

MARQUETTE COUNTY

Montello, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2013

MARQUETTE COUNTY

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INDEPENDENT AUDITORS' REPORT

To the County Board
Marquette County
Montello, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Marquette 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 Marquette 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.

To the County Board
Marquette County

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marquette County, Wisconsin, as of December 31, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, Marquette County adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marquette County's basic financial statements. The combining statement of assets and liabilities - all agency funds as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining statement of assets and liabilities - all agency funds is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the County Board
Marquette County

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of Marquette County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Marquette County's internal control over financial reporting and compliance.

Baker Tilly Vuchow Krause LLP

Madison, Wisconsin
August 14, 2014

MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2013

As management of Marquette County, Wisconsin, we offer readers of the county's financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the county's financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- > The assets of Marquette County exceeded its liabilities and deferred inflows of resources as of December 31, 2013 by \$16,331,386 (net position). Of this amount, \$4,445,906 (unrestricted net position) may be used to meet the government's obligations to citizens and creditors. The total net position includes all major infrastructure networks.
- > The county's total net position decreased by \$56,217.
- > As of December 31, 2013, Marquette County's governmental funds reported combined ending fund balance of \$7,137,645. Of this amount, \$1,257,357 is nonspendable, \$3,282,235 is restricted and \$345,307 is assigned. \$2,252,746 or approximately 32% is unassigned and available for use within the county's designations and policies.
- > At the end of the current fiscal year, the assigned and unassigned fund balance for the general fund was approximately 22% of the total general fund expenditures.
- > At the end of the current fiscal year, general obligation debt is \$12,813,195, well within the county's debt limit of \$76,527,925.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the 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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the 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, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Marquette County is improving or deteriorating. To assess the overall health of the county you need to consider additional non-financial factors such as changes in the county's property tax base and the condition of the county's infrastructure.

MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont.)

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 the 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 compensated absences).

Both government-wide financial statements distinguish functions of Marquette 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 safety; public works; health and human services; culture, education and recreation; and conservation and development. The business-type activity of the county is the highway department.

The government-wide financial statements can be found on pages 1-3 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. Marquette 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 – Most of the county's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily used for cash. Governmental Funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In 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.

Marquette County maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, and expenditures, and changes in fund balances for the General Fund, the Human Services Special Revenue Fund, the Debt Service Fund, and the Capital Projects Fund, which are all considered to be major funds.

MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENT (cont.)

The county adopts an annual appropriated budget for all its governmental funds. As part of the required supplementary information, budgetary comparison statements have been provided in detail for the General Fund, and in summary for the Human Services Special Revenue Fund, to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 4-5 of this report.

Proprietary Funds – When the county charges customers for the services it provides – whether to outside customers or to other units of the county – these services are generally reported in proprietary funds. Marquette County maintains one type of proprietary fund called an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The county uses an enterprise fund to account for its highway department operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. These statements provide separate information for the highway department since is considered to be a major fund of the county.

The basic proprietary fund financial statements can be found on pages 7-11 of this report.

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 those 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 county utilizes one type of fiduciary fund called an agency fund. All agency funds are combined into a single aggregated presentation in the agency fund financial statement. Individual fund data for the agency funds is provided in the form of a combining statement elsewhere in this report. The basic agency fund financial statement can be found on page 12 of this report.

Notes to the 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 financial statements can be found on pages 13-36.

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a budgetary comparison schedule for the General Fund and the Human Services Special Revenue Fund to demonstrate compliance with the budget. These schedules and accompanying notes can be found on pages 37-42 of this report. The combining statement referred to earlier in connection with agency funds is presented immediately following the required supplementary information.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

An analysis of the county's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the county's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2013

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (cont.)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Marquette County, assets exceeded liabilities and deferred inflows of resources by \$16,331,386 as of December 31, 2013. The next table includes comparative data of net position for the years ended December 31, 2012 and December 31, 2013.

**Marquette County's Net Position
December 31, 2013 and 2012**

	<u>Governmental Activities</u>		<u>Business - type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013*</u>	<u>2012*</u>
Current and Other Assets	\$ 19,890,655	\$ 17,209,239	\$ 1,213,115	\$ 1,112,779	\$ 21,103,770	\$ 18,322,018
Capital Assets	<u>15,081,688</u>	<u>14,789,638</u>	<u>7,115,709</u>	<u>7,323,704</u>	<u>22,197,397</u>	<u>22,113,342</u>
Total Assets	<u>34,972,343</u>	<u>31,998,877</u>	<u>8,328,824</u>	<u>8,436,483</u>	<u>43,301,167</u>	<u>40,435,360</u>
Long-term Liabilities Outstanding	13,408,494	10,030,785	802,506	832,179	14,211,000	10,862,964
Other Liabilities	<u>937,195</u>	<u>12,776,445</u>	<u>208,433</u>	<u>408,348</u>	<u>1,145,628</u>	<u>13,184,793</u>
Total Liabilities	<u>14,345,689</u>	<u>22,807,230</u>	<u>1,010,939</u>	<u>1,240,527</u>	<u>15,356,628</u>	<u>24,047,757</u>
Deferred Inflows of Resources	<u>11,473,355</u>	-	<u>139,798</u>	-	<u>11,613,153</u>	-
Net Position:						
Net Investment in Capital Assets	9,736,421	9,853,926	6,544,668	6,711,114	11,540,339	11,903,640
Restricted	345,141	258,883	-	-	345,141	258,883
Unrestricted (deficit)	<u>(928,263)</u>	<u>(921,162)</u>	<u>633,419</u>	<u>484,842</u>	<u>4,445,906</u>	<u>4,225,080</u>
Total Net Position	<u>\$ 9,153,299</u>	<u>\$ 9,191,647</u>	<u>\$ 7,178,087</u>	<u>\$ 7,195,956</u>	<u>\$ 16,331,386</u>	<u>\$ 16,387,603</u>

* - The total column reflects a capital debt adjustment. See Note 1.D.8 for further information.

The largest portion of the county's net position (approximately 71%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that are still outstanding. The county uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the county's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt, must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 2% of the county's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$4,445,906, may be used to meet the county's ongoing obligations to citizens and creditors.

Analysis of the County's Operations – The following table provides a comparison summary of the county's operations for the years ended December 31, 2012 and December 31, 2013. Governmental activities experienced a decrease in net position of \$38,348. Business-type activities experienced a decrease in net position of \$17,869.

MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2013

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (cont.)

MARQUETTE COUNTY CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,845,302	\$ 1,848,849	\$ 3,811,872	\$ 5,076,251	\$ 5,657,174	\$ 6,925,100
Operating Grants & Contributions	3,592,236	11,578,148	-	-	3,592,236	11,578,148
General Revenues:						
Property Taxes	10,921,406	10,554,722	-	-	10,921,406	10,554,722
Sales Taxes	783,177	736,616	-	-	783,177	736,616
Other Taxes	283,153	300,250	-	-	283,153	300,250
Intergovernmental	105,719	113,751	-	-	105,719	113,751
Investment Income	7,926	10,949	-	-	7,926	10,949
Gain on sale of property	46,104	8,791	-	-	46,104	8,791
Miscellaneous	114,741	126,144	-	-	114,741	126,144
Total Revenues	17,699,764	25,278,220	3,811,872	5,076,251	21,511,636	30,354,471
Expenses:						
General Government	2,623,461	2,215,124	-	-	2,623,461	2,215,124
Public Safety	5,129,740	5,014,092	-	-	5,129,740	5,014,092
Public Works	2,348,024	3,668,876	-	-	2,348,024	3,668,876
Health & Human Services	4,857,374	12,234,040	-	-	4,857,374	12,234,040
Culture, Recreation, & Education	537,599	442,719	-	-	537,599	442,719
Conservation & Economic Development	959,892	651,917	-	-	959,892	651,917
Interest & Fiscal Charges	667,611	394,079	-	-	667,611	394,079
Highway	-	-	4,444,152	5,654,268	4,444,152	5,654,268
Total Expenses	17,123,701	24,620,847	4,444,152	5,654,268	21,567,853	30,275,115
Excess (Deficiency) Before Transfers	576,063	657,373	(632,280)	(578,017)	(56,217)	79,356
Transfers	(614,411)	(519,553)	614,411	519,553	-	-
Increase (Decrease) in Net Position	(38,348)	137,820	(17,869)	(58,464)	(56,217)	79,356
Net Position- Beginning of Year	9,191,647	9,053,827	7,195,956	7,254,420	16,387,603	16,308,247
Net Position - End of Year	\$ 9,153,299	\$ 9,191,647	\$ 7,178,087	\$ 7,195,956	\$ 16,331,386	\$ 16,387,603

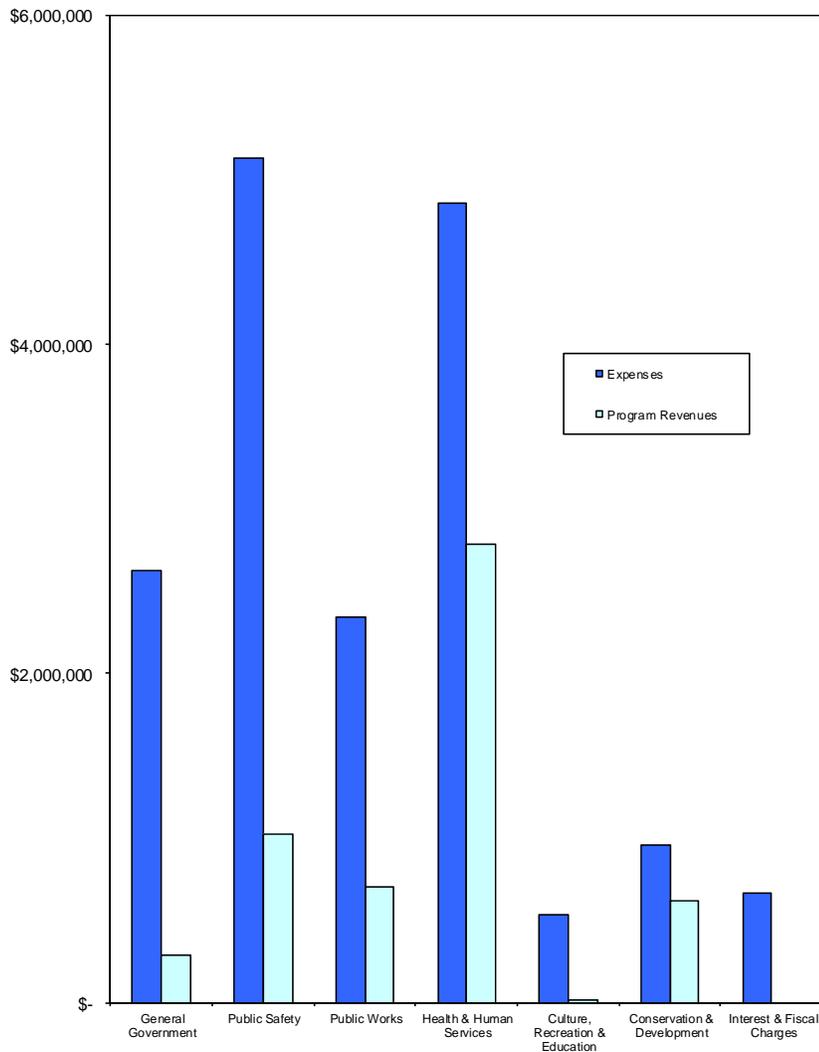
MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2013

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (cont.)

The following chart compares expenses and program revenues for governmental activities:

**Expenses and Program Revenues
Governmental Activities**



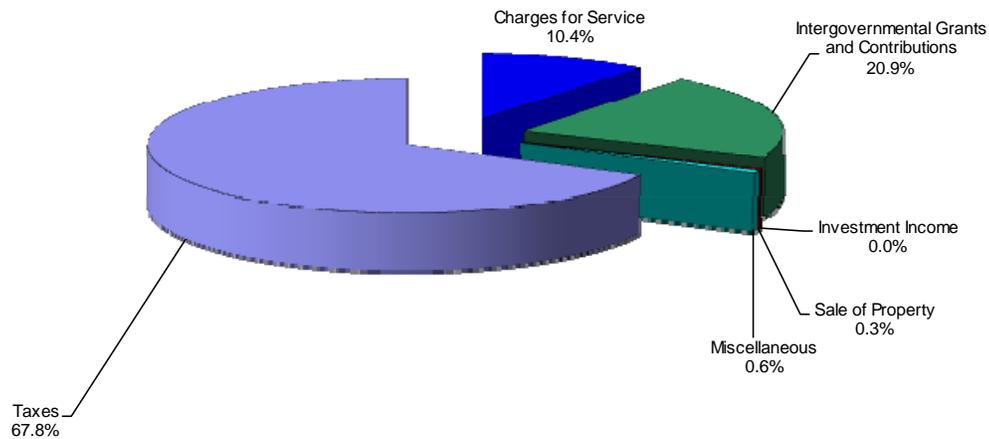
MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2013

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (cont.)

The distribution of revenues in governmental activities remains almost the same as last year, with just a slight shift from intergovernmental aids and taxes. Taxes and intergovernmental grants and contributions are approximately 89% of total revenues, while public charges and other sources provide the balance of the revenue.

Revenue by Source - Governmental Activities



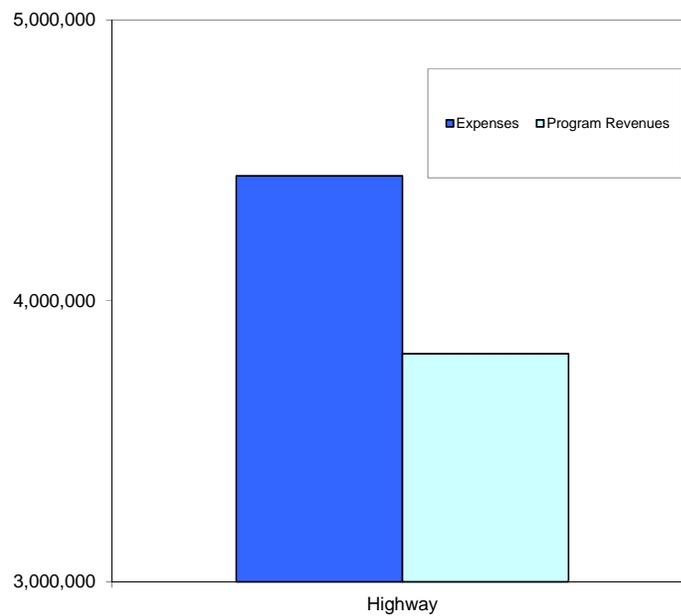
MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2013

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (cont.)

A comparison of expenses and revenues for business-type activities (highway fund) is illustrated in the following chart.

**Expenses and Program Revenues
Business-type Activities**



MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2013

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

GOVERNMENTAL FUNDS

The focus of Marquette 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, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Marquette County's governmental funds reported combined ending fund balances of \$7,137,645. \$1,257,357 is nonspendable, indicating it is not available for spending because it had already been committed; \$876,729 for county purchased tax deeds and certificates, \$8,190 for inventories, and \$372,438 for prepaid items. \$3,282,235 is considered restricted and \$345,307 is assigned. The remainder of fund balance is considered unassigned and is \$2,252,746.

General Fund

The county's General Fund is used to account for the majority of the county's operations with the exception of the Human Services Department and the business activities recorded in the highway fund.

During the current year, the fund balance of the General Fund increased by \$339,410. Key factors in this change are as follows:

- > Revenues from county sales tax were higher than budgeted by approximately \$83,000.
- > Charges for emergency medical services were higher than budgeted by approximately \$87,000.
- > Sheriff, public works, public health, and capital outlay expenditures were less than budgeted by approximately \$764,000.

Human Services

The Human Services fund is used to account for the revenues and expenditures associated with the Human Services Department. The majority of the funding for the Human Services Department comes from a wide variety of intergovernmental revenues including medical assistance revenue for community based waiver programs and collections. County tax dollars provide approximately 38% of the funding needed for Human Services programs.

At the end of the current fiscal year, the Human Services fund had a fund balance of \$52,625, an increase of \$8,187 from the previous year.

Debt Service

The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. During 2013, Marquette County made principal and interest payments of \$805,953. At the end of the current fiscal year, outstanding general obligation debt was \$12,813,915. Fund balance of the debt service fund was \$5,846, the same as in the previous year.

Capital Projects

The Capital Projects Fund accounts for expenditures for the acquisition and construction of major capital facilities and related revenues and proceeds from long-term borrowing. At the end of the current fiscal year, the Capital Projects Fund had a fund balance of \$2,931,248, an increase from the previous year. This was due to borrowing for a number of projects, some of which were not completed by year end.

MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2013

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

PROPRIETARY FUNDS

Marquette County's proprietary fund statement provides the same type of information found in the county's government-wide financial statements, but in more detail.

At the end of the current fiscal year, Marquette County's proprietary fund (highway) reported net position of \$7,178,087. The majority of the highway net position, \$6,544,668, is net investment in capital assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations of \$810,614 more than the original budget. All functions had amendments with the largest being for public safety, public works, conservation and economic development, capital outlay and transfers out.

General Fund expenditures were less than final budgeted amounts by \$821,783, and less than the original budget by \$11,169.

Actual revenues received were more than final budgeted amounts by \$317,740.

The most noteworthy reasons for the variances are described on page xii in the analysis of the general fund.

CAPITAL ASSETS

At the end of 2013, Marquette County has a total \$22,197,397 invested in capital assets (net of accumulated depreciation). The majority of these assets, \$15,081,688, relate to governmental activities and \$7,115,709 are in business-type activities. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure and intangible software.

Major additions for governmental activities for 2013 include:

- > \$461,011 for a portion of a radio communications upgrade
- > \$258,937 for information technology projects including: network switch upgrade, firewall upgrade, and fiber optic network project

Major additions for business-type activities include:

- > \$226,019 for a dump truck

More detailed information about Marquette County's capital assets may be found in Note IV. C. on pages 27-28 of this report.

MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2013

LONG-TERM DEBT

In accordance with Wisconsin State Statutes, Chapter 67, Marquette County's total general obligation debt may not exceed five percent of the equalized value of the taxable property with the county's jurisdiction. The debt limit as of December 31, 2013 was \$76,527,925. At the end of 2013, the total of Marquette County's general obligation debt was \$12,813,195.

More detailed information on the county's long-term debt can be found in Note IV. E. on pages 29-31 of this report.

CURRENTLY KNOWN FACTS

All currently known facts and economic conditions were considered in preparing the 2014 county budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Marquette County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Marquette County Administrative Coordinator/Finance Director, P.O. Box 129, Montello, WI 53949.

MARQUETTE COUNTY

STATEMENT OF NET POSITION
As of December 31, 2013

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 5,718,943	\$ 121,915	\$ 5,840,858
Receivables (net of allowance for uncollectibles)			
Taxes	11,473,355	-	11,473,355
Delinquent taxes	1,483,682	-	1,483,682
Accounts	150,136	17,031	167,167
Due from other governments	683,911	288,683	972,594
Inventories	8,190	785,486	793,676
Prepaid items	372,438	-	372,438
Capital assets (net of accumulated depreciation)			
Land	147,049	33,331	180,380
Construction in progress	461,011	-	461,011
Gravel pit and quarry	-	88,858	88,858
Other capital assets, net of accumulated depreciation	14,473,628	6,993,520	21,467,148
Total Assets	<u>34,972,343</u>	<u>8,328,824</u>	<u>43,301,167</u>
LIABILITIES			
Accounts payable	504,689	83,838	588,527
Accrued liabilities	328,867	87,053	415,920
Due to other governments	103,639	-	103,639
Unearned revenue	-	37,542	37,542
Noncurrent liabilities			
Due within one year	935,698	255,782	1,191,480
Due in more than one year	12,472,796	546,724	13,019,520
Total Liabilities	<u>14,345,689</u>	<u>1,010,939</u>	<u>15,356,628</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>11,473,355</u>	<u>139,798</u>	<u>11,613,153</u>
NET POSITION			
Net investment in capital assets	9,736,421	6,544,668	11,540,339
Restricted for grants	345,141	-	345,141
Unrestricted (deficit)	<u>(928,263)</u>	<u>633,419</u>	<u>4,445,906</u>
		-	
TOTAL NET POSITION	<u>\$ 9,153,299</u>	<u>\$ 7,178,087</u>	<u>\$ 16,331,386</u>

See accompanying notes to financial statements.

MARQUETTE COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental Activities			
General government	\$ 2,623,461	\$ 207,776	\$ 83,151
Public safety	5,129,740	927,552	94,477
Public works	2,348,024	-	705,052
Health and human services	4,857,374	532,987	2,252,681
Culture, recreation and education	537,599	1,240	15,190
Conservation and economic development	959,892	175,747	441,685
Interest and fiscal charges	667,611	-	-
Total Governmental Activities	<u>17,123,701</u>	<u>1,845,302</u>	<u>3,592,236</u>
Business-type Activities			
Highway	<u>4,444,152</u>	<u>3,811,872</u>	-
Total Business-type Activities	<u>4,444,152</u>	<u>3,811,872</u>	-
Totals	<u>\$ 21,567,853</u>	<u>\$ 5,657,174</u>	<u>\$ 3,592,236</u>

General Revenues
Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Sales taxes
 Other taxes
Intergovernmental revenues not restricted to specific programs
Investment income
Gain on sale of property
Miscellaneous
Transfers
 Total General Revenues and Transfers

Change in Net Position

NET POSITION - Beginning

NET POSITION - ENDING

Net (Expense) Revenue and Changes in Net Position		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (2,332,534)	\$ -	\$ (2,332,534)
(4,107,711)	-	(4,107,711)
(1,642,972)	-	(1,642,972)
(2,071,706)	-	(2,071,706)
(521,169)	-	(521,169)
(342,460)	-	(342,460)
(667,611)	-	(667,611)
<u>(11,686,163)</u>	<u>-</u>	<u>(11,686,163)</u>
-	(632,280)	(632,280)
-	(632,280)	(632,280)
(11,686,163)	(632,280)	(12,318,443)
10,115,453	-	10,115,453
805,953	-	805,953
783,177	-	783,177
283,153	-	283,153
105,719	-	105,719
7,926	-	7,926
46,104	-	46,104
114,741	-	114,741
(614,411)	614,411	-
<u>11,647,815</u>	<u>614,411</u>	<u>12,262,226</u>
(38,348)	(17,869)	(56,217)
<u>9,191,647</u>	<u>7,195,956</u>	<u>16,387,603</u>
<u>\$ 9,153,299</u>	<u>\$ 7,178,087</u>	<u>\$ 16,331,386</u>

MARQUETTE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2013

	General	Human Services	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,687,125	\$ 94,724	\$ 5,846	\$ 2,931,248	\$ 5,718,943
Receivables					
Taxes	8,637,412	1,581,260	1,254,683	-	11,473,355
Delinquent taxes	1,483,682	-	-	-	1,483,682
Accounts	91,909	58,227	-	-	150,136
Due from other governments	359,981	323,930	-	-	683,911
Due from other funds	55,027	-	-	-	55,027
Inventories	8,190	-	-	-	8,190
Prepaid items	372,438	-	-	-	372,438
TOTAL ASSETS	\$ 13,695,764	\$ 2,058,141	\$ 1,260,529	\$ 2,931,248	\$ 19,945,682
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 295,875	\$ 208,814	\$ -	\$ -	\$ 504,689
Accrued liabilities	150,559	56,776	-	-	207,335
Due to other governments	-	103,639	-	-	103,639
Due to other funds	-	55,027	-	-	55,027
Total Liabilities	<u>446,434</u>	<u>424,256</u>	<u>-</u>	<u>-</u>	<u>870,690</u>
Deferred Inflows of Resources					
Unearned revenue	8,637,412	1,581,260	1,254,683	-	11,473,355
Unavailable revenue	463,992	-	-	-	463,992
Total Deferred Inflows of Resources	<u>9,101,404</u>	<u>1,581,260</u>	<u>1,254,683</u>	<u>-</u>	<u>11,937,347</u>
Fund Balances					
Nonspendable	1,257,357	-	-	-	1,257,357
Restricted	315,376	29,765	5,846	2,931,248	3,282,235
Assigned	322,447	22,860	-	-	345,307
Unassigned	2,252,746	-	-	-	2,252,746
Total Fund Balances	<u>4,147,926</u>	<u>52,625</u>	<u>5,846</u>	<u>2,931,248</u>	<u>7,137,645</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,695,764	\$ 2,058,141	\$ 1,260,529	\$ 2,931,248	

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. (See Note IV.C.)	15,081,688
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. (See Note IV.B.)	463,992
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds (see Note II.A.)	<u>(13,530,026)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 9,153,299

See accompanying notes to financial statements.

MARQUETTE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended December 31, 2013

	General	Human Services	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Taxes	\$ 9,640,154	\$ 1,539,581	\$ 805,953	\$ -	\$ 11,985,688
Intergovernmental	1,554,563	2,052,227	-	-	3,606,790
Licenses and permits	140,262	-	-	-	140,262
Fines, forfeitures and penalties	109,039	-	-	-	109,039
Public charges for services	1,043,045	491,716	-	-	1,534,761
Intergovernmental charges for services	35,733	-	-	-	35,733
Investment income	8,642	-	-	682	9,324
Miscellaneous	298,042	8,140	-	-	306,182
Total Revenues	12,829,480	4,091,664	805,953	682	17,727,779
EXPENDITURES					
Current					
General government	2,952,480	-	-	-	2,952,480
Public safety	4,813,685	-	-	-	4,813,685
Public works	1,603,608	-	-	-	1,603,608
Health and human services	433,959	4,317,309	-	-	4,751,268
Culture, recreation and education	524,066	-	-	-	524,066
Conservation and economic development	791,746	-	-	-	791,746
Capital Outlay	522,283	-	-	860,105	1,382,388
Debt Service					
Principal	-	-	427,971	-	427,971
Interest and fiscal charges	-	-	377,982	64,700	442,682
Total Expenditures	11,641,827	4,317,309	805,953	924,805	17,689,894
Excess (deficiency) of revenues over expenditures	1,187,653	(225,645)	-	(924,123)	37,885
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	3,760,000	3,760,000
Premium on debt issued	-	-	-	95,371	95,371
Transfers in	-	233,832	-	-	233,832
Transfers out	(848,243)	-	-	-	(848,243)
Total Other Financing Sources (Uses)	(848,243)	233,832	-	3,855,371	3,240,960
Net Change in Fund Balance	339,410	8,187	-	2,931,248	3,278,845
FUND BALANCES - Beginning	3,808,516	44,438	5,846	-	3,858,800
FUND BALANCES - ENDING	\$ 4,147,926	\$ 52,625	\$ 5,846	\$ 2,931,248	\$ 7,137,645

See accompanying notes to financial statements.

MARQUETTE COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2013

Net change in fund balances - total governmental funds	\$ 3,278,845
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital additions as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.	1,382,388
Some items reported as capital outlay in the fund financial statements were not capitalized according to the county's capitalization policy	(272,407)
Depreciation is reported in the government-wide statements	(793,962)
Net book value of assets retired	(23,969)
Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	
Delinquent taxes	643
Debt and lease proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(3,760,000)
Principal repaid	427,972
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Debt issuance costs	(211,051)
Premium	(88,124)
Some expenses 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.	
Compensated absences	42,443
Accrued interest on debt	<u>(21,126)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (38,348)</u>

See accompanying notes to financial statements.

MARQUETTE COUNTY

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2013

	<u>Highway</u>
ASSETS	
Current Assets	
Cash and investments	\$ 121,915
Accounts receivable	17,031
Due from other governmental units	288,683
Inventories	<u>785,486</u>
Total Current Assets	<u>1,213,115</u>
Noncurrent Assets	
Capital Assets	
Land	33,331
Buildings and improvements	5,629,271
Land improvements	401,739
Machinery and equipment	7,558,516
Gravel pit and quarry	88,858
Other capital assets	30,497
Less: accumulated depreciation	<u>(6,626,503)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>7,115,709</u>
Total Noncurrent Assets	<u>7,115,709</u>
Total Assets	<u>8,328,824</u>

	<u>Highway</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 83,838
Accrued salaries and wages	69,674
Accrued interest	17,379
Unearned revenue	37,542
Current portion of vested employee benefits	44,517
Current portion of capital lease payable	<u>211,265</u>
Total Current Liabilities	<u>464,215</u>
Noncurrent Liabilities	
Capital lease payable	359,776
Vested employee benefits	<u>186,948</u>
Total Noncurrent Liabilities	<u>546,724</u>
Total Liabilities	<u>1,010,939</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	<u>139,798</u>
NET POSITION	
Net investment in capital assets	6,544,668
Unrestricted	<u>633,419</u>
TOTAL NET POSITION	<u>\$ 7,178,087</u>

See accompanying notes to financial statements.

MARQUETTE COUNTY

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

For the Year Ended December 31, 2013

	Highway
OPERATING REVENUES	
Charges for services	\$ 3,772,527
Miscellaneous	<u>39,345</u>
Total Operating Revenues	<u>3,811,872</u>
OPERATING EXPENSES	
Operation and maintenance	3,963,235
Depreciation	<u>454,786</u>
Total Operating Expenses	<u>4,418,021</u>
Operating Income (Loss)	<u>(606,149)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	(25,020)
Loss on disposal of capital assets	<u>(1,111)</u>
Total Nonoperating Revenues (Expenses)	<u>(26,131)</u>
Income (Loss) Before Transfers	<u>(632,280)</u>
TRANSFERS	
Transfers in	<u>614,411</u>
Total Transfers	<u>614,411</u>
Change in Net Position	(17,869)
NET POSITION - Beginning	<u>7,195,956</u>
NET POSITION - ENDING	<u>\$ 7,178,087</u>

MARQUETTE COUNTY

STATEMENT OF CASH FLOWS PROPRIETARY FUND

For the Year Ended December 31, 2013

	<u>Highway</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 3,741,154
Cash paid to suppliers for goods and services	<u>(4,023,936)</u>
Net Cash Flows From Operating Activities	<u>(282,782)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	<u>614,411</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash used to retire debt	(265,971)
Interest paid	(27,350)
Acquisition and construction of capital assets	<u>(21,883)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(315,204)</u>
Net Change in Cash and Cash Equivalents	16,425
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>105,490</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 121,915</u>

See accompanying notes to financial statements.

	<u>Highway</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (606,149)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities	
Depreciation	454,786
Change in Assets and Liabilities	
Accounts receivable	76
Due from other governmental units	(6,640)
Inventories	(98,117)
Prepaid items	20,770
Accounts payable	6,692
Accrued liabilities	9,954
Due to other governments	<u>(64,154)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (282,782)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Capital lease issued/capital assets acquired	<u>\$ 226,019</u>

See accompanying notes to financial statements.

MARQUETTE COUNTY

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 331,580
Taxes receivable	259,745
Accounts receivable	<u>150</u>
TOTAL ASSETS	<u>\$ 591,475</u>
LIABILITIES	
Accounts payable	\$ 11,558
Due to other governmental units	400,532
Funds held for others	<u>179,385</u>
TOTAL LIABILITIES	<u>\$ 591,475</u>

See accompanying notes to financial statements.

MARQUETTE COUNTY

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MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Marquette County, Wisconsin (the county) conform to generally accepted accounting principles as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the county. The reporting entity for the county consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The county has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In March 2012, the GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The county does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the county or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the county believes is particularly important to financial statement users may be reported as a major fund.

The county reports the following major governmental funds:

General Fund – accounts for the county’s primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Human Services Special Revenue Fund – used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the related programs.

Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt.

Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and the other capital assets for the related program.

The county reports the following major enterprise fund:

Highway Fund – account and report for operation and maintenance of the county’s highway department facilities including all machinery and the county trunk highway system.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

In addition, the county reports the following fund type:

Agency funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. Agency funds include the County Treasurer, Clerks of Courts, and Sheriff.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 except for certain intergovernmental revenues, for which available is defined as six months. This is necessary to provide proper matching of grant revenues with the related expenditures. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and unearned revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the county is entitled the resources and the amounts are available. Amounts owed to the county which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* 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 Highway fund are charges to customers for sales and services. Operating expenses for the proprietary fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the county considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of county funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The county has adopted an investment policy that follows the state statute for allowable investments. The county's investment policy as it relates to custodial credit risk specifies that depository agreements shall be in effect with each financial institution whereby amounts in excess of FDIC and State Deposit Guarantee Fund guaranteed amounts must be fully collateralized and held by a third party or fully insured by an insurance company with an A rating or better by A.M. Best. The county's investment policy as it relates to credit risk specifies that the investments of the county are limited to time deposits in financial institutions, securities issued or guaranteed by the federal government, municipal obligations of Wisconsin entities, the State of Wisconsin local government pool investment fund, and repurchase agreements which are secured by securities issued or guaranteed by the federal government. The county's investment policy as it relates to interest rate risk states that no investment will be entered into for a period of longer than one year.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of various accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2013, the fair value of the county's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. They are not legally available for appropriation until the ensuing year. In addition to property taxes for the county, taxes are collected for and remitted to the state government as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other governmental units on the Statement of Assets and Liabilities – Agency Funds.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Property tax calendar – 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes in full	January 31, 2014
Tax sale – 2013 delinquent real estate taxes	October 2016

Property taxes are due, in the year subsequent to levy, on the last day of January, and collected by local treasurers through that date, at which time unpaid taxes are assigned to the county and appropriate receivables and payables are recorded. Tax collections become the responsibility of the county and taxes receivable include unpaid taxes levied for all taxing entities within the county. The county makes restitution to local districts in August for payables recorded at the settlement date without regard to collected funds. A lien is placed on all properties for which a portion of the current tax levy remains unpaid as of September 1. The interest and penalties on taxes not paid within 60 days of the end of the current fiscal period is shown as deferred revenue until it is received in cash.

The portion of county property taxes receivable at December 31, 2013, which relates to taxes initially levied by other municipalities and uncollected within sixty days after year-end, has been reflected in the accompanying financial statements as a nonspendable fund balance in the general fund in the amount of \$876,729.

Accounts receivable in all funds have been adjusted for all known uncollectible accounts. No allowance for uncollectible delinquent taxes has been provided because of the county's demonstrated ability to recover any losses through the sale of the applicable property.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on the first-in/first-out (FIFO) method of accounting, and charged to construction and/or operation and maintenance expense when used.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

3. Inventories and Prepaid Items (cont.)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Government–Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. There was no interest capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 - 50 Years
Land Improvements	20 - 30 Years
Machinery and Equipment	5 - 20 Years
Infrastructure	20 - 50 Years
Intangibles	5 - 20 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

5. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2013 are determined on the basis of current salary rates and include salary related payments.

6. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

The county does not engage in conduit debt transactions.

7. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenues) until that future time.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

8. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either 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.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of “net investment in capital assets,” and an increase in “unrestricted” net position, shown only in the total column.

	Governmental Activities	Business-type Activities	Adjustment	Totals
Net investment in capital assets	\$ 9,736,421	\$ 6,544,668	\$ (4,740,750)	\$ 11,540,339
Unrestricted	(928,263)	633,419	4,740,750	4,445,906

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.

Fund Statements

Governmental fund equity is classified as fund balance and displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either 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.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

8. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the county. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the city that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: 1) County board or Finance Director identification, 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The county considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the county would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net position.

Bonds and notes payable	\$ 12,813,195
Compensated absences	391,230
Unamortized debt premium	204,069
Accrued interest	<u>121,532</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 13,530,026</u>

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LIMITATIONS ON THE COUNTY'S TAX LEVY

Wisconsin law limits the county's future tax levies. Generally, the county is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the county's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The county is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The county maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The county's cash and investments at year end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 3,160,717	\$ 3,293,833	Custodial credit
LGIP	2,939,277	2,939,277	Credit
Petty cash	7,167	-	n/a
Cash on hand	65,277	-	n/a
Total Cash and Investments	\$ 6,172,438	\$ 6,233,110	
Reconciliation to financial statements			
Per statement of net position	\$ 5,840,858		
Per statement of assets and liabilities – Agency Funds	331,580		
Total Cash and Investments	\$ 6,172,438		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing the custodial credit risk.

The county maintains a collateral agreement with its bank. At December 31, 2013, the bank had pledged various government securities in the amount of \$12,785,769 to secure the county's deposits.

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the county's deposits may not be returned to the county.

The county does not have any deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

At December 31, 2013, the county had investments in the following external pools which are not rated:

Local Government Investment Pool

See Note I.D.1 for further information on deposit and investment policies.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

Receivables not expected to be collected within one year include \$1,483,682 in the general fund.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 11,473,355	\$ -
Delinquent property taxes receivable	-	463,617
Interest receivable	-	375
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 11,473,355</u>	<u>\$ 463,992</u>

Delinquent property taxes purchased from other taxing authorities are reflected as nonspendable fund balance at year-end. Delinquent property taxes levied by the county are reflected as unavailable revenue and are excluded from the fund balance until collected. At December 31, 2013, delinquent property taxes by year levied consists of the following:

Tax Certificates	
2013	\$ 720,628
2012	391,817
2011	249,223
2010	88,666
2009	17,050
2008	128
2007	809
2006	81
2005	-
2004	34
Tax deeds	<u>51,807</u>
Total Delinquent Property Tax Receivable	1,520,243
Less: January and February 2014 collections	<u>(179,897)</u>
Subtotal	1,340,346
County levied portion	<u>(463,617)</u>
County Purchased Portion	<u>\$ 876,729</u>

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 147,049	\$ -	\$ -	\$ 147,049
Construction in progress	-	461,011	-	461,011
Total Capital Assets Not Being Depreciated	147,049	461,011	-	608,060
Capital assets being depreciated/ amortized				
Land improvements	383,087	-	-	383,087
Buildings and improvements	9,367,977	-	-	9,367,977
Machinery and equipment	3,309,503	588,692	385,822	3,512,373
Infrastructure	17,421,636	-	-	17,421,636
Intangible software	105,357	60,278	-	165,635
Total Capital Assets Being Depreciated/Amortized	30,587,560	648,970	385,822	30,850,708
Less: Accumulated depreciation/ amortization for				
Land improvements	(81,893)	(18,557)	-	(100,450)
Buildings and improvements	(2,927,249)	(222,781)	-	(3,150,030)
Machinery and equipment	(2,278,510)	(331,755)	(361,853)	(2,248,412)
Infrastructure	(10,586,370)	(205,435)	-	(10,791,805)
Intangible software	(70,949)	(15,434)	-	(86,383)
Total Accumulated Depreciation/Amortization	(15,944,971)	(793,962)	(361,853)	(16,377,080)
Net Capital Assets Being Depreciated/Amortized	14,642,589	(144,992)	23,969	14,473,628
Total Governmental Activities Capital Assets, Net of Depreciation/ Amortization	\$ 14,789,638	\$ 316,019	\$ 23,969	\$ 15,081,688

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 120,973
Public safety	331,530
Public works, which includes the depreciation of infrastructure	205,435
Health and human services	116,407
Culture, recreation and education	10,760
Conservation and economic development	<u>8,857</u>
Total Governmental Activities Depreciation/Amortization Expense	<u><u>\$ 793,962</u></u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 92,824	\$ -	\$ 59,493	\$ 33,331
Gravel pit and quarry	<u>30,138</u>	<u>59,493</u>	<u>773</u>	<u>88,858</u>
Total Capital Assets Not Being Depreciated	<u>122,962</u>	<u>59,493</u>	<u>60,266</u>	<u>122,189</u>
Capital assets being depreciated				
Land improvements	401,739	-	-	401,739
Buildings and improvements	5,629,271	-	-	5,629,271
Machinery and equipment	7,312,866	247,902	2,252	7,558,516
Other capital assets	<u>30,497</u>	<u>-</u>	<u>-</u>	<u>30,497</u>
Total Capital Assets Being Depreciated	<u>13,374,373</u>	<u>247,902</u>	<u>2,252</u>	<u>13,620,023</u>
Less: Accumulated depreciation for				
Land improvements	(134,056)	(17,298)	-	(151,354)
Buildings and improvements	(1,194,583)	(142,397)	-	(1,336,980)
Machinery and equipment	(4,819,070)	(295,091)	(1,914)	(5,112,247)
Other capital assets	<u>(25,922)</u>	<u>-</u>	<u>-</u>	<u>(25,922)</u>
Total Accumulated Depreciation	<u>(6,173,631)</u>	<u>(454,786)</u>	<u>(1,914)</u>	<u>(6,626,503)</u>
Business-type Capital Assets, Being Depreciated	<u>7,200,742</u>	<u>(206,884)</u>	<u>338</u>	<u>6,993,520</u>
Total Business-type Capital Assets, Net of Depreciation	<u><u>\$ 7,323,704</u></u>	<u><u>\$ (147,391)</u></u>	<u><u>\$ 60,604</u></u>	<u><u>\$ 7,115,709</u></u>

Depreciation expense was charged to functions as follows:

Business-type Activities	
Highway	<u><u>\$ 454,786</u></u>

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND TRANSFERS

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Highway	General	\$ 614,411	Charges for services
Human Services	General	<u>233,832</u>	Support operations
Subtotal – Fund Financial Statements		848,243	
Less: Fund eliminations		<u>(233,832)</u>	
Total Transfers – Government-Wide Statement of Activities		<u>\$ 614,411</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
General obligation debt	\$ 9,481,167	\$ 3,760,000	\$ 427,971	\$12,813,196	\$ 828,089
Premiums	115,945	95,371	7,247	204,069	-
Subtotals	<u>9,597,112</u>	<u>3,855,371</u>	<u>435,218</u>	<u>13,017,265</u>	<u>828,089</u>
Other liabilities					
Vested compensated absences	<u>433,673</u>	<u>64,376</u>	<u>106,819</u>	<u>391,230</u>	<u>107,609</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 10,030,785</u>	<u>\$ 3,919,747</u>	<u>\$ 542,037</u>	<u>\$13,408,475</u>	<u>\$ 935,698</u>

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Other liabilities					
Vested compensated absences	\$ 219,589	\$ 72,007	\$ 60,131	\$ 231,465	\$ 44,517
Capital leases	612,590	226,018	267,567	571,041	211,265
Total Other Liabilities	832,179	298,025	327,698	802,506	255,782
Total Business-type Activities Long-Term Liabilities	\$ 832,179	\$ 298,025	\$ 327,698	\$ 802,506	\$ 255,782

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the county. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the county may not exceed 5% of the equalized value of taxable property within the county's jurisdiction. The debt limit as of December 31, 2013 was \$76,527,925. Total general obligation debt outstanding at year end was \$12,813,195.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-13
Governmental Activities					
General Obligation Debt					
Land Trust Loan No. 3	03/30/04	03/15/14	3.75%	\$ 770,000	\$ 90,215
Refunding Bond	06/01/09	04/01/29	3.00% – 4.50%	9,735,000	8,825,000
Land Trust Loan No. 4	08/13/11	03/15/16	3.25%	128,485	52,980
Land Trust Loan No. 5	10/02/12	03/15/17	2.50%	85,000	85,000
Land Trust Loan No. 6	06/25/13	03/15/18	2.50%	240,000	240,000
Promissory Notes	10/08/13	04/01/23	2.00% – 3.50%	3,520,000	3,520,000
Totals					\$ 12,813,195

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt	
	Principal	Interest
2014	\$ 828,089	\$ 366,888
2015	849,552	347,994
2016	839,375	331,149
2017	861,123	313,810
2018	865,056	294,980
2019-2023	4,520,000	1,170,099
2024-2028	3,300,000	549,060
2029	750,000	16,875
Totals	\$ 12,813,195	\$ 3,390,855

Capital Leases

Refer to Note IV. F.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

F. LEASE DISCLOSURES

Lessee – Capital Leases

Marquette County Highway Department has entered into capital lease agreements for various machinery and equipment. The gross amount of these assets under capital lease is \$1,071,142, which are included in capital assets in the business-type activities. Following is a schedule of future minimum lease payments required under these capital leases:

<u>Years</u>	Business-type Activities	
	Principal	Interest
2014	\$ 211,265	\$ 22,096
2015	117,426	13,105
2016	121,420	9,110
2017	120,930	4,977
Totals	\$ 571,041	\$ 49,288

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LEASE DISCLOSURES (cont.)

Lessee – Operating Leases

The county has no material operating leases with a remaining noncancellable term exceeding one year.

Lessor – Capital Leases

The county has no material outstanding sales-type or direct financing leases.

Lessor – Operating Leases

The county does not receive material lease payments from property rented to others.

G. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2013 includes the following:

Governmental Activities

Net Investment in Capital Assets

Land	\$ 147,049
Construction in progress	461,011
Other capital assets, net of accumulated depreciation	14,473,628
Less: Related long-term debt outstanding	(8,072,446)
Less: Unamortized debt premium	(204,069)
Add: Unspent proceeds	<u>2,931,248</u>
Total Net Investment in Capital Assets	<u>\$ 9,736,421</u>

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2013 include the following:

	<u>General Fund</u>	<u>Human Services</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
Fund Balances					
Nonspendable					
Prepaid items	\$ 372,438	\$ -	\$ -	\$ -	\$ 372,438
Inventories	8,190	-	-	-	8,190
County purchased tax deeds and certificates	876,729	-	-	-	876,729
Restricted for					
Grant agreements	315,376	29,765	-	-	345,141
Debt service	-	-	5,846	-	5,846
Future capital projects	-	-	-	2,931,248	2,931,248
Assigned to					
Carryovers	298,594	22,860	-	-	321,454
Applied to 2014 budget	23,853	-	-	-	23,853
Unassigned	<u>2,252,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,252,746</u>
Total Fund Balance	<u>\$ 4,147,926</u>	<u>\$ 52,625</u>	<u>\$ 5,846</u>	<u>\$ 2,931,248</u>	<u>\$ 7,137,645</u>

Business-type Activities

Net investment in capital assets	
Land	\$ 33,331
Gravel pit and quarry	88,858
Other capital assets, net of accumulated depreciation	6,993,520
Less: Related long-term debt outstanding	<u>(571,041)</u>
Net Investment in Capital Assets	<u>\$ 6,544,668</u>

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible county employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). Employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year, and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year, and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for county employees covered by WRS for the year ended December 31, 2013 was \$7,069,706; the employer's total payroll was \$7,434,945. The total required contribution for the year ended December 31, 2013 was \$1,014,040 or 14.3 percent of covered payroll. Of this amount, 100 percent was contributed for the current year. Total contributions for the years ending December 31, 2012 and 2011 were \$922,975 and \$910,456, respectively, equal to the required contributions for each year.

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

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2013, there was no pension-related debt for the county.

B. RISK MANAGEMENT

The county is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. The county participates in a public entity risk pool called Wisconsin County Mutual Insurance Corporation to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omission; and workers' compensation. Other risks, such as health care of its employees, are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded available coverage in any of the three prior years. There were no significant reductions in coverage compared to the prior year.

Public Entity Risk Pool

Wisconsin County Mutual Insurance Corporation

Fifty-five Wisconsin counties jointly participate in the Wisconsin County Mutual Insurance Corporation (WCMIC) for general and automobile liability insurance. The creation of the County Mutual requires the establishment of capital reserves with each of the participating counties depositing amounts as specified in projected rates. This company began operation on January 1, 1988. Marquette County's approximate share of the operation is 1.89%.

The governing body is made up of nineteen directors elected by the participating counties. The governing body has authority to adopt its own budget and control the financial affairs of the corporation.

Summary financial information of WCMIC as of December 31, 2013 can be obtained directly from WCMIC's offices.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the county is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the county 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.

MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The county has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The county has active construction projects as of December 31, 2013. Work that has been completed on these projects but not yet paid for is reflected as accounts payable and expenditures.

The county has the following encumbrances outstanding at year end expected to be honored upon performance by the vendor:

Capital projects fund	\$ 1,896,444
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D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 69, *Government Combinations and Disposals of Government Operations*
- > Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MARQUETTE COUNTY

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 8,588,092	\$ 8,588,092	\$ 8,573,824	\$ (14,268)
Interest on taxes	231,000	231,000	249,655	18,655
Forest crop tax	5,000	5,000	7,401	2,401
Register of deeds - real estate transfer tax	25,000	25,000	26,097	1,097
County sales tax	700,000	700,000	783,177	83,177
Total Taxes	<u>9,549,092</u>	<u>9,549,092</u>	<u>9,640,154</u>	<u>91,062</u>
INTERGOVERNMENTAL				
Shared taxes from state	74,714	74,714	74,874	160
Highway aids	691,498	691,498	705,052	13,554
Circuit court	69,059	69,059	52,275	(16,784)
District attorney	25,000	25,000	30,876	5,876
Land records - WLIP	-	26,996	26,996	-
Sheriff	10,000	26,794	67,176	40,382
Emergency management	41,266	41,266	21,530	(19,736)
Emergency medical services	-	5,771	5,771	-
Computer aid	9,000	9,000	5,223	(3,777)
Public health	50,315	50,315	75,267	24,952
Child support	135,000	87,142	87,142	-
Zoning	5,000	16,749	11,749	(5,000)
Veterans service	8,500	8,500	8,500	-
Land and water conservation	277,038	277,038	257,081	(19,957)
University extension	1,800	15,157	15,190	33
Rural planning	33,900	46,360	51,956	5,596
Surveying	33,000	33,000	32,283	(717)
State PILT	20,000	20,000	25,622	5,622
Total Intergovernmental	<u>1,485,090</u>	<u>1,524,359</u>	<u>1,554,563</u>	<u>30,204</u>
LICENSES AND PERMITS				
Dog	5,000	5,000	7,338	2,338
Zoning	136,119	136,119	132,924	(3,195)
Total Licenses and Permits	<u>141,119</u>	<u>141,119</u>	<u>140,262</u>	<u>(857)</u>
FINES, FORFEITURES AND PENALTIES				
Circuit court	110,000	110,000	89,713	(20,287)
Jail	-	17,037	19,326	2,289
Total Fines, Forfeitures and Penalties	<u>110,000</u>	<u>127,037</u>	<u>109,039</u>	<u>(17,998)</u>

See independent auditors' report and accompanying notes to required supplementary information.

MARQUETTE COUNTY

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont.)
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC CHARGES FOR SERVICES				
Circuit court	\$ 51,000	\$ 51,000	\$ 46,540	\$ (4,460)
Coroner	6,000	6,000	7,623	1,623
County clerk	31,638	31,638	21,464	(10,174)
Administrative coordinator	200	3,910	1,618	(2,292)
Treatment court	-	4,298	4,298	-
Redaction funds	-	16,950	18,445	1,495
Information technology	-	-	662	662
Treasurer	1,000	1,000	803	(197)
Law enforcement	93,000	109,294	171,295	62,001
Register of deeds	90,000	90,000	99,052	9,052
Property	14,300	22,199	22,652	453
Sheriff	8,500	4,790	10,076	5,286
Emergency medical services	506,500	506,500	593,338	86,838
Emergency management	-	-	448	448
Public health	48,000	48,000	36,866	(11,134)
Health	-	2,700	3,240	540
University extension	-	580	1,820	1,240
Surveyor	7,000	7,000	725	(6,275)
Rural planning	1,500	1,500	915	(585)
Humane officer fees	1,000	1,000	1,165	165
Total Public Charges for Services	<u>859,638</u>	<u>908,359</u>	<u>1,043,045</u>	<u>134,686</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Sheriff	10,000	10,000	7,481	(2,519)
Emergency medical services	27,800	27,800	28,252	452
Total Intergovernmental Charges for Services	<u>37,800</u>	<u>37,800</u>	<u>35,733</u>	<u>(2,067)</u>
INVESTMENT INCOME				
Investment income	15,000	15,002	8,642	(6,360)
MISCELLANEOUS				
Rent	3,000	10,313	14,312	3,999
Sale of property	3,500	12,354	73,567	61,213
Donations	-	29,895	30,945	1,050
Miscellaneous	124,000	156,410	179,218	22,808
Total Miscellaneous	<u>130,500</u>	<u>208,972</u>	<u>298,042</u>	<u>89,070</u>
Total Revenues	<u>12,328,239</u>	<u>12,511,740</u>	<u>12,829,480</u>	<u>317,740</u>

See independent auditors' report and accompanying notes to required supplementary information.

MARQUETTE COUNTY

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont.)
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
GENERAL GOVERNMENT				
County board	\$ 68,675	68,675	\$ 81,632	\$ (12,957)
Circuit court	428,450	428,450	456,314	(27,864)
Family court commissioner	25,838	17,679	17,742	(63)
Mediation services	18,086	12,375	12,419	(44)
Law library	4,400	8,698	9,366	(668)
Administrative coordinator	342,436	384,808	444,366	(59,558)
County clerk	119,760	119,760	119,379	381
Treasurer	155,475	155,475	152,796	2,679
Information technology	226,115	228,588	213,485	15,103
Building and grounds	502,743	502,743	473,532	29,211
Elections	25,002	36,425	11,394	25,031
Property	21,700	21,700	30,185	(8,485)
Independent auditing	65,500	65,500	61,608	3,892
District attorney	67,322	67,322	69,095	(1,773)
Victim witness	59,349	59,349	58,878	471
Corporation counsel	89,571	61,070	62,141	(1,071)
Child support	134,649	91,123	93,278	(2,155)
Register of deeds	136,755	136,755	134,526	2,229
Surveyor	186,807	256,096	223,407	32,689
Insurance	230,469	230,469	226,937	3,532
Contingency	55,000	55,000	-	55,000
Total General Government	<u>2,964,102</u>	<u>3,008,060</u>	<u>2,952,480</u>	<u>55,580</u>
PUBLIC SAFETY				
Sheriff	3,786,381	3,802,381	3,690,227	112,154
Fire suppression	2,000	2,000	15,355	(13,355)
Emergency medical services	767,865	784,052	764,899	19,153
Emergency management	118,727	118,727	105,606	13,121
Jail	101,500	173,497	122,298	51,199
Coroner	94,312	94,312	115,300	(20,988)
Total Public Safety	<u>4,870,785</u>	<u>4,974,969</u>	<u>4,813,685</u>	<u>161,284</u>
PUBLIC WORKS				
Highway charges	<u>1,976,207</u>	<u>1,833,327</u>	<u>1,603,608</u>	<u>229,719</u>
Total Public Works	<u>1,976,207</u>	<u>1,833,327</u>	<u>1,603,608</u>	<u>229,719</u>

See independent auditors' report and accompanying notes to required supplementary information.

MARQUETTE COUNTY

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont.) BUDGET AND ACTUAL For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
HEALTH AND HUMAN SERVICES				
Public health	\$ 473,957	\$ 488,759	\$ 361,824	\$ 126,935
Veterans service	64,931	107,438	59,872	47,566
Humane society	11,555	11,555	12,263	(708)
Total Health and Human Services	<u>550,443</u>	<u>607,752</u>	<u>433,959</u>	<u>173,793</u>
CULTURE, RECREATION AND EDUCATION				
Library	227,365	227,365	227,338	27
Museum	4,000	4,000	2,629	1,371
Parks	22,600	22,600	19,540	3,060
Snowmobile trail	29,205	46,441	48,333	(1,892)
Fair board	6,600	6,600	6,300	300
University extension	214,169	244,051	219,926	24,125
Total Culture, Recreation and Education	<u>503,939</u>	<u>551,057</u>	<u>524,066</u>	<u>26,991</u>
CONSERVATION AND ECONOMIC DEVELOPMENT				
Parks - fish and game project	5,000	12,206	12,589	(383)
Wildlife damage program	33,000	33,000	26,106	6,894
Land conservation	250,210	250,210	255,657	(5,447)
Special sanitary	88,864	114,370	99,301	15,069
Farmer assistance	60,000	60,000	67,198	(7,198)
Tree planter	-	73,338	35,228	38,110
Economic development	-	5,346	-	5,346
Recycling	79,555	79,555	79,009	546
Zoning	233,081	233,081	216,658	16,423
Total Conservation and Economic Development	<u>749,710</u>	<u>861,106</u>	<u>791,746</u>	<u>69,360</u>
CAPITAL OUTLAY				
	<u>366,500</u>	<u>816,470</u>	<u>522,283</u>	<u>294,187</u>
Total Expenditures	<u>11,981,686</u>	<u>12,652,741</u>	<u>11,641,827</u>	<u>1,010,914</u>
Excess (deficiency) of revenues over expenditures	<u>346,553</u>	<u>(141,001)</u>	<u>1,187,653</u>	<u>1,328,654</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(519,553)</u>	<u>(659,112)</u>	<u>(848,243)</u>	<u>(189,131)</u>
Total Other Financing Sources (Uses)	<u>(519,553)</u>	<u>(659,112)</u>	<u>(848,243)</u>	<u>(189,131)</u>
Net change in fund balance	(173,000)	(800,113)	339,410	1,139,523
FUND BALANCE - Beginning of Year	<u>3,808,516</u>	<u>3,808,516</u>	<u>3,808,516</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,635,516</u>	<u>\$ 3,008,403</u>	<u>\$ 4,147,926</u>	<u>\$ 1,139,523</u>

See independent auditors' report and accompanying notes to required supplementary information.

MARQUETTE COUNTY

HUMAN SERVICES SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,539,581	\$ 1,539,581	\$ 1,539,581	\$ -
Intergovernmental	2,025,847	2,116,616	2,052,227	(64,389)
Public charges for services	434,811	434,811	491,716	56,905
Miscellaneous	100	100	8,140	8,040
Total Revenues	<u>4,000,339</u>	<u>4,091,108</u>	<u>4,091,664</u>	<u>556</u>
EXPENDITURES				
Health and human services	<u>4,000,339</u>	<u>4,131,212</u>	<u>4,317,309</u>	<u>(186,097)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(40,104)</u>	<u>(225,645)</u>	<u>(185,541)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>139,559</u>	<u>233,832</u>	<u>94,273</u>
Total Other Financing Sources	<u>-</u>	<u>139,559</u>	<u>233,832</u>	<u>94,273</u>
Net change in fund balance	-	99,455	8,187	(91,268)
FUND BALANCE - Beginning of Year	<u>44,438</u>	<u>44,438</u>	<u>44,438</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 44,438</u>	<u>\$ 143,893</u>	<u>\$ 52,625</u>	<u>\$ (91,268)</u>

See independent auditors' report and accompanying notes to required supplementary information.

MARQUETTE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2012

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. The county may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$613,970 and \$52,525 in the general fund and human services fund, respectively. Budgets are adopted at the detail level of expenditure.

SUPPLEMENTARY INFORMATION

MARQUETTE COUNTY

COMBINING STATEMENT OF ASSETS AND LIABILITIES ALL AGENCY FUNDS As of December 31, 2013

	County Treasurer	Clerk of Courts	Sheriff	Total Agency Funds
ASSETS				
Cash and investments	\$ 157,107	\$ 171,804	\$ 2,669	\$ 331,580
Taxes receivable	259,745	-	-	259,745
Accounts receivable	150	-	-	150
TOTAL ASSETS	<u>\$ 417,002</u>	<u>\$ 171,804</u>	<u>\$ 2,669</u>	<u>\$ 591,475</u>
LIABILITIES				
Accounts payable	\$ 11,558	\$ -	\$ -	\$ 11,558
Due to other governmental units	400,532	-	-	400,532
Funds held for others	4,912	171,804	2,669	179,385
TOTAL LIABILITIES	<u>\$ 417,002</u>	<u>\$ 171,804</u>	<u>\$ 2,669</u>	<u>\$ 591,475</u>