MARATHON COUNTY
HUMAN RESOURCES, FINANCE AND PROPERTY
COMMITTEE AGENDA

Date & Time of Meeting: **Tuesday, June 18, 2024 at 3:00 pm**
Meeting Location: **Assembly Room, Courthouse, 500 Forest Street, Wausau WI 54403**
Committee Members: John Robinson, Chair; Gayle Marshall, Vice-Chair; Kurt Gibbs, Kody Hart, Ann Lemmer, Scott Poole, Jordan Reynolds

Marathon County Mission Statement: Marathon County Government serves people by leading, coordinating, and providing county, regional, and statewide initiatives. It directly or in cooperation with other public and private partners provides services and creates opportunities that make Marathon County and the surrounding area a preferred place to live, work, visit, and do business. (Last updated: 12-20-05)
Committee Mission Statement: Provide leadership for the implementation of the County Strategic Plan, monitor outcomes, review, and recommend to the County Board policies related to human resources initiatives, finance and property of the County.

Persons wishing to attend the meeting by phone may call into the **telephone conference beginning five (5) minutes prior to the start time indicated above using the following number:**

Phone#: 1-408-418-9388   Access Code: 146 235 4571

When you enter the telephone conference, **PLEASE PUT YOUR PHONE ON MUTE!**
The meeting will also be broadcasted on Public Access or at https://tinyurl.com/MarathonCountyBoard

1. **Call Meeting to Order**
2. **Pledge of Allegiance**
3. **Public Comment (15 Minutes)** (Any person who wishes to address the committee during the "Public Comment" portion of the meetings, must provide his or her name, address, and the topic he or she wishes to present to the Marathon County Clerk, or chair of the committee, no later than five minutes before the start of the meeting. All comments must be germane to a topic within the jurisdiction of the committee.)
4. **Approval of Minutes from the June 12, 2024 HRFC meeting**
5. **Policy Issues Discussion and Potential Committee Determination**
6. **Operational Functions Required by Statute, Ordinance, Resolution, or Policy**
   - A. Items for Discussion and Possible Action by HRFC
     1. Discussion of Health Clinic and Health Plan Contracts:
        - a. Motion to go into Closed Session (roll call vote required), pursuant to Wis. Stat. ss. 19.85(1)(e) and (g), for the purpose of conducting other specified public business, whenever competitive or bargaining reasons require a closed session, and for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved, to wit: discussion of health clinic contract options and the impact of clinic options on future employee health plans.
        - b. Motion to Return to Open Session (Roll Call Vote not Required)
        - c. Discussion and Possible Action Resulting from Closed Session Discussion
     2. Budget Transfer – Dells of the Eau Claire Dump Station
   - B. Items for Discussion and Possible Action by HRFC to Forward to County Board
     1. Review Status and Discuss Next Steps Regarding Initial Resolution for Conduit Bonding for Bug Tussel
     2. Consideration of Amendment to section 1.51(7) of the Marathon County Ordinances Regarding Conduit Bonding
     3. Committee Work Plan
     4. Reauthorization of Self-Insurance for Worker's Compensation
7. **Educational Presentations and Committee Discussion**
   - A. 2023 Audit Update
8. **Next Meeting Date & Time, Announcements and Future Agenda Items**
   - A. Committee members are asked to bring ideas for future discussion.
   - B. Next meeting: Wednesday, July 10, 2024 at 3:00 pm
9. **Adjournment**

*Any Person planning to attend this meeting who needs some type of special accommodation in order to participate should call the County Clerk's Office at 261.1500 or email countyclerk@co.marathon.wi.us one business day before the meeting.

SIGNED s/s John Robinson
Presiding Officer or Designee

EMAILED TO: Wausau Daily Herald, City Pages, and other Media Groups
EMAILED BY: ______
DATE & TIME: ______

NOTICE POSTED AT THE COURTHOUSE
BY: ______
DATE & TIME: ______

MARATHON COUNTY
HUMAN RESOURCES, FINANCE AND PROPERTY COMMITTEE AGENDA with MINUTES

John Robinson	Present
Gayle Marshall	Present
Kurt Gibbs	Excused
Kody Hart	Present
Ann Lemmer	Present
Scott Poole	Present
Jordan Reynolds	Present

Staff Present: Lance Leonhard, Mike Puerner, Kim Trueblood, Erin Andrews, Connie Beyersdorff, Kristi Palmer (W), Kirstie Heidenreich (W), Jamie Polley (W), Gerry Klein (W)
Others Present: David Baker

Meeting Recording Pt 1 Meeting Recording Pt 2

1. **Call Meeting to Order**
2. **Pledge of Allegiance**
3. **Public Comment** – David Baker, Kronenwetter, spoke in opposition to the Bug Tussel conduit financing resolution
4. **Approval of Minutes from the May 21, 2024 HRFC meeting** 2:00 – Motion by Lemmer, Second by Reynolds to approve the minutes as presented. Motion carried on a voice vote unanimously.
5. **Policy Issues Discussion and Potential Committee Determination**
6. **Operational Functions Required by Statute, Ordinance, Resolution, or Policy**
   A. Items for Discussion and Possible Action by HRFC
      1. Approval of May 2024 Claims and Questioned Costs (4:50) – Motion by Lemmer, Second by Marshall to approve the May claims and questioned costs. Motion carried on a voice vote unanimously.
      2. Disallowance of Claim – Rocky Hanson (5:25) – Motion by Poole, Second by Lemmer to disallow the claim. Motion carried on a voice vote unanimously.

   B. Items for Discussion and Possible Action by HRFC to Forward to County Board
      1. DATCP Producer-Led Watershed Protection Grant 9:00– Motion by Marshall, Second by Reynolds to approve the resolution. Motion carried on a voice vote unanimously.
      2. Budget Transfer Dells of the Eau Claire Dump Station (10:00) – Item postponed to the next meeting pending additional information.
      3. Opioid Litigation Settlement Update / Action (43:00) – Motion by Poole, Second by Lemmer to approve the settlement. Motion carried on a voice vote unanimously.
      4. Initial Resolution for Conduit Bonding for Bug Tussel (46:00) – Motion by Marshall, Second by Hart to postpone to the next meeting pending additional information. Motion failed 3-3 on a roll call vote. Motion by Poole, Second by Hart to move the resolution to the full board so it can be discussed, with the caveat that additional information is available for tomorrow's county board meeting. Motion is carried, but is not unanimous.
      5. Adoption of 2025 Budget Timeline and Priorities (1:25:00) – Motion by Lemmer, Second by Poole to advance the resolution to the County Board. Motion by Marshall, Second by Poole to indicate that employee health insurance language should read "should modify benefits to reduce costs and/or increase employee preimums to offset increase, while also evaluating the delivery vehicle and cost. Amendment carried on a voice vote unanimously. Motion by Hart, second by Poole to move operating expense requests to #4 and move position expansions to #5. Amendment carried on a voice vote unanimously. Resolution as amended carried on a voice vote unanimously.
      6. **Motion to go into Closed Session (roll call vote suggested), pursuant to Wis. Stat. s. 19.85(1)(e), for the purpose of deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session, to wit: review of offer to purchase and discussion of strategy regarding the potential sale of certain county property located at 5006 Chadwick Street, 5010 Heather Street in the Village of Weston and 1702 Plum Drive in the City of Wausau.** 1:52:00 – Motion by Lemmer, Second by Marshall to go into closed session. Motion carried on a roll call vote unanimously.

7. Motion to Return to Open Session (Roll call Vote NOT required) – Motion by Poole, Second by Lemmer to return to open session. Motion carried on a voice vote unanimously.
8. Discussion and Possible Action Resulting from Closed Session Discussion (pt 2) – Motion by Lemmer, Second by Hart to recommend to the County Board acceptance of the offers to purchase the three properties listed above, subject to the terms contained therein with the funds associated from the sale of Chadwick and Heather St being used to service debt on the Lakeview Campus Buildings. Motion carried on a voice vote unanimously.

7. **Educational Presentations and Committee Discussion**
   A. Update on 2023 Audit (1:44)
8. **Next Meeting Date & Time, Announcements and Future Agenda Items**
   A. Committee members are asked to bring ideas for future discussion.
   B. Next meeting: Tuesday, June 18, 2024 at 3:00 pm
9. **Adjournment** – Motion by Marshall, Second by Poole to adjourn. Motion carried on a voice vote unanimously. Meeting adjourned at 5:13 p.m.

Minutes prepared by Kim Trueblood, County Clerk

Self-Funded Discussion

Health Care Landscape

- RAND Study – Hospital Costs on Private Health Plans
  - Wisconsin – 318% of Medicare
    - 5th highest in US
    - Avg. 254% of Medicare
    - Health systems argue due to higher quality and subsidizing higher percentage of Medicare and BadgerCare patients
- PricewaterhouseCoopers Trend Study:
  - 2024 – 7%
  - 2023 – 6%
  - 2022 – 5.5%
- Marathon County History
  - 2024 – 6.0% increase – originally 9%
  - 2023 – 2.0% increase – originally 6%
  - 2022 – 5.0% decrease – originally 2%
  - 2021 – 6.5% increase

Marathon County – Current State

- Member of the Group Health Trust – Wisconsin Counties Association

Marathon County Premium

Other Counties, Cities and School Districts

- Renewal based on Marathon County experience and experience of the Trust
  - Premium is consistent for entire year
  - Positive and negative effect

Components of a self-funded plan

- Independent Primary Care Clinic
  - Not affiliated with a health system
  - Refers to highest quality lowest cost specialty care
  - Workers Compensation
- Wellness Plan
  - Supports use of Clinic and helps improve the health and wellbeing of employees and their families
- Plan Design
  - Supports use of Clinic as well as higher quality lower cost providers
    - MRI - $650 vs. $3000-$5000
- Provider Network
  - Robust network that provides the best access along with the lowest cost

Components of a self-funded plan

- Third party administrator
  - Ability to administer the plan design and provider network
- Pharmacy benefits manager
  - Transparent with no hidden revenue streams
- Stop-loss insurance – Risk protection
  - Specific – protect employer from high dollar claims
    - $100,000-$250,000 per individual per year
  - Aggregate – protect employer from overall claim costs
    - 25% risk corridor above the expected claim liability

Pros of Self-Funding

- Potential Cost Savings
- Claims and Data Transparency
  - Understand exactly what is happening with the risk
  - Make decisions based on that risk
- Benefit customization
  - Ability to structure plan exactly how you want it
  - Wellness plan

Cons of Self-Funding

- Cost uncertainty and budgeting
- Reserve amount
  - 25% of claim volume
- Risk of large claims
  - Stop-loss mitigates risk
- Administrative Burden
  - Upfront set-up
  - Protections of PHI
  - HR/Finance department work
    - Separate account
    - Weekly funding

MARATHON COUNTY

Budget Transfer Authorization Request Form

This form must be completed electronically and emailed to **Season Welle**, **Kristi Palmer,** and to your Department Head. This email will confirm that your Department Head acknowledges and approves this transfer. Forms that are incomplete, incorrect, out-of-balance, or that have not been sent to your Department Head will be returned. The Finance Department will forward completed forms to the Marathon County Human Resources, Finance & Property Committee.

DEPARTMENT: Parks, Recreation & Forestry **BUDGET YEAR:** **2024**

TRANSER FROM:

Action	Account Number	Account Description	Amount
Revenue Increase	60000 55301 CIP County Parks Fund:400 Capital Projects Fund Grant: GR-007340 ARPA County Project # 23PO-01C	CIP County Parks Project Marathon Park Water System Compliance	$38,000

TRANSER TO:

Action	Account Number	Account Description	Amount
Revenue Decrease Expenditure Increase	60000 55301 CIP County Parks Fund:400 Capital Projects Fund Grant: GR-007340 ARPA County Project # 24PO-02C	CIP County Parks Project Dells of Eau Claire Dump Station	$38,000

I, the undersigned, respectfully request that the Human Resources, Finance & Property Committee approve the following change in budget / transfer of funds as discussed in the attached supplemental information.

Requested By: Jamie Polley **Date Completed:** 6/7/2024

COMPLETED BY FINANCE DEPARTMENT:

Approved by Human Resources, Finance & Property Committee: ____________ Date Transferred: ____________

MARATHON COUNTY

Budget Transfer Authorization Request – Supplemental Information

Attach this supplemental information to the original Budget Transfer Authorization Request Form. All questions must be completed by the requesting department or the Budget Transfer Authorization Request Form will be returned.

1) What is the name of this Program/Grant? (DO NOT use abbreviations or acronyms)
   Click here to enter program/grant name

2) Provide a brief (2-3 sentence) description of what this program does.
   Click here to enter description

3) This program is: (Check one)
   ☐ An Existing Program.
   ☐ A New Program.

4) What is the reason for this budget transfer?
   ☐ Carry-over of Fund Balance.
   ☐ Increase/Decrease in Grant Funding for Existing Program.
   ☐ Increase/Decrease in Non-Grant Funding (such as tax levy, donations, or fees) for Existing Program.
   ☐ Set up Initial Budget for New Grant Program.
   ☐ Set up Initial Budget for New Non-Grant Program
   ☐ Other. Please explain: Click here to enter description

5) If this Program is a Grant, is there a "Local Match" Requirement?
   ☐ This Program is not a Grant.
   ☐ This Program is a Grant, but there is no Local Match requirement.
   ☐ This Program is a Grant, and there is a Local Match requirement of: (Check one)
      ☐ Cash (such as tax levy, user fees, donations, etc.)
      ☐ Non-cash/In-Kind Services: (Describe) Click here to enter description

6) Does this Transfer Request increase any General Ledger 8000 Account Codes? (Capital Outlay Accounts)
   ☐ No.
   ☐ Yes, the Amount is Less than $30,000.
   ☐ Yes, the Amount is $30,000 or more AND: (Check one)
      ☐ The capital request HAS been approved by the CIP Committee.
      ☐ The capital request HAS NOT been approved by the CIP Committee.

COMPLETED BY FINANCE DEPARTMENT:

Is 10% of this program appropriation unit or fund? ____________ Is a Budget Transfer Resolution Required? ____________

Capital Improvement Plan (CIP) Project Request Form

Date of Request	5/9/23		
Department	Parks, Recreation & Forestry		
Contact Person	Jamie Polley		
Phone	715-261-1554	**Email**	Polley.jamie@yahoo.com
Project Title	Bathroom/Shower Facility, Dump Station & Camper Cabin Installation		
Location	Dells of Eau Claire Park		
Is the project new, a repair/replacement or a continuation of an existing project?	New ☒ Repair/Repl ☐ Continuation ☐ (see below)		

If continuation, fill in below:

Planning % complete Design/engineering % complete Construction/installation % complete

NOTE: Incomplete requests will be returned to the department.
All requests must include all backup documentation including but not limited to; photos, estimates, regulations cited, related project information, etc.

Departmental Priority (check a different priority for each project)	(High)	1	2	3	4	5	6	7	8	9	10	(Low)
		☐	☒	☐	☐	☐	☐	☐	☐	☐	☐	

Description Summary / Scope	Marathon County operates three large campgrounds totaling 162 campsites and 2 group campgrounds that attract visitors from Wisconsin, Illinois, Minnesota, Michigan and around the country. The majority of the visitors to the Marathon County campgrounds come from within the mid-west region. During the COVID-19 pandemic, camping has proven to be extremely important to the County and the local business within the County. Camping provides individuals, families and groups the ability to enjoy the great outdoors and safely distance themselves from others if necessary. The Dells of Eau Claire County Park is located in the center part of the State of Wisconsin and in the eastern rural portion of Marathon County. The area is mainly agricultural with the Eau Claire River running through it. The County park was acquired in 1923 and is currently 282 acres. The park is one of the most unique and beautiful parks in the Marathon County Park system providing access to the state scientific area that includes many natural rock outcroppings and waterfalls. Visitors can climb on the rocks, hike the trails along the river to a high bridge crossing the rapids below or swim at the park beach. The trails of Eau Claire Dells also connect to the Ice Age trail. Dells of Eau Claire Park is a hidden gem and once visitors find it they come back time after time. The park plays host to campers, walkers, runners, picnickers, swimmers, weddings, reunions, birthdays, etc. seeing 50,000+ visitors throughout the year. The park contains a large enclosed

	shelter built from the Civilian Conservation Corp that includes a large stone fireplace and can accommodate 70+ people for all types of events and gatherings. Two other shelters are also reservable within the park. It is estimated that over 3,000 people attended a scheduled event within one of the shelters. Visitors come from the local area, all over the State of Wisconsin and from other states to experience the park through the walking trails, playground, swimming beach or access to the Eau Claire River and the Ice Age Trail. Another large amenity of the Dells of Eau Claire Park is the 28 site campground. 602 reservations were made in 2021 at one of 16 reservable sites which require a two night minimum. It is estimated that over 5000 people stayed in this campground in 2021. Camping revenue from the County's three campgrounds including the Dell of Eau Claire increased in 2020 from 2019 from $198,515 to $249,198. Revenues increased again in 2021 to $258,546. It is anticipated that camping will continue to grow. Surveys from past campers have indicated the need for additional restrooms with running water and shower facilities. In addition providing more camping opportunities such as camper cabins will allow more visitors to come to the Dells of Eau Claire Count park and experience a truly unique facility.

Relation to Other Projects (if applicable):

This project could be completed at the same time as the Big Eau Pleine project which might result in some cost savings.

Alternatives Considered:

1. Status Quo
2. Installing restrooms only
3. Close Campground due to no dump station

Reasons Alternatives Rejected:

1. Currently no running water other than well pumps for potable water and does not increase the ability for users to practice good hygiene and wash their hands.
2. If restrooms are installed with running water it is cost effect to add the showers as well to enhance the amenity of the park/campgrounds.
3. A dump station is needed and can contribute to the revenue generation of the County.

PROJECT PURPOSE(S) - Check all that apply and please explain below: The Ranking Form related area is noted in RED at the end of each question below.

☒ **This project is required to meet legal, mandated, or contractual obligations?** **# 1 Regulatory Compliance**

☒ **This project will result in the protection of life and/or property and maintain/improve public health and safety? #2 Public Safety / Health Impact**

☐ **This project will result in reductions in expenditures (save money)? #5A Fiscal Criteria**

☒ **This project will result in a positive return for Marathon County.** **#6 Growth/Economic Development**

☐ **This project repairs/replaces an important existing physically deteriorated or functionally obsolete county facility, system, service, or equipment? #3 Existing Infrastructure End of Life**

☒ **This project provides a new service, facility, system, or equipment.** **#7 Consistency with County Objectives**

☐ **This project would generate sufficient revenues to be essentially self-supporting in its operations. #6 Growth/Economic Development**

☐ **This project would make existing facilities or personnel more efficient or increase their use with minimal or no operating cost increase? #5A Fiscal Criteria**

☐ **This project will benefit and/or be utilized by other Marathon County departments?** **#8 Public Benefit**

☐ **This project is consistent with an overall County plan, policy, or goal; and is necessary to complete a project that has begun or under construction? #4 Unique Circumstances**

Please explain all checked boxes below:

#1 Regulatory Compliance – Administrative Code 79 governs campgrounds and is enforced by the Health Department specifically ATCP 79.15(2)(a). “The operator shall provide a sanitary dump station in the ratio of 1 of every 300 independent campsites or fraction thereof that are not connected to a POWTS or municipal sewer system.” At this time, the Dells of the Eau Claire Park campground is not in compliance with this requirement, is not eligible to provide alternative method of disposal, and no variance in on record allowing this criterion to not be met.

#2 Public Safety/Health Impact - COVID-19 highlighted the importance for increased sanitation, adequate facilities and adequate staffing. Camping provides a cost effective reprieve to the stressful and busy lives of individuals. Those effected by COVID-19 in the area may not have been able to afford traveling too far from home. The campgrounds as well as the parks were an outlet for residents of Marathon County, the State of Wisconsin and surrounding states to social distance, enjoy the fresh air and get out of their homes even if it was only for one night. Use of the County Park facilities increased by 300% in June-August of 2020 and 2021 based on a google mobility poll. The increased demand on the park facilities increased the need for staff to clean the facilities and increased the maintenance needed on the vault toilets and park amenities. Due to COVID-19 the frequency of cleaning and maintenance of the facilities was increased from daily to twice daily or weekly to daily in the areas typically less frequented. Cleaning and disinfecting the facilities was of utmost importance to provide visitors with a safe experience.

The addition of a shower/restroom facility will increase the facility options for the park users. It will provide a facility with running water for visitors to properly wash their hands. A shower/restroom facility allows campers to practice good hygiene. This addition has been a requested amenity for campers in the past and continued to be requested this last year by seasoned campers as well as new campers that may have experienced camping for the first time during COVID-19. These facilities will also attract users to stay longer within the campground giving them the fresh air they need to increase their quality of life while also increasing the revenue to the County that can be utilized to offset the cost of the demand for more staff.

The addition of camper cabins will increase the opportunities that campers have to experience camping. Individuals and families who may not be able

#6 Growth/Economic Development & #7 Consistency with County Objectives - Adding running water to the campgrounds with the construction of a new restroom/shower facility meets Objective 10.12 of the Strategic Plan; maintain infrastructure to support economic growth. Enhanced amenities will attract more users to the campground and allow for increased fees for facility usage. Strategy F, securing state and federal funding to maintain infrastructure and support economic growth speaks to the utilization of ARPA funds to enhance our outdoor recreation facilities. Outdoor recreation is an economic asset that Marathon County and the State of WI have. Outdoor Recreation draws visitor to the area, helps to retain current employees and attract new talent and enhances the economy of Marathon County. The Comprehensive Plan Chapter 11 is dedicated to recreation, tourism and cultural resources, identifying recreation as an important part of the operations of Marathon County. This chapter states that every County park should provide the "base" recreation facilities including roads, parking, restrooms, drinking water, etc. The addition of the lift station is required per state health code and would also fit within Chapter 8 Infrastructure of the Comprehensive Plan.

PROJECT COST

Estimated Cost Components		Cost Allocation Per Fiscal Year	
Preliminary Design / Study	$0.00	**If project funds can be allocated over more than 1 year, please indicate the amount to be allocated for each year below:**	
Final Design and Engineering – Soil borings	$1300		
Land Acquisition	$0.00	Fiscal Year 2024	Amount $670,300
Construction / Installation- Wells X2, Septic	$112,000	Fiscal Year	Amount $0.00
Equipment/Furnishings – Shower/restroom	$350,000	Fiscal Year	Amount $0.00
Equipment/Furnishings – Three camper cabins	$95,000	Fiscal Year	Amount $0.00
Other: Contingency 20%	$112,000	Fiscal Year	Amount $0.00
Miscellaneous Costs	$0.00		
Project Budget (total of estimated cost components)	**$670,300**	◄------ (sum of above should equal) -------╵	
Is this project to be funded entirely with CIP funds? #5B Fiscal Criteria			Yes ☐ No ☒
Total CIP Funding Requested		**$0**	

If not funded entirely with CIP funds, list below any other (non-CIP) funding sources for this project #5B Fiscal Criteria	Funding Amount
• This project could utilize ARPA funds for clean water	$670,300
•	$
•	$

ASSET LIFE, RECURRING COSTS AND RETURN ON INVESTMENT

If an existing asset (facility or equipment) **is being renovated or replaced, what is the age of the existing asset in years? #3 Existing Infrastructure End of life**		
Expected service life (in years) **of the existing asset, based on applicable industry standards?**		
Estimated Service Life of Improvement (in years)		25 years
***Existing* Estimated Costs #5A Fiscal Criteria**	Annual Operating Costs	$0.00
	Repair / Maintenance Costs	$0.00
	Other Non-Capital Costs	$0.00
	Existing Operating Costs	$0.00

***Future* Estimated Costs #5A Fiscal Criteria**	Annual Operating Costs	$3500
	Annual Maintenance Costs	$6500
	Other Non-Capital Costs	$0.00
	Future Operating Costs	**$10,000**
Estimated Return on Investment (in years)		$

Explain any other annual benefits to implementing this project:

Enhancing the amenities of the campground will make the campgrounds more marketable and desirable by visitors. Also adding amenities to the campgrounds will allow for higher fees for use of these amenities

5 YEAR FORECASTED PROJECTS (if you want a project considered please put on this list) This must be filled out.

Program Year	Project	Description of Project	Estimated Cost
2025	Playground Replacement	Replace aging playgrounds to meet safety and code requirements	$150,000.00
2026	Playground Replacement	Replace aging playgrounds to meet safety and code requirements	$150,000.00
2024	Restroom Replacement	Continue replacing the restrooms that are failing	$75,000.00
2025	Restroom Replacement	Continue replacing the restrooms that are failing	$75,000.00
2026	Restroom Replacement	Continue replacing the restrooms that are failing	$75,000.00
2025	Sunnyvale lighting	Update the field lighting on the five softball fields with new poles and lights	$645,000.00
2026	Sunnyvale lighting	Update the field lighting on the five softball fields with new poles and lights	$490,000.00
2026	Rib Falls Park Devel	Funding to complete the development of Rib Falls Park	$500,000.00
2025	BEP Horse Camping	Install a campground that can accommodate horse trailers and horses	$350,000.00
2025	System Master Plan	Develop a master plan for specific parks within the County system	$120,000.00
2024-38	Marathon Park Improv	Design of Improvements to Marathon Park based on the recommendations of the Westside Master Plan	$7,500,000**
2026	BEP Horse Barn	Replace the BEP Horse Barn	$70,000.00
2025	New Ice Arena	Replace the existing ice arena with a new two sheet facility. Joint Public/private (amount is County request)	$15,000,000.00
*2025**	*MPB Roofs*	*Replace the roofs of MPB 1 and MPB2*	*$2,000,000.00*
*2025**	*MPB Refrigeration System*	*Replace the 50+ year old ice rink system*	*$4,000,000.00*

** Amount over 5 years
**MPB Items would be needed if a new arena is not to be constructed*

Do NOT fill out page below – for use by FCM Department

- ☐ NO CIP Funds requested – Informational Only
- ☐ Bring request back to CIPC next year
- ☐ Outlay (small caps) < $30,000 or Use Budget
- ☐ CIP Funds – move forward to HRFPC >$30,000

NOTES:

Project Number	*(Do NOT fill in – for use by F&CM Department)*

COMPLETION DATE: *OR* **CONTINUE NEXT YEAR:**

DATE APPROVED BY HRFPC:

DATE APPROVED BY COUNTY BOARD:

Date: 5.19.2023

Marathon County Parks, Recreation, and Forestry Department
Attn: Jamie Polley
210 River Drive
Wausau, WI 54403

Subject: Letter of Support for Budget Request for a Dump Station at the Dells of the Eau Claire

Dear Jamie -

On behalf of the Marathon County Health Department, I am writing to provide context for the budget request made by the Marathon County Parks, Recreation, and Forestry Department for the installation of a dump station at the Dells of the Eau Claire Campground. From a compliance as well as a public health and environmental safety perspective, this upgrade is necessary

Administrative Code 79 governs Campgrounds and is enforced by the Health Department. Specifically, according to ATCP 79.15(2)(a), "The operator shall provide a sanitary dump station in the ratio of 1 of every 300 independent campsites or fraction thereof that are not connected to a POWTS or municipal sewer system." At this time, the Dells of the Eau Claire Campground is not in compliance with this requirement, is not eligible to provide alternative method of disposal, and no variance in on record allowing this criterion to not be met.

Not only are dump stations required for a campground of this size, a dump station plays a crucial role in maintaining sanitary conditions in our campgrounds. With the increasing number of visitors engaging in outdoor activities, such as camping and RV travel, the absence of a designated facility for the proper disposal of waste poses a potential health hazard. A dump station would alleviate this concern by providing a safe and convenient location for individuals to dispose of their waste, thereby reducing the risk of contamination and the spread of diseases.

Moreover, the installation of a dump station aligns perfectly with the core values and objectives of Marathon County. By promoting proper waste management practices, we not only safeguard the health and well-being of our residents but also demonstrate our commitment to preserving the natural beauty and ecological integrity of our parks and campgrounds. It is essential that we offer visitors a sustainable and responsible means of waste disposal, ensuring the longevity and cleanliness of our recreational areas.

Furthermore, a dump station would attract a wider range of visitors to our parks and campgrounds, including RV enthusiasts and campers who currently have limited options for waste disposal. By accommodating their needs, we can foster increased tourism, boost local businesses, and stimulate economic growth within our community. This, in turn, would provide additional revenue streams for the Parks and Recreation Department, allowing for further improvements and enhancements to our facilities.

Allocating necessary funds for the installation of a dump station as requested by the Marathon County Parks, Recreation, and Forestry Department would bring the Dells of the Eau Claire Campground into compliance with ATCP 78. Additionally, this investment will yield substantial long-term benefits for our community, enhancing public health, promoting environmental stewardship, and bolstering our local economy.

I commend you for your dedication to the well-being of our community. Should you require any additional information or have any questions, please do not hesitate to contact me.

Yours sincerely,

Kate Florek, MPH
Environmental Health and Safety Director
Marathon County Public Health Department

ESTIMATE 2248

MARATHON PLUMBING SERVICE

DATE	5/19/2023
JOB NAME	Septic System RV Dump...
SALESMAN	JH

ATTN ANDREW SIMS
WAUSAU/MARATHON CTY PARKS REC. & FORESTRY
900 PARDEE ST
WAUSAU WI 54401

SHIP TO

DELLS OF THE EAU CLAIRE
CTY RD Y
ANIWA, WI 54408

PHONE 715-261-1570 EMAIL andrew.sims@co.marathon.wi.us TIME

DESCRIPTION	QTY
[2] 2,000 GALLON HOLDING TANKS FOR RV DUMP STATION - Tanks to be placed no more than 30' from building. - Wire for alarm included. - Electrical inside not included. 120V receptacle needed to plug tank alert into. - If excessive bedrock, ground water, or any other limited factors are encountered, additional time and materials will be invoiced. - MPS will contact Diggers Hotline to locate and mark utility-owned underground facilities in the area. - If you have not done so already, please call us to report any private buried facilities on your property, such as sprinkler system, electric, propane, sewer and sump pump lines, well, septic system, yard lighting, etc. If you are not sure about the location of private facilities, MPS can arrange for private locates on facilities that are in the path of our work at an additional charge. - Heavy equipment access is required to and around the work site. - Restoration of lawn, landscaping, and driveway surfaces as a result of heavy equipment traffic is not included. TERMS: - 50% down; 50% due upon completion.	
Soil & Site Evaluation - Star Environmental	1
Septic Design - Holding Tank/Conventional - Star Environmental	1
Permit - Holding Tank or Mound - Marathon County	2
Huffcutt 2000 Gal Precast Concrete Holding Tank	2
Huffcutt 24" Precast Concrete Riser	24
Chain & Padlock	4
Delivery - 60 mile	2
Vent Cap & Fittings	2
Tank Alert System	1
12-2 UF DIRECT BURIAL WIRE	60
4" X 10' PVC SCH 40 SOLID PIPE	40

Thank you for your consideration! If you have any questions, please call Jason @ 715-573-2336

Prices subject to sales tax.

"like" us on facebook

MP# 875096
PI# 8133

P. O. Box 337, Marathon, WI 54448
(715) 573-2336
www.marathonplumbingservice.com

Total

MARATHON PLUMBING SERVICE

ESTIMATE 2248

DATE	5/19/2023
JOB NAME	Septic System RV Dump...
SALESMAN	JH

ATTN ANDREW SIMS
WAUSAU/MARATHON CTY PARKS REC. & FORESTRY
900 PARDEE ST
WAUSAU WI 54401

SHIP TO

DELLS OF THE EAU CLAIRE
CTY RD Y
ANIWA, WI 54408

PHONE 715-261-1570 EMAIL andrew.sims@co.marathon.wi.us TIME

DESCRIPTION	QTY
4" PVC FITTINGS	12
3/4" clear stone	2
Excavating	20
Labor (Bryce)	20
Labor (Tylor)	20

Thank you for your consideration! If you have any questions, please call Jason @ 715-573-2336

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PI# 8133

P. O. Box 337, Marathon, WI 54448
(715) 573-2336
www.marathonplumbingservice.com

Total **$17,857.15**

ESTIMATE 2249

MARATHON PLUMBING SERVICE

DATE	5/19/2023
JOB NAME	Septic System Toilet & S...
SALESMAN	JH

ATTN ANDREW SIMS
WAUSAU/MARATHON CTY PARKS REC. & FORESTRY
900 PARDEE ST
WAUSAU WI 54401

SHIP TO

DELLS OF THE EAU CLAIRE
CTY RD Y
ANIWA, WI 54408

PHONE 715-261-1570 EMAIL andrew.sims@co.marathon.wi.us TIME

DESCRIPTION	QTY
POWTS FOR TOILET & SHOWER BUILDING	
- 29" sand lift, 10'x140' absorption cell on a 9% slope.	
- (1) precast 3,000 gallon septic tank & (1) 2,000 gallon pump tank	
- Price is subject to change based on site conditions and material prices at time of installation.	
- New tank is to be placed within 30' of the building.	
- Access for tank will be needed through yard.	
- Tree removal for mound and tank not included.	
EXCAVATION CLAUSE:	
- If excessive bedrock, ground water, or any other limited factors are encountered, additional time and materials will be invoiced.	
- MPS will contact Diggers Hotline to locate and mark utility-owned underground facilities in the area.	
- Contact MPS to report any private buried facilities on your property, such as sprinkler system, electric, propane, sewer and sump pump lines, well, septic system, yard lighting, etc. If you are not sure about the location of private facilities, MPS can arrange for private locates on facilities that are in the path of our work at an additional charge.	
- Land clearing is not included unless specified.	
- Heavy equipment access is required to and around the work site.	
- Restoration of lawn, landscaping, and driveway surfaces as a result of heavy equipment traffic is not included unless specified.	
TERMS:	
- 50% down; 50% due upon completion.	
PLANS AND PERMITS	
Soil & Site Evaluation - Star Environmental	2
Septic Design - Mound - Star Environmental	2
Review - Holding Tank or Mound - Marathon County	2
Permit - Holding Tank or Mound - Marathon County	2
TANKS	

Thank you for your consideration! If you have any questions, please call Jason @ 715-573-2336

Prices subject to sales tax.

"like" us on facebook

MP# 875096
PI# 8133

P. O. Box 337, Marathon, WI 54448
(715) 573-2336
www.marathonplumbingservice.com

Total

ESTIMATE 2249

MARATHON PLUMBING SERVICE

DATE	5/19/2023
JOB NAME	Septic System Toilet & S...
SALESMAN	JH

SHIP TO

ATTN ANDREW SIMS
WAUSAU/MARATHON CTY PARKS REC. & FORESTRY
900 PARDEE ST
WAUSAU WI 54401

DELLS OF THE EAU CLAIRE
CTY RD Y
ANIWA, WI 54408

PHONE 715-261-1570 EMAIL andrew.sims@co.marathon.wi.us TIME

DESCRIPTION	QTY
Huffcutt 3000 Gal Precast Concrete Holding Tank	1
Huffcutt 2000 Gal Precast Concrete Holding Tank	1
Huffcutt 24" Precast Concrete Riser	48
Chain & Padlock	4
Delivery - 120 Mile Radius of Chippewa Falls, WI	1
Vent Cap Kit	4
Mini Junction Box Tank Alert System	1
Double Float Pump Switch	1
Polylok 525 Effluent Filter	1
Liberty FL202M Effluent Pump	1
8/2 UF Wire	290
4” X 10' PVC SCH 40 SOLID PIPE	30
4” X 10' PVC SCH 40 SOLID PIPE - TANK TO PUMP TANK	40
FORCE MAIN AND MOUND	
12" E-Z FLOW BUNDLE 3-PC 10’ SECTION	420
12" E-Z FLOW 1-PC 10’ SECTION	140
3” X 20' PVC SCH 40 PRESSURE PIPE BELL END	200
1 ½” X 20' PVC SCH 40 PRESSURE PIPE BELL END	420
STONE TRENCH OBSERVE 2 BASES & 2 CAPS	3
7" ROUND VALVE BOX W/ COVER	3
FILTER FABRIC 4' X 300’ ROLL	568
SANDFILL	34
MOUND SAND	493
MOUND SAND - ADDITIONAL 9% SLOPE FACTOR	102
TOPSOIL- UNSCREENED	396
EXCAVATION , LABOR & SEED/STRAW	
Excavating	40

Thank you for your consideration! If you have any questions, please call Jason @ 715-573-2336

Prices subject to sales tax.

"like" us on facebook

MP# 875096
PI# 8133

P. O. Box 337, Marathon, WI 54448
(715) 573-2336
www.marathonplumbingservice.com

Total

ESTIMATE 2249

DATE	5/19/2023
JOB NAME	Septic System Toilet & S...
SALESMAN	JH

SHIP TO

ATTN ANDREW SIMS
WAUSAU/MARATHON CTY PARKS REC. & FORESTRY
900 PARDEE ST
WAUSAU WI 54401

DELLS OF THE EAU CLAIRE
CTY RD Y
ANIWA, WI 54408

PHONE 715-261-1570 EMAIL andrew.sims@co.marathon.wi.us TIME

DESCRIPTION	QTY
Trucking	20
Loader	40
Labor (Peter)	46
Labor (Tylor)	40
Labor (Parker)	40
Seed & Straw Mulch - Mound site only.	1

Thank you for your consideration! If you have any questions, please call Jason @ 715-573-2336

Prices subject to sales tax.

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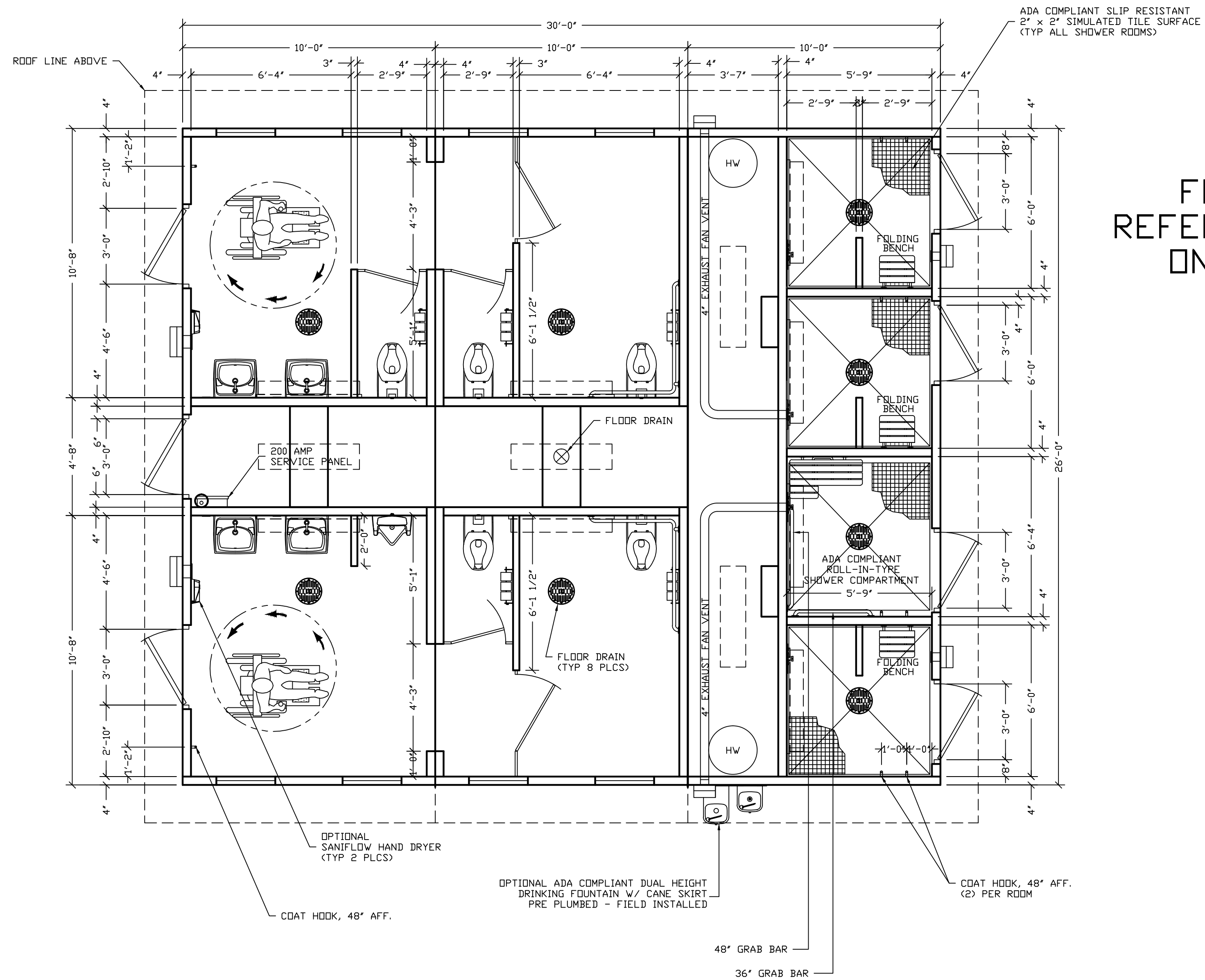
MP# 875096
PI# 8133

P. O. Box 337, Marathon, WI 54448
(715) 573-2336
www.marathonplumbingservice.com

Total **$73,686.16**



FOR REFERENCE ONLY

CXT Precast Products

PROJECT TITLE
CHEYENNE
CXT STANDARD BUILDING

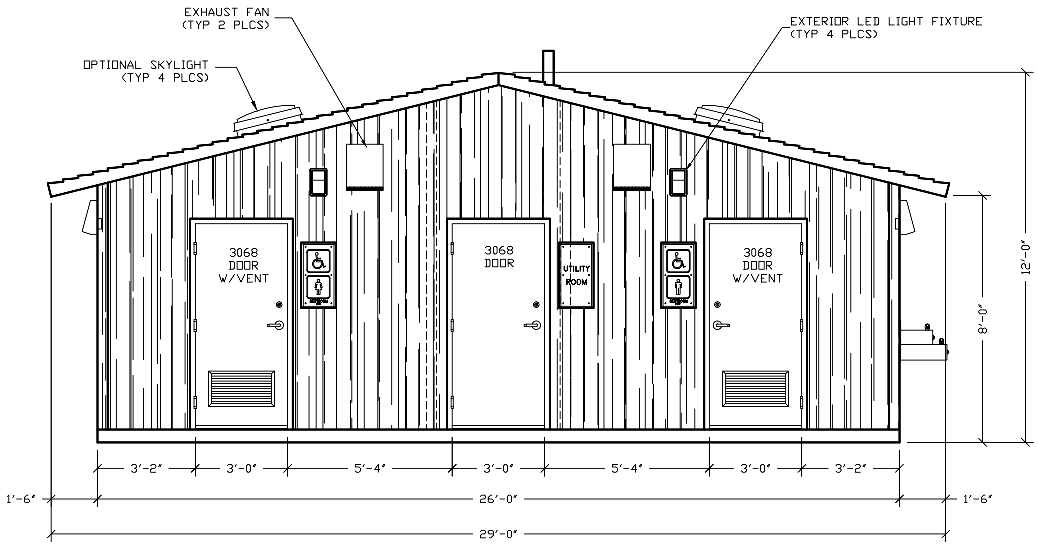
NOTICE

REV.	DESCRIPTION	APPROVAL	DATE
SCALE	1/4"=1'-0"	DATE	04-30-16
DRAWN		FILE NO.	PD-CH03
CHECKED		PLOT	48

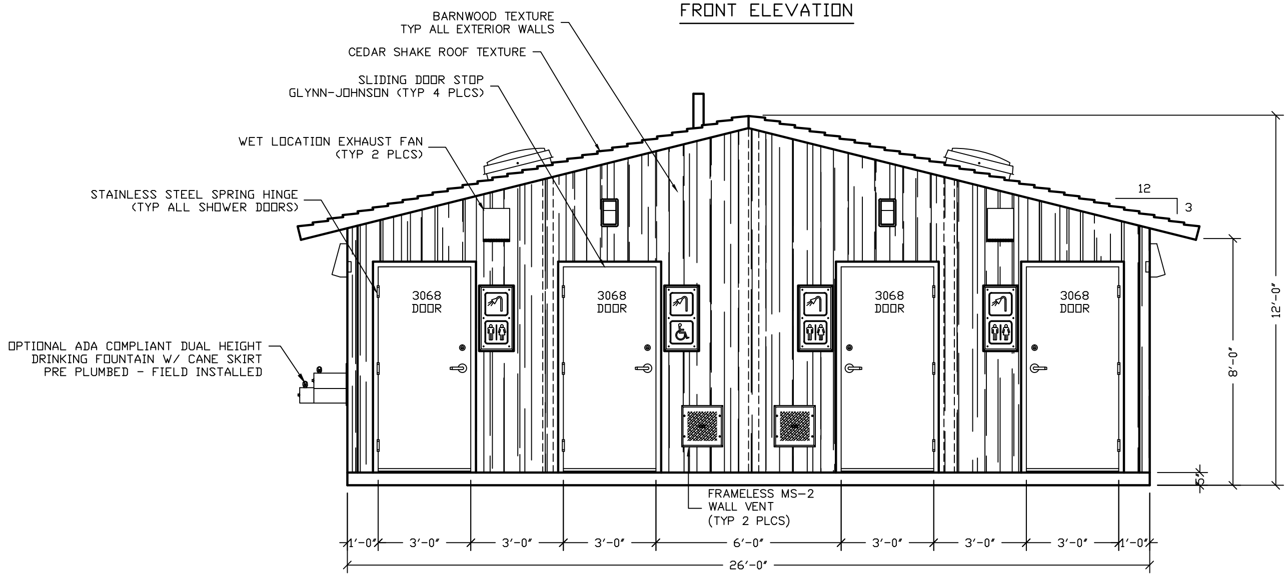
FLOOR PLAN

DWG NO.	SHEET	REV.
CH-03		

FOR REFERENCE ONLY



FRONT ELEVATION



REAR ELEVATION

Precast Products

PROJECT TITLE
CHEYENNE
CXT STANDARD BUILDING

NOTICE

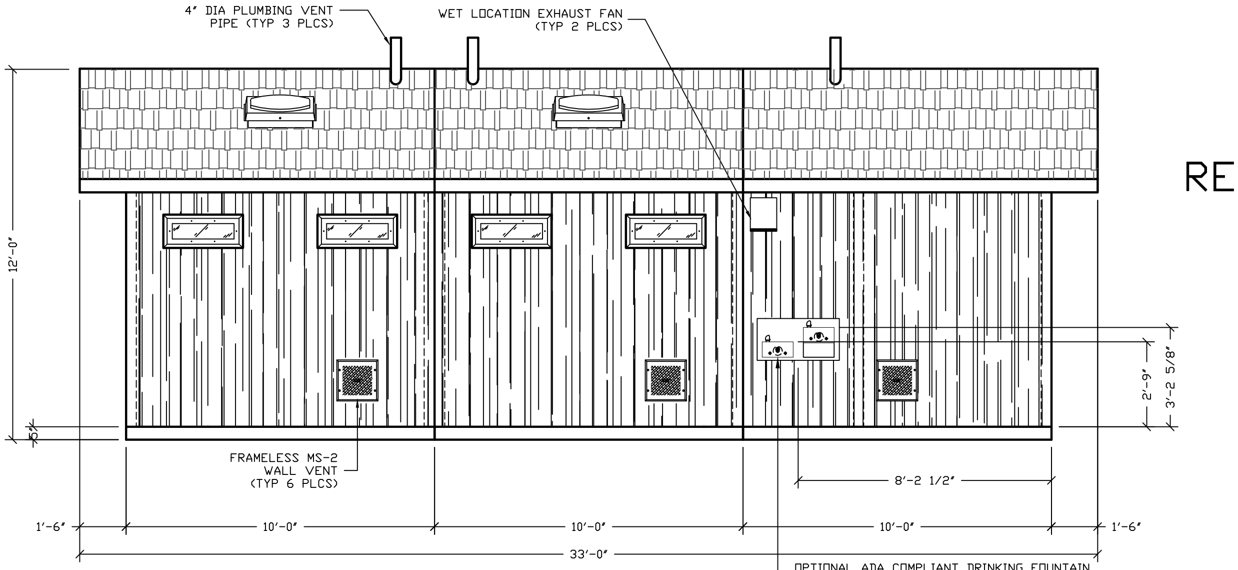
REV.	DESCRIPTION	APPROVAL	DATE

SCALE	1/4"=1'-0"	DATE	04-30-16
DRAWN		FILE NO.	PD-CH04
CHECKED		PLOT	48

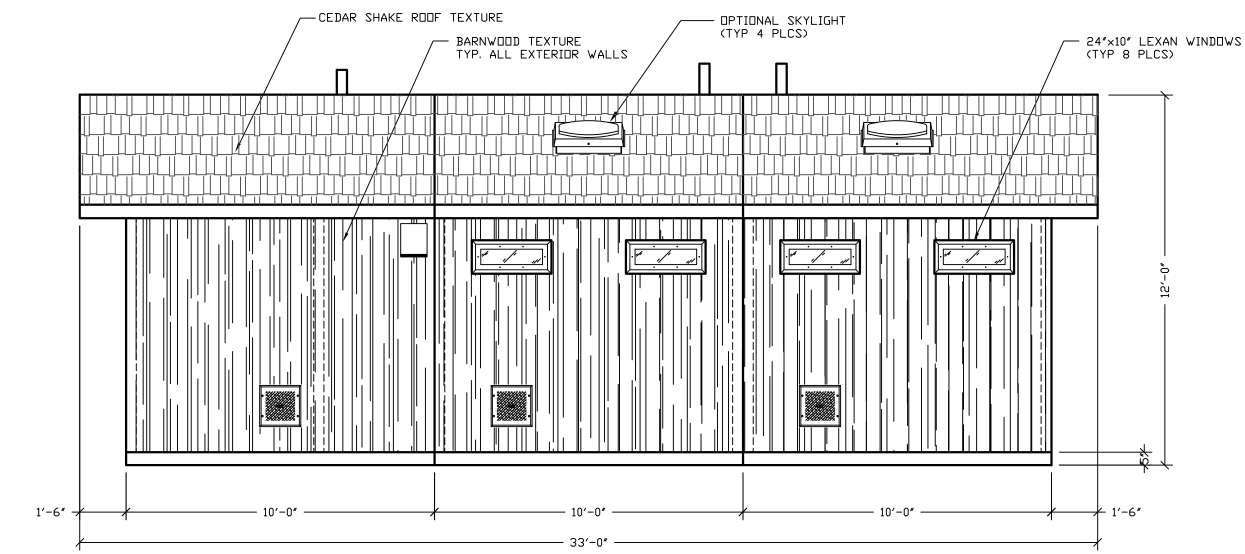
BUILDING ELEVATIONS

DWG NO.	SHEET	REV.
CH-04		

FOR REFERENCE ONLY



RH SIDE ELEVATION



LH SIDE ELEVATION

CXT® Precast Products

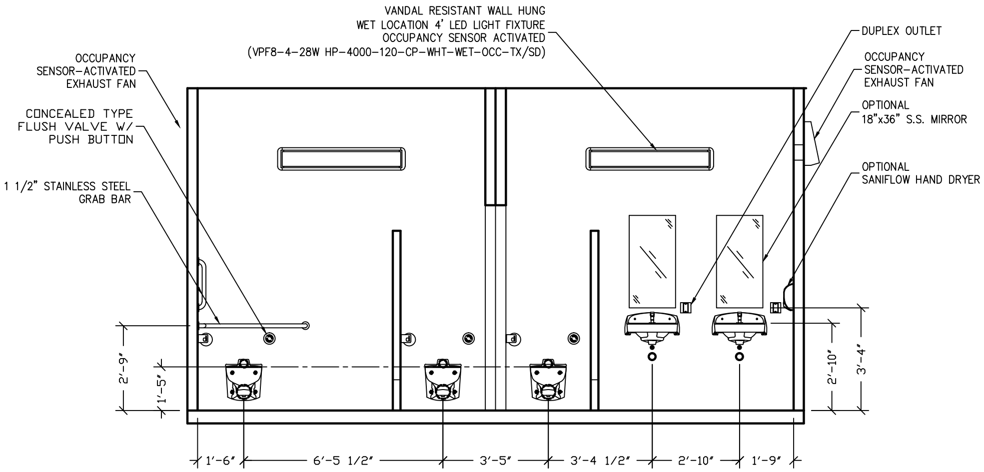
PROJECT TITLE
CHEYENNE
CXT STANDARD BUILDING

REV.	DESCRIPTION	APPROVAL	DATE

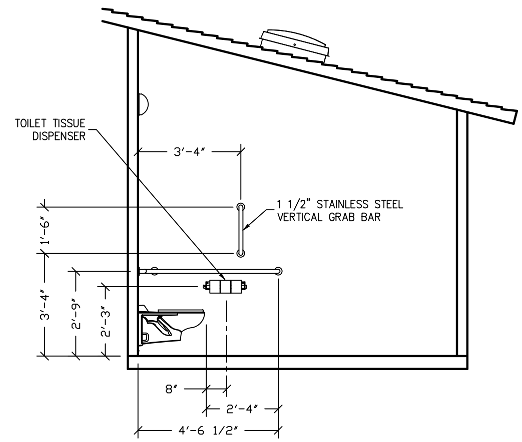
SCALE	1/4"=1'-0"	DATE	04-30-16
DRAWN		FILE NO.	PD-CH05
CHECKED		PLOT	48

BUILDING ELEVATIONS

DWG NO.	SHEET	REV.
CH-05		

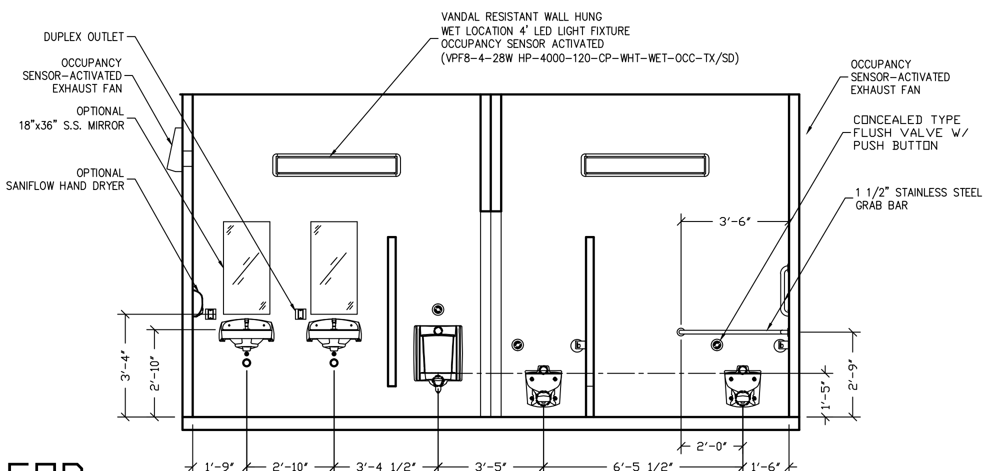


INTERIOR ELEVATION -WOMEN'S RESTROOM



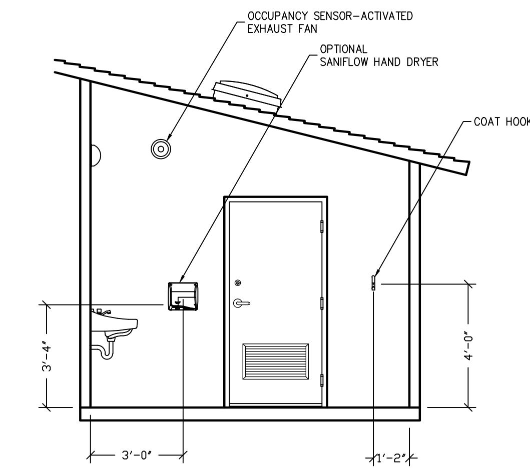
INTERIOR ELEVATION - MEN'S RESTROOM

WOMENS OPPOSITE HAND



FOR
REFERENCE
ONLY

INTERIOR ELEVATION - MEN'S RESTROOM



INTERIOR ELEVATION - WOMEN'S RESTROOM

MENS OPPOSITE HAND

CXT Precast Products

PROJECT TITLE

CHEYENNE

CXT STANDARD BUILDING

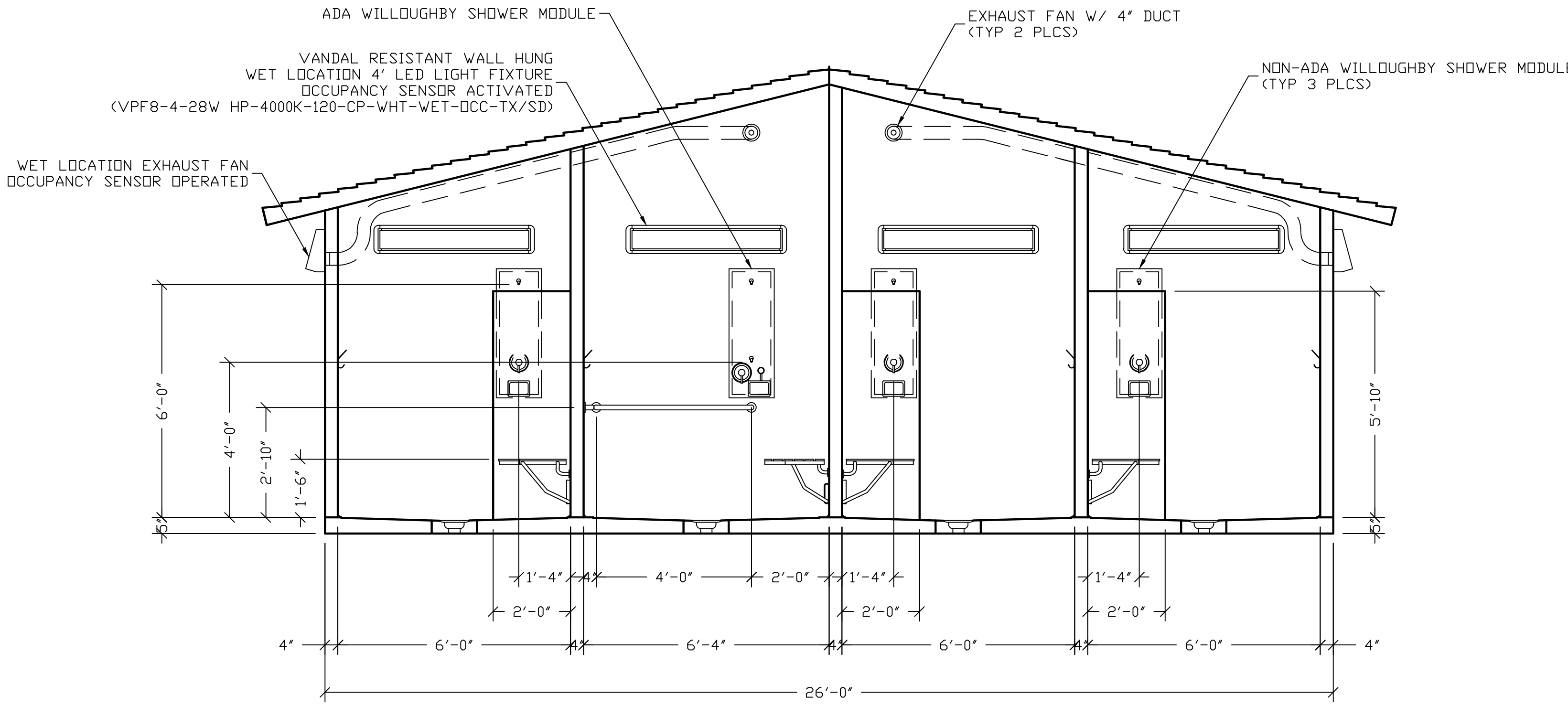
NOTICE

REV.	DESCRIPTION	APPROVAL	DATE

SCALE	1/4"=1'-0"	DATE	04-30-16
DRAWN		FILE NO.	PD-CH06
CHECKED		PLOT	48

INTERIOR ELEVATIONS

DWG NO.	SHEET	REV.
CH-06		



FOR
REFERENCE
ONLY

Precast Products

PROJECT TITLE
CHEYENNE
CXT STANDARD BUILDING

NOTICE

REV.	DESCRIPTION	APPROVAL	DATE

SCALE	1/4"=1'-0	DATE	04-30-16
DRAWN		FILE NO.	PD-CH07
CHECKED		PLOT	48

SHOWER
INTERIOR ELEVATIONS

DWG NO.	SHEET	REV.
CH-07		

Sourcewell Awarded Contract
Contract # 081721-CXT

CXT® Precast Concrete Products manufactures restroom, shower and concession buildings in multiple designs, textures and colors. The roof and walls are fabricated with high strength precast concrete to meet all local building codes and textured to match local architectural details. All CXT buildings are designed to meet A.D.A. and to withstand heavy snow, high wind and category E seismic loads. All concrete construction also makes the buildings easy to maintain and withstand the rigors of vandalism. The buildings are prefabricated and delivered complete and ready-to- use, including plumbing and electrical where applicable. With thousands of satisfied customers nationwide, CXT is the leader in prefabricated concrete restrooms.

1. ORDERING ADDRESS(ES): CXT Precast Concrete Products, 606 N. Pines Road, Suite 202, Spokane Valley, WA 99206

2. ORDERING PROCEDURES: Fax 509-928-8270

3. PAYMENT ADDRESS(ES):
Remitting by check:
CXT, Inc., PO Box 676208, Dallas, TX 75267-6208

Remitting by ACH or wire transfer:
Beneficiary: CXT, Inc.
Beneficiary Bank: PNC Bank, Pittsburgh, PA
Account: 1077766885 ABA/Routing: 043000096
Email remittance details to AR@lbfoster.com

4. WARRANTY PROVISIONS: CXT provides a one (1) year warranty. The warranty is valid only when concrete is used within the specified loadings. Furthermore, said warranty includes only the related material necessary for the construction and fabrication of said concrete components. All other non-concrete components will carry a one (1) year warranty. CXT warrants that all goods sold pursuant hereto will, when delivered, conform to specifications set forth above. Goods shall be deemed accepted and meeting specifications unless notice identifying the nature of any non-conformity is provided to CXT in writing within the specified warranty. CXT, at its option, will repair or replace the goods or issue credit for the customer provided CXT is first given the opportunity to inspect such goods. It is specifically understood that CXT's obligation hereunder is for credit, repair or replacement only, F.O.B. CXT's manufacturing plants, and does not include shipping, handling, installation or other incidental or consequential costs unless otherwise agreed to in writing by CXT.

This warranty shall not apply to:

1. Any goods which have been repaired or altered without CXT's express written consent, in such a way as in the reasonable judgment of CXT, to adversely affect the stability or reliability thereof;

2. To any goods which have been subject to misuse, negligence, acts of God or accidents; or

3. To any goods which have not been installed to manufacturer's specifications and guidelines, improperly maintained, or used outside of the specifications for which such goods were designed.

5. TERMS AND CONDITIONS OF INSTALLATION (IF APPLICABLE): All prices subject to the "Conditions of Sale" listed on the CXT quotation form.

Customers are responsible for marking exact location building is to be set; providing clear and level site, free of overhead and/or underground obstructions; and providing site accessible to normal highway trucks and sufficient area for the crane to install and other equipment to perform the contract requirements. Customer shall provide notice in writing of low bridges, roadway width or grade, unimproved roads or any other possible obstacles to access. CXT reserves the right to charge the customer for additional costs incurred for special equipment required to perform delivery and installation. Customers will negotiate installation on a project-by-project basis, which shall be priced as separate line items. For more information regarding installation and truck turning radius guidelines please see our website at http://www.cxtinc.com.

In the event delivery of the building/s ordered is/are not completed within 30 days of the agreed to schedule through no fault of CXT, an invoice for the full contract value (excluding shipping and installation costs) will be submitted for payment. Delivery and installation charges will be invoiced at the time of delivery and installation.

Should the delivery and installation costs increase due to changes in the delivery period, this increase will be added to the price originally quoted, and will be subject to the contract payment terms.

In the event that the delivery is delayed more than 90 days after the agreed to schedule and through no fault of CXT, then in addition to the remedies above, a storage fee of 1-½% of contract price per month or any part of any month will be charged.

**Customer is responsible for all local permits and fees.

6. DELIVERY CHARGE: All prices F.O.B. origin prepaid and added to invoice. CXT operates three (3) manufacturing plants in the United States and will deliver from the closest location on our carriers.

7. PAYMENT TERMS: All orders are cash in advance. At CXT's discretion, credit may be given after approval of credit application. Payment to CXT by the purchaser of any approved credit amount is net 30 days after submission of invoice to purchaser. Interest at a rate equal to the lower of (i) the highest rate permitted by law; or (ii) 1.5% per month will be charged monthly on all unpaid invoices beginning with the 35th day (includes five (5) day grace period) from the date of the invoice. Under no circumstance can retention be taken. If CXT initiates legal proceeding to collect any unpaid amount, purchaser shall be liable for all of CXT's costs, expenses and attorneys' fees and costs of any appeal.

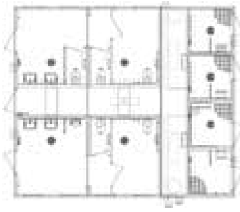
8. LIMITATION OF REMEDIES: In the event of any breach of any obligations hereunder; breach of any warranty regarding the goods, or any negligent act or omission of any party, the parties agree to submit all claims to binding arbitration. Any settlement reached shall include all reasonable costs including attorney fees. In no event shall CXT be subject to or liable for any incidental or consequential damages. Without limitation on the foregoing, in no event shall CXT be liable for damages in excess of the purchase price of the goods herein offered.

9. DELIVERY INFORMATION: All prices F.O.B. origin prepaid and added to invoice. CXT operates three (3) manufacturing plants in the United States and will deliver from the closest location on our carriers. Use the information below to determine the origin:

- F.O.B. 6701 E. Flamingo Avenue, Building 300, Nampa, ID 83687 applies to: AK, CA, HI, ID, MT, ND, NV, OR, SD, UT, WA, WY.
- F.O.B. 901 North Highway 77, Hillsboro, TX 76645 applies to AR, AZ, CO, IA, KS, LA, MN, MO, MS, NE, NM, OK, TX.
- F.O.B. 362 Waverly Road, Williamstown, WV 26183 applies to AL, CT, DE, FL, GA, IL, IN, KY, MA, MD, ME, MI, NC, NH, NJ, NY, OH, PA, PR, RI, SC, TN, VA, VT, WI, WV.
- Prices exclude all federal/state/local taxes. Tax will be charged where applicable if customer is unable to provide proof of exemption.

CHEYENNE — 33' x 26'

Cheyenne with chase has two multiuser restrooms with four separate shower rooms. Standard features include simulated barnwood textured walls, simulated cedar shake textured roof, vitreous china fixtures, interior and exterior lights, hot water heater, modular shower units, off loaded, and set up at site.



CXT
800.696.5766
cxtinc.com

		Price Per Unit		
Base Price		$ 266,167.80		$ 266,167.80
Added Cost Options			Click to Select	
Final Connection to Utilities (per section)		$ 5,000.00	☐	0.00
Optional Wall Texture (per section)- *choose one* ◯ Split Face Block ($5,500) ◯ Stone ($7,000)			Reset Wall Texture	
Optional Roof Texture (per section) ☐ Ribbed Metal		$ 5,500.00		0.00
Insulation and Heaters (per section)		$ 19,500.00	☐	0.00
Stainless Steel Water Closet (each)	Qty: 5	$ 1,750.00	☐	0.00
Stainless Steel Lavatory (each)	Qty: 4	$ 1,500.00	☐	0.00
Stainless Steel Urinal (each)	Qty: 1	$ 1,500.00	☐	0.00
Electric Hand Dryer (each)	Qty: 2	$ 700.00	☐	0.00
Electronic Flush Valve (each)	Qty: 5	$ 1,500.00	☐	0.00
Electronic Lavatory Faucet (each)	Qty: 4	$ 1,500.00	☐	0.00
Electronic Urinal Valve (each)	Qty: 1	$ 1,500.00	☐	0.00
Coin Operated Shower Control (each)	Qty: 4	$ 2,500.00	☐	0.00
Paper Towel Dispenser (each)	Qty: 2	$ 350.00	☐	0.00
Toilet Seat Cover Dispenser (each)	Qty: 5	$ 350.00	☐	0.00
Sanitary Napkin Disposal Receptacle (each)	Qty: 3	$ 100.00	☐	0.00
Baby Changing Table (each)	Qty: 2	$ 750.00	☐	0.00
Skylight in Restroom (each)	Qty: 4	$ 1,600.00	☐	0.00
Marine Grade Skylight in Restroom (each)	Qty: 4	$ 2,450.00	☐	0.00
Marine Package *(excluding fiberglass doors and frames)*		$ 2,350.00	☐	0.00
Bill Changer (each)	Qty: 1	$ 6,750.00	☐	0.00
Exterior Mounted ADA Drinking Fountain w/Cane Skirt (each)	Qty: 1	$ 5,600.00	☐	0.00
2K Anti-Graffiti Coating (per section)		$ 4,000.00	☐	0.00
Optional Door Closure (each)	Qty: 6	$ 700.00	☐	0.00
Fiberglass Entry and Chase Doors and Frames (each)	Qty: 7	$ 3,300.00	☐	0.00
Timed Electric Lock System (2 doors- does not include chase door) (each)	Qty: 6	$ 1,350.00	☐	0.00
Exterior Frostproof Hose Bib with Box (each)	Qty: 1	$ 1,200.00	☐	0.00

Total for Added Cost Options:	$ 0.00
Custom Options:	$
Engineering and State Fees:	$ 4,000.00
Estimated One-Way Transportation Costs to Site (quote):	$ 64,800.00
Estimated Tax:	$
Total Cost per Unit Placed at Job Site:	$ 334,967.80

Estimated monthly payment on 5 year lease ***$6,732.85***

Sourcewell Awarded Contract
Contract # 081721-CXT

This price quote is good for 60 days from date below, and is accurate and complete.

CXT Sales Representative Date

I accept this quote. Please process this order.

Company Name

Company Representative Date

Exterior Color(s) *(For single color mark an X. For two-tone combinations use W = Walls and R = Roof.)*

______	Amber Rose	______	Berry Mauve	______	Buckskin	______	Cappuccino Cream
______	Charcoal Grey	______	Coca Milk	______	Evergreen	______	Georgia Brick
______	Golden Beige	______	Granite Rock	______	Hunter Green	______	Java Brown
______	Liberty Tan	______	Malibu Taupe	______	Mocha Caramel	______	Natural Honey
______	Nuss Brown	______	Oatmeal Buff	______	Pueblo Gold	______	Raven Black
______	Rich Earth	______	Rosewood	______	Sage Green	______	Salsa Red
______	Sand Beige	______	Sun Bronze	______	Toasted Almond	______	Western Wheat

Special roof color # ______________________________

Special wall color # ______________________________

Special trim color # ______________________________

Rock Color

☐ Basalt ☐ Mountain Blend ☐ Natural Grey ☐ Romana

Roof Texture

☐ Cedar Shake ☐ Ribbed Metal

Wall Texture(s) *(For single color mark an X. For top and bottom textures use T = Top and B = Bottom.)*

______	Barnwood	______	Horizontal Lap	Can only be used as bottom texture			
______	Split Face Block	______	Board & Batt	______	Napa Valley Rock	______	River Rock
______	Stucco/Skip Trowel	______	Brick	______	Flagstone		

(Textures not included in CXT's quote are additional cost.)

Door Opener

☐ Non-locking ADA Handle ☐ Privacy ADA Latch ☐ Pull Handle/Push Plate

Deadbolt ☐

Accessible Signage

☐ Men ☐ Women ☐ Unisex

Toilet Paper Holder

☐ 2-Roll Stainless Steel ☐ 3-Roll Stainless Steel

Notes:

ZOROMSKI SOIL CONSULTING, LLC
Tim Zoromski #227581 #019500012
715-570-3912 tazoromski@frontier.com

Soil Test Estimates for Marathon County Parks Department

Project: Big Eau Pleine---Addition of toilet and shower facilities

Parcel ID# 030-2605-011-0997
Town of Green Valley

Soil and Site Evaluation - $1500.00
Excavation of Soil Pits - $500.00
Soil Test Filing Fee - $100
Total - $2100.00

This does not include any septic system design or sanitary permit fees

Project: Nine Mile---Upgrade existing septic at chalet/event space

Parcel ID# 068-2807-304-0999
Town of Rib Mountain

Soil and Site Evaluation - $1500.00
Excavation of Soil Pits - $500.00
Soil Test Filing Fee - $100.00
Total - $2100.00

This does not include any septic system design or sanitary permit fees

Project: Dells of Eau Claire---Addition of toilet and shower facilities with dump station

Parcel ID# 062-2910-074-0987
Town of Plover

Soil and Site Evaluation - $1200.00
Soil Test Filing Fee - $100.00
Total - $1300.00

This does not include any septic system design or sanitary permit fees

HAUPT WELL DRILLING, INC

4540 County Road P
Auburndale, WI 54412

Estimate

Date	Estimate #
1/27/2023	21409

Name / Address	Ship To
Bradley Mroczenski Big Eau Pleine County Park bradley.mroczenski@co.marathon.wi.us. 715/261-1577	135695 Eau Pleine Park Rd Marathon County T/O Green Valley

Description	Total
DNR State Permit - $70 Drill 6" Well @ $25/ft. Furnish and install a minimum of 40' of 6" ASTM A53B prime well casing @ $50/ft. 6" Case Hardened Grout Drive Shoe - $110 Furnish and install 8 bags of neat cement grout @ $30/bag 6" DNR Approved Well Cap - $95 Hydro - Fracking (if needed) - $2,000 Coliform Bacteria & Nitrate Water Sample Tests - $100 EXAMPLES: 100ft. Well Scenario: DNR State Permit - $70 Drilling - $2,500 Casing - $2,000 Drive Shoe - $110 Neat Cement Grout - $240 DNR Well Cap - $95 Water Sample Tests - $100 TOTAL 100FT. WELL SCENARIO: $5,115 200ft. Hydro - Fracked Well Scenario (Worst Case Scenario): $9,865 Total DNR State Permit - $70 Drilling - $5,000 Casing - $2,000 Drive Shoe - $110 Neat Cement Grout - $240 DNR Well Cap - $95 Hydro - Fracking - $2,000 Water Sample Tests - $100 TOTAL 200FT. FRACKED WELL SCENARIO: $9,615 Note: $4,000 well minimum charge	

BERTRAM – JUNEMANN WELL DRILLING, INC.

7117 Cty. Trk. S. Rudolph, Wisconsin 54475

Phone: (715) 435-3379

Date:1/24/23

JOB ESTIMATE

Marathon Co Park
Attn: Brad

JOB NAME:
135695 Eau Pleine Park Rd

PHONE:
715 261-1577

QTY.	DESCRIPTION	UNIT PRICE	AMOUNT
40'	6" Drilling with casing	$60.00	$2400.00
260'	6" Drilling after casing	22.00	5720.00
	Set up charge, DNR permit and sampling		1400.00
	Hydro-fracturing after 300' if required	Addt'l $2200.00	
	+$60/22 or -$60/22 per ft depending on depth of well		
			TOTAL: $9520.00

This estimate is for completing the job as described above. It is based on our evaluation and does not include driveway or lawn repair, material price increases or additional labor and materials which may be required should unforeseen problems or adverse weather conditions arise after the work has started. Due to the nature of wells there is no guarantee to quality or quantity of water.

TERMS: Due upon receipt of invoice. Interest At 1 ½ % per month. Annual percentage rate 18% on accounts not paid within 30 days.

$10,020 Total

Quoted by:

Should this matter be placed in the hands of An attorney for collection, the undersigned Agrees to pay for all costs of collection, Including reasonable attorney fees.

Approved by:

Drews and Koeppel Well Drilling
170001 Ringle Ave.
Ringle, WI 54471
United States

Voice: 715-446-2596
Fax: 715-446-3235

QUOTATION

Quote Number: 2426
Quote Date: Jan 31, 2023
Page: 1

Quoted To:
Wausau and Marathon County Parks
500 Forest St
Wausau, WI 54403

Customer ID	Good Thru	Payment Terms	Sales Rep
Mparks	3/2/23	Net 10 Days	

Quantity	Item	Description	Unit Price	Amount
52.00	aban	Ft. of 6" well abandonment	8.00	416.00
1.00	misc	Cut casing below grade	30.00	30.00
1.00	2m	Hrs. Labor (2 men w/ hoist truck)Remove existing hand pump.	220.00	220.00
1.00	misc	Travel, set up, and clerical.	350.00	350.00

$10,036 Total

Subtotal	1,016.00
Sales Tax	
TOTAL	**1,016.00**

QUOTATION

Drews and Koeppel Well Drilling
170001 Ringle Ave.
Ringle, WI 54471
United States

Voice: 715-446-2596
Fax: 715-446-3235

Quote Number: 2427
Quote Date: Jan 31, 2023
Page: 1

Quoted To:
Wausau and Marathon County Parks
500 Forest St
Wausau, WI 54403

Customer ID	Good Thru	Payment Terms	Sales Rep
Mparks	3/2/23	Net 10 Days	

Quantity	Item	Description	Unit Price	Amount
1.00	50	50' Well Package	4,600.00	4,600.00
20.00	misc	Ft of additional 8" drilling	20.00	400.00
20.00	case	Ft. of additional 6" casing	36.00	720.00
150.00	drill-r	Ft. of additional 6" granite drilling	22.00	3,300.00
		* Quote is for a 200' deep well with 60' of casing grouted in for additional bacteria protection (40' required).		
		* Hydro-fracture in 40' zones for an additional $2,100 if needed.		
		* Actual depth may differ and will determine the final cost.		
		* Materials/fuel market conditions at the time of drilling may affect costs.		
			Subtotal	9,020.00
			Sales Tax	
			TOTAL	**9,020.00**

DREWS AND KOEPPEL
WELL DRILLING
50' WELL PACKAGE

INCLUDES:

* Up to 50' of 6" drilling. (40' of 8" drilling if required)
* Up to 50' of 6" steel casing.
* 3' stainless well screen---if needed.
* 6" hardened drive shoe.
* 6" WI approved sealed well cap.
* Up to 10 bags of Portland cement if required.
* First bacteria and nitrate water tests.
* WI well permit fee.

Additional drilling at $ 21.00 FT.
Additional granite drilling at $ 22.00 FT.
Additional steel well casing at $ 36.00 FT.

Geology may require drilling methods and/or materials not listed and would add to the cost.

Kim Trueblood

From: Andrew Sims
Sent: Friday, June 14, 2024 11:21 AM
To: Lance Leonhard
Cc: Chris Holman; Kim Trueblood
Subject: RE: Dells of the Eau Claire project
Attachments: DECShower CIP Project Request Full Packet.pdf; Information on Dells

Chris and Kim,

Attached is the documentation/packet that lays out the basis of our budgeting request. To help you sort through this, I would highlight this original request was two part: one for the dump station and second for the shower facility. The ROI on the shower facility was too high to justify moving forward.

Some additional comments on the dump station. The campground has 28 sites that can be reserved and accommodate any style of camping. In the event the dump station is not installed, we would need to reduce the RV sites to fewer than 20 per ATCP 79.15 (2)(a) 1. This would result in converting nine sites to tent only. The majority of our sites are populated with RV or towed style camping units. The trend in camping has moved away from tent camping and to larger units that have a higher demand in electricity. This is why the electrical at the Dells of the Eau Claire campground was improved and upsized in 2019.

Camping numbers are attached as an email Marcus sent. The numbers do not reflect that we would need to cancel reservations, but I would note that we get a significant number of drive-in traffic at this location resulting in a full campground most Fridays and Saturdays.

Please let me know if there is more of different information you are looking for. I will be out for a couple hours, but back in around 1.

Regards,

Andrew D. Sims

Assistant Director - Operations
Wausau/Marathon County Parks, Recreation, and Forestry Department
(715) 261-1573

Wausau & Marathon County
Parks, Recreation
& Forestry

CELEBRATING 100 YEARS 1920-2020

From: Lance Leonhard <Lance.Leonhard@co.marathon.wi.us>
Sent: Friday, June 14, 2024 10:43 AM
To: Andrew Sims <Andrew.Sims@co.marathon.wi.us>
Cc: Chris Holman <Chris.Holman@co.marathon.wi.us>; Kim Trueblood <Kim.Trueblood@co.marathon.wi.us>
Subject: Dells of the Eau Claire project

Andy,

Can you work with Chris to get all the documentation that was used in last year's CIP / Budget presentation for the Dells of the Eau Claire project and then send it to Clerk Trueblood?

My sense is that the committee would like to hear that this is a "priority project" from the perspective of the PRF and the Park Commission, as it is at one of our most popular locations.

If you could also have some general numbers of specific camping utilization at the Dells of the Eau Claire and a rough number of the number of reservations that already exist for 2024 that we may need to evaluate cancelling should the project not move forward, it think it would be helpful. I have found success with short cover memos to lay out the operative facts and recommendation in similar situations.

Chris already found some information (see below and attached). I know the turnaround is quick, but if you can make this a priority today that would be great.

Let me know if you need anything else.

p. 49/80

https://www.marathoncounty.gov/home/showpublisheddocument/10826/638313385302270000

Kim Trueblood

From:	Marcus Aumann
Sent:	Friday, June 14, 2024 11:16 AM
To:	Andrew Sims
Subject:	Information on Dells
Attachments:	May 1 through June 14.csv; June 15 through October 31.csv

This is strictly reservations booked at this time. This does not take into consideration the walk in bookings that already occurred. The walkin reservations that will occur. Any info on Non-Reservable Site. Or future reservations made after this moment.

"Reservations" is simply a count of the number of reservations. Not how many days that site was used. 1 reservation could be a weekend stay, another could be a week long stay.

Marcus Aumann
Assistant Director-Community Services
Wausau & Marathon County Parks, Recreation & Forestry
212 River Drive, Suite #2
Wausau, WI 54403
715-261-1555

Wausau & Marathon County
Parks, Recreation
& Forestry

Camper Type	Nights Stayed In
Fifth Wheel	34
Motorhome	11
One Camper plus One Tent	15
One Tent	40
Pop Up	75
Travel Trailer	247
Two Tents	53
Group Campsite Stays	14

Type Summary	Nights Stayed In	Percentage
Non Tent Nights	396	19%
Tent Only Nights	93	81%

MARATHON COUNTY, WISCONSIN

RESOLUTION #R-28-24

INITIAL RESOLUTION APPROVING REVENUE BOND FINANCING FOR BUG TUSSEL WIRELESS, LLC

INTRODUCED BY: Human Resources, Finance, and Property Committee

INTENT & SYNOPSIS: To provide approval of an Initial Resolution of Marathon County to participate with other counties in accordance with an Intergovernmental Agreement pursuant to which Fond du Lac County, Wisconsin will serve as the conduit bond issuer for Revenue Bond Financing for Bug Tussel Wireless, LLC to finance a project for acquisition, construction and installation of certain telecommunications infrastructure, for the purpose of providing wireless internet and telephone communication services to businesses, governmental units and residents of rural communities where such service is currently unavailable or prohibitively expensive (the "Project"), which includes Project costs located in Marathon County in an amount not to exceed $12,000,000.

FISCAL NOTE: None.

WHEREAS, Section 66.1103 of the Wisconsin Statutes (the "Act") authorizes municipalities to authorize the issuance and sale of bonds to construct, equip, re-equip, acquire by gift, lease or purchase, install, reconstruct, rebuild, rehabilitate, improve, supplement, replace, maintain, repair, enlarge, extend or remodel industrial projects; and

WHEREAS, Bug Tussel Wireless, LLC, a Wisconsin limited liability company (the "Company"), and/or one or more of its affiliates (including, without limitation, Hilbert Communications, LLC and Cloud 1, LLC), whether existing on the date hereof or to be formed and whether owned directly or indirectly by the Company, desires to finance a project consisting of the acquisition, construction and installation of certain telecommunications infrastructure that includes, among other things (i) acquisition of tower sites by purchase or lease of land and equipping such sites with towers and electronics to provide broadband, high speed cellular, emergency communications and point to point (P2P) data communications; (ii) constructing fiberoptic data transmission facilities (cable and electronics) between towers, key community facilities, businesses and residential aggregation points; (iii) where appropriate, connecting individual premises into the broadband network including the cost of Consumer Premise Equipment (CPE); (iv) payment of capitalized interest; (v) funding of a debt service reserve fund; (vi) payment of such project costs located in Marathon County in an amount not to exceed $12,000,000; and (vii) payment of professional fees (collectively, the "Project"), all of which will be for the purpose of providing wireless internet and telephone communications services to businesses, governmental units and residents of rural communities where such service is currently unavailable or is prohibitively expensive; and

WHEREAS, Marathon County is a political subdivision of the State of Wisconsin within whose boundaries a portion of the Project is located; and

WHEREAS, pursuant to Sections 66.1103 and 66.0301 of the Wisconsin Statutes, individual counties or two or more counties, each a "Participating County", acting pursuant to an Intergovernmental Agreement may serve as the conduit issuer for such financing; and

WHEREAS, (i) the aggregate cost of the Project in Marathon County and the Participating Counties is presently estimated to be not greater than $250,000,000, (ii) the aggregate amount of the Project proposed to be financed with one or more issues or series of tax-exempt or taxable revenue bonds does not exceed $250,000,000 (the "Bonds") to be issued by Fond du Lac County, Wisconsin (the "Issuing County") acting pursuant to intergovernmental powers, and (iii) the portion of the Project located in Marathon County does not exceed $12,000,000; and

WHEREAS, Section 66.1103(3)(f) of the Wisconsin Statutes provides that a municipality also may finance an industrial project which is located entirely outside the geographic limits of the municipality, but only if the revenue agreement for the project also relates to another project of the same eligible participant, part of which is located within the geographic limits of the municipality; and

WHEREAS, the Project includes necessary infrastructure for essential services by and for Marathon County and local units of government in Marathon County and is in furtherance of the public purposes set forth in the Act; and

WHEREAS, the proposed Project is a multi-jurisdictional project which is located in multiple counties to be identified, and the Company has requested that each of the Participating Counties approve an initial resolution (the "Initial Resolution") providing for the financing of the Project in an aggregate amount not to exceed $250,000,000; and

WHEREAS, pursuant to the Intergovernmental Agreement, Fond du Lac County shall be the Issuing County of said revenue Bonds, and it shall be determined at a future date which county or counties shall be Participating Counties; and

WHEREAS, the Company has requested that Marathon County and other Participating Counties who will directly benefit from the Project to each provide a limited guaranty (the "Guaranty") to enhance the collateral position of the Company in an amount equal to the pro rata portion of the Project costs incurred and essential services benefits derived in such Participating County; and

WHEREAS, the Company will have the primary obligation to make all scheduled principal and interest payments when due on the Bonds, and Marathon County's Guaranty will apply only in the event that the Company does not make the required payments due on the Bonds; and

WHEREAS, in return for Marathon County's Guaranty, Marathon County shall receive an annual guaranty fee (based upon the amount of its Guaranty), and the Company will pay all costs to Marathon County and all expenses by Marathon County related to the bond issue; and

WHEREAS, at the option of the Company, bond insurance may be purchased with respect to the Bonds which will require approval by subsequent resolution of Marathon County;

WHEREAS, the Company shall enter into a Reimbursement Agreement (the "Reimbursement Agreement") with Marathon County agreeing to reimburse Marathon County for any payment required under Marathon County's Guaranty and to indemnify Marathon County for any and all costs, expenses and liabilities related to the Bonds; and

WHEREAS, as further security for its Guaranty, Marathon County shall receive a first mortgage on all land, buildings, and improvements of the Company located in Marathon County which are financed with proceeds of the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Marathon County Board of Supervisors as follows:

1. Marathon County hereby approves that Fond du Lac County, as the Issuing County, acting pursuant to the Intergovernmental Agreement, shall:

(a) Finance the Project in an aggregate amount not to exceed $250,000,000 which includes Project costs located in Marathon County in an amount not to exceed $12,000,000; and

(b) Acting pursuant to the Intergovernmental Agreement by and among one or more Participating Counties, Fond du Lac County shall issue industrial development revenue bonds in one or more issues or series of tax-exempt or taxable bonds in an aggregate amount not to exceed $250,000,000 in order to finance costs of the Project located in the Participating Counties, pursuant to Section 66.1103(3)(f) of the Wisconsin Statutes.

2. The aforesaid plan of financing contemplates, and is conditioned upon, the following:

(a) The Bonds shall be limited obligations of the Issuing County, acting pursuant to the Intergovernmental Agreement, and are payable solely from revenues provided by the Company and are secured in part by the limited Guaranty of Marathon County;

(b) The Bonds shall never constitute an indebtedness of Marathon County, the Issuing County or the Participating Counties within the meaning of any state constitutional provision or statutory limitation;

(c) The Bonds shall not constitute or give rise to a pecuniary liability of the Issuing County, or the Participating Counties, or a charge against their general credit or taxing powers;

(d) The Project shall be subject to property taxation in the same amount and to the same extent as though the Project were not financed with industrial development revenue bonds;

(e) The Company shall find a purchaser for all of the Bonds;

(f) All out-of-pocket costs, including but not limited to legal fees and Trustee's fees, incurred by Fond du Lac County or the Marathon County in connection with the issuance and sale of the Bonds shall be paid by the Company, whether or not the Issuing County or another Participating County ultimately issues the Bonds; and

(g) Marathon County shall be paid an annual guaranty fee (based upon the amount of Marathon County's Guaranty).

3. The aforesaid plan of financing shall not be legally binding upon Marathon County nor be finally implemented unless and until:

(a) The details and mechanics of the bond financing are authorized and approved by a further resolution of Fond du Lac County, as the Issuing County, by a vote of at least three-fourths of the members-elect (as defined in Section 59.001(2m) of the Wisconsin Statutes) of the Board of Supervisors. Such approval shall be solely within the discretion of the Issuing County, acting pursuant to the Intergovernmental Agreement and approval of the Board of Supervisors of the Issuing County;

(b) Said approval and Guaranty are further conditioned upon terms and conditions of one or more written agreements between Marathon County and the various parties involved, ensuring that all of the proceeds from the sale of the Bonds shall be administered by a duly appointed independent trustee, that the bond proceeds shall be used exclusively for the development of the Project and for no other purpose, and that the project funds shall be paid over to the Company by the trustee only as they become needed for completion of the Project;

(c) The County Clerk of Marathon County shall cause notice of adoption of this Initial Resolution, in the form attached hereto as Exhibit A, to be published once in a newspaper of general circulation in Marathon County, and the electors of Marathon County shall have been given the opportunity to petition for a referendum on the matter of the aforesaid bond issue, all as required by law;

(d) Either no such petition shall be timely filed or such petition shall have been filed and said referendum shall have approved the bond issue;

(e) The county clerks of Marathon County and the Participating Counties shall each have received an employment impact estimate issued under Section 238.11 of the Wisconsin Statutes;

(f) The Bonds shall be limited obligations of the Issuing County, acting pursuant to the Intergovernmental Agreement and are payable solely from revenues provided by the Company and secured in part by a limited guaranty of each Participating County;

(g) All Participating Counties have entered into the Intergovernmental Agreement and identified Fond du Lac County as the Issuing County;

(h) All Participating Counties have approved their respective guaranties by a vote of at least three-fourths of the members-elect of their respective County Board of Supervisors; such subsequent approval shall be solely within the discretion of each Participating County; and

(i) All documents required to consummate the financing have been duly authorized and delivered.

4. Pursuant to the Act, all requirements that the Project be subject to the contracting requirements contained in Section 66.1103 are waived, the Company having represented that it is able to negotiate satisfactory arrangements for completing the Project and that Marathon County's interests are not prejudiced thereby.

5. The County Clerk of Marathon County is directed following adoption of this Initial Resolution (i) to publish notice of such adoption not less than one time in the official newspaper of Marathon County, such notice to be in substantially the form attached hereto as <u>Exhibit A</u> and (ii) to file a copy of this Initial Resolution, together with a statement indicating the date the Notice to Electors was published, with the Wisconsin Economic Development Corporation within twenty (20) days following the date of publication of such notice.

6. This Initial Resolution is an "initial resolution" within the meaning of the Act and official action toward issuance of the Bonds. Furthermore, it is the reasonable expectation of Marathon County that proceeds of the Bonds may be used to reimburse expenditures made on the Project prior to the issuance of the Bonds. The maximum principal amount of debt expected to be issued for the Project on the date hereof is $250,000,000.

7. Marathon County Officers and Corporation Counsel shall forthwith negotiate and confer with all interested parties, draft, edit, or approve and deliver the contracts or other documents necessary to carry out the provisions of this Initial Resolution; provided, however, that such Officers and Corporation Counsel shall present the same to the Board of Supervisors for the Board's final review, ratification, and approval of all of the specific terms and conditions contained in said documents prior to the issuance of the Bonds on behalf of

the Company. Such subsequent approval shall be solely within the discretion of Marathon County and its Board of Supervisors, notwithstanding this Initial Resolution.

Recommended for adoption this ____ day of _______, 2024.

_____________________________ _____________________________

_____________________________ _____________________________

_____________________________ _____________________________

Adopted _____
Defeated _____ by the Marathon County Board of Supervisors this
Tabled _____ _______ day of ________, 2024.

_______________________________ __________________________________

County Board Chair County Clerk

I, the undersigned, the duly appointed and qualified Clerk of Marathon County, Wisconsin do hereby certify that the foregoing resolution was duly adopted by the County Board of Supervisors at a meeting of said County held in open session in accordance with the requirements of Subchapter V of Chapter 19 of the Wisconsin Statutes on June 18, 2024.

MARATHON COUNTY, WISCONSIN

____

County Clerk

<u>EXHIBIT A</u>

NOTICE TO ELECTORS OF
MARATHON COUNTY, WISCONSIN

TAKE NOTICE that the Board of Supervisors of Marathon County, Wisconsin ("Marathon County"), at a meeting held at the Marathon County Courthouse, 500 Forest Street, Wausau, Wisconsin, on June 18, 2024, adopted an initial resolution (the "Initial Resolution") pursuant to Section 66.1103 of the Wisconsin Statutes, as amended, expressing the intention to issue not to exceed $250,000,000 of industrial development revenue bonds (the "Bonds") on behalf of Bug Tussel Wireless, LLC, a Wisconsin limited liability company (the "Company"), and/or one or more of its affiliates (including, without limitation, Hilbert Communications, LLC and Cloud 1, LLC), to finance a project consisting of the acquisition, construction and installation of certain telecommunications infrastructure that includes, among other things (i) acquisition of tower sites by purchase or lease of land and equipping such sites with towers and electronics to provide broadband, high speed cellular, emergency communications and point to point (P2P) data communications; (ii) constructing fiberoptic data transmission facilities (cable and electronics) between towers, key community facilities, businesses and residential aggregation points; (iii) where appropriate, connecting individual premises into the broadband network including the cost of Consumer Premise Equipment (CPE); (iv) payment of capitalized interest; (v) funding of a debt service reserve fund; (vi) payment of project costs located in Marathon County in an amount not to exceed $12,000,000; and (vii) payment of professional fees (collectively, the "Project"), all of which will be for the purpose of providing wireless internet and telephone communications services to businesses, governmental units and residents of rural communities. The Company has represented that the net number of full-time equivalent jobs which will be maintained in Marathon County is 1.

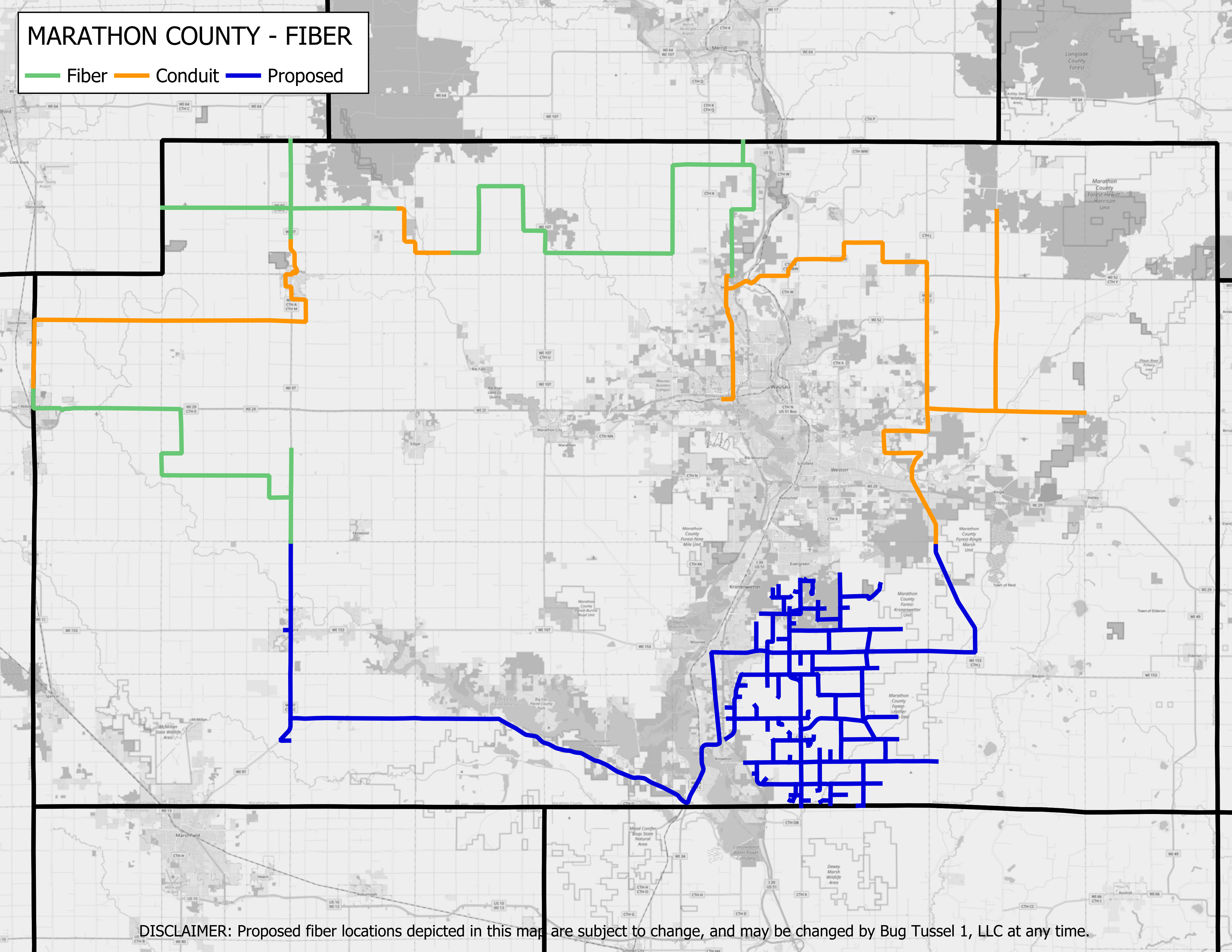
Pursuant to the terms of Section 66.1103 of the Wisconsin Statutes, all requirements that the Project be subject to the contracting requirements contained in Section 66.1103 are waived, the Company having represented that it is able to negotiate satisfactory arrangements for completing the Project and that Marathon County's interests are not prejudiced thereby.

THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF MARATHON COUNTY, NOR SHALL THE BONDS GIVE RISE TO ANY PECUNIARY LIABILITY OF MARATHON COUNTY, NOR SHALL THE BONDS BE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF MARATHON COUNTY. RATHER, THE BONDS SHALL BE PAYABLE SOLELY FROM THE REVENUES AND OTHER AMOUNTS TO BE DERIVED PURSUANT TO THE REVENUE AGREEMENT RELATING TO SAID PROJECT TO BE ENTERED INTO BETWEEN THE ISSUING COUNTY OR ISSUING COUNTIES AND THE COMPANY.

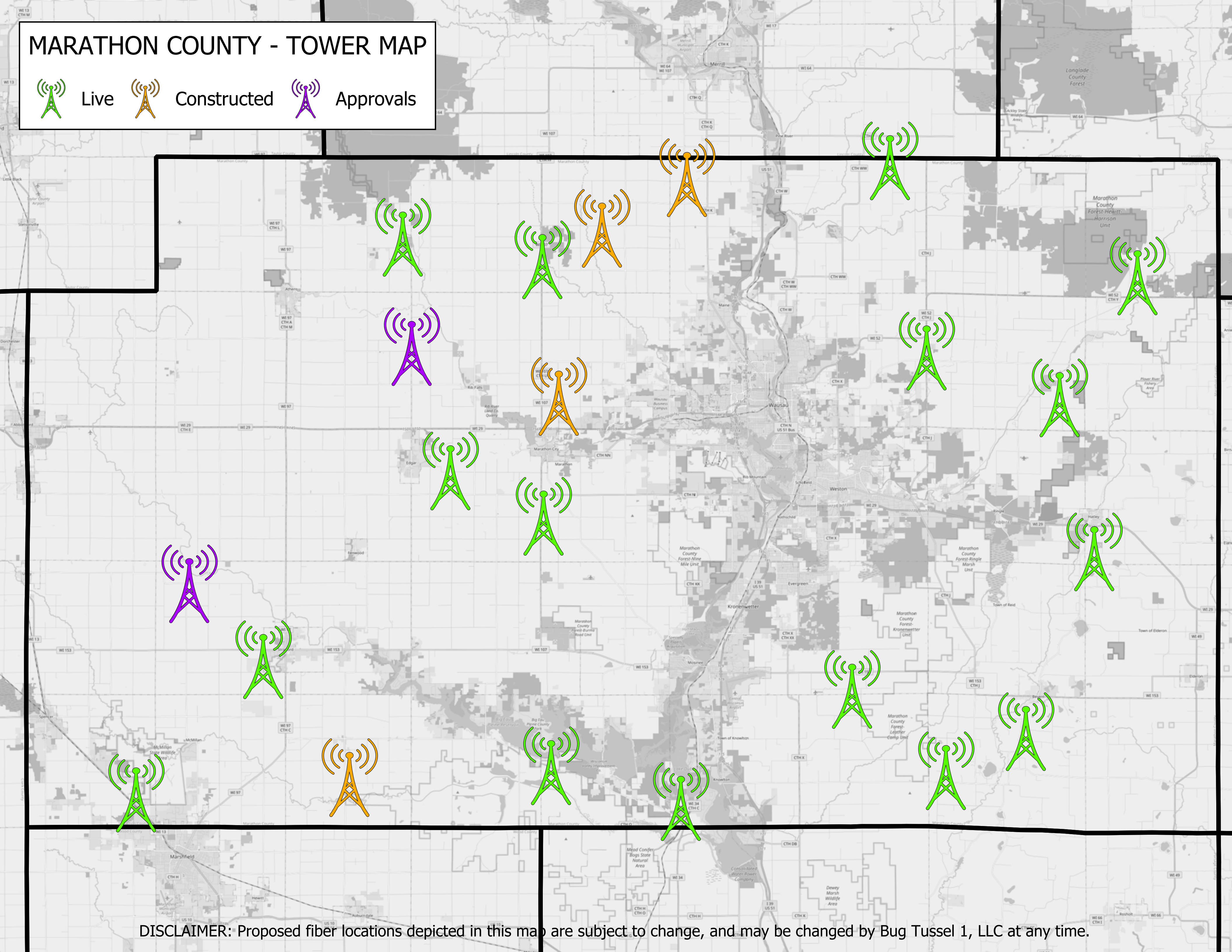
The Initial Resolution may be inspected in the office of the Marathon County Clerk at 500 Forest Street, Wausau, Wisconsin, during business hours.

TAKE FURTHER NOTICE THAT THE ELECTORS OF MARATHON COUNTY MAY PETITION FOR A REFERENDUM ON THE QUESTION OF THE BOND ISSUE. Unless within thirty (30) days from the date of the publication of this Notice a petition signed by not less than five percent (5%) of the registered electors of the Marathon County is filed with the County Clerk requesting a referendum on the question of the issuance of the Bonds, the Issuing County will issue the Bonds without submitting the proposition for the electors' approval. If such petition is filed as aforesaid, then the Bonds shall not be issued until approved by a majority of the electors of Marathon County voting thereon at a general or special election.

Kim Trueblood, County Clerk
Marathon County, Wisconsin



MARATHON COUNTY - FIBER
Fiber
Conduit
Proposed
DISCLAIMER: Proposed fiber locations depicted in this map are subject to change, and may be changed by Bug Tussel 1, LLC at any time.


MARATHON COUNTY - TOWER MAP
Live
Constructed
Approvals
Merrill
Wausau
Weston
Marshfield
DISCLAIMER: Proposed fiber locations depicted in this map are subject to change, and may be changed by Bug Tussel 1, LLC at any time.

MARATHON COUNTY 6/12/2024
PAR AMOUNT: $ 12,000,000

		EOY 2024	**EOY 2025**	**EOY 2026**	**EOY 2027**	**EOY 2028**	**EOY 2029**	**EOY 2030**	**EOY 2035**	**EOY 2040**	**EOY 2045**	**EOY 2050**
Number of National Carrier Tower Leases		-	-	-	-	-	-	-	-	-	-	-
Number of National Carrier Backhaul Contracts		-	2	5	7	8	8	10	14	15	16	19
Number of ISP Aggregation Circuits		-	-	-	1	2	2	3	4	5	5	6
Number of Fixed Wireless Subscribers		-	-	-	-	-	-	-	-	-	-	-
Number of Fiberoptic Broadband Subscribers		300	540	540	675	743	743	810	810	810	810	810
Number of Content Subscriptions		60	135	162	236	297	334	365	332	292	251	211
Number of Managed Services Contracts		45	81	81	101	111	111	122	122	122	122	122
Number of Fixed Wireless Towers		-	-	-	-	-	-	-	-	-	-	-
Subscribers per Tower		-	-	-	-	-	-	-	-	-	-	-
Homes Passed		750	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350
Fiber Miles Constructed		90	145	145	145	145	145	145	145	145	145	145
Subscription Rate for Fiber Broadband		40%	40%	40%	50%	55%	55%	60%	60%	60%	60%	60%
Content Subscription		20%	25%	30%	35%	40%	45%	45%	41%	36%	31%	26%
Subscription Rate for Managed Services		15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
National Carrier Tower Lease Rate		$ 1,900	$ 1,938	$ 1,977	$ 2,016	$ 2,057	$ 2,098	$ 2,140	$ 2,362	$ 2,608	$ 2,880	$ 3,179
National Carrier Backhaul Rate		$ 975	$ 995	$ 1,014	$ 1,035	$ 1,055	$ 1,076	$ 1,098	$ 1,212	$ 1,338	$ 1,478	$ 1,632
ISP Aggregation Rate		$ 2,500	$ 2,550	$ 2,601	$ 2,653	$ 2,706	$ 2,760	$ 2,815	$ 3,108	$ 3,432	$ 3,789	$ 4,184
Fixed Wireless Subscriber ARPU		$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 61.20	$ 62.42	$ 63.67	$ 70.30	$ 77.62	$ 85.69	$ 94.61
Fiberoptic Broadband ARPU		$ 75.00	$ 75.00	$ 75.00	$ 75.00	$ 76.50	$ 78.03	$ 79.59	$ 87.87	$ 97.02	$ 107.12	$ 118.27
Content Subscription Margin		$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00
Managed Services ARPU		$ 8.00	$ 8.00	$ 8.00	$ 8.00	$ 8.00	$ 8.00	$ 8.00	$ 8.00	$ 8.00	$ 8.00	$ 8.00
REVENUES:												
Tower Rents		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Backhaul Contracts		$ -	$ 23,868	$ 60,863	$ 86,913	$ 101,316	$ 103,342	$ 131,761	$ 203,665	$ 240,924	$ 283,733	$ 372,001
ISP Aggregation Revenue		$ -	$ -	$ -	$ 31,836	$ 64,946	$ 66,245	$ 101,355	$ 149,205	$ 205,918	$ 227,350	$ 301,215
Fixed Wireless Revenue		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fiberoptic Broadband Revenue		$ 270,000	$ 486,000	$ 486,000	$ 607,500	$ 681,615	$ 695,247	$ 773,621	$ 854,140	$ 943,039	$ 1,041,192	$ 1,149,560
Content Margin Revenue		$ 8,640	$ 19,440	$ 23,328	$ 34,020	$ 42,768	$ 48,114	$ 52,488	$ 47,822	$ 41,990	$ 36,158	$ 30,326
ANNUAL PROJECT REVENUE		$ 278,640	$ 529,308	$ 570,191	$ 760,269	$ 890,645	$ 912,948	$ 1,059,224	$ 1,254,832	$ 1,431,871	$ 1,588,433	$ 1,853,102
OPERATING EXPENSES:												
Tower Land Rent and Maintenance	$ 650.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Tower Leasing	$ 1,950.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Subscriber Support Costs and Billing	$ 5.00	$ (18,000)	$ (32,400)	$ (32,400)	$ (40,500)	$ (44,550)	$ (44,550)	$ (48,600)	$ (48,600)	$ (48,600)	$ (48,600)	$ (48,600)
Backhaul and Internet Access	$ 250.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Site Maintenance/Field Services	$ 350.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Customer Installation and Acquisition Expens	$ 300.00	$ (90,000)	$ (72,000)	$ -	$ (40,500)	$ (20,250)	$ -	$ (20,250)	$ -	$ -	$ -	$ -
Fiber Maintenance	$ 300.00	$ (27,000)	$ (43,500)	$ (43,500)	$ (43,500)	$ (43,500)	$ (43,500)	$ (43,500)	$ (43,500)	$ (43,500)	$ (43,500)	$ (43,500)
Selling and Marketing	2%	$ (5,573)	$ (70,586)	$ (71,404)	$ (15,205)	$ (17,813)	$ (18,259)	$ (21,184)	$ (25,097)	$ (28,637)	$ (31,769)	$ (37,062)
Property Taxes	$ 360.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OPERATING EXPENSES		$ (140,573)	$ (218,486)	$ (147,304)	$ (139,705)	$ (126,113)	$ (106,309)	$ (133,534)	$ (117,197)	$ (120,737)	$ (123,869)	$ (129,162)
CASH AVAILABLE FOR DEBT SERVICE		**$ 138,067**	**$ 310,822**	**$ 422,888**	**$ 620,564**	**$ 764,532**	**$ 806,639**	**$ 925,690**	**$ 1,137,635**	**$ 1,311,134**	**$ 1,464,564**	**$ 1,723,940**
DEBT SERVICE		$ -	$ -	$ -	$ (720,000)	$ (720,000)	$ (938,721)	$ (938,721)	$ (938,721)	$ (938,721)	$ (938,721)	$ (938,721)
AVAILABLE FOR ADDITIONAL CAPITAL EXPENDITURES		$ 138,067	$ 310,822	$ 422,888	$ (99,436)	$ 44,532	$ (132,081)	$ (13,031)	$ 198,914	$ 372,413	$ 525,843	$ 785,219
CUMULATIVE FUNDS AVAILABLE		$ 138,067	$ 448,889	$ 871,777	$ 772,340	$ 816,872	$ 684,791	$ 671,760	$ 1,294,819	$ 2,839,766	$ 5,187,925	$ 8,682,294
CAPITAL EXPENDITURES:												
Placement of Fiberoptic Cable	$ (80,000.00)	$ (7,200,000)	$ (4,400,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Tower Construction	$ (220,000.00)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Microwave Paths	$ (30,000.00)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fiber to the Premise	$ (300.00)	$ (225,000)	$ (72,000)	$ -	$ (40,500)	$ (20,250)	$ -	$ (20,250)	$ -	$ -	$ -	$ -
Broadband Equipment	$ (50,000.00)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Technology Upgrades		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL CAPITAL EXPENDITURES		$ (7,425,000)	$ (4,472,000)	$ -	$ (40,500)	$ (20,250)	$ -	$ (20,250)	$ -	$ -	$ -	$ -
BALANCE -- PSC GRANT	$ 3,000,000											
BALANCE -- COUNTY LOAN	$ -											
BALANCE -- BOND PROJECT FUND	$ 9,000,000											
BALANCE -- TOTAL PROJECT FUND	**$ 12,000,000**	**$ 4,575,000**	**$ 103,000**	**$ 103,000**	**$ 62,500**							
BALANCE -- OPERATING FUND		**$ 138,067**	**$ 448,889**	**$ 871,777**	**$ 772,340**	**$ 796,622**	**$ 664,541**	**$ 631,260**	**$ 1,054,319**	**$ 2,399,266**	**$ 4,547,425**	**$ 7,841,794**

HILBERT COMMUNICATIONS, LLC
AND SUBSIDIARIES

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

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DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management
Hilbert Communications, LLC and Subsidiaries
Green Bay, Wisconsin

Opinion

We have audited the accompanying consolidated financial statements of Hilbert Communications, LLC and Subsidiaries which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Hilbert Communications, LLC and Subsidiaries as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Hilbert Communications, LLC and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 11 to the financial statements, in 2022, the Organization adopted new accounting guidance in accordance with Accounting Standards Codification Topic 842, *Leases*, as of the beginning of the period of adoption. The prior period presented is in accordance with Topic 840. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hilbert Communications, LLC and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued or when applicable, one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hilbert Communications, LLC and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hilbert Communications, LLC and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Hawkins Ash CPAs, LLP

Green Bay, Wisconsin
August 23, 2023

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 2022	DECEMBER 31, 2021
ASSETS		
CURRENT ASSETS		
Cash	$ 804,770	$ 645,037
Accounts receivable, net	5,667,327	8,312,868
Inventories	22,993,992	8,852,596
Notes receivable, current	31,207	28,977
ALU prepaid	53,115	1,325,945
Prepaid expenses	828,009	927,913
Interest receivable	390,095	-
Restricted cash equivalents	94,396,870	60,093,043
TOTAL CURRENT ASSETS	125,165,385	80,186,379
PROPERTY AND EQUIPMENT		
Property and equipment	137,957,368	89,072,294
Less accumulated depreciation	42,474,530	36,763,183
NET PROPERTY AND EQUIPMENT	95,482,838	52,309,111
NON-CURRENT ASSETS		
Licenses	12,466,692	12,214,836
Goodwill	6,667,151	-
Customer list, net of amortization of $12,500 and $2,500, respectively	37,500	47,500
Operating lease right-of-use assets	103,398,964	-
Notes receivable, long-term	248,663	277,754
Investment in other entities	1,360,372	(1,201,082)
Restricted cash equivalents	23,125,297	9,378,614
Other deposits	233,342	73,171
TOTAL NON-CURRENT ASSETS	147,537,981	20,790,793
TOTAL ASSETS	**$ 368,186,204**	**$ 153,286,283**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - Continued

	DECEMBER 31, 2022	DECEMBER 31, 2021
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Line of credit	$ 3,318,872	$ 400,000
Current maturities of long-term debt	4,765,319	2,268,078
Current maturities of long-term debt - related parties	462,592	93,660
Current portion of operating lease liabilities	11,718,131	-
Current maturities of finance lease obligations	22,867	-
Current maturities of capital lease obligations	-	406,095
Accounts payable	17,909,982	7,207,272
Customer deposits	765,600	1,310,367
Accrued interest	1,265,135	134,745
Other current liabilities	1,782,535	1,307,073
TOTAL CURRENT LIABILITIES	42,011,033	13,127,290
LONG-TERM LIABILITIES		
Asset retirement obligation	3,878,025	3,511,578
Accrued long-term compensation	802,750	547,125
Operating lease liabilities	92,411,492	-
Long-term debt, less current maturities and unamortized debt issuance costs	182,429,577	82,167,670
Long-term debt - related parties, less current maturities	15,910,810	14,417,263
Long-term capital lease obligations, less current maturities	-	22,867
TOTAL LONG-TERM LIABILITIES	295,432,654	100,666,503
TOTAL LIABILITIES	337,443,687	113,793,793
MEMBERS' EQUITY		
Members' equity - exchange transaction	3,870,442	3,870,442
Equity investment	32,150,212	29,650,212
Retained earnings (accumulated deficit)	(5,278,137)	5,971,836
TOTAL MEMBERS' EQUITY	30,742,517	39,492,490
TOTAL	**$ 368,186,204**	**$ 153,286,283**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31, 2022	2021
REVENUE		
Service	$ 7,467,431	$ 5,678,564
Carrier services	23,210,534	20,930,555
Tower construction and services	7,987,956	22,780,966
Equipment	1,629,607	7,750,252
Other	2,964,419	1,190,592
TOTAL REVENUE	43,259,947	58,330,929
COST OF REVENUE		
Network operations	24,569,067	20,349,093
Depreciation and accretion	8,501,159	7,143,320
Service	717,431	626,552
Tower construction and services	6,564,044	19,215,247
TOTAL COST OF REVENUE	40,351,701	47,334,212
GROSS PROFIT (LOSS)	2,908,246	10,996,717
OPERATING EXPENSES		
Selling and marketing	3,208,942	1,646,016
Customer operations	811,010	740,301
General and administrative	7,903,566	4,086,608
(Gain) loss on sale of assets	199,591	(1,159)
TOTAL OPERATING EXPENSES	12,123,109	6,471,766
OPERATING INCOME (LOSS)	(9,214,863)	4,524,951
OTHER INCOME (EXPENSE)		
Other, net	115,125	33,819
Interest income	1,758,632	74,091
PPP loan forgiveness	-	905,000
Equity in earnings of unconsolidated subsidiaries	2,879,874	2,339,908
Gain (loss) on sale of investment agreement	(100,000)	2,000,000
Interest expense	(6,688,741)	(1,871,827)
TOTAL OTHER INCOME (EXPENSE)	(2,035,110)	3,480,991
NET INCOME (LOSS)	**$ (11,249,973)**	**$ 8,005,942**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

	MEMBERS' EQUITY- EXCHANGE TRANSACTION	EQUITY INVESTMENT	RETAINED EARNINGS (ACCUMULATED DEFICIT)	TOTAL MEMBERS' EQUITY
BALANCE, JANUARY 1, 2021	$ 3,870,442	$ 29,450,212	(2,034,106)	$ 31,286,548
Net income	-	-	8,005,942	8,005,942
Member units issued with acquisition	-	200,000	-	200,000
BALANCE, DECEMBER 31, 2021	3,870,442	29,650,212	5,971,836	39,492,490
Net income (loss)	-	-	(11,249,973)	(11,249,973)
Member units issued with acquisition	-	2,500,000	-	2,500,000
BALANCE, DECEMBER 31, 2022	**$ 3,870,442**	**$ 32,150,212**	**$ (5,278,137)**	**$ 30,742,517**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (11,249,973)	$ 8,005,942
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, amortization and accretion	8,501,159	7,143,320
Allowance for doubtful accounts	5,998	2
Amortization of bond discounts/premiums	(2,347)	(2,347)
Amortization of debt issuance costs	32,779	32,779
(Gain) loss on sale of assets	199,591	(1,159)
Equity in earnings of unconsolidated subsidiaries	(2,561,454)	879,210
Provision for accrued long-term compensation	255,625	315,600
Forgiveness of PPP loan	-	(905,000)
Changes in assets and liabilities:		
(Increase) decrease in operating assets		
Accounts receivable	4,680,790	(3,477,532)
Inventories	(14,084,363)	839,585
Notes receivable	26,861	(38,251)
ALU prepaid	1,272,830	2,391,450
Prepaid expenses	99,904	(384,697)
Interest receivable	(390,095)	-
Operating lease right-of-use assets	(103,398,964)	-
Other deposits	(160,171)	(17,327)
Increase (decrease) in operating liabilities		.
Accounts payable	10,548,220	(5,658,514)
Customer deposits	(544,767)	(5,742,423)
Accrued interest	1,130,390	134,745
Other current liabilities	313,263	641,167
Asset retirement obligation	277,037	-
Operating lease liabilities	104,129,623	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(918,064)	4,156,550
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from business acquisition	84,371	4,899
Purchase of property and equipment	(46,888,918)	(12,964,155)
Purchase of licenses	(251,856)	-
Acquisition of business	(5,250,000)	(1,150,000)
NET CASH (USED IN) INVESTING ACTIVITIES	(52,306,403)	(14,109,256)

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

	YEAR ENDED DECEMBER 31, 2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	$ 32,568,872	$ 13,095,546
Payments on line of credit	(30,578,994)	(12,695,546)
Proceeds from short-term debt	-	1,500,000
Payments on short-term debt	-	(5,500,000)
Proceeds on long-term debt	102,425,396	80,040,483
Payments on long-term debt	(2,480,948)	(1,034,881)
Payments on long-term debt - related parties	(93,521)	(1,303,340)
Payments on capital lease obligations	-	(517,817)
Payments on financing lease obligations	(406,095)	-
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	101,434,710	73,584,445
NET INCREASE (DECREASE) IN CASH	48,210,243	63,631,739
CASH AND RESTRICTED CASH EQUIVALENTS AT BEGINNING OF YEAR	70,116,694	6,484,955
CASH AND RESTRICTED CASH EQUIVALENTS AT END OF YEAR	**$ 118,326,937**	**$ 70,116,694**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

	YEAR ENDED DECEMBER 31, 2022	2021
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$ 5,387,034	$ 1,737,082
SUPPLEMENTAL SCHEDULE OF NONCASH INFORMATION		
Asset retirement obligation additions	$ 710,145	$ 1,027,061
Purchase of property and equipment through direct financing	1,452,149	356,332
Discount on bond issuance	475,328	358,657
Acquisition of business		
Accounts receivable	2,041,247	136,344
Inventory	57,033	203,691
Property and equipment	3,434,000	1,902,774
Customer list	-	50,000
Goodwill	6,667,151	-
Other assets	-	15,002
Line of credit	928,994	-
Accounts payable	154,490	275,817
Other current liabilities	162,199	-
Notes payable	1,332,119	186,259
Other liabilities	-	634
Fair value of member units issued with acquisition of business	2,500,000	200,000
Note payables issued with acquisition of business	1,956,000	500,000

The accompanying notes are an integral part of these financial statements.

NOTE 1 - Nature of Operations and Significant Accounting Policies

Nature of Business - Hilbert Communications, LLC and Subsidiaries (the "Company") is a regional provider of telecommunications products and services to residential and commercial customers in the Upper Midwest. The products and services include build out of fiber and wireless facilities, fiber and wireless communications services, and tower construction and services. Hilbert Communications, LLC and Subsidiaries operate wireless communications services under licenses granted by the Federal Communications Commission (FCC) and are subject to the applicable rules and regulations of the FCC.

Principles of Consolidation - The consolidated financial statements of the Company include the accounts and transactions of Hilbert Communications, LLC and its wholly owned subsidiaries: Bug Tussel Wireless, LLC, Cloud 1, LLC, Red Tail Tower, LLC, Cloud 1 Services, LLC, Michigan Wireless, LLC, Midwest DataCore, LLC, Bug Tussel 1, LLC, Northwoods Communications Technologies, LLC, and KES Excavating Services, LLC. All significant intercompany transactions and balances have been eliminated in consolidation.

The Company also has investments in other entities accounted for under the equity or cost methods. See Note 5 for further information.

Basis of Accounting - The consolidated financial statements of the Company have been prepared on the accrual basis of accounting and, accordingly, reflect all receivables, payables and other liabilities.

Basis of Presentation - The accompanying consolidated financial statements are presented in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board (FASB). Significant intercompany accounts and transactions have been eliminated in consolidation.

Change in Accounting Principle - In February 2016, the FASB issued ASU 2016-02, *Leases (ASC Topic 842)*. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Company adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. The Company has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Company accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022, the beginning of the adoption period, no cumulative effect adjustment to retained earnings, an operating lease liability of approximately $114,609,000, and an operating right-of-use asset of approximately $110,646,000. The finance lease right of use asset and liabilities were recorded as of January 1, 2022 at the carrying value under prior guidance. The adoption of the new standard did not materially impact the Company's statements of operations or statements of cash flows.

NOTE 1 - Nature of Operations and Significant Accounting Policies, continued

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

Cash and Cash Equivalents - For purposes of the consolidated statements of cash flows, the Company considers cash to be cash on hand, cash held at financial institutions, and all highly liquid investments available for current use with an initial maturity of three months or less at the time of purchase.

Accounts Receivable - Receivables are stated at the amount the Company expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Allowance for doubtful accounts at December 31, 2022 and 2021 was $30,000 and $24,002, respectively.

Inventory - Inventories consist of materials, labor, and overhead costs related to fiber optics as well as towers for sale and equipment upgrades on towers. Inventories are stated at lower of cost or net realizable value, with cost determined by specific identification.

Property and Equipment - Property and equipment is recorded at cost. Additions, improvements, or major renewals are capitalized, while expenditures that do not enhance or extend the asset's useful life are charged to operating expense as incurred. Property and equipment sold or otherwise disposed of are removed from property accounts with gains or losses on disposal credited or charged to the results of operations. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Asset	Life
Wireless site and transmission equipment	3 - 20 years
Tower structures	7 - 15 years
Office equipment	3 - 7 years
Vehicles and trailers	5 years
Asset retirement obligation	3 - 15 years

Construction in progress costs represent cumulative costs of projects not yet placed in service. No depreciation was taken on these capitalized costs.

Valuation of Long-lived Assets - U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No assets are considered to be impaired at December 31, 2022 and 2021.

NOTE 1 - Nature of Operations and Significant Accounting Policies, continued

Licenses - Licenses include costs incurred in acquiring FCC licenses to wireless services. These costs include amounts paid to license applicants, the FCC, owners of interests in entities awarded licenses, and all direct and incremental costs related to acquiring the licenses.

The Company's FCC licenses provide the Company with the exclusive right to utilize certain radio frequency spectrum to provide wireless communication services. FCC licenses are issued for only a fixed time, generally 10 years, and such licenses are subject to renewal by the FCC.

Renewals of FCC licenses have historically occurred routinely and at nominal cost. Moreover, the Company has determined that there are currently no legal, regulatory, contractual, competitive, economic, or other factors that limit the useful life of its FCC licenses. As a result, FCC licenses are treated as indefinite-lived intangible assets and are not amortized, but are assessed annually for impairment. The Company re-evaluates the useful life determination for wireless licenses at regular intervals to determine whether events and circumstances continue to support an indefinite useful life. The Company assesses impairment by combining all individual licenses as a single unit and determining the fair value in the aggregate.

The Company completed its annual impairment assessment of intangible assets with indefinite lives and determined that these assets are not impaired as of December 31, 2022 and 2021.

Customer Deposits - Customer deposits include deposits received from customers related to tower construction contracts. The Company is entitled to milestone payments in accordance with tower construction contracts with various customers. Milestone payments are recorded as customer deposits until the sale of a tower is completed and the revenue is recognized.

See Note 17 for additional information related to the tower construction and site license agreements.

Asset Retirement Obligation - U.S. GAAP requires entities to record the fair value of a liability for legal obligations associated with an asset retirement in the period in which the obligations are incurred. When the liability is initially recorded, the entity capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset.

The Company has determined that asset retirement obligations exist as there is a legal obligation to remove wireless component equipment, which are subject to retirement from sites, or towers that reside upon leased property at the time the Company discontinues its use. The estimated cost to remove these assets is accrued over the life of the assets. Accretion was $64,706 and $50,385 and depreciation expense was $230,117 and $186,989 for the years ended December 31, 2022 and 2021, respectively.

Debt Issuance Costs - Debt issuance costs related to long-term debt are reported on the statements of financial position as a direct deduction from the face amount of the debt. Amortization of debt issuance costs are reported as interest expense.

Revenue Recognition - A contract exists when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. The Company has multiple revenue streams that are accounted for based on the terms of the contracts with customers and typically include a single performance obligation within each revenue stream.

NOTE 1 - Nature of Operations and Significant Accounting Policies, continued

Revenue Recognition, continued - *Service:* The Company recognizes revenue when customers have been provided access to, and usage of, its internet services. Revenue is recognized when services are provided regardless of the period in which they are billed. Internet services are billed monthly and service revenue is recognized over the enforceable contract term as service is rendered, as the customer simultaneously receives and consumes the benefits of the services through network access and usage and the Company has satisfied its performance obligation.

Carrier Services: The Company recognizes revenue when customers have been provided access on the Company's wireless telecommunications network. Revenue is determined monthly as data is available from all customers on the Company network and recognized in the month the services were provided, regardless of the period in which they are billed. The revenue is recognized at a point in time when the Company has satisfied its performance obligation to provide access to the Company's wireless telecommunications network.

Tower Construction and Services: The Company recognizes revenue when control and ownership of the goods is transferred to the customer which is a condition of receiving the final milestone payment to complete the transaction. All tower construction contracts are fixed-price contracts and are recognized at a point in time when the tower sale has been completed and ownership has transferred to the customer. Revenue is measured as the amount of consideration the Company received in exchange for transferring goods.

The Company also installs equipment related to towers. The Company recognizes revenue when the equipment has been installed and turned on which provides assurances to the customer that the contract has been completed and final payment can be initiated. All equipment installation contracts are fixed-price contracts and are recognized at a point in time when the equipment has been transferred to the customer upon completion. Revenue is measured as the amount of consideration the Company received in exchange for transferring goods.

The pricing and payment terms for tower construction and equipment installation contracts are based on the terms of the contracts or the result of specific negotiations with each customer. The timing of revenue recognition, billings, and cash collections results in receivables, contract assets, and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately in the balance sheets. The Company does not have significant contract assets and contract liabilities are recorded as customer deposits as of December 31, 2022 and 2021.

Equipment: The Company sells communication equipment to customers. Revenue is recognized at a point in time when the Company satisfies its performance obligation to deliver the equipment to the customer.

Other: Other revenue is comprised of maintenance and other services provided to customers. These services are performed according to a pre-arranged maintenance plans or other service agreements. These services are billed monthly and service revenue is recognized over the enforceable contract term as service is rendered, as the customer simultaneously receives and consumes the benefits of the services through network access and usage and the Company has satisfied its performance obligation.

The Company collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The Company's accounting policy is to exclude the tax collected and remitted from revenues and cost of revenues.

NOTE 1 - Nature of Operations and Significant Accounting Policies, continued

Revenue Recognition, continued - See Note 17 for additional information related to tower construction, site licenses, and carrier services customer contracts.

Income Taxes - The Internal Revenue Code and applicable state statutes provide that income and expenses of a limited liability company are not separately taxable to the Company, but rather accrue directly to the members. Accordingly, no provision for federal or state income taxes has been made in the consolidated financial statements. Per the operating agreement, the Company may periodically make distributions to the unit holders to enable them to pay the income taxes which they incur as a result of Company income.

Accounting for Uncertainty in Income Taxes - U.S. GAAP requires management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain position that more likely than not would be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Advertising Costs - The Company expenses advertising costs as incurred. Total advertising expense was $316,179 and $169,227 for the years ended December 31, 2022 and 2021, respectively.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purpose to conform to the presentation of the current year's financial statements.

Subsequent Events - The Company evaluated subsequent events through August 23, 2023, the date which the financial statements were available to be issued.

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NOTE 2 - Restricted Cash

Restricted cash included in the balance sheets consists of accounts held in trust at a bank. The bond project funds are restricted for uses specific to the related bonds. The capitalized interest funds – FDL bond are restricted for use to pay interest due on the bonds to and including November 1, 2024. The debt service funds for both FDL bonds as well as the MDAR bonds are restricted for use in retiring related bond obligations of the Company. The costs of issuance funds – FDL bond are to cover estimated costs incurred in connection with the issuance of the bonds. See Notes 6 and 9 for more detail. Cash and restricted cash equivalents are included in the following accounts at December 31:

	2022	2021
Cash	$ 804,770	$ 645,037
Restricted cash equivalents:		
Capitalized interest fund - current - FDL bonds	7,208,159	2,004,479
Costs of issuance fund - current - FDL bonds	-	98,786
Bond project funds - current - FDL bonds	87,062,177	57,851,430
Debt service reserve fund - current - MDAR bond	126,534	138,348
Capitalized interest fund - FDL bonds	11,281,467	4,571,938
Debt service reserve fund - FDL bonds	11,212,507	4,216,239
Debt service reserve fund - MDAR bond	631,323	590,437
Total restricted cash equivalents	117,522,167	69,471,657
TOTAL CASH AND RESTRICTED CASH EQUIVALENTS SHOWN IN THE STATEMENT OF CASH FLOWS	**$ 118,326,937**	**$ 70,116,694**

NOTE 3 - Inventories

Inventories consist of the following as of December 31:

	2022	2021
Towers for sale	$ 2,833,046	$ 3,886,723
Equipment upgrades on towers	6,683,947	4,155,875
Fiber optics, wireless devices and accessories	13,131,828	-
Equipment for sale	345,171	809,998
TOTAL	**$22,993,992**	**$ 8,852,596**

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NOTE 4 - Property and Equipment

Property and equipment consist of the following as of December 31:

	2022	2021
Land	$ 70,000	$ 70,000
Wireless site and transmission equipment	90,927,953	71,640,415
Tower structures	9,054,433	6,498,589
Office equipment	1,387,273	702,436
Vehicles and trailers	5,465,960	1,970,370
Asset retirement obligation	3,311,214	3,209,110
Leasehold improvements	12,082	-
Construction in progress	27,728,453	4,981,374
Subtotal	137,957,368	89,072,294
Less: Accumulated depreciation	(42,474,530)	(36,763,183)
NET PROPERTY AND EQUIPMENT	**$ 95,482,838**	**$ 52,309,111**

Depreciation expense was $7,841,330 and $6,990,287 for the years ended December 31, 2022 and 2021, respectively.

NOTE 5 - Investment in Other Entities

The Company has a 45% interest in Michigan Spectrum Holdings, LLC, with three unit holders owning the remaining 55%. Michigan Spectrum Holdings, LLC owns FCC licenses and the Company's portion of the carrying value is $386,600. The Company uses the equity method of accounting where the ownership is between 20% and 50%. Under the equity method, the investment is recorded at cost and adjusted to recognize the Company's share of net earnings of losses of the investee. The investee reported a net loss of $1,121 and $1,130 in 2022 and 2021, respectively.

During 2016, the Company entered into a joint venture agreement to construct 10 towers with a third party, Faith Technologies, LLC, forming Faith Hilbert Towers, LLC. As of December 31, 2022 and 2021, one and 10 towers have been constructed. The Company has a noncontrolling 50% ownership interest, which is accounted for using the equity method. As of December 31, 2022, there were no monetary investments in the joint venture made by the Company. Nine of the ten towers were sold in 2022 for a total of approximately $5,845,000 and the Company's share of the proceeds were approximately $2,257,000. The sales are reflected in the financial statements. The following information summarizes the activity of the joint venture for the years ended December 31, 2022 and 2021.

	2022	2021
Revenues	$ 5,165,513	$ 255,096
Net income/(loss)	4,881,968	(7,596)
Total assets	4,696,077	1,640,374
Total liabilities	37,511	1,863,778
Equity	4,658,566	(223,404)

NOTE 5 - Investment in Other Entities, continued

During 2018, the Company entered into a joint venture agreement to construct 50 towers with a third party, VB-JV6, LLC, forming VBHV, LLC. As of December 31, 2022 and 2021, 26 and 16 towers, respectively, have been constructed or transferred. The Company has a noncontrolling 50% ownership interest, which is accounted for using the equity method. As of December 31, 2022, there were no monetary investments in the joint venture made by the Company. The following information summarizes the activity of the joint venture for the years ended December 31, 2022 and 2021.

	2022	2021
Revenues	$ 455,259	$ 173,012
Net income/(loss)	454,788	(1,262,299)
Total assets	10,200,355	31,463,960
Total liabilities	9,648,197	11,259,669
Equity	552,159	20,204,291

These joint ventures had combined net (loss) income totaling $5,335,635 and $7,124,913 during 2022 and 2021, respectively. The Company's 50% portion of the net (loss) income, $2,879,874 and $2,339,908, increased the Company's investment in other entities balance on the accompanying consolidated balance sheets and was recognized in other income as equity in earnings of unconsolidated subsidiaries on the accompanying consolidated statements of operations in 2022 and 2021, respectively. See Note 17 for more detail.

NOTE 6 - Deposits for Payments on Bonds

The Company received Midwestern Disaster Area Fixed Rate Revenue Bonds, Series 2012 (MDAR), held by a trustee to fund a Bug Tussel Wireless, LLC project to construct certain telecommunications infrastructure in Fond du Lac County and Adams County, Wisconsin. A debt service reserve fund totaling $631,323 and $590,437 as of December 31, 2022 and 2021, respectively, has been set aside to be utilized for final payments due in 2024. The Company submits monthly deposits to fund the semi-annual payments when due. Total deposits were $126,534 and $138,348 as of December 31, 2022 and 2021, respectively, and are included in other current assets on the accompanying consolidated balance sheets. See Note 9 for more detail.

During 2021, the Company received Fond du Lac Fixed Rate Taxable Revenue Bonds, Series 2021 (FDL), held by a trustee to fund Bug Tussel 1, LLC projects to construct certain fiber, wireless internet and telecommunications infrastructure in the Wisconsin counties of Fond du Lac, Calumet, Jackson, Marathon and Waushara. The Company will use the proceeds of the bonds for "Social Projects" as outlined by the International Capital Market Association. Funds from the bond series were deposited to various funds to be used for specific purposes. A debt service reserve fund totaling $4,238,448 and $4,216,239 as of December 31, 2022 and 2021, respectively, has been set aside to be utilized for final payments due in 2051. A deposit of $4,216,224 was made from bond issuance proceeds during the year ended December 31, 2021. A capitalized interest fund totaling $4,639,451 and $6,476,193 as of December 31, 2022 and 2021, respectively, has been set aside to pay interest due on the bonds to and including November 1, 2024. A deposit of $6,576,394 was made from bond issuance proceeds during the year ended December 31, 2021. A cost of issuance fund totaling $0 and $98,786 as of December 31, 2022 and 2021, respectively, has been set aside to be utilized to cover estimated costs incurred in connection with the issuance of the bonds. A deposit of $787,500 was made from bond issuance proceeds during the year ended December 31, 2021. The remaining bonds proceeds of $58,061,226 were deposited into bond project funds to be utilized for purposes specific to the related bond. See Note 9 for more detail.

NOTE 6 - Deposits for Payments on Bonds, continued

During 2022, the Company received Fond du Lac Fixed Rate Taxable Revenue Bonds, Series 2022A (FDL2), held by a trustee to fund a Bug Tussel 1, LLC project to construct certain fiber, wireless internet and telecommunications infrastructure in the Wisconsin counties of Green Lake, Iowa, Jefferson, Oconto, Rock, Taylor, and Wood. Funds from the bond series were deposited to various funds to be used for specific purposes. A debt service reserve fund totaling $6,946,415 as of December 31, 2022 has been set aside to be utilized for final payments due in 2051. A deposit of $6,890,143 was made from bond issuance proceeds during the year ended December 31, 2022. A capitalized interest fund totaling $13,850,175 has been set aside to pay interest due on the bonds to and including November 1, 2025. A deposit of $14,757,477 was made from bond issuance proceeds during the year ended December 31, 2022. A deposit of $1,552,733 was made from bond issuance proceeds during the year ended December 31, 2022. The remaining bonds proceeds of $69,224,319 were deposited into bond project funds to be utilized for purposes specific to the related bond. See Note 9 for more detail.

NOTE 7 - Line of Credit

The Company entered into a $5,000,000 line of credit agreement in 2021, which was renewed in 2022 and extended until September 30, 2023. The interest rate is equal to the higher of the prime rate in effect on such day or 4.00% and 3.50% for the years ended December 31, 2022 and 2021. The agreement is collateralized by substantially all assets of the Company. The outstanding balance on the line of credit was $2,095,000 and $400,000 for the years ended December 31, 2022 and 2021.

The Company also acquired a line of credit through the acquisition of KES Excavating Services, LLC, that matures on December 29, 2024. The interest rate is equal to the higher of the prime rate in effect on such month plus 0.25% or 7.75% for the year ended December 31, 2022. The agreement is collateralized by substantially all assets of the Company. The outstanding balance on the line of credit was approximately $1,224,000 for the year ended December 31, 2022.

NOTE 8 - Short-Term Debt

In April 2021, the Company signed a $1,500,000 note with a bank. The note has a five month term. Interest is due monthly at a rate of 3.5%, and the principal is due in September 2021. The note is guaranteed by a unit holder. The short-term note was paid in full during June 2021.

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NOTE 9 - Long-Term Debt

The Company's notes payable are as follows at December 31:

	2022	2021
Note payable to bank, interest at 3.55%, due in monthly payments of $255,308 including interest, with a final payment due June 2027. The note is secured with a general business agreement. Additional draws of approximately $3,550,000 were made in 2022.	$ 12,707,123	$ 10,449,506
Various 0.00% to 8.49% notes payable to the dealer, secured by specific Company vehicles and assets, due in monthly payments ranging from $379 - $2,403, including interest, maturing at various dates between 2023 and 2027.	524,137	521,792
MDAR Fixed Rate Revenue Bonds, Series 2012, par value $5,385,000 issued in December 2012 by Fond du Lac County, Wisconsin to fund a Bug Tussel Wireless, LLC project. A premium of $27,769 was paid by the purchasers of the bonds and will be amortized over the life of the bonds (amortization of $2,347 for the years ended December 31, 2022 and 2021. Accumulated amortization was $21,120 and $18,773 as of December 31, 2022 and 2021, respectively). The issuer placed the proceeds of the sale of the bonds with a trustee of Bug Tussel Wireless, LLC to construct telecommunications infrastructure in the Wisconsin counties of Fond du Lac and Adams. See Note 5. The bonds are limited obligations of the issuer. Fond du Lac and Adams County, WI each is guarantor of the payment of its pro rata share of principal and interest on the bonds. The average interest rate on the bonds is 2.6% plus a guaranteed rate paid to each county of 0.5% for its pro rata share. Starting in May 2015, the bonds call for semi-annual interest and principal payments of $255,000, increasing each year. Payments increased to $300,000 and $310,000 during 2021 and 2022, respectively. Final payment of $335,000 is due November 2024. Hilbert Communications, LLC is a guarantor to Fond du Lac and Adams Counties for the payment of principal and interest on the bonds. Equipment purchased with proceeds from the bonds are pledged by Bug Tussel Wireless, LLC to Fond du Lac and Adams Counties.	1,309,304	1,931,650

NOTE 9 - Long-Term Debt, continued

	2022	2021
2.00% note payable to Town of Franklin, secured by leasehold interest and various equipment with interest due monthly through February 2020. Principal and interest payments due in quarterly installments of $6,250 starting May 21, 2020. Note matures February 28, 2030.	181,250	206,250
3.00% note payable to Kewaunee County, secured by property acquired through the agreement, due in annual installments of $93,918 starting September 1, 2021. Additional proceeds in 2022 of approximately $2,206,000. Note matures September 1, 2032.	3,007,073	868,902
3.00% note payable to Iowa County, secured by property acquired through the agreement, with interest due annually through December 2022. Principal and interest payments due in annual installments of $140,996 starting December 31, 2023. Note matures December 31, 2034.	1,500,000	1,500,000
3.75% SBA EIDL, secured by all assets of company, payable in monthly installments of $627 starting July 2021. Note was paid in full during 2022.	-	131,707
6.05% note payable, secured by all assets of company, payable in monthly installments of $525 through November 2023, with a final balloon payment due at maturity on December 21, 2023.	50,028	53,155
Variable rate note payable, 7.073% as of December 31, 2022 2022 (rate based on 1 month SOFR plus 2.75), secured by all assets of company, payable in monthly installments of $77,381 plus interest beginning January 31, 2023. Note matures December 31, 2029.	6,500,000	-
Various 2.05% to 7.55% notes payable to the dealer, secured by specific Company equipment, due in monthly payments ranging from $957 - $8,858, including interest, maturing at various dates between 2025 and 2027.	1,305,566	-

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NOTE 9 - Long-Term Debt, continued

	2022	2021
Taxable Revenue Bonds, Series 2021, par value of $70,000,000 issued in December 2021 by Fond du Lac County, Wisconsin to provide funds to Bug Tussel 1, LLC for the purpose of financing a portion of the costs of acquisition, construction and equipping of certain fiber and wireless internet communications facilities used by the Bug Tussel 1, LLC and located in the Wisconsin counties of Fond du Lac, Calumet, Jackson, Marathon, and Waushara. The bonds are limited obligations of the issuer. Fond du Lac, Calumet, Jackson, Marathon, and Waushara Counties each is guarantor of the payment of its pro rata share of principal and interest on the bonds. The average interest rate on the bonds is 3.27% plus a guaranteed rate paid to each county of 0.4% for its pro rata share. Interest-only payments are due semi-annually beginning May 2022. Starting in November 2027, the bonds call for semi-annual principal payments of $1,925,000 (plus interest), increasing to $4,070,000 annually for 2051. Final payment of $4,070,000 plus interest is due November 2051. Hilbert Communications, LLC, a related party, is a guarantor to Fond du Lac, Calumet, Jackson, Marathon, and Waushara Counties for the payment of principal and interest on the bonds. Equipment purchased with the proceeds from the bonds are pledged by Bug Tussel 1, LLC to Fond du Lac, Calumet, Jackson, Marathon, and Waushara Counties. The bonds are self-designated as "social bonds" in accordance with the 2021 edition of the Social Bond Principles published by the International Capital Markets Association.	$ 70,000,000	$ 70,000,000

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NOTE 9 - Long-Term Debt, continued

Taxable Revenue Bonds, Series 2022A, par value of $92,900,000 issued in August 2022 by Fond du Lac County, Wisconsin to provide funds to Bug Tussel 1, LLC for the purpose of financing a portion of the costs of acquisition, construction and equipping of certain fiber and wireless internet communications facilities used by the Bug Tussel 1, LLC and located in the Wisconsin counties of Green Lake, Iowa, Jefferson, Oconto, Rock, Taylor, and Wood. The bonds are limited obligations of the issuer. Green Lake, Iowa, Jefferson, Oconto, Rock, Taylor, and Wood Counties each is guarantor of the payment of its pro rata share of principal and interest on the bonds. The average interest rate on the bonds is 5.58% plus a guaranteed rate paid to each county of 0.4% for its pro rata share. Interest-only payments are due semi-annually beginning November 2022. Starting in November 2027, the bonds call for semi-annual principal payments of $1,970,000 (plus interest), increasing to $6,515,000 annually for 2051. Final payment of $6,515,000 plus interest is due November 2051. Hilbert Communications, LLC, a related party, is a guarantor to Green Lake, Iowa, Jefferson, Oconto, Rock, Taylor, and Wood Counties for the payment of principal and interest on the bonds. Equipment purchased with the proceeds from the bonds are pledged by Bug Tussel 1, LLC to Fond du Lac, Green Lake, Iowa, Jefferson, Oconto, Rock, Taylor, and Wood Counties. The bonds are self-designated as "social bonds" in accordance with the 2021 edition of the Social Bond Principles published by the International Capital Markets Association.	92,900,000	-
Less: unamortized discount	811,250	358,143
Less: unamortized debt issuance costs	4,156,697	869,071
Total	187,194,896	84,435,748
Less: current maturities	4,765,319	2,268,078
TOTAL LONG-TERM DEBT	**$182,429,577**	**$ 82,167,670**

The Company was granted $611,000 and $294,000 loans under the PPP administered by a Small Business Administration (SBA) approved partner. The loans are uncollateralized and are fully guaranteed by the Federal government. The Company is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP loans were forgiven during 2021.

NOTE 9 - Long-Term Debt, continued

Guarantee fees paid to the counties are amortized as interest expense on a monthly basis. The Company paid $154,078 and $140,000 of guarantee fees during the years ended December 31, 2022 and 2021, respectively. Unamortized guarantee fees of $138,751 and $127,556 at December 31, 2022 and 2021, respectively, are included in prepaid expenses on the balance sheets.

Aggregate maturities of long-term debt for the five years following December 31, 2022, are as follows:

2023	$ 5,074,000
2024	6,306,000
2025	4,347,000
2026	4,341,000
2027	9,066,000

The Company is in compliance with all loan covenants.

Subsequent to December 31, 2022, The Company entered into an interest rate swap contract to eliminate the cash flow exposure of interest rate movements on the variable rate debt.

NOTE 10 - Long-Term Debt - Related Parties

The Company's related party notes payable are as follows at December 31:

	2022	2021
3.5% secured note with unit holders due in monthly installments, including interest, maturing September 2026. The loan calls for monthly payments of principal and interest of $9,071. The note is secured with general business security agreement.	$ 382,090	$ 475,611
Two 3.97% promissory notes payable, unsecured, payable in monthly installments of $20,183 beginning on January 1, 2023 through December 1, 2027.	1,956,000	-
Various 5.00% to 8.50% secured notes with unit holders, interest payable each month, principal due in January 2024. The notes are secured with general business security agreements.	14,035,312	14,035,312
Total related parties	16,373,402	14,510,923
Less current maturities	462,592	93,660
TOTAL RELATED PARTY LONG-TERM DEBT	**$15,910,810**	**$14,417,263**

Aggregate maturities of related party long-term debt for the years following December 31, 2022, calculated at the amended payment amounts, are as follows:

2023	$ 463,000
2024	14,510,000
2025	493,000
2026	486,000
2027	422,000

NOTE 10 - Long-Term Debt - Related Parties, continued

Subsequent to December 31, 2022, the Company signed a short-term $15,000,000 convertible note with unit holders. The Company has drawn $12,500,000 on the note as August 23, 2023. Interest is due monthly at a rate of 15.0%, and the principal is due in December 2023. The note is secured with a general business security agreement and includes an option to be converted into membership units in the Company.

NOTE 11 - Leases

The Company leases its office space under an agreement with a related party that expires December 31, 2026. The agreement calls for monthly rent payments of $11,986 per month for 2021, $13,265 per month for 2022, $14,544 per month for 2023, $15,157 per month for 2024, $15,781 per month for 2025, and $16,417 per month for 2026. The Company is responsible for utility, personal property tax, insurance, and repair and maintenance costs relating to the lease. The Company includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on a defined schedule or index.

The Company leases warehouse space from a related party with the agreement expiring on May 31, 2024. The lease calls for monthly payments of $9,045 through December 31, 2020 with annual 3% increases each of the next four years. The Company is responsible for utility, personal property tax, snow removal, insurance, and repair and maintenance costs related to the lease. The Company includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on a defined schedule or index.

In addition, the Company leases, as lessee, various tower sites and backhaul facilities under operating leases from unrelated parties through 2040. The agreements contain various renewal options.

The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Company elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

The Company has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Company elected to apply the practical expedient to use the written terms and conditions of common control arrangements in determining whether a lease exists, the classification of the lease, and the accounting for the lease.

The Company elected the practical expedient to not separate lease and non-lease components.

NOTE 11 – Leases, continued

Total lease expense is as follows for the years ended December 31:

	2022
Finance lease expense	
Amortization of ROU assets	$ 389,752
Interest on lease liabilities	16,416
Operating lease expense - unrelated	13,121,831
Operating lease expense - related parties	319,034
Variable lease expense	1,835,484
TOTAL	**$ 15,682,518**

Other lease information is as follows for the years ended December 31:

	2022
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases - unrelated	$ 12,322,632
Operating cash flows from operating leases - related parties	294,390
ROU assets obtained in exchange for new finance lease liabilities	-
ROU assets obtained in exchange for new operating lease liabilities	5,312,393
Weighted-average remaining lease term in years for finance leases	0.28
Weighted-average remaining lease term in years for operating leases	8.90
Weighted-average discount rate for finance leases	4.54%
Weighted-average discount rate for operating leases	1.61%

The future minimum lease payments are as follows as of December 31, 2022:

	Finance	Operating - Unrelated	Operating - Related Party
2023	$ 22,867	$ 12,964,690	$ 313,798
2024	-	12,761,790	251,926
2025	-	12,499,157	209,088
2026	-	12,297,397	217,308
2027	-	12,091,865	-
Thereafter	-	48,162,864	-
Total undiscounted cash flows	22,867	110,777,763	992,120
Total amounts representing interest	-	(7,618,645)	(21,614)
TOTAL LEASE LIABILITIES	**$ 22,867**	**$ 103,159,118**	**$ 970,506**

Finance lease right-of-use assets with a net adjusted basis of approximately $22,000 are included in equipment and vehicles on the consolidated balance sheet as of December 31, 2022.

NOTE 11 – Leases, continued

For the year ended December 31, 2021, the Company accounted for leases under ASC Topic 840. Capital lease expense for the year ended December 31, 2021 was approximately $473,000 and operating lease expense for the year ended December 31, 2021 was approximately $13,591,000. Included in this total was approximately $912,000 of lease expense paid to related parties.

The future minimum lease payments, by year and in aggregate, under capital leases with initial or remaining terms of one or more years as of December 31, 2021, are as follows:

2022	$ 422,588
2023	23,188
Total future lease payments	445,776
Less: Amount representing interest	16,814
Present value of net minimum lease payments	428,962
Less: Current maturities of capital lease obligations	406,095
TOTAL LONG-TERM FINANCE LEASE OBLIGATIONS	**$ 22,867**

In addition, the Company leases, as lessee, various tower sites and backhaul facilities under operating leases from related and unrelated parties through 2030. The agreements contain various renewal options.

Following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2021:

	Related Parties	Unrelated Parties	Total
2022	$ 663,678	$ 12,740,736	$ 13,404,414
2023	667,984	12,524,982	13,192,966
2024	663,050	11,883,318	12,546,368
2025	676,311	10,070,183	10,746,494
2026	637,933	8,064,161	8,702,094
Thereafter	419,090	5,511,964	5,931,054
TOTAL	**$ 3,728,046**	**$ 60,795,344**	**$ 64,523,390**

Rent expense under all operating leases amounted to approximately $13,591,000 in 2021, and is included in network operations in the accompanying consolidated statements of income.

NOTE 12 - Employee Benefits

The Company has a 401(k) Profit Sharing Plan covering substantially all of its employees. The plan is a Safe Harbor Plan with an automatic contribution arrangement for new employees at 6% with an option to opt-out. The Company's matching contribution is equal to 100% of the first 3% of employees' salary deferred and 50% on the next 2% of employees' salary deferred. The total matching contribution was $277,134 and $213,578 for 2022 and 2021, respectively. The Company also may contribute a discretionary contribution that would be allocated to participants in the plan. No discretionary contributions were made in 2022 and 2021.

NOTE 13 - Accrued Long-Term Compensation

Accrued long-term compensation consists of a Phantom Unit Plan which provides for the awarding of phantom units to key employees. The value of a phantom unit is equivalent to the value of a unit of ownership in the Company. The value of a unit is determined on an annual basis by the board of directors. Phantom units may be awarded fully vested or awarded with a vesting schedule. Each phantom unit entitles a participant to receive cash compensation equal to the corresponding value upon the trigger of events as defined in the plan. The cash compensation may be paid over a five-year period with interest. Upon termination for cause or resignation prior to trigger events, vested and unvested phantom units are forfeited.

The Company awarded 10,375 and 11,500 units in 2022 and 2021, respectively. Each participant's units are 25% vested at issuance and 25% annually thereafter for the first year participating in the phantom unit plan. The vesting percentage at issuance increases by 25% for each year of participation in the plan, until the participant reaches 100% vested at issuance. The Company recorded an accrued long-term compensation liability and a general and administrative expense of $259,375 and $315,600 related to the vested units of phantom stock as of and for the years ended December 31, 2022 and 2021.

NOTE 14 - Related Party Transactions

The Pine Street Cat Company, LLC is majority owned by an entity that is wholly owned by one Company unit holder. The Company leases office space from The Pine Street Cat Company, LLC, through December 31, 2026. Charges for rent totaled $163,500 and $143,832 in 2022 and 2021, respectively.

Faith Hilbert Towers, LLC and VBHV, LLC are joint ventures that are 50% owned by the Company. The Company builds towers and sells them to the joint ventures. For the years ended December 31, 2022 and 2021, there were no tower sales to Faith Hilbert Towers, LLC; and tower sales to VBHV, LLC totaled $2,727,500 and $0, respectively. Customer deposits received for future tower sales to the joint ventures outstanding at December 31, 2022 and 2021 were $370,000 and $1,209,767, respectively, all related to VBHV, LLC. The Company also leases space on the towers from the joint ventures in order to mount Bug Tussel equipment.

For the years ended December 31, 2022 and 2021, rent paid to Faith Hilbert Towers, LLC totaled $271,126 and $265,961, respectively, and rent paid to VBHV, LLC totaled $425,575 and $372,805, respectively.

The Company holds a retained interest in tower sales to M3 Hilbert Towers, LLC. See Note 17.

Accounts receivable due from other related parties was $59,277 and $148,477 as of December 31, 2022 and 2021, respectively.

Additionally, the Company has entered into other related party transactions that are described in Notes 5, 10, and 12.

NOTE 15 - Concentrations

The Company maintains cash balances at financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). The Company's cash deposits may exceed the $250,000 insurance threshold during the year. At December 31, 2022 and 2021, the Company had approximately $116,907,000 and $69,008,000 of uninsured balances, respectively.

Substantially all of the Company's carrier service revenue was generated from one customer in 2022 and 2021. Receivables from that customer represented approximately 98% of carrier service receivables at December 31, 2022 and 2021.

NOTE 15 – Concentrations, continued

Substantially all of the Company's tower construction and services revenue was generated from major customers in 2022 and 2021. See Note 17.

The Company had purchases from two vendors in 2022 and 2021 representing approximately 29% and 29%, respectively of total vendor purchases for the years ended December 31, 2022 and 2021. The accounts payable due to these vendors was $12,532,539 and $2,784,786 as of December 31, 2022 and 2021.

NOTE 16 - Tower Construction, Site License, and Carrier Service Customer Agreements

Tower Construction & Site License Agreements – *M3 Hilbert Towers, LLC:* In 2017, the Company entered into a Tower Construction and Purchase Agreement (TCPA) with M3 Hilbert Towers, LLC (M3) (a wholly owned subsidiary of Mobilitie Investments III, LLC) to construct and sell up to 250 towers at approved subject sites. The TCPA was amended in 2018 and became effective as of October 30, 2018.

Each completed tower will be sold to M3 and payable in six separate milestone payments as described in the amended TCPA. The Company completed construction on 3 and 20 towers in 2022 and 2021, respectively, and recognized tower construction and services revenue of $750,000 and $5,000,000 for the years ended December 31, 2022 and 2021, respectively. The base purchase price for each tower is $250,000. At December 31, 2022, the Company has completed construction of 248 towers related to this agreement. As of December 31, 2022 and 2021, the Company has received $380,000 and $200,000, respectively, in customer deposits related to 2 and 4 towers, respectively, that are in process.

The TCPA also provides for a contingent purchase price to the Company upon the first sale of each tower asset by M3. The contingent purchase price shall be calculated using a formula defined in the amended TCPA. The contingent purchase price shall not exceed 50% of the contingent purchase price base amount nor shall it be less than zero. If the tower asset is not sold by M3 prior to the eleventh anniversary, an advance payment may be payable to the Company based on terms and conditions described in the TCPA. As of December 31, 2022 and 2021, the Company received payment for 5 and 242 towers, and the net proceeds of $318,404 and $3,219,119, respectively, are included with the Company's 50% portion of the net income of Other Entities (see Note 5).

In connection with the TCPA, the company entered into a Master License Agreement with M3 where the Company will enter into a Site License Agreement (SLA) to lease the prime space on the aforementioned towers for the installation and operation of the Company's telecommunications equipment. The SLA was amended in 2018 and became effective as of October 30, 2018. SLAs will have an initial term of seven years at a monthly rent of $2,150 that will increase by 2% annually. The SLAs will automatically renew for four additional five-year terms upon the same terms and conditions unless notified by the Company at least six months prior to expiration of the then existing term. In addition, the Company is also responsible for its pro rata share of pass-through expenses (site operating expenses including ground rent, maintenance, taxes, and insurance) in excess of an amount defined in the TCPA, subject to annual escalations of 2%. The Company is responsible for all utilities relating to its telecommunications equipment on the site.

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NOTE 16 - Tower Construction, Site License, and Carrier Services Customer Agreements, continued

Tower Construction & Site License Agreements, continued - *VBHV LLC:* In 2018, the Company entered into a partnership with VBHV, LLC to construct, own, lease, and operate towers. Effective December 31, 2019, this operating agreement was restated and amended. The restated and amended operating agreement anticipates the construction or acquisition of at least 300, but up to 1,000 towers within the specified states. The agreement was amended in December 2022 to apply CPI inflation rates to the milestones and selling price, and allow for reconsidered sites to be sold. Each completed tower will be sold to VBHV, LLC for $243,750 or $280,000 for reconsidered sites and payable in seven milestone payments as described in the agreement. The Company completed 10 towers and 0 towers in 2022 and 2021, respectively, and recognized tower construction and service revenues of $2,727,500 and $0 in 2022 and 2021, respectively. As of December 31, 2022 and 2021, the Company has received $370,000 and $1,209,767, respectively, in customer deposits related to 6 and 14 towers in process.

In connection with the agreement with VBHV, LLC the Company will enter into an SLA to lease the prime space on the aforementioned towers for the installation and operation of the Company's telecommunications equipment. These SLAs will have an initial term of seven years at a monthly rent of $1,950 that will increase by 2% annually. The SLAs will automatically renew for four additional five-year terms upon the same terms and conditions.

The amended and restated operating agreement with VBHV, LLC effective December 31, 2019, includes a sale of investment agreement by the Company that could total $25,000,000 based on the Company completing its performance obligation. The Company completed the underlying performance obligation as described in the agreement and recognized in other income, a loss of $100,000 and a gain of $2,000,000 for the years ended December 31, 2022 and 2021, respectively.

The amended and restated agreement also provides the Company an option to sell towers directly to their third party joint venture partner for $470,000 per tower or $517,000 for reconsidered sites instead of to VBHV, LLC if certain conditions are met, as defined. The sale of towers to VBHV, LLC will continue under the same terms as the previous agreement. During 2022 and 2021, the Company sold 18 and 34 towers, respectively, directly to the third party venture partner for a total of $8,460,000 and $15,980,000.

The amended and restated operating agreement provided additional collateral pledged by the Company to VBHV, LLC related to tower assets operated by the Company. Additional provisions related to distributions and potential exit or unwind scenarios of VBHV, LLC are also provided.

In connection with the aforementioned tower construction agreements, the Company had $2,807,071 and $1,088,805 included in inventories as of December 31, 2022 and 2021, respectively, related to towers in process.

Operating lease commitments related to the SLAs in the aforementioned site license agreements are included in Note 11.

NOTE 16 - Tower Construction, Site License, and Carrier Services Customer Agreements, continued

Carrier Services Customer Agreements - The Company entered into a series of agreements with their primary carrier services customer for the Company to build, deploy, and place into commercial service 279 new and upgraded cell sites using spectrum owned by the carrier services customer. The Company will receive carrier service revenues for customer usage based on the terms of the agreements. The Company's primary carrier service customer has the option to acquire the equipment on each cell site from the Company at an agreed upon price per the agreements. The agreements continue through November 1, 2021, and will automatically renew for up to five additional two-year terms unless notified by either party at least 180 days prior to the expiration of the then existing term. The cell sites included in the agreements are identical to the tower assets being constructed in the M3 TCPA and the towers constructed for the joint ventures described in Note 5.

In 2018, the Company entered into an agreement with their primary carrier services customer for service upgrades on identified cell sites. The agreement was amended effective September 24, 2019, with a change to the total purchase price, scope of the project and no change to the identified cell sites. The amended total purchase price for the equipment and services is identified in the agreement and totals approximately $10,000,000. The Company completed service upgrades in 2022 and 2021 and revenues received for these service upgrades totaled $34,123 and $569,785, respectively, related to these site upgrades.

The agreement also provided the Company an initial $2,000,000 working capital payment from their primary carrier services customer to finance the project. The amended agreement came with additional customer deposits for the change in scope of the project.

The Company has a build-out and maintenance agreement with their primary carrier services customer to build, install, and deploy a radio access network (RAN) to identified cell sites. The purchase price for each cell site is identified in the agreement as $122,743, which is payable in 96 equal payments of $1,735 which includes an interest charge of 8%. The agreement has a conditional purchase price for any site requiring specific equipment in the amount of $22,994, which is payable in 96 equal payments of $325 which includes an interest charge of 8%. The Company completed 12 and 56 RAN build-outs in 2022 and 2021, respectively, and recognized revenue of $1,629,607 and $7,750,252 for 2022 and 2021, respectively. As of December 31, 2022 and 2021, the Company had $0 of up-front payments related to in process or future RAN build-outs. The Company had 5 and 17 RAN build-outs in process and $340,263 and $442,021 included in inventories as of December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, the Company recognized $416,727 and $204,932, respectively, in tower construction and services revenue on the accompanying consolidated statements of income related to tower rent and tower services performed unrelated to the aforementioned agreements.

NOTE 17 - Commitments and Contingencies

In the ordinary course of conducting business, the Company occasionally becomes involved in legal proceedings, audits, or other matters. While any litigation or audit has an element of uncertainty, management of the Company believes that the outcome of any pending or threatened actions will not have a material adverse effect on the business or financial condition of the Company.

NOTE 18 - Business Combinations

During September 2021, the Company acquired 100% of Northwoods Communication Technologies, LLC at a cost of $1,650,000 plus issuance of 25,000 units of Hilbert Communication, LLC. The units in Hilbert Communication, LLC were valued at $200,000 bringing the total acquisition cost to $1,850,000. The initial transaction required a cash payment of $1,150,000 with the remaining $500,000 in the form of a promissory note (see Note 9 for more detail). The acquisition allowed the Company to expand its market area as well as customer base. Allocation of the purchase price was as follows:

Assets:		
Cash	$	4,899
Accounts receivable		136,344
Inventory		203,691
Property and equipment		1,902,774
Customer list		50,000
Other		15,002
Liabilities:		
Accounts payable		(275,817)
Notes payable		(186,259)
Other		-
TOTAL	$	1,850,634

During December 2022, the Company acquired 100% of KES Excavating Services, LLC at a cost of $9,456,000 plus issuance of 41,500 units of Hilbert Communication, LLC. The units in Hilbert Communication, LLC were valued at $2,500,000 bringing the total acquisition cost to $6,956,000. The initial transaction required a cash payment of $5,000,000 with the remaining $1,956,000 in the form of two promissory notes of $1,100,000 and $856,000 (see Note 10 for more detail). The acquisition allowed the Company to expand its construction capabilities. Allocation of the purchase price was as follows:

Cash	$	84,371
Accounts receivable		2,041,247
Inventory		57,033
Property and equipment		3,434,000
Goodwill		6,667,151
Liabilities:		
Line of credit		(928,994)
Accounts payable		(154,490)
Other current liabilities		(162,199)
Notes payable		(1,332,119)
TOTAL	$	9,706,000

NOTE 19 - Subsequent Event

The Company is in the process of obtaining $58,000,000 in taxable revenue bonds through the same issuer used for the Series 2021 and Series 2022A taxable revenue bonds.

HILBERT COMMUNICATIONS, LLC
AND SUBSIDIARIES

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021 AND 2020

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HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

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DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Hilbert Communications, LLC and Subsidiaries
Green Bay, Wisconsin

Opinion

We have audited the accompanying consolidated financial statements of Hilbert Communications, LLC and Subsidiaries which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Hilbert Communications, LLC and Subsidiaries as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Hilbert Communications, LLC and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hilbert Communications, LLC and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued or when applicable, one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hilbert Communications, LLC and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hilbert Communications, LLC and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Hawkins Ash CPAs, LLP

Green Bay, Wisconsin
June 27, 2022

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 2021	DECEMBER 31, 2020
ASSETS		
CURRENT ASSETS		
Cash	$ 645,037	$ 5,769,173
Accounts receivable, net	8,312,868	4,698,994
Inventories	8,852,596	9,488,490
Notes receivable, current	28,977	24,969
ALU prepaid	1,325,945	1,814,621
Prepaid expenses	927,913	529,714
Restricted cash equivalents	60,093,043	111,427
TOTAL CURRENT ASSETS	80,186,379	22,437,388
PROPERTY AND EQUIPMENT		
Property and equipment	89,072,294	75,034,515
Less accumulated depreciation	36,763,183	31,832,406
NET PROPERTY AND EQUIPMENT	52,309,111	43,202,109
NON-CURRENT ASSETS		
Licenses	12,214,836	12,214,836
Notes receivable, long-term	277,754	243,511
Investment in other entities	(1,201,082)	(321,872)
Restricted cash equivalents	9,378,614	604,355
Other deposits	120,671	101,844
TOTAL NON-CURRENT ASSETS	20,790,793	12,842,674
TOTAL ASSETS	**$ 153,286,283**	**$ 78,482,171**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - Continued

	DECEMBER 31,	
	2021	2020
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Line of credit	$ 400,000	$ -
Current maturities of long-term debt	2,268,078	820,445
Current maturities of long-term debt - related parties	93,660	1,118,951
Current maturities of capital lease obligations	406,095	520,201
Accounts payable	7,207,272	12,589,969
Customer deposits	1,310,367	7,052,790
Short-term debt - related parties	-	-
Short-term debt	-	4,000,000
Other current liabilities	1,441,818	665,906
TOTAL CURRENT LIABILITIES	13,127,290	26,768,262
LONG-TERM LIABILITIES		
Asset retirement obligation	3,511,578	2,432,573
Accrued long-term compensation	547,125	231,525
Long-term debt, less current maturities and unamortized debt issuance costs	82,167,670	3,141,373
Long-term debt - related parties, less current maturities	14,417,263	14,195,312
Long-term capital lease obligations, less current maturities	22,867	426,578
TOTAL LONG-TERM LIABILITIES	100,666,503	20,427,361
TOTAL LIABILITIES	113,793,793	47,195,623
MEMBERS' EQUITY		
Members' equity - exchange transaction	3,870,442	3,870,442
Equity investment	29,650,212	29,450,212
Retained earnings (accumulated deficit)	5,971,836	(2,034,106)
TOTAL MEMBERS' EQUITY	39,492,490	31,286,548
TOTAL	**$ 153,286,283**	**$ 78,482,171**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31, 2021	YEARS ENDED DECEMBER 31, 2020
REVENUE		
Service	$ 5,678,564	$ 4,458,795
Roaming	20,930,555	15,133,138
Tower construction and services	22,780,966	43,809,413
Equipment	7,750,252	254,484
Other	1,190,592	-
TOTAL REVENUE	58,330,929	63,655,830
COST OF REVENUE		
Network operations	20,349,093	15,351,480
Depreciation and accretion	7,143,320	5,595,084
Service	626,552	439,742
Tower construction and services	19,215,247	31,023,558
TOTAL COST OF REVENUE	47,334,212	52,409,864
GROSS PROFIT (LOSS)	10,996,717	11,245,966
OPERATING EXPENSES		
Selling and marketing	1,646,016	1,130,361
Customer operations	740,301	769,502
General and administrative	4,086,608	3,968,587
Gain (loss) on sale of assets	(1,159)	26,480
TOTAL OPERATING EXPENSES	6,471,766	5,894,930
OPERATING INCOME (LOSS)	4,524,951	5,351,036
OTHER INCOME (EXPENSE)		
Other, net	107,910	50,612
PPP loan forgiveness	905,000	-
Equity in earnings of unconsolidated subsidiaries	2,339,908	2,457,960
Gain on sale of investment agreement	2,000,000	12,800,000
Interest expense	(1,871,827)	(1,517,842)
TOTAL OTHER INCOME (EXPENSE)	3,480,991	13,790,730
NET INCOME	**$ 8,005,942**	**$ 19,141,766**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

	MEMBERS' EQUITY- EXCHANGE TRANSACTION	EQUITY INVESTMENT	ACCUMULATED DEFICIT	TOTAL MEMBERS' EQUITY
BALANCE, JANUARY 1, 2020	$ 3,870,442	$ 29,450,212	(21,175,872)	$ 12,144,782
Net income	-	-	19,141,766	19,141,766
BALANCE, DECEMBER 31, 2020	3,870,442	29,450,212	(2,034,106)	31,286,548
Net income	-	-	8,005,942	8,005,942
Member units issued with acquisition	-	200,000	-	200,000
BALANCE, DECEMBER 31, 2021	**$ 3,870,442**	**$ 29,650,212**	**$ 5,971,836**	**$ 39,492,490**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 8,005,942	$ 19,141,766
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, amortization and accretion	7,143,320	5,595,084
Allowance for doubtful accounts	2	6,703
Amortization of bond discounts/premiums	(2,347)	(2,347)
Amortization of debt issuance costs	32,779	32,779
(Gain) loss on sale of assets	(1,159)	26,480
Equity in earnings of unconsolidated subsidiaries	879,210	809,588
Provision for accrued long-term compensation	315,600	113,212
Forgiveness of PPP loan	(905,000)	-
Changes in assets and liabilities:		
(Increase) decrease in operating assets		
Accounts receivable	(3,477,532)	(2,826,494)
Other receivables	-	9,700,000
Inventories	839,585	3,578,609
Notes receivable	(38,251)	(268,480)
ALU prepaid	2,391,450	(1,737,593)
Prepaid expenses	(384,697)	(382,311)
Other deposits	(17,327)	(5,800)
Increase (decrease) in operating liabilities		
Accounts payable	(5,658,514)	2,972,366
Customer deposits	(5,742,423)	(9,778,410)
Other current liabilities	775,912	(1,512,903)
Asset retirement obligation	-	(5,027)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,156,550	25,457,222
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from acquisition of Northwoods Communications Technologies	4,899	-
Purchase of property and equipment	(12,964,155)	(19,817,056)
Purchase of licenses	-	(1,125,311)
Purchase of Northwoods Communication Technologies	(1,150,000)	-
NET CASH (USED IN) INVESTING ACTIVITIES	(14,109,256)	(20,942,367)

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

	YEAR ENDED DECEMBER 31, 2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	$ 13,095,546	$ -
Payments on line of credit	(12,695,546)	-
Proceeds from issuance of short-term debt - related parties	-	1,755,312
Proceeds from short-term debt	1,500,000	4,000,000
Payments on short-term debt - related parties	-	(3,110,000)
Payments on short-term debt	(5,500,000)	-
Proceeds on long-term debt	80,040,483	905,000
Payments on long-term debt	(1,034,881)	(709,296)
Payments on long-term debt - related parties	(1,303,340)	(1,905,358)
Payments on capital lease obligations	(517,817)	(498,160)
NET CASH PROVIDED BY FINANCING ACTIVITIES	73,584,445	437,498
NET INCREASE (DECREASE) IN CASH	63,631,739	4,952,353
CASH AND RESTRICTED CASH EQUIVALENTS AT BEGINNING OF YEAR	6,484,955	1,532,602
CASH AND RESTRICTED CASH EQUIVALENTS AT END OF YEAR	**$ 70,116,694**	**$ 6,484,955**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

	YEAR ENDED DECEMBER 31, 2021	2020
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$ 1,737,082	$ 2,658,826
SUPPLEMENTAL SCHEDULE OF NONCASH INFORMATION		
Asset retirement obligation additions	$ 1,027,061	$ 551,346
Purchase of property and equipment through direct financing	356,332	259,467
Discount on bond issuance	358,657	-
Short-term debt - related parties converted to long-term debt - related parties	-	14,195,312
Acquisition of Northwoods Communications Technologies		
Accounts receivable	136,344	-
Inventory	203,691	-
Property and equipment	1,902,774	-
Customer list	50,000	-
Other assets	15,002	-
Accounts payable	275,817	-
Notes payable	186,259	-
Other liabilities	634	-
Fair value of member units issued with purchase of Northwoods Communications Technologies	200,000	-
Purchase of Northwoods Communications Technologies through note payable	500,000	-

The accompanying notes are an integral part of these financial statements.

NOTE 1 - Nature of Operations and Significant Accounting Policies

Nature of Business - Hilbert Communications, LLC and Subsidiaries (the "Company") is a regional provider of telecommunications products and services to residential and commercial customers in the Upper Midwest. The products and services include build out of wireless facilities, wireless communications services, tower construction and services, and consulting services. Hilbert Communications, LLC and Subsidiaries operate wireless communications services under licenses granted by the Federal Communications Commission (FCC) and are subject to the applicable rules and regulations of the FCC.

Principles of Consolidation - The consolidated financial statements of the Company include the accounts and transactions of Hilbert Communications, LLC and its wholly owned subsidiaries: Bug Tussel Wireless, LLC, Cloud 1, LLC, Red Tail Tower, LLC, Cloud 1 Services, LLC, Michigan Wireless, LLC, Midwest DataCore, LLC, Bug Tussel 1, LLC, and Northwoods Communications Technologies, LLC. All significant intercompany transactions and balances have been eliminated in consolidation.

The Company also has investments in other entities accounted for under the equity or cost methods. See Note 5 for further information.

Basis of Accounting - The consolidated financial statements of the Company have been prepared on the accrual basis of accounting and, accordingly, reflect all receivables, payables and other liabilities.

Basis of Presentation - The accompanying consolidated financial statements are presented in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board (FASB). Significant intercompany accounts and transactions have been eliminated in consolidation.

Recent Accounting Pronouncements - In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* (Topic 842) effective for annual reporting periods beginning after December 15, 2019. ASU 2020-05 subsequently deferred the effective date for ASU 2016-02 until annual reporting periods beginning after December 15, 2021. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the statement of financial position, the new ASU will require both types of leases to be recognized on the statement of financial position. The ASU will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements providing additional information about the amounts recorded in the financial statements. The Company is currently evaluating the impact this guidance will have on the financial statements.

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

NOTE 1 - Nature of Operations and Significant Accounting Policies, continued

Cash and Cash Equivalents - For purposes of the consolidated statements of cash flows, the Company considers cash to be cash on hand, cash held at financial institutions, and all highly liquid investments available for current use with an initial maturity of three months or less at the time of purchase. The Company does not have any cash equivalents as of December 31, 2021 and 2020.

Accounts Receivable - Receivables are stated at the amount the Company expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Allowance for doubtful accounts at December 31, 2021 and 2020 was $24,002 and $24,000, respectively.

Inventory - Inventories consist of materials, labor, and overhead costs related to towers for sale and equipment upgrades on towers. Inventories also consist of wireless devices and accessories for its retail location. Inventories are stated at lower of cost or net realizable value, with cost determined by specific identification.

Property and Equipment - Property and equipment is recorded at cost. Additions, improvements, or major renewals are capitalized, while expenditures that do not enhance or extend the asset's useful life are charged to operating expense as incurred. Property and equipment sold or otherwise disposed of are removed from property accounts with gains or losses on disposal credited or charged to the results of operations. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Asset	Life
Wireless site and transmission equipment	3 - 10 years
Tower structures	7 - 15 years
Office equipment	3 - 7 years
Vehicles and trailers	5 years
Asset retirement obligation	3 - 15 years

Construction in progress costs represent cumulative costs of projects not yet placed in service. No depreciation was taken on these capitalized costs.

Valuation of Long-lived Assets - U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No assets are considered to be impaired at December 31, 2021 and 2020.

Licenses - Licenses include costs incurred in acquiring FCC licenses to wireless services. These costs include amounts paid to license applicants, the FCC, owners of interests in entities awarded licenses, and all direct and incremental costs related to acquiring the licenses.

The Company's FCC licenses provide the Company with the exclusive right to utilize certain radio frequency spectrum to provide wireless communication services. FCC licenses are issued for only a fixed time, generally 10 years, and such licenses are subject to renewal by the FCC.

NOTE 1 - Nature of Operations and Significant Accounting Policies, continued

Licenses, continued - Renewals of FCC licenses have historically occurred routinely and at nominal cost. Moreover, the Company has determined that there are currently no legal, regulatory, contractual, competitive, economic, or other factors that limit the useful life of its FCC licenses. As a result, FCC licenses are treated as indefinite-lived intangible assets and are not amortized, but are assessed annually for impairment. The Company re-evaluates the useful life determination for wireless licenses at regular intervals to determine whether events and circumstances continue to support an indefinite useful life. The Company assesses impairment by combining all individual licenses as a single unit and determining the fair value in the aggregate.

The Company completed its annual impairment assessment of intangible assets with indefinite lives and determined that these assets are not impaired as of December 31, 2021 and 2020.

Customer Deposits - Customer deposits include deposits received from customers related to tower construction contracts. The Company is entitled to milestone payments in accordance with tower construction contracts with various customers. Milestone payments are recorded as customer deposits until the sale of a tower is completed and the revenue is recognized.

See Note 17 for additional information related to the tower construction and site license agreements.

Asset Retirement Obligation - U.S. GAAP requires entities to record the fair value of a liability for legal obligations associated with an asset retirement in the period in which the obligations are incurred. When the liability is initially recorded, the entity capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset.

The Company has determined that asset retirement obligations exist as there is a legal obligation to remove wireless component equipment, which are subject to retirement from sites, or towers that reside upon leased property at the time the Company discontinues its use. The estimated cost to remove these assets is accrued over the life of the assets. Accretion was $50,385 and $41,130 and depreciation expense was $186,989 and $140,501 for the years ended December 31, 2021 and 2020, respectively.

Debt Issuance Costs - Debt issuance costs related to long-term debt are reported on the statements of financial position as a direct deduction from the face amount of the debt. Amortization of debt issuance costs are reported as interest expense.

Revenue Recognition - A contract exists when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. The Company has multiple revenue streams that are accounted for based on the terms of the contracts with customers and typically include a single performance obligation within each revenue stream.

Service: The Company recognizes revenue when customers have been provided access to, and usage of, its internet services. Revenue is recognized when services are provided regardless of the period in which they are billed. Internet services are billed monthly and service revenue is recognized over the enforceable contract term as service is rendered, as the customer simultaneously receives and consumes the benefits of the services through network access and usage and the Company has satisfied its performance obligation.

NOTE 1 - Nature of Operations and Significant Accounting Policies, continued

Revenue Recognition, continued - *Roaming:* The Company recognizes revenue when customers have been provided roaming access on the Company's wireless telecommunications network. Revenue is determined monthly as data is available from all customers roaming on the Company network and recognized in the month the services were provided, regardless of the period in which they are billed. The revenue is recognized at a point in time when the Company has satisfied its performance obligation to provide access to the Company's wireless telecommunications network.

Tower Construction and Services: The Company recognizes revenue when control and ownership of the goods is transferred to the customer which is a condition of receiving the final milestone payment to complete the transaction. All tower construction contracts are fixed-price contracts and are recognized at a point in time when the tower sale has been completed and ownership has transferred to the customer. Revenue is measured as the amount of consideration the Company received in exchange for transferring goods.

The Company also installs equipment related to towers. The Company recognizes revenue when the equipment has been installed and turned on which provides assurances to the customer that the contract has been completed and final payment can be initiated. All equipment installation contracts are fixed-price contracts and are recognized at a point in time when the equipment has been transferred to the customer upon completion. Revenue is measured as the amount of consideration the Company received in exchange for transferring goods.

The pricing and payment terms for tower construction and equipment installation contracts are based on the terms of the contracts or the result of specific negotiations with each customer. The timing of revenue recognition, billings, and cash collections results in receivables, contract assets, and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately in the balance sheets. The Company does not have significant contract assets and contract liabilities are recorded as customer deposits as of December 31, 2021 and 2020.

Equipment: The Company sells communication equipment to customers. Revenue is recognized at a point in time when the Company satisfies its performance obligation to deliver the equipment to the customer.

Other: Other revenue is comprised of maintenance and other services provided to customers. These services are performed according to a pre-arranged maintenance plans or other service agreements. These services are billed monthly and service revenue is recognized over the enforceable contract term as service is rendered, as the customer simultaneously receives and consumes the benefits of the services through network access and usage and the Company has satisfied its performance obligation.

The Company collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The Company's accounting policy is to exclude the tax collected and remitted from revenues and cost of revenues.

See Note 17 for additional information related to tower construction, site licenses, and roaming customer contracts.

NOTE 1 - Nature of Operations and Significant Accounting Policies, continued

Income Taxes - The Internal Revenue Code and applicable state statutes provide that income and expenses of a limited liability company are not separately taxable to the Company, but rather accrue directly to the members. Accordingly, no provision for federal or state income taxes has been made in the consolidated financial statements. Per the operating agreement, the Company may periodically make distributions to the unit holders to enable them to pay the income taxes which they incur as a result of Company income.

Accounting for Uncertainty in Income Taxes - U.S. GAAP requires management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain position that more likely than not would be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Advertising Costs - The Company expenses advertising costs as incurred. Total advertising expense was $169,227 and $124,463 for the years ended December 31, 2021 and 2020, respectively.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purpose to conform to the presentation of the current year’s financial statements.

Subsequent Events - The Company evaluated subsequent events through June 27, 2022, the date which the financial statements were available to be issued.

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NOTE 2 - Restricted Cash

Restricted cash included in the balance sheets consists of accounts held in trust at a bank. The bond project funds are restricted for uses specific to the related bonds. The capitalized interest funds – FDL bond are restricted for use to pay interest due on the bonds to and including November 1, 2024. The debt service funds for both the FDL bonds as well as the MDAR bonds are restricted for use in retiring related bond obligations of the Company. The costs of issuance funds – FDL bond are to cover estimated costs incurred in connection with the issuance of the bonds. See Notes 6 and 9 for more detail. Cash and restricted cash equivalents are included in the following accounts at December 31:

	2021	2020
Cash	$ 645,037	$ 5,769,173
Restricted cash equivalents:		
Capitalized interest fund - current - FDL bond	2,004,479	-
Costs of issuance fund - current - FDL bond	98,786	-
Bond project funds - current - FDL bond	57,851,430	-
Debt service reserve fund - current - MDAR bond	138,348	111,427
Capitalized interest fund - FDL bond	4,571,938	-
Debt service reserve fund - FDL bond	4,216,239	-
Debt service reserve fund - MDAR bond	590,437	604,355
Total restricted cash equivalents	69,471,657	715,782
TOTAL CASH AND RESTRICTED CASH EQUIVALENTS SHOWN IN THE STATEMENT OF CASH FLOWS	**$ 70,116,694**	**$ 6,484,955**

NOTE 3 - Inventories

Inventories consist of the following as of December 31:

	2021	2020
Towers for sale	$ 3,886,723	$ 5,355,446
Equipment upgrades on towers	4,155,875	1,675,736
Equipment for sale	809,998	2,457,308
TOTAL	**$ 8,852,596**	**$ 9,488,490**

NOTE 4 - Property and Equipment

Property and equipment consist of the following as of December 31:

	2021	2020
Land	$ 70,000	$ -
Wireless site and transmission equipment	71,640,415	65,434,642
Tower structures	6,498,589	3,131,693
Office equipment	702,436	640,176
Vehicles and trailers	1,970,370	1,272,245
Asset retirement obligation	3,209,110	2,182,049
Construction in progress	4,981,374	2,373,710
Subtotal	89,072,294	75,034,515
Less: Accumulated depreciation	(36,763,183)	(31,832,406)
NET PROPERTY AND EQUIPMENT	**$ 52,309,111**	**$ 43,202,109**

NOTE 4 - Property and Equipment, continued

Depreciation expense was $6,990,287 and $5,553,746 for the years ended December 31, 2021 and 2020, respectively.

NOTE 5 - Investment in Other Entities

The Company has a 45% interest in Michigan Spectrum Holdings, LLC, with three unit holders owning the remaining 55%. Michigan Spectrum Holdings, LLC owns FCC licenses and the Company's portion of the carrying value is $386,600. The Company had a 40% interest, but purchased a unit holder's 5% interest in 2020 for $55,000. The Company uses the equity method of accounting where the ownership is between 20% and 50%. Under the equity method, the investment is recorded at cost and adjusted to recognize the Company's share of net earnings of losses of the investee. The investee reported a net loss of $1,130 and $1,050 in 2021 and 2020, respectively.

During 2016, the Company entered into a joint venture agreement to construct 20 towers with a third party, APC Towers, LLC, forming APC Towers-Hilbert, LLC. As of December 31, 2021 and 2020, 13 towers were constructed. The Company has a noncontrolling 50% ownership interest, which is accounted for using the equity method. As of December 31, 2021 and 2020, there were no monetary investments in the joint venture made by the Company. This investment was sold in November 2020 for $8,400,000. The Company's share of the proceeds were $3,276,473. The following information summarizes the activity of the joint venture for the years ended December 31, 2021 and 2020.

	2021	2020
Revenues	$ -	$ 94,102
Net income	-	58,168
Total assets	-	-
Total Liabilities	-	-
Equity	-	-

During 2016, the Company entered into a joint venture agreement to construct 10 towers with a third party, Faith Technologies, LLC, forming Faith Hilbert Towers, LLC. As of December 31, 2021 and 2020, 10 towers have been constructed. The Company has a noncontrolling 50% ownership interest, which is accounted for using the equity method. As of December 31, 2021, there were no monetary investments in the joint venture made by the Company. The following information summarizes the activity of the joint venture for the years ended December 31, 2021 and 2020.

	2021	2020
Revenues	$ 255,096	$ 247,178
Net income/(loss)	(7,596)	(28,828)
Total assets	1,640,374	1,790,784
Total Liabilities	1,863,778	2,006,592
Equity	(223,404)	(215,808)

NOTE 5 - Investment in Other Entities, continued

During 2018, the Company entered into a joint venture agreement to construct 50 towers with a third party, VB-JV6, LLC, forming VBHV, LLC. As of December 31, 2021 and 2020, 16 and 13 towers, respectively, have been constructed or transferred. The Company has a noncontrolling 50% ownership interest, which is accounted for using the equity method. As of December 31, 2021, there were no monetary investments in the joint venture made by the Company. The following information summarizes the activity of the joint venture for the years ended December 31, 2021 and 2020.

	2021	2020
Revenues	$ 173,012	$ 173,012
Net income/(loss)	(1,262,299)	(1,292,299)
Total assets	31,463,960	31,463,960
Total Liabilities	11,259,669	11,259,669
Equity	20,204,291	20,204,291

These joint ventures had combined net (loss) income totaling $7,124,913 and $7,108,873 during 2021 and 2020, respectively. The Company's 50% portion of the net (loss) income, $2,339,908 and $2,457,960, increased the Company's investment in other entities balance on the accompanying consolidated balance sheets and was recognized in other income as equity in earnings of unconsolidated subsidiaries on the accompanying consolidated statements of operations in 2021 and 2020, respectively. See Note 17 for more detail.

NOTE 6 - Deposits for Payments on Bonds

The Company received Midwestern Disaster Area Fixed Rate Revenue Bonds, Series 2012 (MDAR), held by a trustee to fund a Bug Tussel Wireless, LLC project to construct certain telecommunications infrastructure in Fond du Lac County and Adams County, Wisconsin. A debt service reserve fund totaling $590,437 and $604,355 as of December 31, 2021 and 2020, respectively, has been set aside to be utilized for final payments due in 2024. The Company submits monthly deposits to fund the semi-annual payments when due. Total deposits were $138,348 and $111,427 as of December 31, 2021 and 2020, respectively, and are included in other current assets on the accompanying consolidated balance sheets. See Note 9 for more detail.

During 2021, the Company received Fond du Lac Fixed Rate Taxable Revenue Bonds, Series 2021 (FDL), held by a trustee to fund Bug Tussel 1, LLC projects to construct certain fiber, wireless internet and telecommunications infrastructure in the Wisconsin counties of Fond du Lac, Calumet, Jackson, Marathon and Waushara. The Company will use the proceeds of the bonds for "Social Projects" as outlined by the International Capital Market Association. Funds from the bond series were deposited to various funds to be used for specific purposes. A debt service reserve fund totaling $4,216,239 as of December 31, 2021 has been set aside to be utilized for final payments due in 2051. A deposit of $4,216,224 was made from bond issuance proceeds during the year ended December 31, 2021. A capitalized interest fund totaling $6,476,193 has been set aside to pay interest due on the bonds to and including November 1, 2024. A deposit of $6,576,394 was made from bond issuance proceeds during the year ended December 31, 2021. A cost of issuance fund totaling $98,786 has been set aside to be utilized to cover estimated costs incurred in connection with the issuance of the bonds. A deposit of $787,500 was made from bond issuance proceeds during the year ended December 31, 2021. The remaining bonds proceeds of $58,061,226 were deposited into bond project funds to be utilized for purposes specific to the related bond. See Note 9 for more detail.

NOTE 7 - Line of Credit

The Company entered into a $5,000,000 line of credit agreement in 2021, which matures on June 11, 2022. The interest rate is equal to the higher of the prime rate in effect on such day or 3.50% for the year ended December 31, 2021. The agreement is collateralized by substantially all assets of the Company. The outstanding balance on the line of credit was $400,000 for the year ended December 31, 2021.

NOTE 8 - Short-Term Debt

During 2020, the Company borrowed money on a short-term note from a bank. The note totaled $4,000,000 as of December 31, 2020 and is secured by a general business security agreement. The note has an interest rate of 3.5%, which is paid monthly, and the remaining principal and interest were due on September 25, 2021. The note is also guaranteed by a unit holder, who receives a 0.5% guarantor fee each month. The short-term note was paid in full during June 2021.

In April 2021, the Company signed a $1,500,000 note with a bank. The note has a five month term. Interest is due monthly at a rate of 3.5%, and the principal is due in September 2021. The note is guaranteed by a unit holder. The short-term note was paid in full during June 2021.

NOTE 9 - Long-Term Debt

The Company's notes payable are as follows at December 31:

	2021	2020
1.25% secured note with a former unit holder, due in monthly payments of $1,720 including interest, maturing December 2021. The note is secured with a general business security agreement.	$ -	$ 20,581
Note payable to bank, interest at 3.55%, due in monthly payments of $255,308 including interest, with a final payment due June 2027. The note is secured with a general business agreement.	10,449,506	-
Various 0.00% to 9.99% notes payable to the dealer, secured by specific Company vehicles, due in monthly payments ranging from $326 - $2,403, including interest, maturing at various dates between 2021 and 2026.	521,792	328,358
1.00% Payroll Protection Program loans, due in monthly installments of $51,100 starting in March 2021, including interest to August 2022, unsecured	-	905,000
3.50% secured note with a former unit holder due in monthly installments, including interest, maturing December 2021. The loan calls for monthly payments of principal and interest of $5,741. The note is secured with a general business security agreement. *	-	68,286

*The unit holder sold their interest in 2020.

NOTE 9 - Long-Term Debt, continued

	2021	2020
MDAR Fixed Rate Revenue Bonds, Series 2012, par value $5,385,000 issued in December 2012 by Fond du Lac County, Wisconsin to fund a Bug Tussel Wireless, LLC project. A premium of $27,769 was paid by the purchasers of the bonds and will be amortized over the life of the bonds (amortization of $2,347 for the years ended December 31, 2021 and 2020. Accumulated amortization was $18,773 and $16,428 as of December 31, 2021 and 2020, respectively). The issuer placed the proceeds of the sale of the bonds with a trustee of Bug Tussel Wireless, LLC to construct telecommunications infrastructure in the Wisconsin counties of Fond du Lac and Adams. See Note 5. The bonds are limited obligations of the issuer. Fond du Lac and Adams County, WI each is guarantor of the payment of its pro rata share of principal and interest on the bonds. The average interest rate on the bonds is 2.6% plus a guaranteed rate paid to each county of 0.5% for its pro rata share. Starting in May 2015, the bonds call for semi-annual interest and principal payments of $255,000, increasing each year. Payments increased to $295,000 and $300,000 during 2020 and 2021, respectively. Final payment of $335,000 is due November 2024. Hilbert Communications, LLC is a guarantor to Fond du Lac and Adams Counties for the payment of principal and interest on the bonds. Equipment purchased with proceeds from the bonds are pledged by Bug Tussel Wireless, LLC to Fond du Lac and Adams Counties.	1,931,650	2,533,996
2.00% note payable to Town of Franklin, secured by leasehold interest and various equipment with interest due monthly through February 2020. Principal and interest payments due in quarterly installments of $6,250 starting May 21, 2020. Note matures February 28, 2030.	206,250	231,250
3.00% note payable to Kewaunee County, secured by property acquired through the agreement, due in annual installments of $93,918 starting September 1, 2021. Note matures September 1, 2032.	868,902	-
3.00% note payable to Iowa County, secured by property acquired through the agreement, with interest due annually through December 2022. Principal and interest payments due in annual installments of $140,996 starting December 31, 2022. Note matures December 31, 2034.	1,500,000	-

NOTE 9 - Long-Term Debt, continued

	2021	2020
3.75% SBA EIDL, secured by all assets of company, payable in monthly installments of $627 starting July 2021. Note was acquired in NWC purchase, and will be paid by unit holders. Note matures July 2050.	131,707	-
6.05% note payable, secured by all assets of company, payable in monthly installments of $525 through November 2023, with a final balloon payment due at maturity on December 21, 2023.	53,155	-
Taxable Revenue Bonds, Series 2021, par value of $70,000,000 issued in December 2021 by Fond du Lac County, Wisconsin to provide funds to Bug Tussel 1, LLC for the purpose of financing a portion of the costs of acquisition, construction and equipping of certain fiber and wireless internet communications facilities used by the Bug Tussel 1, LLC and located in the Wisconsin counties of Fond du Lac, Calumet, Jackson, Marathon, and Waushara. The bonds are limited obligations of the issuer. Fond du Lac, Calumet, Jackson, Marathon, and Waushara Counties each is guarantor of the payment of its pro rata share of principal and interest on the bonds. The average interest rate on the bonds is 3.27% plus a guaranteed rate paid to each county of 0.4% for its pro rata share. Interest-only payments are due semi-annually beginning May 2022. Starting in November 2027, the bonds call for semi-annual interest and principal payments of $1,925,000, increasing to $4,070,000 annually for 2051. Final payment of $4,070,000 is due November 2051. Hilbert Communications, LLC, a related party, is a guarantor to Fond du Lac, Calumet, Jackson, Marathon, and Waushara Counties for the payment of principal and interest on the bonds. Equipment purchased with the proceeds from the bonds are pledged by Bug Tussel 1, LLC to Fond du Lac, Calumet, Jackson, Marathon, and Waushara Counties. The bonds are self-designated "social bonds" in accordance with the 2021 edition of the Social Bond Principles published by the International Capital Markets Association.	70,000,000	-
Less: unamortized bond discounts	(358,143)	-
Less: unamortized debt issuance costs	(869,071)	(125,653)
Total	84,435,748	3,961,818
Less current maturities	(2,268,078)	(820,445)
TOTAL LONG-TERM DEBT	**$82,167,670**	**$ 3,141,373**

NOTE 9 - Long-Term Debt, continued

The Company was granted $611,000 and $294,000 loans under the PPP administered by a Small Business Administration (SBA) approved partner. The loans are uncollateralized and are fully guaranteed by the Federal government. The Company is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP loans were forgiven during 2021.

Aggregate maturities of long-term debt for the five years and thereafter following December 31, 2021, are as follows:

2022	$ 2,234,431
2023	3,794,690
2024	3,783,070
2025	3,169,229
2026	691,621
Thereafter	70,762,707
TOTAL	**$ 84,435,748**

The Company is in compliance with all loan covenants.

NOTE 10 - Long-Term Debt - Related Parties

The Company's related party notes payable are as follows at December 31:

	2021	2020
7.00% secured note with a unit holder due in monthly installments, including interest, maturing December 2021. The loan calls for monthly payments of principal and interest of $93,719. The note is secured with specific equipment.	$ -	$ 1,118,951
3.5% secured note with unit holders due in monthly installments, including interest, maturing September 2026. The loan calls for monthly payments of principal and interest of $9,071. The note is secured with general business security agreement.	475,611	-
Various 5.00% to 8.50% secured notes with unit holders, interest payable each month, principal due in January 2023. The notes are secured with general business security agreements.	14,035,312	14,195,312
Total related parties	14,510,923	15,314,263
Less current maturities	93,660	1,118,951
TOTAL RELATED PARTY LONG-TERM DEBT	**$14,417,263**	**$14,195,312**

NOTE 10 - Long-Term Debt - Related Parties, continued

Aggregate maturities of related party long-term debt for the years following December 31, 2021, calculated at the amended payment amounts, are as follows:

2022	$ 93,660
2023	14,132,342
2024	100,481
2025	104,055
2026	80,385
TOTAL	**$14,510,923**

NOTE 11 - Capital Lease Obligations

The Company is obligated under various capital leases for equipment and office furniture which expire at various dates in 2021, 2022, and 2023. There are a total of 14 capital leases remaining at December 31, 2021. The capital lease obligations are due in monthly installments ranging from $1,585 to $4,473 and bear interest rates ranging from 6.70% to 8.80% and are secured with the leased equipment and proof of insurance. Total monthly capital lease payments including interest were $42,094 and $48,527 at December 31, 2021 and 2020, respectively. Total capital lease principal payments totaled $473,269 and $498,600 in 2021 and 2020, respectively.

The leased assets are included in property and equipment, but they are included with various sites and towers and are not directly traceable, so asset values and accumulated depreciation are not available.

The future minimum lease payments, by year and in aggregate, under capital leases with initial or remaining terms of one or more years as of December 31, 2021 are as follows:

2022	$ 422,588
2023	23,188
Total future lease payments	445,776
Less: Amount representing interest	16,814
Present value of net minimum lease payments	428,962
Less: Current maturities of capital lease obligations	406,095
TOTAL LONG-TERM CAPITAL LEASE OBLIGATIONS	**$ 22,867**

NOTE 12 - Operating Leases

The Company leased its office space under a 37-month lease agreement with a related party that was set to expire on December 31, 2021. The Company signed an amended lease in May 2019 to include additional space with the term being extended until December 31, 2026, and new payment terms. The amended agreement calls for monthly rent payments of $9,666 per month for 2020, $11,986 per month for 2021, $13,265 per month for 2022, $14,544 per month for 2023, $15,157 per month for 2024, $15,781 per month for 2025, and $16,417 per month for 2026. The Company is responsible for utility, personal property tax, insurance, and repair and maintenance costs relating to the lease.

NOTE 12 - Operating Leases, continued

The Company has a lease agreement with a related party to rent warehouse space. The lease agreement commenced on May 15, 2019, and was amended for additional space on March 1, 2020, under new payment terms and expiring on May 31, 2024. The original lease called for monthly rent payments of $6,000, increasing to $6,180 in 2020. The amended lease calls for monthly payments of $9,045 for the remainder of 2020 and annual 3% increases each of the next four years. The Company is responsible for utility, personal property tax, snow removal, insurance, and repair and maintenance costs related to the lease.

In addition, the Company leases, as lessee, various tower sites and backhaul facilities under operating leases from related and unrelated parties through 2030. The agreements contain various renewal options. Following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2021.

	Related Parties	Unrelated Parties	Total
2022	$ 663,678	$ 12,740,736	$ 13,404,414
2023	667,984	12,524,982	13,192,966
2024	663,050	11,883,318	12,546,368
2025	676,311	10,070,183	10,746,494
2026	637,933	8,064,161	8,702,094
Thereafter	419,090	5,511,964	5,931,054
TOTAL	**$ 3,728,046**	**$ 60,795,344**	**$ 64,523,390**

Rent expense under all operating leases amounted to approximately $13,591,000 and $10,484,000 in 2021 and 2020, respectively, and is included in network operations in the accompanying consolidated statements of income.

NOTE 13 - Employee Benefits

The Company has a 401(k) Profit Sharing Plan covering substantially all of its employees. The plan is a Safe Harbor Plan with an automatic contribution arrangement for new employees at 6% with an option to opt-out. The Company's matching contribution is equal to 100% of the first 3% of employees' salary deferred and 50% on the next 2% of employees' salary deferred. The total matching contribution was $213,578 and $189,529 for 2021 and 2020, respectively. The Company also may contribute a discretionary contribution that would be allocated to participants in the plan. No discretionary contributions were made in 2021 and 2020.

NOTE 14 - Accrued Long-Term Compensation

Accrued long-term compensation consists of a Phantom Unit Plan which provides for the awarding of phantom units to key employees. The value of a phantom unit is equivalent to the value of a unit of ownership in the Company. The value of a unit is determined on an annual basis by the board of directors. Phantom units may be awarded fully vested or awarded with a vesting schedule. Each phantom unit entitles a participant to receive cash compensation equal to the corresponding value upon the trigger of events as defined in the plan. The cash compensation may be paid over a five-year period with interest. Upon termination for cause or resignation prior to trigger events, vested and unvested phantom units are forfeited.

NOTE 14 - Accrued Long-Term Compensation, continued

The Company awarded 11,500 and 9,950 units in 2021 and 2020, respectively. Each participant's units are 25% vested at issuance and 25% annually thereafter for the first year participating in the phantom unit plan. The vesting percentage at issuance increases by 25% for each year of participation in the plan, until the participant reaches 100% vested at issuance. The Company recorded an accrued long-term compensation liability and a general and administrative expense of $315,600 and $113,213 related to the vested units of phantom stock as of and for the years ended December 31, 2021 and 2020.

NOTE 15 - Related Party Transactions

A Company unitholder has a minority interest in Bellin Building, LLC. The Company leases office and rooftop space from Bellin Building, LLC, on a month-to-month basis. Charges for rent totaled $17,520 in 2021 and 2020, respectively. Accounts receivable due from Bellin Building, LLC totaled $0 and $42,591 as of December 31, 2021 and 2020, respectively.

The Pine Street Cat Company, LLC is majority owned by an entity that is wholly owned by one Company unit holder. The Company leases office space from The Pine Street Cat Company, LLC, through December 31, 2026. Charges for rent totaled $143,832 and $115,992 in 2021 and 2020, respectively.

APC Towers-Hilbert, LLC, Faith Hilbert Towers, LLC, and VBHV, LLC are all joint ventures that are 50% owned by the Company. The Company builds towers and sells them to the joint ventures. For the years ended December 31, 2021 and 2020, there were no tower sales to APC Towers-Hilbert, LLC or Faith Hilbert Towers, LLC; and tower sales to VBHV, LLC totaled $731,250 and $2,681,250, respectively. Customer deposits received for future tower sales to the joint ventures outstanding at December 31, 2021 and 2020 were $1,209,767 and $2,938,750, respectively, all related to VBHV, LLC. The Company also leases space on the towers from the joint ventures in order to mount Bug Tussel equipment.

For the years ended December 31, 2021 and 2020, rent paid to APC Towers-Hilbert, LLC totaled $0 and $353,493, respectively, rent paid to Faith Hilbert Towers, LLC totaled $265,961 and $260,513, respectively, and rent paid to VBHV, LLC totaled $372,805 and $137,300, respectively.

The Company holds a retained interest in tower sales to M3 Hilbert Towers, LLC. See Note 17.

Accounts receivable due from other related parties was $148,477 and $16,127 as of December 31, 2021 and 2020, respectively.

Additionally, the Company has entered into other related party transactions that are described in Notes 5, 10, and 12.

NOTE 16 - Concentrations

The Company maintains cash balances at financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). The Company's cash deposits may exceed the $250,000 insurance threshold during the year. At December 31, 2021 and 2020, the Company had approximately $69,007,534 and $5,735,000 of uninsured balances, respectively.

Substantially all of the Company's roaming revenue was generated from one customer in 2021 and 2020. Receivables from that customer represented approximately 98% of roaming receivables at December 31, 2021 and 2020.

Substantially all of the Company's tower construction and services revenue was generated from major customers in 2021 and 2020. See Note 17.

NOTE 16 - Concentrations, continued

The Company had purchases from two vendors in 2021 and 2020 representing approximately 29% and 45%, respectively of total vendor purchases for the years ended December 31, 2021 and 2020. The accounts payable due to these vendors was $2,784,786 and $5,832,582 as of December 31, 2021 and 2020.

NOTE 17 - Tower Construction, Site License, and Roaming Customer Agreements

Tower Construction & Site License Agreements – *M3 Hilbert Towers, LLC:* In 2017, the Company entered into a Tower Construction and Purchase Agreement (TCPA) with M3 Hilbert Towers, LLC (M3) (a wholly owned subsidiary of Mobilitie Investments III, LLC) to construct and sell up to 250 towers at approved subject sites. The TCPA was amended in 2018 and became effective as of October 30, 2018.

Each completed tower will be sold to M3 and payable in six separate milestone payments as described in the amended TCPA. The Company completed construction on 20 and 128 towers in 2021 and 2020, respectively, and recognized tower construction and services revenue of $5,000,000 and $32,000,000 for the years ended December 31, 2021 and 2020, respectively. The base purchase price for each tower is $250,000. At December 31, 2021, the Company has completed construction of 245 towers related to this agreement. As of December 31, 2021 and 2020, the Company has received $200,000 and $1,480,000, respectively, in customer deposits related to 4 and 23 towers, respectively, that are in process.

The TCPA also provides for a contingent purchase price to the Company upon the first sale of each tower asset by M3. The contingent purchase price shall be calculated using a formula defined in the amended TCPA. The contingent purchase price shall not exceed 50% of the contingent purchase price base amount nor shall it be less than zero. If the tower asset is not sold by M3 prior to the eleventh anniversary, an advance payment may be payable to the Company based on terms and conditions described in the TCPA. As of December 31, 2021 and 2020, the Company received payment for 242 and 0 towers, and the net proceeds of $3,219,119 and $0, respectively, are included with the Company’s 50% portion of the net income of Other Entities (see Note 5).

In connection with the TCPA, the company entered into a Master License Agreement with M3 where the Company will enter into a Site License Agreement (SLA) to lease the prime space on the aforementioned towers for the installation and operation of the Company’s telecommunications equipment. The SLA was amended in 2018 and became effective as of October 30, 2018. SLAs will have an initial term of seven years at a monthly rent of $2,150 that will increase by 2% annually. The SLAs will automatically renew for four additional five-year terms upon the same terms and conditions unless notified by the Company at least six months prior to expiration of the then existing term. In addition, the Company is also responsible for its pro rata share of pass-through expenses (site operating expenses including ground rent, maintenance, taxes, and insurance) in excess of an amount defined in the TCPA, subject to annual escalations of 2%. The Company is responsible for all utilities relating to its telecommunications equipment on the site.

VBHV LLC: In 2018, the Company entered into a partnership with VBHV, LLC to construct, own, lease, and operate towers. Effective December 31, 2019, this operating agreement was restated and amended. The restated and amended operating agreement anticipates the construction or acquisition of at least 300, but up to 1,000 towers within the specified states. Each completed tower will be sold to VBHV, LLC for $243,750 and payable in seven milestone payments as described in the agreement. The Company completed 16 towers and 13 towers in 2021 and 2020, respectively, including transferring ownership of a tower previously sold to another joint venture and recognized tower construction and service revenues of $731,250 and $2,681,250 in 2021 and 2020, respectively. As of December 31, 2021 and 2020, the Company has received $1,209,767 and $4,362,500, respectively, in customer deposits related to 14 and 54 towers in process.

NOTE 17 - Tower Construction, Site License, and Roaming Customer Agreements, continued

Tower Construction & Site License Agreements, continued – In connection with the agreement with VBHV, LLC the Company will enter into an SLA to lease the prime space on the aforementioned towers for the installation and operation of the Company's telecommunications equipment. These SLAs will have an initial term of seven years at a monthly rent of $1,950 that will increase by 2% annually. The SLAs will automatically renew for four additional five-year terms upon the same terms and conditions.

The amended and restated operating agreement with VBHV, LLC effective December 31, 2019, includes a sale of investment agreement by the Company that could total $25,000,000 based on the Company completing its performance obligation. As of December 31, 2021 and 2020, the Company completed the underlying performance obligation as described in the agreement and recognized in other income a gain on sale of investment agreement of $2,000,000 and $12,800,000. The Company anticipates completing the majority of the remaining performance obligations in 2022 and will recognize gain on sale of investment agreement within other income as they complete the performance obligations.

The amended and restated agreement also provides the Company an option to sell towers directly to their third party joint venture partner for $470,000 per tower instead of to VBHV, LLC if certain conditions are met, as defined. The sale of towers to VBHV, LLC will continue under the same terms as the previous agreement. During 2021 and 2020, the Company sold 34 and 16 towers, respectively, directly to the third party venture partner for a total of $15,980,000 and $7,520,000.

The amended and restated operating agreement provided additional collateral pledged by the Company to VBHV, LLC related to tower assets operated by the Company. Additional provisions related to distributions and potential exit or unwind scenarios of VBHV, LLC are also provided.

In connection with the aforementioned tower construction agreements, the Company had $1,088,805 and $3,067,765 included in inventories as of December 31, 2021 and 2020, respectively, related to towers in process.

Operating lease commitments related to the SLAs in the aforementioned site license agreements are included in Note 12.

Roaming Customer Agreements - The Company entered into a series of agreements with their primary roaming customer for the Company to build, deploy, and place into commercial service 279 new and upgraded cell sites using spectrum owned by the roaming customer. The Company will receive roaming revenues for customer usage based on the terms of the agreements. The Company's primary roaming customer has the option to acquire the equipment on each cell site from the Company at an agreed upon price per the agreements. The agreements continue through November 1, 2021, and will automatically renew for up to five additional two-year terms unless notified by either party at least 180 days prior to the expiration of the then existing term. The cell sites included in the agreements are identical to the tower assets being constructed in the M3 TCPA and the towers constructed for the joint ventures described in Note 5.

In 2018, the Company entered into an agreement with their primary roaming customer for service upgrades on identified cell sites. The agreement was amended effective September 24, 2019, with a change to the total purchase price, scope of the project and no change to the identified cell sites. The amended total purchase price for the equipment and services is identified in the agreement and totals approximately $10,000,000. The Company completed service upgrades in 2021 and 2020 and revenues received for these service upgrades totaled $569,785 and $1,555,772, respectively, related to these site upgrades.

NOTE 17 - Tower Construction, Site License, and Roaming Customer Agreements, continued

Roaming Customer Agreements, continued - The agreement also provided the Company an initial $2,000,000 working capital payment from their primary roaming customer to finance the project. The amended agreement came with additional customer deposits for the change in scope of the project. As of December 31, 2021 and 2020, the Company had customer deposits totaling $0 and $670,290, respectively, related to this agreement on the accompanying consolidated balance sheets.

The Company has a build-out and maintenance agreement with their primary roaming customer to build, install, and deploy a radio access network (RAN) to identified cell sites. The purchase price for each cell site is identified in the agreement as $122,743, which is payable in 96 equal payments of $1,735 which includes an interest charge of 8%. The agreement has a conditional purchase price for any site requiring specific equipment in the amount of $22,994, which is payable in 96 equal payments of $325 which includes an interest charge of 8%. The Company completed 56 and 2 RAN build-outs in 2021 and 2020, respectively, and recognized revenue of $7,750,252 and $268,480 for 2021 and 2020, respectively. As of December 31, 2021 and 2020, the Company had $0 of up-front payments related to in process or future RAN build-outs. The Company had 17 and 53 RAN build-outs in process and $442,021 and $2,457,308 included in inventories as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, the Company recognized $204,932 and $38,395, respectively, in tower construction and services revenue on the accompanying consolidated statements of income related to tower rent and tower services performed unrelated to the aforementioned agreements.

NOTE 18 - Commitments and Contingencies

In the ordinary course of conducting business, the Company occasionally becomes involved in legal proceedings, audits, or other matters. While any litigation or audit has an element of uncertainty, management of the Company believes that the outcome of any pending or threatened actions will not have a material adverse effect on the business or financial condition of the Company.

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NOTE 19 - Business Combinations

During September 2021, the Company acquired 100% of Northwoods Communication Technologies, LLC at a cost of $1,650,000 plus issuance of 25,000 units of Hilbert Communication, LLC. The units in Hilbert Communication, LLC were valued at $200,000 bringing the total acquisition cost to $1,850,000. The initial transaction required a cash payment of $1,150,000 with the remaining $500,000 in the form of a promissory note (see Note 9 for more detail). The acquisition allowed the Company to expand its market area as well as customer base. Allocation of the purchase price was as follows:

Assets:	
Cash	$ 4,899
Accounts receivable	136,344
Inventory	203,691
Property and equipment	1,902,774
Customer list	50,000
Other	15,002
Liabilities:	
Accounts payable	(275,817)
Notes payable	(186,259)
Other	(634)
TOTAL	$ 1,850,000

HILBERT COMMUNICATIONS, LLC
AND SUBSIDIARIES

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

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HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

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DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Hilbert Communications, LLC and Subsidiaries
Green Bay, Wisconsin

We have audited the accompanying consolidated financial statements of Hilbert Communications, LLC and Subsidiaries which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of income, members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 consolidated financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hilbert Communications, LLC and Subsidiaries as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The consolidated financial statements of Hilbert Communications, LLC and Subsidiaries for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on April 17, 2020.

Hawkins Ash CPAs, LLP

Green Bay, Wisconsin
May 17, 2021

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 2020	DECEMBER 31, 2019
ASSETS		
CURRENT ASSETS		
Cash	$ 5,769,173	$ 832,749
Accounts receivable, net	4,698,994	1,879,203
Other receivables	-	9,700,000
Inventories	9,488,490	13,067,099
Notes receivable, current	24,969	-
ALU prepaid	1,814,621	77,028
Other current assets	641,141	263,749
TOTAL CURRENT ASSETS	22,437,388	25,819,828
PROPERTY AND EQUIPMENT		
Property and equipment	75,034,515	54,686,342
Less accumulated depreciation	31,832,406	26,530,171
NET PROPERTY AND EQUIPMENT	43,202,109	28,156,171
NON-CURRENT ASSETS		
Licenses	12,214,836	11,089,525
Notes receivable, long-term	243,511	-
Investment in other entities	(321,872)	487,716
Debt service reserve fund	604,355	583,507
Other investments and deposits	101,844	96,044
TOTAL NON-CURRENT ASSETS	12,842,674	12,256,792
TOTAL ASSETS	**$ 78,482,171**	**$ 66,232,791**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - Continued

	DECEMBER 31, 2020	DECEMBER 31, 2019
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 820,445	$ 650,256
Current maturities of long-term debt - related parties	1,118,951	1,903,697
Current maturities of capital lease obligations	520,201	492,069
Accounts payable	12,589,969	9,617,603
Customer deposits	7,052,790	16,831,200
Short-term debt - related parties	-	15,550,000
Short-term debt	4,000,000	-
Other current liabilities	665,906	2,178,809
TOTAL CURRENT LIABILITIES	26,768,262	47,223,634
LONG-TERM LIABILITIES		
Asset retirement obligation	2,432,573	1,846,622
Accrued long-term compensation	231,525	118,313
Long-term debt, less current maturities and unamortized debt issuance costs	3,141,373	2,757,672
Long-term debt - related parties, less current maturities	14,195,312	1,188,898
Long-term capital lease obligations, less current maturities	426,578	952,870
TOTAL LONG-TERM LIABILITIES	20,427,361	6,864,375
TOTAL LIABILITIES	47,195,623	54,088,009
MEMBERS' EQUITY		
Members' equity - exchange transaction	3,870,442	3,870,442
Equity investment	29,450,212	29,450,212
Accumulated deficit	(2,034,106)	(21,175,872)
TOTAL MEMBERS' EQUITY	31,286,548	12,144,782
TOTAL	**$ 78,482,171**	**$ 66,232,791**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31, 2020	2019
REVENUE		
Service	$ 4,458,795	$ 3,826,685
Roaming	15,133,138	7,792,312
Tower construction and services	44,063,897	15,029,638
TOTAL REVENUE	63,655,830	26,648,635
COST OF REVENUE		
Network operations	15,351,480	11,705,118
Depreciation and accretion	5,595,084	3,995,994
Service	439,742	329,692
Tower construction and services	31,023,558	11,940,417
TOTAL COST OF REVENUE	52,409,864	27,971,221
GROSS PROFIT (LOSS)	11,245,966	(1,322,586)
OPERATING EXPENSES		
Selling and marketing	1,130,361	890,452
Customer operations	769,502	610,424
General and administrative	3,968,587	2,475,964
Loss on sale of assets	26,480	3,733
TOTAL OPERATING EXPENSES	5,894,930	3,980,573
OPERATING INCOME (LOSS)	5,351,036	(5,303,159)
OTHER INCOME (EXPENSE)		
Other, net	50,612	24,099
Equity in earnings of unconsolidated subsidiaries	2,457,960	76,991
Gain on sale of investment agreement	12,800,000	9,700,000
Interest expense	(1,517,842)	(1,634,206)
TOTAL OTHER INCOME (EXPENSE)	13,790,730	8,166,884
NET INCOME	**$ 19,141,766**	**$ 2,863,725**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

	MEMBERS' EQUITY- EXCHANGE TRANSACTION	EQUITY INVESTMENT	ACCUMULATED DEFICIT	TOTAL MEMBERS' EQUITY
BALANCE, JANUARY 1, 2019	$ 3,870,442	$ 29,450,212	$ (24,039,597)	$ 9,281,057
Allowance for doubtful accounts				
Net income	-	-	2,863,725	2,863,725
BALANCE, DECEMBER 31, 2019	3,870,442	29,450,212	(21,175,872)	12,144,782
Net income	-	-	19,141,766	19,141,766
BALANCE, DECEMBER 31, 2020	**$ 3,870,442**	**$ 29,450,212**	**$ (2,034,106)**	**$ 31,286,548**

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ 19,141,766	$ 2,863,725
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and accretion	5,595,084	3,995,994
Allowance for doubtful accounts	6,703	(6,837)
Amortization of MDAR premium	(2,347)	(2,347)
Amortization of debt issuance costs	32,779	32,779
Loss on sale of assets	26,480	3,733
Equity in earnings of unconsolidated subsidiaries	809,588	(76,991)
Provision for accrued long-term compensation	113,212	92,157
Changes in assets and liabilities:		
(Increase) decrease in operating assets		
Accounts receivable	(2,826,494)	110,396
Other receivables	9,700,000	(9,700,000)
Inventories	3,578,609	(7,755,393)
Notes receivable	(268,480)	-
ALU prepaid	(1,737,593)	(77,028)
Other current assets	(377,392)	438,159
Increase (decrease) in operating liabilities		
Accounts payable	2,972,366	4,468,691
Customer deposits	(9,778,410)	9,751,200
Other current liabilities	(1,512,903)	1,300,636
Asset retirement obligation	(5,027)	(497)
NET CASH PROVIDED BY OPERATING ACTIVITIES	25,467,941	5,438,377
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(19,817,057)	(10,549,047)
Purchase of licenses	(1,125,311)	-
Other investments and deposits	(5,800)	48,847
NET CASH (USED IN) INVESTING ACTIVITIES	(20,948,168)	(10,500,200)

The accompanying notes are an integral part of these financial statements.

HILBERT COMMUNICATIONS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

	YEAR ENDED DECEMBER 31, 2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of short-term debt - related parties	$ 1,755,312	$ 4,500,000
Proceeds from short-term debt	4,000,000	-
Payments on short-term debt - related parties	(3,110,000)	-
Proceeds on long-term debt	905,000	250,000
Payments on long-term debt and debt service reserve fund	(730,143)	(625,547)
Payments on long-term debt - related parties	(1,905,358)	(364,277)
Payments on capital lease obligations	(498,160)	(455,381)
NET CASH PROVIDED BY FINANCING ACTIVITIES	416,651	3,304,795
NET INCREASE (DECREASE) IN CASH	4,936,424	(1,757,028)
CASH AT BEGINNING OF YEAR	832,749	2,589,776
CASH AT END OF YEAR	**$ 5,769,173**	**$ 832,748**

	YEAR ENDED DECEMBER 31, 2020	2019
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$ 2,658,826	$ 1,598,276
SUPPLEMENTAL SCHEDULE OF NONCASH INFORMATION		
Asset retirement obligation additions	551,346	212,430
Purchase of property and equipment through direct financing	259,467	48,841
Purchase of property and equipment through a capital lease	-	50,000
Short-term debt - related parties converted to long-term debt - related parties	14,195,312	-
Long-term debt - related parties converted to short-term debt - related parties	-	1,000,000

The accompanying notes are an integral part of these financial statements.

NOTE 1 - Nature of Operations and Significant Accounting Policies

Nature of Organization - Hilbert Communications, LLC and Subsidiaries (the "Company") is a regional provider of telecommunications products and services to residential and commercial customers in the Upper Midwest. The products and services include build out of wireless facilities, wireless communications services, tower construction and services, and consulting services. The Company has been approved by the Public Service Commission of Wisconsin as an eligible telecommunications carrier. Hilbert Communications, LLC and Subsidiaries operate wireless communications services under licenses granted by the Federal Communications Commission (FCC) and are subject to the applicable rules and regulations of the FCC.

Principles of Consolidation - The consolidated financial statements of the Company include the accounts and transactions of Hilbert Communications, LLC and its wholly owned subsidiaries: Bug Tussel Wireless, LLC, Cloud 1, LLC, Red Tail Tower, LLC, Cloud 1 Services, LLC, Michigan Wireless, LLC, and Midwest DataCore, LLC. All significant intercompany transactions and balances have been eliminated in consolidation.

The Company also has investments in other entities accounted for under the equity or cost methods. See Note 5 for further information.

Basis of Accounting - The consolidated financial statements of the Company have been prepared on the accrual basis of accounting and, accordingly, reflect all receivables, payables and other liabilities.

Basis of Presentation - The accompanying consolidated financial statements are presented in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board (FASB). Significant intercompany accounts and transactions have been eliminated in consolidation.

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

Cash and Cash Equivalents – For purposes of the consolidated statement of cash flows, the Company considers cash to be cash on hand, cash held at financial institutions, and all highly liquid investments available for current use with an initial maturity of three months or less at the time of purchase. The Company does not have any cash equivalents as of December 31, 2020 and 2019.

Accounts Receivable - Receivables are stated at the amount the Company expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Allowance for doubtful accounts at December 31, 2020 and 2019 was $24,000 and $17,301, respectively.

Inventory – Inventories consist of materials, labor, and overhead costs related to towers for sale and equipment upgrades on towers. Inventories also consist of wireless devices and accessories for its retail location. Inventories are stated at lower of cost or net realizable value, with cost determined by specific identification.

NOTE 1 - Nature of Operations and Significant Accounting Policies, continued

Property and Equipment - Property and equipment is recorded at cost. Additions, improvements, or major renewals are capitalized, while expenditures that do not enhance or extend the asset's useful life are charged to operating expense as incurred. Property and equipment sold or otherwise disposed of are removed from property accounts with gains or losses on disposal credited or charged to the results of operations. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Asset	Life
Wireless site and transmission equipment	3 - 10 years
Tower structures	7 - 15 years
Office equipment	3 - 7 years
Vehicles and trailers	5 years
Asset retirement obligation	3 - 15 years

Construction in progress costs represent cumulative costs of projects not yet placed in service. No depreciation was taken on these capitalized costs.

Valuation of Long-lived Assets - U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No assets are considered to be impaired at December 31, 2020 and 2019.

Licenses - Licenses include costs incurred in acquiring FCC licenses to wireless services. These costs include amounts paid to license applicants, the FCC, owners of interests in entities awarded licenses, and all direct and incremental costs related to acquiring the licenses.

The Company's FCC licenses provide the Company with the exclusive right to utilize certain radio frequency spectrum to provide wireless communication services. FCC licenses are issued for only a fixed time, generally 10 years, and such licenses are subject to renewal by the FCC.

Renewals of FCC licenses have historically occurred routinely and at nominal cost. Moreover, the Company has determined that there are currently no legal, regulatory, contractual, competitive, economic, or other factors that limit the useful life of its FCC licenses. As a result, FCC licenses are treated as indefinite-lived intangible assets and are not amortized, but are assessed annually for impairment. The Company re-evaluates the useful life determination for wireless licenses at regular intervals to determine whether events and circumstances continue to support an indefinite useful life. The Company assesses impairment by combining all individual licenses as a single unit and determining the fair value in the aggregate.

The Company completed its annual impairment assessment of intangible assets with indefinite lives and determined that these assets are not impaired as of December 31, 2020 and 2019.

NOTE 1 - Nature of Operations and Significant Accounting Policies, continued

Customer Deposits - Customer deposits include deposits received from customers related to tower construction contracts. The Company is entitled to milestone payments in accordance with tower construction contracts with various customers. Milestone payments are recorded as customer deposits until the sale of a tower is completed and the revenue is recognized.

In 2018, the Company signed an amended agreement with a customer for site equipment upgrades from which the Company received a working capital payment of $2,000,000 to be used in connection with the site equipment upgrades.

See Note 16 for additional information related to the tower construction and site license agreements.

Asset Retirement Obligation – U.S. GAAP requires entities to record the fair value of a liability for legal obligations associated with an asset retirement in the period in which the obligations are incurred. When the liability is initially recorded, the entity capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset.

The Company has determined that asset retirement obligations exist as there is a legal obligation to remove wireless component equipment, which are subject to retirement from sites, or towers that reside upon leased property at the time the Company discontinues its use. The estimated cost to remove these assets is accrued over the life of the assets. Accretion was $41,130 and $33,617 and depreciation expense was $140,501 and $100,314 for the years ended December 31, 2020 and 2019, respectively.

Revenue Recognition - A contract exists when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. The Company has multiple revenue streams that are accounted for based on the terms of the contracts with customers and typically include a single performance obligation within each revenue stream.

Service: The Company recognizes revenue when customers have been provided access to, and usage of, its internet services. Revenue is recognized when services are provided regardless of the period in which they are billed. Internet services are billed monthly and service revenue is recognized over the enforceable contract term as service is rendered, as the customer simultaneously receives and consumes the benefits of the services through network access and usage and the Company has satisfied its performance obligation.

Roaming: The Company recognizes revenue when customers have been provided roaming access on the Company's wireless telecommunications network. Revenue is determined monthly as data is available from all customers roaming on the Company network and recognized in the month the services were provided, regardless of the period in which they are billed. The revenue is recognized at a point in time when the Company has satisfied its performance obligation to provide access to the Company's wireless telecommunications network.

Tower Construction and Services: The Company recognizes revenue when control and ownership of the goods is transferred to the customer which is a condition of receiving the final milestone payment to complete the transaction. All tower construction contracts are fixed-price contracts and are recognized at a point in time when the tower sale has been completed and ownership has transferred to the customer. Revenue is measured as the amount of consideration the Company received in exchange for transferring goods.

NOTE 1 - Nature of Operations and Significant Accounting Policies, continued

Revenue Recognition, continued – The Company also installs equipment related to towers. The Company recognizes revenue when the equipment has been installed and turned on which provides assurances to the customer that the contract has been completed and final payment can be initiated. All equipment installation contracts are fixed-price contracts and are recognized at a point in time when the equipment has been transferred to the customer upon completion. Revenue is measured as the amount of consideration the Company received in exchange for transferring goods.

The pricing and payment terms for tower construction and equipment installation contracts are based on the terms of the contracts or the result of specific negotiations with each customer. The timing of revenue recognition, billings, and cash collections results in receivables, contract assets, and contract liabilities. Accounts receivable are recorded when the right to consideration becomes unconditional and are presented separately in the balance sheets. The Company does not have significant contract assets and contract liabilities are recorded as customer deposits as of December 31, 2020 and 2019.

The Company collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The Company's accounting policy is to exclude the tax collected and remitted from revenues and cost of revenues.

See Note 16 for additional information related to tower construction, site licenses, and roaming customer contracts.

Income Taxes – The Internal Revenue Code and applicable state statutes provide that income and expenses of a limited liability company are not separately taxable to the Company, but rather accrue directly to the members. Accordingly, no provision for federal or state income taxes has been made in the consolidated financial statements. Per the operating agreement, the Company may periodically make distributions to the unit holders to enable them to pay the income taxes which they incur as a result of Company income.

Accounting for Uncertainty in Income Taxes - U.S. GAAP requires management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain position that more likely than not would be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Advertising Costs - The Company expenses advertising costs as incurred. Total advertising expense was $124,463 and $93,862 for the years ended December 31, 2020 and 2019, respectively.

NOTE 1 - Nature of Operations and Significant Accounting Policies, continued

New Accounting Pronouncements - In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) effective for annual reporting periods beginning after December 15, 2019. They subsequently issued ASU 2019-10 and ASU 2020-05 to defer the effective date to annual periods beginning after December 15, 2021. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, the new ASU will require both types of leases to be recognized on the balance sheet. The ASU will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements providing additional information about the amounts recorded in the financial statements. The Company is currently assessing the impact on its consolidated financial statements.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purpose to conform to the presentation of the current year's financial statements.

Subsequent Events - The Company evaluated subsequent events through May 17, 2021, the date which the financial statements were available to be issued.

NOTE 2 - Inventories

Inventories consist of the following as of December 31:

	2020	2019
Towers for sale	$ 5,355,446	$12,548,461
Equipment upgrades on towers	1,675,736	375,222
Equipment for sale	2,457,308	67,104
Wireless devices and accessories	-	76,312
TOTAL	**$ 9,488,490**	**$13,067,099**

NOTE 3 - Property and Equipment

Property and equipment consist of the following as of December 31:

	2020	2019
Wireless site and transmission equipment	$ 65,434,642	$ 44,854,176
Tower structures	3,131,693	3,129,628
Office equipment	640,176	601,971
Vehicles and trailers	1,272,245	775,649
Asset retirement obligation	2,182,049	1,635,730
Construction in progress	2,373,710	3,689,187
Subtotal	75,034,515	54,686,341
Less: Accumulated depreciation	(31,832,406)	(26,530,171)
NET PROPERTY AND EQUIPMENT	**$ 43,202,109**	**$ 28,156,170**

Depreciation expense was $5,553,746 and $3,962,377 for the years ended December 31, 2020 and 2019, respectively.

NOTE 4 - Investment in Other Entities

The Company has a 45% interest in Michigan Spectrum Holdings, LLC, with three unit holders owning the remaining 55%. Michigan Spectrum Holdings, LLC owns FCC licenses and the Company's portion of the carrying value is $386,600. In 2019, The Company had a 40% interest, but purchased a unit holder's 5% interest in 2020 for $55,000. The Company uses the equity method of accounting where the ownership is between 20% and 50%. Under the equity method, the investment is recorded at cost and adjusted to recognize the Company's share of net earnings of losses of the investee. The investee reported a net loss of $1,050 and $2,000 in 2020 and 2019, respectively.

During 2016, the Company entered into a joint venture agreement to construct 20 towers with a third party, APC Towers, LLC, forming APC Towers-Hilbert, LLC. As of December 31, 2020 and 2019, 13 towers have been constructed. The Company has a noncontrolling 50% ownership interest, which is accounted for using the equity method. As of December 31, 2020, there were no monetary investments in the joint venture made by the Company. This investment was sold in November 2020 for $8,400,000. The Company's share of the proceeds were $3,276,473. The following information summarizes the activity of the joint venture for the years ended December 31, 2020 and 2019.

	2020	2019
Revenues	$ 94,102	$ 390,766
Net income	58,168	198,212
Total assets	-	2,116,354
Total Liabilities	-	9,852
Equity	-	2,106,502

During 2016, the Company entered into a joint venture agreement to construct 10 towers with a third party, Faith Technologies, LLC, forming Faith Hilbert Towers, LLC. As of December 31, 2020 and 2019, 10 towers have been constructed. The Company has a noncontrolling 50% ownership interest, which is accounted for using the equity method. As of December 31, 2020, there were no monetary investments in the joint venture made by the Company. The following information summarizes the activity of the joint venture for the years ended December 31, 2020 and 2019.

	2020	2019
Revenues	$ 247,178	$ 242,278
Net income/(loss)	(28,828)	(61,382)
Total assets	1,790,784	1,986,953
Total Liabilities	2,006,592	2,173,933
Equity	(215,808)	(186,980)

During 2018, the Company entered into a joint venture agreement to construct 50 towers with a third party, VB-JV6, LLC, forming VBHV, LLC. As of December 31, 2020 and 2019, 29 and 2 towers, respectively, have been constructed or transferred. The Company has a noncontrolling 50% ownership interest, which is accounted for using the equity method. As of December 31, 2020, there were no monetary investments in the joint venture made by the Company. The following information summarizes the activity of the joint venture for the years ended December 31, 2020 and 2019.

	2020	2019
Revenues	$ 173,012	$ 71,112
Net income/(loss)	(1,262,299)	17,151
Total assets	31,463,960	1,122,067
Total Liabilities	11,259,669	955,476
Equity	20,204,291	166,591

NOTE 4 - Investment in Other Entities, continued

These joint ventures had combined net (loss) income totaling $7,108,873 and $153,981 during 2020 and 2019, respectively. The Company's 50% portion of the net (loss) income, $2,457,960 and $76,991, increased the Company's investment in other entities balance on the accompanying consolidated balance sheets and was recognized in other income as equity in earnings of unconsolidated subsidiaries on the accompanying consolidated statements of operations in 2020 and 2019, respectively.

NOTE 5 - Deposits for Payments on MDAR Bonds

The Company received Midwestern Disaster Area Fixed Rate Revenue Bonds, Series 2012 (MDAR), held by a trustee to fund a Bug Tussel Wireless, LLC project to construct certain telecommunications infrastructure in Fond du Lac County and Adams County, Wisconsin. A debt service reserve fund totaling $604,355 and $583,507 as of December 31, 2020 and 2019, respectively, has been set aside to be utilized for final payments due in 2024. The Company submits monthly deposits to fund the semi-annual payments when due. Total deposits were $111,427 and $116,346 as of December 31, 2020 and 2019, respectively, and are included in other current assets on the accompanying consolidated balance sheets.

NOTE 6 - Short-Term Debt

During 2020, the Company borrowed money on a short-term note from a bank. The note totaled $4,000,000 as of December 31, 2020 and is secured by a general business security agreement. The note has an interest rate of 3.5%, which is paid monthly, and the remaining principal and interest are due on September 25, 2021. The note is also guaranteed by a unit holder, who receives a 0.5% guarantor fee each month.

NOTE 7 - Short-Term Debt - Related Parties

The Company borrowed money on short-term notes from unit holders. During 2019, these notes were extended and additional short-term notes from unit holders were secured totaling $15,550,000 as of December 31, 2019. These notes are secured by general business security agreements and bear interest at rates ranging from 8.0% to 8.5%. Interest expense on these short-term notes totaled $1,163,433 in 2019. During 2020, these notes were renewed and extended until January 2022 and are included in Note 9 for 2020.

NOTE 8 - Long-Term Debt

The Company's notes payable are as follows at December 31:

	2020	2019
1.25% secured note with a former unit holder, due in monthly payments of $1,720 including interest, maturing December 2021. The note is secured with a general business security agreement.	$ 20,581	$ 40,807
3.50% secured note with a former unit holder due in monthly installments, including interest, maturing December 2021. The loan calls for monthly payments of principal and interest of $5,741. The note is secured with a general business security agreement. *	68,286	-

*The unit holder sold their interest in 2020. Information for 2019 is included in Note 9.

NOTE 8 - Long-Term Debt, continued

	2020	2019
MDAR Fixed Rate Revenue Bonds, Series 2012, par value $5,385,000 issued in December 2012 by Fond du Lac County, Wisconsin to fund a Bug Tussel Wireless, LLC project. A premium of $27,769 was paid by the purchasers of the bonds and will be amortized over the life of the bonds (amortization of $2,347 for the years ended December 31, 2020 and 2019. Accumulated amortization was $16,428 and $14,081 as of December 31, 2020 and 2019, respectively). The issuer placed the proceeds of the sale of the bonds with a trustee of Bug Tussel Wireless, LLC to construct telecommunications infrastructure in the Wisconsin counties of Fond du Lac and Adams. See Note 5. The bonds are limited obligations of the issuer. Fond du Lac and Adams County, WI each is guarantor of the payment of its pro rata share of principal and interest on the bonds. The average interest rate on the bonds is 2.6% plus a guaranteed rate paid to each county of 0.5% for its pro rata share. Starting in May 2015, the bonds call for semi-annual interest and principal payments of $255,000, increasing each year. Payments increased to $285,000 and $295,000 during 2019 and 2020, respectively. Final payment of $335,000 is due November 2024. Hilbert Communications, LLC is a guarantor to Fond du Lac and Adams Counties for the payment of principal and interest on the bonds. Equipment purchased with proceeds from the bonds are pledged by Bug Tussel Wireless, LLC to Fond du Lac and Adams Counties.	2,533,996	3,121,343
2.00% note payable to Town of Franklin, secured by leasehold interest and various equipment with interest due monthly through February 2020. Principal and interest payments due in quarterly installments of $6,250 starting May 21, 2020. Note matures February 28, 2030.	231,250	250,000
Various 0.00% to 9.99% notes payable to the dealer, secured by specific Company vehicles, due in monthly payments ranging from $326 - $2,403, including interest, maturing at various dates between 2021 and 2023.	328,358	154,210
1.00% Payroll Protection Program loans, due in monthly installments of $51,100 starting in March 2021, including interest to August 2022, unsecured	905,000	-
Less: unamortized debt issuance costs	(125,653)	(158,432)
Total	3,961,818	3,407,928
Less current maturities	820,445	650,256
TOTAL LONG-TERM DEBT	**$ 3,141,373**	**$ 2,757,672**

NOTE 8 - Long-Term Debt, continued

The Company signed a promissory note with Kewaunee County in August 2020. The note provides for borrowings up to $960,000 with a 3.00% interest rate. It requires annual payments over a 12 year period, ending in September 2032. There were no disbursements under this note as of December 31, 2020.

The Company was granted $611,000 and $294,000 loans under the PPP administered by a Small Business Administration (SBA) approved partner. The loans are uncollateralized and are fully guaranteed by the Federal government. The Company is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Company has recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA. No forgiveness income has been recorded for the year ended December 31, 2020. The Company will be required to repay any remaining balance.

Subsequent to December 31, 2020, the Company was legally released from its PPP loan obligations.

Aggregate maturities of long-term debt for the five years and thereafter following December 31, 2020, calculated at the amended payment amount with the PPP loan forgiveness, are as follows:

2021	$ 820,445
2022	733,997
2023	706,488
2024	664,638
2025	25,000
Thereafter	106,250
TOTAL	**$ 3,056,818**

The Company is in compliance with all loan covenants.

NOTE 9 - Long-Term Debt - Related Parties

The Company's related party notes payable are as follows at December 31:

	2020	2019
7.00% secured note with a unit holder due in monthly installments, including interest, maturing December 2021. The loan calls for monthly payments of principal and interest of $93,719. The note is secured with specific equipment. *	$ 1,118,951	$ 2,959,216
3.50% secured note with a unit holder due in monthly installments, including interest, maturing December 2021. The loan calls for monthly payments of principal and interest of $5,741. The note is secured with a general business security agreement. **	-	133,379

* The Company made four payments of principal and interest of $93,719 in January of 2019 which were made up of three deferred payments from 2018 and one month in 2019. In 2020, the Company made payments for the remaining eleven months of 2019 and the first two months of 2020. They resumed normal payments thereafter.

**The unit holder sold their interest in 2020. Information for 2020 is included in Note 8.

NOTE 9 - Long-Term Debt - Related Parties, continued

	2020	2019
Various 5.00% to 8.50% secured notes with unit holders, interest payable each month, principal due in January 2022. The notes are secured with general business security agreements.	14,195,312	-
Total related parties	15,314,263	3,092,595
Less current maturities	1,118,951	1,903,697
TOTAL RELATED PARTY LONG-TERM DEBT	**$14,195,312**	**$ 1,188,898**

Aggregate maturities of related party long-term debt for the years following December 31, 2020, calculated at the amended payment amounts, are as follows:

2021	$ 1,118,951
2022	14,195,312
TOTAL	**$15,314,263**

NOTE 10 – Capital Lease Obligations

The Company is obligated under various capital leases for equipment and office furniture which expire at various dates in 2021, 2022, and 2023. There are a total of 17 capital leases, one of which was added during 2019. The capital lease obligations are due in monthly installments ranging from $1,585 to $4,473 and bear interest rates ranging from 6.70% to 8.80% and are secured with the leased equipment and proof of insurance. Total monthly capital lease payments including interest were $48,527 at December 31, 2020 and 2019. Total capital lease principal payments totaled $498,600 and $455,370 in 2020 and 2019, respectively.

The leased assets are included in property and equipment, but they are included with various sites and towers and are not directly traceable, so asset values and accumulated depreciation are not available.

The future minimum lease payments, by year and in aggregate, under capital leases with initial or remaining terms of one or more years as of December 31, 2020 are as follows:

2021	$ 570,399
2022	422,588
2023	23,188
Total future lease payments	1,016,175
Less: Amount representing interest	69,396
Present value of net minimum lease payments	946,779
Less: Current maturities of capital lease obligations	520,201
TOTAL LONG-TERM CAPITAL LEASE OBLIGATIONS	**$ 426,578**

NOTE 11 – Operating Leases

The Company leased its office space under a 37-month lease agreement with a related party that was set to expire on December 31, 2020, and called for monthly rent payments of $5,634 during the first four months of 2019. The Company signed an amended lease in May 2019 to include additional space with the term being extended until December 31, 2026, and new payment terms. The amended agreement calls for monthly rent payments of $6,734 in May of 2019, $8,734 per month for June through December 2019, $9,666 per month for 2020, $11,986 per month for 2021, $13,265 per month for 2022, $14,544 per month for 2023, $15,157 per month for 2024, $15,781 per month for 2025, and $16,417 per month for 2026. The Company is responsible for utility, personal property tax, insurance, and repair and maintenance costs relating to the lease.

In 2019, the Company entered into a lease agreement with a related party to rent warehouse space. The lease agreement commenced on May 15, 2019, and was amended for additional space on March 1, 2020, under new payment terms and expiring on May 31, 2024. The original lease called for monthly rent payments of $6,000, increasing to $6,180 in 2020. The amended lease calls for monthly payments of $9,045 for the remainder of 2020 and annual 3% increases each of the next four years. The Company is responsible for utility, personal property tax, snow removal, insurance, and repair and maintenance costs related to the lease.

In addition, the Company leases, as lessee, various tower sites and backhaul facilities under operating leases from related and unrelated parties through 2028. The agreements contain various renewal options. Following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2020.

	Related Parties	Unrelated Parties	Total
2021	$ 908,887	$ 10,281,893	$ 11,190,780
2022	404,804	9,746,183	10,150,987
2023	355,575	9,097,884	9,453,459
2024	344,393	8,362,246	8,706,639
2025	351,280	6,541,353	6,892,633
Thereafter	516,992	7,577,801	8,094,793
TOTAL	**$ 2,881,931**	**$ 51,607,360**	**$ 54,489,291**

Rent expense under all operating leases amounted to approximately $10,876,000 and $7,596,000 in 2020 and 2019, respectively, and is included in network operations in the accompanying consolidated statements of income.

NOTE 12 - Employee Benefits

The Company has a 401(k) Profit Sharing Plan covering substantially all of its employees. The plan is a Safe Harbor Plan with an automatic contribution arrangement for new employees at 6% with an option to opt-out. The Company’s matching contribution is equal to 100% of the first 3% of employees’ salary deferred and 50% on the next 2% of employees’ salary deferred. The total matching contribution was $189,529 and $130,812 for 2020 and 2019, respectively. The Company also may contribute a discretionary contribution that would be allocated to participants in the plan. No discretionary contributions were made in 2020 and 2019.

NOTE 13 - Accrued Long-Term Compensation

Accrued long-term compensation consists of a Phantom Unit Plan which provides for the awarding of phantom units to key employees. The value of a phantom unit is equivalent to the value of a unit of ownership in the Company. The value of a unit is determined on an annual basis by the board of directors. Phantom units may be awarded fully vested or awarded with a vesting schedule. Each phantom unit entitles a participant to receive cash compensation equal to the corresponding value upon the trigger of events as defined in the plan. The cash compensation may be paid over a five-year period with interest. Upon termination for cause or resignation prior to trigger events, vested and unvested phantom units are forfeited.

The Company awarded 9,950 and 8,800 units in 2020 and 2019, respectively. The units issued in 2020 are 75% vested at issuance and 25% annually thereafter. The units issued in 2019 are 50% vested at issuance and 25% annually thereafter. The Company recorded an accrued long-term compensation liability and a general and administrative expense of $113,213 and $92,157 related to the vested units of phantom stock as of and for the years ended December 31, 2020 and 2019.

NOTE 14 - Related Party Transactions

A Company unitholder has a minority interest in Safford Building, LLC. The Company leases office and rooftop space form Safford Building, LLC, on a month-to-month basis. Charges for rent totaled $17,520 in 2020 and 2019, respectively. Accounts receivable due from Safford Building, LLC totaled $42,591 and $42,591 as of December 31, 2020 and 2019, respectively.

The Pine Street Cat Company, LLC is majority owned by an entity that is wholly owned by one Company unit holder. The Company leases office space from The Pine Street Cat Company, LLC, through December 31, 2026. Charges for rent totaled $115,992 and $90,408 in 2020 and 2019, respectively.

APC Towers-Hilbert, LLC, Faith Hilbert Towers, LLC, and VBHV, LLC are all joint ventures that are 50% owned by the Company. The Company builds towers and sells them to the joint ventures. For the years ended December 31, 2020 and 2019, there were no tower sales to APC Towers-Hilbert, LLC or Faith Hilbert Towers, LLC; and tower sales to VBHV, LLC totaled $10,201,250 and $282,500, respectively. Customer deposits received for future tower sales to the joint ventures outstanding at December 31, 2020 and 2019 were $4,362,500 and $395,000, respectively, all related to VBHV, LLC. Accounts receivable due from Faith Hilbert Towers, LLC totaled $0 and $4,220 as of December 31, 2020 and 2019, respectively. The Company also leases space on the towers from the joint ventures in order to mount Bug Tussel equipment.

For the years ended December 31, 2020 and 2019, rent paid to APC Towers-Hilbert, LLC totaled $353,493 and $355,411, respectively, rent paid to Faith Hilbert Towers, LLC totaled $260,513 and $255,559, respectively, and rent paid to VBHV, LLC totaled $137,300 and $42,174, respectively.

The Company holds a retained interest in tower sales to M3 Hilbert Towers, LLC. See Note 16.

Accounts receivable due from other related parties was $15,827 and $16,356 as of December 31, 2020 and 2019, respectively.

Additionally, the Company has entered into other related party transactions that are described in Notes 4, 6, 8, and 10.

NOTE 15 - Concentrations

The Company maintains cash balances at financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC). The Company's cash deposits may exceed the $250,000 insurance threshold during the year. At December 31, 2020, the Company had approximately $5,735,000 of uninsured balances.

Substantially all of the Company's roaming revenue was generated from one customer in 2020 and 2019. Receivables from that customer represented approximately 98% and 83% of roaming receivables at December 31, 2020 and 2019, respectively.

Substantially all of the Company's tower construction and services revenue was generated from major customers in 2020 and 2019. See Note 16.

The Company had purchases from two vendors in 2020 and 2019 representing approximately 45% and 49%, respectively of total vendor purchases for the years ended December 31, 2020 and 2019. The accounts payable due to these vendors was $5,832,582 and $3,596,273 as of December 31, 2020 and 2019.

NOTE 16 - Tower Construction, Site License, and Roaming Customer Agreements

Tower Construction & Site License Agreements – *M3 Hilbert Towers, LLC:* In 2017, the Company entered into a Tower Construction and Purchase Agreement (TCPA) with M3 Hilbert Towers, LLC (M3) (a wholly owned subsidiary of Mobilitie Investments III, LLC) to construct and sell up to 250 towers at approved subject sites. The TCPA was amended in 2018 and became effective as of October 30, 2018.

Each completed tower will be sold to M3 and payable in six separate milestone payments as described in the amended TCPA. The Company completed construction on 128 and 34 towers in 2020 and 2019, respectively, and recognized tower construction and services revenue of $32,000,000 and $8,500,000 for the years ended December 31, 2020 and 2019, respectively. The base purchase price for each tower is $250,000. At December 31, 2020, the Company has completed construction of 225 towers related to this agreement. As of December 31, 2020 and 2019, the Company has received $1,650,000 and $14,346,200, respectively, in customer deposits related to 26 and 141 towers, respectively, that are in process.

The TCPA also provides for a contingent purchase price to the Company upon the first sale of each tower asset by M3. The contingent purchase price shall be calculated using a formula defined in the amended TCPA. The contingent purchase price shall not exceed 50% of the contingent purchase price base amount nor shall it be less than zero. If the tower asset is not sold by M3 prior to the eleventh anniversary, an advance payment may be payable to the Company based on terms and conditions described in the TCPA.

In connection with the TCPA, the company entered into a Master License Agreement with M3 where the Company will enter into a Site License Agreement (SLA) to lease the prime space on the aforementioned towers for the installation and operation of the Company's telecommunications equipment. The SLA was amended in 2018 and became effective as of October 30, 2018. SLAs will have an initial term of seven years at a monthly rent of $2,150 that will increase by 2% annually. The SLAs will automatically renew for four additional five-year terms upon the same terms and conditions unless notified by the Company at least six months prior to expiration of the then existing term. In addition, the Company is also responsible for its pro rata share of pass-through expenses (site operating expenses including ground rent, maintenance, taxes, and insurance) in excess of an amount defined in the TCPA, subject to annual escalations of 2%. The Company is responsible for all utilities relating to its telecommunications equipment on the site.

NOTE 16 - Tower Construction, Site License, and Roaming Customer Agreements, continued

VBHV LLC: In 2018, the Company entered into a partnership with VBHV, LLC to construct, own, lease, and operate towers. Effective December 31, 2019, this operating agreement was restated and amended. The restated and amended operating agreement anticipates the construction or acquisition of at least 300, but up to 1,000 towers within the specified states. Each completed tower will be sold to VBHV, LLC for $243,750 and payable in seven milestone payments as described in the agreement. The Company completed 29 towers and 2 towers in 2020 and 2019, respectively, including transferring ownership of a tower previously sold to another joint venture and recognized tower construction and service revenues of $2,681,250 and $282,500 in 2020 and 2019, respectively. As of December 31, 2020 and 2019, the Company has received $4,362,500 and $395,000, respectively, in customer deposits related to 58 and 13 towers in process.

In connection with the agreement with VBHV, LLC the Company will enter into an SLA to lease the prime space on the aforementioned towers for the installation and operation of the Company's telecommunications equipment. These SLAs will have an initial term of seven years at a monthly rent of $1,950 that will increase by 2% annually. The SLAs will automatically renew for four additional five-year terms upon the same terms and conditions.

Tower Construction & Site License Agreements, continued – The amended and restated operating agreement with VBHV, LLC effective December 31, 2019, includes a sale of investment agreement by the Company that could total $25,000,000 based on the Company completing its performance obligation. As of December 31, 2020 and 2019, the Company completed the underlying performance obligation as described in the agreement and recognized in other income a gain on sale of investment agreement of $12,800,000 and $9,700,000. The Company anticipates completing the majority of the remaining performance obligations in 2021 and will recognize gain on sale of investment agreement within other income as they complete the performance obligations.

The amended and restated agreement also provides the Company an option to sell towers directly to their third party joint venture partner for $470,000 per tower instead of to VBHV, LLC if certain conditions are met, as defined. The sale of towers to VBHV, LLC will continue under the same terms as the previous agreement. During 2020 and 2019, the Company sold 16 and 0 towers, respectively, directly to the third party venture partner for a total of $7,520,000 and $0.

The amended and restated operating agreement provided additional collateral pledged by the Company to VBHV, LLC related to tower assets operated by the Company. Additional provisions related to distributions and potential exit or unwind scenarios of VBHV, LLC are also provided.

In connection with the aforementioned tower construction agreements, the Company had $3,067,765 and $12,480,961 included in inventories as of December 31, 2020 and 2019, respectively, related to towers in process.

Operating lease commitments related to the SLAs in the aforementioned site license agreements are included in Note 11.

NOTE 16 - Tower Construction, Site License, and Roaming Customer Agreements, continued

Roaming Customer Agreements - The Company entered into a series of agreements with their primary roaming customer for the Company to build, deploy, and place into commercial service 279 new and upgraded cell sites using spectrum owned by the roaming customer. The Company will receive roaming revenues for customer usage based on the terms of the agreements. The Company's primary roaming customer has the option to acquire the equipment on each cell site from the Company at an agreed upon price per the agreements. The agreements continue through November 1, 2021, and will automatically renew for up to five additional two-year terms unless notified by either party at least 180 days prior to the expiration of the then existing term. The cell sites included in the agreements are identical to the tower assets being constructed in the M3 TCPA and the towers constructed for the joint ventures described in Note 4.

In 2018, the Company entered into an agreement with their primary roaming customer for service upgrades on identified cell sites. The agreement was amended effective September 24, 2019, with a change to the total purchase price, scope of the project and no change to the identified cell sites. The amended total purchase price for the equipment and services is identified in the agreement and totals approximately $10,000,000. The Company completed service upgrades in 2020 and 2019 and revenues received for these service upgrades totaled $1,555,772 and $6,214,833, respectively, related to these site upgrades.

The agreement also provided the Company an initial $2,000,000 working capital payment from their primary roaming customer to finance the project. The amended agreement came with additional customer deposits for the change in scope of the project. As of December 31, 2020 and 2019, the Company had customer deposits totaling $670,290 and $2,090,000, respectively, related to this agreement on the accompanying consolidated balance sheets.

In 2019, the Company entered into a build-out and maintenance agreement with their primary roaming customer to build, install, and deploy a radio access network (RAN) to identified cell sites. The purchase price for each cell site is identified in the agreement as $122,743, which is payable in 96 equal payments of $1,735 which includes an interest charge of 8%. The agreement has a conditional purchase price for any site requiring specific equipment in the amount of $22,994, which is payable in 96 equal payments of $325 which includes an interest charge of 8%. The Company completed two and zero RAN build-outs in 2020 and 2019, respectively, and recognized revenue of $268,480 and $0 for 2020 and 2019, respectively. As of December 31, 2020 and 2019, the Company had $0 of up-front payments related to in process or future RAN build-outs. The Company had 53 and 2 RAN build-outs in process and $2,457,308 and $67,104 included in inventories as of December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, the Company recognized $38,395 and $32,305, respectively, in tower construction and services revenue on the accompanying consolidated statements of income related to tower rent and tower services performed unrelated to the aforementioned agreements.

NOTE 17 - Commitments and Contingencies

In the ordinary course of conducting business, the Company occasionally becomes involved in legal proceedings, audits, or other matters. While any litigation or audit has an element of uncertainty, management of the Company believes that the outcome of any pending or threatened actions will not have a material adverse effect on the business or financial condition of the Company.

NOTE 18 - Risks and Uncertainties

During 2020, the world-wide coronavirus pandemic impacted national and global economies. The Company is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the Company is not known.

NOTE 19 - Subsequent Events

In March 2021, the Company signed a $1,500,000 note with a unit holder. The note has a nine month term. Interest is due monthly at a rate of 5.0%, and the principal is due in January 2022. The note is secured with a general business security agreement.

In April 2021, the Company signed a $1,500,000 note with a bank. The note has a five month term. Interest is due monthly at a rate of 3.5%, and the principal is due in September 2021. The note is guaranteed by a unit holder.

RESOLUTION #R-_____-24
Reauthorization of Self-Insurance for Worker's Compensation

Whereas, the County of Marathon is a qualified political subdivision of the State of Wisconsin; and

Whereas, the Wisconsin Worker's Compensation Act (Act) provides that employers covered by the Act either insure either their liability with worker's compensation insurance carriers authorized to do business in Wisconsin, or to be exempted (self-insured) from insuring liabilities with a carrier and thereby assuming the responsibility for its own worker's compensation risk and payment; and

Whereas, the State and its political subdivisions may self-insure worker's compensation without a special order from the Department of Workforce Development (Department) if they agree to report faithfully all compensable injuries and agree to comply with the Act and rules of the Department; and

Whereas, in 2002 the State implemented a requirement that political subdivision pass a resolution every 3 years to continue to self-insure their worker's compensation program; and

Whereas, the Board of Supervisors at their February 25, 2021 meeting adopted Resolution #R-17-21 for the period of 2021 to 2024; and

Whereas, the Human Resources, Finance, and Property Committee at its June 18, 2024, meeting approved the continuation of the self-insured worker's compensation program, in compliance with Wisconsin Administrative Code DWD 80.60(3).

Now, Therefore, Be It Resolved that the Board of Supervisors of the County of Marathon does ordain as follows:

(1) Provide for the continuation of a self-insured worker's compensation program that is currently in effect since July 1, 1972 for the period of July 2024 to July 2027.

(2) Authorize the County Clerk to forward certified copies of this resolution to the Worker's Compensation Division, Wisconsin Department of Workforce Department.

Dated: July 23, 2024

Human Resources, Finance and Property Committee

Ayes __________ Nays __________ Abstain __________ Absent __________ [ ] Voice Vote

☐ Approved and adopted this ______ day of ______, 2024

☐ Denied this _______ day of ______, 2024

Approved as to Form: SEAL

____
Michael Puerner, Corporation Counsel

Approved as to Financial Impact (if necessary) Attest:

______________________________ ______________________________
Kristi Palmer, Finance Director Kim Trueblood, Marathon County Clerk