

# **MARQUETTE COUNTY**

Montello, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

# MARQUETTE COUNTY

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# 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, 2015, 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, 2015 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. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. 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 required supplementary information 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 supplementary information 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 supplementary information 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 Virchow Krause, LLP*

Madison, Wisconsin  
July 13, 2016

# MARQUETTE COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with the county's financial statements and the notes to the financial statements.

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### FINANCIAL HIGHLIGHTS

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- > The assets and deferred outflows of resources of Marquette County exceeded its liabilities and deferred inflows of resources as of December 31, 2015 by \$19,895,942 (net position). Of this amount, \$6,987,295 (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 \$297,291.
- > As of December 31, 2015, Marquette County's governmental funds reported combined ending fund balance of \$5,437,083. Of this amount, \$1,171,115 is nonspendable, \$485,422 is restricted and \$1,066,845 is assigned. \$2,713,701 or approximately 50% 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 28% of the total general fund expenditures.
- > At the end of the current fiscal year, general obligation debt is \$12,609,507, well within the county's debt limit of \$75,702,185.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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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, deferred outflows of resources, 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, 2015

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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#### *GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont.)*

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.

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.

# MARQUETTE COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2015

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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#### *FUND FINANCIAL STATEMENT* (cont.)

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 it is considered to be a major fund of the county.

The basic proprietary fund financial statements can be found on pages 7-10 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 11 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 13-40.

*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. It also provides information regarding the county's proportionate share of the net pension asset and employer contributions to the Wisconsin Retirement System. These schedules and accompanying notes can be found on pages 41-47 of this report. The combining statement referred to earlier in connection with agency funds is presented immediately following the required supplementary information.

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### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

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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, 2015

### 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,895,942 as of December 31, 2015. The next table includes comparative data of net position for the years ended December 31, 2014 and December 31, 2015.

#### Marquette County's Net Position December 31, 2015 and 2014

	Governmental Activities		Business - type Activities		Totals	
	2015	2014	2015	2014	2015*	2014*
Current and Other Assets	\$ 20,191,018	\$ 19,806,993	\$ 1,342,850	\$ 1,071,411	\$ 21,533,868	\$ 20,878,404
Capital Assets	17,594,650	15,586,142	6,696,593	6,816,368	24,291,243	22,402,510
Total Assets	37,785,668	35,393,135	8,039,443	7,887,779	45,825,111	43,280,914
Deferred Outflows of Resources	1,243,816	-	257,618	-	1,501,434	-
Long-term Liabilities Outstanding	13,458,571	12,546,445	511,864	603,305	13,970,435	13,149,750
Other Liabilities	1,367,185	1,077,900	203,919	149,861	1,571,104	1,227,761
Total Liabilities	14,825,756	13,624,345	715,783	753,166	15,541,539	14,377,511
Deferred Inflows of Resources	11,889,064	11,622,282	-	-	11,889,064	11,622,282
Net Position:						
Net Investment in Capital Assets	9,147,339	9,938,901	6,454,243	6,456,592	11,097,102	11,867,479
Restricted	1,563,628	306,643	247,917	-	1,811,545	306,643
Unrestricted (deficit)	1,603,697	(99,036)	879,118	678,021	6,987,295	5,106,999
Total Net Position	\$ 12,314,664	\$ 10,146,508	\$ 7,581,278	\$ 7,134,613	\$ 19,895,942	\$ 17,281,121

\* The total column reflects a capital debt adjustment. See Note 1.D.9 for further information.

The largest portion of the county's net position (approximately 56%) 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 9% 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, \$6,987,295, 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, 2014 and December 31, 2015. Governmental activities experienced a decrease in net position of \$239,775. Business-type activities experienced a decrease in net position of \$57,516.

# MARQUETTE COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2015

### 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	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 1,903,182	\$ 1,833,692	\$ 4,885,809	\$ 3,926,934	\$ 6,788,991	\$ 5,760,626
Operating Grants & Contributions	4,211,407	4,156,757	-	-	4,211,407	4,156,757
General Revenues:						
Property Taxes	11,614,357	11,480,728	-	-	11,614,357	11,480,728
Sales Taxes	851,568	827,045	-	-	851,568	827,045
Other Taxes	282,310	298,864	-	-	282,310	298,864
Intergovernmental	129,637	136,615	-	-	129,637	136,615
Investment Income	14,267	8,574	-	-	14,267	8,574
Gain on sale of property	364,522	120,332	-	-	364,522	120,332
Miscellaneous	151,940	125,750	-	-	151,940	125,750
<b>Total Revenues</b>	<b>19,523,190</b>	<b>18,988,357</b>	<b>4,885,809</b>	<b>3,926,934</b>	<b>24,408,999</b>	<b>22,915,291</b>
<b>Expenses:</b>						
General Government	3,091,473	2,661,312	-	-	3,091,473	2,661,312
Public Safety	5,195,354	5,361,077	-	-	5,195,354	5,361,077
Public Works	3,187,487	2,583,944	-	-	3,187,487	2,583,944
Health & Human Services	5,183,823	5,017,338	-	-	5,183,823	5,017,338
Culture, Recreation, & Education	602,979	595,979	-	-	602,979	595,979
Conservation & Economic Development	800,500	794,809	-	-	800,500	794,809
Interest & Fiscal Charges	1,149,710	433,588	-	-	1,149,710	433,588
Highway	-	-	5,494,964	4,517,409	5,494,964	4,517,409
<b>Total Expenses</b>	<b>19,211,326</b>	<b>17,448,047</b>	<b>5,494,964</b>	<b>4,517,409</b>	<b>24,706,290</b>	<b>21,965,456</b>
Excess (Deficiency) Before Transfers	311,864	1,540,310	(609,155)	(590,475)	(297,291)	949,835
Transfers	(551,639)	(547,001)	551,639	547,001	-	-
Increase (Decrease) in Net Position	(239,775)	993,309	(57,516)	(43,474)	(297,291)	949,835
Net Position - Beginning of Year (as restated)	12,554,439	9,153,199	7,638,794	7,178,087	20,193,233	16,331,286
<b>Net Position - End of Year</b>	<b>\$ 12,314,664</b>	<b>\$ 10,146,508</b>	<b>\$ 7,581,278</b>	<b>\$ 7,134,613</b>	<b>\$ 19,895,942</b>	<b>\$ 17,281,121</b>

The 2014 columns have not been restated.

# MARQUETTE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2015

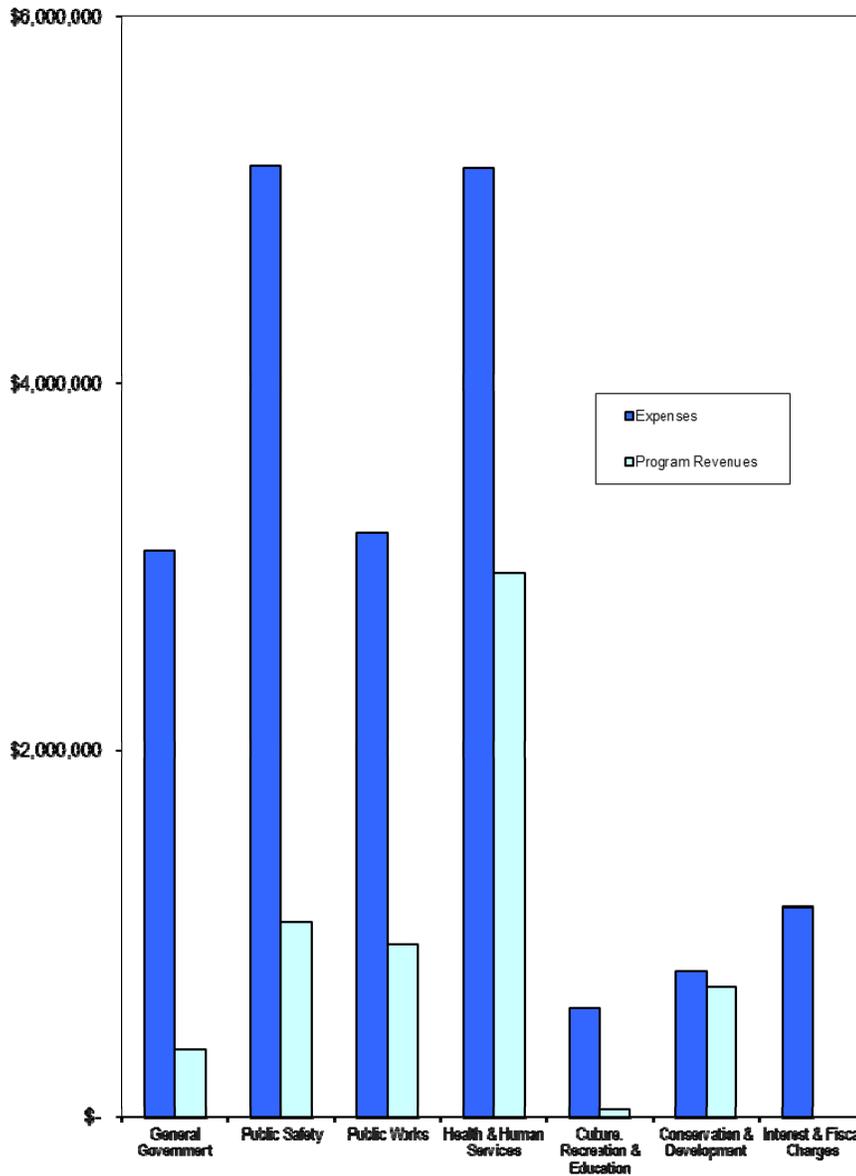
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## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (cont.)

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

**Expenses and Program Revenues  
Governmental Activities**

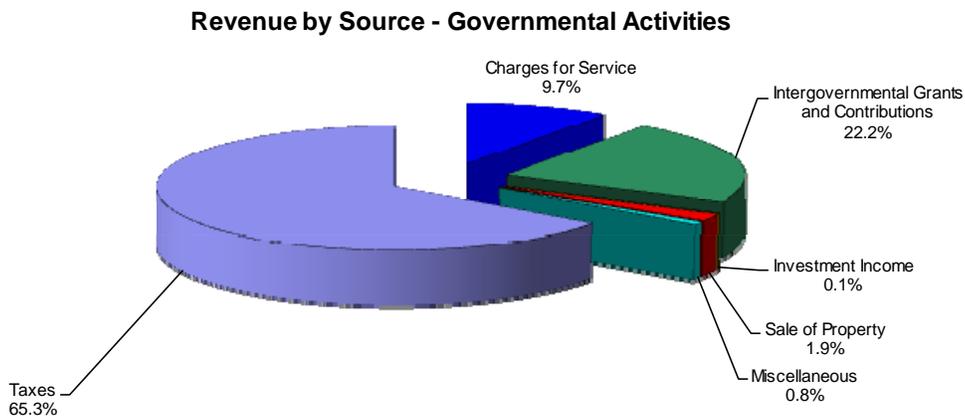


# MARQUETTE COUNTY

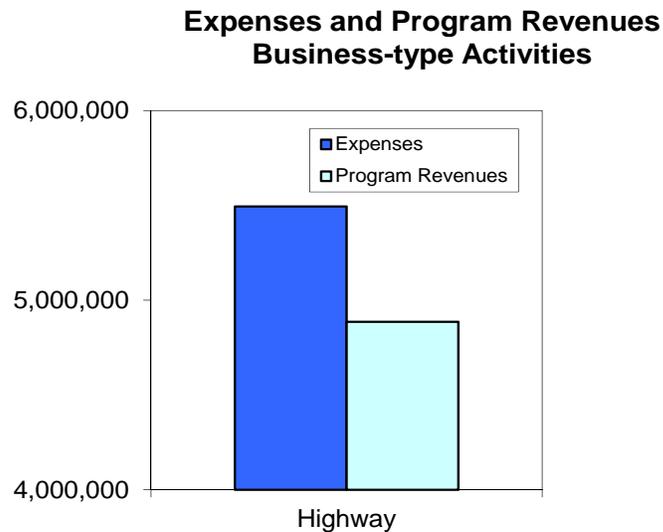
## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2015

### 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 sale of property and taxes. Taxes and intergovernmental grants and contributions are approximately 87.5% of total revenues, while public charges and other sources provide the balance of the revenue.



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



# MARQUETTE COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2015

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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#### ***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 \$5,437,083. \$1,171,115 is nonspendable, indicating it is not available for spending because it had already been committed; \$663,015 for county purchased tax deeds and certificates, \$10,373 for inventories, and \$497,727 for prepaid items. \$485,422 is considered restricted and \$1,066,845 is assigned. The remainder of fund balance is considered unassigned and is \$2,713,701.

#### ***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 \$609,567. Key factors in this change are as follows:

- > General property taxes and county sales tax were higher than expected by approximately \$84,000.
- > Charges for emergency medical services were higher than expected by approximately \$139,000.
- > Sales of tax deeded property were higher than expected by approximately \$325,000.
- > All categories of expenditures were less than the final budget.

#### ***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 \$28,619, an decrease of \$28,618 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 2015, Marquette County made principal and interest payments of \$1,332,961. At the end of the current fiscal year, outstanding general obligation debt was \$12,609,507. Fund balance of the debt service fund was \$1,198, a decrease of \$4,648 from the previous year.

# MARQUETTE COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2015

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

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#### *GOVERNMENTAL FUNDS (cont.)*

##### *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 \$104,630, a \$1,825,263 decrease from the previous year. This was due to spending down prior year borrowings on projects in the current fiscal year.

#### *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 \$7,581,278. The majority of the highway net position, \$6,454,243, is net investment in capital assets.

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### GENERAL FUND BUDGETARY HIGHLIGHTS

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The final amended General Fund budget had total appropriations of \$1,532,592 more than the original budget. Almost all functions had amendments with the largest being for conservation and economic development and capital outlay.

General Fund expenditures were less than final budgeted amounts by \$1,075,490, and greater than the original budget by \$450,091.

Actual revenues received were more than final budgeted amounts by \$606,310.

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

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### CAPITAL ASSETS

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At the end of 2015, Marquette County has a total \$24,291,243 invested in capital assets (net of accumulated depreciation). The majority of these assets, \$17,594,650, relate to governmental activities and \$6,696,593 relate to business-type activities. This investment in capital assets includes land, construction in progress, land improvements, buildings, machinery and equipment, infrastructure and intangible software.

Major additions for governmental activities for 2015 include:

- > Radio communications upgrades
- > Courthouse renovations

Major additions for business-type activities include:

- > Plow truck and other miscellaneous machinery and equipment

More detailed information about Marquette County's capital assets may be found in Note IV. D. on pages 26-27 of this report.

## **MARQUETTE COUNTY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** As of and for the Year Ended December 31, 2015

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#### **LONG-TERM DEBT**

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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, 2015 was \$75,702,185. At the end of 2015, the total of Marquette County's general obligation debt was \$12,609,507.

More detailed information on the county's long-term debt can be found in Note IV. F. on pages 29-30 of this report.

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#### **CURRENTLY KNOWN FACTS**

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All currently known facts and economic conditions were considered in preparing the 2016 county budget.

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#### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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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, 2015

	Governmental Activities	Business- type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 4,175,903	\$ -	\$ 4,175,903
Receivables (net of allowance for uncollectibles)			
Taxes	11,889,064	-	11,889,064
Delinquent taxes	1,202,012	-	1,202,012
Accounts	156,852	47,119	203,971
Due from other governments	872,888	246,594	1,119,482
Internal balances	202,165	(202,165)	-
Inventories	10,373	997,885	1,008,258
Prepaid items	497,727	5,500	503,227
Restricted asset - net pension asset	1,184,034	247,917	1,431,951
Capital assets (net of accumulated depreciation)			
Land	232,100	33,331	265,431
Construction in progress	2,825,349	-	2,825,349
Gravel pit and quarry	-	87,957	87,957
Other capital assets, net of accumulated depreciation	14,537,201	6,575,305	21,112,506
Total Assets	<u>37,785,668</u>	<u>8,039,443</u>	<u>45,825,111</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension	<u>1,243,816</u>	<u>257,618</u>	<u>1,501,434</u>
<b>LIABILITIES</b>			
Accounts payable	665,360	73,597	738,957
Accrued liabilities	457,838	106,118	563,956
Due to other governments	243,987	-	243,987
Unearned revenue	-	24,204	24,204
Noncurrent liabilities			
Due within one year	1,277,508	165,367	1,442,875
Due in more than one year	12,181,063	346,497	12,527,560
Total Liabilities	<u>14,825,756</u>	<u>715,783</u>	<u>15,541,539</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	<u>11,889,064</u>	<u>-</u>	<u>11,889,064</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,147,339	6,454,243	11,097,102
Restricted for pension	1,184,034	247,917	1,431,951
Restricted for grants	379,594	-	379,594
Unrestricted	<u>1,603,697</u>	<u>879,118</u>	<u>6,987,295</u>
<b>TOTAL NET POSITION</b>	<u>\$ 12,314,664</u>	<u>\$ 7,581,278</u>	<u>\$ 19,895,942</u>

See accompanying notes to financial statements.

**MARQUETTE COUNTY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2015

<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	\$ 3,091,473	\$ 188,772	\$ 187,827
Public safety	5,195,354	928,626	140,094
Public works	3,187,487	-	943,403
Health and human services	5,183,823	582,291	2,386,605
Culture, recreation and education	602,979	1,372	37,700
Conservation and economic development	800,500	202,121	515,778
Interest and fiscal charges	1,149,710	-	-
Total Governmental Activities	<u>19,211,326</u>	<u>1,903,182</u>	<u>4,211,407</u>
Business-type Activities			
Highway	5,494,964	4,885,809	-
Total Business-type Activities	<u>5,494,964</u>	<u>4,885,809</u>	<u>-</u>
Totals	<u>\$ 24,706,290</u>	<u>\$ 6,788,991</u>	<u>\$ 4,211,407</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 (as restated)

**NET POSITION - ENDING**

Net (Expense) Revenue and Changes in Net Position		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (2,714,874)	\$ -	\$ (2,714,874)
(4,126,634)	-	(4,126,634)
(2,244,084)	-	(2,244,084)
(2,214,927)	-	(2,214,927)
(563,907)	-	(563,907)
(82,601)	-	(82,601)
<u>(1,149,710)</u>	<u>-</u>	<u>(1,149,710)</u>
<u>(13,096,737)</u>	<u>-</u>	<u>(13,096,737)</u>
-	(609,155)	(609,155)
-	(609,155)	(609,155)
(13,096,737)	(609,155)	(13,705,892)
10,330,612	-	10,330,612
1,283,745	-	1,283,745
851,568	-	851,568
282,310	-	282,310
129,637	-	129,637
14,267	-	14,267
364,522	-	364,522
151,940	-	151,940
<u>(551,639)</u>	<u>551,639</u>	<u>-</u>
<u>12,856,962</u>	<u>551,639</u>	<u>13,408,601</u>
(239,775)	(57,516)	(297,291)
<u>12,554,439</u>	<u>7,638,794</u>	<u>20,193,233</u>
<u>\$ 12,314,664</u>	<u>\$ 7,581,278</u>	<u>\$ 19,895,942</u>

**MARQUETTE COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2015

	General	Human Services	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 3,736,892	\$ 76,825	\$ 1,198	\$ 360,988	\$ 4,175,903
Receivables					
Taxes	8,677,275	1,725,391	1,486,398	-	11,889,064
Delinquent taxes	1,202,012	-	-	-	1,202,012
Accounts	110,401	46,451	-	-	156,852
Due from other governments	450,845	422,043	-	-	872,888
Due from other funds	202,165	-	-	-	202,165
Inventories	10,373	-	-	-	10,373
Prepaid items	497,727	-	-	-	497,727
<b>TOTAL ASSETS</b>	<b>\$ 14,887,690</b>	<b>\$ 2,270,710</b>	<b>\$ 1,487,596</b>	<b>\$ 360,988</b>	<b>\$ 19,006,984</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 253,240	\$ 155,762	\$ -	\$ 256,358	\$ 665,360
Accrued liabilities	249,640	116,951	-	-	366,591
Due to other governments	-	243,987	-	-	243,987
Total Liabilities	<u>502,880</u>	<u>516,700</u>	<u>-</u>	<u>256,358</u>	<u>1,275,938</u>
Deferred Inflows of Resources					
Unearned revenue	8,677,275	1,725,391	1,486,398	-	11,889,064
Unavailable revenue	404,899	-	-	-	404,899
Total Deferred Inflows of Resources	<u>9,082,174</u>	<u>1,725,391</u>	<u>1,486,398</u>	<u>-</u>	<u>12,293,963</u>
Fund Balances					
Nonspendable	1,171,115	-	-	-	1,171,115
Restricted	314,767	64,827	1,198	104,630	485,422
Assigned	1,066,845	-	-	-	1,066,845
Unassigned	2,749,909	(36,208)	-	-	2,713,701
Total Fund Balances	<u>5,302,636</u>	<u>28,619</u>	<u>1,198</u>	<u>104,630</u>	<u>5,437,083</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 14,887,690</b>	<b>\$ 2,270,710</b>	<b>\$ 1,487,596</b>	<b>\$ 360,988</b>	

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.D.)	17,594,650
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.)	404,899
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	1,184,034
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	1,243,816
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>(13,549,818)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 12,314,664</b>

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, 2015

	General	Human Services	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 9,781,481	\$ 1,730,547	\$ 1,283,745	\$ -	\$ 12,795,773
Intergovernmental	2,016,456	2,317,607	-	-	4,334,063
Licenses and permits	145,007	-	-	-	145,007
Fines, forfeitures and penalties	108,088	-	-	-	108,088
Public charges for services	1,085,055	538,044	-	-	1,623,099
Intergovernmental charges for services	35,152	-	-	-	35,152
Investment income	13,045	-	-	1,847	14,892
Miscellaneous	600,921	15	-	-	600,936
Total Revenues	13,785,205	4,586,213	1,283,745	1,847	19,657,010
<b>EXPENDITURES</b>					
Current					
General government	3,047,992	-	-	-	3,047,992
Public safety	5,013,724	-	-	-	5,013,724
Public works	2,649,003	-	-	-	2,649,003
Health and human services	543,920	4,557,299	-	-	5,101,219
Culture, recreation and education	573,509	-	-	-	573,509
Conservation and economic development	883,411	-	-	-	883,411
Capital Outlay	821,791	63,468	-	1,911,143	2,796,402
Debt Service					
Principal	-	-	849,551	-	849,551
Interest and fiscal charges	22,090	-	483,410	-	505,500
Total Expenditures	13,555,440	4,620,767	1,332,961	1,911,143	21,420,311
Excess (deficiency) of revenues over expenditures	229,765	(34,554)	(49,216)	(1,909,296)	(1,763,301)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	915,000	-	6,690,000	83,952	7,688,952
Premium on debt issued	22,458	-	348,158	-	370,616
Payment to refunding escrow agent	-	-	(6,993,590)	-	(6,993,590)
Transfers in	136,031	6,867	-	81	142,979
Transfers out	(693,687)	(931)	-	-	(694,618)
Total Other Financing Sources (Uses)	379,802	5,936	44,568	84,033	514,339
<b>Net Change in Fund Balance</b>	609,567	(28,618)	(4,648)	(1,825,263)	(1,248,962)
FUND BALANCES - Beginning	4,693,069	57,237	5,846	1,929,893	6,686,045
<b>FUND BALANCES - ENDING</b>	\$ 5,302,636	\$ 28,619	\$ 1,198	\$ 104,630	\$ 5,437,083

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, 2015

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Net change in fund balances - total governmental funds	\$ (1,248,962)
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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.	2,796,402
Some items reported as capital outlay in the fund financial statements were not capitalized according to the county's capitalization policy	(55,048)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	212,331
Depreciation is reported in the government-wide statements	(889,305)
Net book value of assets retired	(55,872)

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.	(130,506)
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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	(7,688,952)
Principal repaid	7,064,551

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.	
Premium on debt issued	(370,616)
Premium amortization	110,988

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.	
Net pension asset	(760,207)
Deferred outflows of resources related to pensions	780,126
Compensated absences	(28,097)
Accrued interest on debt	<u>23,392</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (239,775)</u></b>
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See accompanying notes to financial statements.

**MARQUETTE COUNTY**

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
As of December 31, 2015

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	<u>Highway</u>
<b>ASSETS</b>	
Current Assets	
Accounts receivable	\$ 47,119
Due from other governmental units	246,594
Inventories	997,885
Prepays	<u>5,500</u>
Total Current Assets	<u>1,297,098</u>
Noncurrent Assets	
Restricted asset - net pension asset	247,917
Capital Assets	
Land	33,331
Buildings and improvements	5,629,271
Land improvements	504,690
Machinery and equipment	7,603,716
Gravel pit and quarry	87,957
Other capital assets	30,497
Less: accumulated depreciation	<u>(7,192,869)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>6,696,593</u>
Total Noncurrent Assets	<u>6,944,510</u>
Total Assets	<u>8,241,608</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows of Resources - pension	<u>257,618</u>

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	<u>Highway</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 73,597
Accrued salaries and wages	98,730
Accrued interest	7,388
Unearned revenue	24,204
Due to other funds	202,165
Current portion of vested employee benefits	43,947
Current portion of capital lease payable	<u>121,420</u>
Total Current Liabilities	<u>571,451</u>
Noncurrent Liabilities	
Capital lease payable	120,930
Vested employee benefits	<u>225,567</u>
Total Noncurrent Liabilities	<u>346,497</u>
Total Liabilities	<u>917,948</u>
<b>NET POSITION</b>	
Net investment in capital assets	6,454,243
Pension	247,917
Unrestricted	<u>879,118</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 7,581,278</u></u>

# MARQUETTE COUNTY

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

For the Year Ended December 31, 2015

	<u>Highway</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 4,777,224
Miscellaneous	<u>108,585</u>
Total Operating Revenues	<u>4,885,809</u>
<b>OPERATING EXPENSES</b>	
Operation and maintenance	5,019,182
Depreciation	<u>428,848</u>
Total Operating Expenses	<u>5,448,030</u>
Operating Income (Loss)	<u>(562,221)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest expense	(9,910)
Loss on disposal of capital assets	<u>(37,024)</u>
Total Nonoperating Revenues (Expenses)	<u>(46,934)</u>
Income (Loss) Before Transfers	<u>(609,155)</u>
<b>TRANSFERS</b>	
Transfers in	686,739
Transfers out	<u>(135,100)</u>
Total Transfers	<u>551,639</u>
<b>Change in Net Position</b>	<b>(57,516)</b>
NET POSITION - Beginning (as restated)	<u>7,638,794</u>
<b>NET POSITION - ENDING</b>	<b><u>\$ 7,581,278</u></b>

See accompanying notes to financial statements

# MARQUETTE COUNTY

## STATEMENT OF CASH FLOWS PROPRIETARY FUND

For the Year Ended December 31, 2015

	<u>Highway</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 4,808,824
Cash paid to suppliers and employees	<u>(5,137,519)</u>
Net Cash Flows From Operating Activities	<u>(328,695)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Deficit cash implicitly financed	202,165
Transfers in	<u>551,639</u>
Net Cash Flows From Non-Capital Financing Activities	<u>753,804</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash used to retire debt	(117,426)
Interest paid	(13,105)
Acquisition and construction of capital assets	<u>(346,097)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(476,628)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(51,519)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>51,519</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (562,221)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities	
Depreciation	428,848
Change in Assets and Liabilities	
Accounts receivable	(2,389)
Due from other governmental units	(74,596)
Inventories	(200,221)
Compensated absences	25,985
Accounts payable	51,430
Accrued liabilities	5,823
Pension related deferrals and liabilities	<u>(1,354)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (328,695)</u>

See accompanying notes to financial statements.

**MARQUETTE COUNTY**

STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
As of December 31, 2015

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 319,064
Taxes receivable	<u>256,942</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 576,006</u></b>
<b>LIABILITIES</b>	
Due to other governmental units	\$ 369,789
Funds held for others	<u>206,217</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 576,006</u></b>

See accompanying notes to financial statements.

# MARQUETTE COUNTY

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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 June 2012, the GASB issued statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. These standards were implemented January 1, 2015.

#### ***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 county 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 balance, revenues, and expenditure/expenses.

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### **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.

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.

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### **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 deferred inflows. 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.

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.

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### ***Fund Financial Statements (cont.)***

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, deferred outflows of resources, liabilities and deferred inflows of resources 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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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.
- 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.

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

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, 2015, 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, 2015

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

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **2. Receivables (cont.)**

Property tax calendar – 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale – 2015 delinquent real estate taxes	October 2018

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 unavailable revenue until it is received in cash.

The portion of county property taxes receivable at December 31, 2015, 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 \$663,015.

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, 2015

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

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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.

##### **5. Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until that future period.

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

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

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***6. 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, 2015 are determined on the basis of current salary rates and include salary related payments.

##### ***7. Long-Term Obligations***

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. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

##### ***8. Deferred Inflows of Resources***

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

##### ***9. 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/amortization 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.

**MARQUETTE COUNTY**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

**9. Equity Classifications (cont.)**

**Government-Wide Statements (cont.)**

- 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.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Adjustment</u>		<u>Totals</u>
Net investment in capital assets	\$ 9,147,339	\$	6,454,243	\$	(4,504,480)	\$	11,097,102
Unrestricted	1,603,697		879,118		4,504,480		6,987,295

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 balances are 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.
- 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.

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

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

---

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

**9. Equity Classifications (cont.)**

**Fund Statements (cont.)**

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The county board has, by resolution, adopted a financial policy authorizing the Finance Director to assign amounts for a specific purpose. 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.

The county has a formal minimum fund balance policy to maintain its general fund unrestricted fund balance at a targeted range of no less than two months of regular general fund operating expenditures or approximately 17% and no more than three months of general fund operating expenditures or approximately 25%. The balance at year end was \$3,816,754 or 28%.

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

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

The governmental fund balance sheet includes 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	\$ 12,609,507
Compensated absences	402,151
Unamortized debt premium	446,913
Accrued interest	<u>91,247</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 13,549,818</u>

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### 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.

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### NOTE IV – DETAILED NOTES ON ALL FUNDS

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#### 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.

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

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 4,069,127	\$ 4,489,963	Custodial credit
LGIP	354,038	354,038	Credit
Petty cash	7,167	-	n/a
Cash on hand	64,635	-	n/a
Total Cash and Investments	<u>\$ 4,494,967</u>	<u>\$ 4,844,001</u>	
Reconciliation to financial statements			
Per statement of net position	\$ 4,175,903		
Per statement of assets and liabilities – Agency Funds	<u>319,064</u>		
Total Cash and Investments	<u>\$ 4,494,967</u>		

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 been considered in computing the custodial credit risk.

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### A. DEPOSITS AND INVESTMENTS (cont.)

The county maintains a collateral agreement with its bank. At December 31, 2015, the bank had pledged various government securities in the amount of \$13,390,939 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, 2015, 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.

#### B. RECEIVABLES

Receivables not expected to be collected within one year include \$1,202,012 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	\$ 11,889,064	\$ -
Delinquent property taxes receivable	-	382,831
EMS receivable	-	22,068
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 11,889,064</u>	<u>\$ 404,899</u>

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### **B. RECEIVABLES (cont.)**

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, 2015, delinquent property taxes by year levied consists of the following:

Tax Certificates	
2015	\$ 583,333
2014	360,082
2013	188,742
2012	47,095
2011	7,120
2010	588
2009	-
2008	128
2007	35
2006	81
2005	-
2004	35
Tax deeds	<u>14,773</u>
Total Delinquent Property Tax Receivable	1,202,012
Less: January and February 2016 collections	<u>(156,166)</u>
Subtotal	1,045,846
County levied portion	<u>(382,831)</u>
County Purchased Portion	<u><u>\$ 663,015</u></u>

#### **C. RESTRICTED ASSETS**

##### **Net Pension Asset**

Restricted assets have been reported in the amount of \$1,431,951 in connection with the net pension asset balance since this balance must be used to fund employee benefits.

**MARQUETTE COUNTY**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 232,100	\$ -	\$ -	\$ 232,100
Construction in progress	<u>1,267,047</u>	<u>1,642,264</u>	<u>83,962</u>	<u>2,825,349</u>
Total Capital Assets Not Being Depreciated	<u>1,499,147</u>	<u>1,642,264</u>	<u>83,962</u>	<u>3,057,449</u>
Capital assets being depreciated/ amortized				
Land improvements	435,124	212,627	-	647,751
Buildings and improvements	9,439,032	574,753	16,560	9,997,225
Machinery and equipment	3,544,680	608,003	421,741	3,730,942
Infrastructure	17,421,636	-	-	17,421,636
Intangible software	<u>260,877</u>	<u>-</u>	<u>25,000</u>	<u>235,877</u>
Total Capital Assets Being Depreciated/Amortized	<u>31,101,349</u>	<u>1,395,383</u>	<u>463,301</u>	<u>32,033,431</u>
Less: Accumulated depreciation/ amortization for				
Land improvements	(120,741)	(27,486)	-	(148,227)
Buildings and improvements	(3,379,111)	(245,045)	(16,063)	(3,608,093)
Machinery and equipment	(2,398,396)	(407,914)	(391,366)	(2,414,944)
Infrastructure	(10,997,240)	(181,377)	-	(11,178,617)
Intangible software	<u>(118,866)</u>	<u>(27,483)</u>	<u>-</u>	<u>(146,349)</u>
Total Accumulated Depreciation/Amortization	<u>(17,014,354)</u>	<u>(889,305)</u>	<u>(407,429)</u>	<u>(17,496,230)</u>
Net Capital Assets Being Depreciated/Amortized	<u>14,086,995</u>	<u>506,078</u>	<u>55,872</u>	<u>14,537,201</u>
Total Governmental Activities Capital Assets, Net of Depreciation/ Amortization	<u>\$ 15,586,142</u>	<u>\$ 2,148,342</u>	<u>\$ 139,834</u>	<u>\$ 17,594,650</u>

**MARQUETTE COUNTY**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**D. CAPITAL ASSETS (cont.)**

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 371,141
Public safety	365,896
Public works, which includes the depreciation of infrastructure	1,131
Health and human services	132,688
Culture, recreation and education	17,181
Conservation and economic development	<u>1,268</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 889,305</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 33,331	\$ -	\$ -	\$ 33,331
Gravel pit and quarry	88,562	-	605	87,957
Total Capital Assets Not Being Depreciated	<u>121,893</u>	<u>-</u>	<u>605</u>	<u>121,288</u>
Capital assets being depreciated				
Land improvements	468,725	35,965	-	504,690
Buildings and improvements	5,629,271	-	-	5,629,271
Machinery and equipment	7,608,016	310,737	315,037	7,603,716
Other capital assets	30,497	-	-	30,497
Total Capital Assets Being Depreciated	<u>13,736,509</u>	<u>346,702</u>	<u>315,037</u>	<u>13,768,174</u>
Less: Accumulated depreciation for				
Land improvements	(171,011)	(21,070)	-	(192,081)
Buildings and improvements	(1,479,378)	(142,122)	-	(1,621,500)
Machinery and equipment	(5,365,723)	(265,656)	278,013	(5,353,366)
Other capital assets	(25,922)	-	-	(25,922)
Total Accumulated Depreciation	<u>(7,042,034)</u>	<u>(428,848)</u>	<u>278,013</u>	<u>(7,192,869)</u>
Business-type Capital Assets, Being Depreciated	<u>6,694,475</u>	<u>(82,146)</u>	<u>37,024</u>	<u>6,575,305</u>
Total Business-type Capital Assets, Net of Depreciation	<u>\$ 6,816,368</u>	<u>\$ (82,146)</u>	<u>\$ 37,629</u>	<u>\$ 6,696,593</u>

Depreciation expense was charged to functions as follows:

Business-type Activities	
Highway	<u>\$ 428,848</u>

**MARQUETTE COUNTY**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

***E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS***

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	Highway	\$ 202,965	\$ -
Total Internal Balances – Government-Wide Statement of Net Position		<u>\$ 202,965</u>	

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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>
General	Human services	\$ 931	Lapsing funds
General	Highway	135,100	Lapsing funds
Human services	General	6,867	Subsidy
Capital projects fund	General	81	Land purchase
Highway	General	<u>686,739</u>	Charges for services
Subtotal – Fund Financial Statements		829,718	
Less: Fund eliminations		(7,879)	
Less: Government-wide eliminations		<u>(1,373,478)</u>	
Total Transfers – Government-Wide Statement of Activities		<u>\$ (551,639)</u>	

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 135,100
Business-type Activities	Governmental Activities	<u>(686,739)</u>
Total		<u>\$ (551,639)</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.

## MARQUETTE COUNTY

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### *F. LONG-TERM OBLIGATIONS*

Long-term obligations activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
General obligation debt	\$ 11,985,106	\$ 7,688,952	\$ 7,064,551	\$ 12,609,507	\$ 1,148,327
Premiums	187,285	370,616	110,988	446,913	-
Subtotals	12,172,391	8,059,568	7,175,539	13,056,420	1,148,327
Other liabilities					
Vested compensated absences	374,054	131,595	103,498	402,151	129,181
Total Governmental Activities Long-Term Liabilities	\$ 12,546,445	\$ 8,191,163	\$ 7,279,037	\$ 13,458,571	\$ 1,277,508
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Business-type Activities</b>					
Other liabilities					
Vested compensated absences	\$ 243,529	\$ 65,495	\$ 39,510	\$ 269,514	\$ 43,947
Capital leases	359,776	-	117,426	242,350	121,420
Total Other Liabilities	603,305	65,495	156,936	511,864	165,367
Total Business-type Activities Long-Term Liabilities	\$ 603,305	\$ 65,495	\$ 156,936	\$ 511,864	\$ 165,367

#### ***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, 2015 was \$75,702,185. Total general obligation debt outstanding at year end was \$12,609,507.

**MARQUETTE COUNTY**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12/31/15</u>
Governmental Activities General Obligation Debt					
Refunding Bond	06/01/09	04/01/29	3.00% – 4.50%	9,735,000	\$ 1,855,000
Land Trust Loan No. 5	10/02/12	03/15/17	2.50%	85,000	44,025
Land Trust Loan No. 6	06/25/13	03/15/18	2.50%	240,000	146,530
Land Trust Loan No. 7	02/17/15	03/15/16	2.50%	83,952	83,952
Promissory Notes	10/08/13	04/01/23	2.00% – 3.50%	3,520,000	2,875,000
Refunding Bond	05/19/15	04/01/29	2.00% - 3.00%	6,690,000	6,690,000
Promissory Note	05/19/15	04/01/19	2.00%	915,000	915,000
Totals					<u>\$ 12,609,507</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,148,327	\$ 338,071
2017	1,086,123	306,127
2018	1,095,057	274,727
2019	1,075,000	240,925
2020	955,000	212,175
2021-2025	4,345,000	709,087
2026-2029	<u>2,905,000</u>	<u>177,375</u>
Totals	<u>\$ 12,609,507</u>	<u>\$ 2,258,487</u>

**Capital Leases**

Refer to Note IV. G.

**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.

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### **F. LONG-TERM OBLIGATIONS (cont.)**

##### ***Advance Refunding***

On May 19, 2015, the county issued \$6,690,000 in general obligation refunding bonds with an average coupon rate of 2.5% to advance refund \$6,215,000 of outstanding bonds with an average coupon rate of 4.25%. The net proceeds along with existing funds of the county were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability of those bonds has been removed from the statement of net position.

The cash flow requirements on the refunded debt prior to the advance refunding was \$7,675,256 from 2020 through 2029. The cash flow requirements on the refunding bonds are \$7,689,100 from 2020 through 2029. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$326,650.

#### **G. 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>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 121,420	\$ 9,110
2017	120,930	4,977
Totals	<u>\$ 242,350</u>	<u>\$ 14,087</u>

#### **H. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES**

Governmental activities net position reported on the government wide statement of net position at December 31, 2015 includes the following:

##### ***Governmental Activities***

Net Investment in Capital Assets	
Land	\$ 232,100
Construction in progress	2,825,349
Other capital assets, net of accumulated depreciation	14,537,201
Less: Related long-term debt outstanding	(8,105,027)
Less: Unamortized debt premium	(446,913)
Add: Unspent proceeds	104,629
Total Net Investment in Capital Assets	<u>\$ 9,147,339</u>

**MARQUETTE COUNTY**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**H. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (cont.)**

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

	General Fund	Human Services	Debt Service	Capital Projects	Totals
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Prepaid items	\$ 497,727	\$ -	\$ -	\$ -	\$ 497,727
Inventories	10,373	-	-	-	10,373
County purchased tax deeds and certificates	663,015	-	-	-	663,015
<b>Restricted for</b>					
Grant agreements	314,767	64,827	-	-	379,594
Debt service	-	-	1,198	-	1,198
Future capital projects	-	-	-	104,630	104,630
<b>Assigned to</b>					
Carryovers	373,699	-	-	-	373,699
Applied to 2016 budget	693,146	-	-	-	693,146
<b>Unassigned (deficit)</b>	<u>2,749,909</u>	<u>(36,208)</u>	<u>-</u>	<u>-</u>	<u>2,713,701</u>
<b>Total Fund Balance</b>	<u>\$ 5,302,636</u>	<u>\$ (28,619)</u>	<u>\$ 1,198</u>	<u>\$ 104,630</u>	<u>\$ 5,437,083</u>

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### H. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (cont.)

##### *Business-type Activities*

Net investment in capital assets	
Land	\$ 33,331
Gravel pit and quarry	87,957
Other capital assets, net of accumulated depreciation	6,575,305
Less: Related long-term debt outstanding	<u>(242,350)</u>
Net Investment in Capital Assets	<u>\$ 6,454,243</u>

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activity/Highway Fund</u>
Net Position - December 31, 2014 (as reported)	\$ 10,146,508	\$ 7,134,613
Add: Net pension asset	1,944,241	407,092
Add: Deferred outflows related to pensions	<u>463,690</u>	<u>97,089</u>
Net Position - December 31, 2014 (as restated)	<u>\$ 12,554,439</u>	<u>\$ 7,638,794</u>

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### NOTE V – OTHER INFORMATION

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#### A. EMPLOYEES' RETIREMENT SYSTEM

##### *Summary of Significant Accounting Policies*

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

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V – OTHER INFORMATION

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#### A. *EMPLOYEES' RETIREMENT SYSTEM* (cont.)

##### **General Information About the Pension Plan**

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

**Vesting.** 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.

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

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

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

The WRS also provides death and disability benefits for employees.

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE V – OTHER INFORMATION

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

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

During the reporting period, the WRS recognized \$558,035 in contributions from the county.

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V – OTHER INFORMATION

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### ***Pension Assets, Pension Expense and Deferred Outflows of Resources Related to Pensions***

At December 31, 2015, the county reported an asset of \$1,431,951 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The county's proportion of the net pension asset was based on the county's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the county's proportion was 0.058297690%, which was a decrease of 0.001343000% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the county recognized pension expense of \$539,506.

At December 31, 2015, the county reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 207,588
Net differences between projected and actual earnings on pension plan investments	693,420
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,691
Employer contributions subsequent to the measurement date	<u>566,735</u>
Total	<u>\$ 1,501,434</u>

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE V – OTHER INFORMATION

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$566,735 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources
2016	\$ 228,364
2017	228,364
2018	228,364
2019	228,364
2020	21,243

**Actuarial assumptions.** The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### NOTE V – OTHER INFORMATION

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
County's proportionate share of the net pension asset/(liability)	\$(4,039,780)	\$1,431,951	\$5,753,302

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V – OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the county reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

#### **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, 2015 can be obtained directly from WCMIC's offices.

# MARQUETTE COUNTY

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V – OTHER INFORMATION (cont.)

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#### **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.

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 at December 31, 2015. Work that has been completed on these projects but not yet paid (including contract retainages) is reflected as accounts payable and expenditures.

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

Capital projects fund	\$101,844
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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:

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

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, 2015

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
General property taxes	\$ 8,606,990	\$ 8,606,990	\$ 8,647,603	\$ 40,613
Interest on taxes	231,000	231,000	241,011	10,011
Forest crop tax	9,000	9,000	8,658	(342)
Register of deeds - real estate transfer tax	25,000	25,000	32,641	7,641
County sales tax	825,000	825,000	851,568	26,568
Total Taxes	9,696,990	9,696,990	9,781,481	84,491
<b>INTERGOVERNMENTAL</b>				
Shared taxes from state	78,598	78,598	79,035	437
Highway aids	942,570	942,570	943,403	833
Circuit court	67,305	67,305	68,205	900
District attorney	25,000	25,000	33,398	8,398
Land records - WLIP	-	75,760	75,760	-
Sheriff	10,000	42,415	88,549	46,134
Emergency management	41,200	55,589	45,385	(10,204)
Emergency medical services	-	6,160	6,160	-
Computer aid	23,000	23,000	23,407	407
Public health	49,000	49,000	55,973	6,973
Treatment court	149,561	149,561	86,224	(63,337)
Zoning	-	7,608	8,842	1,234
Veterans service	8,500	8,500	8,500	-
Land and water conservation	316,448	316,448	363,018	46,570
University extension	1,800	37,382	37,700	318
Rural planning	-	30,702	30,702	-
Surveying	35,000	35,000	35,000	-
State PILT	27,000	27,000	27,195	195
Total Intergovernmental	1,774,982	1,977,598	2,016,456	38,858
<b>LICENSES AND PERMITS</b>				
Dog	7,250	7,250	6,825	(425)
Zoning	135,665	136,420	138,182	1,762
Total Licenses and Permits	142,915	143,670	145,007	1,337
<b>FINES, FORFEITURES AND PENALTIES</b>				
Circuit court	102,000	102,000	86,903	(15,097)
Jail	-	20,136	21,185	1,049
Total Fines, Forfeitures and Penalties	102,000	122,136	108,088	(14,048)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>PUBLIC CHARGES FOR SERVICES</b>				
Circuit court	\$ 50,000	\$ 50,000	\$ 42,820	\$ (7,180)
Coroner	7,000	7,000	9,268	2,268
County clerk	21,500	21,500	23,317	1,817
Administrative coordinator	2,600	2,600	2,806	206
Treatment court	-	1,585	1,585	-
Information technology	-	-	625	625
Treasurer	800	800	555	(245)
Law enforcement	90,000	101,626	104,021	2,395
Register of deeds	80,000	80,000	103,962	23,962
Property	12,500	16,482	14,454	(2,028)
Sheriff	4,330	4,330	7,188	2,858
Emergency medical services	547,500	547,500	686,057	138,557
Emergency management	-	8,541	8,696	155
Public health	40,000	40,000	42,170	2,170
University extension	200	440	1,612	1,172
Farmland preservation	-	31,000	31,000	-
Surveyor	7,000	7,000	23	(6,977)
Rural planning	2,000	2,000	2,819	819
Humane officer fees	1,000	1,000	2,077	1,077
Total Public Charges for Services	<u>866,430</u>	<u>923,404</u>	<u>1,085,055</u>	<u>161,651</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Sheriff	10,000	10,000	6,000	(4,000)
Emergency medical services	<u>27,800</u>	<u>27,800</u>	<u>29,152</u>	<u>1,352</u>
Total Intergovernmental Charges for Services	<u>37,800</u>	<u>37,800</u>	<u>35,152</u>	<u>(2,648)</u>
<b>INVESTMENT INCOME</b>				
Investment income	<u>6,000</u>	<u>6,003</u>	<u>13,045</u>	<u>7,042</u>
<b>MISCELLANEOUS</b>				
Rent	10,900	16,352	9,557	(6,795)
Tax deed sales	15,000	39,009	363,732	324,723
Insurance recoveries	-	25,483	27,496	2,013
Donations	-	4,725	4,725	-
Miscellaneous	<u>152,500</u>	<u>185,725</u>	<u>195,411</u>	<u>9,686</u>
Total Miscellaneous	<u>178,400</u>	<u>271,294</u>	<u>600,921</u>	<u>329,627</u>
Total Revenues	<u>12,805,517</u>	<u>13,178,895</u>	<u>13,785,205</u>	<u>606,310</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
County board	\$ 101,000	\$ 101,000	\$ 92,565	\$ 8,435
Circuit court	500,485	500,485	446,962	53,523
Family court commissioner	98,845	101,870	88,347	13,523
Law library	2,256	2,385	2,385	-
Administrative coordinator	486,160	486,160	461,261	24,899
County clerk	122,356	123,665	123,665	-
Treasurer	163,292	163,292	160,195	3,097
Information technology	298,845	300,293	293,991	6,302
Building and grounds	502,132	502,157	467,828	34,329
Elections	25,000	49,884	7,092	42,792
Property	21,500	100,331	96,514	3,817
Independent auditing	73,075	73,075	60,058	13,017
District attorney	93,477	98,440	98,440	-
Victim witness	64,947	64,947	63,741	1,206
Register of deeds	135,765	135,765	133,933	1,832
Surveyor	184,871	293,661	252,000	41,661
Insurance	254,093	254,093	199,015	55,078
Other	55,000	33,378	-	33,378
Total General Government	<u>3,183,099</u>	<u>3,384,881</u>	<u>3,047,992</u>	<u>336,889</u>
<b>PUBLIC SAFETY</b>				
Sheriff	3,909,816	3,918,820	3,910,083	8,737
Fire suppression	2,000	13,523	13,523	-
Emergency medical services	797,920	814,613	801,071	13,542
Emergency management	122,734	122,734	113,411	9,323
Jail	101,500	185,600	102,916	82,684
Coroner	71,211	72,720	72,720	-
Total Public Safety	<u>5,005,181</u>	<u>5,128,010</u>	<u>5,013,724</u>	<u>114,286</u>
<b>PUBLIC WORKS</b>				
Highway charges	<u>2,734,207</u>	<u>2,734,207</u>	<u>2,649,003</u>	<u>85,204</u>
Total Public Works	<u>2,734,207</u>	<u>2,734,207</u>	<u>2,649,003</u>	<u>85,204</u>
<b>HEALTH AND HUMAN SERVICES</b>				
Public health	474,476	488,044	454,019	34,025
Veterans service	72,544	103,407	76,930	26,477
Humane society	11,555	12,971	12,971	-
Total Health and Human Services	<u>558,575</u>	<u>604,422</u>	<u>543,920</u>	<u>60,502</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CULTURE, RECREATION AND EDUCATION</b>				
Library	\$ 232,642	\$ 232,642	\$ 232,642	\$ -
Museum	1,500	2,129	2,129	-
Parks	41,209	46,209	43,677	2,532
Snowmobile trail	-	35,989	30,980	5,009
Fair board	7,600	7,600	6,600	1,000
University extension	237,878	291,830	257,481	34,349
Total Culture, Recreation and Education	<u>520,829</u>	<u>616,399</u>	<u>573,509</u>	<u>42,890</u>
<b>CONSERVATION AND ECONOMIC DEVELOPMENT</b>				
Parks - fish and game project	-	2,852	-	2,852
Wildlife damage program	26,000	29,621	29,621	-
Land conservation	276,080	286,910	285,148	1,762
Special sanitary	96,516	216,905	134,516	82,389
Farmer assistance	84,500	84,500	84,328	172
Tree planter	-	76,422	33,510	42,912
Economic development	-	2,860	-	2,860
Recycling	79,143	79,143	79,160	(17)
Zoning	234,419	237,128	237,128	-
Total Conservation and Economic Development	<u>796,658</u>	<u>1,016,341</u>	<u>883,411</u>	<u>132,930</u>
<b>CAPITAL OUTLAY</b>	<u>306,800</u>	<u>1,146,670</u>	<u>821,791</u>	<u>324,879</u>
<b>DEBT SERVICE</b>	<u>-</u>	<u>-</u>	<u>22,090</u>	<u>(22,090)</u>
Total Expenditures	<u>13,105,349</u>	<u>14,630,930</u>	<u>13,555,440</u>	<u>1,075,490</u>
Excess (deficiency) of revenues over expenditures	<u>(299,832)</u>	<u>(1,452,035)</u>	<u>229,765</u>	<u>1,681,800</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	800,000	800,000	915,000	115,000
Premium on debt	-	-	22,458	22,458
Transfers in	-	-	136,031	136,031
Transfers out	(575,000)	(581,948)	(693,687)	(111,739)
Total Other Financing Sources (Uses)	<u>225,000</u>	<u>218,052</u>	<u>379,802</u>	<u>161,750</u>
<b>Net change in fund balance</b>	(74,832)	(1,233,983)	609,567	1,843,550
FUND BALANCE - Beginning of Year	<u>4,693,069</u>	<u>4,693,069</u>	<u>4,693,069</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 4,618,237</u>	<u>\$ 3,459,086</u>	<u>\$ 5,302,636</u>	<u>\$ 1,843,550</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,730,547	\$ 1,730,547	\$ 1,730,547	\$ -
Intergovernmental	2,370,023	2,375,023	2,317,607	(57,416)
Public charges for services	494,925	565,262	538,044	(27,218)
Miscellaneous	100	116	15	(101)
Total Revenues	4,595,595	4,670,948	4,586,213	(84,735)
<b>EXPENDITURES</b>				
Health and human services	4,589,595	4,707,792	4,557,299	150,493
Capital outlay	6,000	27,260	63,468	(36,208)
Total Expenditures	4,595,595	4,735,052	4,620,767	114,285
Excess (deficiency) of revenues over expenditures	-	(64,104)	(34,554)	29,550
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	6,867	6,867	-
Transfers out	-	-	(931)	(931)
Total Other Financing Sources (Uses)	-	6,867	5,936	(931)
<b>Net change in fund balance</b>	-	(57,237)	(28,618)	28,619
FUND BALANCE - Beginning of Year	57,237	57,237	57,237	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 57,237	\$ -	\$ 28,619	\$ 28,619

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

**MARQUETTE COUNTY**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2015

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<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.05829769%	\$ 1,431,951	\$ 7,287,215	19.65%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2015

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<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 566,735	\$ 566,735	\$ -	\$ 7,677,107	7.38%

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

## MARQUETTE COUNTY

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2015

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#### ***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 \$688,466 in the general fund. Budgets are adopted at the detail level of expenditure.

#### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The county is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions.* There were no changes in assumptions.

**SUPPLEMENTARY INFORMATION**

## MARQUETTE COUNTY

COMBINING STATEMENT OF ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
As of December 31, 2015

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	County Treasurer	Clerk of Courts	Sheriff	Total Agency Funds
<b>ASSETS</b>				
Cash and investments	\$ 117,449	\$ 186,942	\$ 14,673	\$ 319,064
Taxes receivable	<u>256,942</u>	<u>-</u>	<u>-</u>	<u>256,942</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 374,391</u></b>	<b><u>\$ 186,942</u></b>	<b><u>\$ 14,673</u></b>	<b><u>\$ 576,006</u></b>
<b>LIABILITIES</b>				
Due to other governmental units	\$ 369,789	\$ -	\$ -	\$ 369,789
Funds held for others	<u>4,602</u>	<u>186,942</u>	<u>14,673</u>	<u>206,217</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 374,391</u></b>	<b><u>\$ 186,942</u></b>	<b><u>\$ 14,673</u></b>	<b><u>\$ 576,006</u></b>