u> | <u>284,819</u> | <u>996,970</u> | <u>3,046,193</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 28,768 | 2,079 | 75,487 | 106,334 |
| Accrued liabilities | 22,073 | - | 11,021 | 33,094 |
| Deposits from others | - | - | 4,852 | 4,852 |
| Unearned revenue | 9,788 | - | - | 9,788 |
| TOTAL LIABILITIES | <u>60,629</u> | <u>2,079</u> | <u>91,360</u> | <u>154,068</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property taxes | - | - | 103,820 | 103,820 |
| NET POSITION | | | | |
| Net investment in capital assets | 938,872 | 147,167 | - | 1,086,039 |
| Unrestricted | 764,904 | 135,572 | 801,790 | 1,702,266 |
| Total net position | <u>\$ 1,703,776</u> | <u>\$ 282,739</u> | <u>\$ 801,790</u> | <u>\$ 2,788,305</u> |

MARINETTE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2018

| | Information Services | Motor Pool | Self Insurance | Total Internal Service Funds |
|---|-------------------------|-------------------|-------------------|---------------------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,654,794 | \$ 150,123 | \$ 586,602 | \$ 2,391,519 |
| OPERATING EXPENSES | | | | |
| Operation and maintenance | 1,528,529 | 96,864 | - | 1,625,393 |
| Claims and premiums | - | - | 623,186 | 623,186 |
| Depreciation | 127,536 | 65,074 | - | 192,610 |
| Total operating expenses | <u>1,656,065</u> | <u>161,938</u> | <u>623,186</u> | <u>2,441,189</u> |
| Operating loss | <u>(1,271)</u> | <u>(11,815)</u> | <u>(36,584)</u> | <u>(49,670)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| General property taxes | - | - | 92,749 | 92,749 |
| Sale of county property | 841 | 18,200 | - | 19,041 |
| Insurance recoveries and dividends | 8,791 | 23,180 | 229 | 32,200 |
| Miscellaneous revenues | 1,786 | - | - | 1,786 |
| Total nonoperating revenues (expenses) | <u>11,418</u> | <u>41,380</u> | <u>92,978</u> | <u>145,776</u> |
| Income before contributions | 10,147 | 29,565 | 56,394 | 96,106 |
| Capital contributions | - | - | 100,000 | 100,000 |
| Change in net position | 10,147 | 29,565 | 156,394 | 196,106 |
| Total net position - beginning | <u>1,693,629</u> | <u>253,174</u> | <u>645,396</u> | <u>2,592,199</u> |
| Total net position - ending | <u>\$ 1,703,776</u> | <u>\$ 282,739</u> | <u>\$ 801,790</u> | <u>\$ 2,788,305</u> |

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

MARINETTE COUNTY, WISCONSIN
Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

| | INFORMATION SERVICES | MOTOR POOL | SELF INSURANCE | Total |
|---|-------------------------|-------------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash from interfund | \$ 1,392,824 | \$ 150,123 | \$ 563,603 | \$ 2,106,550 |
| Cash receipts from customers | 263,022 | - | 22,981 | 286,003 |
| Payments to employees | (576,660) | - | (97,531) | (674,191) |
| Payments to suppliers | (929,606) | (97,100) | (912,937) | (1,939,643) |
| Net cash provided (used) by operating activities | <u>149,580</u> | <u>53,023</u> | <u>(423,884)</u> | <u>(221,281)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Property taxes | - | - | 92,749 | 92,749 |
| Insurance recoveries | 8,791 | 23,180 | 229 | 32,200 |
| Transfer in | - | - | 100,000 | 100,000 |
| Miscellaneous revenue | 1,786 | - | - | 1,786 |
| Net cash provided by noncapital financing activities | <u>10,577</u> | <u>23,180</u> | <u>192,978</u> | <u>226,735</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchases of capital assets | (100,000) | (118,148) | - | (218,148) |
| Proceeds from sale of assets | 841 | 18,200 | - | 19,041 |
| Net cash used by capital and related financing activities | <u>(99,159)</u> | <u>(99,948)</u> | <u>-</u> | <u>(199,107)</u> |
| Net increase (decrease) in cash and cash equivalents | 60,998 | (23,745) | (230,906) | (193,653) |
| Balances - beginning of year | 730,980 | 161,397 | 630,799 | 1,523,176 |
| Balances - end of the year | <u>\$ 791,978</u> | <u>\$ 137,652</u> | <u>\$ 399,893</u> | <u>\$ 1,329,523</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating loss | \$ (1,271) | \$ (11,815) | \$ (36,584) | \$ (49,670) |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | | | |
| Depreciation | 127,536 | 65,074 | - | 192,610 |
| Changes in assets and liabilities: | | | | |
| Accounts payable - interfund | - | - | 11,071 | 11,071 |
| Accounts payable - supplier | 21,280 | (236) | 84,166 | 105,210 |
| Customer receivables | 1,053 | - | 11,053 | 12,106 |
| Inventory | 1,552 | - | - | 1,552 |
| Other operating receivables | - | - | (11,071) | (11,071) |
| Salaries & benefits payable | (1,203) | - | 5,141 | 3,938 |
| Prepaid items | 633 | - | (487,660) | (487,027) |
| Net cash provided (used) by operating activities | <u>\$ 149,580</u> | <u>\$ 53,023</u> | <u>\$ (423,884)</u> | <u>\$ (221,281)</u> |
| CASH RECONCILIATION | | | | |
| Actual balance - end of year | \$ 791,978 | \$ 137,652 | \$ 399,893 | \$ 1,329,523 |

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

MARINETTE COUNTY, WISCONSIN
Combining Statement of Fiduciary Net Position
Agency Funds
December 31, 2018

| | SECTION 125 FLEX PLAN | WELLNESS | DISTRICT TAX COLLECTIONS | CLERK OF COURTS TRUST DEPOSITS |
|---------------------------|--------------------------|------------------|-----------------------------|--------------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 2,485 | \$ 18,307 | \$ 4,474,885 | \$ 451,214 |
| Delinquent property taxes | - | - | 150,274 | - |
| Total assets | <u>\$ 2,485</u> | <u>\$ 18,307</u> | <u>\$ 4,625,159</u> | <u>\$ 451,214</u> |
| LIABILITIES | | | | |
| Tax collections | \$ - | \$ - | \$ 4,179,669 | \$ - |
| Forest income | - | - | 290,851 | - |
| Special assessments | - | - | 154,639 | - |
| Accounts payable | 2,485 | 76 | - | - |
| Deposits payable | - | 17,625 | - | 451,214 |
| Accrued liabilities | - | 606 | - | - |
| Total liabilities | <u>\$ 2,485</u> | <u>\$ 18,307</u> | <u>\$ 4,625,159</u> | <u>\$ 451,214</u> |

| SHERIFF INMATE DEPOSITS | HHS PROTECTIVE PAYEE DEPOSITS | Total Agency funds |
|----------------------------|--|---------------------|
| \$ 45,666 | \$ 103,661 | \$ 5,096,218 |
| - | - | 150,274 |
| <u>\$ 45,666</u> | <u>\$ 103,661</u> | <u>\$ 5,246,492</u> |
| \$ - | \$ - | \$ 4,179,669 |
| - | - | 290,851 |
| - | - | 154,639 |
| - | - | 2,561 |
| 45,666 | 103,661 | 618,166 |
| - | - | 606 |
| <u>\$ 45,666</u> | <u>\$ 103,661</u> | <u>\$ 5,246,492</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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 8, 2019. Our report includes a reference to other auditors who audited the financial statements of the Committee on Aging, Association for Business & Industry and the Stephenson Public Library Foundation, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Association for Business & Industry and the Stephenson Public Library Foundation were not audited in accordance with *Government Auditing Standards*.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".**CliftonLarsonAllen LLP**

Green Bay, Wisconsin
August 8, 2019

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, 2018. 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. Marinette County's basic financial statements include the operations of the Marinette County Committee on Aging, Inc, as a discretely presented component unity, which expended \$354,770 in federal awards which is not included in Marinette County's schedule of expenditures of federal awards during the year ended December 31, 2018. Our audit, described below, did not include the operations of Marinette County Committee on Aging, Inc. because the component units issue separate audited financial statements, which included an audit of compliance.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with 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, 2018.

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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
August 8, 2019

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

| Grantor Agency/Federal Program Title | CFDA Number | Pass-Through Agency | Pass-Through Entity Identifying Number | Revenues | | | Total Expenditures | Subrecipient Payment |
|--|-------------|---------------------------------|--|-----------------------------------|--------------------------|-------------------------------------|--------------------|----------------------|
| | | | | (Accrued) Deferred Revenue 1/1/18 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/18 | | |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | WI DHS | 154710 | \$ (23,164) | \$ 128,748 | \$ 58,345 | \$ 163,929 | \$ - |
| SNAP Cluster | | | | | | | | |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | Brown County | 61 | (733) | 4,595 | 1,287 | 5,149 | - |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | Brown County | 561 | - | 10,500 | 6,621 | 17,121 | - |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | Brown County | 277 | (1,423) | 1,423 | - | - | - |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | Brown County | 284 | (117,199) | 346,356 | 75,402 | 304,559 | - |
| Total State Administrative Matching Grants for Food Stamp Program and SNAP Cluster | | | | (119,355) | 362,874 | 83,310 | 326,829 | - |
| Total U.S. Department of Agriculture | | | | (142,519) | 491,622 | 141,655 | 490,758 | - |
| U.S. DEPARTMENT OF INTERIOR | | | | | | | | |
| National Fire Plan | 15.228 | WI DNR | Unknown | - | 3,024 | 4,210 | 7,234 | - |
| U.S. DEPARTMENT OF JUSTICE | | | | | | | | |
| Bullet Proof Vest Partnership | 16.607 | Direct Program | N/A | - | - | 2,955 | 2,955 | - |
| COPS Anti Heroin Task Force | 16.710 | WI DOJ | HP-WX-0006 | (908) | 5,842 | 2,211 | 7,145 | - |
| COPS Anti Methamphetamine | 16.710 | WI DOJ | | (1,909) | 3,768 | 1,219 | 3,078 | - |
| Total U.S. Department of Justice | | | | (2,817) | 9,610 | 6,385 | 13,178 | - |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | | | | |
| Highway Safety Cluster | | | | | | | | |
| Alcohol Enforcement | 20.616 | WI DOT | 3717 | (3,198) | 47,185 | - | 43,987 | - |
| Seatbelt Enforcement | 20.609 | WI DOT | 3718 | (3,384) | 44,670 | - | 41,286 | - |
| Total Highway Safety Cluster | | | | (6,582) | 91,855 | - | 85,273 | - |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | 20.703 | WI DMA | 01-10676 | - | 2,200 | - | 2,200 | - |
| Total U.S. Department of Transportation | | | | (6,582) | 94,055 | - | 87,473 | - |
| 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 | - |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | |
| Medicare Enrollment Assistance Program | 93.071 | WI DHS | 560620 | - | 600 | - | 600 | - |
| Public Health Emergency Preparedness Aligned Cooperative Agreements | 93.074 | WI DHS | 155015 | (3,884) | 3,884 | - | - | - |
| Public Health Emergency Preparedness Aligned Cooperative Agreements | 93.069 | WI DHS | 155050 | (3,279) | 45,237 | 11,504 | 53,462 | - |
| Total Public Health Emergency Preparedness Aligned Cooperative Agreements | | | | (7,163) | 49,121 | 11,504 | 53,462 | - |
| Immunization Cooperative Agreements | 93.268 | WI DHS | 155020 | (3,000) | 3,000 | - | - | - |
| Promoting Safe and Stable Families | 93.556 | WI DCF | 3306 | - | 42,827 | - | 42,827 | - |
| Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance | 93.539 | WI DHS | 155020 | - | 10,329 | - | 10,329 | - |

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2018

| Grantor Agency/Federal Program Title | CFDA Number | Pass-Through Agency | Pass-Through Entity Identifying Number | Revenues | | | Total Expenditures | Subrecipient Payment |
|--|-------------|---------------------|--|-----------------------------------|--------------------------|-------------------------------------|--------------------|----------------------|
| | | | | (Accrued) Deferred Revenue 1/1/18 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/18 | | |
| TANF Cluster | | | | | | | | |
| Temporary Assistance for Needy Families | 93.558 | WI DHS | 561 | - | 82,754 | - | 82,754 | - |
| Temporary Assistance for Needy Families | 93.558 | WI DCF | 852 | (1,406) | 1,406 | - | - | - |
| Temporary Assistance for Needy Families | 93.558 | WI DCF | 3377 | (34,800) | 34,800 | - | - | - |
| Temporary Assistance for Needy Families | 93.558 | WI DCF | 3380 | (4,875) | 4,875 | - | - | - |
| Total Temporary Assistance for Needy Families | | | | <u>(41,081)</u> | <u>123,835</u> | <u>-</u> | <u>82,754</u> | <u>-</u> |
| Child Support Enforcement (Title IV-D) All Other Expenditures 66% Federal | 93.563 | WI DCF | 7477 | (82,680) | 277,517 | 254,559 | 449,396 | - |
| Child Support Enforcement (Title IV-D) Fees 66% Federal | 93.563 | WI DCF | 7482 | 1,251 | (6,049) | (1,934) | (6,731) | - |
| Child Support Enforcement (Title IV-D) Qualifying Non IV-D Activities Federal | 93.563 | WI DCF | 7506 | (116) | 396 | 181 | 461 | - |
| Child Support Enforcement (Title IV-D) Performance Based Incentives | 93.563 | WI DCF | 7616 | - | 104,149 | - | 104,149 | - |
| Total Child Support Enforcement (Title IV-D) | | | | <u>(81,545)</u> | <u>376,014</u> | <u>252,806</u> | <u>547,275</u> | <u>-</u> |
| Low Income Home Energy Assistance | 93.568 | WI DOA | AD1599971.38 & AD1599972.38 | (19,932) | 85,669 | 14,431 | 80,168 | - |
| Child Care | 93.575 | WI DCF | 575 | - | 42,254 | 8,326 | 50,580 | - |
| CCDF Cluster | | | | | | | | |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | WI DCF | 831 | (317) | 317 | - | - | - |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | WI DCF | 852 | (1,407) | 1,407 | - | - | - |
| Total CCDF Cluster | | | | <u>(1,724)</u> | <u>1,724</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| CS Medical Support | 93.597 | WI DCF | 7332 | - | 21,689 | 1,295 | 22,984 | - |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | WI DCF | 3413 | (391) | 4,563 | 428 | 4,600 | - |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | WI DCF | 3561 | (1,153) | 24,914 | - | 23,761 | - |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | WI DCF | 3681 | - | 1,894 | - | 3,788 | - |
| Total Stephanie Tubbs Jones Child Welfare Services Program | | | | <u>(1,544)</u> | <u>31,371</u> | <u>428</u> | <u>32,149</u> | <u>-</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u> | | | | | | | | |
| Foster Care (Title IV-E) | 93.658 | WI DCF | 3411 | - | - | - | 153 | - |
| Foster Care (Title IV-E) | 93.658 | WI DCF | 3413 | (701) | 8,182 | 767 | 8,248 | - |
| Foster Care (Title IV-E) | 93.658 | WI DCF | 3561 | (12,943) | 279,611 | - | 266,668 | - |
| Foster Care (Title IV-E) | 93.658 | WI DCF | 3681 | - | 21,259 | - | 42,518 | - |
| Total Foster Care (Title IV-E) | | | | <u>(13,644)</u> | <u>309,052</u> | <u>767</u> | <u>317,587</u> | <u>-</u> |
| Social Services Block Grant | 93.667 | WI DHS | 561 | - | 154,549 | - | 154,549 | - |
| Preventive Health and Health Services Block Grant | 93.758 | WI DHS | 159220 | 68 | 7,492 | 5,315 | 12,875 | - |
| Children's Health Insurance Program | 93.767 | Brown County | 277 | (186) | 186 | - | - | - |
| Children's Health Insurance Program | 93.767 | Brown County | 284 | (15,534) | 45,046 | 9,711 | 39,223 | - |
| Total Children's Health Insurance Program | | | | <u>(15,720)</u> | <u>45,232</u> | <u>9,711</u> | <u>39,223</u> | <u>-</u> |

MARINETTE COUNTY, WISCONSIN
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2018

| Grantor Agency/Federal Program Title | CFDA Number | Pass-Through Agency | Pass-Through Entity Identifying Number | Revenues | | | Total Expenditures | Subrecipient Payment |
|--|-------------|---------------------|--|-----------------------------------|--------------------------|-------------------------------------|---------------------|----------------------|
| | | | | (Accrued) Deferred Revenue 1/1/18 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/18 | | |
| Medicaid Cluster | | | | | | | | |
| Medical Assistance Program | 93.778 | WI DHS | 878 | (12,268) | 12,268 | 15,766 | 15,766 | - |
| Medical Assistance Program | 93.778 | WI DHS | 881 | (1,795) | 1,795 | 2,112 | 2,112 | - |
| Medical Assistance Program | 93.778 | WI DHS | 159320 | - | 994 | - | 994 | - |
| Medical Assistance Program | 93.778 | WI DHS | 560081 | (24,752) | 63,576 | 11,272 | 50,096 | - |
| Medical Assistance Program | 93.778 | WI DHS | 560087 | (39,486) | 134,796 | 31,369 | 126,679 | - |
| Medical Assistance Program | 93.778 | WI DHS | 560091 | (9,339) | 16,142 | - | 6,803 | - |
| Medical Assistance Program | 93.778 | WI DHS | N/A | - | 262,569 | - | 262,569 | - |
| Medical Assistance Program - WIMCR | 93.778 | WI DHS | N/A | - | 262,569 | - | 262,569 | - |
| Medical Assistance Program | 93.778 | Brown County | 62 | (733) | 4,595 | 1,287 | 5,149 | - |
| Medical Assistance Program | 93.778 | Brown County | 277 | (1,842) | 1,842 | - | - | - |
| Medical Assistance Program | 93.778 | Brown County | 284 | (159,776) | 451,700 | 96,055 | 387,979 | - |
| Medical Assistance Program | 93.778 | Brown County | 298 | - | 37,339 | 27,573 | 64,912 | - |
| Medical Assistance Program - CLTS TPA | 93.778 | WI DHS | N/A | - | 333,629 | - | 333,629 | - |
| Medical Assistance Program | 93.778 | WI DHS | N/A | - | - | 8,502 | 8,502 | - |
| Total Medicaid Cluster | | | | (249,991) | 1,321,245 | 193,936 | 1,265,190 | - |
| Block Grants for Community Mental Health Services | 93.958 | WI DHS | 515 | (1,327) | 8,680 | 1,502 | 8,855 | - |
| Block Grants for Community Mental Health Services | 93.958 | WI DHS | 569 | (8,006) | 22,460 | 4,278 | 18,732 | - |
| Total Block Grants for Community Mental Health Services | | | | (9,333) | 31,140 | 5,780 | 27,587 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | WI DHS | 570 | (40,911) | 71,450 | 46,101 | 76,640 | - |
| Cons Contracts | 93.994 | WI DHS | 320 | - | 16,700 | - | 16,700 | - |
| Maternal and Child Health Services Block Grant to the States | 93.994 | WI DHS | 159320 | - | 22,306 | - | 22,306 | - |
| Total U.S. Department of Health and Human Services | | | | (485,520) | 2,767,599 | 550,400 | 2,855,785 | - |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | | | | | | |
| Hazardous Mitigation Grant | 97.017 | WI DMA | | - | - | 7,688 | 7,688 | - |
| Emergency Management Performance Grants | 97.042 | WI DMA | C8363 | (25,201) | 50,452 | 25,087 | 50,338 | - |
| Total U.S. Department of Homeland Security | | | | (25,201) | 50,452 | 32,775 | 58,026 | - |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | \$ (670,829) | \$ 3,453,026 | \$ 735,425 | \$ 3,540,928 | \$ - |

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

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance
For the Year Ended December 31, 2018

| Grantor Agency/State Program Title | State I.D. Number | Pass-through Agency | State Identifying Number | Revenues | | | Total Expenditures | Subrecipient Payments |
|---|-------------------|---------------------|--------------------------|-----------------------------------|--------------------------|-------------------------------------|--------------------|-----------------------|
| | | | | (Accrued) Deferred Revenue 1/1/18 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/18 | | |
| DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION | | | | | | | | |
| County Staff and Support | 115.150 | Direct Program | 9214-17-38-00 | \$ - | \$ 141,814 | \$ - | \$ 141,814 | \$ - |
| Land & Water Resource Management Plan Implementation | 115.400 | Direct Program | LWP-28 | (13,939) | 13,939 | - | - | - |
| Land & Water Resource Management Plan Implementation | 115.400 | Direct Program | LWP-29 | (48,181) | 48,181 | - | - | - |
| Land & Water Resource Management Plan Implementation | 115.400 | Direct Program | LWP-30 | (4,687) | 4,687 | - | - | - |
| Land & Water Resource Management Plan Implementation | 115.400 | Direct Program | NM-17-1 | (1,915) | 1,915 | - | - | - |
| Land & Water Resource Management Plan Implementation | 115.400 | Direct Program | NM-17-2 | (1,652) | 1,652 | - | - | - |
| Land & Water Resource Management Plan Implementation | 115.400 | Direct Program | NM-17-3 | (38,833) | 383,307 | 17,002 | 361,476 | - |
| Total Department of Agriculture, Trade and Consumer Protection | | | | (109,207) | 595,495 | 17,002 | 503,290 | - |
| DEPARTMENT OF NATURAL RESOURCES | | | | | | | | |
| Boating Enforcement | 370.550 | Direct Program | NR50.13 | - | 11,395 | - | 11,395 | - |
| ATV Enforcement | 370.551 | Direct Program | NR50.125 | - | 14,062 | - | 14,062 | - |
| Snowmobile Enforcement | 370.552 | Direct Program | NR50.12 | - | 12,676 | - | 12,676 | - |
| Wildlife Damage Abatement and Claims | 370.553 | Direct Program | TRC38000AY16 | (85,191) | 85,191 | - | - | - |
| Wildlife Habitat | 370.564 | Direct Program | 37000-FWHIG | - | 10,778 | - | 10,778 | - |
| County Forest Administrator Grants | 370.572 | Direct Program | Unknown | - | 51,381 | - | 51,381 | - |
| Recreational Aids - Snowmobile Trail and Area Aid | 370.574 & 370.575 | Direct Program | S-4707 | (13,762) | 13,762 | - | - | - |
| Recreational Aids - Snowmobile Trail and Area Aid | 370.574 & 370.577 | Direct Program | S-4904 | (8,200) | 8,200 | - | - | - |
| Recreational Aids - Snowmobile Trail and Area Aid | 370.574 & 370.577 | Direct Program | S-5007 | 59,538 | 74,943 | - | 134,481 | - |
| Recreational Aids - Snowmobile Trail and Area Aid | 370.574 & 370.577 | Direct Program | S5207 | - | 74,145 | (44,885) | 29,260 | - |
| Total Recreational Aids - Snowmobile Trail and Area Aid | | | | 37,576 | 171,050 | (44,885) | 163,741 | - |
| DEPARTMENT OF NATURAL RESOURCES (CONTINUED) | | | | | | | | |
| All-Terrain Vehicle (ATV) Program | 370.576 & 370.577 | Direct Program | ATV-3503 | (5,122) | 7,467 | - | 2,345 | - |
| All-Terrain Vehicle (ATV) Program | 370.576 & 370.577 | Direct Program | ATV-3620 (Summer) | 37,163 | 38,451 | - | 75,614 | - |
| All-Terrain Vehicle (ATV) Program | 370.576 & 370.577 | Direct Program | ATV-3667 (Winter) | 11,710 | 2,641 | - | 14,351 | - |
| All-Terrain Vehicle (ATV) Program | 370.576 & 370.577 | Direct Program | ATV-3686T (Troutes) | 1,041 | 264 | - | 1,305 | - |
| All-Terrain Vehicle (ATV) Program | 370.576 & 370.577 | Direct Program | ATV-3817 | - | 72,487 | 8,037 | 80,524 | - |
| All-Terrain Vehicle (ATV) Program | 370.576 & 370.577 | Direct Program | ATV-3857 | - | 11,710 | (8,979) | 2,731 | - |
| All-Terrain Vehicle (ATV) Program | 370.576 & 370.577 | Direct Program | ATV-3876T | - | 1,051 | (1,051) | - | - |
| Total All-Terrain Vehicle (ATV) Program | | | | 44,792 | 134,071 | (1,993) | 176,870 | - |
| Nonpoint Source Pollution | 370.662 | Direct Program | TRC-TRC-38000-AY | - | 33,651 | - | 33,651 | - |
| Nonpoint Source Pollution | 370.662 | Direct Program | TRC-GB13-38000-15 | (150,000) | 150,000 | - | - | - |
| Lake Management Planning - Large Scale Grants | 370.663 | Direct Program | LPL-1562-15 | (1,049) | - | 11,341 | 10,292 | - |
| Invasive Aquatic Species | 370.678 | Direct Program | AIRR20516 | (1,669) | - | 2,284 | 615 | - |
| Invasive Aquatic Species | 370.678 | Direct Program | AIRR22918 | - | 4,543 | (2,575) | 1,968 | - |
| Total Department of Natural Resources | | | | (155,541) | 678,799 | (35,828) | 487,430 | - |
| DEPARTMENT OF TRANSPORTATION | | | | | | | | |
| Elderly and Handicapped Transportation Aids | 395.101 | Direct Program | Unknown | - | 132,935 | - | 132,935 | - |

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2018

| Grantor Agency/State Program Title | State I.D. Number | Pass-through Agency | State Identifying Number | Revenues | | | Total Expenditures | Subrecipient Payments |
|---|-----------------------------|---------------------------------|-------------------------------------|-----------------------------------|--------------------------|-------------------------------------|--------------------|-----------------------|
| | | | | (Accrued) Deferred Revenue 1/1/18 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/18 | | |
| DEPARTMENT OF HEALTH SERVICES | | | | | | | | |
| Fraud Prevention Investigation, State Share | 435.060 | Brown County | 60 | (1,470) | 9,194 | 2,574 | 10,298 | - |
| IMAA State Share ACA | 435.276 | Brown County | 276 | (3,474) | 3,474 | - | - | - |
| IMAA Federal Share ACA | 435.277 | Brown County | 277 | (24) | 24 | - | - | - |
| IMAA State Share | 435.283 | Brown County | 283 | - | 195,994 | - | 195,994 | - |
| IMAA Federal Share | 435.284 | Brown County | 284 | (3,373) | 3,373 | - | - | - |
| Adult Protective Services | 435.312 | Direct Program | 312 | (18,702) | 39,520 | 15,704 | 36,522 | - |
| Children's COP | 435.377 | Direct Program | 377 | 36,135 | (6,787) | 7,803 | 37,151 | - |
| Enhanced IM Funding | 435.468 | Direct Program | 468 | - | 125,157 | 131,109 | 256,266 | - |
| Coordinated Services - County | 435.515 | Direct Program | 515 | (10,347) | 51,600 | 8,426 | 49,679 | - |
| Community mental Health | 435.516 | Direct Program | 516 | - | 240,078 | - | 240,078 | - |
| Non-Resident - 997 | 435.531 | Direct Program | 531 | (6,023) | 30,185 | 52,740 | 76,902 | - |
| Birth To Three Initiative | 435.550 | Direct Program | 550 | - | 35,981 | - | 35,981 | - |
| Basic County Allocation | 435.561 | Direct Program | 561 | - | 890,656 | - | 890,656 | - |
| IDP Emergency Funds | 435.567 | Direct Program | 567 | (75,561) | 75,561 | - | - | - |
| State/County Match | 435.681 | Direct Program | 681 | - | 124,043 | - | 248,086 | - |
| CLTS Waiver GPR | 435.871 | Direct Program | Unknown | - | 97,133 | - | 97,133 | - |
| CLTS Grandfather GPR | 435.874 | Direct Program | Unknown | - | 26,841 | - | 26,841 | - |
| CLTS Other - County Administrative Costs | 435.877 | Direct Program | 877 | (12,268) | 12,268 | 6,831 | 6,831 | - |
| CLTS Autism - County Administrative Costs | 435.880 | Direct Program | 880 | (1,795) | 1,795 | 1,948 | 1,948 | - |
| Fluoride Mouth rinse | 435.151735 | Direct Program | 151735 | (1,302) | 2,604 | - | 1,302 | - |
| WIC Farmers Market | 435.154720 | Direct Program | 154720 | (462) | 2,540 | - | 2,078 | - |
| Birth Defects/CYSHCN Project | 435.154790 | Direct Program | 154790 | (897) | 897 | - | - | - |
| Birth Defects/CYSHCN Project | 435.154791 | Direct Program | 154791 | - | 803 | 1,500 | 2,303 | - |
| Cons Contracts CHHD LD | 435.157720 | Direct Program | 157720 | (1,603) | 7,913 | - | 6,310 | - |
| Communicable Disease Control and Prevention | 435.1558 | Direct Program | 155800 | - | 4,382 | - | 4,382 | - |
| Cons Contracts PHHS | 435.159220 | Direct Program | 159220 | - | 994 | - | 994 | - |
| TPCP-NP-WINS | 435.181004 | Oneida County Health Department | 181004 | - | 3,101 | - | 3,101 | - |
| TPCP-NP-INTRV | 435.181010 | Oneida County Health Department | 181010 | - | 2,200 | - | 2,200 | - |
| Aging Disability Resource Center | 435.560100 | Direct Program | 560100 | (78,107) | 298,914 | 70,130 | 290,937 | - |
| ADRC Dementia | 435.560158 | Direct Program | 560158 | - | - | 39,321 | 39,321 | - |
| Elder Abuse | 435-560490 | GWAAR | 560490 | (9,389) | 31,700 | 1,771 | 24,082 | - |
| Total Department of Health Services | | | | (188,662) | 2,312,138 | 339,857 | 2,587,376 | - |
| DEPARTMENT OF CHILDREN AND FAMILIES | | | | | | | | |
| Food Stamp Agency Incentives | 437.965 | Direct Program | 965 | (3,459) | 15,683 | 1,484 | 13,708 | - |
| AFDC Agency Incentives | 437.975 | Direct Program | 975 | (90) | 361 | 38 | 309 | - |
| Medicaid Agency Incentives | 437.980 | Direct Program | 980 | (1,048) | 11,866 | 1,036 | 11,854 | - |
| CW Kinship Care Program - Benefits | 437.3377 | Direct Program | 3377 | - | 167,100 | 29,997 | 197,097 | - |
| CW Kinship Care Program - Assessment | 437.338 | Direct Program | 3380 | - | 10,713 | 3,800 | 14,513 | - |
| Grants for Foster Parents | 437.339 | Direct Program | 3390A | - | 4,128 | 6,714 | 10,842 | - |
| Community Intervention Program | 437.3410 | Direct Program | 3410 | (1,566) | 6,426 | 2,328 | 7,188 | - |
| Youth Aids AODA | 437.3411 | Direct Program | 3411 | (9,784) | 9,784 | 9,740 | 9,740 | - |
| Youth Aids | 437.3413 | Direct Program | 3413 | (43,849) | 511,746 | 47,991 | 515,888 | - |
| JJ Community Supervision Services | 437.3414 | Direct Program | 3414 | - | 1,650 | 5,312 | 6,962 | - |
| Basic County Allocation | 437.3561 | Direct Program | 3561 | (13,233) | 285,869 | - | 272,636 | - |
| CW Children and Families Allocation | 437.3681 | Direct Program | 3681 | - | 21,735 | - | 43,470 | - |
| Child Support Mobility Support Liability Incentive | 437.7332 | Direct Program | 7332 | (1,752) | 1,752 | - | - | - |
| Child Support State GPR/PR Funding Allocation | 437.7502 | Direct Program | 7502 | - | 68,241 | - | 68,241 | - |
| Child Support Medical Support GPR Earned | 437.7606 | Direct Program | 7606 | - | 2,688 | - | 2,688 | - |
| Total Department of Children and Families | | | | (74,781) | 1,119,742 | 108,440 | 1,175,136 | - |
| DEPARTMENT OF JUSTICE | | | | | | | | |
| Victim and Witness Assistance Program - A Program Cluster | 455.503, 455.532, & 455.539 | Direct Program | Unknown | (16,678) | 30,690 | 17,262 | 31,274 | - |
| Treatment Alternative and Diversion Program | 455.217 | Direct Program | 2017-TD-02-11969 & 2016-TD-02-11603 | (31,594) | 31,594 | - | - | - |
| DNA Sample Program | 455.221 | Direct Program | Unknown | - | 86,491 | 39,066 | 125,557 | - |
| Total Department of Justice | | | | (48,272) | 148,775 | 56,328 | 156,831 | - |

MARINETTE COUNTY, WISCONSIN
Schedule of State Financial Assistance (Continued)
For the Year Ended December 31, 2018

| Grantor Agency/State Program Title | State I.D. Number | Pass-through Agency | State Identifying Number | Revenues | | | Total Expenditures | Subrecipient Payments |
|--|-------------------|---------------------|-----------------------------|-----------------------------------|--------------------------|-------------------------------------|---------------------|-----------------------|
| | | | | (Accrued) Deferred Revenue 1/1/18 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/18 | | |
| DEPARTMENT OF MILITARY AFFAIRS | | | | | | | | |
| Emergency Training Grant Program | 465.337 | Direct Program | 323.60 Ss. | (7,909) | 15,739 | 7,829 | 15,659 | - |
| Computer and Hazmat Equipment Grant | 465.367 | Direct Program | 323.61 Ss. | - | 203 | 8,077 | 8,280 | - |
| Total Department of Military Affairs | | | | <u>(7,909)</u> | <u>15,942</u> | <u>15,906</u> | <u>23,939</u> | <u>-</u> |
| DEPARTMENT OF ADMINISTRATION | | | | | | | | |
| Land Information Board | 505.110 | Direct Program | Unknown | - | 19,768 | - | 19,768 | - |
| Training Grant | 505.118 | Direct Program | Unknown | - | 1,000 | - | 1,000 | - |
| Strategic Initiative Grant | 505.166 | Direct Program | Unknown | - | 75,000 | - | 75,000 | - |
| Public Benefits - Low Income Energy Assistance Program | 505.371 | Direct Program | AD1599971.38 & AD1599972.38 | (13,786) | 53,044 | 12,708 | 51,966 | - |
| Total Department of Administration | | | | <u>(13,786)</u> | <u>148,812</u> | <u>12,708</u> | <u>147,734</u> | <u>-</u> |
| TOTAL STATE PROGRAMS | | | | \$ (598,158) | \$ 5,152,638 | \$ 514,413 | \$ 5,214,671 | \$ - |

(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 state financial assistance 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, 2018

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 2018 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and State Single Audit guidelines, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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:

GWAAR - Greater Wisconsin Agency on Aging Resources

WI DCF - Wisconsin Department of Children and Families

WI DHS - Wisconsin Department of Health Services

WI DMA - Wisconsin Department of Military Affairs

WI DNR - Wisconsin Department of Natural Resources

WI DOA - Wisconsin Department of Administration

WI 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, 2018

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 May 2019 CARS for the Human Services and Public Health Departments, and the December 2018 SPARC for Child Support and Child Care programs.

Marinette County, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

BASIC FINANCIAL STATEMENTS

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

FEDERAL AND STATE AWARDS

| | |
|---|---------------|
| Internal control over major program: | |
| ▶ Material weakness(es) identified? | No |
| ▶ Significant deficiency(ies) 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:

| CFDA Number | Name of Federal Program |
|-------------|----------------------------|
| 93.778 | Medical Assistance Program |

Identification of major state programs:

| State ID Number | Name of State Program |
|-----------------|---------------------------|
| 435.283 | IMAA State Share |
| 435.468 | Enhanced IM Funding |
| 435.561 | Basic County Allocation |
| 435.681 | State/County Match |
| 435.871 | CLTS Other GPR |
| 435.874 | CLTS Autism Fed |
| 435.877 | CLTS Other CWA Admin GPR |
| 435.880 | CLTS Autism CWA Admin GPR |
| 435.560 | ADRC Dementia |
| 435.560100 | ADRC |
| 437.3561 | Basic County Allocation |
| 437.3681 | State/County Match |

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

| | |
|---------------------------------------|-----------|
| 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, 2018

SECTION IV - OTHER ISSUES

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
 - Department of Agriculture, Trade and Consumer Protection No
 - Department of Natural Resources No
 - Department of Transportation No
 - Department of Corrections 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 
Jon Trautman, CPA

5. Date of report August 8, 2019