

MARATHON COUNTY

WISCONSIN



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

MARATHON COUNTY, WISCONSIN

FOR THE YEAR ENDED

DECEMBER 31, 2017

**DEPARTMENT OF FINANCE
KRISTI PALMER, FINANCE DIRECTOR**

MARATHON COUNTY
Wausau, Wisconsin

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Wausau, Wisconsin

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Wausau, Wisconsin

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June 28, 2018

*Members of the Marathon County Board of Supervisors
And the Human Resources and Finance and Property Committee
Marathon County, Wisconsin*

Supervisors:

Submitted herewith is the Comprehensive Annual Financial Report (CAFR) of Marathon County, Wisconsin (the County) for the year ended December 31, 2017. This report was prepared by the County's Finance Department with assistance from the County Treasurer's Office. For purposes of this CAFR, the reference to the County typically includes the Central Wisconsin Airport (CWA) (shown as a discretely presented component unit) unless otherwise noted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all financial statements, footnote disclosures, supporting schedules and statistical tables rests with the County. We believe the data, as presented, is accurate in all material respects and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

All financial information and footnotes related to the County's discretely presented component units (excluding the CWA) are a result of financial statements prepared separately from this CAFR. Except for the CWA, the County Finance Department has relied upon the respective discretely presented component units' independently audited financial statements to compile the enclosed notes and statements and does not take responsibility for their accuracy. Copies of the discretely presented component units audited financial statements are available upon request from their respective finance departments.

Distribution of the CAFR is of major importance to its usefulness as a communication tool. Paper copies of this report will be available to elected officials, County management, bond rating agencies, financial institutions and federal, state and local governmental agencies which have expressed an interest in Marathon County's financial wellbeing. A copy of the 1998 through 2017 CAFRs are also available on the Internet at:

<http://www.co.marathon.wi.us/Departments/Finance/AuditInformation.aspx>

This report has been prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). These guidelines conform substantially with high standards of public financial reporting, including Generally Accepted Accounting Principles in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB).

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it. Marathon County's Management's Discussion and Analysis can be found immediately following the report of the independent auditors.

The County is required to undergo an annual single audit in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and, Audit Requirements for Federal Awards (Uniform Guidance), and the State Single Audit Guidelines issued by the Wisconsin Department of Administration. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, the independent auditors' reports on internal control over financial reporting and compliance with applicable laws and regulations is available as a separate document through the Finance Department.

REPORTING ENTITY AND ITS SERVICES

The County was incorporated in 1850 and operates under a County Board-Administrator form of government. The Board of Supervisors is comprised of thirty-eight (38) members, elected by districts to serve concurrent two-year terms. The terms of the current Board expire on April 21, 2020.

The County is located in central Wisconsin, approximately 185 miles northwest of Milwaukee, WI and 175 miles east of Minneapolis/St Paul, MN. With a total area of 1,013,760 acres (1,584 square miles), the County is the largest land county of Wisconsin's 72 counties. The City of Wausau is the County seat.

This CAFR includes all funds discretely presented component units of the County. They include the operations of all departments shown in the organizational chart included in this section.

The County provides a full range of services. This includes judiciary services and legal counsel, general and financial administration, including tax collections; property records and register of deeds; county planning and zoning; public safety with sheriff, emergency management and correction facilities; parks; health and social services; assistance to veterans and older Americans; library; forest conservation; medical examiner and surveyor; industrial development board; agricultural extension services; and the administration of federal, state and county elections. The County has proprietary fund operations for the maintenance and construction of the landfill, highways and insurance programs. This CAFR includes the CWA, North Central Community Services (NCCS), and the Handicapped Children's Education Board (HCEB) as discretely presented component units, since the County is financially accountable for their activities. Included in this CAFR are services for commercial airlines services for Marathon and Portage Counties, nursing home and mental health services for citizens of Marathon, Lincoln and Langlade Counties and special education needs for children in school districts within the County. The Wisconsin Municipal Mutual Insurance Corporation (WMMIC) and any of the school districts or special districts listed in Schedule 10 "Direct and Overlapping Governmental Activities Debt" in the Statistical Section of this CAFR are not included in the CAFR because they have not met the established criteria for inclusion in the reporting entity.

Pursuant to accounting and reporting standards, the Aging & Disability Resource Center of Central Wisconsin (ADRC-CW) is included within the County's financial report because of various factors including financial dependencies and powers of appointments or removal of officers.

ECONOMIC CONDITIONS AND OUTLOOK

Marathon County's economy is very diverse, ranging from: manufacturing, tourism and recreation, health services, transportation and shipping, government, agriculture, and dairy products. Marathon County is the business center of central and northern Wisconsin. Indications show that the County has positive signs of economic recovery. The area's economy will continue to remain stable in the areas of population, labor force and employment. The 2017 annual unemployment rate was 2.4% and is the lowest in the past few years. (The unemployment rate was 3.7% in 2016 and 4.2% in 2015).

Wausau area and Marathon County employment figures reflect the positive economic times. Unemployment levels in the Marathon County Standard Metropolitan Statistical Area (SMSA) are slightly below the State of Wisconsin unemployment rate of 3.2%.

According to the U.S. Census Bureau, 611 new building permits were issued in 2017 for new privately-owned residential buildings in Marathon County at a total estimated construction value of \$89 million. The construction amount is more than the 2016 total of \$59.6 million. Overall the number of permits increased in 2017 for new residential construction and remodeling with the 2017 figure being 611 and the 2016 number of permits being 245. The largest increase, 339 permits, comes from the new construction of 3 or more unit dwelling in 2017 over 2016..

The County ranks first statewide in ginseng production. Marathon County ranks third in the number of farms, total dairy herds, number of milk cows, total number of cattle and calves, second in forage and corn silage production and fourth in total milk production. Marathon County is the source of more than 90% total U.S. cultivated ginseng production.

Large business employers in the County continue to stabilize the economy. The cornerstone to a list that continues to grow would include (companies with more than 500 employees most but all not employees necessarily in Marathon County):

*Aspirus Wausau Hospital
Greenheck Fan Inc.
Kolbe & Kolbe Millwork Co Inc.
Wausau School District
Footlocker/Eastbay Inc.
Marathon Cheese
Marathon County
North Central Healthcare Facilities
North Central Technical College
Wausau Paper/SCA*

MAJOR INITIATIVES

In the year 2017 the County maintained its commitment to upgrade its buildings and infrastructure. As can be seen in the detail below, we have a major interest in the maintenance of our infrastructure, government joint ventures, and technology projects.

As the County continues to grow, the demands placed by citizens on their government become more intense. As all counties in the State of Wisconsin operate under a state imposed tax rate freeze and levy limit, these demands are continually more difficult to finance. Governmental participation in expected growth can no longer be coincidental. We have had significant changes in the labor relationships with our employees. In order for us to remain strong, our positive community attitude must reveal itself through results of providing County Services.

Maintenance and expansion of the County's infrastructure (such as highways and bridges) remains a major concern of the County Board. To address one of these concerns, the County continues to maintain its commitment to the Infrastructure Committee's five-year capital project plan. This plan provides a framework for the development and maintenance of infrastructure to meet current and future needs. The Infrastructure Committee has undertaken an aggressive program to repair and replace its highways and bridges. On an annual basis, the Infrastructure Committee plans to repair three or four bridges and resurface 25-30 miles of county highways.

- In 2017, the County completed major road construction projects on the Highway N and M with a total costs of \$650,000.*
- In late 2016, the County Board approved a \$25 a vehicle registration fee for vehicles licensed in Marathon County. The revenues generated from this fee go to offset the cost of the County Highway Bituminous Program. The County budgeted \$2,898,900 in revenues in 2017.*
- A major repaving project consisting of resurfacing a minimum of 25-30 miles per year is included in this plan. That means by the end of a five-year period, 20% of the County's highways are expected to have been repaved. In 2017, the County resurfaced 23.55 miles of County highways and overlaid an additional 18.23 miles of County highway at a cost of \$5,150,840 dollars.*

The County wishes to maintain its Information Technology systems as well and in 2017 the County started the research and sent out RFPs to purchase new software systems.

- A RFP was sent out and awarded for a law enforcement software application with an estimated cost of \$1,680,000. This will replace the old law enforcement software that the current vendor will not provide support for in the future. The County picked a vendor (Sunguard) from the RFP process in 2017 and implementation of the system will begin in 2018.*
- The County researched and prepared RFP documents for a new comprehensive land records system. The estimated cost for the new system is \$565,000 with full implementation targeted for 2018.*

In 2016 the County Board passed Ordinance #O-7-16 to create a uniform addressing system. The County allocated \$1.2 Million from the environmental impact fund to assist participating municipalities in the cost of signage and communications for the change of addressing properties in their municipalities. The County had to wait until May 2018 to start the address changes because of record snowfall (24 inches) of snow that fell in April 2018. The County should have the project completed in fall 2018.

To better handle the ongoing questions and concerns regarding general infrastructure, the Capital Improvement Committee has assembled a five year Capital Improvement Plan (CIP) to review and upgrade all facilities that have a need. Each year the plan is updated and a new list of projects approved and a new funding source established.

FUTURE PLANS

The County is working with a consultant to view ways to best situate itself for the future and determine what its infrastructure needs are to be successful in the 21st Century. With County leadership and citizen input, the County has continued to refine its strategic plan and program prioritization process to help assist in the development of annual budgets that provide cost effective program results for our citizens.

In 2016, the County started working with the Center for Priority Based Budgeting (CPBB). The goal of this project is to reassess our priorities in order to make sound long-term funding decisions and establish the County as a results driven organization. Working with CPBB has allowed the County to determine how to match available resources with community priorities and develop a comprehensive review of the whole organization. We will be fully implementing the CPPB diagnostic tool when setting goals and priorities for the 2018 budget.

FINANCIAL INFORMATION

Working Capital Policy

In 1988 the County Board of Supervisors established a fund balance policy. This policy sets forth the amount of funds that are to be reserved as a designation for working capital. The funds over and above this designation are to be used to pay for non-departmental capital purchases within the succeeding budget process. Working capital is never to go below a set minimum level of four weeks of operating expenditures or 8.5%. The County Board has approved a slightly higher working capital figure of 10% for the Highway Fund based on its potential for uncontrollable, unexpected operating needs. The low points for the County's cash flow are the end of February and the middle of November.

As a policy, the County rolls forward a portion of the unassigned fund equity/balance into the succeeding year's budget. With the change in the highway working capital policy its unassigned funds are moved into the same capital improvement process. Funds not included in this process would include those funds not using tax levy as a basis for operations such as the landfill fund, the insurance funds, the capital improvement fund, and any special revenue fund that use grants for operating capital. Marathon County uses a portion of its unassigned amount to fund future year capital improvement programs. It is not used to offset following years operating needs. This philosophy assures that current operating needs are funded with current collections. Any amounts required for future years' activities or amounts required for sound business operations must be restricted or assigned. Highway is allowed to provide for multi-year funding options for specifically identified high cost projects.

General Fund Balance

A portion of the unassigned fund balance will be used in the 2019 budget process to help fund some much needed capital improvements. The County has been fairly successful over the years keeping its tax rate stable and using fund balance to pay for capital projects. The trend of using fund balance and not raising taxes is expected to continue in the future. If the trend were not to continue, a lower fund balance would be acceptable because all amounts necessary for sound financial position and good business practice are restricted or assigned.

INTERNAL CONTROLS

Accounting and Administrative Controls

Internal controls are procedures which are designed to protect assets from loss, theft or misuse; to check the accuracy and reliability of accounting data; to promote operational efficiency; and to encourage compliance with managerial policies. The management of the County is responsible for establishing a system of internal controls designed to provide reasonable assurance that these objectives are met. To help assure the adequacy of the County's system of internal controls, the Finance and Property Committee is also the Risk Assessment Committee and works with the County Administrator and Finance Department in carrying out the internal audit program, and provides a liaison with the County's independent auditors.

Federal and state financial assistance programs require recipients to comply with many laws and regulations. Administrative controls are procedures designed to ensure compliance with these requirements. The County has established a system of administrative controls to ensure compliance with the requirements of the programs under which it receives financial assistance. As with other internal controls, this system is subject to periodic review and evaluation by management and the Finance Department.

As part of the single audit, tests are made to determine the adequacy of the County's accounting and administrative control systems over major programs. Testing of the County's compliance with applicable laws and regulations over major programs is also performed. The County's most recently completed single audit report, for the fiscal year ended December 31, 2016, did not identify and instances of material weaknesses in internal control systems over compliance. There were certain deficiencies in internal control that were considered significant deficiencies.

Budgeting Systems and Controls

The budget serves as the foundation for the County's financial planning and control. The County maintains budgetary controls, which are designed to ensure compliance with legal provisions of the annual budget adopted by the County Board. The level of legal budget control is by fund and appropriation unit.

The County's budget process provides for input from County Administration, top management, elected officials, and the public in developing revenue and expenditure projections and determining the County's programs and services for the coming year.

After final adoption, transfers between budget appropriations for non-exempt areas may be made by the County Board. Throughout the budget year, the Board may also appropriate additional general purpose funds by use of a contingency appropriation reserved to cover emergencies or other necessary expenditures as determined by the County Board.

DEBT ADMINISTRATION

Under Wisconsin Statute 67.03(1) (a), county debt is limited to 5% of total equalized valuation of real and personal property. The ratio of bonded debt to equalized value and the net bonded debt per capita are useful indicators of the County’s debt position to County management, citizens and investors Schedule 11 “Legal Debt Margin Information” in the Statistical Section of this CAFR illustrates these indicators, limitations and verifies low indebtedness.

CASH MANAGEMENT

Wisconsin State Statutes allow the County Treasurer to invest cash which is temporarily idle in instruments which include demand deposits, certificates of deposit, U. S. Treasury and/or Agency obligations, local government bonds, repurchase agreements, commercial paper, the State of Wisconsin Local Government Investment Pool (LGIP) and other qualifying investment pools. The County does not invest in any derivatives nor does it leverage any of its funds for investment purposes.

Sponsored by the State Treasurer’s Office, the State of Wisconsin has established the LGIP under the direction of the State of Wisconsin Investment Board (SWIB). This fund can be accessed by all units of local government on a day to day basis. The yield at the end of 2017 on the investment pool was 1.2%. This was an increase of 0.75 basis points over 2016 which was .45%.

The County continues to use the advice of its investment advisor seeking alternate sources of short term investments beyond the LGIP. Short term treasuries, agencies and high-quality commercial paper are currently providing returns which are slightly better than the investment pools. To diversify its investment portfolio, the County holds a portion of its funds in medium-term (2-4 years) government securities, as recommended by the County’s investment advisor. This allows additional interest earnings without undue risk.

The County’s investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were insured by the Federal Depository Insurance Corporation (FDIC) with an additional \$400,000 coverage provided by the State of Wisconsin, or collateralized, or insured through the investment pool. All collateral on deposits was held either by the County, its custodian or the State of Wisconsin.

The amount of interest earned in 2017 for all Primary Government operations was \$1,855,789, an increase from 2016 of 18.89%. The increase was the result of slightly higher interest rates being applied to investments

Year	Earnings	Increase (Decrease)	%(Decrease) Change
2008	5,192,305	(1,254,025)	(19.45)
2009	3,085,273	(2,107,032)	(40.58)
2010	1,680,760	(1,404,513)	(45.52)
2011	978,412	(702,348)	(41.79)

2012	945,678	(32,734)	(3.35)
2013	657,958	(287,720)	(30.42)
2014	763,005	105,047	15.97
2015	1,077,739	315,059	41.25
2016	1,560,892	483,153	44.83
2017	1,554,021	294,897	18.89

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, and injury to employees. For the fiscal year ended December 31, 2017 the County was self-funded for the following risks: one (1) dental program, automobile collision and workers' compensation.

A fund was established in 1984 for dental coverage. Converted into an internal service fund in 1987, it was expanded to include workers' compensation coverage for the Highway Department. In 1992 the County went self-funded for its workers' compensation insurance. Costs for this fund are billed to each County department using a premium calculation based on a claims experience/exposure basis using an actuarial evaluation.

This fund covers losses in accordance to Wisconsin Workers Compensation law provisions and purchases commercial insurance for claims in excess of its established self-insured retention values. The current self-retention limit is \$550,000 for a covered workers' compensation claim.

In 1995 the County joined the Wisconsin Municipal Mutual Insurance Company (WMMIC). The County was required to fund a capital contribution of its respective portion of the company at the time of entry. WMMIC consisted of ten (10) counties and two (2) cities prior to our joining. The County's contribution was \$1,519,000. WMMIC provides liability insurance with limits of \$10,000,000 per occurrence excess coverage over and above the County's self-insured retention (SIR) level for liability coverage. A \$30,000,000 annual aggregate limit applies to damages arising out of bodily injury, property damage, personal injury, public official's errors and omissions, unfair employment practices and benefit errors. The annual aggregate limit does not apply to ownership, maintenance or use of any automobile.

An internal service fund was established in 1988 to account for the County's property and casualty insurance exposures. Costs for this fund are billed to user departments using a premium calculation based on valuations of property in combination with claims experience/exposure and an actuarial review. Beginning in 1988 the County selected a \$100,000 per occurrence/\$400,000 aggregate self-insured retention level which was increased to \$100,000 per occurrence/\$500,000 aggregate self-insured retention level in 1995. Since 1995, the occurrence limits have decreased and the aggregate limits have increased with the current self-insured retention level limit being \$250,000 per occurrence and \$1,050,000 aggregate applying to liability insurance.

Since 1992 the County has conducted an annual actuarial review of all insurance programs. The result was an actuarially determined liability for claims reported but not yet paid and claims incurred but not yet reported. As will be seen in the financial statements for these funds, the reserves continue to provide financial assurance at the 95th percentile.

Since 1987 the County has purchased property insurance from the Local Government Property Insurance Fund. Due to the dissolving of this state fund, a new property insurer, the Municipal Property Insurance Company (MPIC) was created in 2016 by three insurers, Wisconsin Municipal Mutual Insurance Company, Cities & Villages Mutual Insurance Company, and the League of Wisconsin Municipalities Mutual Insurance. Marathon County joined MPIC in 2016. This insurance coverage provides protection on a replacement cost basis for approximately \$343,546,343 of physical assets, including buildings, contents, property in the open, and contractor's equipment with a \$25,000 deductible applying to building, contents, and property in the open losses and a \$5,000 deductible applying to contractor's equipment losses.

County owned automobiles are self-insured on an actual cash value basis for collision losses. In 2017, insurance for automobile comprehensive losses was purchased through Integrity Insurance which provides replacement cost insurance on approximately \$14,671,922 value of county owned vehicles with a \$1,000 deductible per loss.

INDEPENDENT AUDIT

County policy, in accordance with state and federal requirements, is to provide for an annual audit by an independent certified public accountant. In addition to meeting the requirements set forth above, the audit was also designed to meet the requirements of the Single Audit Act and related Uniform Guidance. Further, the audit meets the requirements of the State Single Audit Guidelines issued by the Wisconsin Department of Administration. The independent auditors' report on the basic financial statements is included in the financial section of this report. The independent auditors' reports related specifically to the federal and state single audit are included in a separately issued single audit report which is available from the Finance Department.

CERTIFICATE OF ACHIEVEMENT

The GFOA awards a Certificate of Achievement for Excellence in Financial Reporting to governmental units that publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must also satisfy both GAAP and applicable legal requirements.

Our first submission of the review process was for the fiscal year ended December 31, 1988 and we were successful in receiving the award. The County has decided to make a long-term commitment to the program and has also received the Award for each of the successive years. A Certificate of Achievement is only valid for a one-year period of time. We believe our current report continues to fulfill the requirements of the Certificate of Achievement Program and, accordingly, we will submit this report to the GFOA to determine its eligibility for the certificate.

MUNICIPAL SECURITIES DISCLOSURE REQUIREMENTS

The Securities and Exchange Commission (SEC) has issued its rules regarding secondary market disclosure for issuers of municipal securities which are SEC Rule 15c2-12. The rule, among other requirements, has set up the requirement for the submission of annual audited financial statements to the Electronic Municipal Market Access System (EMMA). Wisconsin has not designated nor established a State Information Repository (SIR). Following are eleven (11) specific requirements of the rule and the necessary information to satisfy each.

- (1) *As a municipal security issuer, the County makes the following disclosure regarding material events. These are referred to as the eleven deadly sins.*
- (a) *Principal and interest payment delinquencies; - None*
 - (b) *Non-payment related defaults; - None*
 - (c) *Unscheduled draws on debt service reserves reflecting financial difficulties; - None*
 - (d) *Unscheduled draws on credit enhancements reflecting financial difficulties; - None*
 - (e) *Substitution of credit or liquidity providers, or their failure to perform; - None*
 - (f) *Adverse tax opinions or events affecting the tax-exempt status of the security; - None*
 - (g) *Modifications to rights of security holders; - None*
 - (h) *Bond calls; - the County currently has no debt issues with eligible call dates*
 - (I) *Defeasances; - the County currently has no debt issues that qualifies as legal defeasance.*
 - Total defeasance of* \$0
 - For a total amount defeased as of 12/31/2017 of* \$0
 - (j) *Release, substitution, or sale of property securing repayment of the securities; - None*
 - (k) *Rating changes; - Moody's Investors Services, Inc. has changed their method of rating governmental agencies. The change breaks out grades by several additional levels. Previously the County rating was Aa2 and now the rating is Aa1. The County sought its first double rating in 1998 by requesting a rating from Fitch IBCA, Inc. This rating was confirmed at Aa.*
- (2) *The County property values are listed (in various forms) in Schedule 5, 7 & 11 in the Statistical Section of this CAFR.*
- (3) *Information on the County's legal debt margin can be found in Schedule 11 "Legal Debt Margin Information" in the Statistical Section of this CAFR.*
- (4) *The detail of outstanding notes and bonds can be found in Schedule 9 "Ratios of General Bonded Debt Outstanding" in the Statistical Section of this CAFR.*

Additional information as it relates to specific bonded debt issues but excluding other long term debt of the County is as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding 12-31-2017
12/15/10	2,450,000	Central Wisconsin Airport	12/01/25	1,420,000 (a)
12/27/12	2,650,000	Central Wisconsin Airport	12/1/28	2,350,000 (a)
6/1/15	2,650,000	Central Wisconsin Airport	12/01/30	2,545,000 (a)
11/4/16	3,150,000	Refunding 2009 GO Notes	2/1/18	1,575,000
Subtotal				7,890,000
Less Debt Service Funds on Hand				1,546,894 (b)
Total Net Direct Debt				6,343,106

(a) Debt service payments are fully paid by CWA.

(b) Debt service funds on hand less state forest aid loan funds of \$117,842.

- (5) *The detail for the County’s tax rates, levies and collections can be found in Schedule 8 “Property Tax Levies and Collections” in the statistical section of this CAFR. An example of the tax rate in the City of Wausau is as follows:*

Tax Rates	15/16	16/17
City of Wausau	\$9.67	\$9.92
State of Wisconsin	0.16	0.00
Marathon County	4.90	5.06
Wausau School District	9.00	9.38
Northcentral Technical College	1.25	1.29
Gross Tax Rate	24.95	25.65
Less State Credit	(1.78)	(1.94)
Net Tax Rate	23.17	23.71
Tax rates are per \$1,000 of equalized value		

- (6) *The information on major employers was previously mentioned in this Transmittal Letter on Page 3.*
- (7) *The summary budget information is as follows:*

2017 REVENUE		2017 EXPENDITURES	
Taxes	48,180,111	General Government	44,122,509
Sales and misc. taxes	15,977,350	Public Safety	23,371,746
Intergovernmental grants/aid	35,390,731	Transportation	32,178,007
Licenses, Fines and Forfeitures	939,865	Health	9,135,089
Charges for services:		Social Services	29,937,052
Public	11,428,129	Leisure and Education	14,734,007
Intergovernmental	16,653,989	Conservation & Economic Development	629,272
Miscellaneous Revenue	18,373,910	Debt Service	2,393,464
Transfers	20,751,242	Capital Outlay	1,943,906
		Transfers	9,250,275
Total Revenue	\$167,695,327	Total Expenses	\$167,695,327

- (8) *All of the required financial statements are included in the Financial Section of Marathon County's CAFR.*
- (9) *The debt ratios for direct and overlapping debt as it relates to equalized value, per capita and per acre is as follows:*

	Data	General Obligation Direct Debt (a)	General Obligation Underlying Debt	Total Applicable General Obligation Debt
Debt Values		\$1,575,000	\$328,895,665	\$330,470,665
Equalized Value (less TID)	\$9,916,480,400	0.02%	3.44%	3.46%
Per capita	134,943	\$11,67	\$2,437.29	\$2,448.96
Per acre	1,013,760	\$1.55	\$324.43	\$325.99

(a) General obligation debt expected to be supported by property tax levy.

The County feels that this meets the municipal securities disclosure requirements. The County has also provided a link to the CAFR and the relevant information on its website.

INVITATION AND ACKNOWLEDGMENTS

We would like to invite the reader to continue into the remainder of the CAFR. The County is an ever-changing and growing operation. The complex nature of our affairs can be grasped by reviewing and understanding this report. Our goal in presenting this report as a communication tool is to keep the interested public informed about the growth and changes we are currently experiencing. Questions and comments relating to this report should be presented to the Finance Department.

The preparation of the CAFR could not be accomplished without the efficient and dedicated services of the entire staff of the Finance and Treasury Departments. We would like to express our appreciation to all members of the Departments who assisted and contributed to its preparation. We would also like to thank the Marathon County Board of Supervisors and the Human Services and Finance and Property Committee for their interest and support in planning and conducting the financial operations of the County in a responsible manner. The County's excellent financial condition and reasonable tax rate are acknowledgments of their dedication.

Respectfully submitted,

MARATHON COUNTY



Brad Karger
County Administrator

MARATHON COUNTY



Kristi A. Palmer
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

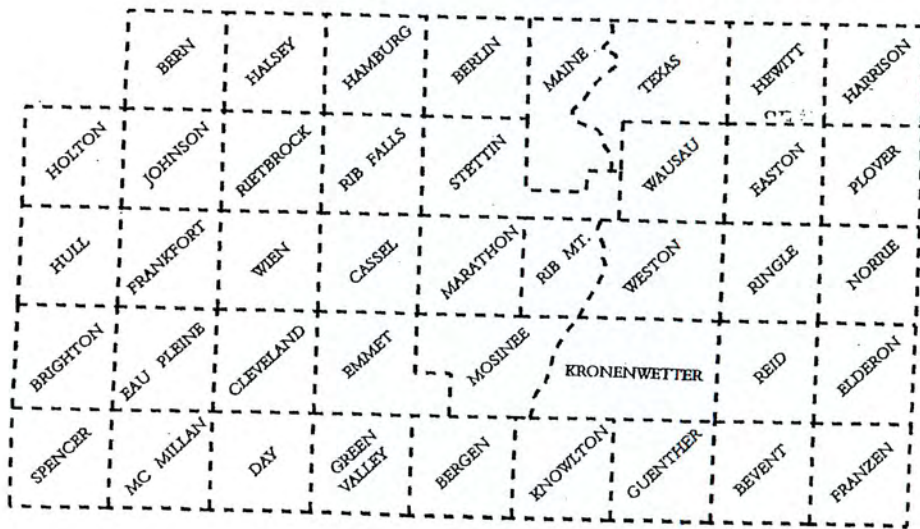
**Marathon County
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO



HISTORY OF MARATHON COUNTY

A long time ago, Wausau and the area surrounding it was known as The Pinery. In 1989, Wausau celebrated the 150th anniversary of its founding. An 1836 treaty with the Menominee Indians transferred a strip of land--three miles on either side of the Wisconsin River--to the federal government. George Stevens arrived in 1838 to investigate the area for a suitable site to build a saw mill, to turn the century old white pine into lumber.

Stevens wrote that it was decidedly the best mill site in the Union. Known then as Big Bull Falls, it was named either by the early fur traders or the Indians. A 20 foot drop in the river caused a terrible roar, similar to the roaring of a bull. By 1840, Stevens had built a saw mill and was cutting pine. When he left the area in the mid-1840's, 28 men and two women were living on two of the islands in the river. The camp at Big Bull Falls was considered a temporary settlement.

Walter McIndoe arrived in the Pinery in 1848 and changed the temporary to permanent. Due to his efforts, Big Bull Falls became Wausau, a Chippewa word meaning "a place you can see far away from". Thanks to McIndoe, Marathon County was founded and Wausau became the County seat. The original County went all the way up to Lake Superior.

During the 1840's, 1850, and 1860's, the County existed primarily on the logging industry. Heavy German immigration beginning in the 1850's helped to develop the area. At one time, 75 percent of the County's population was of German descent. Large tracts of land were cleared of the stumps left by the loggers, rocks were picked, and the first farms were developed. Wild ginseng was found growing in the woods by the pioneer settlers. The Indians dug the root for medicinal purposes. By 1900, experimentation in growing domestic ginseng gardens was started by J. H. Koehler in Hamburg. The Fromm brothers became famous for ginseng, as well as silver fox fur farming. Marathon County "Ruby Red" granite has always been recognized internationally as one of the finest granites in the world. Tobacco also became a profitable crop in the area many years ago. The large dairy industry in the County didn't really thrive until the 20th Century.

The railroad came into the County in 1874 and this made some dramatic changes in the economy of the city of Wausau. Because goods could be transported by rail, companies sprang up that produced wood products, such as sash and door manufacturers. The railroad also helped the dairy industry, supplying a way to ship fresh dairy products to larger markets. With the death of the logging industry, wealthy local lumbermen formed paper mills, utility companies, and insurance companies. These industries, along with the dairying, have made the County what it is today.

Tom Schleif, Former Director
Marathon County Historical Museum

MARATHON COUNTY BOARD OF SUPERVISORS

2017

District No. 1.....Katherine Rosenberg	District No. 20..... Sara Guild
District No. 2..... James R. Seefeldt	District No. 21..... Kurt Kluck
District No. 3..... David E. Nutting	District No. 22..... Alan F. Christensen
District No. 4..... John Robinson	District No. 23..... Chris Voll
District No. 5..... Joel A. Lewis	District No. 24..... Jean R. Maszk
District No. 6..... Jack Hoogendyk, Jr.	District No. 25..... Sandi M. Cihlar
District No. 7..... Orval Quamme	District No. 26..... John Durham
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District No. 9..... Lee Peek	District No. 28..... Maynard Tremelling
District No. 10..... Sherry L. Abitz	District No. 29..... Robert Wegner
District No. 11..... Todd Van Ryan	District No. 30..... Richard Gumz
District No. 12..... Arnold Schlei	District No. 31..... Allen Drabek
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District No. 15..... Randy Fifrick	District No. 34..... Gary Beastrom
District No. 16..... Jeffrey L. Zriny	District No. 35..... Jacob E. Langenhahn
District No. 17..... E. J. Stark	District No. 36..... Bill Miller
District No. 18..... Craig McEwen	District No. 37..... Allen F. Opall
District No. 19..... Yee Leng Xiong	District No. 38..... Jim K. Schaefer

ChairpersonKurt A. Gibbs
Vice Chairperson Lee Peek

STANDING AND STATUTORY COMMITTEES AS OF 12/31/17

ENVIRONMENTAL RESOURCES COMMITTEE

Sandi Cihlar – Chairperson
James Seefeld – Vice Chair
Randy Fifrick
Robert Wegner
Allen Drabek
Marilyn Bhend – Towns/Villages
Assoc. Rep.

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Lee Peek – Vice Chair
Matt Bootz
Craig McEwen
Kurt Kluck
Sandi Cihlar
Jeff Zriny
Bill Miller
John Robinson

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Jean Maszk – Vice-Chair
Gary Beaström
Sara Guild
Joel Lewis
Rick Seefeldt
Chris Voll

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John Durham
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John Robinson
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E. J. Stark

FORESTRY AND RECREATION COMMITTEE

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Rick Seefeldt – Vice-Chair
Robert Wegner

INFRASTRUCTURE COMMITTEE

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Richard Gumz – Vice-Chair
Alan Christiansen
Jim Schaefer
Allen Opall
Arnold Schlei
Thomas Seubert

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John Robinson – Vice-Chair
Bill Miller
Orval Quamme
Katie Rosenberg
Maynard Temelling
Todd VanRyn

LAND CONSERVATION AND ZONING COMMITTEE

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Jacob Langenhahn – Vice Chair
Jean Maszk
Sandi Cihlar
Rick Seefeldt
Chris Voll
Kelly King – FSA Member

PUBLIC SAFETY COMMITTEE

Craig McEwen – Chairperson
Jim Schaefer – Vice-Chair
Karen Kellbach
Sherry Abitz
Jean Maszk
Yee Leng Xiong
Jack Hoogendyk

SOCIAL SERVICES BOARD

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Christin Keele – Vice-Chair (citizen
member)
Karen Kellbach
Yee Leng Xiong
Joel Lewis

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Lori Shepherd, MD – Secretary
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Sandy Cihlar
Kue Her
Dean Danner
Sue Gantner, RN
Laura Scudiere
Kevin O’Connell, MD – Ex-Officio and
Medical Advisor
Robert W. Pope, DVM – Ex-Officio

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James Seefeldt – Vice-Chair
Alan Christensen
Maynard Tremelling
Jean Maszk
Randy Fifrick
Kerry Brimmer – Citizen Member
Brad Lenz – Citizen Member
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**AGING AND DISABILITY RESOURCE
CENTER OF CENTRAL WISCONSIN
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James Hampton – Vice-Chair
Julie Webb – Secretary
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Vernon Cahak
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Jean Doty – Citizen Member
Lawrence Lebal – Citizen Member
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Kirby Crosby
Bob Reichelt
William Hascall – Citizen Member
Donna Schwichtenberg – Citizen Member
Danielle Yuska – Citizen Member

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EDUCATION BOARD (2017-2020)**

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Gary Lewis – Vice-Chair
Carol Schlz – Secretary
Lori Haines
Sharon Seubert
Gary Gunderson

PUBLIC LIBRARY BOARD

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Alison Morrow – Vice President
William Gamoke
Gary Beastrom
Sharon Hunter
Katie Rosenberg
Pa Thao

PARK COMMISSION

Gary Gisselman – President
Jacob Langenhahn – Vice-President
John Durham
Rick Seefeldt
Pat Peckham
Joe Gehin
Connie Conrad

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BOARD**

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Scott Corbett
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Brad Karger
Kristi Kordus
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Todd Toppen
Lee Peek
Ann Werth

VETERANS SERVICE COMMISSION

Roger Sydow – Chairperson
Bernie Gauerke
Jack Pettit

DISCRETELY PRESENTED COMPONENT UNIT COMMITTEES 12/31/17

**CENTRAL WISCONSIN AIRPORT
BOARD**

John Durham – Chair
James Zdoik – Vice Chair
Sara Guild
Jeff Zriny
Julie Morrow
Leonard Bayer – Citizen Member
Lonnie Krogwold – Citizen Member

**CITY-COUNTY INFORMATION
TECHNOLOGY COMMISSION**

Pat Puyleart – Citizen Member – Chair
John Tubbs – Vice-Chair
Maryanne Groat – Secretary
Brad Karger
Michael Loy
Brenda Glodowski
Kurt Gibbs
Robert Mielke

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SERVICES PROGRAM BOARD**

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Robert Weaver – Secretary
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Corina Norrbom
William Metter
Theresa Wetzsteon
Rick Seefeldt
Randy Balk
Benjamin Bliven
Greta Rusch
Holly Matucheski
Robin Stowe

**MARATHON COUNTY AND DISCRETELY PRESENTED
COMPONENT UNITS DEPARTMENT HEADS**

Primary Government

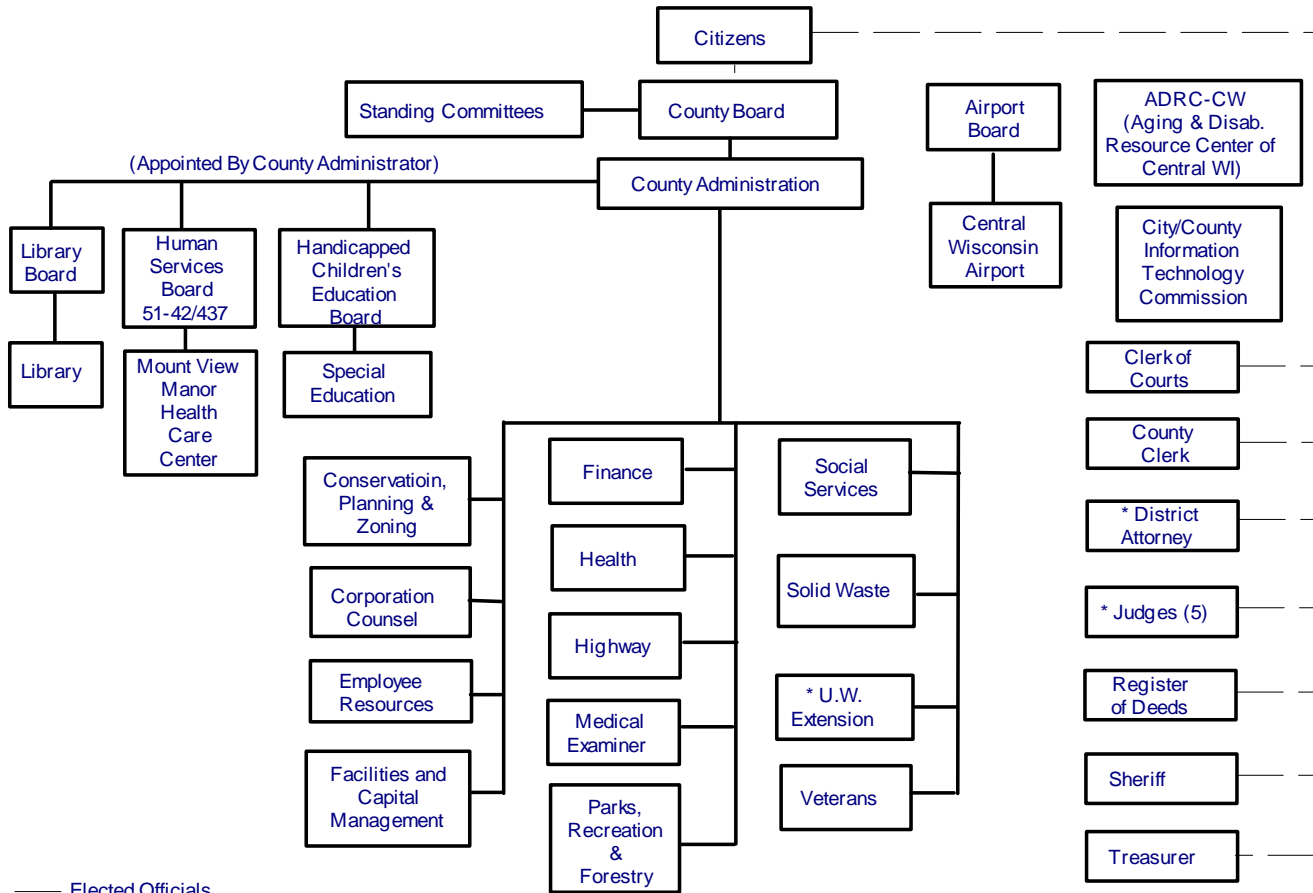
	Brad Karger	County Administrator
	Linda Weitz	Aging & Disability Resource Center of Central Wisconsin
	Michael Lotter	Facilities & Capital Management
*	Shirley Lang	Clerk of Courts
	Rebecca Frisch	Conservation, Planning & Zoning
	Scott Corbett	Corporation Counsel
*	Nan Kottke	County Clerk
*○	Theresa Wetzsteon	District Attorney
	Frank Matel	Employee Resources
	Kristi Palmer	Finance
	Joan Theurer	Health
	James Griesbach	Highway
	Ralph Illick	Library
	Jessica Blahnik	Medical Examiner
	William Duncanson	Parks, Recreation & Forestry
*	Dean Stratz	Register of Deeds
*	Scott Parks	Sheriff
	Vicki Tylka	Social Services
	Meleesa Johnson	Solid Waste
	Kelly Kaptiz	Special Education
*	Audrey Jensen	Treasurer
	Heather Schlessler	UW Extension
	Scott Berger	Veterans Service

Discretely Presented Component Units

	Brian Grefe	Central Wisconsin Airport
	Gerard Klein	City-County Information Technology Commission
	Michael Loy	North Central Health Care Facilities

* Elected ○ State Employee

MARATHON COUNTY ORGANIZATIONAL CHART 2017



—— Elected Officials
* State Officials

MARATHON COUNTY, WISCONSIN

FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

INDEPENDENT AUDITORS' REPORT

To the County Board and the Finance and Property Committee
Marathon County
Wausau, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marathon County, Wisconsin, as of and for the year ended December 31, 2017, 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 39 percent, 85 percent and 43 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, 2017 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 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 "Introductory Section" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marathon County's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 28, 2018

MARATHON COUNTY

UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2017

As management of Marathon County, we offer readers of Marathon County's financial statements this narrative overview and analysis of the financial activities of Marathon County for the fiscal year ended December 31, 2017. This section should be read in conjunction with the financial statements and the accompanying notes that follow. It should also be noted that the information contained herein will provide information on both the governmental operations and the business-type activities of the County.

FINANCIAL HIGHLIGHTS

- > The County's primary government total net position decreased by \$5,399,237, or 1.5%, from the prior year. The County's net investment in capital assets decreased by \$3,397,740, consisting of routine depreciation on existing infrastructure assets. An increase in unrestricted net position of \$91,129 resulted from increased revenues. Total assets decreased by \$1,166,683, comprised mainly of a decrease in cash and investments of \$3,935,051, a decrease in capital assets of \$4,773,768, inventory and prepaids of \$234,621 and restricted cash and investments of \$141,346. Liabilities and deferred inflows of resources decreased \$2,465,820 due a decrease in net pension liability of \$1,983,402 and deferred inflows related to pensions.
- > The County's primary government operating expenses in 2017 were \$1,543,868 less than 2016, at \$114,991,068. The decreased expenses include \$2,046,458 in social services, \$517,503 in general government and \$242,190 in transportation. It includes an increase of \$1,475,197 in landfill. Highway expenses increased \$74,677 with increased costs for fuel and snow and ice control.
- > Program revenues decreased by 6.1%, or \$2,329,548. The largest decreases were \$2,946,667 in social services and \$844,670 in conservation and development due in part to less program revenues in social services and a reduction in DNR grants. There was an increase in general government program revenues of \$1,330,055. Highway revenues decreased \$ 875,079 due to a decrease in County road aid for highway maintenance construction projects.
- > The County's primary government total debt decreased by \$1,575,000 during the current fiscal year due to scheduled debt service payments as well as a 2016 refunding bond issue to achieve lower interest rates.

OVERVIEW OF FINANCIAL STATEMENTS

Marathon County's financial statements consist of four parts:

1. Management Discussion and Analysis - This discussion and analysis is intended to serve as an introduction to Marathon County's basic financial statements.
2. Basic Financial Statements - The basic financial statements have three components:
 - > Government-wide financial statements provide both long-term and short-term information about the County's overall financial status.
 - > Fund financial statements focus on individual parts of County government and the County's component units, and report on the County's operations in more detail than the government-wide statements.
 - > Notes to financial statements explain some of the information in the financial statements and provide more detailed data.

MARATHON COUNTY

UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2017

OVERVIEW OF FINANCIAL STATEMENTS (cont.)

3. Required Supplementary Information - The required supplementary information further explains and supports the information in the financial statements.
4. Supplementary Information - The supplementary information contains combining statements that provide details about the non-major governmental, the internal service funds, and the Central Wisconsin Airport. The non-major funds are aggregated and presented in a single column in the basic financial statements, as are the internal service funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of Marathon County's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of Marathon County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how Marathon County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving the rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of Marathon County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities.) The governmental activities of Marathon County include public safety; transportation; health; social services; leisure and education; conservation and development; general government; and interest. The business-type activities of Marathon County include the highway operations and landfill.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Marathon County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Marathon County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as ongoing balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

MARATHON COUNTY

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

OVERVIEW OF FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for the governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Marathon County maintains 4 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Social Improvement, and Capital Improvement Funds. Data from the other governmental fund (Debt Service Fund) is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Marathon County adopts an annual budget for all its governmental funds. A budgetary comparison schedule has been provided for each governmental fund to demonstrate compliance with these budgets.

Proprietary Funds: Services for which Marathon County charges customers a fee to provide are reported in proprietary funds. Marathon County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Marathon County uses enterprise funds to account for its Landfill and Highway. Internal service funds are an accounting device used to accumulate and allocate costs internally among Marathon County's various functions. Marathon County uses internal service funds to account for its self-insured property and liability insurance via the County Property Casualty Fund and self-insured workers compensation, health, and dental insurance via the Employee Benefits Fund. The services provided by these funds benefit the business-type and governmental functions. Amounts allocated to business-type operations are not material.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Landfill and Highway Funds, both of which are considered major funds of Marathon County. The County Property Casualty and Employee Benefits Funds are reported as internal service funds in the proprietary fund financial statements.

Agency Funds: Agency funds are used to account for and report assets held by the County in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. The County reports the ADRC-CW, Clerk of Courts, and Sheriff Adult Inmate Funds as agency funds.

MARATHON COUNTY

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE – THE GOVERNMENT-WIDE PRESENTATION

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

Marathon County Condensed Statements of Net Position (in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Current and other assets	\$ 127.5	\$ 125.4	\$ 57.6	\$ 63.3	\$ 185.1	\$ 188.7
Capital assets, net of depreciation	240.9	237.0	21.5	20.7	262.4	257.7
Total Assets	368.4	362.4	79.1	84.0	447.5	446.4
Deferred outflows of resources	19.8	14.0	2.8	2.0	22.6	16.0
Current and other liabilities	12.7	12.9	2.7	2.7	15.4	15.6
Non-current liabilities	13.5	10.0	13.8	15.3	27.3	25.3
Total Liabilities	26.2	22.9	16.5	18.0	42.7	40.9
Deferred inflows of resources	49.6	47.2	7.2	9.0	56.8	56.2
Net Position:						
Net investment in capital assets	238.0	235.4	21.5	20.7	259.5	256.1
Restricted	7.7	6.7	1.1	-	8.8	6.7
Unrestricted	66.7	64.1	35.6	38.3	102.3	102.4
TOTAL NET POSITION	\$ 312.4	\$306.2	\$ 58.2	\$ 59.0	\$ 370.6	\$ 365.2

Governmental assets decreased \$6 million. The change in assets contained a \$702,315 decrease in cash and investments. Internal balances decreased \$1.4 million, as well as a \$3.9 million decrease in capital assets due to planned depreciation. Deferred outflows decreased \$5.8 million also due to pension related amounts. Total governmental liabilities decreased by \$3.3 million and deferred inflows of resources decreased \$2.4 million due mainly to deferred pension related amounts. Noncurrent liabilities decreased \$3.5 million due to decrease of \$1.7 million of pension liability and no long term portion of general obligation notes payable. Finally, total governmental net position decreased \$6.2 million, or 2%. Net investment in capital assets decreased \$2.6 million primarily from current year depreciation. Restricted funds decreased \$1 million from a decrease in social service program funds. Unrestricted funds decreased \$2.6 million due to budget variances.

Business-type assets increased by \$4.9 million. The major increases were in cash and investments \$4.7 million and receivables \$1.5 million. The Highway fund received a transfer in from the Capital Improvement fund of \$3.3 million for rolling stock and bituminous resurfacing. Deferred outflows decreased \$800 thousand due to pension related amounts. Business-type liabilities increased \$1.5 million which was primarily from an increase in landfill closure and long term care payables. Deferred inflows increased \$1.8 million. The largest component of the increase is due to property taxes levied for next period amounts increasing \$1.6 million. Finally, total business-type net position increased \$800 thousand, or 1.4%, due to budget variances.

MARATHON COUNTY

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION (cont.)

Marathon County's Changes in Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
REVENUES						
Program Revenues						
Charges for services	\$ 7.8	\$ 8.6	\$ 9.3	\$ 8.1	\$ 17.1	\$ 16.7
Operating grants and contributions	17.6	15.0	3.3	3.4	20.9	18.4
Capital grants and contributions	0.2	0.7	-	-	0.2	0.7
General Revenues						
Property taxes	42.6	42.1	6.1	6.1	48.7	48.2
Other taxes	13.8	13.8	-	3.1	13.8	16.9
Intergovernmental revenues not restricted to specific programs	6.2	6.5	-	-	6.2	6.5
Other	1.0	1.4	0.9	0.7	1.9	2.1
Total Revenues	<u>89.2</u>	<u>88.1</u>	<u>19.6</u>	<u>21.4</u>	<u>108.8</u>	<u>109.5</u>
EXPENSES						
General government	32.7	32.1	-	-	32.7	32.1
Public safety	24.6	24.6	-	-	24.6	24.6
Transportation	8.6	8.3	-	-	8.6	8.3
Health and social services	25.1	23.1	-	-	25.1	23.1
Culture, education and recreation	7.9	7.8	-	-	7.9	7.8
Conservation and development	0.9	0.9	-	-	0.9	0.9
Interest and fiscal charges	0.1	-	-	-	0.1	-
Highway	-	-	12.7	12.7	12.7	12.7
Landfill	-	-	3.9	5.4	3.9	5.4
Total Expenses	<u>99.9</u>	<u>96.8</u>	<u>16.6</u>	<u>18.1</u>	<u>116.5</u>	<u>114.9</u>
Change in Net Position Before Transfers	(10.7)	(8.7)	3.0	3.3	(7.7)	(5.4)
Transfers	6.3	2.6	(6.3)	(2.6)	-	-
Change in Net Position	<u>(4.4)</u>	<u>(6.1)</u>	<u>(3.3)</u>	<u>0.7</u>	<u>(7.7)</u>	<u>(5.4)</u>
NET POSITION – Beginning	<u>316.8</u>	<u>312.4</u>	<u>61.6</u>	<u>58.2</u>	<u>378.4</u>	<u>370.6</u>
NET POSITION – Ending	<u>\$ 312.4</u>	<u>\$ 306.2</u>	<u>\$ 58.2</u>	<u>\$ 59.0</u>	<u>\$ 370.6</u>	<u>\$ 365.2</u>

MARATHON COUNTY

UNAUDITED
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2017

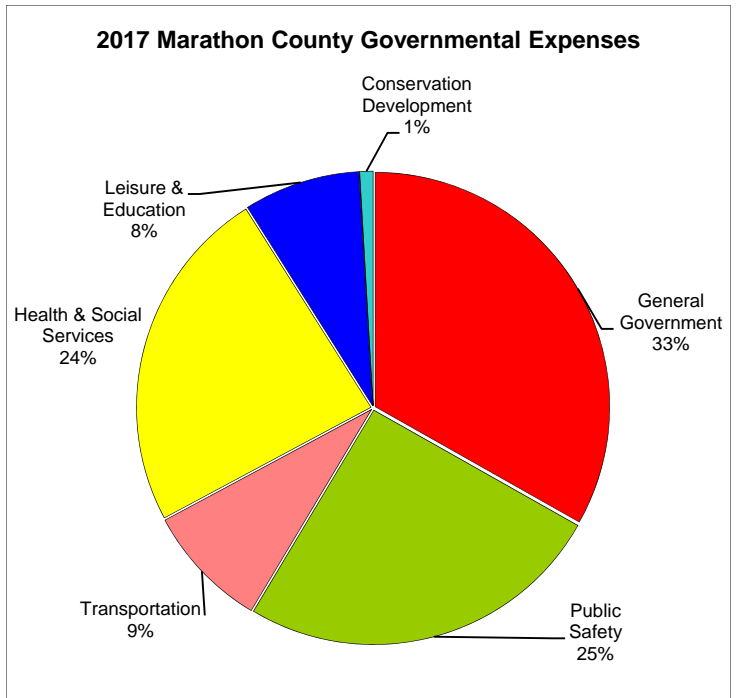
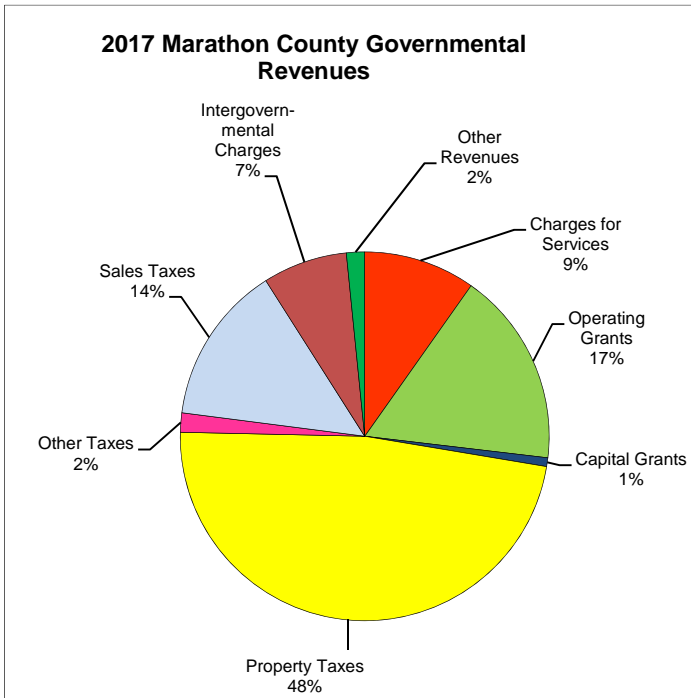
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION (cont.)

Governmental Activities

The County's governmental activities program revenues decreased by \$1,233,107 overall, or 4.8%. The majority of this decrease consisted of revenues primarily in social services of \$2,946,677 and \$844,670 related to conservation and development. There was an increase of \$1,330,055 in general government revenues.

Governmental activities expenses decreased by \$3,093,742, or 3.1%. The largest decreases were \$2,046,458 in social services, general government of \$517,503 and transportation by \$242,190.

The following graphs show the allocation of Marathon County's governmental activities revenues and expenses.



MARATHON COUNTY

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

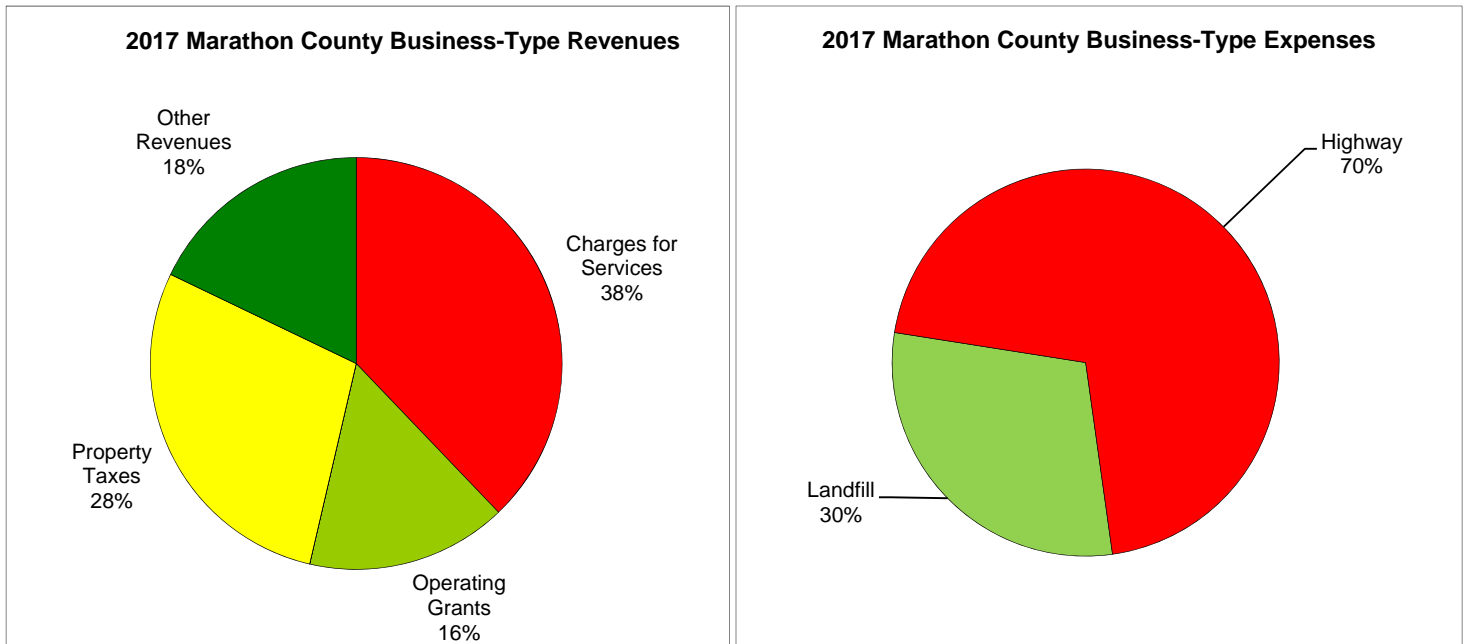
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION (cont.)

Business-type Activities

Business-type activities program revenues decreased by 8.7% overall, or \$1,096,441. Landfill charges for services decreased \$221,362 for routine service provisions due to reduced tonnage in 2017. Highway charges for services increased \$993,618 and operating grants increased \$118,539. Business-type activities property tax allocations decreased \$12,066 in most part to fund Highway operations.

Business-type activities expenses in total increased \$1,549,874, or 9.3%. The Landfill Fund saw an increase in expenses of \$1,475,197 due mostly to an increase to landfill closure and long term care expenses. Highway saw an increase in expenses of \$74,677 related to county road projects.

The following graphs show the allocation of Marathon County's business-type activities revenues and expenses.



MARATHON COUNTY

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE FUND PRESENTATION

Marathon County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Marathon County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Marathon County's governmental funds reported combined ending fund balances of \$56.0 million, a decrease of \$1.4 million in comparison to the prior year.

The fund balance section of the balance sheets of the governmental funds focuses on "the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent". The focus is not on whether these resources were available for appropriation. It also distinguishes the unrestricted fund balance from the restricted fund balance. The components of fund balance include the following line items:

- a) Nonspendable fund balance (\$3,753,957) includes the portions of net resources that cannot be spent because of their form and they must remain intact.
- b) Restricted (\$6,552,636) and assigned (\$20,119,284) fund balances have imposed external or internal limitations.
- c) Unassigned fund balance (\$25,539,836) is the overall residual positive fund balance that has not been classified within the other above mentioned categories.

Approximately 46% of the fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance has constraints on the specific purposes for which the fund can be spent. Marathon County is committed to not using fund balance to fund operational costs, but to fund nonrecurring projects or acquisitions, safeguard for emergencies, and foster innovation.

More detailed fund information can be found in the notes to the financial statements.

General Fund: The General Fund is the chief operating fund of Marathon County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$25.5 million, while total fund balance reached \$44.6 million. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditure. Unassigned fund balance represents 41% of total general fund expenditures, while total fund balance represents 72% of that same amount.

The fund balance of Marathon County's General Fund decreased by \$125 thousand during the current fiscal year. Key factors in this are:

- > Total public charges for services were below budget by \$176,982.

MARATHON COUNTY

UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2017

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

Social Improvement Fund: A major governmental fund of Marathon County is the Social Improvement Fund. This fund provides services in the area of child protection; juvenile offender assistance; economic support; and child support. At the end of the current fiscal year, the fund balance was \$2.9 million. The fund balance is 99.5% restricted with the remaining balance nonspendable. As a measure of the liquidity, fund balance represents 16.5% of total Social Improvement Fund expenditures of \$17.9 million.

The fund balance of Marathon County's Social Improvement Fund decreased \$809,050 after transfers to the General Fund of excess funds in accordance with the fund balance policy.

Capital Improvement Fund: The other major governmental fund of Marathon County is the Capital Improvement Fund. This fund is used to account for and report financial resources that are in anticipation of increased future debt requirements. The County has accumulated \$6.8 million of fund balance to level the future impact to the property tax levy.

As of the end of the current fiscal year, Marathon County's enterprise funds reported combined ending net position of \$58.9 million, an increase of \$697,051 in comparison to the prior year. Approximately 64.9% of this total amount constitutes unrestricted net position, which is available for spending at the government's discretion. The remainder of net position is net investment in capital assets.

Landfill Fund: The Landfill Fund contains the operations of the County's landfill. In 2017, net position decreased \$2,216,472 to \$13.3 million. The landfill closure and long term care expense increased by \$1.37 million and public charges for services were lower by \$221 thousand in 2017 over 2016.

Highway Fund: The Highway Fund reports the operations of Marathon County to maintain the County's roadways and contract with the state and other local municipalities to maintain their roadways. At the end of the current fiscal year, unrestricted net position of the highway fund was \$36.6 million, while total net position reached \$45.7 million. Total net position is an increase from the prior year of \$2.9 million. There was a transfer in from the Capital Improvement Fund of \$3.3 million to fund bituminous resurfacing.

BUDGETARY HIGHLIGHTS

Marathon County adopts a budget for all funds of the County at the department level of expenditure. Throughout the year, as additional information becomes available, such as the receipt of funds not originally budgeted or not receiving funds that were anticipated in the original budget, budget amendments can be made. All unspent appropriations lapse to unassigned fund balances at year-end unless specifically re-appropriated by County Board action.

SUPPLEMENTARY APPROPRIATIONS

General Fund: Supplementary appropriations totaled \$2.3 million, much of which \$734,437 was for additional grant funds received. The increase in appropriations also included carryforward of funds previously appropriation appropriated in 2016 for projects that were not completed and related interdepartmental charges.

MARATHON COUNTY

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

BUDGETARY HIGHLIGHTS (cont.)

SUPPLEMENTARY APPROPRIATIONS (CONT.)

Special Revenue Funds: Supplementary appropriations totaled \$382,417, most of which was carryforward of funds previously appropriated in 2016 for projects that were not completed or uses of segregated fund balance for specific programs. Much of the remainder was transfer of excess Social Improvement fund balance to the General Fund of \$1,958,021 and appropriation of additional grant funds received.

Enterprise Funds: Supplementary appropriations totaled \$40,373 comprised of carryforward of funds previously appropriated in 2016 and increase in revenues and expense for outside districts.

BUDGET TO ACTUAL COMPARISONS – GENERAL FUND

Marathon County's General Fund budget was constructed to transfer out \$3.1 million of fund balance that will be available for use in the 2018 Capital Improvement Fund budget for funding capital projects (\$2.6 million) and offsetting cost (\$444,582) of benefits in the employee benefits fund. Additionally revenue budgets were exceeded in sales tax of \$752,132. State grant revenues were below budget by \$771,064 and expenditures in public areas were \$1,056,060 below final budget figures.

CAPITAL ASSETS AND DEBT

CAPITAL ASSETS

Marathon County's investment in capital assets for governmental activities as of December 31, 2017 amounted to \$237.0 million (net of depreciation), a net decrease of \$3.9 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment. Routine reconstructed roadways, infrastructure, and equipment replacement was less than planned depreciation, resulting in a net decrease (including construction in progress).

The County's investment in business-type activities capital assets as of December 31, 2017 was \$20.7 million (net of depreciation), a net decrease of \$848,158. The decrease consisted primarily current year depreciation was greater than newly constructed buildings, equipment, and infrastructure.

MARATHON COUNTY

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

CAPITAL ASSETS AND DEBT (cont.)

CAPITAL ASSETS (cont.)

	Marathon County's Capital Assets			
	(Net of Depreciation)			
	Governmental Activities		Business-type Activities	
	2016	2017	2016	2017
Land	\$ 34,425,059	\$ 34,801,691	\$ 564,269	\$ 564,269
Construction in progress	13,846,506	12,759,907	-	-
Buildings	37,727,069	35,512,893	1,918,777	1,735,481
Building improvements	4,032,907	3,631,591	10,800,841	10,267,774
Machinery, equipment, and vehicles	2,979,139	2,664,804	8,239,934	8,108,139
Infrastructure	145,552,795	145,280,179	-	-
Library collection	2,340,800	2,327,600	-	-
Totals	<u>\$ 240,904,275</u>	<u>\$ 236,978,665</u>	<u>\$ 21,523,821</u>	<u>\$ 20,675,663</u>

More detailed capital asset information can be found in Note III. D. Capital Assets of the financial statements.

DEBT

Marathon County had \$1,575,000 in general obligation notes and bonds outstanding as of December 31, 2017, all of which is for governmental activities.

Furthermore, the County's general obligation bond rating by Moody's Investor Services, Inc. remains at Aa1.

More detailed debt information can be found in Note III. F. Long-Term Obligations of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Marathon County's equalized valuations have strengthened in 2017 with an increase of 2.91% exclusive of tax incremental financing districts. The County continues to monitor this trend. The economic recovery has seen several municipalities develop businesses along the I39/US29 highway corridor and this development continues to be a strong driver for Marathon County. The County is continuing to draw recreational tourists through bike racing, pond hockey, Badger State Games, and Granite Peak ski area. Marathon County's nine mile recreation area has been ranked the #1 RAGNAR trail run in America. With this growth comes additional costs for infrastructure maintenance and government services that are provided by the County but we have strong non-profit groups that assist in both capital and operational (volunteering) donations at events throughout the year.

MARATHON COUNTY

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (cont.)

Marathon County's 2018 budget includes a 1.73% increase in property tax dollars levied to \$49.135 million. Major initiatives include expanding the County resources used to combat the drug addiction crisis. This includes the addition of 4 new positions: one in Corporation Counsel's office and 3 positions in Social Services. The County Board passed an Ordinance to add a \$25 vehicle registration fee. The Highway budget has included the additional \$2,898,902 in fees to the Highway bituminous budget for County Highway road resurfacing. Total expenditures, for all County funds, are budgeted to be \$165.1 million. The County continues to adjust to changing economic conditions, resulting in the ability to maintain services without the use of fund balance to supplement diminishing revenue streams. In development of the budget, all known factors were included in the projections. As additional information becomes available throughout the year, the budget will be amended by the County Board.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Marathon County's finances and to provide a glimpse at plans for the future and how those plans may affect the financial health of the County. Questions concerning any of the information provided in this report or requests for additional financial information can be directed to the Marathon County Finance Department, 500 Forest Street, Wausau, WI 54403, 715-261-1170, www.co.marathon.wi.us

MARATHON COUNTY

STATEMENT OF NET POSITION
As of December 31, 2017

	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
ASSETS				
Cash and investments	\$ 67,729,772	\$ 39,632,699	\$ 107,362,471	\$ 26,277,720
Receivables (net)				
Taxes receivable	46,439,868	7,692,440	54,132,308	-
Accounts receivable	2,285,085	820,612	3,105,697	5,076,745
Accrued interest receivable	338,199	-	338,199	1,747
Due from other governments	4,146,575	635,958	4,782,533	3,001,608
Inventories and prepaid items	49,394	1,371,391	1,420,785	591,102
Restricted Assets				
Cash and investments	2,477,525	13,105,766	15,583,291	2,948,526
Accrued interest receivable	-	33,386	33,386	-
Net OPEB asset	-	-	-	15,649
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000	-
Investment in joint venture	429,669	-	429,669	-
Capital Assets				
Capital assets not depreciated	47,561,598	564,269	48,125,867	1,925,266
Capital assets, net of accumulated depreciation/amortization	189,417,067	20,111,394	209,528,461	64,199,623
Total Assets	<u>362,393,752</u>	<u>83,967,915</u>	<u>446,361,667</u>	<u>104,037,986</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	13,957,487	1,962,742	15,920,229	13,765,458
LIABILITIES				
Accounts payable	3,868,404	801,444	4,669,848	2,038,120
Accrued items	1,936,410	13	1,936,423	1,879,216
Accrued liability - claims payable	4,454,105	-	4,454,105	622,000
Due to other governments	1,559,384	1,873,997	3,433,381	610,999
Unearned revenues	-	-	-	76,748
Liabilities payable from restricted assets				
Special deposits	1,079,110	-	1,079,110	47,504
Noncurrent Liabilities				
Due within one year				
Current portion of general obligation notes payable	1,575,000	-	1,575,000	1,170,000
Current portion of compensated absences	508,964	103,834	612,798	1,416,279
Due in more than one year:				
General obligation notes payable	-	-	-	6,721,976
Forest crop loan payable	1,535,695	-	1,535,695	-
Landfill closure and long-term care payable	-	13,989,933	13,989,933	-
Net pension liability	1,818,603	260,792	2,079,395	1,817,501
Compensated absences	4,580,678	934,508	5,515,186	178,132
Total Liabilities	<u>22,916,353</u>	<u>17,964,521</u>	<u>40,880,874</u>	<u>16,578,475</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for next period	41,442,652	7,692,440	49,135,092	-
Other deferred revenues	-	518,240	518,240	-
Deferred inflows related to pensions	5,732,286	813,960	6,546,246	5,753,394
Total Deferred Inflows of Resources	<u>47,174,938</u>	<u>9,024,640</u>	<u>56,199,578</u>	<u>5,753,394</u>
NET POSITION				
Net investment in capital assets	235,403,665	20,675,663	256,079,328	58,232,913
Restricted for:				
Debt service	1,610,346	-	1,610,346	-
Land records	1,070,104	-	1,070,104	-
Capital improvements	293,134	-	293,134	-
Jail improvements	641,665	-	641,665	-
Social services	3,096,404	-	3,096,404	-
Long-term care costs	-	-	-	-
Passenger facility charges	-	-	-	2,078,434
Employee benefits	-	-	-	15,649
Unrestricted	<u>64,144,630</u>	<u>38,265,833</u>	<u>102,410,463</u>	<u>35,144,579</u>
TOTAL NET POSITION	<u>\$ 306,259,948</u>	<u>\$ 58,941,496</u>	<u>\$ 365,201,444</u>	<u>\$ 95,471,575</u>

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Program Revenues				Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary Government								
Governmental Activities								
General government	\$ 32,142,445	\$ 4,226,356	\$ 1,125,177	\$ -	\$ (26,790,912)	\$ -	\$ (26,790,912)	\$ -
Public safety	24,595,572	1,803,541	552,866	41,892	(22,197,273)	-	(22,197,273)	-
Transportation	8,319,581	-	168,157	632,475	(7,518,949)	-	(7,518,949)	-
Health	4,635,411	756,389	887,955	-	(2,991,067)	-	(2,991,067)	-
Social services	18,480,054	972,625	10,908,710	-	(6,598,719)	-	(6,598,719)	-
Leisure and education	7,765,814	420,988	832,508	-	(6,512,318)	-	(6,512,318)	-
Conservation and development	888,288	452,078	580,806	-	144,596	-	144,596	-
Interest on long-term debt	19,691	-	-	-	(19,691)	-	(19,691)	-
Total Governmental Activities	<u>96,846,856</u>	<u>8,631,977</u>	<u>15,056,179</u>	<u>674,367</u>	<u>(72,484,333)</u>	<u>-</u>	<u>(72,484,333)</u>	<u>-</u>
Business-type Activities								
Landfill	5,391,402	3,185,800	-	-	-	(2,205,602)	(2,205,602)	-
Highway	12,752,810	4,922,756	3,379,215	-	-	(4,450,839)	(4,450,839)	-
Total Business-type Activities	<u>18,144,212</u>	<u>8,108,556</u>	<u>3,379,215</u>	<u>-</u>	<u>-</u>	<u>(6,656,441)</u>	<u>(6,656,441)</u>	<u>-</u>
Total Primary Government	<u>\$ 114,991,068</u>	<u>\$ 16,740,533</u>	<u>\$ 18,435,394</u>	<u>\$ 674,367</u>	<u>(72,484,333)</u>	<u>(6,656,441)</u>	<u>(79,140,774)</u>	<u>-</u>
Component Units								
Governmental Activities								
Children with Disabilities Education Board	\$ 6,359,307	\$ 4,887,865	\$ 103,330	\$ -	-	-	-	(1,368,112)
Business-type Activities								
Central Wisconsin Airport	6,073,404	3,720,934	-	1,815,916	-	-	-	(536,554)
North Central Health Care	63,628,920	46,853,685	17,454,190	646,347	-	-	-	1,325,302
Total Business-type Component Units	<u>\$ 69,702,324</u>	<u>\$ 50,574,619</u>	<u>\$ 17,454,190</u>	<u>\$ 2,462,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>788,748</u>
General Revenues								
Taxes								
Property taxes					42,078,167	6,101,945	48,180,112	-
Sales taxes					12,302,282	-	12,302,282	-
Other taxes					1,486,150	-	1,486,150	-
Vehicle registration fee					-	3,114,532	3,114,532	-
Grants and contributions not restricted to specific programs					6,534,364	-	6,534,364	-
Unrestricted investment earnings					1,120,901	433,120	1,554,021	215,456
Gain on sale of capital assets					141,529	5,401	146,930	8,332
Unrestricted state and federal aid					-	-	-	1,023,774
Miscellaneous					146,987	276,159	423,146	49,082
Transfers					2,577,665	(2,577,665)	-	-
Total General Revenues and Transfers					<u>66,388,045</u>	<u>7,353,492</u>	<u>73,741,537</u>	<u>1,296,644</u>
Change in net position					<u>(6,096,288)</u>	<u>697,051</u>	<u>(5,399,237)</u>	<u>717,280</u>
NET POSITION, Beginning					<u>312,356,236</u>	<u>58,244,445</u>	<u>370,600,681</u>	<u>94,754,295</u>
NET POSITION, ENDING					<u>\$ 306,259,948</u>	<u>\$ 58,941,496</u>	<u>\$ 365,201,444</u>	<u>\$ 95,471,575</u>

See accompanying notes to financial statements.

MARATHON COUNTY

BALANCE SHEET- GOVERNMENTAL FUNDS
As of December 31, 2017

	General	Social Improvement	Capital Improvement	Nonmajor Governmental Fund Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 39,183,340	\$ 3,087,830	\$ 7,459,726	\$ 1,616,817	\$ 51,347,713
Receivables					
Taxes receivable	37,154,549	7,610,569	-	1,674,750	46,439,868
Accounts receivable	1,865,302	272,384	-	-	2,137,686
Accrued interest receivable	338,199	-	-	-	338,199
Due from other governments	2,780,686	1,365,889	-	-	4,146,575
Due from other funds	1,796	-	-	-	1,796
Inventories and prepaid items	31,090	14,829	3,475	-	49,394
Restricted Assets					
Cash and investments	2,401,295	76,230	-	-	2,477,525
TOTAL ASSETS	\$ 83,756,257	\$ 12,427,731	\$ 7,463,201	\$ 3,291,567	\$ 106,938,756
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,026,109	\$ 1,036,620	\$ 701,628	\$ -	\$ 3,764,357
Accrued items	1,857,515	-	-	-	1,857,515
Due to other governments	1,559,338	46	-	-	1,559,384
Due to other funds	-	-	1,796	-	1,796
Liabilities payable from restricted assets					
Special deposits	395,018	684,092	-	-	1,079,110
Total Liabilities	5,837,980	1,720,758	703,424	-	8,262,162
Deferred Inflows of Resources					
Property taxes levied for next period	32,157,333	7,610,569	-	1,674,750	41,442,652
Unavailable revenues	1,117,570	150,659	-	-	1,268,229
Total Deferred Inflows of Resources	33,274,903	7,761,228	-	1,674,750	42,710,881
Fund Balances					
Nonspendable	3,735,653	14,829	3,475	-	3,753,957
Restricted	2,004,903	2,930,916	-	1,616,817	6,552,636
Assigned	13,362,982	-	6,756,302	-	20,119,284
Unassigned	25,539,836	-	-	-	25,539,836
Total Fund Balances	44,643,374	2,945,745	6,759,777	1,616,817	55,965,713
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 83,756,257	\$ 12,427,731	\$ 7,463,201	\$ 3,291,567	\$ 106,938,756

See accompanying notes to financial statements.

MARATHON COUNTY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2017

Total Fund Balances - Governmental funds	\$ 55,965,713
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	34,801,691
Construction in progress	12,759,907
Other capital assets net of accumulated depreciation	189,417,067
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.	1,268,229
The net pension liability does not relate to current financial resources and is not reported in the governmental funds (less internal service funds \$10,514).	(1,808,089)
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 \$104,213).	13,874,006
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 \$55,345).	(5,697,673)
The County's investment in joint venture not a financial resource and, therefore, is not reported in the funds.	429,669
Internal service funds are reported in the statement of net position as governmental funds.	13,374,888
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	(1,575,000)
Forest crop loan	(1,535,695)
Compensated absences	(5,089,642)
Less: Internal service fund compensated absences	81,350
Accrued interest	<u>(6,473)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 306,259,948</u>

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2017

	General	Social Improvement	Capital Improvement	Nonmajor Governmental Fund Debt Service Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 46,518,846	\$ 7,634,514	\$ 122,750	\$ 1,590,488	\$ 55,866,598
Intergovernmental grants and aids	9,389,697	10,836,544	-	-	20,226,241
Licenses and permits	347,756	-	-	-	347,756
Fines and forfeitures	610,828	-	-	-	610,828
Public charges for services	4,704,746	550,781	-	64,897	5,320,424
Intergovernmental charges for services	1,583,860	-	-	-	1,583,860
Miscellaneous revenue	2,248,952	31,118	385,306	12,892	2,678,268
Total Revenues	<u>65,404,685</u>	<u>19,052,957</u>	<u>508,056</u>	<u>1,668,277</u>	<u>86,633,975</u>
EXPENDITURES					
Current					
General government	25,674,740	-	-	-	25,674,740
Public safety	23,597,803	-	-	-	23,597,803
Health	4,508,557	-	-	-	4,508,557
Social services	220,832	17,903,986	-	-	18,124,818
Leisure activities and education	7,302,962	-	-	-	7,302,962
Conservation and economic development	875,611	-	-	-	875,611
Capital Outlay	245,146	-	2,441,193	-	2,686,339
Debt Service					
Principal	-	-	-	1,675,736	1,675,736
Interest and paying agent fees	-	-	-	15,488	15,488
Total Expenditures	<u>62,425,651</u>	<u>17,903,986</u>	<u>2,441,193</u>	<u>1,691,224</u>	<u>84,462,054</u>
Excess (deficiency) of revenues over expenditures	<u>2,979,034</u>	<u>1,148,971</u>	<u>(1,933,137)</u>	<u>(22,947)</u>	<u>2,171,921</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	-	2,928,916	-	2,928,916
Social Improvement Fund	-	-	1,958,021	-	1,958,021
Capital Improvement Fund	248,203	-	-	-	248,203
Sales of capital assets	6,265	-	140,516	-	146,781
State loan program debt issued	14,692	-	-	-	14,692
Transfers out					
General Fund	-	-	(248,203)	-	(248,203)
Capital Improvement Fund	(2,928,916)	(1,958,021)	-	-	(4,886,937)
Employee Benefit Fund	(444,582)	-	-	-	(444,582)
County Highway Fund	-	-	(3,302,291)	-	(3,302,291)
Total Other Financing Sources (Uses)	<u>(3,104,338)</u>	<u>(1,958,021)</u>	<u>1,476,959</u>	<u>-</u>	<u>(3,585,400)</u>
Net change in fund balance	(125,304)	(809,050)	(456,178)	(22,947)	(1,413,479)
FUND BALANCE, Beginning	<u>44,768,678</u>	<u>3,754,795</u>	<u>7,215,955</u>	<u>1,639,764</u>	<u>57,379,192</u>
FUND BALANCE, ENDING	<u>\$ 44,643,374</u>	<u>\$ 2,945,745</u>	<u>\$ 6,759,777</u>	<u>\$ 1,616,817</u>	<u>\$ 55,965,713</u>

See accompanying 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, 2017

Net change in fund balance - total governmental funds	\$ (1,413,479)
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.	2,686,339
Some items reported as capital outlay but not capitalized.	(270,420)
Depreciation is reported in the government-wide statements.	(12,891,685)
Infrastructure financed by the highway fund.	5,879,956
Contributed capital assets are reported as revenues in the government-wide statements.	674,367
Net book value of assets retired.	(4,167)
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.	(978,609)
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.	(4,421)
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	(14,692)
Principal repaid	1,675,736
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	108,729
Decrease in net pension liability - less internal service funds	1,725,182
Deferred outflows of resources related to pensions - less internal service funds	(5,816,065)
Deferred inflows of resources related to pensions - less internal service funds	1,765,413
Accrued interest on debt	(4,204)
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.	<u>785,732</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (6,096,288)</u>

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF NET POSITION - PROPRIETARY FUNDS As of December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental
	Landfill	County Highway	Total	Activities - Internal Service
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and investments	\$ 3,740,775	\$ 35,891,924	\$ 39,632,699	\$ 16,382,059
Taxes receivable	-	7,692,440	7,692,440	-
Accounts receivable (net of allowance)	737,883	82,729	820,612	147,399
Due from other governments	-	635,958	635,958	-
Inventories	112,399	1,258,992	1,371,391	-
Total Current Assets	4,591,057	45,562,043	50,153,100	16,529,458
NONCURRENT ASSETS				
Restricted assets				
Cash and investments	13,105,766	-	13,105,766	-
Accrued interest receivable	33,386	-	33,386	-
Deposit in Wisconsin Municipal Mutual Insurance Company	-	-	-	1,519,000
Capital Assets				
Land	482,465	81,804	564,269	-
Buildings	1,530,916	6,616,478	8,147,394	-
Improvements	30,237,858	606,661	30,844,519	-
Equipment	2,115,087	17,631,610	19,746,697	58,466
Total Capital Assets	34,366,326	24,936,553	59,302,879	58,466
Less: Accumulated depreciation	(22,786,874)	(15,840,342)	(38,627,216)	(58,466)
Net Capital Assets	11,579,452	9,096,211	20,675,663	-
Total Noncurrent Assets	24,718,604	9,096,211	33,814,815	1,519,000
Total Assets	29,309,661	54,658,254	83,967,915	18,048,458
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	198,939	1,763,803	1,962,742	83,481
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	244,588	556,856	801,444	104,047
Accrued items	-	13	13	72,422
Due to other governments	1,873,997	-	1,873,997	-
Current portion of compensated absences	2,973	100,861	103,834	8,135
Total Current Liabilities	2,121,558	657,730	2,779,288	184,604
LONG-TERM LIABILITIES				
Landfill closure and long-term care payable	13,989,933	-	13,989,933	-
Accrued liability - claims payable	-	-	-	4,454,105
Net pension liability	27,099	233,693	260,792	10,514
Compensated absences	26,756	907,752	934,508	73,215
Total Long-term Liabilities	14,043,788	1,141,445	15,185,233	4,537,834
Total Liabilities	16,165,346	1,799,175	17,964,521	4,722,438
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for next period	-	7,692,440	7,692,440	-
Other deferred revenues	-	518,240	518,240	-
Pension related amounts	82,629	731,331	813,960	34,613
Total Deferred Inflows of Resources	82,629	8,942,011	9,024,640	34,613
NET POSITION				
Investment in capital assets	11,579,452	9,096,211	20,675,663	-
Unrestricted	1,681,173	36,584,660	38,265,833	13,374,888
TOTAL NET POSITION	\$ 13,260,625	\$ 45,680,871	\$ 58,941,496	\$ 13,374,888

MARATHON COUNTY

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

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service
	Landfill	County Highway	Total	
OPERATING REVENUES				
Licenses and permits	\$ -	\$ 10,305	\$ 10,305	\$ -
Public charges for services	3,185,800	-	3,185,800	-
Intergovernmental charges for services	-	4,912,451	4,912,451	-
Interdepartmental charges for services	-	-	-	14,363,237
Total Operating Revenues	<u>3,185,800</u>	<u>4,922,756</u>	<u>8,108,556</u>	<u>14,363,237</u>
OPERATING EXPENSES				
Salaries and benefits	792,699	3,784,423	4,577,122	994,941
Contractual services	1,030,701	398,032	1,428,733	535,022
Materials and supplies	439,197	841,122	1,280,319	11,616
Construction and maintenance	4,278	3,498,619	3,502,897	-
Landfill closure and long term care	1,791,818	-	1,791,818	-
Building and equipment rent	-	2,927,158	2,927,158	-
Insurance and claims	-	122,125	122,125	12,830,692
Loss and loss adjustment expense	-	-	-	(256,837)
Insurance and administration costs	18,926	-	18,926	519,789
Depreciation	1,010,026	1,181,331	2,191,357	-
Other operating expenses	101,547	-	101,547	-
Total Operating Expenses	<u>5,189,192</u>	<u>12,752,810</u>	<u>17,942,002</u>	<u>14,635,223</u>
Operating Income (Loss)	<u>(2,003,392)</u>	<u>(7,830,054)</u>	<u>(9,833,446)</u>	<u>(271,986)</u>
NONOPERATING REVENUES (EXPENSES)				
General property taxes	-	6,101,945	6,101,945	-
Vehicle registration fee	-	3,114,532	3,114,532	-
Intergovernmental grants and aids	-	3,379,215	3,379,215	-
Investment income (expense)	(17,346)	450,466	433,120	334,742
Insurance recoveries	-	-	-	112,636
Infrastructure construction expense for governmental activities	-	(5,879,956)	(5,879,956)	-
Gain on sale of capital assets	-	5,401	5,401	-
Other expense	(202,210)	-	(202,210)	-
Other income	6,476	269,683	276,159	165,758
Total Nonoperating Revenues (Expenses), Net	<u>(213,080)</u>	<u>7,441,286</u>	<u>7,228,206</u>	<u>613,136</u>
Income (loss) before transfers	<u>(2,216,472)</u>	<u>(388,768)</u>	<u>(2,605,240)</u>	<u>341,150</u>
Transfers in	<u>-</u>	<u>3,302,291</u>	<u>3,302,291</u>	<u>444,582</u>
Change in Net Position	<u>(2,216,472)</u>	<u>2,913,523</u>	<u>697,051</u>	<u>785,732</u>
NET POSITION - Beginning of Year	<u>15,477,097</u>	<u>42,767,348</u>	<u>58,244,445</u>	<u>12,589,156</u>
NET POSITION - END OF YEAR	<u>\$ 13,260,625</u>	<u>\$ 45,680,871</u>	<u>\$ 58,941,496</u>	<u>\$ 13,374,888</u>

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2017

	Business-type Activities-Enterprise Funds			Governmental
	County			Activities-
	Landfill	Highway	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from the sale of goods and services	\$ -	\$ 5,865,307	\$ 5,865,307	\$ -
Collections from landfill disposal services	3,147,298	-	3,147,298	-
Collections from departments and other insurance purchasers	-	-	-	14,551,913
Cash paid to employees for services	(792,699)	(3,784,423)	(4,577,122)	(994,941)
Cash paid to suppliers for goods and services	(1,533,705)	(7,564,474)	(9,098,179)	(13,863,069)
Net Cash Provided (Used) by Operating Activities	<u>820,894</u>	<u>(5,483,590)</u>	<u>(4,662,696)</u>	<u>(306,097)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property taxes	-	6,101,945	6,101,945	-
Vehicle registration fee	-	3,114,532	3,114,532	-
Intergovernmental grants and contributions	-	3,379,215	3,379,215	-
Transfers	-	3,302,291	3,302,291	444,582
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>15,897,983</u>	<u>15,897,983</u>	<u>444,582</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Payments for capital acquisitions	(352,042)	(991,159)	(1,343,201)	-
Infrastructure construction expense for governmental activities	-	(5,879,956)	(5,879,956)	-
Net Cash Provided (Used) by Capital Financing Activities	<u>(352,042)</u>	<u>(6,871,115)</u>	<u>(7,223,157)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments sold	211,280	-	211,280	-
Interest received on investments	(18,510)	450,466	431,956	334,742
Net Cash Provided (Used) by Investing Activities	<u>192,770</u>	<u>450,466</u>	<u>643,236</u>	<u>334,742</u>
Net Increase in Cash and Cash Equivalents	661,622	3,993,744	4,655,366	473,227
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,079,153</u>	<u>31,898,180</u>	<u>34,977,333</u>	<u>15,908,832</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,740,775	\$ 35,891,924	\$ 39,632,699	\$ 16,382,059

	Business-type Activities-Enterprise Funds			Governmental
	County		Total	Activities-
	Landfill	Highway		Internal
				Service
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating loss	\$ (2,003,392)	\$ (7,830,054)	\$ (9,833,446)	\$ (271,986)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities				
Depreciation expense	1,010,026	1,181,331	2,191,357	-
Insurance recoveries	-	-	-	103,498
Other income (expense)	(195,734)	275,084	79,350	174,896
Effects of (increase) decrease in operating assets, deferred outflows, and increase (decrease) in operating liabilities and deferred inflows				
Accounts receivable	157,234	(2,869)	154,365	(89,718)
Due from other governments	-	174,593	174,593	-
Inventories	-	30,170	30,170	-
Accounts payable	(187,525)	(116,627)	(304,152)	41,228
Accrued expenses	-	-	-	13,712
Due to other governments	213,349	(3,975)	209,374	-
Landfill closure and long-term care payable	1,791,818	-	1,791,818	-
Unearned revenues	-	495,756	495,756	-
Accrued liabilities - claims payable	-	-	-	(256,837)
Compensated absences	(85)	(15,924)	(16,009)	(20,890)
Pension related deferrals and liabilities	35,203	328,925	364,128	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 820,894	\$ (5,483,590)	\$ (4,662,696)	\$ (306,097)
NONCASH INVESTING, CAPITAL AND NONCAPITAL FINANCING ACTIVITIES				
Fair value adjustment - investments	\$ 118,556	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 2,747,549
Accounts receivable	70,005
Due from other governments	<u>992,166</u>
TOTAL ASSETS	<u>\$ 3,809,720</u>
LIABILITIES	
Accounts payable	\$ 115,445
Due to other governments	647,691
Due to participants	298,189
Other accrued liabilities and deposits	<u>2,748,395</u>
TOTAL LIABILITIES	<u>\$ 3,809,720</u>

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF NET POSITION
MAJOR DISCRETELY PRESENTED COMPONENT UNITS
As of December 31, 2017

	North Central Health Care	Central Wisconsin Airport	Children with Disabilities Education Board	Major Discretely Presented Component Units Total
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 8,034,338	\$ 2,394,176	\$ 3,211,960	\$ 13,640,474
Patient accounts receivable (net)	4,647,012	-	-	4,647,012
Accounts receivable	214,581	215,152	-	429,733
Accrued interest	-	-	1,747	1,747
Due from other governments	2,855,593	-	146,015	3,001,608
Prepaid items	210,644	-	38,237	248,881
Inventories	342,221	-	-	342,221
Total Current Assets	<u>16,304,389</u>	<u>2,609,328</u>	<u>3,397,959</u>	<u>22,311,676</u>
NONCURRENT ASSETS				
Restricted assets				
Cash and investments	35,673	2,912,853	-	2,948,526
Net OPEB asset	-	-	15,649	15,649
Investments	11,792,118	-	-	11,792,118
Assets limited as to use	845,128	-	-	845,128
Capital assets				
Land	51,300	614,983	-	666,283
Construction in progress	559,605	699,378	-	1,258,983
Buildings	25,913,053	38,908,053	-	64,821,106
Improvements	1,336,742	54,459,842	-	55,796,584
Equipment	19,355,193	9,470,275	40,499	28,865,967
Software	1,538,609	-	-	1,538,609
Total Capital Assets	48,754,502	104,152,531	40,499	152,947,532
Total Accumulated Depreciation and Amortization	(37,072,482)	(49,709,662)	(40,499)	(86,822,643)
Net Capital Assets	<u>11,682,020</u>	<u>54,442,869</u>	<u>-</u>	<u>66,124,889</u>
Total Noncurrent Assets	<u>24,354,939</u>	<u>57,355,722</u>	<u>15,649</u>	<u>81,726,310</u>
Total Assets	<u>40,659,328</u>	<u>59,965,050</u>	<u>3,413,608</u>	<u>104,037,986</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>12,070,837</u>	<u>392,037</u>	<u>1,302,584</u>	<u>13,765,458</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	1,118,469	144,374	775,277	2,038,120
Accrued items	1,848,919	-	-	1,848,919
Deposits	35,673	11,831	-	47,504
Interest payable	-	30,297	-	30,297
Accrued liability - claims payable	622,000	-	-	622,000
Due to other governments	250,000	360,999	-	610,999
Unearned revenues	76,748	-	-	76,748
Current portion of compensated absences	1,340,709	19,793	55,777	1,416,279
Current portion of long-term obligations	-	1,170,000	-	1,170,000
Total Current Liabilities	<u>5,292,518</u>	<u>1,737,294</u>	<u>831,054</u>	<u>7,860,866</u>
LONG-TERM LIABILITIES				
General obligation notes payable (net of unamortized premiums)	-	6,721,976	-	6,721,976
Net pension liability	1,582,088	54,633	180,780	1,817,501
Compensated absences	-	178,132	-	178,132
Total Long-Term Liabilities	<u>1,582,088</u>	<u>6,954,741</u>	<u>180,780</u>	<u>8,717,609</u>
Total Liabilities	<u>6,874,606</u>	<u>8,692,035</u>	<u>1,011,834</u>	<u>16,578,475</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>5,021,704</u>	<u>162,181</u>	<u>569,509</u>	<u>5,753,394</u>
NET POSITION				
Net investment in capital assets	11,682,020	46,550,893	-	58,232,913
Restricted				
Passenger facility charges	-	2,078,434	-	2,078,434
Employee benefits	-	-	15,649	15,649
Unrestricted	<u>29,151,835</u>	<u>2,873,544</u>	<u>3,119,200</u>	<u>35,144,579</u>
TOTAL NET POSITION	<u>\$ 40,833,855</u>	<u>\$ 51,502,871</u>	<u>\$ 3,134,849</u>	<u>\$ 95,471,575</u>

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 MAJOR DISCRETELY PRESENTED COMPONENT UNITS
 For the Year Ended December 31, 2017

	North Central Health Care	Central Wisconsin Airport	Children with Disabilities Education Board	Major Discretely Presented Component Units Total
EXPENSES				
Transportation				
Airport	\$ -	\$ 6,073,404	\$ -	\$ 6,073,404
Social Services				
North Central Community Services	63,628,920	-	-	63,628,920
Children with Disabilities Education Board	-	-	2,437,195	2,437,195
Instruction				
Children with Disabilities Education Board	-	-	3,922,112	3,922,112
Total Expenses	<u>63,628,920</u>	<u>6,073,404</u>	<u>6,359,307</u>	<u>76,061,631</u>
PROGRAM REVENUES				
Charges for service	46,853,685	3,720,934	4,887,865	55,462,484
Operating grants and contributions	17,454,190	-	103,330	17,557,520
Capital grants and contributions	646,347	1,815,916	-	2,462,263
Total Program Revenues	<u>64,954,222</u>	<u>5,536,850</u>	<u>4,991,195</u>	<u>75,482,267</u>
Net Income (Expense)	<u>1,325,302</u>	<u>(536,554)</u>	<u>(1,368,112)</u>	<u>(579,364)</u>
GENERAL REVENUES				
Unrestricted investment earnings	167,995	47,461	-	215,456
Gain on sale of capital assets	8,332	-	-	8,332
State and Federal Aids Not Restricted to Specific Functions				
Categorical aid	-	-	1,023,774	1,023,774
Miscellaneous	-	16,785	32,297	49,082
Total General Revenues	<u>176,327</u>	<u>64,246</u>	<u>1,056,071</u>	<u>1,296,644</u>
Change in net position	1,501,629	(472,308)	(312,041)	717,280
NET POSITION, Beginning	<u>39,332,226</u>	<u>51,975,179</u>	<u>3,446,890</u>	<u>94,754,295</u>
NET POSITION, ENDING	<u>\$ 40,833,855</u>	<u>\$ 51,502,871</u>	<u>\$ 3,134,849</u>	<u>\$ 95,471,575</u>

See accompanying notes to financial statements.

MARATHON COUNTY

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MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - 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).

A. 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; (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 two methods, discrete presentation or blending. 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 As of and for the Year Ended December 31, 2017

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

A. REPORTING ENTITY (cont.)

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 create a possible financial benefit or burden. See Note III.L. The information presented is for the fiscal year ended December 31, 2017. 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 III.L. The information presented is for the fiscal year ended December 31, 2017. 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 III.L. The information presented is for the fiscal year ended June 30, 2017. Separately issued financial statements of the Children with Disabilities Education Board may be obtained from the Board's office.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function 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% 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% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds, and agency 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

Fund Financial Statements (cont.)

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.

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

Agency funds are used to account for and report assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

- Aging and Disability Resource Center of Central Wisconsin (ADRC-CW)
- Clerk of Courts
- Sheriff Adult Inmate

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and 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.

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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

Fund Financial Statements (cont.)

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

The proprietary 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. During 2017, the County began collecting a vehicle registration fee in the County Highway fund. 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.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents. 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 maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

1. Deposits and Investments (cont.)

- 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% 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.

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, 2017, 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 III. A. for further information.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

2. Receivables

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 Assets and Liabilities - Agency Funds.

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

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.

The County has a 0.5% 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, 2017, 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

3. Inventories and Prepaid Items

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.

4. 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.

5. 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 As of and for the Year Ended December 31, 2017

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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:

Buildings	20 - 50	Years
Land Improvements	2 - 20	Years
Machinery and Equipment	3 - 10	Years
Infrastructure	5 - 75	Years
Library Collection	5 - 25	Years

Fund Financial Statements

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

6. 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.

7. 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

7. Compensated Absences (cont.)

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, 2017, 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 IV.A., 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% 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 2017 funding (including CWA as a discretely presented component unit) was estimated in the annual budget at \$223,000 with an actual cost of \$317,526. There were twenty-six (26) employees eligible for benefits as of year-end.

8. 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, accrued compensated absences, and the net pension liability. 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% 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

8. Long-Term Obligations (cont.)

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.

9. 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.

10. 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."

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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the County. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the 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% of the current year's general fund, social improvement fund, and debt service fund's budgeted expenditures. The balance at year-end was \$24,898,264 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% of the current year budgeted expenditures. The balance at year-end was \$6,375,143 and is included in unrestricted net position.

See Note III.J. for further information.

11. 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LIMITATIONS ON THE COUNTY'S TAX LEVY

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

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 4,522,984	\$ 6,766,350	Custodial credit
U.S. Treasuries	29,642,929	29,642,929	Custodial credit, interest rate
U.S. Agencies - implicitly guaranteed	30,984,492	30,984,492	Custodial credit, interest rate, credit, concentration of credit risk
National agency bonds and notes	5,776,821	5,776,821	Custodial credit, interest rate, credit, concentration of credit risk
State and local bonds	1,430,000	1,430,000	Custodial credit, interest rate, credit, concentration of credit
Corporate bonds	17,778,719	17,778,719	Custodial credit, interest rate, credit, concentration of credit risk
Certificates of deposits – negotiable	23,959,203	23,959,203	Custodial credit, interest rate, credit, concentration of credit risk
Commercial paper	6,959,159	6,959,159	Custodial credit, interest rate, credit, concentration of credit risk
LGIP	9,946,033	9,946,033	Credit
Total Deposits and Investments	<u>\$ 131,000,340</u>	<u>\$ 133,243,706</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 107,362,471		
Restricted cash and investments	15,583,291		
Per statement of assets and liabilities			
Agency funds	2,747,549		
Per statement of net position - major discretely presented component unit (CWA)			
Unrestricted cash and investments	2,394,176		
Restricted cash and investments	2,912,853		
Total Deposits and Investments	<u>\$ 131,000,340</u>		

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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.

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

- > Institutional Bond Quotes
- > Market Quotation

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$ 29,052,425	\$ 590,504	\$ -	\$ 29,642,929
U.S. Agencies – implicitly guaranteed	-	30,984,492	-	30,984,492
Certificates of deposit – negotiable	-	23,959,203	-	23,959,203
State and local bonds	1,430,000	-	-	1,430,000
Corporate bonds	-	17,778,719	-	17,778,719
Commercial paper	-	6,959,159	-	6,959,159
National agency bonds and notes	-	5,776,821	-	5,776,821
Totals	<u>\$ 30,482,425</u>	<u>\$ 86,048,898</u>	<u>\$ -</u>	<u>\$ 116,531,323</u>

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

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

The County maintains an 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.

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

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	<u>\$ 29,642,929</u>
--	----------------------

U.S. Agencies – implicitly guaranteed

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 30,984,492</u>
--	----------------------

Corporate Bonds

Neither insured nor registered and held by counterparty's trust department of agent not in the County's name	<u>\$ 17,778,719</u>
--	----------------------

Commercial Paper

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 6,959,159</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>\$ 1,430,000</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>\$ 5,776,821</u>
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Certificates of Deposit – negotiable

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 23,959,203</u>
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MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2017, the County's investments were rated as follows:

Investment Type	Standard & Poors
Corporate bonds	A, AA, AA+, AA-, AAA
U.S. Agencies – implicitly guaranteed	AA+
Commercial paper	A-1, A-1+
State and local bonds	Not rated
National agency bonds and notes	AAA
Certificates of deposit – negotiable	A-1, A-1+, AA-, A+, AA-

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, 2017, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Net Position
FHLB	U.S. Agencies – implicitly guaranteed	21.7%

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2017, the County's investments were as follows:

Investment Types	Fair Value	Maturity (In Years)		
		Less than 1 year	1–4 years	Greater than 4 years
U.S. Treasuries	\$ 29,642,929	\$ 4,884,476	\$ 24,758,453	\$ -
U.S. Agencies – implicitly guaranteed	30,984,492	5,250,809	25,733,683	-
State and local bonds	1,430,000	-	1,430,000	-
Corporate bonds	17,778,719	1,574,981	12,498,196	3,705,542
Commercial paper	6,959,159	6,959,159	-	-
National agency bonds and notes	5,776,821	-	5,776,821	-
Certificates of deposit – negotiable	23,959,203	14,624,699	9,334,504	-
Totals	\$ 116,531,323	\$ 33,294,124	\$ 79,531,657	\$ 3,705,542

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

B. 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	Totals
Property taxes receivable for subsequent year	\$ -	\$ 41,442,652	\$ 41,442,652
Delinquent property taxes receivable	1,090,152	-	1,090,152
Other receivables	4,948	-	4,948
Grant amounts not yet received	173,129	-	173,129
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 1,268,229	\$ 41,442,652	\$ 42,710,881

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

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:

	Deferred
Property taxes receivable for subsequent year	\$ 7,692,440
Revenue collected in advance	518,240
Total Deferred Revenue For Enterprise Funds	\$ 8,210,680

Taxes receivable represent current taxes and unpaid taxes for 2017 and prior years as follows:

Year of Settlement	County Tax Levied	County Purchased	Balance December 31, 2017
2016	\$ 391,274	\$ 1,477,800	\$ 1,869,074
2015	212,950	805,254	1,018,204
2014	198,290	866,777	1,065,067
2013	83,326	322,596	405,922
2012	46,758	176,926	223,684
2011	30,405	108,429	138,834
2010	15,427	53,533	68,960
2009	4,825	15,967	20,792
2008	1,399	4,471	5,870
2007	994	3,006	4,000
2006	874	2,680	3,554
Total Tax Certificates	\$ 986,522	\$ 3,837,439	4,823,961
Tax deeds			173,255
Current taxes			49,135,092
Total Taxes Receivable			\$ 54,132,308

Delinquent taxes collected within the sixty day period subsequent to year-end aggregated \$53,457 and \$207,649 for delinquent taxes levied and purchased by the County, respectively.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. 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.

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.

Following is a list of restricted assets at December 31, 2017:

Restricted Assets	
Land records	\$ 1,070,104
Jail improvements	641,665
Special deposits and impressed cash accounts	712,094
Community Options Programming	53,662
Landfill long-term care and closure costs	13,105,766
Accrued interest receivable	<u>33,386</u>
Total Restricted Assets	<u>\$ 15,616,677</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 34,425,059	\$ 376,632	\$ -	\$ 34,801,691
Construction in progress	13,846,506	943,861	2,030,460	12,759,907
Total Capital Assets Not Being Depreciated	48,271,565	1,320,493	2,030,460	47,561,598
Capital assets being depreciated				
Buildings	93,498,223	739,920	-	94,238,143
Improvements	10,827,455	21,708	-	10,849,163
Equipment	23,006,379	861,581	420,738	23,447,222
Infrastructure	214,284,613	7,660,200	3,272,500	218,672,313
Library collection	4,822,900	396,800	360,500	4,859,200
Total Capital Assets Being Depreciated	346,439,570	9,680,209	4,053,738	352,066,041
Total Capital Assets	394,711,135	11,000,702	6,084,198	399,627,639
Less: Accumulated depreciation for				
Buildings	(55,771,154)	(2,954,096)	-	(58,725,250)
Improvements	(6,794,548)	(423,024)	-	(7,217,572)
Equipment	(20,027,240)	(1,173,249)	418,071	(20,782,418)
Infrastructure	(68,731,818)	(7,932,816)	3,272,500	(73,392,134)
Library collection	(2,482,100)	(408,500)	359,000	(2,531,600)
Total Accumulated Depreciation	(153,806,860)	(12,891,685)	4,049,571	(162,648,974)
Net Capital Assets Being Depreciated	192,632,710	(3,211,476)	4,167	189,417,067
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 240,904,275	\$ (1,890,983)	\$ 2,034,627	\$ 236,978,665

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 2,503,368
Public safety	825,880
Transportation	7,932,816
Health	4,116
Social services	2,212
Leisure and education	<u>1,623,293</u>

Total Governmental Activities Depreciation Expense \$ 12,891,685

	<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
Capital assets being depreciated				
Buildings	8,132,640	14,754	-	8,147,394
Improvements	30,577,651	266,868	-	30,844,519
Equipment	19,101,276	1,076,568	431,147	19,746,697
Total Capital Assets Being Depreciated	<u>57,811,567</u>	<u>1,358,190</u>	<u>431,147</u>	<u>58,738,610</u>
Total Capital Assets	<u>58,375,836</u>	<u>1,358,190</u>	<u>431,147</u>	<u>59,302,879</u>
Less: Accumulated depreciation for				
Buildings	(6,213,863)	(198,050)	-	(6,411,913)
Improvements	(19,776,810)	(799,935)	-	(20,576,745)
Equipment	(10,861,342)	(1,109,297)	332,081	(11,638,558)
Total Accumulated Depreciation	<u>(36,852,015)</u>	<u>(2,107,282)</u>	<u>332,081</u>	<u>(38,627,216)</u>
Net Capital Assets Being Depreciated	<u>20,959,552</u>	<u>(749,092)</u>	<u>99,066</u>	<u>20,111,394</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,523,821</u>	<u>\$ (749,092)</u>	<u>\$ 99,066</u>	<u>\$ 20,675,663</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Landfill	\$ 1,010,026
Highway	<u>1,181,331</u>
Total Business-type Activities Depreciation Expense	<u><u>\$ 2,191,357</u></u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

E. 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:

Receivable Fund	Payable Fund	Amount
General fund	Capital projects fund	\$ 1,796
Less: Fund eliminations		<u>(1,796)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ -</u></u>

All amounts are due within one year.

The principal purpose of these interfunds 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Capital improvement fund	General fund	\$ 2,928,916	Fund capital projects
Capital improvement fund	Social improvement fund	1,958,021	Fund capital projects
Highway fund	Capital improvement fund	3,302,291	Fund capital projects
General fund	Capital improvement fund	248,203	Closeout completed projects
Employee benefits	General fund	444,582	Affordable Care Act counseling funding
Total - Fund Financial Statements		8,882,013	
Less: Fund eliminations		(5,135,140)	
Less: Government-wide eliminations		(7,049,164)	
Subtotal		(3,302,291)	
Infrastructure costs assigned by the highway fund to governmental activities		5,879,956	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 2,577,665</u>	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 5,879,956	
Business-type Activities	Governmental Activities	(3,302,291)	
Total Government-wide Financial Statements		<u>\$ 2,577,665</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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 3,150,000	\$ -	\$ 1,575,000	\$ 1,575,000	\$ 1,575,000
Forest crop loan payable	1,621,739	14,692	100,736	1,535,695	-
Sub-totals	4,771,739	14,692	1,675,736	3,110,695	1,575,000
Other Liabilities					
Vested compensated absences - governmental funds	5,117,021	300,633	409,362	5,008,292	500,829
Vested compensated absences - internal service fund	82,498	4,852	6,000	81,350	8,135
Net pension liability	3,554,612	-	1,736,009	1,818,603	-
Total Other Liabilities	8,754,131	305,485	2,151,371	6,908,245	508,964
Total Governmental Activities Long-Term Liabilities	\$ 13,525,870	\$ 320,177	\$ 3,827,107	\$ 10,018,940	\$ 2,083,964
Business-type Activities					
Other Liabilities					
Vested compensated absences	\$ 1,054,351	\$ 68,339	\$ 84,348	\$ 1,038,342	\$ 103,834
Net pension liability	508,185	-	247,393	260,792	-
Cell A long-term care and postclosure costs	1,281,779	-	87,546	1,194,233	-
Cell B closure costs	4,283,354	114,686	-	4,398,040	-
Cell B long-term care and postclosure costs	5,374,849	5,385	-	5,380,234	-
Blue Bird Ridge closure costs	475,865	679,505	-	1,155,370	-
Blue Bird Ridge long-term care and postclosure costs	782,268	1,079,788	-	1,862,056	-
Total Business-type Activities Long-Term Liabilities	\$ 13,760,651	\$ 1,947,703	\$ 419,287	\$ 15,289,067	\$ 103,834

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed 5% of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2017, was \$529,508,080. Total general obligation debt outstanding at year-end was \$7,890,000 (including \$6,315,000 issued by Marathon County for the Central Wisconsin Airport – see Note III.L.).

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

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.

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
General Obligation Promissory Notes Series 2016	11/04/16	2/01/18	1.00%	\$ 3,150,000	<u>\$ 1,575,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,575,000	\$ 7,875
Totals	<u>\$ 1,575,000</u>	<u>\$ 7,875</u>

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, 2017 is \$1,535,695.

Other Debt Information

Estimated payments of other long-term liabilities (compensated absences and the net pension liability) 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 will be financed through future contributions and changes to the plan's assets and will be liquidated primarily by the general fund.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. 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, 2017, are as follows:

Years	Governmental Activities Principal
2018	\$ 2,847
2019	2,847
2020	2,847
2021	2,847
2022	2,847
2023 – 2064	35,732
Totals	\$ 49,967

H. 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 2017. Cells B and Blue Bird Ridge remain open at the end of 2017. 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, 2017, 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	\$ 1,194,233	\$ 9,778,274	\$ 3,017,426	\$ 13,989,933
Capacity used at year-end	100%	99.92%	35.09%	

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. CLOSURE AND POSTCLOSURE CARE COST (cont.)

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, 2017, \$13,105,766 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.

I. 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 2017 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. The self-funded pollution liability account has a balance of \$2,556,730 as of December 31, 2017, which is included in the Landfill Fund's unrestricted net position. No amounts were paid from this account in 2017.

J. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 34,801,691
Construction in progress	12,759,907
Other capital assets, net of accumulated depreciation	189,417,067
Less: Long-term debt outstanding	(1,575,000)
Total Net Investment in Capital Assets	<u>235,403,665</u>
Restricted	
Debt service	1,610,346
Land records	1,070,104
Capital improvements	293,134
Jail improvements	641,665
Social services	3,096,404
Total Restricted	<u>6,711,653</u>
Unrestricted	<u>64,144,630</u>
Total Governmental Activities Net Position	<u>\$ 306,259,948</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

J. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	General Fund	Social Improvement	Capital Improvement	Debt Service	Totals
Fund Balance					
Nonspendable:					
Inventories and prepaid items	\$ 31,090	\$ 14,829	\$ 3,475	\$ -	\$ 49,394
Non-county levy portion of delinquent property taxes receivable	3,704,563	-	-	-	3,704,563
Total Nonspendable	3,735,653	14,829	3,475	-	3,753,957
Restricted for:					
UW dorm capital maintenance	293,134	-	-	-	293,134
Land records	1,070,104	-	-	-	1,070,104
Jail assessments	641,665	-	-	-	641,665
Debt service	-	-	-	1,616,817	1,616,817
Social improvement	-	2,930,916	-	-	2,930,916
Total Restricted	2,004,903	2,930,916	-	1,616,817	6,552,636
Assigned to:					
Conservation (ATC powerline easement)	2,384,581	-	-	-	2,384,581
Subsequent year's budget	6,505,658	-	-	-	6,505,658
Compensated absences	4,472,743	-	-	-	4,472,743
Capital projects	-	-	6,756,302	-	6,756,302
Total Assigned	13,362,982	-	6,756,302	-	20,119,284
Unassigned:	25,539,836	-	-	-	25,539,836
Total Fund Balances	\$ 44,643,374	\$ 2,945,745	\$ 6,759,777	\$ 1,616,817	\$ 55,965,713

Business-type Activities

Investment in capital assets	
Land	\$ 564,269
Other capital assets, net of accumulated depreciation	20,111,394
Total Investment in Capital Assets	20,675,663
Unrestricted	38,265,833
Total Business-type Activities Net Position	\$ 58,941,496

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

K. 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.

L. 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.

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 8,070,011	\$ 9,259,141	Custodial credit
Certificates of deposits	<u>11,792,118</u>	<u>11,792,118</u>	Custodial credit
Total Deposits and Investments	<u>\$ 19,862,129</u>	<u>\$ 21,051,259</u>	

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

b. Deposits and Investments (cont.)

Custodial Credit Risk

Investments

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

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

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 51,300	\$ -	\$ -	\$ 51,300	N/A
Construction in progress	868,660	60,676	(369,731)	559,605	N/A
Depreciable land improvements	1,254,710	82,032	-	1,336,742	10-40
Buildings and building improvements	24,949,383	963,670	-	25,913,053	10-40
Equipment	18,394,159	1,020,762	(59,728)	19,355,193	3-40
Software	1,538,609	-	-	1,538,609	3-15
Less: Accumulated depreciation/ amortization	(35,453,740)	(1,678,263)	59,521	(37,072,482)	
	<u>\$ 11,603,081</u>	<u>\$ 448,877</u>	<u>\$ (369,938)</u>	<u>\$ 11,682,020</u>	

d. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Compensated absences	\$ 1,477,446	\$ 1,340,709	\$ 1,477,446	\$ 1,340,709	\$ 1,340,709

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

e. Related-Party Note Payable

In 2011, Marathon County advanced \$1,500,000 to NCHC to pay costs associated with renovation of space to be utilized by the Marathon County Health Department. NCHC is required to repay Marathon County over 10 years with a 2% per annum interest rate. In 2017, Marathon County forgave \$636,181, the remaining balance of the related-party note payable.

f. Employee Retirement Plan - Wisconsin Retirement System (WRS)

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

At December 31, 2017, NCHC reported a liability of \$1,582,088. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015, rolled forward to December 31, 2016. 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 liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, NCHC's proportion was .19194538%, which was a decrease of .00051104% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, NCHC recognized pension expense of \$4,080,561.

During the reporting period, the WRS recognized \$1,876,018 in contributions from the employer.

At December 31, 2017, 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	\$ 603,250	\$ 4,975,531
Changes in assumptions	1,654,134	-
Net differences between projected and actual earnings on pension plan investments	7,875,134	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	133,013	46,173
Employer contributions subsequent to the measurement date	1,805,306	-
Totals	\$ 12,070,837	\$ 5,021,704

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

f. Employee Retirement System (cont.)

Deferred outflows of \$1,805,306 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 inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Total
2018	\$ 2,117,611
2019	2,117,611
2020	1,462,811
2021	(457,527)
2022	3,321

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability 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 7.20%, 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 (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
NCHC's proportionate share of the net pension (asset) / liability	\$ 20,813,385	\$ 1,582,088	\$ (13,226,881)

At December 31, 2017, NCHC reported a payable of \$277,338 for the outstanding amount of contributions to the pension plan.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

g. 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 \$4,938,000 in 2017, calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charges associated with providing community care.

h. Family Care County Contribution

The developmentally disabled clients of Marathon, Lincoln, and Langlade Counties qualify under the Family Care program which is operated by an unrelated managed care organization (MCO). NCHC has contracted with the MCO to be a provider of residential and day services for these clients. Marathon, Lincoln, and Langlade Counties are required by the State to assist in funding the costs of care for individuals in the program. The County contribution is a preset State-determined amount to be paid annually on October 31.

NCHC is responsible for Marathon County's payment of the State-required contributions. Reimbursement of these amounts will be received through the base county allocation NCHC continues to receive from the State. The amount for 2017 of \$1,125,287 is reflected as a contractual adjustment to the net patient service revenue in the combined statement of revenues, expenses, and changes in net position. Future amounts payable under the agreement will be \$1,125,287, due annually.

i. Related Party Transaction

NCHC 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 for the nursing home operations.

NCHC received \$9,682,107 in 2017 from the counties to assist in meeting operating costs and for additions and improvements to capital assets.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

i. Related Party Transaction (cont.)

Land and buildings at a cost of \$32,322,302 in 2017 utilized by the 51.42/.437 program and the nursing home are held in title by Marathon County. These capital assets, net of accumulated depreciation, are included in the combined statements of net position under capital assets - net and in net investment in capital assets. Depreciation on this property is included in the combined financial statements of NCHC.

j. 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 2017, approximately 23% 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 2017, approximately 64% 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.

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, 2015.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

j. Reimbursement Arrangement With Third-Party Payors (cont.)

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.

k. Patient Accounts Receivable – Net

Patient accounts receivable consisted of the following at December 31, 2017:

	51.42/.437 Program	Nursing Home	Totals
Patient accounts receivable	\$ 4,432,842	\$ 3,111,570	\$ 7,544,412
Less: Allowance for doubtful accounts	(547,163)	(686,702)	(1,233,865)
Contractual adjustments	(1,377,111)	(286,424)	(1,663,535)
 Patient Accounts Receivable - Net	 \$ 2,508,568	 \$ 2,138,444	 \$ 4,647,012

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

I. Net Patient Service Revenue

Net patient service revenue consisted of the following at December 31, 2017:

	51.42/.437 Program	Nursing Home	Totals
Gross patient service revenue:			
Medical assistance	\$ 24,680,864	\$ 16,977,227	\$ 41,658,091
Medicare	7,296,813	7,728,119	15,024,932
Private pay	873,506	2,343,039	3,216,545
Insurance and other	2,833,107	1,858,165	4,691,272
Totals	35,684,290	28,906,550	64,590,840
Less: Contractual adjustments	(11,222,543)	(7,831,982)	(19,054,525)
Provision for bad debts	(389,900)	(22,678)	(412,578)
Net Patient Service Revenue	\$ 24,071,847	\$ 21,051,890	\$ 45,123,737

m. Leases

NCHC has operating leases for apartments and group homes and various equipment. NCHC leases three group homes from Marathon County. Rental expense on the related-party group homes amounted to \$48,400 in 2017. Total rental expense on all operating leases amounted to \$492,206 in 2017.

n. 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:

	2017	2016
Unpaid claims liability at beginning	\$ 798,000	\$ 857,000
Claims expense	6,354,701	6,894,370
Claim payments	(6,530,701)	(6,953,370)
Unpaid Claims Liability at Year-End	\$ 622,000	\$ 798,000

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

o. 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).

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, 2017, 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 December 31, 2018.

p. 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 discussed in Note III.L., 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, 2017:

Medicare	18%
Medicaid	41
Private pay	22
Insurance and other	19
Total	<u>100%</u>

q. Functional Expenses

NCHC provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended December 31, 2017 are as follows:

Health care services	\$ 45,719,840
General and administrative	<u>17,909,080</u>
Total	<u>\$ 63,628,920</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. *COMPONENT UNITS* (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

r. Tri-County Agreement

In December 2016, Langlade, Lincoln, and Marathon Counties signed an agreement to continue sponsorship, from January 1, 2017 through December 31, 2021, of the 51.42/.437 program of NCHC for the purposes of administering a community mental health, alcoholism, and drug abuse program and protective services and protective placement.

Under terms of the December 2016 agreement, a Retained County Board Authority Committee (the "Committee") was established to exercise authority retained by the respective County Boards, as provided under sec. 51.42(5) of the Wisconsin Statutes. Under terms of the agreement, Marathon, Lincoln, and Langlade counties will appoint two, one, and one member, respectively (for a total of four members) to serve on the Committee.

The December 2016 agreement delineates, among other things, the programmatic and management responsibilities of NCHC and the responsibilities and authorities of the Committee and the Board of Directors.

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.

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

At year-end, the carrying amount of the CWA's cash and cash equivalents was \$5,307,029 and is part of the County's commingled cash. See Note III.A.

c. 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, 2017 of \$2,912,853.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

CENTRAL WISCONSIN AIRPORT (cont.)

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 614,983	\$ -	\$ -	\$ 614,983	N/A
Construction in progress	648,551	475,861	425,034	699,378	N/A
Buildings	38,828,768	79,285	-	38,908,053	20-50
Improvements	53,897,029	562,813	-	54,459,842	2-20
Equipment	8,114,089	1,410,536	54,350	9,470,275	3-10
Less: Accumulated depreciation	<u>(46,513,294)</u>	<u>(3,250,718)</u>	<u>(54,350)</u>	<u>(49,709,662)</u>	
Totals	<u>\$ 55,590,126</u>	<u>\$ (722,223)</u>	<u>\$ 425,034</u>	<u>\$ 54,442,869</u>	

e. 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, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation debt	\$ 8,270,000	\$ -	\$ 455,000	\$ 7,815,000	\$ 1,170,000
Add Deferred Amounts for					
Premiums	84,668	-	7,692	76,976	-
Sub-totals	<u>8,354,668</u>	<u>-</u>	<u>462,692</u>	<u>7,891,976</u>	<u>1,170,000</u>
Other Liabilities					
Vested compensated absences	190,583	22,589	15,247	197,925	19,793
Net pension liability	102,503	-	47,870	54,633	-
Sub-totals	<u>293,086</u>	<u>22,589</u>	<u>63,117</u>	<u>252,558</u>	<u>19,793</u>
Totals	<u>\$ 8,647,754</u>	<u>\$ 22,589</u>	<u>\$ 525,809</u>	<u>\$ 8,144,534</u>	<u>\$ 1,189,793</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

CENTRAL WISCONSIN AIRPORT (cont.)

e. Long-Term Obligations (cont.)

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	\$ 1,420,000
2012 General Obligation Promissory Note	12/27/2012	12/1/2028	2.0 – 3.38%	2,650,000	2,350,000
2014 General Obligation Promissory Note issued by Portage County	3/5/2014	12/1/2019	2.0 – 2.88%	1,500,000	1,500,000
2015 General Obligation bond	6/1/2015	12/1/2030	3.0 – 3.5%	2,545,000	<u>2,545,000</u>
Totals Component Unit – General Obligation Debt					<u>\$ 7,815,000</u>

The 2015 general obligation promissory notes were issued by Portage County. Marathon and Portage County are partners in cooperating and sharing costs of the airport as defined in an agreement signed July 18, 1967. While the 2015 debt issued is general obligation debt of Portage County, 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>Totals</u>
2018	\$ 1,170,000	\$ 237,326	\$ 1,407,326
2019	1,175,000	210,726	1,385,726
2020	430,000	177,362	607,362
2021	665,000	165,462	830,462
2022	610,000	143,762	753,762
2023 – 2027	2,825,000	416,760	3,241,760
2028 – 2030	<u>940,000</u>	<u>61,500</u>	<u>1,001,500</u>
Totals	<u>\$ 7,815,000</u>	<u>\$ 1,412,898</u>	<u>\$ 9,227,898</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

CENTRAL WISCONSIN AIRPORT (cont.)

f. Employee Retirement System

The CWA employees are included in the Wisconsin Retirement System information disclosed in Note IV.A.

There was no unfunded liability as of December 31, 2017.

g. Lease Disclosures

Lessor-Operating Leases

The CWA leases farmland, terminal space, hanger space, and parking space. The cost of the leased space is \$13,332,149. The carrying amount of the leased space at CWA is \$5,570,072. The difference between the two figures is the accumulated depreciation of \$7,762,077. The future minimum lease receipts as of December 31, 2017, are as follows:

<u>Years</u>	<u>Principal</u>
2018	\$ 117,229
2019	97,892
2020	80,465
2021	78,278
2022	76,716
Later	<u>55,235</u>
Total	<u>\$ 505,815</u>

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.

a. Basis of Accounting/Measurement Focus

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 1,888,343	\$ 2,050,575	Custodial credit
LGIP	1,323,517	1,323,517	Credit
Petty cash	100	-	N/A
Total Deposits and Investments	\$ 3,211,960	\$ 3,374,092	

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

c. Restricted Assets

Restricted assets have been reported in connection with other postemployment benefit asset balances since these balances must be used to fund employee benefits.

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Equipment	\$ 40,499	\$ -	\$ -	\$ 40,499	10
Less: Accumulated depreciation	(36,449)	(4,050)	-	(40,499)	
Totals	\$ 4,050	\$ (4,050)	\$ -	\$ -	

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

e. Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Vested compensated absences	\$ 7,361	\$ 55,777	\$ 7,361	\$ 55,777	\$ 55,777
Net pension liability	341,543	-	160,763	180,780	-
Totals	\$ 348,904	\$ 55,777	\$ 168,124	\$ 236,557	\$ 55,777

f. Employee Retirement System

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

At June 30, 2017, CDEB reported a liability of \$180,780 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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 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, 2016, CDEB's proportion was .021932900%, which was an increase of .00088265% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, CDEB recognized pension expense of \$482,350. During the reporting period, the WRS recognized \$212,840 in contributions from the employer.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

f. Employee Retirement System (cont.)

At June 30, 2017, CDEB reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 68,931	\$ 568,537
Changes in actuarial assumptions	189,012	-
Net differences between projected and actual earnings on pension plan investments	899,770	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,078	972
Employer contributions subsequent to the measurement date	<u>143,793</u>	<u>-</u>
Totals	<u>\$ 1,302,584</u>	<u>\$ 569,509</u>

\$143,793 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 year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 421,653	\$ 181,789
2019	421,652	181,789
2020	345,224	181,789
2021	(30,052)	24,135
2022	314	7

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

f. Employee Retirement System (cont.)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
CDEB's proportionate share of the net pension (asset)/liability	\$ 2,378,274	\$ 180,780	\$ (1,511,391)

g. 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 \$62,888.

h. 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.

In June 2015, the GASB issued Statement No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This standard was implemented July 1, 2016.

In June 2015, the GASB issued Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This standard was implemented July 1, 2016.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

h. Postemployment Benefits Other Than Pensions (cont.)

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan membership. At June 30, 2017, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefit payments	3
Active plan members	<u>93</u>
	<u>96</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, 2017, 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, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 4.62 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, 2017, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

h. Postemployment Benefits Other Than Pensions (cont.)

NET OPEB LIABILITY/ASSET (cont.)

Actuarial assumptions. The total OPEB liability/asset in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.0 percent, plus merit increases based on years of service ranging from 0.2 percent to 5.6 percent
Investment rate of return	3.5 percent
Healthcare cost trend rates	7.5 percent, decreasing 0.5 percent per year to 6.5 percent, then by 0.1 percent per year to 5.0 percent, and level thereafter

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2017 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 3.0 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

h. Postemployment Benefits Other Than Pensions (cont.)

CHANGES IN THE NET OPEB LIABILITY/ASSET

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at 6/30/2016	\$ 591,878	\$ 650,462	\$ (58,584)
Changes for the year:			
Service cost	33,631	-	33,631
Interest	18,905	-	18,905
Net investment income	-	9,601	(9,601)
Benefit payments	(137,110)	(137,110)	-
Net changes	<u>(84,574)</u>	<u>(127,509)</u>	<u>42,935</u>
Balances at 6/30/2017	<u>\$ 507,304</u>	<u>\$ 522,953</u>	<u>\$ (15,649)</u>

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 would be if it were calculated using a discount rate that is 1-percentage-point lower (2.0 percent) or 1-percentage-point higher (4.0 percent) than the current discount rate:

	1% Decrease (2.0%)	Discount Rate (3.0%)	1% Increase (4.0%)
Net OPEB liability (asset)	\$ 6,396	\$ (15,649)	\$ (37,240)

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNITS (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

h. Postemployment Benefits Other Than Pensions (cont.)

CHANGES IN THE NET OPEB LIABILITY/ASSET (cont.)

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)	\$ (39,935)	\$	(15,649)	\$	12,503

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2017, the department recognized OPEB expense of \$42,935. At June 30, 2017, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE IV - OTHER INFORMATION

A. 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 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

The WRS also provides death and disability benefits for employees.

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
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 \$2,419,452 in contributions from the County, and \$63,568 from the CWA.

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Pension Liability, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At December 31, 2017, the County reported a liability of \$2,079,395 for its proportionate share of the net pension liability and CWA reported a liability of \$54,633 for its share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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 was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the County's proportion was .2522738590%, which was an increase of .0015791401% from its proportion measured as of December 31, 2015. The CWA's proportion was .0066308900%, which was an increase of .0000415069% from its proportioned measure.

For the year ended December 31, 2017, the County recognized pension expense of \$5,301,008 and CWA recognized pension expense of \$139,334.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2017, the County and CWA reported deferred outflows and inflows of resources related to pensions from the following sources:

	County Deferred Outflows of Resources	County Deferred Inflows of Resources	CWA Deferred Outflows of Resources	CWA Deferred Inflows of Resources
Differences between expected and actual experience	\$ 808,718	\$ 6,535,099	\$ 15,914	\$ 161,900
Changes in actuarial assumptions	2,171,185	5,792	54,040	146
Net differences between projected and actual earnings on pension plan investments	10,336,749	-	257,280	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,075	5,355	301	135
Employer contributions subsequent to the measurement date	2,591,502	-	64,502	-
Totals	\$ 15,920,229	\$ 6,546,246	\$ 392,037	\$ 162,181

\$2,591,502 for the County and \$64,502 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 (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	County Deferred Outflows of Resources	County Deferred Inflows of Resources	CWA Deferred Outflows of Resources	CWA Deferred Inflows of Resources
2018	\$ 4,843,863	\$ 2,085,240	\$ 120,563	\$ 52,722
2019	4,843,862	2,085,240	120,563	52,722
2020	3,965,686	2,085,240	98,705	52,722
2021	(328,293)	290,464	(12,386)	4,013
2022	3,609	62	90	2

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
County's proportionate share of the net pension (asset)/liability	\$ 27,355,037	\$ 2,079,395	\$ (17,384,093)
CWA's proportionate share of the net pension (asset)/liability	719,013	54,633	(456,932)

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/publications/cafr.htm>.

At December 31, 2017, the County reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The County participates in a public entity risk pool called 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 As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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, 2017, WMMIC consisted of nineteen 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 (66.7%) and Governmental Entities Mutual (GEM) Insurance Company (33.3%) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention of each member) which exceed \$1,000,000 per occurrence up to the maximum loss of \$10,000,000 per occurrence. WMMIC retains the first \$1,000,000 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 satisfy state regulatory requirements due to its current status as an unauthorized reinsurer in Wisconsin.

WMMIC has contracted with Safety National to provide 100% reinsurance coverage for workers compensation insurance in excess of the members' self-insured retention limits, which are \$500,000 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 As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Property Insurance Fund (cont.)

The 2017 claims liability of \$1,635,867 reported in the Property Casualty Insurance fund at December 31, 2017 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 2016 and 2017 are as follows:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2016	\$ 975,594	\$ 901,446	\$ (643,216)	\$ 1,233,824
2017	1,233,824	1,665,891	(1,263,848)	1,635,867

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. \$3,430,714 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 \$2,818,238 reported in the Employee Benefits Insurance fund at December 31, 2017 is also based on the requirements of GASB.

Changes in the fund's claim liability amount for 2016 and 2017 are as follows:

	Worker's Comp Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2016	\$ 3,062,117	\$ 547,157	\$ (132,156)	\$ 3,477,118
2017	3,477,118	(365,140)	(293,740)	2,818,238

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Property Insurance Fund (cont.)

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, 2017 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.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments 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.

D. 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%, 41%, and 38%, respectively. Each member pays one-third of capital costs, unless otherwise shown to benefit for only one owner. Marathon County's share of the CCITC operations costs for 2017 was \$1,293,487. Additional capital project reimbursements totaled \$1,634,543. The County has an equity interest of \$429,669 in the commission that is accounted for in the governmental activities.

Financial information of the CCITC as of December 31, 2017 is available directly from the commission's office.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

D. RELATED ORGANIZATIONS/JOINTLY GOVERNED ORGANIZATIONS (cont.)

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 2017 appropriation for NCWRPC was \$43,000.

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, 2017 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%. Marathon County paid \$395,367. The agreement can be terminated if sixteen months advance notice is given to the member counties.

E. SUBSEQUENT EVENT

On April 24, 2018, the County approved a resolution to issue general obligation promissory notes in the amount of \$4,500,000 for capital projects.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*

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

REQUIRED SUPPLEMENTARY INFORMATION

MARATHON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes				
General property taxes	\$ 32,730,414	\$ 32,730,414	\$ 32,730,414	\$ -
Forest crop taxes	65,300	65,300	116,215	50,915
Transfer tax	250,000	250,000	313,241	63,241
Sales tax	11,550,150	11,550,150	12,302,282	752,132
Interest on delinquent taxes	800,000	800,000	706,160	(93,840)
Penalties on delinquent taxes	412,998	412,998	350,534	(62,464)
Total Taxes	<u>45,808,862</u>	<u>45,808,862</u>	<u>46,518,846</u>	<u>709,984</u>
Intergovernmental Grants and Aids				
Wisconsin shared revenue	5,654,150	5,654,150	5,679,111	24,961
Exempt computer aid	275,000	275,000	330,928	55,928
Environmental impact fee	-	-	66,557	66,557
Federal grants	184,038	280,709	177,366	(103,343)
State grants	3,189,631	3,785,622	3,014,558	(771,064)
Local government grants	75,182	116,957	121,177	4,220
Total Intergovernmental Grants and Aids	<u>9,378,001</u>	<u>10,112,438</u>	<u>9,389,697</u>	<u>(722,741)</u>
Licenses and Permits				
Licenses	47,660	47,660	47,001	(659)
Permits	282,125	282,125	300,755	18,630
Total Licenses and Permits	<u>329,785</u>	<u>329,785</u>	<u>347,756</u>	<u>17,971</u>
Fines and Forfeitures				
County ordinance fines and forfeitures	190,000	190,000	134,269	(55,731)
County share of state fines and forfeitures	410,080	410,080	476,559	66,479
Total Fines and Forfeitures	<u>600,080</u>	<u>600,080</u>	<u>610,828</u>	<u>10,748</u>
Public Charges for Services				
General Government				
Recording fees	350,000	350,000	336,925	(13,075)
Certified copies	65,000	65,000	73,094	8,094
Land record fees	232,000	232,000	179,440	(52,560)
Court fees and costs	692,000	692,000	751,432	59,432
Other charges	437,241	437,241	437,366	125
Total General Government	<u>1,776,241</u>	<u>1,776,241</u>	<u>1,778,257</u>	<u>2,016</u>
Public Safety				
Board of prisoners	432,750	432,750	252,962	(179,788)
Processing fees	180,000	180,000	116,899	(63,101)
Other charges	404,825	404,825	363,709	(41,116)
Total Public Safety	<u>1,017,575</u>	<u>1,017,575</u>	<u>733,570</u>	<u>(284,005)</u>

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

MARATHON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES (cont.)				
Health				
General health	\$ 14,240	\$ 14,240	\$ 14,644	\$ 404
Lab contract work	100,182	100,182	123,945	23,763
Environmental permits	435,491	435,491	469,045	33,554
Other charges	<u>103,232</u>	<u>103,232</u>	<u>148,755</u>	<u>45,523</u>
Total Health	<u>653,145</u>	<u>653,145</u>	<u>756,389</u>	<u>103,244</u>
Social services	<u>5,000</u>	<u>5,000</u>	<u>2,403</u>	<u>(2,597)</u>
Library	<u>115,000</u>	<u>115,000</u>	<u>65,690</u>	<u>(49,310)</u>
Recreation and Public Areas				
Camping fees	138,000	138,000	180,290	42,290
Park concessions	57,050	57,050	50,598	(6,452)
Shelter rental and forfeitures	26,300	26,300	25,354	(946)
Fairgrounds building rents	101,000	101,000	96,024	(4,976)
Organized hockey rents	204,000	204,000	199,532	(4,468)
Cross country fees	73,000	73,000	51,316	(21,684)
Other charges	<u>287,885</u>	<u>287,885</u>	<u>351,604</u>	<u>63,719</u>
Total Recreation and Public Areas	<u>887,235</u>	<u>887,235</u>	<u>954,718</u>	<u>67,483</u>
Education	<u>53,902</u>	<u>54,082</u>	<u>30,039</u>	<u>(24,043)</u>
Conservation				
Forest resources	328,700	328,700	352,261	23,561
Agricultural resources	<u>44,750</u>	<u>44,750</u>	<u>31,419</u>	<u>(13,331)</u>
Total Conservation	<u>373,450</u>	<u>373,450</u>	<u>383,680</u>	<u>10,230</u>
Total Public Charges for Services	<u>4,881,548</u>	<u>4,881,728</u>	<u>4,704,746</u>	<u>(176,982)</u>
Intergovernmental Charges for Services				
State and federal	514,237	514,237	504,879	(9,358)
Local Districts				
General government	2,000	2,000	46,937	44,937
Register of deeds services	65,000	65,000	80,508	15,508
Postage	65,000	65,000	53,828	(11,172)
Telephone	6,000	6,000	4,385	(1,615)
Sheriff's services	221,840	221,840	296,762	74,922
Other charges	381,631	381,631	242,666	(138,965)
Local departments	<u>478,583</u>	<u>484,908</u>	<u>353,895</u>	<u>(131,013)</u>
Total Intergovernmental Charges for Services	<u>1,734,291</u>	<u>1,740,616</u>	<u>1,583,860</u>	<u>(156,756)</u>
Miscellaneous Revenue				
Interest income	360,615	360,615	830,171	469,556
Change in the fair market value of investments	-	-	(257,396)	(257,396)
Rental income	912,458	912,458	921,894	9,436
Donations	312,916	953,733	484,662	(469,071)
Other revenues	<u>96,015</u>	<u>96,015</u>	<u>269,621</u>	<u>173,606</u>
Total Miscellaneous Revenue	<u>1,682,004</u>	<u>2,322,821</u>	<u>2,248,952</u>	<u>(73,869)</u>
TOTAL REVENUES	<u>64,414,571</u>	<u>65,796,330</u>	<u>65,404,685</u>	<u>(391,645)</u>

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

MARATHON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
General Government				
Legislative				
Personal services	\$ 285,369	\$ 285,369	\$ 299,238	\$ (13,869)
Contractual services	46,500	46,500	30,224	16,276
Materials and supplies	<u>95,800</u>	<u>95,800</u>	<u>63,033</u>	<u>32,767</u>
Total Legislative	<u>427,669</u>	<u>427,669</u>	<u>392,495</u>	<u>35,174</u>
Judicial				
Personal services	2,663,344	2,663,344	2,618,426	44,918
Contractual services	1,138,490	1,138,490	1,088,772	49,718
Materials and supplies	99,050	99,050	93,606	5,444
Fixed charges	<u>3,930</u>	<u>3,930</u>	<u>1,410</u>	<u>2,520</u>
Total Judicial	<u>3,904,814</u>	<u>3,904,814</u>	<u>3,802,214</u>	<u>102,600</u>
Executive				
Personal services	384,964	384,964	386,405	(1,441)
Contractual services	191,650	191,650	161,915	29,735
Materials and supplies	38,061	38,061	13,758	24,303
Grants and contributions	<u>165,486</u>	<u>165,486</u>	<u>148,571</u>	<u>16,915</u>
Total Executive	<u>780,161</u>	<u>780,161</u>	<u>710,649</u>	<u>69,512</u>
General Administration				
Personal services	681,431	681,431	682,746	(1,315)
Contractual services	264,800	264,800	254,198	10,602
Materials and supplies	<u>309,300</u>	<u>309,300</u>	<u>279,667</u>	<u>29,633</u>
Total General Administration	<u>1,255,531</u>	<u>1,255,531</u>	<u>1,216,611</u>	<u>38,920</u>
Financial Administration				
Personal services	1,114,532	1,105,532	960,835	144,697
Contractual services	174,757	180,757	111,242	69,515
Materials and supplies	51,921	54,921	41,873	13,048
Fixed charges	129,503	129,503	307,459	(177,956)
Grants and contributions	<u>9,051,812</u>	<u>9,051,812</u>	<u>8,898,677</u>	<u>153,135</u>
Total Financial Administration	<u>10,522,525</u>	<u>10,522,525</u>	<u>10,320,086</u>	<u>202,439</u>
Legal				
Personal services	1,647,023	1,651,474	1,660,209	(8,735)
Contractual services	289,127	289,127	145,059	144,068
Materials and supplies	<u>92,768</u>	<u>92,768</u>	<u>85,447</u>	<u>7,321</u>
Total Legal	<u>2,028,918</u>	<u>2,033,369</u>	<u>1,890,715</u>	<u>142,654</u>
Property Records and Control				
Personal services	539,810	539,810	431,304	108,506
Contractual services	208,644	208,644	11,575	197,069
Materials and supplies	28,861	28,861	18,539	10,322
Fixed charges	<u>53,200</u>	<u>53,200</u>	<u>-</u>	<u>53,200</u>
Total Property Records and Control	<u>830,515</u>	<u>830,515</u>	<u>461,418</u>	<u>369,097</u>

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

MARATHON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (cont.)				
County Planning and Zoning				
Personal services	\$ 1,833,897	\$ 1,833,897	\$ 1,810,178	\$ 23,719
Contractual services	405,940	455,940	412,759	43,181
Materials and supplies	94,879	94,879	80,370	14,509
Fixed charges	4,436	4,436	4,412	24
Grants and contributions	209,514	209,514	98,986	110,528
Total County Planning and Zoning	<u>2,548,666</u>	<u>2,598,666</u>	<u>2,406,705</u>	<u>191,961</u>
Building Maintenance				
Personal services	2,514,514	2,514,514	2,435,705	78,809
Contractual services	1,780,153	1,804,702	1,658,290	146,412
Materials and supplies	197,664	197,664	122,983	74,681
Fixed charges	44,124	44,124	19,898	24,226
Capital outlay	243,557	243,557	236,971	6,586
Total Building Maintenance	<u>4,780,012</u>	<u>4,804,561</u>	<u>4,473,847</u>	<u>330,714</u>
Total General Government	<u>27,078,811</u>	<u>27,157,811</u>	<u>25,674,740</u>	<u>1,483,071</u>
Public Safety				
Sheriff				
Personal services	11,244,784	11,413,332	11,278,982	134,350
Contractual services	581,088	645,113	593,881	51,232
Materials and supplies	839,956	819,656	798,528	21,128
Fixed charges	62,446	62,446	60,999	1,447
Grants and contributions	6,439	58,662	67,034	(8,372)
Capital outlay	-	84,500	111,115	(26,615)
Total Sheriff	<u>12,734,713</u>	<u>13,083,709</u>	<u>12,910,539</u>	<u>173,170</u>
Emergency Services				
Personal services	196,541	196,541	196,951	(410)
Contractual services	424,300	424,300	407,389	16,911
Materials and supplies	96,500	96,500	21,590	74,910
Fixed charges	31,900	31,900	31,256	644
Grants and contributions	20,000	37,000	30,510	6,490
Total Emergency Services	<u>769,241</u>	<u>786,241</u>	<u>687,696</u>	<u>98,545</u>
Adult Corrections				
Personal services	5,474,324	5,474,324	5,046,700	427,624
Contractual services	3,555,482	4,330,482	4,271,173	59,309
Materials and supplies	234,600	262,880	130,479	132,401
Fixed charges	16,000	16,000	12,974	3,026
Capital outlay	1,500	1,500	-	1,500
Total Adult Corrections	<u>9,281,906</u>	<u>10,085,186</u>	<u>9,461,326</u>	<u>623,860</u>

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

MARATHON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (cont.)				
Juvenile Corrections				
Contractual services	\$ 48,800	\$ 48,800	\$ 31,915	\$ 16,885
Materials and supplies	12,734	12,734	9,475	3,259
Total Juvenile Corrections	<u>61,534</u>	<u>61,534</u>	<u>41,390</u>	<u>20,144</u>
Shelter Home				
Personal services	511,852	511,852	485,294	26,558
Contractual services	11,500	11,500	11,512	(12)
Materials and supplies	1,000	1,000	46	954
Total Shelter Home	<u>524,352</u>	<u>524,352</u>	<u>496,852</u>	<u>27,500</u>
Total Public Safety	<u>23,371,746</u>	<u>24,541,022</u>	<u>23,597,803</u>	<u>943,219</u>
Health				
Personal services	3,421,455	3,827,429	3,272,552	554,877
Contractual services	1,002,675	1,155,178	998,877	156,301
Materials and supplies	754,952	809,094	237,128	571,966
Total Health	<u>5,179,082</u>	<u>5,791,701</u>	<u>4,508,557</u>	<u>1,283,144</u>
Social Services				
Veterans				
Personal services	194,873	194,873	203,957	(9,084)
Contractual services	4,800	4,800	4,427	373
Materials and supplies	12,750	12,750	11,122	1,628
Grants and contributions	250	27,535	1,326	26,209
Total Veterans	<u>212,673</u>	<u>239,958</u>	<u>220,832</u>	<u>19,126</u>
Total Social Services	<u>212,673</u>	<u>239,958</u>	<u>220,832</u>	<u>19,126</u>
Leisure Activities and Education				
Library				
Personal services	2,805,115	2,805,115	2,610,192	194,923
Contractual services	229,700	229,700	234,951	(5,251)
Materials and supplies	600,433	594,005	564,803	29,202
Fixed charges	76,900	76,900	76,622	278
Total Library	<u>3,712,148</u>	<u>3,705,720</u>	<u>3,486,568</u>	<u>219,152</u>

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

MARATHON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (cont.)				
Public Areas				
Personal services	\$ 2,318,438	\$ 2,318,438	\$ 2,192,644	\$ 125,794
Contractual services	1,213,632	1,244,620	766,062	478,558
Materials and supplies	575,264	618,242	527,089	91,153
Fixed charges	146,247	146,247	43,451	102,796
Capital outlay	<u>273,942</u>	<u>262,883</u>	<u>5,125</u>	<u>257,758</u>
Total Public Areas	<u>4,527,523</u>	<u>4,590,431</u>	<u>3,534,371</u>	<u>1,056,060</u>
University Extension Program				
Personal services	157,536	157,536	120,734	36,802
Contractual services	243,185	317,604	130,783	186,821
Materials and supplies	<u>36,957</u>	<u>40,290</u>	<u>30,506</u>	<u>9,784</u>
Total University Extension Program	<u>437,678</u>	<u>515,430</u>	<u>282,023</u>	<u>233,407</u>
Total Leisure Activities and Education	<u>8,677,349</u>	<u>8,811,581</u>	<u>7,302,962</u>	<u>1,508,619</u>
Conservation and Economic Development				
Forest Resources				
Personal services	83,203	83,203	77,072	6,131
Contractual services	80,893	98,097	38,401	59,696
Materials and supplies	7,300	7,300	-	7,300
Fixed charges	3,898	3,898	754	3,144
Capital outlay	<u>387,980</u>	<u>568,449</u>	<u>355,409</u>	<u>213,040</u>
Total Forest Resources	<u>563,274</u>	<u>760,947</u>	<u>471,636</u>	<u>289,311</u>
Agricultural Resources				
Personal services	199,809	199,809	150,059	49,750
Contractual services	62,000	62,000	72,825	(10,825)
Materials and supplies	35,063	35,063	17,905	17,158
Grants and contributions	<u>303,900</u>	<u>403,900</u>	<u>163,186</u>	<u>240,714</u>
Total Agricultural Resources	<u>600,772</u>	<u>700,772</u>	<u>403,975</u>	<u>296,797</u>
Total Conservation and Economic Development	<u>1,164,046</u>	<u>1,461,719</u>	<u>875,611</u>	<u>586,108</u>
Capital Outlay				
Capital Projects				
Contractual services	155,000	155,000	153,495	1,505
Capital outlay	<u>100,000</u>	<u>85,000</u>	<u>91,651</u>	<u>(6,651)</u>
Total Capital Outlay	<u>255,000</u>	<u>240,000</u>	<u>245,146</u>	<u>(5,146)</u>
TOTAL EXPENDITURES	<u>65,938,707</u>	<u>68,243,792</u>	<u>62,425,651</u>	<u>5,818,141</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,524,136)</u>	<u>(2,447,462)</u>	<u>2,979,034</u>	<u>5,426,496</u>

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

MARATHON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<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	\$ 248,203	\$ 248,203	\$ 248,203	\$ -
Sales of capital assets	4,300	4,300	6,265	1,965
State loan program debt issued	14,693	14,693	14,692	(1)
Transfers out				
Capital Improvement Fund	(2,638,829)	(2,928,916)	(2,928,916)	-
Employee Benefits Fund	(444,582)	(444,582)	(444,582)	-
Total Other Financing Sources and Uses	<u>(2,816,215)</u>	<u>(3,106,302)</u>	<u>(3,104,338)</u>	<u>1,964</u>
Net change in fund balance	(4,340,351)	(5,553,764)	(125,304)	5,428,460
FUND BALANCE - Beginning of Year	<u>44,768,678</u>	<u>44,768,678</u>	<u>44,768,678</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 40,428,327</u>	<u>\$ 39,214,914</u>	<u>\$ 44,643,374</u>	<u>\$ 5,428,460</u>

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

MARATHON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SOCIAL IMPROVEMENT FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 7,634,514	\$ 7,634,514	\$ 7,634,514	\$ -
Intergovernmental Grants and Aids				
Federal grants	776,617	776,617	1,247,657	471,040
State grants:				
Provided services and administration	8,957,454	8,957,454	3,102,874	(5,854,580)
Special services	4,515,369	4,897,786	5,846,354	948,568
Other revenues	435,880	435,880	639,659	203,779
Total Intergovernmental Grants and Aids	<u>14,685,320</u>	<u>15,067,737</u>	<u>10,836,544</u>	<u>(4,231,193)</u>
Public Charges for Services				
General government	6,000	6,000	7,137	1,137
Public safety	-	-	711	711
Social services	615,216	615,216	542,933	(72,283)
Total Public Charges for Services	<u>621,216</u>	<u>621,216</u>	<u>550,781</u>	<u>(70,435)</u>
Miscellaneous Revenue				
Interest income	51,800	51,800	31,118	(20,682)
Other revenues	70,888	70,888	-	(70,888)
Total Miscellaneous Revenue	<u>122,688</u>	<u>122,688</u>	<u>31,118</u>	<u>(91,570)</u>
Total Revenues	<u>23,063,738</u>	<u>23,446,155</u>	<u>19,052,957</u>	<u>(4,393,198)</u>
EXPENDITURES				
Social Services				
Personal services	8,615,579	8,730,015	8,355,341	374,674
Contractual services	4,610,758	4,638,758	513,209	4,125,549
Materials and supplies	283,691	317,291	282,841	34,450
Fixed charges	298,813	298,813	294,145	4,668
Grants and contributions	9,254,897	9,661,278	8,458,450	1,202,828
Total Expenditures	<u>23,063,738</u>	<u>23,646,155</u>	<u>17,903,986</u>	<u>5,742,169</u>
Excess of revenues over expenditures	<u>-</u>	<u>(200,000)</u>	<u>1,148,971</u>	<u>1,348,971</u>
OTHER FINANCING USES				
Transfers out				
Capital Improvement Fund	(1,958,021)	(1,958,021)	(1,958,021)	-
Total Other Financing Uses	<u>(1,958,021)</u>	<u>(1,958,021)</u>	<u>(1,958,021)</u>	<u>-</u>
Net change in fund balance	<u>(1,958,021)</u>	<u>(2,158,021)</u>	<u>(809,050)</u>	<u>1,348,971</u>
FUND BALANCE - Beginning of Year	<u>3,754,795</u>	<u>3,754,795</u>	<u>3,754,795</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,796,774</u>	<u>\$ 1,596,774</u>	<u>\$ 2,945,745</u>	<u>\$ 1,348,971</u>

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

MARATHON COUNTY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

	Fiscal Year Ending	Proportion of the Net Pension (Asset)/Liability	Proportionate Share of the Net Pension (Asset)/Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
County	12/31/17	0.252273859%	\$ 2,079,395	\$ 35,060,575	5.93%	99.12%
County	12/31/16	0.25002125%	4,062,797	33,800,281	12.02%	98.20%
County	12/31/15	0.25100035%	(6,165,255)	33,120,068	18.61%	102.74%
Component Unit - CWA	12/31/17	0.00663089%	54,633	884,567	6.18%	99.12%
Component Unit - CWA	12/31/16	0.00630795%	102,503	852,768	12.02%	98.20%
Component Unit - CWA	12/31/15	0.00629791%	(154,694)	831,021	18.61%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

	Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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	12/31/17	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 independent auditors' report and accompanying notes to the required supplementary information.

MARATHON COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2017

BUDGETARY INFORMATION

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

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 2018. 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 For the Year Ended December 31, 2017

BUDGETARY INFORMATION (cont.)

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.

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in Assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

MARATHON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET
AND ACTUAL - CAPITAL IMPROVEMENTS FUND - MAJOR FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 122,750	\$ 122,750	\$ 122,750	\$ -
Miscellaneous Revenues				
Investment income	-	-	91,533	91,533
Reimbursement	-	-	293,773	293,773
Total Revenues	<u>122,750</u>	<u>122,750</u>	<u>508,056</u>	<u>385,306</u>
EXPENDITURES				
Current				
Capital outlay	<u>1,688,906</u>	<u>7,645,681</u>	<u>2,441,193</u>	<u>5,204,488</u>
Total Expenditures	<u>1,688,906</u>	<u>7,645,681</u>	<u>2,441,193</u>	<u>5,204,488</u>
Deficiency of revenues over expenditures	<u>(1,566,156)</u>	<u>(7,522,931)</u>	<u>(1,933,137)</u>	<u>5,589,794</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
General Fund	2,638,829	2,928,916	2,928,916	-
Social Improvement Fund	1,958,021	1,958,021	1,958,021	-
Sale of capital assets	-	-	140,516	140,516
Transfers out				
General Fund	(248,203)	(248,203)	(248,203)	-
County Highway Fund	<u>(3,302,291)</u>	<u>(3,302,291)</u>	<u>(3,302,291)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,046,356</u>	<u>1,336,443</u>	<u>1,476,959</u>	<u>140,516</u>
Net change in fund balance	<u>(519,800)</u>	<u>(6,186,488)</u>	<u>(456,178)</u>	<u>5,730,310</u>
FUND BALANCE - Beginning of Year	<u>7,215,955</u>	<u>7,215,955</u>	<u>7,215,955</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,696,155</u>	<u>\$ 1,029,467</u>	<u>\$ 6,759,777</u>	<u>\$ 5,730,310</u>

MARATHON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - DEBT SERVICE FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final <u>Budget</u>
REVENUES				
Taxes	\$ 1,590,488	\$ 1,590,488	\$ 1,590,488	\$ -
Public charges for services	100,000	150,000	64,897	(85,103)
Miscellaneous revenues	-	-	12,892	12,892
Total Revenues	<u>1,690,488</u>	<u>1,740,488</u>	<u>1,668,277</u>	<u>(72,211)</u>
EXPENDITURES				
Debt Service				
Principal	1,675,000	1,725,000	1,675,736	49,264
Interest	15,488	15,488	15,488	-
Total Expenditures	<u>1,690,488</u>	<u>1,740,488</u>	<u>1,691,224</u>	<u>49,264</u>
Net change in fund balance	-	-	(22,947)	(22,947)
FUND BALANCE - Beginning of Year	<u>1,639,764</u>	<u>1,639,764</u>	<u>1,639,764</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,639,764</u>	<u>\$ 1,639,764</u>	<u>\$ 1,616,817</u>	<u>\$ (22,947)</u>

MARATHON COUNTY

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2017

	Property Casualty Insurance	Employee Benefits Insurance	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and investments	\$ 7,509,323	\$ 8,872,736	\$ 16,382,059
Accounts receivable (net of allowance)	<u>72,805</u>	<u>74,594</u>	<u>147,399</u>
Total Current Assets	<u>7,582,128</u>	<u>8,947,330</u>	<u>16,529,458</u>
NONCURRENT ASSETS			
Restricted Assets			
Deposit in Wisconsin Municipal Mutual Insurance Company	<u>1,519,000</u>	<u>-</u>	<u>1,519,000</u>
CAPITAL ASSETS			
Equipment	53,868	4,598	58,466
Less: Accumulated depreciation	<u>(53,868)</u>	<u>(4,598)</u>	<u>(58,466)</u>
Net Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>9,101,128</u>	<u>8,947,330</u>	<u>18,048,458</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>33,576</u>	<u>49,905</u>	<u>83,481</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	67,948	36,099	104,047
Accrued items	-	72,422	72,422
Compensated absences	<u>2,378</u>	<u>5,757</u>	<u>8,135</u>
Total Current Liabilities	<u>70,326</u>	<u>114,278</u>	<u>184,604</u>
LONG-TERM LIABILITIES			
Accrued liability - claims payable	1,635,867	2,818,238	4,454,105
Compensated absences	21,405	51,810	73,215
Net pension liability	<u>2,746</u>	<u>7,768</u>	<u>10,514</u>
Total Long-term Liabilities	<u>1,660,018</u>	<u>2,877,816</u>	<u>4,537,834</u>
Total Liabilities	<u>1,730,344</u>	<u>2,992,094</u>	<u>4,722,438</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	<u>14,117</u>	<u>20,496</u>	<u>34,613</u>
NET POSITION			
Unrestricted	<u>7,390,243</u>	<u>5,984,645</u>	<u>13,374,888</u>
TOTAL NET POSITION	<u>\$ 7,390,243</u>	<u>\$ 5,984,645</u>	<u>\$ 13,374,888</u>

MARATHON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS For the Year Ended December 31, 2017

	Property Casualty Insurance	Employee Benefits Insurance	Totals
OPERATING REVENUES			
Interdepartmental charges for services	\$ 736,476	\$ 13,626,761	\$ 14,363,237
Total Operating Revenues	<u>736,476</u>	<u>13,626,761</u>	<u>14,363,237</u>
OPERATING EXPENSES			
Salaries and benefits	63,792	931,149	994,941
Contractual services	787	534,235	535,022
Materials and supplies	2,400	9,216	11,616
Insurance and claims	1,263,848	11,566,844	12,830,692
Loss and loss adjustment expense	402,043	(658,880)	(256,837)
Insurance and administration costs	-	519,789	519,789
Total Operating Expenses	<u>1,732,870</u>	<u>12,902,353</u>	<u>14,635,223</u>
Operating Income (loss)	<u>(996,394)</u>	<u>724,408</u>	<u>(271,986)</u>
NONOPERATING REVENUES			
Investment income	214,300	120,442	334,742
Insurance recoveries	103,498	9,138	112,636
Other income	-	165,758	165,758
Total Nonoperating Revenues	<u>317,798</u>	<u>295,338</u>	<u>613,136</u>
Income (loss) before transfers	<u>(678,596)</u>	<u>1,019,746</u>	<u>341,150</u>
Transfer in	-	444,582	444,582
Change in net position	<u>(678,596)</u>	<u>1,464,328</u>	<u>785,732</u>
NET POSITION - Beginning of Year	<u>8,068,839</u>	<u>4,520,317</u>	<u>12,589,156</u>
NET POSITION - END OF YEAR	<u>\$ 7,390,243</u>	<u>\$ 5,984,645</u>	<u>\$ 13,374,888</u>

MARATHON COUNTY

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2017

	Property Casualty Insurance	Employee Benefits Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Collections from departments and other insurance purchasers	\$ 777,555	\$ 13,774,358	\$ 14,551,913
Cash paid to employees for services	(63,792)	(931,149)	(994,941)
Cash paid to suppliers for goods and services	(1,229,329)	(12,633,740)	(13,863,069)
Net Cash Provided (Used) by Operating Activities	<u>(515,566)</u>	<u>209,469</u>	<u>(306,097)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	<u>-</u>	<u>444,582</u>	<u>444,582</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	<u>214,300</u>	<u>120,442</u>	<u>334,742</u>
Net Increase in Cash and Cash Equivalents	(301,266)	774,493	473,227
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,810,589</u>	<u>8,098,243</u>	<u>15,908,832</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,509,323</u>	<u>\$ 8,872,736</u>	<u>\$ 16,382,059</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (996,394)	\$ 724,408	\$ (271,986)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Insurance recoveries	103,498	-	103,498
Other income	-	174,896	174,896
Effects of (increase) decrease in operating assets, deferred outflows, and increase (decrease) in operating liabilities and deferred inflows:			
Accounts receivable	(62,419)	(27,299)	(89,718)
Accounts payable	36,618	4,610	41,228
Pension related deferrals and liabilities	1,406	12,306	13,712
Compensated absences	(318)	(20,572)	(20,890)
Accrued liabilities - claims payable	<u>402,043</u>	<u>(658,880)</u>	<u>(256,837)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (515,566)</u>	<u>\$ 209,469</u>	<u>\$ (306,097)</u>
NONCASH INVESTING, CAPITAL AND NONCAPITAL FINANCING ACTIVITIES:			
None			

MARATHON COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ADRC-CW				
Assets				
Account receivable	\$ 95,526	\$ 70,005	\$ 95,526	\$ 70,005
Due from other governments	895,092	992,166	895,092	992,166
	<u>\$ 990,618</u>	<u>\$ 1,062,171</u>	<u>\$ 990,618</u>	<u>\$ 1,062,171</u>
Liabilities				
Accounts payable	\$ 127,450	\$ 115,445	\$ 127,450	\$ 115,445
Due to other governments	544,494	647,691	544,494	647,691
Due to participants	318,274	298,189	318,274	298,189
Other accrued liabilities and deposits	400	846	400	846
	<u>\$ 990,618</u>	<u>\$ 1,062,171</u>	<u>\$ 990,618</u>	<u>\$ 1,062,171</u>
Clerk of Courts				
Assets				
Cash and cash equivalents	\$ 1,386,861	\$ 2,688,612	\$ 1,386,861	\$ 2,688,612
Liabilities				
Other accrued liabilities and deposits	<u>\$ 1,386,861</u>	<u>\$ 2,688,612</u>	<u>\$ 1,386,861</u>	<u>\$ 2,688,612</u>
Sheriff Adult Inmate				
Assets				
Cash and cash equivalents	\$ 61,523	\$ 58,937	\$ 61,523	\$ 58,937
Liabilities				
Other accrued liabilities and deposits	<u>\$ 61,523</u>	<u>\$ 58,937</u>	<u>\$ 61,523</u>	<u>\$ 58,937</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,448,384	\$ 2,747,549	\$ 1,448,384	\$ 2,747,549
Account receivable	95,526	70,005	95,526	70,005
Due from other governments	895,092	992,166	895,092	992,166
	<u>\$ 2,439,002</u>	<u>\$ 3,809,720</u>	<u>\$ 2,439,002</u>	<u>\$ 3,809,720</u>
Liabilities				
Accounts payable	\$ 127,450	\$ 115,445	\$ 127,450	\$ 115,445
Due to other governments	544,494	647,691	544,494	647,691
Due to participants	318,274	298,189	318,274	298,189
Other accrued liabilities and deposits	1,448,784	2,748,395	1,448,784	2,748,395
	<u>\$ 2,439,002</u>	<u>\$ 3,809,720</u>	<u>\$ 2,439,002</u>	<u>\$ 3,809,720</u>

MARATHON COUNTY

STATEMENT OF NET POSITION CENTRAL WISCONSIN AIRPORT As of December 31, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and investments	\$ 2,394,176
Accounts receivable	215,152
Total Current Assets	<u>2,609,328</u>

NONCURRENT ASSETS

Restricted assets	
Cash and investments	2,912,853
Property, Plant and Equipment	
Land	614,983
Buildings	38,908,053
Improvements	54,459,842
Equipment	9,470,275
Construction in process	699,378
Total Property, Plant and Equipment	104,152,531
Less: Accumulated depreciation and depletion	(49,709,662)
Net Property, Plant and Equipment	<u>54,442,869</u>
Total Noncurrent Assets	<u>57,355,722</u>

Total Assets	<u>59,965,050</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension related amounts	<u>392,037</u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES

Accounts payable	144,374
Deposits	11,831
Interest payable	30,297
Due to other governments	360,999
Current portion of compensated absences	19,793
Current portion of general obligation notes payable	1,170,000
Total Current Liabilities	<u>1,737,294</u>

Long-term Liabilities

General obligation notes payable (net of unamortized premiums)	6,721,976
Compensated absences	178,132
Net pension liability	54,633
Total Long-term Liabilities	<u>6,954,741</u>

Total Liabilities	<u>8,692,035</u>
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DEFERRED INFLOWS OF RESOURCES

Pension related amounts	<u>162,181</u>
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NET POSITION

Net investment in capital assets	46,550,893
Restricted for passenger facility charges	2,078,434
Unrestricted	<u>2,873,544</u>

TOTAL NET POSITION	<u>\$ 51,502,871</u>
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MARATHON COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION CENTRAL WISCONSIN AIRPORT For the Year Ended December 31, 2017

OPERATING REVENUES	
Public charges for services	\$ 2,991,922
OPERATING EXPENSES	
Salaries and benefits	1,527,933
Contractual services	556,746
Materials and supplies	427,402
Insurance	64,003
Depreciation	3,250,718
Total Operating Expenses	<u>5,826,802</u>
Operating Loss	<u>(2,834,880)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	47,461
Passenger facility charges	458,866
Customer facility charges	270,146
Other income	16,785
Interest expense	<u>(246,602)</u>
Total Nonoperating Revenues (Expenses)	<u>546,656</u>
Loss before contributions	(2,288,224)
Capital Contributions	<u>1,815,916</u>
Decrease in net position	(472,308)
NET POSITION - Beginning of Year	<u>51,975,179</u>
NET POSITION - END OF YEAR	<u>\$ 51,502,871</u>

MARATHON COUNTY

STATEMENT OF CASH FLOWS CENTRAL WISCONSIN AIRPORT For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from the sale of goods and services	\$ 3,023,040
Cash paid to employees for services	(1,527,933)
Cash paid to suppliers for goods and services	<u>(917,044)</u>
Net Cash Provided by Operating Activities	<u>578,063</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments for capital acquisitions	(98,476)
Passenger facility charges received	458,866
Customer facility charges received	270,146
Debt paid	(455,000)
Interest paid	<u>(297,165)</u>
Net Cash Used for Capital Financing and Related Activities	<u>(121,629)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received on investments	<u>47,461</u>
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Net Decrease in Cash and Cash Equivalents 503,895

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 4,803,134

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 5,307,029

RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES

Operating loss	\$ (2,834,880)
Nonoperating income	16,785
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation expense	3,250,718
Effects of (increase) decrease in operating assets, deferred outflows, and increase (decrease) in operating liabilities and deferred inflows:	
Accounts receivable	14,333
Due from other governments - restricted assets	
Pension related deferrals and liabilities	79,008
Due to other governments	44,757
Compensated absences	<u>7,342</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 578,063

NONCASH INVESTING, CAPITAL AND NONCAPITAL FINANCING ACTIVITIES

Capital contributions	\$ 1,815,916
Amortization of premium	<u>\$ 7,693</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents	\$ 2,394,176
Cash and cash equivalents - restricted assets	<u>2,912,853</u>

CASH AND CASH EQUIVALENTS, DECEMBER 31 \$ 5,307,029

**STATISTICAL
SECTION**

Statistical Section

This part of the Marathon County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	112-116
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the County’s ability to generate its property and sales taxes.	117-121
Debt Capacity These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	122-125
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place and to help make comparisons over time and with other governments.	126-128
Operating Information These schedules contain information about the County’s operations and resources to help the reader understand how the County’s financial information relates to the services the County provides and the activities it performs.	129-135

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule 1
Marathon County
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$214,790,257	\$219,341,680	\$222,273,031	\$228,549,428	\$224,519,266	\$223,789,243	\$236,350,892	\$239,721,187	\$237,953,247	\$235,403,665
Restricted	\$2,625,708	\$1,416,570	\$1,738,845	\$8,153,298	\$9,449,568	\$8,078,812	\$8,340,597	\$13,793,634	\$7,685,348	\$6,711,653
Unrestricted	\$67,140,206	\$65,707,174	\$66,993,402	\$60,021,104	\$60,860,372	\$61,869,922	\$56,330,607	\$63,274,436	\$66,717,641	\$64,144,630
Total governmental activities net position	\$284,556,171	\$286,465,424	\$291,005,278	\$296,723,830	\$294,829,206	\$293,737,977	\$301,022,096	\$316,789,257	\$312,356,236	\$306,259,948
Business-type activities										
Net investment in capital assets	\$12,808,726	\$13,093,209	\$13,849,677	\$13,977,429	\$13,961,636	\$18,155,596	\$18,955,217	\$19,489,014	\$21,523,821	\$20,675,663
Restricted	\$2,566,988	\$1,707,710	\$5,084,671	\$5,656,429	\$5,215,387	\$2,890,271	\$2,186,471	\$1,810,233	\$1,118,931	\$-
Unrestricted	\$36,346,089	\$39,215,088	\$41,219,245	\$40,978,357	\$42,117,105	\$42,000,995	\$44,824,434	\$40,270,460	\$35,601,693	\$38,265,833
Total business-type activities net position	\$51,721,803	\$54,016,007	\$60,153,593	\$60,612,215	\$61,294,128	\$63,046,862	\$65,966,122	\$61,569,707	\$58,244,445	\$58,941,496
Primary government										
Net investment in capital assets	\$227,598,983	\$232,434,889	\$236,122,708	\$242,526,857	\$238,480,902	\$241,944,839	\$255,306,109	\$259,210,201	\$259,477,068	\$256,079,328
Restricted	\$5,192,696	\$3,124,280	\$6,823,516	\$13,809,727	\$14,664,955	\$10,969,083	\$10,527,068	\$15,603,867	\$8,804,279	\$6,711,653
Unrestricted	\$103,486,295	\$104,922,262	\$108,212,647	\$100,999,461	\$102,977,477	\$103,870,917	\$101,155,041	\$103,544,896	\$102,319,334	\$102,410,463
Total primary government net position	\$336,277,974	\$340,481,431	\$351,158,871	\$357,336,045	\$356,123,334	\$356,784,839	\$366,988,218	\$378,358,964	\$370,600,681	\$365,201,444

Schedule 2
Marathon County
Changes in Net Position, Last Ten Fiscal Years
(accrual basis accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General Government	\$ 28,901,745	\$ 30,953,544	\$ 27,693,729	\$ 33,496,508	\$ 34,250,005	\$ 31,317,190	\$ 31,255,067	\$ 32,438,088	\$ 32,659,948	\$ 32,142,445
Public Safety	20,144,675	21,087,056	17,226,412	18,917,496	18,373,227	21,297,720	22,591,095	21,713,958	24,648,809	24,595,572
Transportation	5,831,047	4,973,010	6,751,433	5,357,028	8,661,324	7,197,187	8,255,821	8,107,515	8,561,771	8,319,581
Health	4,609,679	4,945,381	4,844,464	4,650,289	4,474,165	4,770,100	4,512,283	4,255,516	4,650,331	4,635,411
Social Services	24,691,433	18,525,375	18,563,013	17,052,964	17,862,488	18,772,375	19,228,599	19,963,279	20,526,512	18,480,054
Leisure and Education	8,624,175	8,364,884	12,571,466	8,225,769	7,426,607	6,782,729	7,658,636	7,448,272	7,905,789	7,765,814
Conservation and Development	997,139	1,351,199	758,621	852,382	1,163,428	918,916	889,005	1,098,046	903,617	888,288
Interest on Long Term Debt	54,011	271,706	326,604	295,360	264,525	278,516	183,983	140,763	83,821	19,691
Total governmental activities	<u>93,853,904</u>	<u>90,472,155</u>	<u>88,735,742</u>	<u>88,847,796</u>	<u>92,475,769</u>	<u>91,334,733</u>	<u>94,574,489</u>	<u>95,165,437</u>	<u>99,940,598</u>	<u>96,846,856</u>
Business-type activities										
Landfill	3,989,716	3,468,201	(638,528)	2,773,929	3,619,483	3,170,871	4,753,815	3,875,294	3,916,205	5,391,402
Highway	9,394,576	8,493,094	10,560,666	11,879,840	12,612,249	9,871,515	12,081,767	10,947,238	12,678,133	12,752,810
Total business-type activities expenses	<u>13,384,292</u>	<u>11,961,295</u>	<u>9,922,138</u>	<u>14,653,769</u>	<u>16,231,732</u>	<u>13,042,386</u>	<u>16,835,582</u>	<u>14,822,532</u>	<u>16,594,338</u>	<u>18,144,212</u>
Total primary government	<u>\$ 107,238,196</u>	<u>\$ 102,433,450</u>	<u>\$ 98,657,880</u>	<u>\$ 103,501,565</u>	<u>\$ 108,707,501</u>	<u>\$ 104,377,119</u>	<u>\$ 111,410,071</u>	<u>\$ 109,987,969</u>	<u>\$ 116,534,936</u>	<u>\$ 114,991,068</u>
Program Revenues										
Government activities:										
Charges for services:										
General Government	2,546,867	4,086,920	3,850,977	4,389,790	4,333,484	4,184,659	4,027,914	2,759,355	2,968,058	4,226,356
Public Safety	1,667,040	1,422,591	1,945,728	1,965,724	2,018,272	2,161,484	2,251,253	1,804,835	1,726,767	1,803,541
Transportation	-	-	-	-	-	-	-	-	-	-
Health	561,468	590,671	633,544	577,753	613,162	656,765	678,106	733,961	731,024	756,389
Social Services	868,342	998,231	937,401	803,706	967,306	1,140,531	989,401	997,695	998,659	972,625
Leisure and Education	1,236,038	1,082,422	860,296	774,943	897,055	808,233	723,446	834,173	814,399	420,988
Conservation and Development	166,211	118,975	559,323	485,322	517,898	540,358	393,865	243,187	566,047	452,078
Operating grants and contributions:										
General Government	1,758,758	1,377,784	1,070,085	788,333	712,259	923,802	868,839	1,067,728	874,551	1,125,177
Public Safety	227,057	732,405	1,212,538	892,819	648,160	1,055,870	478,327	482,271	566,883	552,866
Transportation	-	-	235,124	131,286	62,957	94,718	177,345	201,153	166,639	168,157
Health	1,245,938	1,715,439	1,599,394	1,176,189	1,136,082	1,439,002	1,062,315	844,347	762,932	887,955
Social Services	13,713,523	9,279,701	10,364,636	10,445,330	11,595,961	11,906,370	13,690,013	14,306,435	13,829,353	10,908,710
Leisure and Education	660,026	545,284	588,060	821,884	350,535	626,314	769,762	966,388	99,942	832,508
Conservation and Development	2,868,672	2,319,819	721,409	1,020,592	1,276,513	895,523	905,486	356,688	1,311,507	580,806
Capital grants and contributions:										
General Government	-	-	-	165,624	165,624	469,375	203,874	165,624	178,869	-
Public Safety	682,557	604,975	-	-	-	-	-	-	-	41,892
Transportation	-	-	-	3,668,011	4,123,018	905,142	14,249,208	1,084,607	-	632,475
Leisure and Education	181,171	16,373	4,840,498	349,946	-	-	-	-	-	-
Total governmental activities program revenues	<u>28,383,668</u>	<u>24,891,590</u>	<u>29,419,013</u>	<u>28,457,252</u>	<u>29,418,286</u>	<u>27,808,146</u>	<u>41,469,154</u>	<u>26,848,447</u>	<u>25,595,630</u>	<u>24,362,523</u>

Schedule 2
Marathon County
Changes in Net Position, Last Ten Fiscal Years
(accrual basis accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services:										
Landfill	2,685,025	2,367,684	2,598,951	3,494,705	2,721,948	2,804,665	3,164,040	4,606,198	3,407,162	3,185,800
Highway	5,181,431	4,594,056	4,424,928	4,415,601	4,023,034	4,724,083	5,220,337	5,045,248	5,916,374	4,922,756
Operating grants and contributions:										
Landfill	-	24,895	20,355	21,000	34,172	3,093	-	-	-	-
Highway	873,100	1,008,820	704,051	4,626,975	3,366,656	3,870,966	4,358,611	2,898,973	3,260,676	3,379,215
Capital grants and contributions:										
Highway	3,132,814	3,189,059	3,384,634	-	-	-	-	-	-	-
Total business-type activities program revenues	11,872,370	11,184,514	11,132,919	12,558,281	10,145,810	11,402,807	12,742,988	12,550,419	12,584,212	11,487,771
Total primary government program revenues	\$ 40,256,038	\$ 36,076,104	\$ 40,551,932	\$ 41,015,533	\$ 39,564,096	\$ 39,210,953	\$ 54,212,142	\$ 39,398,866	\$ 38,179,842	\$ 35,850,294
Net (Expense) Revenue										
Governmental activities	(65,470,236)	(65,580,565)	(59,316,729)	(60,390,544)	(63,057,483)	(63,526,587)	(53,105,335)	(68,316,990)	(74,344,968)	(72,484,333)
Business-type activities	(1,511,922)	(776,781)	1,210,781	(2,095,488)	(6,085,922)	(1,639,579)	(4,092,594)	(2,272,113)	(4,010,126)	(6,656,441)
Total primary governmental net expense	\$ (66,982,158)	\$ (66,357,346)	\$ (58,105,948)	\$ (62,486,032)	\$ (69,143,405)	\$ (65,166,166)	\$ (57,197,929)	\$ (70,589,103)	\$ (78,355,094)	\$ (79,140,774)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	39,723,667	40,243,312	40,027,787	39,777,973	39,069,259	38,832,967	40,323,181	42,516,486	42,634,992	42,078,167
Sales Taxes	10,708,417	9,205,424	9,549,872	9,998,528	10,312,235	10,555,249	10,977,370	11,735,957	12,224,099	12,302,282
Other Taxes	1,469,213	1,439,402	1,734,874	2,014,921	2,247,432	1,977,893	1,644,574	1,594,671	1,525,583	1,486,150
Grants and contributions not restricted to specific programs	6,067,914	7,214,389	7,055,434	7,097,282	5,968,326	6,012,569	6,304,527	6,454,784	6,243,407	6,534,364
Public Grants and Gifts	-	-	-	-	-	84,995	-	-	-	-
Unrestricted investment earnings	3,938,127	1,322,366	848,020	696,013	514,642	277,282	343,836	453,382	930,730	1,120,901
Miscellaneous	1,779,811	1,365,367	75,896	66,035	773,267	271,109	84,413	203,734	56,232	146,987
Gain on sale of capital assets	40,304	45,988	50,482	45,918	33,996	78,709	53,357	17,670	22,436	141,529
Transfers	5,756,201	6,653,570	4,514,218	6,412,426	2,243,702	4,344,585	658,196	10,280,804	6,274,468	2,577,665
Total general revenues and transfers	69,483,654	67,489,818	63,856,583	66,109,096	61,162,859	62,435,358	60,389,454	73,257,488	69,911,947	66,388,045
Change in net position	\$ 4,013,418	\$ 1,909,253	\$ 4,539,854	\$ 5,718,552	\$ (1,894,624)	\$ (1,091,229)	\$ 7,284,119	\$ 4,940,498	\$ (4,433,021)	\$ (6,096,288)
Business-type activities:										
Taxes:										
Property Taxes	8,409,424	8,577,612	8,668,697	8,441,401	8,543,693	7,306,275	6,064,496	5,888,809	6,089,879	6,101,945
Sales Taxes	-	-	-	-	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-	-	-	-	3,114,532
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	-	765,311	-	-	-
Unrestricted investment earnings	2,160,230	979,824	610,636	336,719	350,390	144,487	520,296	436,478	630,162	433,120
Miscellaneous	6,601	167,119	161,690	-	-	224,677	319,947	280,687	211,723	276,159
Gain on sale of capital assets	359,505	-	-	188,416	117,454	61,459	-	-	27,568	5,401
Transfers	(5,756,201)	(6,653,570)	(4,514,218)	(6,412,426)	(2,243,702)	(4,344,585)	(658,196)	(10,280,804)	(6,274,468)	(2,577,665)
Total general revenues and transfers	5,179,559	3,070,985	4,926,805	2,554,110	6,767,835	3,392,313	7,011,854	(3,674,830)	684,864	7,353,492
Change in net position	\$ 3,667,637	\$ 2,294,204	\$ 6,137,586	\$ 458,622	\$ 681,913	\$ 1,752,734	\$ 2,919,260	\$ (5,946,943)	\$ (3,325,262)	\$ 697,051
Net Position										
Governmental activities	284,556,171	286,465,424	291,005,278	296,723,830	294,829,206	293,737,977	301,022,096	316,789,257	312,356,236	306,259,948
Business-type activities	51,721,803	54,016,007	60,153,593	60,612,215	61,294,128	63,046,862	65,966,122	61,569,707	58,244,445	58,941,496
Total primary government	\$ 336,277,974	\$ 340,481,431	\$ 351,158,871	\$ 357,336,045	\$ 356,123,334	\$ 356,784,839	\$ 366,988,218	\$ 378,358,964	\$ 370,600,681	\$ 365,201,444

Schedule 3
Marathon County
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 2,814,747	\$ 3,555,286	\$ 4,642,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	40,041,832	40,486,654	40,124,313	-	-	-	-	-	-	-
Nondspendable	-	-	-	4,248,670	3,957,965	3,411,419	3,219,064	3,714,563	3,536,354	3,735,653
Restricted	-	-	-	2,496,160	2,881,111	2,581,027	2,371,654	2,266,011	1,897,420	2,004,903
Assigned	-	-	-	15,298,160	14,390,670	17,725,315	14,700,334	12,237,628	12,449,347	13,362,982
Unassigned	-	-	-	22,680,756	25,462,846	23,652,792	24,170,087	26,212,229	26,885,557	25,539,836
Total General Fund	\$ 42,856,579	\$ 44,041,940	\$ 44,766,570	\$ 44,723,746	\$ 46,692,592	\$ 47,370,553	\$ 44,461,139	\$ 44,430,431	\$ 44,768,678	\$ 44,643,374
All Other Governmental Funds										
Reserved	13,425,816	14,333,639	5,062,168	-	-	-	-	-	-	-
Unreserved	3,184,116	8,454,257	13,471,377	-	-	-	-	-	-	-
Nondspendable	-	-	-	27	-	999	1,947	1,478	203,846	18,304
Restricted	-	-	-	10,435,507	7,884,696	6,675,203	6,797,210	6,224,899	5,389,685	4,547,733
Assigned	-	-	-	8,123,153	9,133,893	10,056,329	7,640,835	6,239,900	7,016,983	6,756,302
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 16,609,932	\$ 22,787,896	\$ 18,533,545	\$ 18,558,687	\$ 17,018,589	\$ 16,732,531	\$ 14,439,992	\$ 12,466,277	\$ 12,610,514	\$ 11,322,339

Note: The County implemented GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions in 2011. This statement establishes new fund balance classifications, which are based primarily on the extent to which the County is bound to observe constraints on the use of the resources reported in governmental funds. As a result of implementing this standard, the fund balance categories used beginning in 2011 are not directly comparable to the fund balance categories used prior to 2011.

Schedule 4
Marathon County
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$ 51,927,415	\$ 50,649,523	\$ 51,063,867	\$ 51,697,866	\$ 51,952,701	\$ 51,532,035	\$ 52,827,893	\$ 54,731,133	\$ 55,294,521	\$ 55,866,598
Intergovernmental grants and aids	27,603,173	24,758,380	27,265,336	21,623,450	21,491,484	22,262,306	23,495,023	23,177,159	23,848,189	20,226,241
Licenses and permits	214,061	259,138	265,715	262,971	261,799	273,756	276,045	321,343	342,600	347,756
Fines and forfeitures	723,624	758,343	728,840	666,902	770,975	780,186	952,726	657,261	564,262	610,828
Public charges for services	5,292,802	4,803,853	5,200,989	5,118,947	5,238,530	5,436,506	5,060,266	4,784,786	5,329,008	5,320,424
Intergovernmental charges for services	1,151,057	1,215,014	1,226,970	1,293,582	1,366,398	1,349,329	1,549,285	1,496,673	1,329,547	1,583,860
Miscellaneous revenues	3,966,585	1,532,929	1,492,499	1,598,090	2,089,337	2,036,040	1,565,431	1,579,264	1,972,201	2,678,268
Total Revenues	\$ 90,878,717	\$ 83,977,180	\$ 87,244,216	\$ 82,261,808	\$ 83,171,224	\$ 83,670,158	\$ 85,726,669	\$ 86,747,619	\$ 88,680,328	\$ 86,633,975
Expenditures:										
Current:										
General government	\$ 23,893,847	\$ 25,126,067	\$ 25,040,971	\$ 25,465,086	\$ 23,693,652	\$ 23,865,557	\$ 24,416,778	\$ 25,844,705	\$ 26,051,528	\$ 25,674,740
Public safety	18,991,445	19,267,926	19,902,303	19,960,253	19,422,491	20,955,298	22,243,049	22,388,682	23,286,994	23,597,803
Health	4,541,926	4,938,759	4,809,531	4,663,852	4,447,762	4,630,064	4,509,998	4,449,179	4,410,899	4,508,557
Social services	24,678,716	18,543,021	18,707,630	16,487,629	17,647,710	18,369,888	19,156,057	20,198,084	20,023,788	18,124,818
Leisure activities and education	7,429,831	7,331,865	7,316,332	7,724,615	6,774,083	7,029,361	7,527,993	7,450,503	7,481,368	7,302,962
Conservation and economic development	1,009,482	1,438,353	639,070	852,347	1,157,404	908,106	889,159	1,111,969	886,290	875,611
Capital outlay	6,532,085	13,015,585	12,011,136	5,417,783	6,672,176	4,172,949	4,495,561	4,780,712	2,942,880	2,686,339
Debt service:										
Principal	1,161,276	4,468,304	1,282,860	1,337,846	1,315,235	1,388,903	1,447,427	1,424,606	4,602,079	1,675,736
Interest and paying agent fees	40,512	480,221	465,775	435,900	405,149	373,400	340,650	300,000	254,482	15,488
Total expenditures	\$ 88,279,120	\$ 94,610,101	\$ 90,175,608	\$ 82,345,311	\$ 81,535,662	\$ 81,693,526	\$ 85,026,672	\$ 87,948,440	\$ 89,940,308	\$ 84,462,054
Excess (deficiency) of revenues over expenditures	\$ 2,599,597	\$ (10,632,921)	\$ (2,931,392)	\$ (83,503)	\$ 1,635,562	\$ 1,976,632	\$ 699,997	\$ (1,200,821)	\$ (1,259,980)	\$ 2,171,921
Other financing sources (uses):										
Transfers in:										
General Fund	\$ 4,787,875	\$ 2,233,295	\$ 4,754,489	2,704,911	3,734,221	2,879,254	5,199,723	2,211,662	1,610,080	2,928,916
Social Improvement Fund	885,509	1,000,274	855,023	1,541,153	1,291,258	2,715,848	1,932,322	1,930,417	2,381,108	1,958,021
Capital Improvement Fund	1,630,336	794,851	2,247,336	546,529	168,657	159,867	144,554	266,552	247,248	248,203
Highway	-	-	-	160,000	-	-	-	-	-	-
Property Casualty Fund	-	-	-	-	-	-	-	-	-	-
Employee Benefit Fund	-	-	-	-	-	-	-	250,000	-	-
Sale of Capital Assets	40,304	59,070	51,389	46,694	37,134	83,394	56,000	20,394	24,796	146,781
Component unit transfer in	-	-	-	-	-	-	-	-	-	-
General obligation debt issued	-	16,770,000	-	-	-	-	-	-	3,150,000	-
State loan program debt issued	14,608	14,608	95,858	14,608	14,650	14,562	14,691	14,692	14,692	14,692
Premium on bond/note payable	-	1,212,567	-	-	-	-	-	-	-	-
Transfers out:										
General Fund	(1,630,336)	(842,735)	(2,351,937)	(546,529)	(168,657)	(159,867)	(144,554)	(266,552)	(247,248)	(248,203)
Social Improvement Fund	(176,936)	(120,000)	(320,000)	(165,054)	-	(5,013)	-	-	-	-
Capital Improvement Fund	(5,496,448)	(3,065,685)	(5,184,911)	(4,081,010)	(5,025,479)	(5,590,089)	(7,132,045)	(4,142,079)	(3,991,188)	(4,886,937)
Highway Road Improvement Fund	-	-	-	-	-	-	-	-	-	-
County Highway Fund	(697,338)	(60,000)	(745,576)	(90,000)	(1,258,598)	(1,682,685)	(5,972,641)	(1,088,688)	(957,600)	(3,302,291)
Internal service fund	-	-	-	(65,481)	-	-	-	-	(489,424)	(444,582)
Total other financing sources (uses)	\$ (642,426)	\$ 17,996,245	\$ (598,329)	\$ 65,821	\$ (1,206,814)	\$ (1,584,729)	\$ (5,901,950)	\$ (803,602)	\$ 1,742,464	\$ (3,585,400)
Net change in fund balance	1,957,171	7,363,324	(3,529,721)	(17,682)	428,748	391,903	(5,201,953)	(2,004,423)	482,484	(1,413,479)
Fund balances January 1	\$ 57,509,340	\$ 59,466,512	\$ 66,829,836	\$ 63,300,115	\$ 63,282,433	\$ 63,711,181	\$ 64,103,084	\$ 58,901,131	\$ 56,896,708	\$ 57,379,192
Fund balances, December 31	\$ 59,466,511	\$ 66,829,836	\$ 63,300,115	\$ 63,282,433	\$ 63,711,181	\$ 64,103,084	\$ 58,901,131	\$ 56,896,708	\$ 57,379,192	\$ 55,965,713
Debt service as a percentage of noncapital expenditures	1.5%	6.4%	2.3%	2.2%	2.2%	2.2%	2.2%	2.1%	5.6%	2.1%

Schedule 5
Marathon County
Equalized Value and Actual Value of Taxable Property (A)
Last Ten Fiscal Years

Fiscal Year	Real Property				Personal Property	Total	Total Less TID	Total Direct Tax Rate
	Residential Property	Commercial Property	Manufacturing Property	Other				
2008	6,395,031,700	2,042,422,000	409,570,600	941,015,900	293,530,100	10,081,570,300	9,444,208,500	5.1665
2009	6,340,619,500	2,002,006,200	406,500,800	1,005,495,200	292,533,100	10,047,154,800	9,417,090,700	5.1665
2010	6,221,435,400	1,950,493,000	398,810,600	979,916,600	293,422,600	9,844,078,200	9,321,354,200	5.1700
2011	6,219,847,800	1,953,488,700	398,126,500	872,134,900	280,627,800	9,724,225,700	9,201,742,900	5.1700
2012	6,028,436,000	1,862,217,800	388,850,800	835,157,100	278,881,600	9,393,543,300	8,915,050,700	5.1700
2013	6,078,829,100	1,915,456,400	359,773,400	833,388,900	280,748,800	9,468,196,600	8,963,288,900	5.1700
2014	6,233,935,600	1,965,462,800	363,654,600	818,441,000	288,575,100	9,670,069,100	9,135,689,600	5.1613
2015	6,336,788,900	1,949,046,000	395,199,800	867,012,400	304,935,400	9,852,982,500	9,289,260,900	5.1256
2016	6,485,347,700	2,054,869,800	413,250,300	893,382,100	309,395,100	10,156,245,000	9,559,832,400	5.0398
2017	6,786,877,200	2,142,743,100	442,680,800	897,295,700	320,564,800	10,590,161,600	9,916,480,400	4.9549

Source: Wisconsin Department of Revenue Statement of Changes in Equalized Value by Class and Item.

Note: (A) Property values are reduced by the value of the tax increment districts (TID)
This equalized value of County property is used to calculate the property tax rate for Marathon County.

Schedule 6
Marathon County
Direct and Overlapping Property Tax Rates,
Last Ten Years
(rate per \$1,000 of assessed value)

DISTRICT	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
COUNTY DIRECT RATE	5.38	5.17	5.17	5.15	5.17	5.17	5.17	5.16	5.13	5.04
TOWN										
BERGEN	15.69	16.28	16.98	18.49	17.44	17.34	16.53	16.40	16.46	16.29
BERLIN	16.05	17.30	17.84	16.83	18.84	18.94	17.52	18.21	17.31	17.69
BERN	21.81	17.58	18.14	17.48	18.43	18.01	16.99	17.72	17.75	16.74
BEVENT	17.40	18.29	16.66	15.45	17.94	17.15	16.43	16.39	16.96	15.65
BRIGHTON	23.70	25.28	17.77	18.53	19.83	18.50	18.32	17.65	19.26	18.91
CASSEL	18.11	19.39	19.69	18.91	17.86	18.08	18.34	18.31	18.17	18.85
CLEVELAND	19.26	19.91	20.49	18.06	18.31	18.48	18.59	17.84	17.25	18.72
DAY	16.87	17.76	19.33	17.51	20.05	18.21	18.47	18.67	18.41	18.64
EASTON	20.43	18.88	18.69	18.76	20.09	19.87	19.45	19.74	19.90	19.73
EAU PLEINE	16.43	16.42	17.47	17.63	16.43	17.40	17.25	17.13	18.09	16.47
ELDERON	14.40	16.28	16.04	15.42	16.48	15.22	14.51	14.86	14.50	14.21
EMMET	18.02	19.70	19.73	19.67	17.44	17.04	17.27	17.40	17.33	17.45
FRANKFORT	21.83	22.08	18.43	18.44	18.64	18.28	17.73	17.55	17.89	16.60
FRANZEN	20.45	24.14	19.99	17.58	17.66	24.64	18.18	17.92	18.63	18.56
GREEN VALLEY	17.43	17.79	17.47	17.51	19.69	19.59	18.95	19.79	17.78	17.96
GUENTHER	18.15	18.38	20.58	20.62	18.94	19.88	17.69	17.86	18.39	17.36
HALSEY	21.94	17.90	18.20	17.61	18.22	18.93	17.85	17.98	18.11	16.93
HAMBURG	23.27	23.21	23.61	18.99	19.94	19.36	18.17	18.89	18.89	17.94
HARRISON	18.78	15.40	15.11	15.22	14.93	14.43	13.35	13.03	13.93	13.75
HEWITT	24.62	21.29	21.12	20.76	20.67	20.76	19.10	19.50	19.99	20.03
HOLTON	16.18	16.78	17.19	17.07	17.85	18.28	17.54	17.80	17.42	17.69
HULL	20.29	20.35	16.83	17.16	18.74	17.93	17.99	17.50	17.25	17.18
JOHNSON	20.35	17.33	18.67	16.66	18.94	19.03	18.37	18.99	18.44	17.23
KNOWLTON	16.35	16.95	17.56	17.20	17.42	16.64	16.53	16.16	15.52	15.96
MAINE *incorporated in 2016	20.37	21.83	20.92	20.72	20.16	20.45	19.99	20.45	0.00	0.00
MARATHON	16.15	18.09	17.37	16.29	17.80	15.94	16.74	16.12	17.71	16.90
MCMILLIAN	16.44	17.62	18.08	19.13	19.34	18.47	18.38	18.25	19.02	19.87
MOSINEE	16.33	17.81	16.28	16.87	18.48	17.74	17.60	18.00	17.71	17.17
NORRIE	20.06	16.96	16.74	16.49	17.98	17.50	15.82	16.31	17.49	17.23
PLOVER	22.08	18.46	18.14	18.05	19.08	18.00	18.11	17.87	17.44	17.47
REID	20.16	19.18	17.44	16.85	18.42	16.90	15.21	16.19	16.57	16.43
RIB FALLS	16.75	17.27	17.36	16.46	18.44	17.42	16.37	17.96	17.28	18.13
RIB MOUNTAIN	19.02	20.40	20.80	20.74	20.22	20.04	19.48	19.82	20.52	20.36
RIETBROCK	20.89	21.26	21.99	17.97	18.81	17.78	16.75	16.89	17.09	17.43
RINGLE	15.33	15.43	16.25	15.67	17.67	15.82	16.63	17.31	17.29	17.46
SPENCER	18.89	20.12	17.38	17.67	18.58	18.05	18.25	17.01	18.89	19.24
STETTIN	17.66	18.79	18.94	18.10	19.89	18.81	18.70	19.56	18.36	19.34
TEXAS	21.12	22.16	19.03	18.38	19.49	18.71	17.61	18.14	17.17	19.03
WAUSAU	20.20	20.46	18.75	19.67	19.34	18.89	18.62	19.65	19.33	19.93
WESTON	15.52	15.85	15.95	16.09	17.19	16.16	17.21	16.35	16.52	17.98
WIEN	22.59	23.69	24.87	17.65	18.57	18.37	18.53	18.74	17.94	18.57

Schedule 6
Marathon County
Direct and Overlapping Property Tax Rates,
Last Ten Years
(rate per \$1,000 of assessed value)

DISTRICT	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
VILLAGE										
ATHENS	26.88	23.27	23.82	22.24	24.43	22.26	21.93	22.19	22.17	19.86
BIRNAMWOOD	17.90	18.63	18.54	19.65	18.49	22.28	17.82	17.66	16.95	16.69
BROKAW	23.15	24.84	27.24	27.35	37.59	37.79	44.74	44.29	36.91	35.21
DORCHESTER	22.16	24.32	23.50	20.59	21.04	22.49	22.37	23.88	20.87	19.67
EDGAR	18.68	19.27	19.72	20.66	21.21	20.42	19.00	19.91	20.66	21.15
ELDERON	19.05	15.83	14.74	16.03	17.21	14.35	14.12	14.58	15.56	15.56
FENWOOD	13.83	15.52	15.93	16.76	17.37	17.10	17.13	17.22	16.41	17.31
HATLEY	17.98	17.52	17.52	17.91	19.62	17.86	17.28	18.44	18.17	18.03
KRONENWETTER	19.64	19.25	19.34	20.27	21.23	21.64	20.84	21.33	20.37	21.05
MAINE *incorporated in 2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.53	20.99
MARATHON	26.43	21.72	21.84	22.48	23.38	20.45	21.14	21.94	22.56	22.03
ROTHSCHILD	25.52	25.37	21.73	23.10	23.30	22.70	22.01	22.38	22.96	23.23
SPENCER	24.49	25.78	26.54	23.42	23.79	23.42	22.60	23.09	24.38	24.80
STRATFORD	18.77	19.61	20.03	20.72	21.11	20.78	20.39	20.14	20.63	20.52
UNITY	20.95	19.51	18.92	17.84	20.07	18.43	19.58	19.49	20.71	19.22
WESTON	20.89	20.42	20.26	20.90	22.61	21.09	20.34	20.57	21.06	21.29
CITY										
ABBOTSFORD	21.11	21.03	21.34	22.44	23.11	23.54	23.53	23.37	22.83	25.04
COLBY	24.98	23.69	22.27	22.37	25.19	25.48	25.39	23.42	23.52	22.65
MARSHFIELD	23.94	24.89	22.99	23.58	24.17	23.07	23.24	22.51	22.31	22.54
MOSINEE	23.42	23.46	23.95	23.16	22.03	22.44	21.67	21.95	22.59	22.98
SCHOFIELD	25.19	25.45	24.81	26.12	23.75	25.70	24.26	21.46	22.12	22.84
WAUSAU	23.49	24.67	25.06	24.93	25.74	24.19	24.34	25.57	24.95	25.65

SOURCES: (1) Marathon County Treasurer's Office Division of Property Description

- NOTES: (A) Tax rate per \$1,000 of assessed value
(B) Reduced by state credit
(C) When a municipality has more than one taxing district, the highest tax rate is the one listed on this table

Schedule 7
Marathon County
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2017			Fiscal Year 2008		
	Equalized Value	Rank	Percentage of Total County Taxable Equalized Value	Equalized Value	Rank	Percentage of Total County Taxable Equalized Value
Aspirus Wausau Hospital Inc (Wausau Hospital)	\$55,177,500	1	0.5210%	\$27,694,200	4	0.2747%
Marshfield Clinic	\$50,517,000	2	0.4770%	\$47,434,000	1	0.4705%
Apogee Wausau Group LLC	\$34,535,600	3	0.3261%	-	-	-
Greenheck Fan Corp	\$30,537,500	4	0.2884%	\$24,175,100	7	0.2398%
Saint Claire's Hospital of Weston	\$28,639,200	5	0.2704%	\$22,554,500	8	0.2327%
Abbyland Foods	\$26,540,200	6	0.2506%	\$21,649,300	10	0.2147%
Kocourek Holdings LLC	\$26,269,700	7	0.2481%	-	-	-
First Wausau Tower	\$25,266,100	8	0.2386%	-	-	-
Wausau Hospitals Inc	\$22,616,400	9	0.2136%	-	-	-
Menards Inc	\$22,058,200	10	0.2083%	\$25,691,200	5	0.2548%
Employers Insurance of Wausau	-	-	-	\$45,724,300	2	0.4535%
Mosinee Paper Company	-	-	-	\$33,932,100	3	0.3366%
Walmart	-	-	-	\$24,545,200	6	0.2435%
Wausau Joint Venture	-	-	-	\$21,983,300	9	0.2181%
TOTAL	\$322,157,400		3.0420%	\$295,383,200		2.9389%

Source: Real Property Division of the County Treasurer's Office

NOTE (A) Total equalized value for 2017 of \$10,590,161,600 includes the increment value of tax increment districts (TID)
(B) Total equalized value for 2008 of \$10,081,570,300 includes the increment value of tax increment districts (TID)

Schedule 8
Marathon County
Property Tax Levies and Collections
Last Ten Fiscal Years (A)

Levy Year	Settlement Year	Taxes Levied for the Fiscal	Amount Collected within the Fiscal Year of the Levy		Net Amount Collected in Subsequent Years	Total Collected to Date	
			Amount Collected	Percent of Levy		Amount Collected	Percent of Levy
2006	2007	46,326,948	45,688,305	98.62%	637,620	46,325,925	100.00%
2007	2008	48,093,638	47,406,556	98.57%	686,125	48,092,681	100.00%
2008	2009	48,793,927	47,983,834	98.34%	807,720	48,791,554	100.00%
2009	2010	48,653,812	47,740,402	98.12%	910,224	48,650,626	99.99%
2010	2011	48,191,420	47,236,799	98.02%	948,025	48,184,824	99.99%
2011	2012	47,573,011	46,826,841	98.43%	721,838	47,548,679	99.95%
2012	2013	46,090,851	45,545,103	98.82%	492,752	46,037,855	99.89%
2013	2014	46,340,765	45,858,381	98.96%	307,581	46,165,962	99.62%
2014	2015	47,152,340	46,626,888	98.89%	130,929	46,757,817	99.16%
2015	2016	47,608,889	47,122,755	98.98%	273,179	47,395,934	99.55%
2016 (B)	2017	48,180,111	47,788,836	99.19%	-	47,788,836	99.19%

Source: Annual audited financial statements and adopted budgets for Marathon County

Notes: (A) Wisconsin Statute 75.20 allows tax certificates to be carried for eleven years

(B) The tax for levy year 2018 is \$49,135,092

(C) Totals do not include uncollected amounts due on tax deed parcels of \$173,255

(D) This represents the County's portion only and does not include taxes purchased from other governmental entities

Schedule 9
Marathon County
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

General Bonded Debt Outstanding

Fiscal Year	General Obligation Bonds-Governmental Activities (d)	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (b)	Percentage of Actual Value (a) of Taxable Property	Per Capita (b)
2008	-	-	-	0.00%	0.00%	-
2009	\$12,360,000	(\$1,388,199)	\$10,971,801	0.27%	0.12%	80.45
2010	\$11,165,000	(\$1,429,917)	\$9,735,083	0.24%	0.11%	71.12
2011	\$9,935,000	(\$1,445,578)	\$8,489,422	0.21%	0.10%	63.16
2012	\$8,665,000	(\$1,465,598)	\$7,199,402	0.17%	0.09%	53.43
2013	\$7,355,000	(\$1,476,646)	\$5,878,354	0.13%	0.08%	43.65
2014	\$6,000,000	(\$1,489,908)	\$4,510,092	0.11%	0.06%	33.46
2015	\$4,590,000	(\$1,507,402)	\$3,082,598	0.12%	0.05%	22.78
2016	\$3,150,000	(\$1,534,002)	\$1,615,998	0.06%	0.03%	11.93
2017 (c)	\$1,575,000	(\$1,546,894)	\$28,106	0.03%	0.01%	0.21

Notes:

- (a) See Schedule 5 for property value data
- (b) Population and personal income data can be found in Schedule 12
- (c) Remaining \$69,923 is restricted for Forest Aid Loan
- (d) There is no business type activity debt. Remaining debt expected to be paid from CWA or PFC revenues

Schedule 10
Marathon County
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

<u>Governmental Unit</u>	<u>Net General Obligation Debt</u>	<u>Percentage Applicable to Marathon County</u>	<u>Net General Obligation Debt Applicable To Marathon County</u>
TOWN:			
DAY	\$ 634,133	100.00%	\$ 634,133
EASTON	215,087	100.00%	215,087
EAU PLEINE	164,281	100.00%	164,281
FRANZEN	33,791	100.00%	33,791
HAMBURG	36,387	100.00%	36,387
JOHNSON	239,528	100.00%	239,528
KNOWLTON	390,959	100.00%	390,959
MCMILLAN	83,041	100.00%	83,041
PLOVER	278,378	100.00%	278,378
REID	50,000	100.00%	50,000
RIB MOUNTAIN	7,241,233	100.00%	7,241,233
RIETBROCK	90,948	100.00%	90,948
RINGLE	170,484	100.00%	170,484
WAUSAU	314,481	100.00%	314,481
WIEN	58,141	100.00%	58,141
TOWN TOTAL	<u>10,000,871</u>		<u>10,000,871</u>
VILLAGE:			
ATHENS	\$ 1,259,400	100.00%	\$ 1,259,400
BROKAW (C)	742,730	100.00%	742,730
DORCHESTER	1,065,025	100.00%	1,065,025
EDGAR	938,723	100.00%	938,723
FENWOOD	37,678	100.00%	37,678
KRONENWETTER	16,455,107	100.00%	16,455,107
MARATHON	4,782,458	100.00%	4,782,458
ROTHSCHILD	6,228,027	100.00%	6,228,027
SPENCER	2,258,156	100.00%	2,258,156
STRATFORD	2,821,418	100.00%	2,821,418
WESTON	7,371,927	100.00%	7,371,927
VILLAGE TOTAL	<u>43,960,649</u>		<u>43,960,649</u>
CITY:			
ABBOTSFORD (B)	\$ 4,049,086	42.58%	\$ 1,724,101
COLBY	1,631,022	25.79%	420,641
MARSHFIELD	45,725,000	8.19%	3,744,878
MOSINEE	8,192,560	100.00%	8,192,560
SCHOFIELD	3,770,683	100.00%	3,770,683
WAUSAU	76,584,053	100.00%	76,584,053
CITY TOTAL	<u>139,952,404</u>		<u>94,436,915</u>

Schedule 10
Marathon County
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

<u>Governmental Unit</u>	<u>Net General Obligation Debt</u>	<u>Percentage Applicable to Marathon County</u>	<u>Net General Obligation Debt Applicable To Marathon County</u>
SCHOOL:			
ABBOTSFORD (B)	\$ 5,650,000	42.03%	\$ 2,374,695
AUBURNDALE	1,499,075	3.13%	46,921
COLBY	7,335,000	57.20%	4,195,620
D.C. EVEREST	44,500,840	100.00%	44,500,840
EDGAR	6,558,962	100.00%	6,558,962
MARATHON	2,663,450	100.00%	2,663,450
MARSHFIELD	18,028,132	15.35%	2,767,318
MEDFORD	4,310,000	0.48%	20,688
MERRILL	3,304,753	4.02%	132,851
MOSINEE (B)	6,360,000	100.00%	6,360,000
SPENCER	745,000	88.20%	657,090
STRATFORD	16,086,339	100.00%	16,086,339
WAUSAU	69,930,000	100.00%	69,930,000
MID-STATE TECH COLLEGE (B)	32,575,000	2.58%	840,435
NORTHCENTRAL TECH	38,475,000	60.72%	23,362,020
SCHOOL TOTAL	<u>258,021,551</u>		<u>180,497,230</u>
SPECIAL DISTRICTS:			
SPECIAL DISTRICTS TOTAL	<u>-</u>		<u>-</u>
TOTAL APPLICABLE UNDERLYING DEBT	<u>\$ 451,935,476</u>		<u>\$ 328,895,665</u>
DIRECT DEBT			
<u>MARATHON COUNTY (A)</u>	<u>\$ 1,575,000</u>	100.00%	<u>\$ 1,575,000</u>
TOTAL DEBT APPLICABLE TO MARATHON COUNTY	<u>\$ 453,510,476</u>		<u>\$ 330,470,665</u>

(A) Direct Debt of Marathon County is a refunding bond. The County issued debt in 2016 to refund 2009 GO Notes for capital projects. There is no unamortized premium.

(B) Direct debt is from January 1, 2017

(C) Town of Maine Incorporated in 2016 and will took on the Village of Brokaw debt

SOURCE: Survey of governmental units conducted by the Finance Department.

Schedule 11
Marathon County
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Equalized Value of Property (A)	\$10,081,570	\$10,047,155	\$ 9,844,078	\$ 9,724,226	\$ 9,393,543	\$ 9,468,197	\$ 9,670,069	\$ 9,852,982	\$ 10,156,245	\$ 10,590,162
Debt Limit, 5% of Equalized Value	\$504,078	\$502,358	\$ 492,204	\$ 486,211	\$ 469,677	\$ 473,410	\$ 483,503	\$ 492,649	\$ 507,812	\$ 529,508
(Wisconsin statutory limitation)										
Amount of debt applicable to debt limitation:										
General obligation promissory notes (B)	\$3,650	\$15,670	\$16,570	\$14,810	\$15,645	\$13,760	\$11,870	\$13,490	\$9,920	\$7,890
Less: Amount available for debt service (c)	<u>\$2,597</u>	<u>\$1,388</u>	<u>\$1,430</u>	<u>\$1,446</u>	<u>\$1,466</u>	<u>\$1,477</u>	<u>\$1,490</u>	<u>\$1,507</u>	<u>\$1,534</u>	<u>\$1,547</u>
Total amount of debt applicable to debt margin	\$1,052	\$14,282	\$15,140	\$13,364	\$14,179	\$12,283	\$10,380	\$11,983	\$8,386	\$6,343
Legal Debt Margin-(debt capacity)	<u>\$503,025</u>	<u>\$488,076</u>	<u>\$477,064</u>	<u>\$492,191</u>	<u>\$455,498</u>	<u>\$461,127</u>	<u>\$471,623</u>	<u>\$480,666</u>	<u>\$499,426</u>	<u>\$523,165.10</u>
Percent of Debt capacity used	0.21%	2.84%	3.08%	2.75%	3.02%	2.59%	2.15%	2.43%	1.65%	1.20%

NOTES: (A) Equalized values include the increment value of tax increment districts (TID)

(B) Amount includes Marathon County's portion of the debt for CWA as general obligation debt, even though payments are expected to be paid from the respective revenue sources

(C) Debt service less amount available for Forest Aid Loan of \$69,923

Schedule 12
 Marathon County
 Demographic and Economic Statistics
 Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment (3)</u>	<u>Private School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2008	135,190	\$4,349,873,440	\$32,176	19,949	2,380	4.8
2009	136,376	\$4,560,958,944	\$33,444	19,978	2,344	8.7
2010	136,874	\$4,745,684,000	\$36,058	19,839	2,004	8.8
2011	134,414	\$4,660,000,000	\$35,409	19,842	2,012	6.5
2012	134,735	\$5,200,900,000	\$38,475	19,862	1,731	6.6
2013	134,679	\$5,484,400,000	\$40,592	19,862	1,731	6.8
2014	134,803	\$5,453,350,000	\$40,454	20,155	1,778	5.1
2015	135,341	\$3,694,749,510	\$42,250	19,942	1,799	4.2
2016	135,483	\$5,700,000,000	\$42,941	19,783	1,661	3.7
2017	134,943	\$6,112,408,000	\$45,076	19,709	1,535	2.4

Sources: (1) Wisconsin Department of Administration

(2) Wisconsin Department of Revenue, Division of Research and Analysis (information has a two year lag. example - information listed as 2005 is actual 2003 data and is the most current available)

(3) Wisconsin Department of Public Instruction

(4) U.S. Department of Labor, Bureau of Labor Statistics/Wisconsin Department of Workforce Development. (Wausau, MSA)(average for the year, not seasonally adjusted)

Schedule 13
 Marathon County
 Principal Employers
 Current Year and Five Years Ago

<u>Employer</u>	<u>2017</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Aspirus Wausau Hospital	3,120	1	4.16%	3,000	1	4.45%
Greenheck Fan Inc	1,855	2	2.47%	1,500	2	2.23%
Kolbe & Kolbe	1,538	3	2.05%	1,122	5	1.66%
Wausau School District	1,300	4	1.73%	1,476	3	2.19%
Footlocker.com/Eastbay	1,100	5	1.47%	1,300	4	1.93%
Marathon Chesse	1,385	6	1.85%	820	7	1.22%
Marathon County	758	7	1.01%	740	9	1.10%
North Central Healthcare Facilities	700	8	0.93%	685	10	1.02%
North Central Technical College	650	9	0.87%	-	-	-
Wausau Paper/experia	500	10	0.67%	984	6	1.46%
UMR/Wausau Benefits	-	-	-	800	8	1.19%
Total Employment			75,022			67,400

The County presented 5 years of data as we used a different survey method previously and want to be consistent.

Sources: Wausau/Marathon County Chamber of Commerce

Wisconsin Department of Workforce Development

Schedule 14
Marathon County
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function / Program	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government	152.55	156.45	154.95	148.70	140.70	135.85	136.50	138.30	139.80	153.05
Public Safety	178.00	179.00	178.50	179.00	177.00	177.00	180.00	186.85	187.85	187.85
Transportation	100.10	101.10	101.10	101.10	100.10	98.45	99.00	100.50	101.50	101.50
Health	47.70	51.20	49.20	48.20	48.20	49.46	49.50	50.20	48.82	52.82
Social Services	170.88	164.27	165.89	173.29	172.79	167.38	172.21	172.19	167.96	171.86
Leisure Activities & Education	190.80	187.00	182.80	101.75	101.08	89.60	89.90	89.90	91.10	91.10
Conservation & Economic Development	19.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	<u>859.03</u>	<u>839.02</u>	<u>832.44</u>	<u>752.04</u>	<u>739.87</u>	<u>717.74</u>	<u>727.11</u>	<u>737.94</u>	<u>737.03</u>	<u>758.18</u>

Source: County Budget Information

Note: A full-time employee is scheduled to work 261 days per year (365 minus two days off per week). At eight hours per day, 2,088 hours are scheduled per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,088.

Schedule 15
Marathon County
Operating Indicators by Function,
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Court cases filed	25,170	25,716	24,701	22,170	22,293	21,944	10,858	17,201	17,416	18,790
Traffic citations processed	13,454	13,204	12,383	10,918	12,113	11,988	5,762	6,046	6,623	6,473
Marriage licenses processed	812	705	709	696	729	700	757	827	789	787
Divorces granted	455	458	417	375	302	500	332	465	359	344
Traffic and criminal fines collected	\$3,737,749	\$3,756,218	\$3,649,907	\$3,593,677	\$3,525,930	\$3,596,741	\$1,658,283	\$1,416,461	\$1,801,423	\$1,887,387
Total medical examiner cases	612	590	659	724	663	795	803	924	986	1022
Public Safety										
Hazardous materials incidents	4	15	5	14	14	18	32	16	12	23
Transportation										
Cost of road maintenance per lane mile	\$5,602	\$4,743	\$5,045	\$6,180	\$6,405	\$6,533	\$5,861	\$6,477	\$6,755	\$6,723
Health										
Public health nurse home visits	2,312	2,675	2,735	2,221	1,645	962	1,317	1,324	1,336	1,678
Laboratory tests	13,570	13,316	12,625	13,080	13,777	12,730	12,115	12,025	10,450	8,565
Licenses issued for public facilities	1,009	960	959	894	926	913	895	891	901	1,025
Number of immunizations given	4,756	3,852	3,723	2,822	2,326	1,633	1,498	1,223	1,198	1,104
Social Services										
Number served at nutrition centers	186	181	179	164	159	97	126	128	112	101
Number of volunteers	26	26	31	59	39	46	67	49	49	55
Volunteer hours	3,453	3,328	2,426	3,294	3,033	2,934	3,434	2762	2473	2735
Number served home delivered meals	412	427	392	340	425	350	426	477	504	514
Number served through SNAC program	720	516	479	463	413	423	422	465	413	396
Child support money collected and disbursed**	\$20,611,892	\$20,864,289	\$21,028,197	\$20,958,525	\$20,462,184	\$20,395,249	\$20,502,998	\$20,740,220	\$20,740,220	
Economic support cases	9,785	10,350	10,234	10,741	13,985	13,823	14,999	15,225	14,235	
Leisure and Education										
Library items checked out	943,778	1,041,169	1,125,370	1,137,709	1,120,282	1,001,527	964,259	939,268	901,442	853,217
Library number of visitors*	569,951	614,073	648,084	629,354	607,740	-	-	-	-	-
Conservation and Development										
Wood removed (cord equivalent)	13,811	9,759	11,900	12,849	7,722	6,148	10,302	2,740	7,150	6,405

The data has been compiled from a survey of County Departments

* In 2013, the Library stated that the number of visitors is no longer tracked

** Child Support money collected is from 12/31/2016

Schedule 16
Marathon County
Capital Asset Statistics by Function,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Number of courtrooms	7	7	7	7	7	7	7	7	7	7
Public Safety										
County buildings maintained	11	11	11	11	11	11	11	11	11	11
Jail capacity/number of beds	279	279	279	279	279	279	279	279	279	279
Sheriff Department vehicles	94	91	94	93	93	93	89	89	89	89
Transportation										
Miles of County highways/roads	613	613	613	613	613	613	613	613	613	614
County sponsored airports	1	1	1	1	1	1	1	1	1	1
Health										
Landfill total capacity (cubic yards) *	3,376,000	3,376,000	3,376,000	3,376,000	3,376,000	3,376,000	6,276,000	6,276,000	6,276,000	6,276,000
Landfill remaining capacity (cubic yards)*	780,000	620,000	643,600	508,188	385,335	248,704	2,890,659	2,612,450	2,182,975	1,885,100
Opened Blue Bird Ridge in 2014										
Social Services										
Nutrition centers	2	2	2	2	2	1	1	1	1	1
Leisure and Education										
Libraries - Headquarters	1	1	1	1	1	1	1	1	1	1
Libraries - Branches	8	8	9	9	9	9	8	8	8	8
Volumes books & audio-visual materials	324,678	335,028	433,609	422,319	412,099	414,128	450,585	580,945	517,435	560,419
Number of County parks	18	18	18	18	18	19	20	20	20	20
Number of acres	3,407	3,407	3,407	3,407	3,407	3,534	3,534	3,534	3,534	3,534
Public access beaches	4	4	4	4	4	4	4	4	4	4
Miles of bicycle trails	28	28	28	28	28	28	28	61	61	61
Number of public campgrounds	4	4	4	4	4	4	4	4	4	4
Number of shooting ranges	1	1	1	1	1	1	1	1	1	1
Number of softball complexes	1	1	1	1	1	1	1	1	1	1
Number of lakes and rivers with public boat launches	6	6	6	6	6	6	6	6	6	6
Indoor ice arenas	2	2	2	2	2	2	2	2	2	2
Miles of snowmobile trails	782	782	782	854	854	863	863	863	863	863
Miles of ATV trails - winter	690	690	690	730	730	753	753	756	756	756
Miles of ATV trails - summer	25	20	20	21	21	21	21	21	21	21
Miles of cross country ski trails	31	31	31	31	31	31	31	31	31	31
Conservation and Development										
Number of County forest units	9	9	9	9	9	9	9	9	9	9
Number of acres	29,768	29,768	29,768	29,768	29,768	29,937	29,937	29,937	29,937	30,195

The data has been compiled from a survey of County Departments

Schedule 17
Marathon County
Schedule of Insurance
Fiscal Year Ended December 31, 2017

Insurer Policy Number Effective Date	Policy Coverage Limits of Liability Deductibles/Retention
Wisconsin Municipal Mutual WI2017LP13A 01/01/17 to 01/01/18	General Liability (including Public Officials Errors & Omissions, Unfair Employment Practices, Employee Benefits Liability) \$10,000,000 per occurrence/\$30,000,000 annual aggregate Automobile Liability (including Non-Owned Autos) \$10,000,000 Limit of liability per occurrence/\$30,000,000 annual aggregate Uninsured Motorist \$25,000 per person per occurrence/\$50,000 for all damages per occurrence Pollution Liability (limited coverage for specific covered perils of loss) \$150,000 per occurrence/\$300,000 annual aggregate Self-Insured Retention: \$250,000 per occurrence/ \$1,050,000 Annual aggregate Excludes liability coverage for pollution, health care services (including nursing home, Health Care Centers, medical facilities), transit authorities, gas and electric utilities, aircraft/airfield operations, asbestos, mold, fungi, and lead, eminent domain and land use, non-monetary damages, electronic data, back and front pay benefits or compensation, war, fiduciary investments, and contractual agreements
Chubb Insurance Co 82218206 03/15/17 to 03/15/18	Aging and Disability Resource Center of Central WI Directors & Officers and Entity Liability \$1,000,000 Limit of liability maximum aggregate limit \$10,000 Deductible
Chubb American Insurance Company EON G4682359A 001 10/06/17 TO 10/06/18	Retained County Board Authority (RCA) \$1,000,000 Limit of Liability each claim and in aggregate \$10,000 Retention each claim
Global Aerospace 13000091 01/01/16 to 01/01/19	Central WI Joint Airport Board Aviation Ground Operations Liability Limit of Liability: \$50,000,000 per occurrence Damage to Premised rented to insured: \$40,000,000 Medical Expense Limit: \$10,000 (any one person) Products completed operations aggregate limit: \$50,000,000 Personal & advertising injury aggregate limit; \$25,000,000 Hangar-keepers liability each accident limit: \$50,000,000 Hangar-keepers liability each aircraft limit: \$50,000,000
Self-Funded & Administered 01/01/17 to 01/01/18	Automobile Collision Actual Cash Value Coverage \$14,671,922 as of 12/31/17
Integrity Insurance 01/01/17 to 01/01/18 2665701	Automobile Comprehensive Replacement Cost Coverage \$14,671,922 as of 1/1/17-18 \$1,000 Deductible

Insurer
Policy Number
Effective Date

Policy Coverage
Limits of Liability
Deductibles/Retention

Health Insurance
Insurer: Group Health Trust
Group # 76-440003
01/01/17 to 01/01/18

Health Benefit Plan PPO
90% of most covered medical expenses in network/70% out of network
80% of medical supplies & equipment in network/70% out of network
Plan 1 – Broad In or Out-of-Network \$1,500 Single / \$2,250 Employee + One / \$3,000 Family Annual Deductible
Plan 2 – Narrow In-Network \$1,500 Single / \$2,250 Employee + One / \$3,000 Family Annual Deductible, Narrow Out-of-Network \$1,800 Single / \$2,700 Employee + One / \$3,600 Family Annual Deductible.
Prescription Drugs:
0% co-insurance generics; 15% co-insurance preferred brand; 15% co-insurance non-preferred brand plus \$15 co-pay
\$1,000 single/\$2000 Family annual out of pocket maximum

Health Reimbursement Arrangement (HRA)
Diversified Benefit Services
01/01/17 to 01/01/2018

Health Reimbursement Arrangement
Reimbursement for out of pocket expenses covered but not paid under Marathon County's Health and Prescription Plan coverage such as co-pays, deductible and co-insurance. Annual and maximum carry-over amounts are:
Single: \$ 750 / \$3,750
Employee + 1: \$1,125 / \$5,625
Family: \$1,500 / \$7,500

Dental Insurance
Insurer: Delta Dental of WI
Group # 00912
01/01/17 to 01/01/18

Delta Dental of WI PPO Plan
\$1,500 Maximum annual benefit per person per calendar year
\$25 Single / \$50 Family Deductible for PPO providers and \$50 Single / \$150 Family Deductible for Premier and Non-Contracted providers
100% Diagnostic and preventative for PPO providers, 80% for Premier providers and 60% for Non-contracted providers
80% Basic and Major Services for PPO providers and 50% for Premier and Non-contracted providers

Self-Funded Dental Administered by Delta Dental of Wisconsin
Group # 92896
01/01/17 to 01/01/18

Delta Dental of WI
\$500 Maximum annual benefit per person, per calendar year
\$25 Single / \$75 Family annual deductible
100% Diagnostic and preventative
80% Ancillary, direct filling restorations, oral surgery, endodontics, and periodontics
50% In-direct filling restorations

Department of Employee Trust Fund - Aetna Insurance
Employer ID #69-036-0943
01/01/17 to 01/01/18

Income Continuation Insurance
Offers 75% of your average monthly retirement earnings
Standard coverage covers up to \$64,000 of annual earnings with maximum benefit \$4,000 per month
Supplemental coverage available to employees whose annual salary exceeds \$64,000 with a maximum benefit of \$7,500 per month
180, 120, 90, 60, & 30 day elimination period available
90 day elimination paid by Marathon County

Self-Funded
01/01/17 to 01/01/18

Workers Compensation
Wisconsin Statutory Limits

Insurer
Policy Number
Effective Date

Policy Coverage
Limits of Liability
Deductibles/Retention

Wisconsin Municipal Mutual
Insurance Company/Safety National
WI2017WC13X
01/01/17 to 01/01/18

Excess Workers Compensation and Employers Liability
\$550,000 Specific retention
Limits of Liability
Statutory Workers Comp
Employers Liability Bodily Injury by Accident: \$1,000,000 each accident
Bodily Injury by Disease: \$1,000,000 each employee

Municipal Property Insurance Co
MP-02-220005
01/01/17 to 01/01/18

Buildings, Personal Property, and Property in the Open

Replacement Cost
Deductible \$25,000 each occurrence
Buildings: \$283,464,578
Contents: \$29,433,246
Property in the Open: \$11,980,805
Building Specific Limit – (P3849 Park Road, Aniwa, WI)
Limit: \$70,000
Deductible \$10,000

Contractors Equipment

Replacement Cost
Limit \$18,667,714
Deductible \$5,000
Includes \$25,000 coverage for unscheduled contractor's equipment owned or legally responsible to insure

Business Income

\$1,000,000 – Central Wisconsin Airport
\$1,000,000 – Solid Waste/Landfill
\$1,999,989 – North Central Health Care Center
Deductible \$10,000

Monies & Securities

\$850,000 (Applies to Courthouse = 750,000 & Social Service = 100,000)
\$3,000,000 Limited term coverage from 7/27 to 08/01 (Courthouse only)
Deductible \$1,000

Pier & Wharf

\$93,824
Deductible \$1,000

Limited Coverage

Property in the Open - unscheduled

\$10,000 maximum per occurrence.

Leased Property Improvements

Destroyed by covered peril: covered if replaced or repaired within a reasonable time; not to exceed 2 years, if not repaired or replaced, fraction of original cost of improvement based on date of loss compared to duration of remaining lease.

Cost of Debris Removal:

Costs of removing debris covered when “covered” property is damaged by an insured peril. Does not cover: extraction of pollutants or contaminants from land or water; costs to remove, restore, replace land or water containing pollutants or contaminants; asbestos abatement.

Insurer
Policy Number
Effective Date

Policy Coverage
Limits of Liability
Deductibles/Retention

Lawn, Trees & Shrubs

Within 100 feet of insured buildings for specific perils. Limited to \$500 per tree, shrub or plant and \$1,000 for lawn damage up to a maximum of \$5,000 per occurrence.

Valuable Records

No dollar limit, covered on or off premises, excluding losses caused by errors & omissions or negligence in processing or copying.

Personal Property of Others

While on our property and in our care/custody and not covered by other insurance, limit of \$10,000.

Employees Personal Property

While on our property \$500 any one employee up to \$10,000 per occurrence maximum, if not covered by other insurance.

Extra Expenses

Automatically covered to maintain normal operations; \$5,000,000 maximum.

Fire Department Charges

Reimbursement up to \$25,000 for each fire department involved in containing fire or other covered loss – No deductible

Buildings or Structures acquired during policy year (provided your interest is not covered under any other policy of insurance)

Value of \$5,000,000 or less: Covered (must report on renewal)

Value \$5,000,000 or more: Covered if reported within 60 days of acquisition

Police Dogs & Horses

Up to \$25,000 or cost to replace dog/horse, including costs for care or treatment \$1,000 deductible

Pollutants or Contaminants – expense for removal

\$1,000,000 for reasonable and necessary expense for removal, disposal or cleanup of actual pollutants or contaminants from land or water due to a covered loss (Loss must be reported within 180 days after date of covered loss)

The Cincinnati Insurance Co

01/01/17 to 01/01/18

0578949

0578957

0578959

0578961

6750268

0579000

Public Official Schedule Position Bond

Treasurer: \$500,000

Finance Director: \$300,000

Clerk of Courts: \$50,000

County Clerk: \$10,000

Register of Deeds: \$10,000

Sheriff: \$10,000

The Cincinnati Insurance Co

1213498

Employee Dishonesty (Crime) Bond

Employee Theft - \$500,000/occurrence \$10,000 Deductible

Forgery or Alteration - \$5,000/occurrence \$250 Deductible

Insurer Policy Number Effective Date	Policy Coverage Limits of Liability Deductibles/Retention
Chubb Group of Insurance Companies 7643-6017 WCE 01/01/17 to 01/01/18	Boiler & Machinery \$1,000,000 – Property Damage Blanket Limit – applicable to scheduled properties \$10,000 Deductible, Specific limits applicable to Business Income, Loss of Utilities, Ammonia Contamination, Expediting Expense, water damage, electronic data, fungus cleanup, spoilage
Self-Funded	Marathon County Landfill Pollution Legal Liability \$2,000,000 Limit of liability per claim and in aggregate Claims-made
Beazley Lloyds Syndicate 623/2623 01/01/17 to 12/31/18	Cyber and Privacy Liability WMMIC Member Aggregate Limit \$2,000,000 Cyber Extortion Loss; \$2,000,000 Data Protection Loss; \$1,000,000 Business Interruption; \$1,000,000 Privacy Breach Response Service in addition to policy aggregate liability limit.
Mesa Underwriters Specialty Ins. Co. MP 0048001001322 06/04/17 to 06/05/17	Waters Edge Steering Committee Special Events Insurance General Liability: \$1,000,000 per occurrence \$2,000,000 per aggregate

This information represents details contained in our insurance policy and is not to be used to determine coverage.

All coverage questions should be directed to the Risk Manager.