

Marathon County

Financial Statements and
Supplementary Information

December 31, 2020

Marathon County

Table of Contents
December 31, 2020

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	9
Statement of Net Position – Proprietary Funds	10
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	12
Statement of Fiduciary Net Position – Fiduciary Funds	14
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	15
Statement of Net Position – Major Discretely Presented Component Units	16
Statement of Revenues, Expenses and Changes in Net Position – Major Discretely Presented Component Units	17
Notes to the Financial Statements	18

Marathon County

Table of Contents
December 31, 2020

	<u>Page</u>
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	79
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Social Improvement Fund	86
Schedule of Proportionate Share of the Net Pension (Asset)/Liability - Wisconsin Retirement System	87
Schedule of Employer Contributions - Wisconsin Retirement System	87
Notes to Required Supplementary Information	88
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Improvements Fund – Major Fund	90
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Debt Service Fund	91
Combining Statement of Net Position - Internal Service Funds	92
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	93
Combining Statement of Cash Flows - Internal Service Funds	94
Combining Statement of Fiduciary Net Position - Fiduciary Funds	95
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds	96
Statement of Net Position - Central Wisconsin Airport	97
Statement of Revenues, Expenses and Changes in Net Position - Central Wisconsin Airport	98
Statement of Cash Flows - Central Wisconsin Airport	99

Independent Auditors' Report

To the County Board and the Finance and Property Committee of
Marathon County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marathon County, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Marathon County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the North Central Health Care, which represent 57 percent, 83 percent and 40 percent, respectively, of the assets, revenues, and net position of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for North Central Health Care, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marathon County, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, Marathon County adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marathon County's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Baker Tilly US, LLP

Madison, Wisconsin
July 28, 2021

Marathon County

 Statement of Net Position
 December 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and investments	\$ 83,389,939	\$ 52,390,630	\$ 135,780,569	\$ 24,446,414
Receivables (net):				
Taxes receivable	48,355,485	8,331,159	56,686,644	-
Accounts receivable	2,718,888	956,486	3,675,374	5,426,294
Accrued interest receivable	451,772	-	451,772	-
Due from other governments	4,499,482	538,193	5,037,675	5,488,003
Inventories and prepaid items	62,070	1,774,197	1,836,267	694,303
Restricted assets:				
Cash and investments	1,969,240	14,952,277	16,921,517	740,751
Accrued interest receivable	-	30,942	30,942	-
OPEB asset	-	-	-	76,954
Net pension asset	7,275,278	960,487	8,235,765	8,381,670
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000	-
Investment in joint venture	394,362	-	394,362	-
Capital assets:				
Capital assets not depreciated	62,825,146	602,569	63,427,715	34,409,190
Capital assets, net of accumulated depreciation/amortization	217,850,322	21,636,845	239,487,167	77,460,281
Total assets	431,310,984	102,173,785	533,484,769	157,123,860
Deferred Outflows of Resources				
OPEB related amounts	-	-	-	1,266,543
Pension related amounts	16,899,770	2,254,940	19,154,710	19,500,450
Total deferred outflows of resources	16,899,770	2,254,940	19,154,710	20,766,993
Liabilities				
Accounts payable	7,452,443	1,062,311	8,514,754	2,760,518
Accrued items	3,008,255	11,048	3,019,303	2,175,786
Accrued liability, claims payable	3,509,614	-	3,509,614	503,000
Due to other governments	1,162,471	1,308,772	2,471,243	1,039,489
Unearned revenues	-	-	-	263,842
Liabilities payable from restricted assets:				
Special deposits	2,023,355	-	2,023,355	105,009
Noncurrent liabilities:				
Due within one year:				
Current portion of capital lease liability	-	261,368	261,368	27,987
Current portion of general obligation notes payable	1,705,000	-	1,705,000	3,635,000
Current portion of compensated absences	579,915	82,986	662,901	2,503,541
Due in more than one year:				
General obligation notes payable (including unamortized premium)	36,403,279	-	36,403,279	10,596,872
Forest crop loan payable	1,195,921	-	1,195,921	-
Capital lease	-	784,295	784,295	47,905
Due to other governments	-	-	-	28,137,785
Landfill closure and long-term care payable	-	16,660,692	16,660,692	-
OPEB liability	-	-	-	2,506,809
Compensated absences	4,267,085	746,872	5,013,957	188,512
Total liabilities	61,307,338	20,918,344	82,225,682	54,492,055
Deferred Inflows Of Resources				
Property taxes levied for next period	43,610,947	8,331,159	51,942,106	-
Other deferred revenues	-	81,078	81,078	-
OPEB related amounts	-	-	-	432,953
Pension related amounts	21,884,405	2,888,178	24,772,583	25,120,397
Total deferred inflows of resources	65,495,352	11,300,415	76,795,767	25,553,350
Net Position				
Net investment in capital assets	243,186,876	21,193,751	264,380,627	69,423,922
Restricted for:				
Debt service	2,310,266	-	2,310,266	-
Land records	842,874	-	842,874	-
Capital improvements	231,462	-	231,462	-
Jail improvements	302,506	-	302,506	-
Pension	7,275,278	960,487	8,235,765	8,381,670
OPEB	-	-	-	76,954
Social services	7,609,387	-	7,609,387	106,042
Passenger facility charges	-	-	-	635,487
Unrestricted	59,649,415	50,055,728	109,705,143	19,221,373
Total net position	\$ 321,408,064	\$ 72,209,966	\$ 393,618,030	\$ 97,845,448

See notes to financial statements

Marathon County

Statement of Activities

Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 34,063,490	\$ 4,559,668	\$ 3,999,281	\$ -	\$ (25,504,541)	\$ -	\$ (25,504,541)	\$ -
Public safety	27,475,491	2,271,445	885,793	2,043,251	(22,275,002)	-	(22,275,002)	-
Transportation	8,706,668	-	166,270	2,537,200	(6,003,198)	-	(6,003,198)	-
Health	5,384,204	636,145	2,002,497	-	(2,745,562)	-	(2,745,562)	-
Social services	17,608,163	929,646	12,069,972	-	(4,608,545)	-	(4,608,545)	-
Leisure and education	6,546,670	922,831	605,316	-	(5,018,523)	-	(5,018,523)	-
Conservation and development	1,093,042	515,604	1,214,292	-	636,854	-	636,854	-
Interest on long-term debt	428,930	-	-	-	(428,930)	-	(428,930)	-
Total governmental activities	<u>101,306,658</u>	<u>9,835,339</u>	<u>20,943,421</u>	<u>4,580,451</u>	<u>(65,947,447)</u>	<u>-</u>	<u>(65,947,447)</u>	<u>-</u>
Business-type activities:								
Landfill	4,803,583	4,435,044	-	-	-	(368,539)	(368,539)	-
Highway	13,034,669	5,499,133	4,176,008	-	-	(3,359,528)	(3,359,528)	-
Total business-type activities	<u>17,838,252</u>	<u>9,934,177</u>	<u>4,176,008</u>	<u>-</u>	<u>-</u>	<u>(3,728,067)</u>	<u>(3,728,067)</u>	<u>-</u>
Total primary government	<u>\$ 119,144,910</u>	<u>\$ 19,769,516</u>	<u>\$ 25,119,429</u>	<u>\$ 4,580,451</u>	<u>(65,947,447)</u>	<u>(3,728,067)</u>	<u>(69,675,514)</u>	<u>-</u>
Component Units								
Governmental activities:								
Children with Disabilities Education Board	8,577,809	5,065,036	1,593,201	-	-	-	-	(1,919,572)
Business-type activities:								
Central Wisconsin airport	6,070,136	2,855,523	-	4,444,109	-	-	-	1,229,496
North central health care	89,283,105	65,356,348	19,697,885	2,423,086	-	-	-	(1,805,786)
Total business-type activities, component units	<u>\$ 95,353,241</u>	<u>\$ 68,211,871</u>	<u>\$ 19,697,885</u>	<u>\$ 6,867,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(576,290)</u>
General Revenues								
Taxes:								
Property taxes					42,199,647	8,244,599	50,444,246	-
Sales taxes					13,699,878	-	13,699,878	-
Other taxes					1,617,231	-	1,617,231	-
Vehicle registration fee					-	2,959,785	2,959,785	-
Grants and contributions not restricted to specific programs					7,605,407	-	7,605,407	-
Unrestricted investment earnings					1,817,840	1,765,074	3,582,914	365,637
Gain on sale of capital assets					4,555	30,546	35,101	-
Unrestricted state and federal aid					-	-	-	3,768,693
Miscellaneous					545,688	259,868	805,556	142,655
Special Item					-	-	-	2,970,286
Transfers					3,854,296	(3,854,296)	-	-
Total general revenues, special item and transfers					<u>71,344,542</u>	<u>9,405,576</u>	<u>80,750,118</u>	<u>7,247,271</u>
Change in net position					5,397,095	5,677,509	11,074,604	4,751,409
Net Position, Beginning					<u>316,010,969</u>	<u>66,532,457</u>	<u>382,543,426</u>	<u>93,094,039</u>
Net Position, Ending					<u>\$ 321,408,064</u>	<u>\$ 72,209,966</u>	<u>\$ 393,618,030</u>	<u>\$ 97,845,448</u>

See notes to financial statements

Marathon CountyBalance Sheet- Governmental Funds
December 31, 2020

	General	Social Improvement	Capital Improvement	Nonmajor Governmental Fund Debt Service Fund	Total Governmental Funds
Assets					
Cash and investments	\$ 45,348,914	\$ 8,966,942	\$ 7,732,761	\$ 2,557,585	\$ 64,606,202
Receivables:					
Taxes receivable	38,398,927	7,794,648	370,000	1,791,910	48,355,485
Accounts receivable	2,198,354	404,324	5,272	-	2,607,950
Accrued interest receivable	451,772	-	-	-	451,772
Due from other governments	3,232,466	1,267,016	-	-	4,499,482
Due from other funds	10,246	-	-	-	10,246
Inventories and prepaid items	29,250	4,345	28,475	-	62,070
Restricted assets:					
Cash and investments	1,903,682	65,558	-	-	1,969,240
Total assets	\$ 91,573,611	\$ 18,502,833	\$ 8,136,508	\$ 4,349,495	\$ 122,562,447
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 1,868,435	\$ 1,587,987	\$ 3,873,736	\$ -	\$ 7,330,158
Accrued items	2,703,231	-	-	-	2,703,231
Due to other governments	1,148,175	14,296	-	-	1,162,471
Due to other funds	-	-	10,246	-	10,246
Liabilities payable from restricted assets:					
Special deposits	526,840	1,496,515	-	-	2,023,355
Total liabilities	6,246,681	3,098,798	3,883,982	-	13,229,461
Deferred Inflows of Resources					
Property taxes levied for next period	33,654,388	7,794,648	370,000	1,791,910	43,610,946
Unavailable revenues	1,043,126	-	-	-	1,043,126
Total deferred inflows of resources	34,697,514	7,794,648	370,000	1,791,910	44,654,072
Fund Balances					
Nonspendable	3,360,157	4,345	28,475	-	3,392,977
Restricted	1,376,842	7,605,042	619,687	2,557,585	12,159,156
Assigned	10,042,156	-	3,234,364	-	13,276,520
Unassigned	35,850,261	-	-	-	35,850,261
Total fund balances	50,629,416	7,609,387	3,882,526	2,557,585	64,678,914
Total liabilities, deferred inflows of resources, and fund balances	\$ 91,573,611	\$ 18,502,833	\$ 8,136,508	\$ 4,349,495	\$ 122,562,447

See notes to financial statements

Marathon County

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2020

Total Fund Balances, Governmental Funds \$ 64,678,914

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

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

Land	35,834,826
Construction in progress	26,990,320
Other capital assets net of accumulated depreciation	217,850,322

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements, but are recognized as revenue when earned in the government-wide statements. 1,043,126

The net pension asset does not relate to current financial resources and is not reported in the governmental funds (less internal service funds \$33,907). 7,241,371

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. (less internal service funds \$87,551). 16,812,219

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. (less internal service funds \$146,855). (21,737,550)

The County's investment in joint venture not a financial resource and, therefore, is not reported in the funds. 394,362

Internal service funds are reported in the statement of net position as governmental funds. 16,612,435

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(37,305,000)
Forest crop loan	(1,195,921)
Compensated absences	(4,847,000)
Less internal service fund compensated absences	86,239
Accrued interest	(247,320)
Unamortized premium on debt issue	(803,279)

Net position of governmental activities \$ 321,408,064

Marathon County

Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2020

	General	Social Improvement	Capital Improvement	Nonmajor Governmental Fund Debt Service Fund	Total Governmental Funds
Revenues					
Taxes	\$ 47,912,798	\$ 7,904,594	\$ -	\$ 1,709,431	\$ 57,526,823
Intergovernmental grants and aids	14,203,000	12,014,821	-	-	26,217,821
Licenses and permits	436,815	-	-	-	436,815
Fines and forfeitures	612,453	-	-	-	612,453
Public charges for services	4,893,099	488,094	-	105,682	5,486,875
Intergovernmental charges for services	2,058,230	-	-	-	2,058,230
Miscellaneous revenue	2,556,724	222,516	1,752,170	137,667	4,669,077
Total revenues	72,673,119	20,630,025	1,752,170	1,952,780	97,008,094
Expenditures					
Current:					
General government	25,675,126	-	-	-	25,675,126
Public safety	26,205,641	-	-	-	26,205,641
Health	5,341,167	-	-	-	5,341,167
Social services	235,337	17,236,765	-	-	17,472,102
Leisure activities and education	7,641,451	-	-	-	7,641,451
Conservation and economic development	1,079,885	-	-	-	1,079,885
Capital outlay	173,954	-	35,200,787	-	35,374,741
Debt service:					
Principal	-	-	-	1,537,165	1,537,165
Bond issue costs	-	-	154,452	-	154,452
Interest and paying agent fees	-	-	-	311,636	311,636
Total expenditures	66,352,561	17,236,765	35,355,239	1,848,801	120,793,366
Excess (deficiency) of revenues over expenditures	6,320,558	3,393,260	(33,603,069)	103,979	(23,785,272)
Other Financing Sources (Uses)					
Transfers in:					
General fund	-	-	1,958,621	-	1,958,621
Social improvement fund	-	-	942,141	-	942,141
Capital improvement fund	298,379	-	-	-	298,379
Sales of capital assets	6,378	-	392	-	6,770
Debt issued	-	-	26,345,000	-	26,345,000
Premium on debt issued	-	-	105,327	507,811	613,138
State forest loan program debt issued	14,811	-	-	-	14,811
Transfers out:					
General fund	-	-	(298,379)	-	(298,379)
Capital improvement fund	(1,958,621)	(942,141)	-	-	(2,900,762)
County highway fund	-	-	(316,602)	-	(316,602)
Total other financing sources (uses)	(1,639,053)	(942,141)	28,736,500	507,811	26,663,117
Net change in fund balance	4,681,505	2,451,119	(4,866,569)	611,790	2,877,845
Fund Balance, Beginning	45,947,911	5,158,268	8,749,095	1,945,795	61,801,069
Fund Balance, Ending	\$ 50,629,416	\$ 7,609,387	\$ 3,882,526	\$ 2,557,585	\$ 64,678,914

See notes to financial statements

Marathon County

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
Year Ended December 31, 2020

Net Change in Fund Balance, Total Governmental Funds \$ 2,877,845

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense reported in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide statements including infrastructure assets. 35,374,741

Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements. 919,796

Depreciation is reported in the government-wide statements. (13,951,196)

Infrastructure financed by the highway fund. 4,170,898

Contributed capital assets are reported as revenues in the government-wide statements. 2,537,200

Net book value of assets retired. (9,832)

Receivables not currently available are reported as deferred revenue in the fund financial statements, but are recognized as revenue when earned in the government-wide financial statements. (665,321)

The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources, and is not reported in the fund financial statements. (211,832)

Debt proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position.

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued (26,359,811)

Principal repaid 1,537,165

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences - less internal service funds (142,777)

Increase in net pension asset/liability - less internal service funds 15,394,995

Deferred outflows of resources related to pensions - less internal service funds (4,933,814)

Deferred inflows of resources related to pensions - less internal service funds (10,585,912)

Accrued interest on debt (167,367)

Government funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Current year premium (613,138)

Amortization of discount and premium 99,198

Internal service funds are used by management to charge the costs of insurance to individual funds. The increase in net position of the internal service funds is reported with governmental activities.

126,257

Change in Net Position of Governmental Activities \$ 5,397,095

See notes to financial statements

Marathon County

Statement of Net Position - Proprietary Funds

December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Landfill	County Highway	Total	
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 3,565,370	\$ 48,825,260	\$ 52,390,630	\$ 18,783,737
Taxes receivable	-	8,331,159	8,331,159	-
Accounts receivable (net of allowance)	864,514	91,972	956,486	110,938
Due from other governments	-	538,193	538,193	-
Inventories	112,006	1,662,191	1,774,197	-
Total current assets	4,541,890	59,448,775	63,990,665	18,894,675
Noncurrent Assets				
Restricted assets:				
Cash and investments	14,952,277	-	14,952,277	-
Net pension asset	102,594	857,893	960,487	33,907
Accrued interest receivable	30,942	-	30,942	-
Deposit in Wisconsin Municipal Mutual Insurance Company	-	-	-	1,519,000
Capital assets:				
Land	482,465	81,804	564,269	-
Construction work in process	38,300	-	38,300	-
Buildings	1,577,327	6,616,478	8,193,805	-
Improvements	33,408,497	781,194	34,189,691	-
Equipment	3,744,642	19,264,725	23,009,367	58,466
Total capital assets	39,251,231	26,744,201	65,995,432	58,466
Less accumulated depreciation	(26,228,413)	(17,527,605)	(43,756,018)	(58,466)
Net capital assets	13,022,818	9,216,596	22,239,414	-
Total noncurrent assets	28,108,631	10,074,489	38,183,120	1,552,907
Total assets	32,650,521	69,523,264	102,173,785	20,447,582
Deferred Outflows of Resources				
Pension related amounts	250,262	2,004,678	2,254,940	87,551
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	720,822	341,489	1,062,311	122,285
Accrued items	-	11,048	11,048	57,705
Due to other governments	1,308,772	-	1,308,772	-
Current portion of compensated absences	5,020	77,966	82,986	8,624
Current portion of capital lease payable	261,368	-	261,368	-
Total current liabilities	2,295,982	430,503	2,726,485	188,614
Long-Term Liabilities				
Landfill closure and long-term care payable	16,660,692	-	16,660,692	-
Accrued liability, claims payable	-	-	-	3,509,614
Capital lease payable	784,295	-	784,295	-
Compensated absences	45,182	701,690	746,872	77,615
Total long-term liabilities	17,490,169	701,690	18,191,859	3,587,229
Total liabilities	19,786,151	1,132,193	20,918,344	3,775,843
Deferred Inflows of Resources				
Property taxes levied for next period	-	8,331,159	8,331,159	-
Other deferred revenues	-	81,078	81,078	-
Pension related amounts	316,849	2,571,329	2,888,178	146,855
Total deferred inflows of resources	316,849	10,983,566	11,300,415	146,855
Net Position				
Net investment in capital assets	11,977,155	9,216,596	21,193,751	-
Restricted for pension	102,594	857,893	960,487	33,907
Unrestricted	718,034	49,337,694	50,055,728	16,578,528
Total net position	\$ 12,797,783	\$ 59,412,183	\$ 72,209,966	\$ 16,612,435

See notes to financial statements

Marathon County

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	County			Activities-
	Landfill	Highway	Total	Internal
				Service Funds
Operating Revenues				
Licenses and permits	\$ -	\$ 16,590	\$ 16,590	\$ -
Public charges for services	4,435,044	-	4,435,044	-
Intergovernmental charges for services	-	5,482,543	5,482,543	-
Interdepartmental charges for services	-	-	-	14,273,082
Total operating revenues	4,435,044	5,499,133	9,934,177	14,273,082
Operating Expenses				
Salaries and benefits	887,802	3,895,725	4,783,527	1,058,650
Contractual services	1,313,541	510,398	1,823,939	422,077
Materials and supplies	388,421	813,569	1,201,990	3,803
Construction and maintenance	-	3,443,003	3,443,003	-
Landfill closure and long term care	725,008	-	725,008	-
Building and equipment rent	-	3,011,281	3,011,281	-
Insurance and claims	-	172,439	172,439	13,059,388
Loss and loss adjustment expense	-	-	-	(348,432)
Insurance and administration costs	29,529	-	29,529	680,815
Depreciation	1,283,048	1,188,254	2,471,302	-
Other operating expenses	176,234	-	176,234	-
Total operating expenses	4,803,583	13,034,669	17,838,252	14,876,301
Operating loss	(368,539)	(7,535,536)	(7,904,075)	(603,219)
Nonoperating Revenues (Expenses)				
General property taxes	-	8,244,599	8,244,599	-
Vehicle registration fee	-	2,959,785	2,959,785	-
Intergovernmental grants and aids	-	4,176,008	4,176,008	-
Investment income	284,969	1,480,105	1,765,074	681,183
Insurance recoveries	-	-	-	26,473
Infrastructure construction expense for governmental activities	-	(4,170,898)	(4,170,898)	-
Gain on sale of capital assets	17,388	13,158	30,546	-
Other income	16,070	243,798	259,868	21,820
Total nonoperating revenues (expenses), net	318,427	12,946,555	13,264,982	729,476
Income (loss) before transfers	(50,112)	5,411,019	5,360,907	126,257
Transfers in	-	316,602	316,602	-
Change in net position	(50,112)	5,727,621	5,677,509	126,257
Net Position, Beginning	12,847,895	53,684,562	66,532,457	16,486,178
Net Position, Ending	\$ 12,797,783	\$ 59,412,183	\$ 72,209,966	\$ 16,612,435

See notes to financial statements

Marathon CountyStatement of Cash Flows
Proprietary Funds
Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Landfill	County Highway	Total	
Cash Flows From Operating Activities				
Cash received from the sale of goods and services	\$ -	\$ 5,742,779	\$ 5,742,779	\$ -
Collections from landfill disposal services	4,221,043	-	4,221,043	-
Collections from departments and other insurance purchasers	-	-	-	14,311,209
Cash paid to employees for services	(887,802)	(3,895,725)	(4,783,527)	(1,058,650)
Cash paid to suppliers for goods and services	(590,997)	(8,631,416)	(9,222,413)	(14,120,284)
Net cash provided (used) by operating activities	<u>2,742,244</u>	<u>(6,784,362)</u>	<u>(4,042,118)</u>	<u>(867,725)</u>
Cash Flows From Noncapital Financing Activities				
General property taxes	-	8,244,599	8,244,599	-
Vehicle registration fee	-	2,959,785	2,959,785	-
Intergovernmental grants and aids	-	4,176,008	4,176,008	-
Transfers	-	316,602	316,602	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>15,696,994</u>	<u>15,696,994</u>	<u>-</u>
Cash Flows From Capital Financing Activities				
Payments for capital acquisitions	(1,698,091)	(986,607)	(2,684,698)	-
Infrastructure construction expense for governmental activities	-	(4,170,898)	(4,170,898)	-
Net cash provided (used) by capital financing activities	<u>(1,698,091)</u>	<u>(5,157,505)</u>	<u>(6,855,596)</u>	<u>-</u>
Cash Flows From Investing Activities				
Investments purchased	(1,208,173)	-	(1,208,173)	-
Interest received on investments	284,969	1,480,105	1,765,074	681,183
Net cash provided (used) by investing activities	<u>(923,204)</u>	<u>1,480,105</u>	<u>556,901</u>	<u>681,183</u>
Net increase in cash and cash equivalents	120,949	5,235,232	5,356,181	(186,542)
Cash and Cash Equivalents, Beginning	<u>3,444,421</u>	<u>43,590,028</u>	<u>47,034,449</u>	<u>18,970,279</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,565,370</u>	<u>\$ 48,825,260</u>	<u>\$ 52,390,630</u>	<u>\$ 18,783,737</u>

See notes to financial statements

Marathon County

Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	Landfill	County Highway	Total	Activities- Internal Service Funds
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities				
Operating loss	\$ (368,539)	\$ (7,535,536)	\$ (7,904,075)	\$ (603,219)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation expense	1,283,048	1,188,254	2,471,302	-
Insurance recoveries	-	-	-	26,473
Other income (expense)	16,070	256,956	273,026	21,820
Effects of (increase) decrease in operating assets, deferred outflows, and increase (decrease) in operating liabilities and deferred inflows:				
Accounts receivable	(230,071)	51,186	(178,885)	7,348
Due from other governments	-	402,026	402,026	-
Inventories	-	(523,865)	(523,865)	-
Prepayments	-	(115)	(115)	-
Accounts payable	585,885	(145,210)	440,675	11,997
Accrued expenses	-	-	-	(2,909)
Due to other governments	(318,769)	-	(318,769)	-
Landfill closure and long-term care payable	1,770,671	-	1,770,671	-
Unearned revenues	-	(463,848)	(463,848)	-
Accrued liabilities, claims payable	-	-	-	(348,534)
Compensated absences	14,962	(77,549)	(62,587)	19,299
Pension related deferrals and liabilities	(11,013)	63,339	52,326	-
Net cash provided (used) by operating activities	\$ 2,742,244	\$ (6,784,362)	\$ (4,042,118)	\$ (867,725)

Noncash Investing, Capital and Noncapital Financing Activities

None

See notes to financial statements

Marathon County

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2020

	Custodial Funds
Assets	
Cash and cash equivalents	\$ 1,687,080
Accounts receivable	32,281
Due from other governments	975,631
	<hr/>
Total assets	2,694,992
	<hr/>
Liabilities	
Accounts payable	131,258
Accrued liabilities	7,439
Due to other governments	2,042,328
Deposits	2,744
Other long term liabilities	218,595
Held for inmates	61,493
	<hr/>
Total liabilities	2,463,857
	<hr/>
Net Position	
Restricted	231,135
	<hr/>
Total net position	\$ 231,135
	<hr/> <hr/>

See notes to financial statements

Marathon County

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2020

	Custodial Funds
Additions	
Fines and forfeitures, traffic, bonds and other court items	\$ 5,890,598
Inmate deposits	1,302,143
Intergovernmental	6,186,503
Donations	500,607
Investment income (loss)	(1,660)
	<u>13,878,191</u>
Total additions	
Deductions	
ADRC activities	6,333,847
Disposition of court collections	5,887,904
Other court	2,694
Funds released to former inmates	1,302,143
	<u>13,526,588</u>
Total deductions	
Change in fiduciary net position	351,603
Net Position (Deficit), Beginning	<u>(120,468)</u>
Net Position, Ending	<u>\$ 231,135</u>

See notes to financial statements

Marathon County

 Statement of Net Position
 Major Discretely Presented Component Units
 December 31, 2020

	North Central Health Care	Central Wisconsin Airport	Children With Disabilities Education Board	Major Discretely Presented Component Units Total
Assets				
Current Assets				
Cash and investments	\$ 4,549,152	\$ 3,629,661	\$ 2,641,533	\$ 10,820,346
Patient accounts receivable (net)	4,659,972	-	-	4,659,972
Accounts receivable	510,688	255,634	-	766,322
Due from other governments	4,532,015	645,765	310,223	5,488,003
Prepaid items	264,970	-	-	264,970
Inventories	429,333	-	-	429,333
Total current assets	<u>14,946,130</u>	<u>4,531,060</u>	<u>2,951,756</u>	<u>22,428,946</u>
Noncurrent Assets				
Restricted assets:				
Cash and investments	105,264	635,487	-	740,751
OPEB asset	-	-	76,954	76,954
Net pension asset	7,280,177	210,464	891,029	8,381,670
Investments	11,635,464	-	-	11,635,464
Assets limited as to use	1,990,604	-	-	1,990,604
Capital assets:				
Land	65,133	614,983	-	680,116
Construction in progress	22,840,218	10,888,856	-	33,729,074
Buildings	54,605,848	39,101,520	-	93,707,368
Improvements	1,782,870	54,485,660	-	56,268,530
Equipment	27,364,192	11,244,749	13,669	38,622,610
Total capital assets	106,658,261	116,335,768	13,669	223,007,698
Total accumulated depreciation and amortization	<u>(52,766,548)</u>	<u>(58,363,477)</u>	<u>(8,202)</u>	<u>(111,138,227)</u>
Net capital assets	53,891,713	57,972,291	5,467	111,869,471
Total noncurrent assets	<u>74,903,222</u>	<u>58,818,242</u>	<u>973,450</u>	<u>134,617,960</u>
Total assets	<u>89,849,352</u>	<u>63,349,302</u>	<u>3,925,206</u>	<u>157,123,860</u>
Deferred Outflows of Resources				
OPEB related amounts	1,177,048	-	89,495	1,266,543
Pension related amounts	17,085,360	483,929	1,931,161	19,500,450
Total deferred outflows of resources	<u>18,262,408</u>	<u>483,929</u>	<u>2,020,656</u>	<u>20,766,993</u>
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable	1,686,643	339,743	734,132	2,760,518
Accrued items	2,140,159	-	-	2,140,159
Deposits	88,178	16,831	-	105,009
Interest payable	21,838	13,789	-	35,627
Accrued liability, claims payable	503,000	-	-	503,000
Due to other governments	-	1,039,489	-	1,039,489
Unearned revenues	39,190	-	224,652	263,842
Current portion of compensated absences	2,353,882	25,706	123,953	2,503,541
Current portion of bonds payable liability	2,970,000	665,000	-	3,635,000
Current portion of capital lease liability	27,987	-	-	27,987
Total current liabilities	<u>9,830,877</u>	<u>2,100,558</u>	<u>1,082,737</u>	<u>13,014,172</u>
Long-Term Liabilities				
General obligation notes payable (net of unamortized premiums)	6,167,972	4,428,900	-	10,596,872
Long-term portion of capital lease liability	47,905	-	-	47,905
Due to other governments	28,137,785	-	-	28,137,785
OPEB liability	2,506,809	-	-	2,506,809
Compensated absences	-	188,512	-	188,512
Total long-term liabilities	<u>36,860,471</u>	<u>4,617,412</u>	<u>-</u>	<u>41,477,883</u>
Total liabilities	<u>46,691,348</u>	<u>6,717,970</u>	<u>1,082,737</u>	<u>54,492,055</u>
Deferred Inflows of Resources				
OPEB related amounts	416,857	-	16,096	432,953
Pension related amounts	21,809,049	638,808	2,672,540	25,120,397
Total deferred inflows of resources	<u>22,225,906</u>	<u>638,808</u>	<u>2,688,636</u>	<u>25,553,350</u>
Net Position				
Net investment in capital assets	16,540,064	52,878,391	5,467	69,423,922
Restricted:				
Pension	7,280,177	210,464	891,029	8,381,670
OPEB	-	-	76,954	76,954
Birth to 3 program	-	-	106,042	106,042
Passenger facility charges	-	635,487	-	635,487
Unrestricted	<u>15,374,265</u>	<u>2,752,111</u>	<u>1,094,997</u>	<u>19,221,373</u>
Total net position	<u>\$ 39,194,506</u>	<u>\$ 56,476,453</u>	<u>\$ 2,174,489</u>	<u>\$ 97,845,448</u>

See notes to financial statements

Marathon County

Statement of Revenues, Expenses and Changes in Net Position

Major Discretely Presented Component Units

Year Ended December 31, 2020

	<u>North Central Health Care</u>	<u>Central Wisconsin Airport</u>	<u>Children With Disabilities Education Board</u>	<u>Major Discretely Presented Component Units Total</u>
Expenses				
Transportation:				
Airport	\$ -	\$ 6,070,136	\$ -	\$ 6,070,136
Social services:				
North Central Community Services	88,984,329	-	-	88,984,329
Children with Disabilities Education Board	-	-	3,847,065	3,847,065
Instruction:				
Children with Disabilities Education Board	-	-	4,730,744	4,730,744
Total expenses	<u>88,984,329</u>	<u>6,070,136</u>	<u>8,577,809</u>	<u>103,632,274</u>
Program Revenues				
Charges for service	65,356,348	2,855,523	5,065,036	73,276,907
Operating grants and contributions	19,697,885	-	1,593,201	21,291,086
Capital grants and contributions	<u>2,423,086</u>	<u>4,444,109</u>	<u>-</u>	<u>6,867,195</u>
Total program revenues	<u>87,477,319</u>	<u>7,299,632</u>	<u>6,658,237</u>	<u>101,435,188</u>
Net income (expense)	<u>(1,507,010)</u>	<u>1,229,496</u>	<u>(1,919,572)</u>	<u>(2,197,086)</u>
General Revenues (Expenses)				
Unrestricted investment earnings	276,065	89,572	-	365,637
Interest expense	(242,363)	-	-	(242,363)
Loss on sale of capital assets	(56,413)	-	-	(56,413)
State and federal aids not restricted to specific functions:				
Categorical aid	-	2,080,923	1,687,770	3,768,693
Miscellaneous	-	91,223	51,432	142,655
Total general revenues	<u>(22,711)</u>	<u>2,261,718</u>	<u>1,739,202</u>	<u>3,978,209</u>
Special Item	<u>2,970,286</u>	<u>-</u>	<u>-</u>	<u>2,970,286</u>
Change in net position	1,440,565	3,491,214	(180,370)	4,751,409
Net Position, Beginning	<u>37,753,941</u>	<u>52,985,239</u>	<u>2,354,859</u>	<u>93,094,039</u>
Net Position, Ending	<u>\$ 39,194,506</u>	<u>\$ 56,476,453</u>	<u>\$ 2,174,489</u>	<u>\$ 97,845,448</u>

See notes to financial statements

Marathon County

Index to Notes to Financial Statements
December 31, 2020

	<u>Page</u>
1. Summary of Significant Accounting Policies	19
Reporting Entity	19
Government Wide and Fund Financial Statements	20
Measurement Focus, Basis of Accounting, and Financial Statement Presentation	22
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	24
Deposits and Investments	24
Receivables	25
Inventories and Prepaid Items	26
Restricted Assets	26
Capital Assets	26
Deferred Outflows of Resources	27
Compensated Absences	27
Long-Term Obligations	28
Deferred Inflows of Resources	28
Equity Classifications	28
Pension	30
2. Stewardship, Compliance and Accountability	
Excess Expenditures Over Appropriations	30
Limitations on the County's Tax Levy	30
3. Detailed Notes on All Funds	30
Deposits and Investments	30
Receivables	34
Restricted Assets	35
Capital Assets	37
Interfund Receivables/Payables and Transfers	39
Long-Term Obligations	40
Lease Disclosures	42
Closure and Postclosure Care Cost	43
Self-Funded Pollution Liability	44
Net Position/Fund Balances	44
University of Wisconsin - Marathon County	46
Component Units	46
4. Other Information	68
Employees' Retirement System	68
Risk Management	73
Commitments and Contingencies	76
Related Organizations/Jointly Governed Organizations	76
Subsequent Events	77
Effect of New Accounting Standards on Current Period Financial Statements	77

Marathon County

Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies

Marathon County (the County) was incorporated in 1850 and operates under the provisions of the Wisconsin State Statutes, Chapter 59. The County operates under a County Board form of government, with an appointed County Administrator. The powers and duties of the County Administrator are to coordinate and direct all administrative and management functions of the County government not otherwise vested by law in boards or commissions or in other elected officials. The County provides the following services as authorized by its charter: public safety, highways, solid waste, health and social services, culture-recreation, education, judiciary services, planning and zoning, and general administrative services.

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

Reporting Entity

This report includes all of the funds of the County of Marathon. The reporting entity for the County consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if: (1) it appoints a voting majority of the organization's governing body and is able to impose its will on that organization; (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government; and (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government, or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or had the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and its component unit have substantively the same governing body and a financial benefit or burden relationship exists; (2) the primary government and the component unit have substantially the same governing body and management of the primary government has operational responsibility for the component unit; (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens; or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Marathon County

Notes to Financial Statements
December 31, 2020

Discretely Presented Component Units

North Central Health Care

The government-wide financial statements include the North Central Health Care (NCHC) as a component unit. NCHC is a legally separate organization operated jointly by Marathon, Lincoln, and Langlade counties. The board of NCHC is appointed by the respective counties' boards. The NCHC has been presented as a discrete component unit because of the nature and significance of its relationship with the County. The County appoints a majority of the board and, based upon the bylaws of the NCHC, the County has the ability to impose its will upon NCHC, and also to create a possible financial benefit or burden. See Note 3. The information presented is for the fiscal year ended December 31, 2020. Separately issued financial statements of North Central Health Care may be obtained from NCHC's office.

Central Wisconsin Airport

The government-wide financial statements include the Central Wisconsin Airport (CWA) as a component unit. The CWA is a legally separate organization operated jointly by Marathon and Portage counties. The board of the CWA is appointed by the respective counties. The CWA has been presented as a discrete component unit because of the nature and significance of its relationship with the County. CWA is fiscally dependent upon the County and a financial benefit or burden exists. While both Portage and Marathon County operate CWA, Marathon County retains the majority interest based upon each county's equalized values. See Note 3. The information presented is for the fiscal year ended December 31, 2020. The CWA does not issue separate financial statements.

Children With Disabilities Education Board

The government-wide financial statements include the Children with Disabilities Education Board (CDEB) as a component unit. The CDEB is a legally separate organization. The board is made up of six members, one from each participating school district. The CDEB has been presented as a discrete component unit because of the nature and significance of its relationship with the County. The County Administrator appoints CDEB's board members for three-year terms. Based upon CDEB's board policies, the County has significant influence over its activities and can create a financial benefit or burden. See Note 3. The information presented is for the fiscal year ended June 30, 2020. Separately issued financial statements of the Children with Disabilities Education Board may be obtained from the Board's office.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2020.

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Marathon County

Notes to Financial Statements
December 31, 2020

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

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

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

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

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

The County reports the following major governmental funds:

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

Social Improvement Fund - accounts for and reports grants, local revenues, and other resources legally restricted to supporting expenditures for various community service programs.

Capital Improvement Fund - accounts for and reports resources to be used for the acquisition or construction of major capital facilities.

Marathon County

Notes to Financial Statements
December 31, 2020

The County reports the following major enterprise funds:

Landfill Fund - accounts for operations of the County operated landfill.

County Highway Fund - accounts for operations of the highway systems.

The County reports the following nonmajor governmental fund:

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

In addition, the County reports the following fund types:

Internal service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.

Property Casualty Insurance

Employee Benefits Insurance

Custodial funds are used to account for and report assets controlled by the County and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

Aging and Disability Resource Center of Central Wisconsin (ADRC-CW)

Clerk of Courts

Sheriff Adult Inmate

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's Landfill and County Highway funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Marathon County

Notes to Financial Statements
December 31, 2020

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

Sales taxes are recognized as revenues in the year in which the underlying sales relating to it take place.

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

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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

All Financial Statements

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

Marathon County

Notes to Financial Statements
December 31, 2020

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Deposits and Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents. The County pools its investments held across all funds of the County.

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The County has adopted an investment policy. That policy contains the following guidelines for allowable investments.

Custodial credit risk - The County investment policy states that where allowed by state law, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

Credit risk - The County limits its investments to the "Aa" or higher rating issued by a nationally recognized rating service such as Moody's or Standard and Poors (S&P) for the issuing organization at the time of issuance.

Interest rate risk - The County manages its exposure to interest rate risk by attempting to match investment maturities with anticipated expenses. No more than 70 percent of the portfolio may be invested beyond 12 months, and the weighted average maturity of the short-term portfolio shall never exceed one year. The weighted average maturity of the intermediate portfolio shall not exceed three years.

The policy does not address concentration of credit risk.

Marathon County

Notes to Financial Statements
December 31, 2020

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3. for further information.

Receivables

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

Property tax calendar, 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale - 2020 delinquent real estate taxes	October 2023

The City of Wausau has adopted an ordinance for three installments per Wisconsin Statute 74.12. The City Treasurer collects January 31, April 30, and July 31 installments and settles with the County and other jurisdictions by the 15th of the month following due dates.

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No allowance for uncollectible delinquent taxes has been provided because of the County's demonstrated ability to recover any losses through the sale of the applicable property.

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

Marathon County

Notes to Financial Statements

December 31, 2020

The County has a 0.5 percent sales tax which is collected by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale relating to it takes place. At December 31, 2020, the County has accrued two months of the subsequent year's collections as receivable.

Accounts receivable in the governmental funds are reported at gross with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided in the governmental funds since it is believed that the amount of such an allowance would not be material. An allowance in the amount of \$472,576 has been recorded in the Employee Benefits Insurance internal service fund to account for workers compensation amounts not likely to be collected.

Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund, internal service fund, and discretely presented component unit inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on FIFO, and charged to construction and/or operation and maintenance expense when used.

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

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$50,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets, works of art, and similar items, in addition to capital assets received in a service concession arrangement, are recorded at their estimated acquisition value at the date of donation.

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

Marathon County

Notes to Financial Statements

December 31, 2020

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

	<u>Years</u>
Buildings	20 - 50
Land improvements	2 - 20
Machinery and equipment	3 - 10
Infrastructure	5 - 75
Library collection	5 - 25

Fund Financial Statements

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

Deferred Outflows of Resources

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

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020 are determined on the basis of current salary rates and include salary related payments.

In addition to pension benefits provided through the Wisconsin Retirement System described in Note 4, the County provides certain health care and life insurance benefits as provided for by union contracts or management ordinance. Retired employees who qualify are allowed to convert a maximum of 50 percent of their accumulated sick leave balance at the time of retirement into monetary value using the employee's year-end hourly rate and deposited into the employee's Post Employment Health Plan (PEHP) account. The 2020 funding (including CWA as a discretely presented component unit) was estimated in the annual budget at \$183,606 with an actual cost of \$388,166. There were fourteen (28) employees eligible for benefits as of year-end.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences. Other postemployment benefits are no longer considered material to the County.

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

The County participates in a program authorized by State Statutes, whereby counties which have established and maintained a county forest, are eligible to receive from the state an annual payment, such as a noninterest bearing, no scheduled payment loan to be used for the purchase, development, preservation and maintenance of the County forest lands.

On timber cut from County forest lands, the County pays a severance share of not less than 20 percent of the actual stumpage sales value of timber. Such severance share payments are credited against the cumulative loan made by the state to the County, the repayment of which is driven by timber cutting activity, at predetermined calendar time periods. Severance share payments will not exceed the balance due. This form of debt is not capital-related.

For forest lands withdrawn from the program, the County reimburses the State for the amount previously paid to the County, except that the State may waive all or part of such reimbursement if it finds the lands are withdrawn for a higher public use, or that the amount of such reimbursement is unreasonable when compared to the value of the land.

Deferred Inflows of Resources

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

Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definitions of "restricted" or "net investment in capital assets."

Marathon County

Notes to Financial Statements
December 31, 2020

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the County. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the County that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Fund balance may be assigned by the Finance Committee through a formally approved motion. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

The County has a formal minimum fund balance policy for the general fund. That policy is to maintain a working capital fund of 8.3 percent of the current year's general fund, social improvement fund, and debt service fund's budgeted expenditures. The balance at year-end was \$26,169,276 and is included in unassigned general fund balance. The County also has a minimum fund balance for the highway fund. That policy is to maintain a working capital fund of 10 percent of the current year budgeted expenditures. The balance at year-end was \$6,463,743, and is included in unrestricted net position.

See Note 3. for further information.

Marathon County

Notes to Financial Statements

December 31, 2020

Pension

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

2. Stewardship, Compliance and Accountability

Excess Expenditures Over Appropriations

The capital improvement fund had \$30,483,930 in expenditures and other financing uses in excess of appropriations at the legal level of budgetary control for the year ended December 31, 2020.

Limitations on the County's Tax Levy

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

3. Detailed Notes on All Funds

Deposits and Investments

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. The County's deposits and investments at year-end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits and cash on hand	\$ 38,471,162	\$ 39,697,758	Custodial credit
U.S. Treasuries	26,658,054	26,658,054	Custodial credit, interest rate
U.S. Agencies, implicitly guaranteed	31,199,834	31,199,834	Custodial credit, interest rate, credit, concentration of credit
State and local bonds	1,137,721	1,137,721	Custodial credit, interest rate, credit, concentration of credit
National agency bonds and notes	4,276,846	4,276,846	Custodial credit, interest rate, credit, concentration of credit
Corporate bonds	12,665,985	12,665,985	Custodial credit, interest rate, credit, concentration of credit
Certificates of deposits, negotiable	12,836,341	12,836,341	Custodial credit, interest rate, credit, concentration of credit
Commercial paper	9,720,497	9,720,497	Custodial credit, interest rate, credit, concentration of credit
Collateralized mortgage obligations	21,221,192	21,221,192	Custodial credit, interest rate, credit, concentration of credit
LGIP	460,216	460,216	Credit, interest rate
Petty Cash	6,466	-	N/A
Total deposits and investments	<u>\$ 158,654,314</u>	<u>\$ 159,874,444</u>	

Marathon County

Notes to Financial Statements
December 31, 2020

	<u>Carrying Value</u>
Reconciliation to the financial statements:	
Per statement of net position:	
Unrestricted cash and investments	\$ 135,780,569
Restricted cash and investments	16,921,517
Per statement of fiduciary net position:	
Custodial funds	1,687,080
Per statement of net position, major discretely presented component unit (CWA):	
Unrestricted cash and investments	3,629,661
Restricted cash and investments	<u>635,487</u>
 Total deposits and investments	 <u><u>\$ 158,654,314</u></u>

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

Investment Type	December 31, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. treasuries	\$ 26,658,054	\$ -	\$ -	\$ 26,658,054
U.S. agencies, implicitly guaranteed	-	31,199,834	-	31,199,834
Certificates of deposit, negotiable	-	12,836,341	-	12,836,341
Corporate bonds	-	12,665,985	-	12,665,985
Commercial paper	-	9,720,497	-	9,720,497
State and local bonds	-	1,137,721	-	1,137,721
National agency bonds and notes	-	4,276,846	-	4,276,846
Collateralized mortgage obligations	-	21,221,192	-	21,221,192
 Total	 <u><u>\$ 26,658,054</u></u>	 <u><u>\$ 93,058,416</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 119,716,470</u></u>

Marathon County

Notes to Financial Statements

December 31, 2020

The valuation methods for recurring fair value measurements are as follows:

<u>Investment Type</u>	<u>Valuation Method</u>
Corporate bonds and state and local bonds, national agency bonds and notes, collateralized mortgage obligations Commercial paper	Institutional bond quotes - evaluations based on various market and industry inputs \$1 per share
U.S. agencies - implicitly guaranteed	Institutional bond quotes - evaluations based on various market and industry inputs
U.S. treasuries	Institutional bond quotes - evaluations based on various market and industry inputs
Negotiable certificates of deposit	Institutional bond quotes - evaluations based on various market and industry inputs

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

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

The County maintains an \$11,000,000 irrevocable stand-by letter of credit with U.S. Bank to securitize its deposits throughout the year.

Custodial Credit Risk

Deposits

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

As of December 31, 2020, \$27,397,700 of the County's total bank balances was exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

U.S. treasuries:

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name \$ 26,658,054

U.S. agencies, implicitly guaranteed:

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name \$ 31,199,834

Corporate bonds:

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name \$ 12,665,985

Marathon County

Notes to Financial Statements

December 31, 2020

Commercial paper:	
Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 9,720,497</u>
National agency bonds/notes:	
Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 4,276,846</u>
Certificates of deposit, negotiable:	
Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 12,836,341</u>
State and local bonds:	
Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 1,137,721</u>
Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 21,221,192</u>

Credit Risk

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

As of December 31, 2020, the County's investments were rated as follows:

Investment Type	Standard & Poors
Corporate bonds	A, A-, AA-, AA+, AAA
U.S. agencies, implicitly guaranteed	AA+
Commercial paper	A-1, A-1+
National agency bonds and notes	AAA
Certificates of deposit, negotiable	A-1, AA-
Collateralized mortgage obligations	AAA
State and local bonds	AA+, unrated

The County also held investments in the following external pool, which is not rated:

Local Government Investment Pool

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2020, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Fannie Mae - LT	U.S. agencies – implicitly guaranteed	5.74%
Freddie Mac - LT	U.S. agencies – implicitly guaranteed	10.80%

Marathon County

Notes to Financial Statements

December 31, 2020

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2020, the County's investments were as follows:

Investment Types	Maturity (In Years)			
	Fair Value	Less Than 1 Year	1-4 Years	Greater Than 4 Years
U.S. Treasuries	\$ 26,658,054	\$ 753,750	\$ 25,904,304	\$ -
U.S. Agencies, implicitly guaranteed	31,199,834	2,208,603	27,874,493	1,116,738
Corporate bonds	12,665,985	507,633	12,158,352	-
Commercial paper	9,720,497	9,720,497	-	-
National agency bonds and notes	4,276,846	-	4,276,846	-
Certificates of deposit, negotiable	12,836,341	10,216,175	2,620,166	-
State and local bonds	1,137,721	150,674	987,047	-
Total	<u>\$ 98,495,278</u>	<u>\$ 23,557,332</u>	<u>\$ 73,821,208</u>	<u>\$ 1,116,738</u>

As of December 31, 2020, the LGIP investments had an average maturity of 39 days.

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

Receivables

All of the receivables are expected to be collected within one year, except for delinquent taxes not collected within 60 days of year-end.

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

	Unavailable	Unearned	Total
Property taxes receivable for subsequent year	\$ -	\$ 43,610,946	\$ 43,610,946
Delinquent property taxes receivable	917,389	-	917,389
Other receivables	123,737	-	123,737
Grant amounts not yet received	2,000	-	2,000
Total unavailable/unearned revenue for governmental funds	<u>\$ 1,043,126</u>	<u>\$ 43,610,946</u>	<u>\$ 44,654,072</u>

Marathon County

Notes to Financial Statements

December 31, 2020

Delinquent property taxes purchased from other taxing authorities are reflected as nonspendable fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available to replenish cash flow and are, therefore, excluded from the nonspendable portion of fund balances. Delinquent property taxes levied by the County are reflected as unavailable revenue and are excluded from the fund balance to the extent they are not collected within sixty days subsequent to year-end and, thus, are not available for payment of current expenditures.

Enterprise funds report deferred revenue in connection with resources that have been received, but not yet earned. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the enterprise funds were as follows:

	<u>Deferred</u>
Property taxes receivable for subsequent year	\$ 8,331,159
Revenue collected in advance	<u>81,078</u>
Total deferred revenue for enterprise funds	<u>\$ 8,412,237</u>

Taxes receivable represent current taxes and unpaid taxes for 2020 and prior years as follows:

<u>Year of Settlement</u>	<u>County Tax Levied</u>	<u>County Purchased</u>	<u>Balance December 31, 2020</u>
2019	\$ 358,153	\$ 1,432,702	\$ 1,790,855
2018	201,796	790,087	991,883
2017	119,261	457,255	576,516
2016	89,696	338,771	428,467
2015	57,818	218,636	276,454
2014	36,829	160,988	197,817
2013	33,026	127,860	160,886
2012	22,120	83,696	105,816
2011	19,187	68,424	87,611
2010	10,418	36,154	46,572
2009	3,356	11,107	14,463
2008	1,181	3,767	4,948
Total tax certificates	<u>\$ 952,841</u>	<u>\$ 3,729,450</u>	4,682,288
Tax deeds			62,250
Current taxes			<u>51,942,106</u>
Total taxes receivable			<u>\$ 56,686,644</u>

Delinquent taxes collected within the sixty-day period subsequent to year-end aggregated \$97,702 and \$398,542 for delinquent taxes levied and purchased by the County, respectively.

Restricted Assets

The following represent the balances of the restricted assets:

Land Records

Statutorily assessed fees for social security redaction and other land records projects.

Marathon County

Notes to Financial Statements
December 31, 2020

Jail Assessments

Statutorily assessed jail surcharges to be applied to construction, remodeling, repair, or other areas allowed by state statutes for county jails.

Special Deposits and Impressed Cash Accounts

Accounts for deposits and accounts not legally available to the County to finance current operations.

Community Options Programming

The County has received cash and must maintain a special trust for Community Options Programming.

Landfill Long-term Care and Closure Costs

Accounts for amounts legally required by the State of Wisconsin to be held for landfill closure and post-closure costs.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balances since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2020:

Restricted assets:	
Land records	\$ 842,874
Jail improvements	302,506
Special deposits and impressed cash accounts	783,415
Community Options Programming	40,445
Landfill long-term care and closure costs	14,952,277
Net pension asset	8,235,765
Accrued interest receivable	<u>30,942</u>
Total restricted assets	<u>\$ 25,188,224</u>

Marathon County

Notes to Financial Statements
December 31, 2020

Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 35,464,436	\$ 370,390	\$ -	\$ 35,834,826
Construction in progress	21,220,707	24,786,003	19,016,390	26,990,320
Total capital assets not being depreciated	<u>56,685,143</u>	<u>25,156,393</u>	<u>19,016,390</u>	<u>62,825,146</u>
Capital assets being depreciated:				
Buildings	97,064,680	13,403,437	1,066,506	109,401,611
Improvements	11,353,905	12,334,229	-	23,688,134
Equipment	25,154,230	2,512,566	448,391	27,218,405
Infrastructure	233,309,392	8,196,200	4,125,106	237,380,486
Library collection	5,145,700	416,200	400,400	5,161,500
Total capital assets being depreciated	<u>372,027,907</u>	<u>36,862,632</u>	<u>6,040,403</u>	<u>402,850,136</u>
Total capital assets	<u>428,713,050</u>	<u>62,019,025</u>	<u>25,056,793</u>	<u>465,675,282</u>
Less accumulated depreciation for:				
Buildings	(63,304,817)	(3,373,579)	1,066,506	(65,611,890)
Improvements	(8,053,647)	(572,436)	-	(8,626,083)
Equipment	(22,259,309)	(1,101,499)	439,459	(22,921,349)
Infrastructure	(80,795,116)	(8,466,782)	4,125,106	(85,136,792)
Library collection	(2,666,300)	(436,900)	399,500	(2,703,700)
Total accumulated depreciation	<u>(177,079,189)</u>	<u>(13,951,196)</u>	<u>6,030,571</u>	<u>(184,999,814)</u>
Net capital assets being depreciated	<u>194,948,718</u>	<u>22,911,436</u>	<u>9,832</u>	<u>217,850,322</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 251,633,861</u>	<u>\$ 48,067,829</u>	<u>\$ 19,026,222</u>	<u>\$ 280,675,468</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 2,829,574
Public safety	996,756
Transportation	8,466,782
Health	2,779
Social services	1,271
Leisure and education	1,654,034
Total governmental activities depreciation expense	<u>\$ 13,591,196</u>

Marathon County

Notes to Financial Statements
December 31, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 564,269	\$ -	\$ -	\$ 564,269
Construction in progress	-	38,300	-	38,300
Total capital assets not being depreciated	<u>564,269</u>	<u>38,300</u>	<u>-</u>	<u>602,569</u>
Capital assets being depreciated:				
Buildings	8,193,805	-	-	8,193,805
Improvements	33,739,915	449,776	-	34,189,691
Equipment	21,350,320	2,320,564	661,517	23,009,367
Total capital assets being depreciated	<u>63,284,040</u>	<u>2,770,340</u>	<u>661,517</u>	<u>65,392,863</u>
Total capital assets	<u>63,848,309</u>	<u>2,808,640</u>	<u>661,517</u>	<u>65,995,432</u>
Less accumulated depreciation for:				
Buildings	(6,741,143)	(197,187)	-	(6,938,330)
Improvements	(22,348,849)	(977,710)	-	(23,326,559)
Equipment	(12,749,687)	(1,296,405)	554,963	(13,491,129)
Total accumulated depreciation	<u>(41,839,679)</u>	<u>(2,471,302)</u>	<u>554,963</u>	<u>(43,756,018)</u>
Net capital assets being depreciated	<u>21,444,361</u>	<u>299,038</u>	<u>106,554</u>	<u>21,636,845</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 22,008,630</u>	<u>\$ 337,338</u>	<u>\$ 106,554</u>	<u>\$ 22,239,414</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Landfill	\$ 1,283,048
Highway	1,188,254
Total business-type activities depreciation expense	<u>\$ 2,471,302</u>

Marathon County

Notes to Financial Statements
December 31, 2020

Interfund Receivables/Payables and Transfers

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Capital projects fund	\$ 10,246
Less fund eliminations		(10,246)
Total internal balances - government-wide statement of net position		<u>\$ -</u>

The principal purpose of this interfund is the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur; (2) transactions are recorded in the accounting system; and (3) payments between funds are made.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Capital improvement fund	\$ 298,379	Fund facility project staff
Capital improvement fund	General fund	495,000	Fund land records software
Capital improvement fund	General fund	1,463,621	Fund capital projects
Capital improvement fund	Social improvement fund	942,141	Fund capital projects
Highway fund	Capital improvement fund	<u>316,602</u>	Fund highway rolling stock
Total fund financial statements		3,515,743	
Less fund eliminations		(3,199,141)	
Less government-wide eliminations		<u>(633,204)</u>	
Subtotal		(316,602)	
Infrastructure costs assigned by the highway fund to governmental activities		<u>4,170,898</u>	
Total transfers, government-wide statement of activities		<u>\$ 3,854,296</u>	

Marathon County

Notes to Financial Statements
December 31, 2020

Fund Transferred To	Fund Transferred From	Amount
Governmental activities	Business-type activities	\$ 4,170,898
Business-type activities	Governmental activities	<u>(316,602)</u>
Total government-wide financial statements		<u>\$ 3,854,296</u>

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

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 12,435,000	\$ 26,345,000	\$ 1,475,000	\$ 37,305,000	\$ 1,705,000
Premium on debt	289,339	613,138	99,198	803,279	-
Forest crop loan payable	1,243,275	14,811	62,165	1,195,921	-
Subtotal	<u>13,967,614</u>	<u>26,972,949</u>	<u>1,636,363</u>	<u>39,304,200</u>	<u>1,705,000</u>
Other liabilities:					
Vested compensated absences:					
Governmental funds	4,617,984	696,936	554,159	4,760,761	571,291
Internal service fund	78,544	15,549	7,854	86,239	8,624
Total other liabilities	<u>4,696,528</u>	<u>712,485</u>	<u>562,013</u>	<u>4,847,000</u>	<u>579,915</u>
Total governmental activities long-term liabilities	<u>\$ 18,664,142</u>	<u>\$ 27,685,434</u>	<u>\$ 2,198,376</u>	<u>\$ 44,151,200</u>	<u>\$ 2,284,915</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Other liabilities:					
Capital lease	\$ -	\$ 1,045,663	\$ -	\$ 1,045,663	\$ 261,368
Vested compensated absences	892,445	26,658	89,245	829,858	82,986
Cell A long-term care and postclosure costs	941,470	-	81,066	860,404	-
Cell B closure costs	4,606,309	-	185,199	4,421,110	-
Cell B long-term care and postclosure costs	5,365,157	-	274,120	5,091,037	-
Blue Bird Ridge closure	1,970,424	526,161	-	2,496,585	-
Blue Bird Ridge long-term care and postclosure costs	3,052,324	739,232	-	3,791,556	-
Total business-type activities long-term liabilities	<u>\$ 16,828,129</u>	<u>\$ 2,337,714</u>	<u>\$ 629,630</u>	<u>\$ 18,536,213</u>	<u>\$ 244,354</u>

Marathon County

Notes to Financial Statements
December 31, 2020

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed 5 percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2020 was \$618,879,845. Total general obligation debt outstanding at year-end was \$42,345,000 (including \$5,040,000 issued by Marathon County for the Central Wisconsin Airport - see component unit note).

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note 4.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the County. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
Governmental Activities					
General obligation debt:					
General Obligation Promissory Notes Series 2018	06/04/18	02/01/21	5.00%	\$ 4,500,000	\$ 1,460,000
General Obligation Promissory Notes Series 2019	12/05/19	12/31/29	2.00%	9,500,000	9,500,000
General Obligation Promissory Notes Series 2020A	3/18/20	2/1/30	1.00%-2.00%	8,500,000	8,500,000
General Obligation Promissory Notes Series 2020B	10/7/20	12/31/40	1.00%-2.00%	17,845,000	17,845,000
Total					<u>\$ 37,305,000</u>

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>
Years ending December 31:		
2021	\$ 1,705,000	\$ 621,857
2022	2,110,000	578,575
2023	3,035,000	539,725
2024	3,105,000	495,625
2025	3,160,000	449,519
2026-2030	13,620,000	1,590,494
2031-2035	5,025,000	809,750
2036-2040	5,545,000	281,750
Total	<u>\$ 37,305,000</u>	<u>\$ 5,367,295</u>

Marathon County

Notes to Financial Statements
December 31, 2020

Forest Crop Loan

The State of Wisconsin has provided for a noninterest bearing loan fund to be used for the acquisition and construction of forest land and other forest related facilities. The noninterest bearing loan has no specific payment schedule and is repaid from the proceeds of the sale of forest crops. The balance of the Forest Crop Loan at December 31, 2020 is \$1,195,921. The current outstanding loan balance is non-capital related.

Other Debt Information

Estimated payments of other long-term liabilities (compensated absences) and the pension liability/(asset) are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities has been, and will continue to be, liquidated primarily by the general fund. The net pension liability/(asset) will be financed through future contributions and changes to the plan's assets and will be liquidated primarily by the general fund.

Lease Disclosures

Lessor - Operating Leases

The Forestry Department leases (as lessor) land for farmland. The book value and carrying amount of the leased farmland is \$98,805. The future minimum lease receipts as of December 31, 2020 are as follows:

	Governmental Activities Principal
Years ending December 31:	\$
2021	2,847
2022	897
2023	897
2024	897
2025	897
2026-2064	34,989
Total	<u>\$ 41,424</u>

Marathon County

Notes to Financial Statements

December 31, 2020

Lessee - Capital Leases

The Landfill acquired capital assets through a lease/purchase agreement. The gross amount of the asset under capital leases is \$1,045,663 and are presented in the capital assets in the business-type activities. The assets acquired through capital leases are as follows:

The future principal and interest payments as of December 31, 2020, are as follows:

	Business-Type Activities		
	Principal	Interest	Totals
Years:			
2021	\$ 261,368	\$ 3,260	\$ 264,628
2022	259,844	4,784	264,628
2023	261,428	3,199	264,627
2024	263,023	1,604	264,627
Subtotal	<u>\$ 1,045,663</u>	<u>\$ 12,847</u>	1,058,510
Less amount representing interest			<u>(12,847)</u>
Present value of minimum lease payments			<u>\$ 1,045,663</u>

Closure and Postclosure Care Cost

State and federal laws and regulations require the County to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for forty years after closure. The County completed final closure of cell A in 1993. The County expects to close cell B in the year 2021. Cells B and Blue Bird Ridge remain open at the end of 2020. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The amounts noted below for the landfill postclosure care liability at December 31, 2020 represent the total amount needed by the County for post closure care costs for each landfill site according to state and federal regulations. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

	Cell A	Cell B	Blue Bird	Total
Postclosure care liability	\$ 860,404	\$ 9,512,147	\$ 6,288,141	\$ 16,660,692
Capacity used at year-end	100%	94.55%	71.45%	

Marathon County

Notes to Financial Statements
December 31, 2020

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care for all three of its landfills. The County is in compliance with these requirements, and, at December 31, 2020, \$14,952,277 of investments are held at U.S. Bank for these purposes and reviewed annually by the DNR. These are reported as restricted assets on the statement of net position. In addition, the landfill maintains an irrevocable letter of credit issued by U.S. Bank to fulfill its financial responsibility pursuant to state statutes. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable law or regulations, for example), these costs may need to be covered by changes to future landfill users or from future tax revenue.

Self-Funded Pollution Liability

During 1996, the County Board of Supervisors created an agreement with the Solid Waste Management Board to create a self-funded pollution liability account. In the past, the Landfill Fund carried \$2 million of pollution insurance coverage. The general financing plan, which is funded by a portion of the tipping fee, did not require any additional funding in 2020 because it has surpassed the approximate \$2 million required. All interest earned on these funds are accumulated for this purpose and recorded in the fund. The County Board has pledged its full faith and credit to the financing plan during the years the account is not fully funded. The financing plan was fully funded as of December 31, 2006 and has a balance of \$2,556,730 as of December 31, 2020. No amounts were paid from this account in 2020.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2020 includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 35,834,826
Construction in progress	26,990,320
Other capital assets, net of accumulated depreciation	217,850,322
Add: unspent bond proceeds	619,687
Less: long-term capital debt outstanding, net of unamortized premium	<u>(38,108,279)</u>
Total net investment in capital assets	<u>243,186,876</u>

Restricted:

Debt service	2,310,266
Land records	842,874
Capital improvements	231,462
Jail improvements	302,506
Net pension asset	7,275,278
Social services	<u>7,609,387</u>

Total restricted 18,571,773

Unrestricted 59,649,415

Total governmental activities net position \$ 321,408,064

Marathon County

Notes to Financial Statements
December 31, 2020

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

	<u>General Fund</u>	<u>Social Improvement</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Total</u>
Fund Balance					
Nonspendable:					
Inventories and prepaid items	\$ 29,250	\$ 4,345	\$ 28,475	\$ -	\$ 62,070
Non-County levy portion of delinquent property taxes receivable	<u>3,330,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,330,907</u>
Total nonspendable	<u>3,360,157</u>	<u>4,345</u>	<u>28,475</u>	<u>-</u>	<u>3,392,977</u>
Restricted for:					
UW dorm capital maintenance	231,462	-	-	-	231,462
Land records	842,874	-	-	-	842,874
Jail assessments	302,506	-	-	-	302,506
Capital projects	-	-	619,687	-	619,687
Debt service	-	-	-	2,557,585	2,557,585
Social improvement	<u>-</u>	<u>7,605,042</u>	<u>-</u>	<u>-</u>	<u>7,605,042</u>
Total restricted	<u>1,376,842</u>	<u>7,605,042</u>	<u>619,687</u>	<u>2,557,585</u>	<u>12,159,156</u>
Assigned to:					
Conservation (ATC powerline easement)	1,095,348	-	-	-	1,095,348
Subsequent year's budget	6,014,226	-	-	-	6,014,226
Compensated absences	2,932,582	-	-	-	2,932,582
Capital projects	<u>-</u>	<u>-</u>	<u>3,234,364</u>	<u>-</u>	<u>3,234,364</u>
Total assigned	<u>10,042,156</u>	<u>-</u>	<u>3,234,364</u>	<u>-</u>	<u>13,276,520</u>
Unassigned	<u>35,850,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,850,261</u>
Total fund balances	<u>\$ 50,629,416</u>	<u>\$ 7,609,387</u>	<u>\$ 3,882,526</u>	<u>\$ 2,557,585</u>	<u>\$ 64,678,914</u>

Business-Type Activities

Investment in capital assets:

Land	\$ 564,269
Construction in progress	38,300
Other capital assets, net of accumulated depreciation	21,636,845
Less long-term capital debt outstanding	<u>(1,045,663)</u>

Total investment in capital assets 21,193,751

Restricted 960,487

Unrestricted 50,055,728

Total business-type activities net position \$ 72,209,966

Marathon County

Notes to Financial Statements
December 31, 2020

University of Wisconsin - Marathon County

State Statute 59.56(4) places the responsibility for the construction and maintenance of capital facilities for the two-year campuses on the local tax base, in this case, Marathon County. In some areas, the local tax base could be shared among several local units of government. The four-year campuses are the responsibility of the State. The operating costs for all campuses remain the responsibility of the State.

Component Units

North Central Health Care

This report contains the North Central Health Care (NCHC), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Basis of Accounting/Measurement Focus

The NCHC follows the full accrual basis of accounting and the flow of economic resources measurement focus.

Deposits and Investments

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 4,654,416	\$ 7,178,040	Custodial credit
Certificates of deposit	<u>11,635,464</u>	<u>11,635,464</u>	Custodial credit
Total deposits and investments	<u>\$ 16,289,880</u>	<u>\$ 18,813,504</u>	

Custodial Credit Risk

The NCHC does not have any deposits of investments exposed to custodial credit risk.

Marathon County

Notes to Financial Statements

December 31, 2020

Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives (Years)</u>
Land	\$ 51,300	\$ 13,833	\$ -	\$ 65,133	N/A
Construction in progress	6,391,915	30,050,867	(13,602,564)	22,840,218	N/A
Depreciable land improvements	1,331,887	454,531	(3,548)	1,782,870	10-40
Buildings and building improvements	27,373,847	27,267,339	(35,338)	54,605,848	10-40
Equipment	20,554,172	6,846,007	(166,348)	27,233,831	3-40
Capital lease	130,361	-	-	130,361	5
Software	1,820,763	-	(1,820,763)	-	3-15
Less accumulated depreciation/amortization	<u>(40,880,153)</u>	<u>(12,033,201)</u>	<u>146,806</u>	<u>(52,766,548)</u>	
	<u>\$ 16,774,092</u>	<u>\$ 52,599,376</u>	<u>\$ (15,481,755)</u>	<u>\$ 53,891,713</u>	

In 2018, NCHC began planning for a significant master facility project at the Wausau campus. The project, which includes an aquatic pool and a redesign of the Wausau campus is expected to cost approximately \$73.3 million and is expected to be completed in 2022. The project will be financed with proceeds from an aquatic pool capital campaign and general obligation bonds issued by Marathon County. NCHC had commitments to this master facility plan project totaling \$44,700,000 at December 31, 2020.

Construction in progress at December 31, 2020 consisted primarily of master facility plan related costs.

Long-Term Debt

Pursuant to a resolution adopted on November 8, 2016, Lincoln County, Wisconsin (the County) authorized the issuance of \$7,000,000 Taxable Note Anticipation Notes (Series 2016 NANs) to provide interim financing for purposes of paying a portion of the cost of the construction of an addition to Pine Crest, renovation of a portion of the existing Pine Crest nursing home, and acquisition of related equipment. The Series 2016 NANs dated December 1, 2016, matured on March 1, 2017. On February 14, 2017, the County issued \$6,950,000 General Obligation Refunding Bonds (the Bonds) maturing December 1, 2036, and \$2,600,000 Note Anticipation Notes (the "Notes") maturing December 1, 2021 (collectively the Securities). Proceeds of the Securities were used to refund the Series 2016 NANs at maturity on March 1, 2017, with the remainder available to pay for costs of the construction project.

The Bonds carry interest rates ranging from 2.0 percent to 3.5 percent. The Bonds require semiannual interest only payments through June 1, 2018, and semiannual payments of interest and principal (with principal amounts varying from \$350,000 on December 1, 2019, to \$480,000 on December 1, 2036). The Notes carry an interest rate of 2.09 percent and require semiannual interest only payments with the balance due on December 1, 2021.

Marathon County

Notes to Financial Statements

December 31, 2020

Long-term debt consisted of the following at December 31, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Series 2017 General Obligation Refunding Bonds with interest of 2.78%	\$ 6,590,000	\$ -	\$ 360,000	\$ 6,230,000	\$ 370,000
Series 2017 Note Anticipation Notes with interest of 2.09%	2,600,000	-	-	2,600,000	2,600,000
Deferred amounts - Premium	338,499	-	30,527	307,972	-
Total	\$ 9,528,499	\$ -	\$ 390,527	\$ 9,137,972	\$ 2,970,000

Long-term debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,970,000	\$ 262,050	\$ 3,232,050
2022	315,000	185,950	500,950
2023	325,000	176,500	501,500
2024	335,000	166,750	501,750
2025	345,000	156,700	501,700
2026-2030	1,875,000	622,250	2,497,250
2031-2035	2,185,000	311,734	2,496,734
2036-2037	480,000	16,800	496,800
Total	\$ 8,830,000	\$ 1,898,734	\$ 10,728,734

Leases

Obligations Under Capital Leases

Obligations under capital leases consisted of an obligation for copiers, payable in 60 monthly installments of \$2,437 including interest, due August 2023.

Future minimum lease payments on the capital leases at December 31, 2020 are as follows:

2021	\$ 29,249
2022	29,249
2023	19,499
Total minimum lease payments	77,997
Amount representing interest	2,105
Present value of net minimum lease payments	75,892
Less current portion	27,987
Long-term obligations under capital leases	<u>\$ 47,905</u>

Marathon County

Notes to Financial Statements
December 31, 2020

Equipment under capital leases had a cost and net book value of \$130,361 and \$47,905 at December 31, 2020.

Compensated Absences

Compensated absences activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ <u>1,791,731</u>	\$ <u>2,353,882</u>	\$ <u>1,791,731</u>	\$ <u>2,353,882</u>	\$ <u>2,353,882</u>

Employee Retirement Plan - Wisconsin Retirement System (WRS)

For general employee retirement plan information, see Note 4. Below is information specific to NCHC.

At December 31, 2020, NCHC reported an asset of \$7,280,177 for its proportionate share of the net pension asset. The net pension asset was measured as of the calendar year that falls within NCHC's fiscal year and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation one year prior to that date rolled forward to the measurement date. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. NCHC's proportion of the net pension asset was based on NCHC's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, NCHC's proportion was .22577999% (a decrease of .00066174% from the prior year).

For the year ended December 31, 2020, NCHC recognized pension expense of \$2,206,101.

During the reporting period, the WRS recognized \$2,449,628 in contributions from the employer.

Marathon County

Notes to Financial Statements
December 31, 2020

At December 31, 2020, NCHC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,819,441	\$ -
Changes in assumptions	567,318	-
Net difference between projected and actual earnings on pension plan investments	-	14,883,272
Changes in proportion and differences between employer contributions and proportionate share of contributions	88,041	6,915,705
Employer contributions subsequent to the measurement date	<u>2,610,560</u>	<u>10,072</u>
Total	<u>\$ 17,085,360</u>	<u>\$ 21,809,049</u>

Deferred outflows of \$2,610,560 related to pension resulting from NCHC's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Years ending December 31:	Total
2020	\$ (2,170,535)
2021	(1,625,115)
2022	276,704
2023	(3,815,303)

Marathon County

Notes to Financial Statements
December 31, 2020

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents NCHC's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what NCHC's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
NCHC's proportionate share of the net pension (asset) liability	\$ 18,747,757	\$ (7,280,177)	\$ (26,739,052)

At December 31, 2020, NCHC reported a payable of \$593,829 for the outstanding amount of contributions to the pension plan.

Other Postemployment Benefits

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

The LRLIF is a multiple-employer cost-sharing defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Marathon County

Notes to Financial Statements

December 31, 2020

Contribution rates for the plan year reported as of December 31, 2020 are:

Coverage Type	Employer Contributions
25% Post Retirement Coverage	20% of Employee Contribution

During the year ended December 31, 2020, the LRIF recognized \$10,641 in contributions from the employer.

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the plan year ended December 31, 2019 are as listed below:

Life Insurance Employee Contribution Rates for the Plan Year		
Attained Age	Basic	Supplemental
Under 30	0.05	\$0.05
30-34	0.06	0.06
34-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

* Disabled members under age 70 receive a waiver-of-premium benefit.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2020, NCHC reported a liability of \$2,506,809 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. NCHC's proportion of the net OPEB liability was based on NCHC's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, NCHC's proportion was 0.58870230 percent, which was an increase of .04718830 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, NCHC recognized OPEB expense of \$773,551.

Marathon County

Notes to Financial Statements
December 31, 2020

At December 31, 2020, NCHC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 112,301
Net difference between projected and actual earnings on OPEB pension plan investments	924,773	178,949
Changes in assumptions	68,308	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	175,682	125,607
Employer contributions subsequent to the measurement date	8,285	-
Total	<u>\$ 1,177,048</u>	<u>\$ 416,857</u>

Deferred outflows of \$8,285 related to OPEB resulting from NCHC's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources
Years ending December 31:	
2020	\$ (128,605)
2021	(128,605)
2022	(123,507)
2023	(118,254)
2024	(103,492)
Thereafter	(149,443)

Actuarial Assumptions

The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2019
Measurement date of net OPEB liability (asset)	December 31, 2019
Actuarial cost method	Entry Age Normal
20-year tax-exempt municipal bond yield	2.74%
Long-Term expected rate of return	4.30%
Discount Rate:	2.90%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Marathon County

Notes to Financial Statements

December 31, 2020

Long-Term Expected Return on Plan Assets: The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carrier's general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investment). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return, and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2019

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. government bonds	Barclays Credit	45.00 %	2.12 %
U.S. long credit bonds	Barclays Long Credit	5.00	2.90
U.S. mortgages	Barclays MBS	55.00	1.53
Inflation			2.20
Long-term expected rate of return			4.25

Single Discount Rate

A single discount rate of 2.87 percent was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22 percent for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10 percent as of December 31, 2018, to 2.74 percent as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Marathon County

Notes to Financial Statements

December 31, 2020

Sensitivity of NCHC's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents NCHC's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what NCHC's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (1.87 percent) or 1 percentage point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
NCHC's proportionate share of the net OPEB liability	\$ 3,461,483	\$ 2,506,809	\$ 1,780,488

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

Charity Care

NCHC provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community including the health of low-income patients. Consistent with the mission of NCHC, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources.

Patients who meet certain criteria for community care, generally based on federal poverty guidelines, are provided care based on qualifying criteria as defined in NCHC's charity care policy and from applications completed by patients and their families.

The estimated cost of providing care to patients under NCHC's community care policy was approximately \$3,185,000 in 2020, calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charges associated with providing community care.

Related Party Transaction

NCHC 51.42/.437 operations are financed, in part, by Marathon, Langlade, and Lincoln Counties. Contributions for operations are based on NCHC budget amounts. A Joint County Human Services Agreement delineates the methodology for calculating each county's actual contribution and the resulting overpayment or underpayment for that particular year. NCHC also receives contributions from Marathon County and Lincoln County for the nursing home operations.

In 2020, NCHC received \$4,921,389, \$959,977, and \$150,876 from Marathon, Lincoln, and Langlade Counties, respectively, to assist in meeting operating costs and for additions and improvements to capital assets.

Land and buildings, with a cost of \$59,087,376 at December 31, 2020, utilized by the 51.42/.437 program and MVCC nursing home are held in title by Marathon County. These capital assets, net of accumulated depreciation, are included in the statement of net position under capital assets - net and in net position invested in capital assets. Depreciation on this property is included in the financial statements of NCHC.

Marathon County

Notes to Financial Statements

December 31, 2020

Land, buildings and equipment with a cost of \$20,542,722 at December 31, 2020, utilized by Pine Crest nursing home are held in title by Lincoln County. These capital assets, net of accumulated depreciation, are included in the statement of net position under capital assets - net and in net position invested in capital assets. Depreciation on this property is included in the financial statements of NCHC.

At December 31, 2020, NCHC had receivables due from Marathon County of \$641,408. At December 31, 2020, NCHC had amounts payable to Lincoln County of \$138,309. In addition, at December 31, 2020, NCHC had amounts due to Marathon County totaling \$28,137,785 for the master facility plan project previously discussed. Upon completion of the master facility plan project and approval of the previously noted master facility plan, the amounts due to Marathon County will be converted to an amortization schedule based on terms of general obligation bonds issued by Marathon County to finance the master facility plan project.

The City-County Information Technology Commission (the Commission) is a joint and cooperative agreement between Marathon County, the City of Wausau, and NCHC. The purpose of the commission is to provide for the implementation and operation of a cooperative data and management system and to foster efficiency in the provision of services under the direction of the governing Board of Commissioners. The CCITC is governed by an eight member Board of Commissioners consisting of the City of Wausau Mayor and Finance Director, Marathon County Chairman of the Board of Supervisors, County Administrator, and NCHC CEO and Finance Director. The Board of Commissioners has the authority to fix cost sharing charges for members in an amount sufficient to provide the funds required by the budget. Funding for services is recovered through three sources. The City, County, and NCHC split the operating costs not recovered through outside user fees 21 percent, 41 percent, and 38 percent, respectively. Each member pays one-third of capital costs, unless otherwise shown to benefit for only one owner. In 2020, NCHC paid \$1,610,479 to the Commission for services rendered. At December 31, 2020, NCHC had accounts payable due to CCITC totaling \$256,662.

Reimbursement Arrangement with Third-Party Payors

NCHC has agreements with third-party payors that provide for reimbursement to NCHC at amounts, which vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

Medicare

In 2020, approximately 23 percent of NCHC's revenues for services provided to patients whose bills are paid in whole or in part by the Medicare program.

Inpatient services rendered to Medicare program beneficiaries are paid based on prospectively determined rates based on a patient classification system. Outpatient services are paid primarily on prospectively determined rates also based on a patient classification system or fixed fee schedules. Nursing home resident care is paid based on a predetermined rate per inpatient day, which varies depending upon the patient's level of care and types of services provided.

Medicaid

In 2020, approximately 65 percent of NCHC's revenue was for services provided to patients whose bills are paid in whole or in part by the Medicaid program. Hospital and nursing home services rendered to Medicaid program beneficiaries are reimbursed primarily based upon prospectively determined rates which varies depending on the patient's level of care and types of services provided.

Marathon County

Notes to Financial Statements
December 31, 2020

Accounting for Contractual Adjustments

The hospital is reimbursed for cost-reimbursable items at an interim rate with final settlements determined after audit of NCHC's related annual cost reports by the Medicare fiscal intermediary. Estimated provisions to approximate the final expected settlements after review by the intermediary are included in the accompanying financial statements. The cost reports have been audited by the Medicare fiscal intermediary through December 31, 2018.

Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Violations of these laws and regulations could result in the imposition of fines and penalties, as well as repayments of previously billed and collected revenue from patient services. Management believes NCHC is in substantial compliance with current laws and regulations.

The Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) to search for potentially inaccurate Medicaid payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts. Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the providers' Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. NCHC has not been notified by the RAC of any potential significant reimbursement adjustments.

Patient Accounts Receivable - Net

Patient accounts receivable consisted of the following at December 31, 2020:

	<u>51.42/.437 Program</u>	<u>Nursing Home</u>	<u>Total</u>
Patient accounts receivable	\$ 4,281,518	\$ 2,550,067	\$ 6,831,585
Less allowance for doubtful accounts	(389,354)	(256,238)	(645,592)
Contractual adjustments	<u>(1,514,673)</u>	<u>(11,348)</u>	<u>(1,526,021)</u>
Patient accounts receivable, net	<u>\$ 2,377,491</u>	<u>\$ 2,282,481</u>	<u>\$ 4,659,972</u>

Marathon County

Notes to Financial Statements

December 31, 2020

Net Patient Service Revenue

Net patient service revenue consisted of the following at December 31, 2020:

	<u>51.42/.437 Program</u>	<u>Nursing Home</u>	<u>Total</u>
Gross patient service revenue:			
Medical assistance	\$ 31,323,997	\$ 24,654,320	\$ 55,978,317
Medicare	13,790,479	6,147,861	19,938,340
Private pay	4,182,648	2,338,332	6,520,980
Insurance and other	2,375,660	1,079,686	3,455,346
	<hr/>	<hr/>	<hr/>
Total	51,672,784	34,220,199	85,892,983
Less:			
Contractual adjustments	(18,681,407)	(3,698,112)	(22,379,519)
Provision for bad debts	(414,986)	(129,104)	(544,090)
	<hr/>	<hr/>	<hr/>
Net patient service revenue	<u>\$ 32,576,391</u>	<u>\$ 30,392,983</u>	<u>\$ 62,969,374</u>

Self-Funded Insurance

NCHC has a self-funded health insurance plan, which provides benefits to employees and their dependents. Health costs are expensed as incurred. Health expense is based upon claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. The health plan has reinsurance to cover catastrophic individual claims over \$225,000.

NCHC also has a self-funded dental insurance plan, which provides benefits to employees and their dependents. Dental costs are expensed as incurred. Dental expense is based upon claims paid, administration fees, and unpaid claims at year-end. The plan covers annual individual claims up to \$1,000 and has no reinsurance.

Unpaid health and dental claims liability activity for the years ended December 31, was as follows:

	<u>2020</u>	<u>2019</u>
Unpaid claims liability, beginning	\$ 670,000	\$ 847,000
Claims expense	7,965,002	7,871,471
Claim payments	(8,132,002)	(8,048,471)
	<hr/>	<hr/>
Unpaid claims liability, ending	<u>\$ 503,000</u>	<u>\$ 670,000</u>

Comprehensive General and Professional Liability Insurance

NCHC's comprehensive general liability insurance covers losses of up to \$1,000,000 per claim with \$3,000,000 annual aggregate for claims incurred during a policy year regardless of when the claim was filed (occurrence-based coverage). NCHC's professional liability insurance covers losses up to \$1,000,000 per claim with \$3,000,000 annual aggregate for claims reported during a policy year (claims-made coverage). NCHC also carries an umbrella liability policy of \$3,000,000 for claims reported during a policy year (claims-made coverage).

Marathon County

Notes to Financial Statements

December 31, 2020

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with NCHC. Although there exists the possibility of claims arising from services provided to patients through December 31, 2020 which have not yet been asserted, NCHC is unable to determine the ultimate costs, if any, of such possible claims and, accordingly, no provision has been made for them. These insurance policies are renewable annually and have been renewed by the insurance carrier for the annual period extending through January 1, 2022.

Concentration of Credit Risk

Financial instruments that potentially subject NCHC to credit risk consist principally of cash deposits in excess of insurance limits, investments of surplus operating funds, as previously discussed, and accounts receivable.

Patient accounts receivable consists of amounts due from patients, their insurers, or governmental agencies. NCHC grants credit to its patients, primarily residents of Langlade, Lincoln, and Marathon Counties for these services. NCHC is also required to meet the Wisconsin Statutes and Administrative Code under the Uniform Fee and Ability to Pay Provisions. The mix of receivables from patients and third-party payors was as follows at December 31, 2020:

Medicare	21 %
Medicaid	50
Private pay	16
Insurance and other	13
	<u>100 %</u>
Total	

Special Item

Effective January 1, 2020, Lincoln County entered into a management agreement with NCHC for management of Pine Crest, which is owned by Lincoln County. Under terms of the management agreement, NCHC assumed operational and management responsibility for Pine Crest and the majority of Pine Crest employees became employees of NCHC. As a result of this agreement, Pine Crest is reflected in the NCHC combined financial statements. The cumulative effect of this transaction is being reported as a special item.

Central Wisconsin Airport

This report contains the Central Wisconsin Airport (CWA), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Basis of Accounting/Measurement Focus

The CWA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

Deposits and Investments

At year-end, the carrying amount of the CWA's cash and cash equivalents was \$4,265,148 and is part of the County's commingled cash. See Note 3.

Marathon County

Notes to Financial Statements

December 31, 2020

Restricted Assets

The following represent the balances of the restricted assets:

Unspent Passenger Facility Charges

Used to finance various FAA approved construction projects.

The CWA had restricted assets from unspent passenger facility charges at December 31, 2020 of \$635,487.

Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 614,983	\$ -	\$ -	\$ 614,983	N/A
Construction in progress	5,875,526	5,013,330	-	10,888,856	N/A
Buildings	39,101,520	-	-	39,101,520	20-50
Improvements	54,460,551	25,109	-	54,485,660	2-20
Equipment	10,157,371	1,139,327	(51,949)	11,244,749	3-10
Less accumulated depreciation	(55,142,725)	(3,257,151)	36,399	(58,363,477)	
Total	\$ 55,067,226	\$ 2,920,615	\$ (15,550)	\$ 57,972,291	

Long-Term Obligations

CWA long-term obligations are payable by revenues from public charges for services. Long-term obligations activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation debt	\$ 5,470,000	\$ -	\$ 430,000	\$ 5,040,000	\$ 665,000
Add deferred amounts for premiums	61,592	-	7,692	53,900	-
Subtotal	5,531,592	-	437,692	5,093,900	665,000
Other liabilities:					
Vested compensated absences	218,588	21,861	26,231	214,218	25,706
Subtotal	218,588	21,861	26,231	214,218	25,706
Total	\$ 5,750,180	\$ 21,861	\$ 463,923	\$ 5,308,118	\$ 690,706

Marathon County

Notes to Financial Statements

December 31, 2020

Component Unit General Obligation Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance</u>
2010A General Obligation Promissory Note	12/15/2010	12/1/2025	2.0-4.0%	\$ 2,450,000	\$ 930,000
2012 General Obligation Promissory Note	12/27/2012	12/1/2028	2.0-3.38%	2,650,000	1,565,000
2015 General Obligation Bond	6/1/2015	12/1/2030	3.0-3.5%	2,545,000	<u>2,545,000</u>
Total component unit, general obligation debt					<u>\$ 5,040,000</u>

Marathon and Portage County are partners in cooperating and sharing costs of the airport as defined in an agreement signed July 18, 1967. The two counties have determined that lease revenue of the airport will be sufficient to fully pay the principal and interest when due. An agreement was entered into and approved by resolution during 2015 authorizing the terminal expansion and financing of these costs by the two counties.

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 665,000	\$ 165,462	\$ 830,462
2022	610,000	143,762	753,762
2023	620,000	123,662	743,662
2024	635,000	103,212	738,212
2025	650,000	82,262	732,262
2026-2030	<u>1,860,000</u>	<u>169,124</u>	<u>2,029,124</u>
Total	<u>\$ 5,040,000</u>	<u>\$ 787,484</u>	<u>\$ 5,827,484</u>

Employee Retirement System

The CWA employees are included in the Wisconsin Retirement System. Information on the net pension liability (asset) is provided in Note 4.

Lease Disclosures

Lessor-Operating Leases

The CWA leases farmland, terminal space, hanger space, and parking space. The cost of the leased space is \$13,423,812. The carrying amount of the leased space at CWA is \$4,536,706. The difference between the two figures is the accumulated depreciation of \$8,887,106. The future minimum lease receipts as of December 31, 2020 are as follows:

	<u>Principal</u>
Years ending December 31:	
2021	\$ 78,278
2022	76,716
2023	<u>55,236</u>
Total	<u>\$ 210,230</u>

Marathon County

Notes to Financial Statements
December 31, 2020

Children With Disabilities Education Board

This report contains the Children with Disabilities Education Board (CDEB), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Basis of Accounting/Measurement Focus

The CDEB follows the full accrual basis of accounting and the flow of economic resources measurement focus.

Deposits and Investments

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 960,707	\$ 1,207,686	Custodial credit
LGIP	<u>1,680,826</u>	<u>1,680,826</u>	Credit
Total deposits and investments	<u>\$ 2,641,533</u>	<u>\$ 2,888,512</u>	

Custodial Credit Risk

Deposits

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

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

Credit Risk

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

The CDEB held investments in the following external pool which was not rated:

Local Government Investment Pool

Restricted Assets

Restricted assets have been reported in connection with the net OPEB asset since this balance must be used to fund employee benefits.

Marathon County

Notes to Financial Statements
December 31, 2020

Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives (Years)</u>
Equipment	\$ 13,669	\$ -	\$ -	\$ 13,669	10
Less accumulated depreciation	<u>(5,468)</u>	<u>(2,734)</u>	<u>-</u>	<u>(8,202)</u>	
Total	<u>\$ 8,201</u>	<u>\$ (2,734)</u>	<u>\$ -</u>	<u>\$ 5,467</u>	

Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Vested compensated absences	\$ 40,881	\$ 123,953	\$ 40,881	\$ 123,953	\$ 123,953
Total	<u>\$ 40,881</u>	<u>\$ 123,953</u>	<u>\$ 40,881</u>	<u>\$ 123,953</u>	<u>\$ 123,953</u>

Employee Retirement System

For general employee retirement plan information, see Note 4. Below is information specific to CDEB.

At June 30, 2019, CDEB reported a liability/(asset) of (\$891,029) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The department's proportion of the net pension liability/(asset) was based on the department's share of Marathon County's contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, CDEB's proportion was .02763345 percent, which was an increase of .00059168 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, CDEB recognized pension expense of \$291,445. During the reporting period, the WRS recognized \$287,500 in contributions from the employer.

Marathon County

Notes to Financial Statements

December 31, 2020

At June 30, 2020, CDEB reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,691,376	\$ 846,420
Changes in actuarial assumptions	69,435	-
Net difference between projected and actual earnings on pension plan investments	-	1,821,579
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4,541
Employer contributions subsequent to the measurement date	170,350	-
Total	<u>\$ 1,931,161</u>	<u>\$ 2,672,540</u>

\$170,350 is reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date and will be recognized as a reduction to the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years ending June 30:	Total
2021	\$ (271,193)
2022	(202,542)
2023	30,687
2024	(468,681)

Sensitivity of the department's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
CDEB's proportionate share of the net pension liability (asset)	\$ 2,294,558	\$ (891,029)	\$ (3,272,621)

Lease Disclosures

CDEB leases office space from North Central Health Care on an annual basis. Rent expensed by CDEB for the current fiscal year totaled \$60,855.

Marathon County

Notes to Financial Statements
December 31, 2020

Postemployment Benefits Other Than Pensions

CDEB administers a single-employer defined benefit postemployment healthcare plan (the Retiree Health Plan). The plan provides health insurance contributions for eligible retirees through the department's group health insurance plan, which covers both active and retired members. Benefit provisions are established through employment agreements and state that eligible retirees qualify for benefits up to \$24,000 that may be used to pay for eligible medical expenses and insurance premium payments.

General Information About the OPEB Plan

Plan Membership

At June 30, 2020, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefit payments	-
Active plan members	<u>92</u>
Total	<u><u>92</u></u>

Contributions

The Board grants the authority to establish and amend the contribution requirements of the department and employees to the department OPEB plan. The Board establishes contributions based on status of the department OPEB plan. For the year ended June 30, 2020, CDEB did not make any contributions to the plan in the current year. Employees are not required to contribute to the plan.

Investments

Investment Policy

The CDEB's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk of investment principal. The Board has determined that CDEB's OPEB plan shall hold its funds in a fixed annuity account that earns a reasonable rate of return with a guarantee minimum rate of return of not less than three percent. The account shall be held with a major insurance company and rated at least A+ by A.M. Best, AA+ by Standard & Poor's, and Aa2 by Moody's.

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 4.35 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability/Asset

The CDEB's net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2018.

Marathon County

Notes to Financial Statements

December 31, 2020

Actuarial Assumptions

The total OPEB liability/asset in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	3.0%, plus merit increases based on years of service ranging from 0.2% to 5.6%
Investment rate of return	2.25%
Healthcare cost trend rates	7.5%, decreasing 0.5% per year to 6.5%, then by 0.1% per year to 5.0% and level thereafter

Mortality rates were based on the Wisconsin 2012 Mortality Table.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014.

Since plan assets are invested in a fixed interest account, the long-term expected rate of return on OPEB plan investments was based upon the 20-year AA municipal bond rate and applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.25 percent. This rate is equivalent to the Bond Buyer Go 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

Changes in the Net OPEB Liability/Asset

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance at June 30, 2019	\$ 341,705	\$ 459,288	\$ (117,583)
Changes for the year:			
Service cost	22,364	-	22,364
Interest	10,767	-	10,767
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions or other input	14,311	-	14,311
Net investment income	-	6,813	(6,813)
Benefit payments	(90,536)	(90,536)	-
Net changes	(43,094)	(83,723)	(40,629)
Balance at June 30, 2020	\$ 298,611	\$ 375,565	\$ (76,954)

Marathon County

Notes to Financial Statements
December 31, 2020

Sensitivity of the Net OPEB Liability (Asset) To Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the CDEB, as well as what the CDEB's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Net OPEB liability (asset)	\$ (65,364)	\$ (76,954)	\$ (88,426)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) of the department, as well as what the department's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Net OPEB liability (asset)	\$ (80,753)	\$ (76,954)	\$ (73,052)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the department reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,947	\$ -
Changes of assumptions or other input	13,417	16,096
Net difference between projected and actual earnings on OPEB plan investments	16,131	-
Total	<u>\$ 89,495</u>	<u>\$ 16,096</u>

Marathon County

Notes to Financial Statements

December 31, 2020

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources (Net)
Years ending June 30:	
2021	\$ 9,494
2022	9,493
2023	7,526
2024	5,506
2025	3,972
Thereafter	37,408

4. Other Information

Employees' Retirement System

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before December 31, 2016) are entitled to retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

Marathon County

Notes to Financial Statements

December 31, 2020

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

The WRS also provides death and disability benefits for employees.

Postretirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10)

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee-required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$2,660,702 in contributions from the County, and \$68,001 from the CWA.

Marathon County

Notes to Financial Statements
December 31, 2020

Contribution rates as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

Pension Liability / (Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows Related to Pensions

At December 31, 2020, the County reported a liability/(asset) of \$8,235,765 for its proportionate share of the net pension liability/(asset) and CWA reported a net pension asset of \$210,464 for its share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension liability/(asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the County's proportion was .255426200 percent, which was an increase of .0001293200 percent from its proportion measured as of December 31, 2019. The CWA's proportion was .0065280700 percent, which was an increase of .0000033100 percent from its proportioned measure.

For the year ended December 31, 2020, the County recognized pension expense of \$2,912,647 and CWA recognized pension expense of \$78,335.

Marathon County

Notes to Financial Statements
December 31, 2020

At December 31, 2020, the County and CWA reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>County Deferred Outflows of Resources</u>	<u>County Deferred Inflows of Resources</u>	<u>CWA Deferred Outflows of Resources</u>	<u>CWA Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,768,520	\$ 7,998,180	\$ 398,569	\$ 194,222
Changes in actuarial assumptions	651,636	-	15,679	-
Net differences between projected and actual earnings on pension plan investments	-	16,731,474	-	443,524
Changes in proportion and differences between employer contributions and proportionate share of contributions	30	42,929	(1)	1,062
Employer contributions subsequent to the measurement date	<u>2,734,524</u>	<u>-</u>	<u>69,682</u>	<u>-</u>
Total	<u>\$ 19,154,710</u>	<u>\$ 24,772,583</u>	<u>\$ 483,929</u>	<u>\$ 638,808</u>

\$2,734,524 for the County and \$69,682 for CWA reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Net County</u>	<u>Net CWA</u>
Years ending December 31:		
2021	\$ (2,471,984)	\$ (66,484)
2022	(1,846,213)	(49,654)
2023	279,717	7,523
2024	(4,313,917)	(115,946)

Marathon County

Notes to Financial Statements

December 31, 2020

Actuarial assumptions

The total pension asset in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

- * No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9 percent is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	3.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.5	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

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

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

Marathon County

Notes to Financial Statements

December 31, 2020

Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

Sensitivity of the County's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the County's and CWA's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.00 percent, as well as what the County's and CWA's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
County's proportionate share of the net pension liability/(asset)	\$ 21,209,447	\$ (8,235,765)	\$ (30,250,044)
CWA's proportionate share of the net pension liability/(asset)	542,062	(210,464)	(773,117)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/about-eft/reports-and-studies/financial-reports-and-statements>.

At December 31, 2020, the County reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The County participates in a public entity risk pool called to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and dental care of its employees. However, other risks, such as health care of its employees are accounted for and financed by the County in the employee benefit insurance fund.

Marathon County

Notes to Financial Statements
December 31, 2020

Public Entity Risk Pool

Wisconsin Municipal Mutual Insurance Company (WMMIC)

Wisconsin Municipal Mutual Insurance Company (WMMIC) was organized in 1987 by municipal members in the State of Wisconsin under Wisconsin Insurance Laws as a nonassessable municipal mutual insurance company. WMMIC writes general, auto and other liability insurance, and workers compensation insurance for participating members in the State of Wisconsin on terms calling recognition of premium upon the effective date of the policy. Responsibility for the operations and management of WMMIC is vested in its executive director and Board of Directors, which is comprised of various municipal officials. At December 31, 2020, WMMIC consisted of twenty members.

WMMIC limits the maximum net loss that can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels of risks with other insurers or reinsurers. Ceded reinsurance is treated as the risk and liability of the assuming companies. Such reinsurance includes all lines of insurance.

WMMIC had a general automobile and other liability reinsurance contract in force for the year ended. This is a quota share reinsurance agreement with General Reinsurance Corporation (60.0 percent) and Governmental Entities Mutual (GEM) Insurance Company (40.0 percent) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention of each member) which exceed \$1,500,000 per occurrence up to the maximum loss of \$10,000,000 per occurrence. WMMIC retains the first \$1,500,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$10,000,000 per occurrence or greater than \$15,000,000 of aggregate losses for public officials' liability only. GEM has established and funded a trust account for its anticipated loss obligations to WMMIC to satisfy state regulatory requirements due to its current status as an unauthorized reinsurer in Wisconsin.

WMMIC has contracted with Safety National to provide 100 percent reinsurance coverage for workers compensation insurance in excess of the members' self-insured retention limits, which are \$550,000 for all but one member that has a retention of \$650,000.

The County's investment in WMMIC is reported on the statement of net position as a deposit. The amount reported is the initial investment of \$1,519,000.

Property Insurance Fund

During 2016, the County joined the Municipal Property Insurance Company (MPIC). MPIC was formed by three municipal insurance companies: Wisconsin Municipal Mutual Insurance Company, Cities & Villages Mutual Insurance Company, and the League of Wisconsin Municipal Mutual Insurance. This coverage provides protection on a replacement cost basis with a \$25,000 deductible applying to buildings, contents, and property in the open losses and a \$5,000 deductible applying to contractor's equipment losses. Also, the County is self-funded for its fleet collision coverage. The annual actuarial evaluation conducted includes the same assurances for these coverages and is reflected in the liabilities of the Property Casualty Insurance Fund.

Marathon County

Notes to Financial Statements

December 31, 2020

The 2020 claims liability of \$2,086,338 reported in the Property Casualty Insurance fund at December 31, 2020 is based on the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Included in this liability is an amount of \$100,000, which is the estimated catastrophic load. The County does not allocate overhead costs or other nonincremental costs to the claims liabilities. The amount has been fully funded. Changes in the fund's claim liability amount for 2019 and 2020 are as follows:

	<u>Liability January 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability December 31</u>
2019	\$ 2,017,770	\$ 856,319	\$ (787,751)	\$ 2,086,338
2020	2,086,338	980,705	(980,705)	2,086,338

The County also purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are recorded as expenditures or expenses in various other funds of the County. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year. All funds of the County participate in the risk management program. Amounts payable to the fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. \$3,439,171 was assigned for that reserve at year-end, and is included in unrestricted net position of the Property Casualty Insurance internal service fund.

On January 1, 1992, the County combined its workers' compensation fund with the previously self-funded highway workers' compensation fund to create a single self-funded plan. All County employees (except volunteers) are covered to the statutory limits of coverage as set by the State of Wisconsin. The program is supplemented by excess liability protection, which limits the County's exposure to \$550,000 per claim/occurrence. The claims liability of \$1,423,276 reported in the Employee Benefits Insurance fund at December 31, 2020 is also based on the requirements of GASB.

Changes in the fund's claim liability amount for 2019 and 2020 are as follows:

	<u>Worker's Comp Liability January 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability December 31</u>
2019	\$ 2,013,768	\$ 72,596	\$ (314,554)	\$ 1,771,810
2020	1,771,810	(275,691)	(72,843)	1,423,276

Starting in 1992, the County conducts an annual actuarial evaluation of the individual employee benefit programs. The Loss Triangulation method was used for the calculations of the liability recorded by the Internal Service/Employee Benefits Insurance Fund including estimated settlements for claims reported but not settled as of December 31, 2020 as well as an estimate of claims incurred but not reported. A determination of the appropriate reserves was calculated and funding is assured at the 95th percentile and includes an estimate of catastrophic loss.

Marathon County

Notes to Financial Statements
December 31, 2020

Commitments and Contingencies

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

From time to time, the County is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the County attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

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

The County and North Central Community Services Program (NCCSP) are in the process of finalizing a ground facility lease and use agreement. When this agreement is finalized, it will require NCCSP to pay the County for costs the County incurred for improvements at the North Central Health Care (NCHC) campus. These improvements were financed with the issuance of the 2018, 2019 and 2020 promissory notes. As of December 31, 2020, the amount of costs accumulated for these improvements was approximately \$29.8M.

Related Organizations/Jointly Governed Organizations

City-County Information Technology Commission

The City-County Information Technology Commission (CCITC) is a joint function with Marathon County, the City of Wausau and NCHC to provide for the implementation and operation of a data and management information service. The CCITC is governed by an eight member board of Commissioners consisting of the City of Wausau Mayor and Finance Director, Marathon County chairman of the Board of Supervisors, County Administrator, NCHC CEO and Finance Director. To ensure a balance of influence on the Board of Commissioners, two members are appointed at large from within the County. These members must have a professional background in data processing services. The Board of Commissioners has the authority to fix cost sharing charges for members in an amount sufficient to provide the funds required by the budget. Funding for services is recovered through three sources. The City, County, and NCHC split the operating costs not recovered through outside user fees 21 percent, 41 percent, and 38 percent, respectively. Each member pays one-third of capital costs, unless otherwise shown to benefit for only one owner. Marathon County contributed \$1,480,069 for operating assessments, \$402,981 for maintenance support, and \$32,221 for capital contributions. The County has an equity interest of \$394,362 in the commission that is accounted for in the governmental activities.

Financial information of the CCITC as of December 31, 2020 is available directly from the commission's office.

Regional Planning Commission

The County, in conjunction with Vilas, Forest, Oneida, Lincoln, Langlade, Portage, Wood, Juneau, and Adams counties, and major cities within these counties, has created the North Central Wisconsin Regional Planning Commission (NCWRPC). NCWRPC's governing body is comprised of two members from each of the ten counties and a representative from each major city. The County's representatives are appointed by the County Board Chair and approved by the County Board. Marathon County's 2020 appropriation for NCWRPC was \$43,000.

Marathon County

Notes to Financial Statements
December 31, 2020

Aging and Disability Resources Center of Central Wisconsin

The Marathon County and Wood County, Lincoln County, and Wood County jointly operate the regional agency, which is called the Aging and Disability Resources Center of Central Wisconsin (ADRC-CW) and provides quality programs to enhance the quality of life for the aged and disabled residents of the four counties.

The governing body is made up of citizens from each community. Local representatives are appointed by the member counties. The governing body has authority to adopt its own budget and control the financial affairs of the district.

Financial information of the ADRC-CW as of December 31, 2020 is available directly from the ADRC-CW's office.

Under the terms of the agreement, the portion of the County funding to maintain and operate the ADRC-CW is the County's respective share of equalized value. Marathon County's share of funding based on equalized value is 46 percent. Marathon County paid \$395,367. The agreement can be terminated if sixteen months advance notice is given to the member counties.

Subsequent Events

The federal government passed the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The County's estimated award is \$26.3 million, which will be used to combat the negative effects of the public health emergency in the local economy. The County has received 50 percent of the funds in June 2021, with the remaining expected a year later. The funds are to cover costs incurred by December 31, 2024.

On March 17, 2021, the County issued general obligation notes, Series 2021A, in the amount of \$5,830,000 with an interest rate of 1.00 – 2.00 percent. This amount will be used to fund the County capital projects.

On March 17, 2021, the County issued general obligation notes, Series 2021B, in the amount of \$19,000,000 with an interest rate of 2.00 – 2.125 percent. This amount will be used to fund the health care building project.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*

Marathon County

Notes to Financial Statements
December 31, 2020

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32.*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

REQUIRED SUPPLEMENTARY INFORMATION

Marathon CountySchedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes:				
General property taxes	\$ 32,752,227	\$ 32,752,227	\$ 32,595,689	\$ (156,538)
Forest crop taxes	65,300	65,300	189,399	124,099
Transfer tax	350,000	350,000	441,664	91,664
Sales tax	13,479,150	13,479,150	13,699,878	220,728
Interest on delinquent taxes	800,000	800,000	658,797	(141,203)
Penalties on delinquent taxes	400,000	400,000	327,371	(72,629)
Total taxes	47,846,677	47,846,677	47,912,798	66,121
Intergovernmental grants and aids:				
Wisconsin shared revenue	6,048,446	6,048,446	5,702,642	(345,804)
Exempt computer aid	335,792	335,792	602,658	266,866
Environmental impact fee	-	-	59,902	59,902
Federal grants	235,020	441,542	2,987,723	2,546,181
State grants	3,883,498	6,857,958	4,827,115	(2,030,843)
Local government grants	97,305	58,521	22,960	(35,561)
Total intergovernmental grants and aids	10,600,061	13,742,259	14,203,000	460,741
Licenses and permits:				
Licenses	49,200	49,200	38,635	(10,565)
Permits	347,150	347,150	398,180	51,030
Total licenses and permits	396,350	396,350	436,815	40,465
Fines and forfeitures:				
County ordinance fines and forfeitures	169,312	169,312	118,210	(51,102)
County share of state fines and forfeitures	498,626	608,626	494,243	(114,383)
Total fines and forfeitures	667,938	777,938	612,453	(165,485)
Public charges for services:				
General government:				
Recording fees	318,000	318,000	430,595	112,595
Certified copies	76,000	76,000	80,703	4,703
Land record fees	84,346	84,346	198,902	114,556
Court fees and costs	759,000	759,000	767,233	8,233
Other charges	527,206	527,206	496,866	(30,340)
Total general government	1,764,552	1,764,552	1,974,299	209,747
Public safety:				
Board of prisoners	309,000	309,000	320,016	11,016
Processing fees	180,000	180,000	87,619	(92,381)
Other charges	628,575	628,575	488,193	(140,382)
Total public safety	1,117,575	1,117,575	895,828	(221,747)

See notes to required supplementary information

Marathon County

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - General Fund
 Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Health:				
General health	\$ 9,500	\$ 9,500	\$ 5,991	\$ (3,509)
Lab contract work	93,407	93,407	85,761	(7,646)
Environmental permits	516,000	516,000	484,487	(31,513)
Other charges	94,810	94,810	59,906	(34,904)
Total health	713,717	713,717	636,145	(77,572)
Social services	5,000	5,000	1,701	(3,299)
Library	67,000	67,000	16,929	(50,071)
Recreation and public areas:				
Camping fees	183,400	183,400	249,198	65,798
Park concessions	37,448	37,448	7,165	(30,283)
Shelter rental and forfeitures	28,000	28,000	16,094	(11,906)
Fairgrounds building rents	102,800	102,800	33,664	(69,136)
Organized hockey rents	225,000	225,000	228,662	3,662
Cross country fees	69,908	69,908	69,646	(262)
Other charges	355,375	442,777	286,891	(155,886)
Total recreation and public areas	1,001,931	1,089,333	891,320	(198,013)
Education	21,900	21,900	11,964	(9,936)
Conservation:				
Forest resources	351,500	351,500	427,030	75,530
Agricultural resources	37,750	37,750	37,883	133
Total conservation	389,250	389,250	464,913	75,663
Total public charges for services	5,080,925	5,168,327	4,893,099	(275,228)
Intergovernmental charges for services:				
State and federal	541,237	541,237	597,433	56,196
Local districts:				
General government	106,592	106,592	82,590	(24,002)
Register of deeds services	75,000	75,000	107,227	32,227
Postage	60,000	60,000	35,720	(24,280)
Telephone	8,000	8,000	2,179	(5,821)
Sheriff's services	321,840	321,840	304,090	(17,750)
Other charges	327,601	327,601	628,725	301,124
Local departments	466,132	467,132	300,266	(166,866)
Total intergovernmental charges for services	1,906,402	1,907,402	2,058,230	150,828
Miscellaneous revenue:				
Investment income	466,135	466,135	768,058	301,923
Rental income	929,973	929,973	822,177	(107,796)
Donations	368,942	357,719	319,812	(37,907)
Other revenues	2,335,529	3,557,156	646,677	(2,910,479)
Total miscellaneous revenue	4,100,579	5,310,983	2,556,724	(2,754,259)
Total revenues	\$ 70,598,932	\$ 75,149,936	\$ 72,673,119	\$ (2,476,817)

See notes to required supplementary information

Marathon County

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - General Fund

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
General government:				
Legislative:				
Personal services	\$ 336,642	\$ 336,642	\$ 380,397	\$ (43,755)
Contractual services	47,900	117,560	43,032	74,528
Materials and supplies	91,000	91,000	51,375	39,625
Total legislative	475,542	545,202	474,804	70,398
Judicial:				
Personal services	2,864,520	2,864,520	2,693,892	170,628
Contractual services	1,183,620	1,183,620	1,154,906	28,714
Materials and supplies	93,450	93,450	98,077	(4,627)
Fixed charges	4,803	4,803	2,553	2,250
Total judicial	4,146,393	4,146,393	3,949,428	196,965
Executive:				
Personal services	474,086	474,086	391,442	82,644
Contractual services	62,650	62,650	47,279	15,371
Materials and supplies	39,546	39,546	13,290	26,256
Grants and contributions	228,133	228,133	232,573	(4,440)
Total executive	804,415	804,415	684,584	119,831
General administration:				
Personal services	772,357	772,357	789,452	(17,095)
Contractual services	255,350	255,350	182,908	72,442
Materials and supplies	363,450	363,450	291,868	71,582
Total general administration	1,391,157	1,391,157	1,264,228	126,929
Financial administration:				
Personal services	1,140,700	1,140,700	958,671	182,029
Contractual services	189,800	189,800	134,676	55,124
Materials and supplies	60,000	60,000	30,166	29,834
Fixed charges	-	-	492,075	(492,075)
Grants and contributions	8,757,477	8,757,477	8,428,772	328,705
Total financial administration	10,147,977	10,147,977	10,044,360	103,617
Legal:				
Personal services	1,910,956	1,910,956	1,870,238	40,718
Contractual services	62,340	62,340	34,156	28,184
Materials and supplies	94,164	94,164	62,374	31,790
Total legal	2,067,460	2,067,460	1,966,768	100,692
Property records and control:				
Personal services	475,814	475,814	428,777	47,037
Contractual services	41,900	41,900	886	41,014
Materials and supplies	29,875	29,875	31,431	(1,556)
Fixed charges	1,200	1,200	-	1,200
Total property records and control	548,789	548,789	461,094	87,695

See notes to required supplementary information

Marathon County

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - General Fund

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
County planning and zoning:				
Personal services	\$ 1,864,180	\$ 1,864,180	\$ 1,783,473	\$ 80,707
Contractual services	548,748	639,011	392,689	246,322
Materials and supplies	98,075	99,706	68,068	31,638
Fixed charges	5,438	5,438	5,438	-
Grants and contributions	112,500	112,500	138,851	(26,351)
Total county planning and zoning	<u>2,628,941</u>	<u>2,720,835</u>	<u>2,388,519</u>	<u>332,316</u>
Building maintenance:				
Personal services	2,478,265	2,478,265	2,258,124	220,141
Contractual services	1,899,330	1,941,959	1,716,833	225,126
Materials and supplies	203,510	203,510	154,650	48,860
Fixed charges	36,907	36,907	14,785	22,122
Capital outlay	317,600	317,600	296,949	20,651
Total building maintenance	<u>4,935,612</u>	<u>4,978,241</u>	<u>4,441,341</u>	<u>536,900</u>
Total general government	<u>27,146,286</u>	<u>27,350,469</u>	<u>25,675,126</u>	<u>1,675,343</u>
Public safety:				
Sheriff:				
Personal services	12,435,943	12,559,167	13,220,077	(660,910)
Contractual services	671,848	1,083,482	1,176,300	(92,818)
Materials and supplies	967,507	1,237,084	1,075,380	161,704
Fixed charges	67,973	67,973	75,255	(7,282)
Grants and contributions	3,600	45,822	88,207	(42,385)
Capital outlay	-	156,806	119,465	37,341
Total sheriff	<u>14,146,871</u>	<u>15,150,334</u>	<u>15,754,684</u>	<u>(604,350)</u>
Emergency services:				
Personal services	207,133	207,133	261,316	(54,183)
Contractual services	414,400	14,400	180,613	(166,213)
Materials and supplies	85,900	86,900	368,882	(281,982)
Fixed charges	5,500	5,500	5,130	370
Grants and contributions	22,500	25,000	11,349	13,651
Total emergency services	<u>735,433</u>	<u>338,933</u>	<u>827,290</u>	<u>(488,357)</u>
Adult corrections:				
Personal services	5,698,115	5,698,115	4,507,741	1,190,374
Contractual services	4,784,759	4,784,759	3,980,464	804,295
Materials and supplies	271,081	268,429	260,751	7,678
Fixed charges	32,800	32,800	39,633	(6,833)
Capital outlay	3,000	188,000	341,539	(153,539)
Total adult corrections	<u>10,789,755</u>	<u>10,972,103</u>	<u>9,130,128</u>	<u>1,841,975</u>

See notes to required supplementary information

Marathon County

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - General Fund

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
Juvenile corrections:				
Contractual services	\$ 49,800	\$ 49,800	\$ 38,513	\$ 11,287
Materials and supplies	12,734	12,734	7,433	5,301
Total juvenile corrections	62,534	62,534	45,946	16,588
Shelter home:				
Personal services	536,472	536,472	436,058	100,414
Materials and supplies	1,000	1,000	30	970
Total shelter home	549,972	549,972	447,593	102,379
Total public safety	26,284,565	27,073,876	26,205,641	868,235
Health:				
Personal services	3,422,452	4,851,235	3,275,592	1,575,643
Contractual services	1,011,601	1,905,925	1,777,425	128,500
Materials and supplies	223,779	880,344	288,150	592,194
Total health	4,657,832	7,637,504	5,341,167	2,296,337
Social services:				
Veterans:				
Personal services	218,116	218,116	219,454	(1,338)
Contractual services	5,100	5,100	3,456	1,644
Materials and supplies	11,400	11,400	7,481	3,919
Grants and contributions	550	24,760	4,946	19,814
Total veterans	235,166	259,376	235,337	24,039
Total social services	235,166	259,376	235,337	24,039
Leisure activities and education:				
Library:				
Personal services	2,856,518	2,856,518	2,584,951	271,567
Contractual services	242,500	242,500	228,069	14,431
Materials and supplies	605,703	594,256	494,031	100,225
Fixed charges	80,050	80,050	86,921	(6,871)
Total library	3,784,771	3,773,324	3,393,972	379,352

See notes to required supplementary information

Marathon County

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - General Fund

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
Public areas:				
Personal services	\$ 2,281,622	\$ 2,281,622	\$ 2,066,618	\$ 215,004
Contractual services	1,778,669	1,805,008	1,243,098	561,910
Materials and supplies	604,105	691,507	567,951	123,556
Fixed charges	147,200	147,200	34,374	112,826
Capital outlay	266,028	266,028	63,140	202,888
Total public areas	5,077,624	5,191,365	3,975,181	1,216,184
University extension program:				
Personal services	103,080	103,080	74,041	29,039
Contractual services	178,550	178,550	173,088	5,462
Materials and supplies	105,882	173,424	25,169	148,255
Total university extension program	387,512	455,054	272,298	182,756
Total leisure activities and education	9,249,907	9,419,743	7,641,451	1,778,292
Conservation and economic development:				
Forest resources:				
Personal services	92,472	132,472	81,045	51,427
Contractual services	104,318	104,318	23,762	80,556
Materials and supplies	7,310	7,310	-	7,310
Fixed charges	3,898	3,898	746	3,152
Capital outlay	525,721	525,721	345,919	179,802
Total forest resources	733,719	773,719	451,472	322,247
Agricultural resources:				
Personal services	197,629	301,238	255,753	45,485
Contractual services	62,000	72,000	104,427	(32,427)
Materials and supplies	71,386	137,714	41,446	96,268
Grants and contributions	208,820	288,656	226,787	61,869
Total agricultural resources	539,835	799,608	628,413	171,195
Total conservation and economic development	1,273,554	1,573,327	1,079,885	493,442
Capital outlay:				
Capital projects:				
Contractual services	100,000	100,000	38,134	61,866
Capital outlay	155,702	155,702	135,820	19,882
Total capital outlay	255,702	255,702	173,954	81,748
Total expenditures	69,103,012	73,569,997	66,352,561	7,217,436
Excess of Revenues Over Expenditures	1,495,920	1,579,939	6,320,558	4,740,619

See notes to required supplementary information

Marathon County

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - General Fund

Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources and Uses				
Transfers in:				
Capital Improvement Fund	\$ 298,379	\$ 298,379	\$ 298,379	\$ -
Sales of capital assets	4,500	4,500	6,378	1,878
State loan program debt issued	14,822	14,822	14,811	(11)
Transfers out:				
Capital Improvement Fund	(1,463,621)	(1,547,640)	(1,958,621)	(410,981)
Employee Benefits Fund	(804,692)	(804,692)	-	804,692
Total other financing sources and uses	<u>(1,950,612)</u>	<u>(2,034,631)</u>	<u>(1,639,053)</u>	<u>395,578</u>
Net change in fund balance	(454,692)	(454,692)	4,681,505	5,136,197
Fund Balance, Beginning	<u>45,947,911</u>	<u>45,947,911</u>	<u>45,947,911</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 45,493,219</u>	<u>\$ 45,493,219</u>	<u>\$ 50,629,416</u>	<u>\$ 5,136,197</u>

See notes to required supplementary information

Marathon CountySchedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Social Improvement Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
General property taxes	\$ 7,904,594	\$ 7,904,594	\$ 7,904,594	\$ -
Intergovernmental grants and aids:				
Federal grants	1,347,286	1,347,286	1,130,396	(216,890)
State grants:				
Provided services and administration	5,075,280	5,155,280	4,910,256	(245,024)
Special services	6,893,721	7,073,830	5,581,605	(1,492,225)
Other revenues	256,474	256,474	392,564	136,090
Total intergovernmental grants and aids	13,572,761	13,832,870	12,014,821	(1,818,049)
Public charges for services:				
General government	9,200	9,200	8,853	(347)
Social services	398,100	398,100	479,241	81,141
Total public charges for services	407,300	407,300	488,094	80,794
Miscellaneous revenue:				
Interest income	34,000	34,000	222,516	188,516
Other revenues	186,848	186,848	-	(186,848)
Total miscellaneous revenue	220,848	220,848	222,516	1,668
Total revenues	22,105,503	22,365,612	20,630,025	(1,735,587)
Expenditures				
Social services:				
Personal services	9,569,982	9,641,982	8,835,327	806,655
Contractual services	803,616	811,616	471,235	340,381
Materials and supplies	360,458	360,458	183,564	176,894
Fixed charges	297,671	297,671	310,285	(12,614)
Grants and contributions	10,799,620	10,979,729	7,436,354	3,543,375
Total expenditures	21,831,347	22,091,456	17,236,765	4,854,691
Excess of revenues over expenditures	274,156	274,156	3,393,260	3,119,104
Other Financing Uses				
Transfers out:				
Capital improvement fund	(942,141)	(942,141)	(942,141)	-
Total other financing uses	(942,141)	(942,141)	(942,141)	-
Net change in fund balance	(667,985)	(667,985)	2,451,119	3,119,104
Fund Balance, Beginning	5,158,268	5,158,268	5,158,268	-
Fund Balance, Ending	\$ 4,490,283	\$ 4,490,283	\$ 7,609,387	\$ 3,119,104

See notes to required supplementary information

Marathon County

Schedule of Proportionate Share of the Net Pension (Asset)/Liability -
Wisconsin Retirement System
Year Ended December 31, 2020

	<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension (Asset)/Liability</u>	<u>Proportionate Share of the Net Pension (Asset)/Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
County	12/31/20	0.255426200%	\$ (8,235,765)	\$ 37,615,420	21.89%	102.96%
County	12/31/19	0.259975017%	9,249,121	37,251,102	24.83%	96.45%
County	12/31/18	0.257342718%	(7,640,810)	36,019,977	21.21%	102.93%
County	12/31/17	0.252273859%	2,079,395	35,060,575	5.93%	99.12%
County	12/31/16	0.250021250%	4,062,797	33,800,281	12.02%	98.20%
County	12/31/15	0.251000350%	(6,165,255)	33,120,068	18.61%	102.74%
Component Unit - CWA	12/31/20	0.006528072%	(210,464)	961,359	21.89%	102.96%
Component Unit - CWA	12/31/19	0.006401658%	228,031	925,329	24.61%	96.45%
Component Unit - CWA	12/31/18	0.006392504%	(189,801)	946,767	20.05%	102.93%
Component Unit - CWA	12/31/17	0.006630890%	54,633	884,567	6.18%	99.12%
Component Unit - CWA	12/31/16	0.006307952%	102,503	852,768	12.02%	98.20%
Component Unit - CWA	12/31/15	0.006297910%	(154,694)	831,021	18.61%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System
Year Ended December 31, 2020

	<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
County	12/31/20	\$ 2,734,524	\$ 2,734,524	\$ -	\$ 34,378,913	7.95%
County	12/31/19	2,651,892	2,651,892	-	34,585,023	7.67%
County	12/31/18	2,660,983	2,660,983	-	34,026,814	7.82%
County	12/31/17	2,608,893	2,608,893	-	33,129,952	7.87%
County	12/31/16	2,419,452	2,419,452	-	32,323,523	7.49%
County	12/31/15	2,416,617	2,416,617	-	33,800,281	7.15%
Component Unit - CWA	12/31/20	69,682	69,682	-	878,641	7.93%
Component Unit - CWA	12/31/19	67,769	67,769	-	851,626	7.67%
Component Unit - CWA	12/31/18	65,605	65,605	-	845,241	7.76%
Component Unit - CWA	12/31/17	64,806	64,806	-	870,804	7.87%
Component Unit - CWA	12/31/16	63,568	63,568	-	815,512	7.49%
Component Unit - CWA	12/31/15	60,970	60,970	-	852,768	7.15%

See notes to required supplementary information

Marathon County

Notes to Required Supplementary Information
December 31, 2020

1. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

A budget has been adopted for all funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The County may authorize transfers of budgeted amounts within the departments. Transfers between departments and changes to the overall budget must be approved by 10% of the apportionment unit.

Appropriations lapse at year-end unless specifically carried over. There were no carryovers for 2020. Budgets are adopted at the agency level of expenditure.

The County uses the following procedures when establishing budgetary data reflected in the financial statements:

1. In July, the department heads submit budget requests to the County Administrator.
2. In August and September, the Finance, Property & Facilities Committee reviews the County Administrator's proposed budget.
3. In October, the County Administrator submits to the County Board of Supervisors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
4. A public hearing is conducted on the second Tuesday in November to obtain taxpayer comments. The budget is then legally enacted through passage of an ordinance on the following Thursday.
5. The Finance, Property & Facilities Committee is authorized to transfer budget amounts between and within departments; however, any revisions that alter total expenditures at the agency level or authorize funds to be spent out of the Contingent Fund must be approved by the County Board of Supervisors.
6. The budgets for the general, special revenue, debt service, and capital project funds are legally adopted on a basis consistent with GAAP.
7. The County Board of Supervisors adopts a budget for all funds classified as governmental fund types including those with zero budgets.

In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements and schedules represent the final authorized amounts or the modified budget.

Marathon County

Notes to Required Supplementary Information
December 31, 2020

County policy requires that budgeted revenues and appropriations for the ensuing year be established on a modified accrual basis of accounting controlled by appropriation unit within an agency within a fund and approved by the County Board. Budget is defined as the originally approved budget, plus or minus approved revisions and modifications. Expenditures cannot legally exceed appropriations at the agency level. An agency is an organizational unit and is defined as follows:

- Departments within the general government function of the General Fund;
- Public safety;
- Health;
- Social Services;
- Leisure activities and education;
- Conservation and economic development;
- Each special revenue fund;
- Each capital project fund; and
- Debt Service fund.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund, special revenue funds, and capital project funds. Only those encumbrances that will be honored are appropriated in the following year's budget and are recorded as expenditures when purchased in the following year. All remaining encumbrances lapse at year-end.

All unexpended appropriations also lapse at year-end. Exceptions to this exist for capital projects near completion, special revenue funds, grants operating on other than a calendar year basis, encumbrances, and selected accounts within the General Fund which are reappropriated in the following year's budget. The County Board, by resolution, gave the Finance, Property and Facilities Committee the authorization for the carry forward of prior year's unexpended appropriations to the ensuing year.

2. Wisconsin Retirement System

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

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

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

Changes in Assumptions. No significant change in assumptions were noted from the prior year.

SUPPLEMENTARY INFORMATION

Marathon County

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget
and Actual - Capital Improvements Fund - Major Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Miscellaneous revenues:				
Investment income	\$ 150,000	\$ 223,977	\$ -	\$ (223,977)
Miscellaneous	-	-	1,752,170	1,752,170
Total revenues	<u>150,000</u>	<u>223,977</u>	<u>1,752,170</u>	<u>1,528,193</u>
Expenditures				
Capital outlay	2,178,657	4,871,309	35,200,787	(30,329,478)
Debt issuance costs	-	-	154,452	(154,452)
Total expenditures	<u>2,178,657</u>	<u>4,871,309</u>	<u>35,355,239</u>	<u>(30,483,930)</u>
Deficiency of revenues over expenditures	<u>(2,028,657)</u>	<u>(4,647,332)</u>	<u>(33,603,069)</u>	<u>(28,955,737)</u>
Other Financing Sources (Uses)				
Transfers in:				
General fund	1,463,621	1,547,640	1,958,621	410,981
Social improvement fund	942,141	942,141	942,141	-
Sale of capital assets	-	-	392	392
General obligation debt issued	-	-	26,345,000	26,345,000
Premium on debt issued	-	-	105,327	105,327
Transfers out:				
General fund	(298,379)	(298,379)	(298,379)	-
County highway fund	(316,602)	(316,602)	(316,602)	-
Total other financing sources (uses)	<u>1,790,781</u>	<u>1,874,800</u>	<u>28,736,500</u>	<u>26,861,700</u>
Net change in fund balance	<u>(237,876)</u>	<u>(2,772,532)</u>	<u>(4,866,569)</u>	<u>(2,094,037)</u>
Fund Balance, Beginning	<u>8,749,095</u>	<u>8,749,095</u>	<u>8,749,095</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 8,511,219</u>	<u>\$ 5,976,563</u>	<u>\$ 3,882,526</u>	<u>\$ (2,094,037)</u>

Marathon County

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Debt Service Fund

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,709,431	\$ 1,709,431	\$ 1,709,431	\$ -
Public charges for services	150,000	150,000	105,682	(44,318)
Miscellaneous revenues	-	-	137,667	137,667
Total revenues	<u>1,859,431</u>	<u>1,859,431</u>	<u>1,952,780</u>	<u>93,349</u>
Expenditures				
Debt service:				
Principal	1,850,000	1,850,000	1,537,165	312,835
Interest	9,431	9,431	311,636	(302,205)
Total expenditures	<u>1,859,431</u>	<u>1,859,431</u>	<u>1,848,801</u>	<u>10,630</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>103,979</u>	<u>82,719</u>
Other Financing Sources				
Premium on debt issued	-	-	507,811	507,811
Net change in fund balance	-	-	611,790	611,790
Fund Balance, Beginning	<u>1,945,795</u>	<u>1,945,795</u>	<u>1,945,795</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,945,795</u>	<u>\$ 1,945,795</u>	<u>\$ 2,557,585</u>	<u>\$ 611,790</u>

Marathon County

Combining Statement of Net Position

Internal Service Funds

December 31, 2020

	Property Casualty Insurance	Employee Benefits Insurance	Totals
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and investments	\$ 8,362,430	\$ 10,421,307	\$ 18,783,737
Accounts receivable (net of allowance)	10,386	100,552	110,938
Total current assets	8,372,816	10,521,859	18,894,675
Noncurrent Assets			
Restricted assets:			
Net pension asset	9,382	24,525	33,907
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000
Total noncurrent assets	1,528,382	24,525	1,552,907
Capital Assets			
Equipment	53,868	4,598	58,466
Less accumulated depreciation	(53,868)	(4,598)	(58,466)
Net capital assets	-	-	-
Total noncurrent assets	1,528,382	24,525	1,552,907
Total assets	9,901,198	10,546,384	20,447,582
Deferred Outflows of Resources			
Pension related amounts	24,813	62,738	87,551
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities			
Accounts payable	107,111	15,174	122,285
Accrued items	-	57,705	57,705
Compensated absences	2,595	6,029	8,624
Total current liabilities	109,706	78,908	188,614
Long-Term Liabilities			
Accrued liability, claims payable	2,086,338	1,423,276	3,509,614
Compensated absences	23,351	54,264	77,615
Total long-term liabilities	2,109,689	1,477,540	3,587,229
Total liabilities	2,219,395	1,556,448	3,775,843
Deferred Inflows of Resources			
Pension related amounts	22,373	124,482	146,855
Net Position			
Restricted for pension	9,382	24,525	33,907
Unrestricted	7,674,861	8,903,667	16,578,528
Total net position	\$ 7,684,243	\$ 8,928,192	\$ 16,612,435

Marathon County

Combining Statement of Revenues, Expenses and Changes

In Net Position - Internal Service Funds

Year Ended December 31, 2020

	Property Casualty Insurance	Employee Benefits Insurance	Totals
Operating Revenues			
Interdepartmental charges for services	\$ 1,070,264	\$ 13,202,818	\$ 14,273,082
Total operating revenues	<u>1,070,264</u>	<u>13,202,818</u>	<u>14,273,082</u>
Operating Expenses			
Salaries and benefits	65,990	992,660	1,058,650
Contractual services	6,983	415,094	422,077
Materials and supplies	1,565	2,238	3,803
Insurance and claims	980,705	12,078,683	13,059,388
Loss and loss adjustment expense	102	(348,534)	(348,432)
Insurance and administration costs	-	680,815	680,815
Total operating expenses	<u>1,055,345</u>	<u>13,820,956</u>	<u>14,876,301</u>
Operating income (loss)	<u>14,919</u>	<u>(618,138)</u>	<u>(603,219)</u>
Nonoperating Revenues			
Investment income	301,934	379,249	681,183
Insurance recoveries	19,279	7,194	26,473
Other income	-	21,820	21,820
Total nonoperating revenues	<u>321,213</u>	<u>408,263</u>	<u>729,476</u>
Change in net position	<u>336,132</u>	<u>(209,875)</u>	<u>126,257</u>
Net Position, Beginning	<u>7,348,111</u>	<u>9,138,067</u>	<u>16,486,178</u>
Net Position, Ending	<u><u>\$ 7,684,243</u></u>	<u><u>\$ 8,928,192</u></u>	<u><u>\$ 16,612,435</u></u>

Marathon County

Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2020

	Property Casualty Insurance	Employee Benefits Insurance	Totals
Cash Flows From Operating Activities			
Collections from departments and other insurance purchasers	\$ 1,089,543	\$ 13,221,666	\$ 14,311,209
Cash paid to employees for services	(65,990)	(992,660)	(1,058,650)
Cash paid to suppliers for goods and services	(970,619)	(13,149,665)	(14,120,284)
Net cash provided (used) by operating activities	52,934	(920,659)	(867,725)
Cash Flows From Investing Activities			
Interest received on investments	301,934	379,249	681,183
Net increase in cash and cash equivalents	354,868	(541,410)	(186,542)
Cash and Cash Equivalents, Beginning	8,007,562	10,962,717	18,970,279
Cash and Cash Equivalents, Ending	<u>\$ 8,362,430</u>	<u>\$ 10,421,307</u>	<u>\$ 18,783,737</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 14,919	\$ (618,138)	\$ (603,219)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Insurance recoveries	19,279	7,194	26,473
Other income	-	21,820	21,820
Effects of (increase) decrease in operating assets, deferred outflows, and increase (decrease) in operating liabilities and deferred inflows:			
Accounts receivable	17,514	(10,166)	7,348
Accounts payable	-	11,997	11,997
Pension related deferrals and liabilities	102	(3,011)	(2,909)
Compensated absences	1,120	18,179	19,299
Accrued liabilities, claims payable	-	(348,534)	(348,534)
Net cash provided (used) by operating activities	<u>\$ 52,934</u>	<u>\$ (920,659)</u>	<u>\$ (867,725)</u>
Noncash Investing, Capital and Noncapital Financing Activities			
None			

Marathon County

Combining Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2020

	Custodial Funds			Total Custodial Funds
	ADRC-W	Sheriff Inmate	Clerk of Courts	
Assets				
Cash and investments	\$ -	\$ 61,493	\$ 1,625,587	\$ 1,687,080
Receivables:				
Accounts receivable	32,281	-	-	32,281
Due from other governments	975,631	-	-	975,631
Total assets	1,007,912	61,493	1,625,587	2,694,992
Liabilities				
Accounts payable	131,258	-	-	131,258
Accrued liabilities	7,439	-	-	7,439
Due to other governmental units	416,741	-	1,625,587	2,042,328
Deposits	2,744	-	-	2,744
Other long term liabilities	218,595	-	-	218,595
Held for inmates	-	61,493	-	61,493
Total liabilities	776,777	61,493	1,625,587	2,463,857
Net Position				
Restricted	\$ 231,135	\$ -	\$ -	\$ 231,135

Marathon County

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2020

	Custodial Funds			Total Custodial Funds
	ADRC-W	Sheriff Inmate	Clerk of Courts	
Additions				
Fines and forfeitures, traffic, bonds and other court items	\$ -	\$ -	\$ 5,890,598	\$ 5,890,598
Inmate deposits	-	1,302,143	-	1,302,143
Intergovernmental	6,186,503	-	-	6,186,503
Donations	500,607	-	-	500,607
Investment income (loss)	(1,660)	-	-	(1,660)
Total additions	<u>6,685,450</u>	<u>1,302,143</u>	<u>5,890,598</u>	<u>13,878,191</u>
Deductions				
ADRC activities	6,333,847	-	-	6,333,847
Disposition of court collections	-	-	5,887,904	5,887,904
Other court	-	-	2,694	2,694
Funds released to former inmates	-	1,302,143	-	1,302,143
Total deductions	<u>6,333,847</u>	<u>1,302,143</u>	<u>5,890,598</u>	<u>13,526,588</u>
Change in fiduciary net position	351,603	-	-	351,603
Net Position (Deficit), Beginning	<u>(120,468)</u>	<u>-</u>	<u>-</u>	<u>(120,468)</u>
Net Position, Ending	<u>\$ 231,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,135</u>

Marathon County

Statement of Net Position

Central Wisconsin Airport

December 31, 2020

Assets and Deferred Outflows of Resources

Current Assets

Cash and investments	\$ 3,629,661
Accounts receivable	255,634
Due from other governments	645,765
	<hr/>
Total current assets	4,531,060

Noncurrent Assets

Restricted assets:	
Cash and investments	635,487
Net pension asset	210,464
Property, plant and equipment:	
Land	614,983
Buildings	39,101,520
Improvements	54,485,660
Equipment	11,244,749
Construction in process	10,888,856
	<hr/>
Total property, plant and equipment	116,335,768
Less accumulated depreciation	(58,363,477)
	<hr/>
Net property, plant and equipment	57,972,291
	<hr/>
Total noncurrent assets	58,818,242
	<hr/>
Total assets	63,349,302

Deferred Outflows of Resources

Pension related amounts	483,929
	<hr/>

Liabilities, Deferred Inflows of Resources, and Net Position and Net Position

Current Liabilities

Accounts payable	339,743
Deposits	16,831
Interest payable	13,789
Due to other governments	1,039,489
Current portion of compensated absences	25,706
Current portion of general obligation notes payable	665,000
	<hr/>
Total current liabilities	2,100,558

Long-Term Liabilities

General obligation notes payable (net of unamortized premiums)	4,428,900
Compensated absences	188,512
	<hr/>
Total long-term liabilities	4,617,412
	<hr/>
Total liabilities	6,717,970

Deferred Inflows of Resources

Pension related amounts	638,808
	<hr/>

Net Position

Net investment in capital assets	52,878,391
Restricted for:	
Passenger facility charges	635,487
Pension	210,464
Unrestricted	2,752,111
	<hr/>
Total net position	\$ 56,476,453

Marathon County

Statement of Revenues, Expenses and Changes in Net Position

Central Wisconsin Airport

Year Ended December 31, 2020

Operating Revenues

Public charges for services \$ 2,423,848

Operating Expenses

Salaries and benefits 1,497,744

Contractual services 590,755

Materials and supplies 476,527

Insurance 78,754

Depreciation 3,257,151

Total operating expenses 5,900,931

Operating loss (3,477,083)

Nonoperating Revenues (Expenses)

Investment income 89,572

Passenger facility charges 301,371

Customer facility charges 130,304

Intergovernmental grants 2,080,923

Other income 91,223

Interest expense (169,205)

Total nonoperating revenues (expenses) 2,524,188

Loss before contributions (952,895)

Capital Contributions

4,444,109

Change in net position 3,491,214

Net Position, Beginning

52,985,239

Net Position, Ending

\$ 56,476,453

Marathon County

Statement of Cash Flows
Central Wisconsin Airport
Year Ended December 31, 2020

Cash Flows From Operating Activities

Cash received from the sale of goods and services	\$ 3,936,977
Cash paid to employees for services	(1,497,744)
Cash paid to suppliers for goods and services	<u>(1,032,719)</u>

Net cash provided by operating activities 1,406,514

Cash Flows From Capital and Related Financing Activities

Payments for capital acquisitions	(1,485,747)
Contribution received for construction	298,295
Passenger facility charges received	301,371
Customer facility charges received	130,304
Debt paid	(430,000)
Interest paid	<u>(170,196)</u>

Net cash used for capital financing and related activities (1,355,973)

Cash Flows From Investing Activities

Interest received on investments	<u>89,572</u>
----------------------------------	---------------

Net decrease in cash and cash equivalents 140,113

Cash and Cash Equivalents, Beginning

4,125,035

Cash and Cash Equivalents, Ending

\$ 4,265,148

Reconciliation Of Operating Loss To Net Cash Used For Operating Activities

Operating loss	(3,477,083)
Nonoperating income	2,172,146
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	3,257,151
Amortization of premium	(7,692)
Effects of (increase) decrease in operating assets, deferred outflows, and increase (decrease) in operating liabilities and deferred inflows:	
Accounts receivable	(659,017)
Pension related deferrals and liabilities	12,980
Due to other governments	112,399
Compensated absences	<u>(4,370)</u>

Net Cash Provided By Operating Activities

\$ 1,406,514

Noncash Investing, Capital and Noncapital Financing Activities

Capital contributions	<u>\$ 4,145,814</u>
Amortization of premium	<u>\$ 7,692</u>

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents	\$ 3,629,661
Cash and cash equivalents, restricted assets	<u>635,487</u>

Cash and Cash Equivalents, Ending

\$ 4,265,148