

MARATHON COUNTY

Wausau, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

For the Year Ended December 31, 2019

MARATHON COUNTY
Wausau, Wisconsin

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Wausau, Wisconsin

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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, 2019, 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 44 percent, 83 percent and 41 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, 2019 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.

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 24, 2020

MARATHON COUNTY

STATEMENT OF NET POSITION
As of December 31, 2019

	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
ASSETS				
Cash and investments	\$ 76,475,193	\$ 47,034,449	\$ 123,509,642	\$ 25,594,589
Receivables (net)				
Taxes receivable	47,007,920	8,244,599	55,252,519	-
Accounts receivable	4,746,292	777,601	5,523,893	5,028,039
Accrued interest receivable	164,595	-	164,595	1,745
Due from other governments	4,814,800	940,219	5,755,019	4,251,800
Inventories and prepaid items	91,701	1,250,217	1,341,918	869,706
Restricted Assets				
Cash and investments	2,476,169	13,744,104	16,220,273	1,113,324
Accrued interest receivable	-	30,942	30,942	-
OPEB asset	-	-	-	117,583
Receivable restricted for aquatic pool	-	-	-	3,213,262
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000	-
Investment in joint venture	606,194	-	606,194	-
Capital Assets				
Capital assets not depreciated	56,685,143	564,269	57,249,412	12,933,724
Capital assets, net of accumulated depreciation/amortization	194,948,718	21,444,361	216,393,079	58,915,795
Total Assets	<u>389,535,725</u>	<u>94,030,761</u>	<u>483,566,486</u>	<u>112,039,567</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related amounts	-	-	-	247,529
Pension related amounts	21,863,328	2,952,855	24,816,183	21,171,297
Total Deferred Outflows of Resources	<u>21,863,328</u>	<u>2,952,855</u>	<u>24,816,183</u>	<u>21,418,826</u>
LIABILITIES				
Accounts payable	6,107,218	621,636	6,728,854	2,968,619
Accrued items	2,208,690	8,374	2,217,064	2,464,108
Accrued liability - claims payable	3,858,148	-	3,858,148	670,000
Due to other governments	935,171	1,627,541	2,562,712	605,146
Unearned revenues	-	-	-	39,180
Liabilities payable from restricted assets				
Special deposits	1,697,156	-	1,697,156	52,862
Noncurrent Liabilities				
Due within one year				
Current portion of general obligation notes payable	1,475,000	-	1,475,000	459,249
Current portion of compensated absences	562,013	89,245	651,258	1,858,843
Due in more than one year:				
General obligation notes payable	11,249,339	-	11,249,339	5,101,592
Forest crop loan payable	1,243,275	-	1,243,275	-
Capital lease	-	-	-	74,076
Due to Marathon County for aquatic pool project	-	-	-	6,061,225
Landfill closure and long-term care payable	-	15,935,684	15,935,684	-
OPEB liability	-	-	-	873,382
Net pension liability	8,194,475	1,054,646	9,249,121	7,841,512
Compensated absences	4,134,515	803,201	4,937,715	192,357
Total Liabilities	<u>41,665,000</u>	<u>20,140,326</u>	<u>61,805,326</u>	<u>29,262,151</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for next period	42,466,696	8,244,599	50,711,295	-
Other deferred revenues	-	547,600	547,600	-
OPEB related amounts	-	-	-	286,310
Pension related amounts	11,256,388	1,518,634	12,775,022	10,815,893
Total Deferred Inflows of Resources	<u>53,723,084</u>	<u>10,310,833</u>	<u>64,033,917</u>	<u>11,102,203</u>
NET POSITION				
Net investment in capital assets	238,909,522	22,008,630	260,918,152	60,153,377
Restricted for:				
Debt service	1,865,843	-	1,865,843	-
Land records	1,239,090	-	1,239,090	-
Capital improvements	248,297	-	248,297	3,213,262
Jail improvements	510,320	-	510,320	-
OPEB	-	-	-	117,583
Social services	5,355,842	-	5,355,842	-
Passenger facility charges	-	-	-	1,077,293
Unrestricted	<u>67,882,055</u>	<u>44,523,827</u>	<u>112,405,882</u>	<u>28,532,524</u>
TOTAL NET POSITION	<u>\$ 316,010,969</u>	<u>\$ 66,532,457</u>	<u>\$ 382,543,426</u>	<u>\$ 93,094,039</u>

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Units
	Program Revenues				Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ 36,659,646	\$ 4,626,626	\$ 2,932,213	\$ -	\$ (29,100,807)	\$ -	\$ (29,100,807)	\$ -
Public safety	27,305,201	2,091,353	773,982	1,753,860	(22,686,006)	-	(22,686,006)	-
Transportation	9,005,693	-	170,891	11,845,005	3,010,203	-	3,010,203	-
Health	4,613,481	786,878	654,629	-	(3,171,974)	-	(3,171,974)	-
Social services	17,823,332	808,476	10,977,824	-	(6,037,032)	-	(6,037,032)	-
Leisure and education	7,773,831	1,110,230	636,176	-	(6,027,425)	-	(6,027,425)	-
Conservation and development	1,599,592	765,004	1,218,218	-	383,630	-	383,630	-
Interest on long-term debt	115,725	-	-	-	(115,725)	-	(115,725)	-
Total Governmental Activities	104,896,501	10,188,567	17,363,933	13,598,865	(63,745,136)	-	(63,745,136)	-
Business-type Activities								
Landfill	4,636,101	3,927,120	-	-	-	(708,981)	(708,981)	-
Highway	9,898,355	4,941,418	3,155,341	-	-	(1,801,596)	(1,801,596)	-
Total Business-type Activities	14,534,456	8,868,538	3,155,341	-	-	(2,510,577)	(2,510,577)	-
Total Primary Government	\$ 119,430,957	\$ 19,057,105	\$ 20,519,274	\$ 13,598,865	(63,745,136)	(2,510,577)	(66,255,713)	-
Component Units								
Governmental Activities								
Children with Disabilities Education Board	\$ 7,017,272	\$ 5,342,534	\$ 140,758	\$ -	-	-	-	(1,533,980)
Business-type Activities								
Central Wisconsin Airport	6,435,892	4,492,076	-	3,943,938	-	-	-	2,000,122
North Central Health Care	79,142,599	56,482,051	16,310,774	385,401	-	-	-	(5,964,373)
Total Business-type Component Units	\$ 85,578,491	\$ 60,974,127	\$ 16,310,774	\$ 4,329,339	-	-	-	(3,964,251)
General Revenues								
Taxes								
Property taxes					40,933,950	8,063,035	48,996,985	-
Sales taxes					13,353,966	-	13,353,966	-
Other taxes					1,799,187	-	1,799,187	-
Vehicle registration fee					-	2,983,249	2,983,249	-
Grants and contributions not restricted to specific programs					6,692,687	-	6,692,687	-
Unrestricted investment earnings					3,039,945	1,984,637	5,024,582	474,559
Gain on sale of capital assets					62,486	8,695	71,181	133,543
Unrestricted state and federal aid					-	-	-	1,064,408
Miscellaneous					309,915	456,179	766,094	162,626
Transfers					8,018,621	(8,018,621)	-	-
Total General Revenues and Transfers					74,210,757	5,477,174	79,687,931	1,835,136
Change in net position					10,465,621	2,966,597	13,432,218	(3,663,095)
NET POSITION, Beginning					305,545,348	63,565,860	369,111,208	96,757,134
NET POSITION, ENDING					\$ 316,010,969	\$ 66,532,457	\$ 382,543,426	\$ 93,094,039

See accompanying notes to financial statements.

MARATHON COUNTY

BALANCE SHEET- GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Social Improvement	Capital Improvement	Nonmajor Governmental Fund Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 40,447,760	\$ 5,749,825	\$ 9,361,534	\$ 1,945,795	\$ 57,504,914
Receivables					
Taxes receivable	37,393,895	7,904,594	-	1,709,431	47,007,920
Accounts receivable	2,727,445	439,445	1,478,630	-	4,645,520
Accrued interest receivable	164,595	-	-	-	164,595
Due from other governments	3,117,136	1,697,664	-	-	4,814,800
Due from other funds	6,758	-	-	-	6,758
Inventories and prepaid items	59,950	3,276	28,475	-	91,701
Restricted Assets					
Cash and investments	2,418,676	57,493	-	-	2,476,169
TOTAL ASSETS	\$ 86,336,215	\$ 15,852,297	\$ 10,868,639	\$ 3,655,226	\$ 116,712,377
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,587,997	\$ 1,313,661	\$ 2,112,786	\$ -	\$ 6,014,444
Accrued items	2,082,637	-	-	-	2,082,637
Due to other governments	934,171	1,000	-	-	935,171
Due to other funds	-	-	6,758	-	6,758
Liabilities Payable from Restricted Assets					
Special deposits	419,956	1,277,200	-	-	1,697,156
Total Liabilities	6,024,761	2,591,861	2,119,544	-	10,736,166
Deferred Inflows of Resources					
Property taxes levied for next period	32,852,671	7,904,594	-	1,709,431	42,466,696
Unavailable revenues	1,510,872	197,574	-	-	1,708,446
Total Deferred Inflows of Resources	34,363,543	8,102,168	-	1,709,431	44,175,142
Fund Balances					
Nonspendable	3,335,158	3,276	28,475	-	3,366,909
Restricted	1,997,707	5,154,992	-	1,945,795	9,098,494
Assigned	7,130,529	-	8,720,620	-	15,851,149
Unassigned	33,484,517	-	-	-	33,484,517
Total Fund Balances	45,947,911	5,158,268	8,749,095	1,945,795	61,801,069
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 86,336,215	\$ 15,852,297	\$ 10,868,639	\$ 3,655,226	\$ 116,712,377

See accompanying notes to financial statements.

MARATHON COUNTY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2019

Total Fund Balances - Governmental funds	\$ 61,801,069
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	
Land	35,464,436
Construction in progress	21,220,707
Other capital assets net of accumulated depreciation	194,948,718
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.	1,708,446
The net pension liability does not relate to current financial resources and is not reported in the governmental funds (less internal service funds \$40,851).	(8,153,624)
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 \$117,295).	21,746,033
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 \$104,750).	(11,151,638)
The County's investment in joint venture not a financial resource and, therefore, is not reported in the funds.	606,194
Internal service funds are reported in the statement of net position as governmental funds.	16,486,178
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	(12,435,000)
Forest crop loan	(1,243,275)
Compensated absences	(4,696,528)
Less: Internal service fund compensated absences	78,544
Accrued interest	(79,952)
Unamortized premium on debt issue	(289,339)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 316,010,969</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, 2019

	General	Social Improvement	Capital Improvement	Nonmajor	Total
				Governmental Fund	
				Debt Service Fund	
REVENUES					
Taxes	\$ 46,802,401	\$ 7,635,689	\$ -	\$ 1,786,500	\$ 56,224,590
Intergovernmental grants and aids	10,145,001	10,848,589	-	-	20,993,590
Licenses and permits	375,160	-	-	-	375,160
Fines and forfeitures	744,242	-	-	-	744,242
Public charges for services	5,658,984	386,669	-	169,077	6,214,730
Intergovernmental charges for services	1,458,508	-	-	-	1,458,508
Miscellaneous revenue	3,260,610	245,972	1,986,081	101,656	5,594,319
Total Revenues	<u>68,444,906</u>	<u>19,116,919</u>	<u>1,986,081</u>	<u>2,057,233</u>	<u>91,605,139</u>
EXPENDITURES					
Current					
General government	26,533,379	-	-	-	26,533,379
Public safety	25,000,505	-	-	-	25,000,505
Public works	-	-	10,000	-	10,000
Health	4,399,212	-	-	-	4,399,212
Social services	227,840	17,125,224	-	-	17,353,064
Leisure activities and education	7,529,248	-	-	-	7,529,248
Conservation and economic development	1,590,958	-	-	-	1,590,958
Capital Outlay	213,928	-	13,818,456	-	14,032,384
Bond issue costs	-	-	98,713	-	98,713
Debt Service					
Principal	-	-	-	1,794,814	1,794,814
Interest and paying agent fees	-	-	-	221,500	221,500
Total Expenditures	<u>65,495,070</u>	<u>17,125,224</u>	<u>13,927,169</u>	<u>2,016,314</u>	<u>98,563,777</u>
Excess (deficiency) of revenues over expenditures	<u>2,949,836</u>	<u>1,991,695</u>	<u>(11,941,088)</u>	<u>40,919</u>	<u>(6,958,638)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	-	1,324,270	-	1,324,270
Social Improvement Fund	-	-	252,300	-	252,300
Capital Improvement Fund	290,789	-	-	-	290,789
Sales of capital assets	2,860	-	61,371	-	64,231
Debt issued	-	-	9,500,000	-	9,500,000
Premium on debt issued	-	-	49,818	125,273	175,091
State loan program debt issued	14,811	-	-	-	14,811
Transfers out					
General Fund	-	-	(290,789)	-	(290,789)
Capital Improvement Fund	(1,324,270)	(252,300)	-	-	(1,576,570)
Employee Benefit Fund	(790,896)	-	-	-	(790,896)
County Highway Fund	-	-	(526,589)	-	(526,589)
Total Other Financing Sources (Uses)	<u>(1,806,706)</u>	<u>(252,300)</u>	<u>10,370,381</u>	<u>125,273</u>	<u>8,436,648</u>
Net change in fund balance	1,143,130	1,739,395	(1,570,707)	166,192	1,478,010
FUND BALANCE, Beginning	<u>44,804,781</u>	<u>3,418,873</u>	<u>10,319,802</u>	<u>1,779,603</u>	<u>60,323,059</u>
FUND BALANCE, ENDING	<u>\$ 45,947,911</u>	<u>\$ 5,158,268</u>	<u>\$ 8,749,095</u>	<u>\$ 1,945,795</u>	<u>\$ 61,801,069</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, 2019

Net change in fund balance - total governmental funds	\$ 1,478,010
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.	14,032,384
Some items reported as capital outlay but not capitalized.	(2,970,515)
Depreciation is reported in the government-wide statements.	(13,271,304)
Infrastructure financed by the highway fund.	8,545,210
Contributed capital assets are reported as revenues in the government-wide statements.	11,845,005
Net book value of assets retired.	(8,540)
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.	143,451
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.	(191,005)
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 (including \$237 adjustment to state loan amount)	(9,514,811)
Principal repaid	1,794,577
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	225,049
Increase in net pension asset/liability - less internal service funds	(14,869,454)
Deferred outflows of resources related to pensions - less internal service funds	9,581,024
Deferred inflows of resources related to pensions - less internal service funds	2,164,273
Accrued interest on debt	92,861
Government funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Current year premium	(175,091)
Amortization of discount and premium	61,809
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.	1,502,688
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 10,465,621

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
As of December 31, 2019

	Business-type Activities - Enterprise Funds			Governmental
	Landfill	County Highway	Total	Activities - Internal Service
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and investments	\$ 3,444,421	\$ 43,590,028	\$ 47,034,449	\$ 18,970,279
Taxes receivable	-	8,244,599	8,244,599	-
Accounts receivable (net of allowance)	634,443	143,158	777,601	100,772
Due from other governments	-	940,219	940,219	-
Inventories	112,006	1,138,211	1,250,217	-
Total Current Assets	<u>4,190,870</u>	<u>54,056,215</u>	<u>58,247,085</u>	<u>19,071,051</u>
NONCURRENT ASSETS				
Restricted Assets				
Cash and investments	13,744,104	-	13,744,104	-
Accrued interest receivable	30,942	-	30,942	-
Deposit in Wisconsin Municipal Mutual Insurance Company	-	-	-	1,519,000
Capital Assets				
Land	482,465	81,804	564,269	-
Buildings	1,577,327	6,616,478	8,193,805	-
Improvements	32,958,721	781,194	33,739,915	-
Equipment	2,536,477	18,813,843	21,350,320	58,466
Total Capital Assets	37,554,990	26,293,319	63,848,309	58,466
Less: Accumulated depreciation	(24,964,603)	(16,875,076)	(41,839,679)	(58,466)
Net Capital Assets	12,590,387	9,418,243	22,008,630	-
Total Noncurrent Assets	<u>26,365,433</u>	<u>9,418,243</u>	<u>35,783,676</u>	<u>1,519,000</u>
Total Assets	<u>30,556,303</u>	<u>63,474,458</u>	<u>94,030,761</u>	<u>20,590,051</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	312,624	2,640,231	2,952,855	117,295
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	134,937	486,699	621,636	92,774
Accrued items	-	8,374	8,374	46,101
Due to other governments	1,627,541	-	1,627,541	-
Current portion of compensated absences	3,524	85,721	89,245	7,854
Total Current Liabilities	<u>1,766,002</u>	<u>580,794</u>	<u>2,346,796</u>	<u>146,729</u>
LONG-TERM LIABILITIES				
Landfill closure and long-term care payable	15,935,684	-	15,935,684	-
Accrued liability - claims payable	-	-	-	3,858,148
Net pension liability	122,794	931,852	1,054,646	40,851
Compensated absences	31,716	771,485	803,201	70,690
Total Long-term Liabilities	<u>16,090,194</u>	<u>1,703,337</u>	<u>17,793,531</u>	<u>3,969,689</u>
Total Liabilities	<u>17,856,196</u>	<u>2,284,130</u>	<u>20,140,326</u>	<u>4,116,418</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for next period	-	8,244,599	8,244,599	-
Other deferred revenues	-	547,600	547,600	-
Pension related amounts	164,836	1,353,798	1,518,634	104,750
Total Deferred Inflows of Resources	<u>164,836</u>	<u>10,145,997</u>	<u>10,310,833</u>	<u>104,750</u>
NET POSITION				
Investment in capital assets	12,590,387	9,418,243	22,008,630	-
Unrestricted	257,508	44,266,319	44,523,827	16,486,178
TOTAL NET POSITION	<u>\$ 12,847,895</u>	<u>\$ 53,684,562</u>	<u>\$ 66,532,457</u>	<u>\$ 16,486,178</u>

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Landfill</u>	<u>County Highway</u>	<u>Total</u>	Activities - Internal Service
OPERATING REVENUES				
Licenses and permits	\$ -	\$ 19,420	\$ 19,420	\$ -
Public charges for services	3,927,120	-	3,927,120	-
Intergovernmental charges for services	-	4,921,998	4,921,998	-
Interdepartmental charges for services	-	-	-	13,971,562
Total Operating Revenues	<u>3,927,120</u>	<u>4,941,418</u>	<u>8,868,538</u>	<u>13,971,562</u>
OPERATING EXPENSES				
Salaries and benefits	850,978	2,156,183	3,007,161	943,294
Contractual services	918,372	609,301	1,527,673	178,671
Materials and supplies	397,706	616,798	1,014,504	130,533
Construction and maintenance	113	1,788,209	1,788,322	-
Landfill closure and long term care	1,113,539	-	1,113,539	-
Building and equipment rent	-	3,373,563	3,373,563	-
Insurance and claims	-	192,431	192,431	12,409,945
Loss and loss adjustment expense	-	-	-	(173,390)
Insurance and administration costs	24,607	-	24,607	697,242
Depreciation	1,150,948	1,161,870	2,312,818	-
Other operating expenses	179,838	-	179,838	-
Total Operating Expenses	<u>4,636,101</u>	<u>9,898,355</u>	<u>14,534,456</u>	<u>14,186,295</u>
Operating Loss	<u>(708,981)</u>	<u>(4,956,937)</u>	<u>(5,665,918)</u>	<u>(214,733)</u>
NONOPERATING REVENUES (EXPENSES)				
General property taxes	-	8,063,035	8,063,035	-
Vehicle registration fee	-	2,983,249	2,983,249	-
Intergovernmental grants and aids	-	3,155,341	3,155,341	-
Investment income	552,643	1,431,994	1,984,637	601,573
Insurance recoveries	-	-	-	38,954
Infrastructure construction expense for governmental activities	-	(8,545,210)	(8,545,210)	-
Gain on sale of capital assets	5,295	3,400	8,695	-
Other income	6,981	449,198	456,179	285,998
Total Nonoperating Revenues (Expenses), Net	<u>564,919</u>	<u>7,541,007</u>	<u>8,105,926</u>	<u>926,525</u>
Income (loss) before transfers	<u>(144,062)</u>	<u>2,584,070</u>	<u>2,440,008</u>	<u>711,792</u>
Transfers in	<u>-</u>	<u>526,589</u>	<u>526,589</u>	<u>790,896</u>
Change in Net Position	<u>(144,062)</u>	<u>3,110,659</u>	<u>2,966,597</u>	<u>1,502,688</u>
NET POSITION - Beginning of Year	<u>12,991,957</u>	<u>50,573,903</u>	<u>63,565,860</u>	<u>14,983,490</u>
NET POSITION - END OF YEAR	<u>\$ 12,847,895</u>	<u>\$ 53,684,562</u>	<u>\$ 66,532,457</u>	<u>\$ 16,486,178</u>

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

	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	\$ -	\$ 5,161,531	\$ 5,161,531	\$ -
Collections from landfill disposal services	4,060,368	-	4,060,368	-
Collections from departments and other insurance purchasers	-	-	-	14,405,140
Cash paid to employees for services	(850,978)	(2,156,183)	(3,007,161)	(943,294)
Cash paid to suppliers for goods and services	(1,609,936)	(6,242,178)	(7,852,114)	(13,454,481)
Net Cash Provided (Used) by Operating Activities	<u>1,599,454</u>	<u>(3,236,830)</u>	<u>(1,637,376)</u>	<u>7,365</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property taxes	-	8,063,035	8,063,035	-
Vehicle registration fee	-	2,983,249	2,983,249	-
Intergovernmental grants and contributions	-	3,155,341	3,155,341	-
Transfers	-	526,589	526,589	790,896
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>14,728,214</u>	<u>14,728,214</u>	<u>790,896</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Payments for capital acquisitions	(2,382,805)	(1,231,287)	(3,614,092)	-
Infrastructure construction expense for governmental activities	-	(8,545,210)	(8,545,210)	-
Net Cash Provided (Used) by Capital Financing Activities	<u>(2,382,805)</u>	<u>(9,776,497)</u>	<u>(12,159,302)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchased	(1,527,702)	-	(1,527,702)	-
Interest received on investments	552,643	1,431,994	1,984,637	601,573
Net Cash Provided (Used) by Investing Activities	<u>(975,059)</u>	<u>1,431,994</u>	<u>456,935</u>	<u>601,573</u>
Net Increase in Cash and Cash Equivalents	(1,758,410)	3,146,881	1,388,471	1,399,834
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>5,202,831</u>	<u>40,443,147</u>	<u>45,645,978</u>	<u>17,570,445</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,444,421	\$ 43,590,028	\$ 47,034,449	\$ 18,970,279

	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	\$ (708,981)	\$ (4,956,937)	\$ (5,665,918)	\$ (214,733)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities				
Depreciation expense	1,150,948	1,161,870	2,312,818	-
Insurance recoveries	-	-	-	38,954
Other income (expense)	6,981	452,598	459,579	285,998
Effects of (increase) decrease in operating assets, deferred outflows, and increase (decrease) in operating liabilities and deferred inflows				
Accounts receivable	126,267	(84,822)	41,445	65,330
Due from other governments	-	(674,677)	(674,677)	-
Inventories	381	(104,990)	(104,609)	-
Accounts payable	(21,792)	86,376	64,584	(17,630)
Accrued expenses	-	-	-	62,231
Due to other governments	(126,275)	-	(126,275)	-
Landfill closure and long-term care payable	1,113,539	-	1,113,539	-
Unearned revenues	-	532,764	532,764	-
Accrued liabilities - claims payable	-	-	-	(173,390)
Compensated absences	7,611	(14,802)	(7,191)	(39,395)
Pension related deferrals and liabilities	50,775	365,790	416,565	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,599,454</u>	<u>\$ (3,236,830)</u>	<u>\$ (1,637,376)</u>	<u>\$ 7,365</u>

NONCASH INVESTING, CAPITAL AND NONCAPITAL FINANCING ACTIVITIES

None

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,894,963
Accounts receivable	40,992
Due from other governments	<u>1,186,055</u>
TOTAL ASSETS	<u>\$ 3,122,010</u>
LIABILITIES	
Accounts payable	\$ 218,955
Due to other governments	811,998
Due to participants	193,350
Other accrued liabilities and deposits	<u>1,897,707</u>
TOTAL LIABILITIES	<u>\$ 3,122,010</u>

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF NET POSITION
MAJOR DISCRETELY PRESENTED COMPONENT UNITS
As of December 31, 2019

	North Central Health Care	Central Wisconsin Airport	Children with Disabilities Education Board	Major Discretely Presented Component Units Total
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 4,281,037	\$ 3,047,742	\$ 2,837,009	\$ 10,165,788
Patient accounts receivable (net)	4,508,364	-	-	4,508,364
Accounts receivable	277,293	242,382	-	519,675
Accrued interest	-	-	1,745	1,745
Due from other governments	4,046,501	-	205,299	4,251,800
Prepaid items	459,862	-	-	459,862
Inventories	409,844	-	-	409,844
Total Current Assets	<u>13,982,901</u>	<u>3,290,124</u>	<u>3,044,053</u>	<u>20,317,078</u>
NONCURRENT ASSETS				
Restricted assets				
Cash and investments	36,031	1,077,293	-	1,113,324
OPEB asset	-	-	117,583	117,583
Receivable restricted for aquatic pool	3,213,262	-	-	3,213,262
Investments	14,294,490	-	-	14,294,490
Assets limited as to use	1,134,311	-	-	1,134,311
Capital assets				
Land	51,300	614,983	-	666,283
Construction in progress	6,391,915	5,875,526	-	12,267,441
Buildings	27,373,847	39,101,520	-	66,475,367
Improvements	1,331,887	54,460,551	-	55,792,438
Equipment	20,684,533	10,157,371	13,669	30,855,573
Software	1,820,763	-	-	1,820,763
Total Capital Assets	<u>57,654,245</u>	<u>110,209,951</u>	<u>13,669</u>	<u>167,877,865</u>
Total Accumulated Depreciation and Amortization	<u>(40,880,153)</u>	<u>(55,142,725)</u>	<u>(5,468)</u>	<u>(96,028,346)</u>
Net Capital Assets	<u>16,774,092</u>	<u>55,067,226</u>	<u>8,201</u>	<u>71,849,519</u>
Total Noncurrent Assets	<u>35,452,186</u>	<u>56,144,519</u>	<u>125,784</u>	<u>91,604,906</u>
Total Assets	<u>49,435,087</u>	<u>59,434,643</u>	<u>3,169,837</u>	<u>112,039,567</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related amounts	169,325	-	78,204	247,529
Pension related amounts	18,114,209	611,750	2,445,338	21,171,297
Total Deferred Outflows of Resources	<u>18,283,534</u>	<u>611,750</u>	<u>2,523,542</u>	<u>21,418,826</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	1,753,029	227,344	988,246	2,968,619
Accrued items	2,449,328	-	-	2,449,328
Deposits	36,031	16,831	-	52,862
Interest payable	-	14,780	-	14,780
Accrued liability - claims payable	670,000	-	-	670,000
Due to other governments	96,312	508,834	-	605,146
Unearned revenues	39,180	-	-	39,180
Current portion of compensated absences	1,791,731	26,231	40,881	1,858,843
Current portion of long-term obligations	29,249	430,000	-	459,249
Total Current Liabilities	<u>6,864,860</u>	<u>1,224,020</u>	<u>1,029,127</u>	<u>9,118,007</u>
LONG-TERM LIABILITIES				
General obligation notes payable (net of unamortized premiums)	-	5,101,592	-	5,101,592
Long-term portion of capital lease liability	74,076	-	-	74,076
Due to Marathon County for aquatic pool project	6,061,225	-	-	6,061,225
OPEB liability	873,382	-	-	873,382
Net pension liability	6,651,420	228,031	962,061	7,841,512
Compensated absences	-	192,357	-	192,357
Total Long-Term Liabilities	<u>13,660,103</u>	<u>5,521,980</u>	<u>962,061</u>	<u>20,144,144</u>
Total Liabilities	<u>20,524,963</u>	<u>6,746,000</u>	<u>1,991,188</u>	<u>29,262,151</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB related amounts	269,010	-	17,300	286,310
Pension related amounts	9,170,707	315,154	1,330,032	10,815,893
Total Deferred Inflows of Resources	<u>9,439,717</u>	<u>315,154</u>	<u>1,347,332</u>	<u>11,102,203</u>
NET POSITION				
Net investment in capital assets	10,609,542	49,535,634	8,201	60,153,377
Restricted				
OPEB	-	-	117,583	117,583
Capital Assets	3,213,262	-	-	3,213,262
Passenger facility charges	-	1,077,293	-	1,077,293
Unrestricted	<u>23,931,137</u>	<u>2,372,312</u>	<u>2,229,075</u>	<u>28,532,524</u>
TOTAL NET POSITION	<u>\$ 37,753,941</u>	<u>\$ 52,985,239</u>	<u>\$ 2,354,859</u>	<u>\$ 93,094,039</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, 2019

	North Central Health Care	Central Wisconsin Airport	Children with Disabilities Education Board	Major Discretely Presented Component Units Total
EXPENSES				
Transportation				
Airport	\$ -	\$ 6,435,892	\$ -	\$ 6,435,892
Social Services				
North Central Community Services	79,142,599	-	-	79,142,599
Children with Disabilities Education Board	-	-	2,433,533	2,433,533
Instruction				
Children with Disabilities Education Board	-	-	4,583,739	4,583,739
Total Expenses	79,142,599	6,435,892	7,017,272	92,595,763
PROGRAM REVENUES				
Charges for service	56,482,051	4,492,076	5,342,534	66,316,661
Operating grants and contributions	16,310,774	-	140,758	16,451,532
Capital grants and contributions	385,401	3,943,938	-	4,329,339
Total Program Revenues	73,178,226	8,436,014	5,483,292	87,097,532
Net Income (Expense)	(5,964,373)	2,000,122	(1,533,980)	(5,498,231)
GENERAL REVENUES				
Unrestricted investment earnings	369,796	104,763	-	474,559
Gain on sale of capital assets	133,543	-	-	133,543
State and Federal Aids Not Restricted to Specific Functions				
Categorical aid	-	-	1,064,408	1,064,408
Miscellaneous	-	134,857	27,769	162,626
Total General Revenues	503,339	239,620	1,092,177	1,835,136
Change in net position	(5,461,034)	2,239,742	(441,803)	(3,663,095)
NET POSITION, Beginning	43,214,975	50,745,497	2,796,662	96,757,134
NET POSITION, ENDING	\$ 37,753,941	\$ 52,985,239	\$ 2,354,859	\$ 93,094,039

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, 2019

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; and (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government, or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or had the ability to otherwise access, are significant to the primary government.

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 to create a possible financial benefit or burden. See Note III.L. The information presented is for the fiscal year ended December 31, 2019. 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, 2019. 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, 2019. 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, 2019

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

In March 2018, the GASB issued statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement defines debt for purposes of disclosures in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

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

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, 2019

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, 2019

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.
- 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, 2019

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, 2019, 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, 2019

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 - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

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, 2019, 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, 2019

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, 2019

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.

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, 2019 are determined on the basis of current salary rates and include salary related payments.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

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 2019 funding (including CWA as a discretely presented component unit) was estimated in the annual budget at \$242,177 with an actual cost of \$173,723. There were fourteen (14) 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 and accrued compensated absences. Other postemployment benefits are no longer considered material to the County.

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

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

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

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

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

9. 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.
- 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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.)

- 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 \$25,907,434 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 \$6,463,743, 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, 2019

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

The debt service fund had \$79,814 in expenditures and other financing uses in excess of appropriations at the legal level of budgetary control for the year ended December 31, 2019.

B. 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 and cash on hand	\$ 8,039,541	\$ 9,172,453	Custodial credit
U.S. Treasuries	33,594,540	33,594,540	Custodial credit, interest rate
U.S. Agencies - implicitly guaranteed	18,096,808	18,096,808	Custodial credit, interest rate, credit, concentration of credit
National agency bonds and notes	6,753,221	6,753,221	Custodial credit, interest rate, credit, concentration of credit
Corporate bonds	12,871,947	12,871,947	Custodial credit, interest rate, credit, concentration of credit
Certificates of deposits – non-negotiable	102,079	102,079	Custodial credit
Certificates of deposits – negotiable	18,801,732	18,801,732	Custodial credit, interest rate, credit, concentration of credit
Commercial paper	6,962,415	6,962,415	Custodial credit, interest rate, credit, concentration of credit
Collateralized mortgage obligations	28,757,504	28,757,504	Custodial credit, interest rate, credit, concentration of credit
LGIP	11,770,126	11,770,126	Credit, interest rate
Total Deposits and Investments	\$ 145,749,913	\$ 146,882,825	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 123,509,642		
Restricted cash and investments	16,220,273		
Per statement of assets and liabilities			
Agency funds	1,894,963		
Per statement of net position - major discretely presented component unit (CWA)			
Unrestricted cash and investments	3,047,742		
Restricted cash and investments	1,077,293		
Total Deposits and Investments	\$ 145,749,913		

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.

Investment Type	December 31, 2019			Total
	Level 1	Level 2	Level 3	
U.S. Treasuries	\$ 33,594,540	\$ -	\$ -	\$ 33,594,540
U.S. Agencies – implicitly guaranteed	-	18,096,808	-	18,096,808
Certificates of deposit – negotiable	-	18,801,732	-	18,801,732
Corporate bonds	-	12,871,947	-	12,871,947
Commercial paper	-	6,962,415	-	6,962,415
National agency bonds and notes	-	6,753,221	-	6,753,221
Collateralized mortgage obligations	-	28,757,504	-	28,757,504
Totals	\$ 33,594,540	\$ 92,243,627	\$ -	\$ 125,838,167

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

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

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

Custodial Credit Risk

Deposits

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

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

Investments

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

U.S. Treasuries

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name \$ 33,594,540

U.S. Agencies – implicitly guaranteed

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name \$ 18,096,808

Corporate Bonds

Neither insured nor registered and held by counterparty's trust department of agent not in the County's name \$ 12,871,947

Commercial Paper

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name \$ 6,962,415

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments (cont.)

National Agency Bonds/Notes

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name \$ 6,753,221

Certificates of Deposit – negotiable

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name \$ 18,801,732

Collateralized Mortgage Obligations

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name \$ 21,676,001

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, 2019, the County's investments were rated as follows:

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

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, 2019, the County does not have any investment types that make up greater than 5% of the County's total portfolio.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019, 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	\$ 33,594,540	\$ 928,924	\$ 32,665,616	\$ -
U.S. Agencies – implicitly guaranteed	18,096,808	8,093,131	9,154,405	849,272
Corporate bonds	12,871,947	1,379,236	11,492,711	-
Commercial paper	6,962,415	6,962,415	-	-
National agency bonds and notes	6,753,221	2,504,554	4,248,667	-
Certificates of deposit – negotiable	18,801,732	15,020,646	3,781,086	-
Collateralized mortgage obligations	28,757,504	-	28,757,504	-
Totals	\$ 125,838,167	\$ 34,888,906	\$ 90,099,989	\$ 849,272

As of December 31, 2019, the LGIP investments had an average maturity of 18 days.

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	\$ -	\$ 42,466,696	\$ 42,466,696
Delinquent property taxes receivable	927,455	-	927,455
Other receivables	503,521	-	503,521
Grant amounts not yet received	277,470	-	277,470
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 1,708,446	\$ 42,466,696	\$ 44,175,142

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ 8,244,599
Revenue collected in advance	547,600
Total Deferred Revenue for Enterprise Funds	\$ 8,792,199

Taxes receivable represent current taxes and unpaid taxes for 2019 and prior years as follows:

Year of Settlement	County Tax Levied	County Purchased	Balance December 31, 2019
2018	\$ 340,372	\$ 1,332,649	\$ 1,673,021
2017	185,517	711,283	896,800
2016	139,126	525,465	664,591
2015	85,730	324,183	409,913
2014	52,546	229,692	282,238
2013	46,069	178,355	224,424
2012	28,317	107,142	135,459
2011	22,156	79,012	101,168
2010	11,786	40,900	52,686
2009	3,604	11,927	15,531
2008	1,194	3,815	5,009
Total Tax Certificates	\$ 916,417	\$ 3,544,423	4,460,840
Tax deeds			80,384
Current taxes			50,711,295
Total Taxes Receivable			\$ 55,252,519

Delinquent taxes collected within the sixty-day period subsequent to year-end aggregated \$69,347 and \$269,215 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, 2019

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, 2019:

Restricted Assets	
Land records	\$ 1,239,188
Jail improvements	510,320
Special deposits and impressed cash accounts	686,216
Community Options Programming	40,445
Landfill long-term care and closure costs	13,744,104
Accrued interest receivable	<u>30,942</u>
Total Restricted Assets	<u>\$ 16,251,215</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 34,924,022	\$ 540,414	\$ -	\$ 35,464,436
Construction in progress	13,629,762	9,053,222	1,462,277	21,220,707
Total Capital Assets Not Being Depreciated	48,553,784	9,593,636	1,462,277	56,685,143
Capital assets being depreciated				
Buildings	94,882,033	3,655,264	1,472,617	97,064,680
Improvements	10,992,681	361,224	-	11,353,905
Equipment	23,840,989	1,644,437	331,196	25,154,230
Infrastructure	222,687,826	17,157,800	6,536,234	233,309,392
Library collection	5,032,600	502,000	388,900	5,145,700
Total Capital Assets Being Depreciated	357,436,129	23,320,725	8,728,947	372,027,907
Total Capital Assets	405,989,913	32,914,361	10,191,224	428,713,050
Less: Accumulated depreciation for				
Buildings	(61,718,708)	(3,058,725)	1,472,616	(63,304,817)
Improvements	(7,634,470)	(419,177)	-	(8,053,647)
Equipment	(21,562,853)	(1,022,013)	325,557	(22,259,309)
Infrastructure	(79,000,161)	(8,331,189)	6,536,234	(80,795,116)
Library collection	(2,612,100)	(440,200)	386,000	(2,666,300)
Total Accumulated Depreciation	(172,528,292)	(13,271,304)	8,720,407	(177,079,189)
Net Capital Assets Being Depreciated	184,907,837	10,049,421	8,540	194,948,718
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 233,461,621	\$ 19,643,057	\$ 1,470,817	\$ 251,633,861

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 2,552,898
Public safety	735,113
Transportation	8,331,189
Health	2,779
Social services	1,759
Leisure and education	<u>1,647,566</u>

Total Governmental Activities Depreciation Expense \$ 13,271,304

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 564,269	\$ -	\$ -	\$ 564,269
Capital assets being depreciated				
Buildings	8,188,420	5,385	-	8,193,805
Improvements	31,334,137	2,405,778	-	33,739,915
Equipment	20,717,709	1,307,575	674,964	21,350,320
Total Capital Assets Being Depreciated	<u>60,240,266</u>	<u>3,718,738</u>	<u>674,964</u>	<u>63,284,040</u>
	<u>60,804,535</u>	<u>3,718,738</u>	<u>674,964</u>	<u>63,848,309</u>
Less: Accumulated depreciation for				
Buildings	(6,522,163)	(218,980)	-	(6,741,143)
Improvements	(21,450,164)	(898,685)	-	(22,348,849)
Equipment	(12,130,147)	(1,195,154)	575,614	(12,749,687)
Total Accumulated Depreciation	<u>(40,102,474)</u>	<u>(2,312,819)</u>	<u>575,614</u>	<u>(41,839,679)</u>
Net Capital Assets Being Depreciated	<u>20,137,792</u>	<u>1,405,919</u>	<u>99,350</u>	<u>21,444,361</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 20,702,061</u>	<u>\$ 1,405,919</u>	<u>\$ 99,350</u>	<u>\$ 22,008,630</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Landfill	\$ 1,150,949
Highway	<u>1,161,870</u>
Total Business-type Activities Depreciation Expense	<u>\$ 2,312,819</u>

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	\$ 6,758
Less: Fund eliminations		<u>(6,758)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ -</u>

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ 1,324,270	Fund capital projects
Capital improvement fund	Social improvement fund	252,300	Fund capital projects
Highway fund	Capital improvement fund	526,589	Fund capital projects
General fund	Capital improvement fund	290,789	Fund CIP program in facilities department
Employee benefits	General fund	790,896	Affordable Care Act counseling funding
Total - Fund Financial Statements		3,184,844	
Less: Fund eliminations		(2,658,255)	
Less: Government-wide eliminations		(1,053,178)	
Subtotal		(526,589)	
Infrastructure costs assigned by the highway fund to governmental activities		8,545,210	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 8,018,621</u>	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 8,545,210	
Business-type Activities	Governmental Activities	(526,589)	
Total Government-wide Financial Statements		<u>\$ 8,018,621</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, 2019

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 4,500,000	\$ 9,500,000	\$ 1,565,000	\$ 12,435,000	\$ 1,475,000
Premium on debt	176,057	175,091	61,809	289,339	-
Forest crop loan payable	1,458,041	14,811	229,577	1,243,275	-
Sub-totals	<u>6,134,098</u>	<u>9,689,902</u>	<u>1,856,386</u>	<u>13,967,614</u>	<u>1,475,000</u>
Other Liabilities					
Vested compensated absences - governmental funds	4,843,033	259,251	484,300	4,617,984	554,159
Vested compensated absences - internal service fund	86,458	731	8,645	78,544	7,854
Total Other Liabilities	<u>4,929,491</u>	<u>259,982</u>	<u>492,945</u>	<u>4,696,528</u>	<u>562,013</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 11,063,589</u>	<u>\$ 9,949,884</u>	<u>\$ 2,349,331</u>	<u>\$ 18,664,142</u>	<u>\$ 2,037,013</u>
Business-type Activities					
Other Liabilities					
Vested compensated absences	\$ 899,636	\$ 82,773	\$ 89,964	\$ 892,445	\$ 89,245
Cell A long-term care and postclosure costs	1,108,354	-	166,884	941,470	-
Cell B closure costs	4,447,768	158,541	-	4,606,309	-
Cell B long-term care and postclosure costs	5,322,080	43,077	-	5,365,157	-
Blue Bird Ridge closure costs	1,528,629	441,795	-	1,970,424	-
Blue Bird Ridge long-term care and postclosure costs	<u>2,415,314</u>	<u>637,010</u>	<u>-</u>	<u>3,052,324</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 15,721,781</u>	<u>\$ 1,363,196</u>	<u>\$ 256,848</u>	<u>\$ 16,828,129</u>	<u>\$ 89,245</u>

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, 2019 was \$581,958,045. Total general obligation debt outstanding at year-end was \$17,905,000 (including \$5,470,000 issued by Marathon County for the Central Wisconsin Airport – see Note III.L.).

In addition to the liabilities above, information on the net pension liability (asset) is provided in note IV.A.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019</u>
General Obligation Promissory Notes Series 2018	06/04/19	02/01/21	5.00%	\$ 4,500,000	\$ 2,935,000
General Obligation Promissory Notes Series 2019	12/05/19	12/31/29	2.00%	9,500,000	<u>9,500,000</u>
Total					<u>\$ 12,435,000</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>
2020	\$ 1,475,000	\$ 234,431
2021	1,460,000	226,500
2022	1,300,000	177,000
2023	1,325,000	150,750
2024	1,355,000	123,950
2025 - 2029	<u>5,520,000</u>	<u>264,200</u>
Totals	<u>\$ 12,435,000</u>	<u>\$ 1,176,831</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, 2019 is \$1,243,275. The current outstanding loan balance is non-capital related.

Other Debt Information

Estimated payments of other long-term liabilities (compensated absences) and the pension liability 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, 2019

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, 2019 are as follows:

Years	Governmental Activities Principal
2020	\$ 2,847
2021	2,847
2022	897
2023	897
2024	897
2025 – 2064	35,886
Totals	\$ 44,271

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 2020. Cells B and Blue Bird Ridge remain open at the end of 2019. 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, 2019 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	\$ 941,470	\$ 9,971,466	\$ 5,022,748	\$ 15,935,684
Capacity used at year-end	100.00%	99.64%	57.52%	

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019, \$13,744,104 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 2019 because it has surpassed the approximate \$2 million required. All interest earned on these funds are accumulated for this purpose and recorded in the fund. The County Board has pledged its full faith and credit to the financing plan during the years the account is not fully funded. The financing plan was fully funded as of December 31, 2006 and has a balance of \$2,556,730 as of December 31, 2019. No amounts were paid from this account in 2019.

J. NET POSITION/FUND BALANCES

Net position reported on the government-wide statement of net position at December 31, 2019 includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 35,464,436
Construction in progress	21,220,707
Other capital assets, net of accumulated depreciation	194,948,718
Less: Long-term capital debt outstanding, net of unamortized premium	<u>(12,724,339)</u>
Total Net Investment in Capital Assets	<u>238,909,522</u>
Restricted	
Debt service	1,865,843
Land records	1,239,090
Capital improvements	248,297
Jail improvements	510,320
Social services	<u>5,355,842</u>
Total Restricted	<u>9,219,392</u>
Unrestricted	<u>67,882,055</u>
Total Governmental Activities Net Position	<u>\$ 316,010,969</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019 include the following:

	General Fund	Social Improvement	Capital Improvement	Debt Service	Totals
Fund Balance					
Nonspendable:					
Inventories and prepaid items	\$ 59,950	\$ 3,276	\$ 28,475	\$ -	\$ 91,701
Noncounty levy portion of delinquent property taxes receivable	3,275,208	-	-	-	3,275,208
Total Nonspendable	3,335,158	3,276	28,475	-	3,366,909
Restricted for:					
UW dorm capital maintenance	248,297	-	-	-	248,297
Land records	1,239,090	-	-	-	1,239,090
Jail assessments	510,320	-	-	-	510,320
Debt service	-	-	-	1,945,795	1,945,795
Social improvement	-	5,154,992	-	-	5,154,992
Total Restricted	1,997,707	5,154,992	-	1,945,795	9,098,494
Assigned to:					
Conservation (ATC powerline easement)	1,095,348	-	-	-	1,095,348
Subsequent year's budget	3,170,543	-	-	-	3,170,543
Compensated absences	2,864,638	-	-	-	2,864,638
Capital projects	-	-	8,720,620	-	8,720,620
Total Assigned	7,130,529	-	8,720,620	-	15,851,149
Unassigned:	33,484,517	-	-	-	33,484,517
Total Fund Balances	\$ 45,947,911	\$ 5,158,268	\$ 8,749,095	\$ 1,945,795	\$ 61,801,069

Business-type Activities

Investment in capital assets	
Land	\$ 564,269
Other capital assets, net of accumulated depreciation	21,444,361
Total Investment in Capital Assets	22,008,630
Unrestricted	44,523,827
Total Business-type Activities Net Position	\$ 66,532,457

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ 4,317,068	\$ 5,840,516	Custodial credit
Certificates of deposits	<u>14,294,490</u>	<u>14,294,490</u>	Custodial credit
Total Deposits and Investments	<u>\$ 18,611,558</u>	<u>\$ 20,135,006</u>	

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	592,367	6,719,142	(919,594)	6,391,915	N/A
Depreciable land improvements	1,336,742	-	(4,855)	1,331,887	10-40
Buildings and building improvements	26,759,421	748,150	(133,724)	27,373,847	10-40
Equipment	20,097,368	535,929	(79,125)	20,554,172	3-40
Capital lease	130,361	-	-	130,361	5
Software	1,626,429	194,334	-	1,820,763	3-15
Less: Accumulated depreciation/ amortization	<u>(38,988,286)</u>	<u>(2,087,828)</u>	<u>195,961</u>	<u>(40,880,153)</u>	
	<u>\$ 11,605,702</u>	<u>\$ 6,109,727</u>	<u>\$ (941,337)</u>	<u>\$ 16,774,092</u>	

In 2018, NCHC began planning for a significant master facility project at the Wausau campus. The project, which includes an aquatic pool and a redesign of the Wausau campus is expected to cost approximately \$73.3 million and is expected to be completed in 2022. The project will be financed with proceeds from an aquatic pool capital campaign and general obligation bonds. NCHC had commitments to master facility plan architectural services totaling \$37,600,000 at December 31, 2019.

Construction in progress at December 31, 2019 consisted primarily of aquatic pool and master facility plan related costs.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

d. Leases

Obligations Under Capital Leases

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

Future minimum lease payments on the capital leases at December 31, 2019 are as follows:

2020	\$	29,249
2021		29,249
2022		29,249
2023		<u>21,712</u>
Total Minimum Lease Payments		109,459
Amount representing interest		<u>6,134</u>
Present value of net minimum lease payments		103,325
Less: Current portion		<u>29,249</u>
Long-term Obligations Under Capital Leases	\$	<u><u>74,076</u></u>

Equipment under capital leases had a cost and net book value of \$130,361 at December 31, 2019.

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 \$22,000 in 2019. Total rental expense on all operating leases amounted to \$537,348 in 2019.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

e. Compensated Absences

Compensated absences activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Compensated absences	\$ 1,702,438	\$ 1,791,731	\$ 1,702,438	\$ 1,791,731	\$ 1,791,731

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, 2019, NCHC reported a liability of \$6,651,420. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017, rolled forward to December 31, 2018. 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 NCHC's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, NCHC's proportion was .18725416%, which was a decrease of .00469122% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, NCHC recognized pension expense of \$4,493,511.

During the reporting period, the WRS recognized \$1,917,568 in contributions from the employer.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

f. Employee Retirement System (cont.)

At December 31, 2019, 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	\$ 5,180,449	\$ 9,157,170
Changes in assumptions	1,121,186	-
Net differences between projected and actual earnings on pension plan investments	9,713,943	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,029	13,537
Employer contributions subsequent to the measurement date	2,043,602	-
Totals	\$ 18,114,209	\$ 9,170,707

Deferred outflows of \$2,043,602 related to pension resulting from NCHC's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Total
2020	\$ 2,510,531
2021	639,661
2022	1,088,151
2023	2,661,557

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

f. Employee Retirement System (cont.)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
NCHC's proportionate share of the net pension (asset) / liability	\$ 26,433,440	\$ 6,651,420	\$ (8,058,046)

At December 31, 2019, NCHC reported a payable of \$308,381 for the outstanding amount of contributions to the pension plan.

g. Other Postemployment Benefits

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF)

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

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

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

g. Other Postemployment Benefits (cont.)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)

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

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

Contribution rates for the plan year reported as of December 31, 2019 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the plan year ended December 31, 2018 are as listed below:

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

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

g. Other Postemployment Benefits (cont.)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)

During the reporting period, the LRLIF recognized 14,160 in contributions from the employer.

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

At December 31, 2019, NCHC reported a liability of \$873,382 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. NCHC's proportion of the net OPEB liability was based on NCHC's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, NCHC's proportion was 0.338476%, which was an increase of 0.024527% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, NCHC recognized OPEB expense of \$123,910.

At December 31, 2019, NCHC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 44,306
Net differences between projected and actual earnings on OPEB plan investments	20,872	-
Changes in assumptions	83,334	189,515
Changes in proportion and differences between employer contributions and proportionate share of contributions	57,501	35,189
Employer contributions subsequent to the measurement date	7,618	-
Totals	\$ 169,325	\$ 269,010

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

g. Other Postemployment Benefits (cont.)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (cont.)

Deferred outflows of \$7,618 related to OPEB resulting from NCHC's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	Net Deferred Outflows (Inflows) of Resources
2020	\$ (14,202)
2021	(14,202)
2022	(14,202)
2023	(17,133)
2024	(20,153)
Thereafter	(27,411)

Actuarial Assumptions

The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2018
Measurement date of net OPEB liability (asset)	December 31, 2018
Actuarial cost method	Entry age normal
20-year tax-exempt municipal bond yield	4.10%
Long-term expected rate of return	5.00%
Discount rate	4.22%
Salary increases:	
Inflation	3.0%
Seniority/merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

g. Other Postemployment Benefits (cont.)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (cont.)

Actuarial Assumptions (cont.)

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

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2018

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. government bonds	Barclays Government	1.00%	1.44%
U.S. credit bonds	Barclays Credit	40.00%	2.69%
U.S. long credit bonds	Barclays Long Credit	4.00%	3.01%
U.S. mortgages	Barclays MBS	54.00%	2.25%
Inflation			2.30%
Long-term expected rate of return			5.00%

Single Discount Rate: A single discount rate of 4.22% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

The Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

g. Other Postemployment Benefits (cont.)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (cont.)

Actuarial Assumptions (cont.)

Sensitivity of NCHC's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents NCHC's proportionate share of the net OPEB liability / (asset) calculated using the discount rate of 4.22%, as well as what NCHC's proportionate share of the net OPEB liability / (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (3.22%) or 1 percentage point higher (5.22%) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
NCHC's proportionate share of the net OPEB liability	\$ 1,242,444	\$ 873,382	\$ 588,735

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

h. 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

L. *COMPONENT UNITS* (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

h. Charity Care (cont.)

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 \$5,148,000 in 2019, calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charges associated with providing community care.

i. 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 2018 of approximately \$1,125,000 is reflected as a contractual adjustment to net patient service revenue in the combined statements of revenue, expenses, and changes in net position. In 2019, the base county allocation NCHC received from the State was reduced by the Family Care payment and these amounts were paid by Marathon County and deducted from the tax levy paid to NCHC.

j. 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 \$8,573,854 in 2019 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, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

j. Related Party Transaction (cont.)

Land and buildings at a cost of \$39,532,880 in 2019 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.

k. 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 2019, 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 2019, approximately 66% 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, 2017.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

k. 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.

I. Patient Accounts Receivable – Net

Patient accounts receivable consisted of the following at December 31, 2019:

	51.42/.437 Program	Nursing Home	Totals
Patient accounts receivable	\$ 4,923,052	\$ 1,977,357	\$ 6,900,409
Less: Allowance for doubtful accounts	(573,152)	(20,546)	(593,698)
Contractual adjustments	(1,700,737)	(97,610)	(1,798,347)
Patient Accounts Receivable - Net	\$ 2,649,163	\$ 1,859,201	\$ 4,508,364

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

m. Net Patient Service Revenue

Net patient service revenue consisted of the following at December 31, 2019:

	51.42/.437 Program	Nursing Home	Totals
Gross patient service revenue:			
Medical assistance	\$ 32,671,174	\$ 15,769,617	\$ 48,440,791
Medicare	12,472,516	4,078,618	16,551,134
Private pay	994,101	2,201,530	3,195,631
Insurance and other	2,774,255	1,720,458	4,494,713
Totals	48,912,046	23,770,223	72,682,269
Less: Contractual adjustments	(14,607,705)	(3,183,695)	(17,791,400)
Provision for bad debts	(307,837)	(32,849)	(340,686)
Net Patient Service Revenue	\$ 33,996,504	\$ 20,553,679	\$ 54,550,183

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:

	2019	2018
Unpaid claims liability at beginning	\$ 847,000	\$ 622,000
Claims expense	7,871,471	7,967,356
Claim payments	(8,048,471)	(7,742,356)
Unpaid Claims Liability at Year-End	\$ 670,000	\$ 847,000

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019 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, 2019.

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, 2019:

Medicare	20%
Medicaid	50
Private pay	15
Insurance and other	<u>15</u>
Total	<u><u>100%</u></u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

q. Receivable Restricted for Aquatic Pool

In 2019, a fundraising campaign was conducted to raise funds for a new aquatic pool to be constructed on the NCHC campus. Donations to the aquatic pool capital campaign consist of cash and pledges receivable held by the North Central Health Foundation and cash and pledges receivable held by the Community Foundation of North Central Wisconsin. As of December 31, 2019, the receivable from the two foundations is composed of the following:

Cash held by Foundation of North Central Wisconsin	\$ 1,529,799
Cash held by North Central Health Foundation	1,225,410
Net pledge receivable to be received:	
Less than one year	458,053
Two to three years	<u>-</u>
 Total Receivable Restricted for Aquatic Pool	 <u>\$ 3,213,262</u>

r. Subsequent Events

Effective January 1, 2020, Lincoln County entered into a management agreement with NCHC for management of Pine Crest Nursing Home which is owned by Lincoln County. Under terms of the management agreement, NCHC assumed operational and management responsibility for Pine Crest, and the majority of Pine Crest employees became employees of NCHC.

In addition, subsequent to year-end, in March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result of the pandemic, there are evolving federal and state regulatory requirements and laws that affect NCHC operations. NCHC is incorporating processes to comply with the evolving regulatory requirements and laws. At this time it is unclear what the prolonged economic impact of COVID-19 will have on NCHC's operations.

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 \$4,125,035 and is part of the County's commingled cash. See Note III.A.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

CENTRAL WISCONSIN AIRPORT (cont.)

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, 2019 of \$1,077,293.

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 614,983	\$ -	\$ -	\$ 614,983	N/A
Construction in progress	1,760,459	4,115,067	-	5,875,526	N/A
Buildings	39,064,917	36,603	-	39,101,520	20-50
Improvements	54,460,551	-	-	54,460,551	2-20
Equipment	9,765,201	651,212	259,042	10,157,371	3-10
Less: Accumulated depreciation	<u>(52,206,643)</u>	<u>(3,181,107)</u>	<u>(245,025)</u>	<u>(55,142,725)</u>	
Totals	<u>\$ 53,459,468</u>	<u>\$ 1,621,775</u>	<u>\$ 14,017</u>	<u>\$ 55,067,226</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, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation debt	\$ 6,645,000	\$ -	\$ 1,175,000	\$ 5,470,000	\$ 430,000
Add Deferred Amounts for					
Premiums	69,284	-	7,692	61,592	-
Sub-totals	<u>6,714,284</u>	<u>-</u>	<u>1,182,692</u>	<u>5,531,592</u>	<u>430,000</u>
Other Liabilities					
Vested compensated absences	203,661	35,293	20,366	218,588	26,231
Sub-totals	<u>203,661</u>	<u>35,293</u>	<u>20,366</u>	<u>218,588</u>	<u>26,231</u>
Totals	<u>\$ 6,917,945</u>	<u>\$ 35,293</u>	<u>\$ 1,203,058</u>	<u>\$ 5,750,180</u>	<u>\$ 456,231</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ 1,095,000
2012 General Obligation Promissory Note	12/27/2012	12/1/2028	2.0 – 3.38%	2,650,000	1,830,000
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><u>\$ 5,470,000</u></u>

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

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 430,000	\$ 177,362	\$ 607,362
2021	665,000	165,462	830,462
2022	610,000	143,762	753,762
2023	620,000	123,662	743,662
2024	635,000	103,212	738,212
2025 – 2029	2,220,000	241,236	2,461,236
2030	<u>290,000</u>	<u>10,150</u>	<u>300,150</u>
Totals	<u><u>\$ 5,470,000</u></u>	<u><u>\$ 964,846</u></u>	<u><u>\$ 6,434,846</u></u>

f. Employee Retirement System

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

L. COMPONENT UNITS (cont.)

CENTRAL WISCONSIN AIRPORT (cont.)

g. Lease Disclosures

Lessor-Operating Leases

The CWA leases farmland, terminal space, hanger space, and parking space. The cost of the leased space is \$13,423,812. The carrying amount of the leased space at CWA is \$4,920,479. The difference between the two figures is the accumulated depreciation of \$8,503,333. The future minimum lease receipts as of December 31, 2019 are as follows:

<u>Years</u>	<u>Principal</u>
2020	\$ 80,465
2021	78,278
2022	76,716
2023	<u>55,235</u>
Total	<u>\$ 290,694</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, 2019

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	\$ 2,315,305	\$ 2,210,778	Custodial credit
LGIP	521,604	521,604	Credit
Petty cash	100	-	N/A
Total Deposits and Investments	\$ 2,837,009	\$ 2,732,382	

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 the net OPEB asset since this balance must be used to fund employee benefits.

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Equipment	\$ 13,669	\$ -	\$ -	\$ 13,669	10
Less: Accumulated depreciation	(2,734)	(2,734)	-	(5,468)	
Totals	\$ 10,935	\$ (2,734)	\$ -	\$ 8,201	

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Vested compensated absences	\$ 61,253	\$ 40,881	\$ 61,253	\$ 40,881	\$ 40,881
Totals	<u>\$ 61,253</u>	<u>\$ 40,881</u>	<u>\$ 61,253</u>	<u>\$ 40,881</u>	<u>\$ 40,881</u>

f. Employee Retirement System

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

At June 30, 2019, CDEB reported a liability of \$962,061 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, CDEB's proportion was .02704177%, which was an increase of .00414887% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, CDEB recognized pension expense of \$614,386. During the reporting period, the WRS recognized \$279,127 in contributions from the employer.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019, CDEB reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 749,300	\$ 1,324,493
Changes in actuarial assumptions	162,168	-
Net differences between projected and actual earnings on pension plan investments	1,405,025	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	204	5,539
Employer contributions subsequent to the measurement date	128,641	-
Totals	\$ 2,445,338	\$ 1,330,032

\$128,641 is reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date and will be recognized as a reduction to the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30:	Total
2020	\$ 357,254
2021	88,937
2022	156,119
2023	384,355

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
CDEB's proportionate share of the net pension liability / (asset)	\$ 3,823,33	\$ 962,061	\$ (1,165,516)

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 \$64,809.

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.

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan membership. At June 30, 2019, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefit payments	-	
Active plan members	92	
Total	92	

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

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, 2019, 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, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 4.49 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, 2019, and the total OPEB liability / (asset) used to calculate the net OPEB liability / (asset) was determined by an actuarial valuation as of June 30, 2018.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2018 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 Wisconsin 2012 Mortality Table.

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

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

Discount rate. The discount rate used to measure the total OPEB liability was 3.50 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, 2019

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 6/30/2018	\$ 480,399	\$ 458,153	\$ 22,246
Changes for the year:			
Service cost	32,464	-	32,464
Interest	18,514	-	18,514
Changes of benefit terms	(239,075)	-	(239,075)
Differences between expected and actual experience	68,511	-	68,511
Changes or assumptions or other input	(13,258)	-	(13,258)
Net investment income	-	6,985	(6,985)
Benefit payments	(5,850)	(5,850)	-
Net changes	(138,694)	1,135	(139,829)
Balances at 6/30/2019	\$ 341,705	\$ 459,288	\$ (117,583)

Sensitivity of the net OPEB liability / (asset) to changes in the discount rate. The following presents the net OPEB liability / (asset) of the CDEB, as well as what the CDEB's net OPEB liability / (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability (asset)	\$ (106,864)	\$ (117,583)	\$ (128,208)

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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)	\$ (120,659)	\$ (117,583)	\$ (114,297)

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

At June 30, 2019, the department reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 64,229	\$ -
Changes of assumptions or other input	-	17,300
Net difference between projected and actual earnings on OPEB plan investments	13,975	-
Totals	\$ 78,204	\$ 17,300

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (cont.)

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

Year Ended June 30:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 7,064
2021	7,064
2022	7,063
2023	5,096
2024	3,078
Thereafter	31,539

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 1,200 hours a year (880 hours teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (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, 2019

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 executive service retirement participants, if hired on or before December 31, 2016) are entitled to retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 \$2,683,455 in contributions from the County, and \$66,078 from the CWA.

Contribution rates as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the County reported a liability of \$9,249,121 for its proportionate share of the net pension liability and CWA reported a net pension liability of \$228,031 for its share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the County's proportion was .2599750168%, which was an increase of .0028255900% from its proportion measured as of December 31, 2017. The CWA's proportion was .0064017000%, which was an increase of .0000696000% from its proportioned measure.

For the year ended December 31, 2019, the County recognized pension expense of \$6,131,882 and CWA recognized pension expense of \$148,917.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, 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	\$ 7,208,879	\$ 12,721,774	\$ 179,828	\$ 313,828
Changes in actuarial assumptions	1,540,793	-	38,401	-
Net differences between projected and actual earnings on pension plan investments	13,412,659	-	325,704	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,960	53,248	48	1,326
Employer contributions subsequent to the measurement date	2,651,892	-	67,769	-
Totals	\$ 24,816,183	\$ 12,775,022	\$ 611,750	\$ 315,154

\$2,651,892 for the County and \$67,769 for CWA reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Net County	Net CWA
2020	\$ 3,415,476	\$ 82,947
2021	850,275	20,650
2022	1,492,551	36,248
2023	3,630,967	88,982

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension asset in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6
Mortality:	Wisconsin 2018 Mortality Table
Postretirement Adjustments*:	1.9%

** No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 21, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

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, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 (asset).

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 36,756,876	\$ 9,249,121	\$ (11,205,072)
CWA's proportionate share of the net pension liability (asset)	905,106	228,031	(275,915)

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, 2019, 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, 2019

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, 2019, WMMIC consisted of twenty members.

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

WMMIC had a general automobile and other liability reinsurance contract in force for the year ended. This is a quota share reinsurance agreement with General Reinsurance Corporation (60.0%) and Governmental Entities Mutual (GEM) Insurance Company (40.0%) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention of each member) which exceed \$1,500,000 per occurrence up to the maximum loss of \$10,000,000 per occurrence. WMMIC retains the first \$1,500,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$10,000,000 per occurrence or greater than \$15,000,000 of aggregate losses for public officials' liability only. GEM has established and funded a trust account for its anticipated loss obligations to 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 \$550,000 for all but one member that has a retention of \$650,000.

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

Property Insurance Fund

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Property Insurance Fund (cont.)

The 2019 claims liability of \$2,086,338 reported in the Property Casualty Insurance fund at December 31, 2019 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 2018 and 2019 are as follows:

	<u>Liability January 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability December 31</u>
2018	\$ 1,635,867	\$ 1,481,082	\$ (1,099,179)	\$ 2,017,770
2019	2,017,770	856,319	(787,751)	2,086,338

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

On January 1, 1992, the County combined its workers' compensation fund with the previously self-funded highway workers' compensation fund to create a single self-funded plan. All County employees (except volunteers) are covered to the statutory limits of coverage as set by the State of Wisconsin. The program is supplemented by excess liability protection, which limits the County's exposure to \$550,000 per claim/occurrence. The claims liability of \$1,771,810 reported in the Employee Benefits Insurance fund at December 31, 2019 is also based on the requirements of GASB.

Changes in the fund's claim liability amount for 2018 and 2019 are as follows:

	<u>Worker's Comp Liability January 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability December 31</u>
2018	\$ 2,818,238	\$ (724,448)	\$ (80,022)	\$ 2,013,768
2019	2,013,768	72,596	(314,554)	1,771,810

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019 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 contributed \$1,478,123 for operating assessments, \$417,023 for maintenance support, \$100,643 for capital contributions. The County has an equity interest of \$606,194 in the commission that is accounted for in the governmental activities.

Financial information of the CCITC as of December 31, 2019 is available directly from the commission's office.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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 2019 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, 2019 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 EVENTS

On March 18, 2020, the County issued general obligation notes, Series 2020A, in the amount of \$8,500,000 with an interest rate of 1.00-1.25%. This amount will be used to fund County capital projects.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61*
- > Statement No. 91, *Conduit Debt Obligations*
- > Statement No. 92, *Omnibus*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment*

Arrangements

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

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
General property taxes	\$ 32,004,617	\$ 32,004,617	\$ 31,649,248	\$ (355,369)
Forest crop taxes	65,300	65,300	210,407	145,107
Transfer tax	280,000	280,000	393,162	113,162
Sales tax	13,000,150	13,000,150	13,353,966	353,816
Interest on delinquent taxes	800,000	800,000	798,670	(1,330)
Penalties on delinquent taxes	400,000	400,000	396,948	(3,052)
Total Taxes	<u>46,550,067</u>	<u>46,550,067</u>	<u>46,802,401</u>	<u>252,334</u>
Intergovernmental Grants and Aids				
Wisconsin shared revenue	6,048,446	6,048,446	5,696,089	(352,357)
Exempt computer aid	335,792	335,792	724,193	388,401
Environmental impact fee	-	-	62,120	62,120
Federal grants	169,323	379,831	282,749	(97,082)
State grants	3,823,143	5,276,420	3,304,319	(1,972,101)
Local government grants	87,256	129,026	75,531	(53,495)
Total Intergovernmental Grants and Aids	<u>10,463,960</u>	<u>12,169,515</u>	<u>10,145,001</u>	<u>(2,024,514)</u>
Licenses and Permits				
Licenses	49,360	49,360	40,230	(9,130)
Permits	322,000	322,000	334,930	12,930
Total Licenses and Permits	<u>371,360</u>	<u>371,360</u>	<u>375,160</u>	<u>3,800</u>
Fines and Forfeitures				
County ordinance fines and forfeitures	170,000	170,000	140,210	(29,790)
County share of state fines and forfeitures	448,626	448,626	604,032	155,406
Total Fines and Forfeitures	<u>618,626</u>	<u>618,626</u>	<u>744,242</u>	<u>125,616</u>
Public Charges for Services				
General Government				
Recording fees	336,000	336,000	341,635	5,635
Certified copies	70,000	70,000	79,628	9,628
Land record fees	84,199	114,199	181,752	67,553
Court fees and costs	699,500	699,500	1,060,943	361,443
Other charges	521,900	521,900	494,203	(27,697)
Total General Government	<u>1,711,599</u>	<u>1,741,599</u>	<u>2,158,161</u>	<u>416,562</u>
Public Safety				
Board of prisoners	359,000	359,000	419,187	60,187
Processing fees	180,000	180,000	115,588	(64,412)
Other charges	398,575	398,575	360,281	(38,294)
Total Public Safety	<u>937,575</u>	<u>937,575</u>	<u>895,056</u>	<u>(42,519)</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES (cont.)				
Health				
General health	\$ 9,230	\$ 9,230	\$ 37,385	\$ 28,155
Lab contract work	107,124	107,124	90,816	(16,308)
Environmental permits	491,000	491,000	545,352	54,352
Other charges	111,516	113,516	113,325	(191)
Total Health	<u>718,870</u>	<u>720,870</u>	<u>786,878</u>	<u>66,008</u>
Social services	5,000	5,000	8,007	3,007
Library	75,000	75,000	45,850	(29,150)
Recreation and Public Areas				
Camping fees	175,375	175,375	198,515	23,140
Park concessions	34,150	34,150	27,270	(6,880)
Shelter rental and forfeitures	25,550	25,550	26,008	458
Fairgrounds building rents	98,500	98,500	107,207	8,707
Organized hockey rents	211,000	211,000	231,736	20,736
Cross country fees	67,000	67,000	69,179	2,179
Other charges	324,065	324,065	359,150	35,085
Total Recreation and Public Areas	<u>935,640</u>	<u>935,640</u>	<u>1,019,065</u>	<u>83,425</u>
Education	47,745	38,680	39,171	491
Conservation				
Forest resources	329,000	351,500	643,399	291,899
Agricultural resources	39,750	39,750	63,397	23,647
Total Conservation	<u>368,750</u>	<u>391,250</u>	<u>706,796</u>	<u>315,546</u>
Total Public Charges for Services	<u>4,800,179</u>	<u>4,845,614</u>	<u>5,658,984</u>	<u>813,370</u>
Intergovernmental Charges for Services				
State and federal	541,237	541,237	466,087	(75,150)
Local Districts				
General government	92,000	92,000	52,391	(39,609)
Register of deeds services	75,000	75,000	99,523	24,523
Postage	65,000	65,000	41,083	(23,917)
Telephone	5,000	5,000	3,673	(1,327)
Sheriff's services	221,840	221,840	291,070	69,230
Other charges	243,631	313,493	259,129	(54,364)
Local departments	467,121	467,121	245,552	(221,569)
Total Intergovernmental Charges for Services	<u>1,710,829</u>	<u>1,780,691</u>	<u>1,458,508</u>	<u>(322,183)</u>
Miscellaneous Revenue				
Investment income	457,970	457,970	1,506,689	1,048,719
Rental income	945,552	945,552	868,149	(77,403)
Donations	325,137	632,402	445,288	(187,114)
Other revenues	2,276,382	7,360,051	440,484	(6,919,567)
Total Miscellaneous Revenue	<u>4,005,041</u>	<u>9,395,975</u>	<u>3,260,610</u>	<u>(6,135,365)</u>
TOTAL REVENUES	<u>68,520,062</u>	<u>75,731,848</u>	<u>68,444,906</u>	<u>(7,286,942)</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, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
EXPENDITURES				
General Government				
Legislative				
Personal services	\$ 329,072	\$ 329,072	\$ 295,351	\$ 33,721
Contractual services	48,500	51,500	29,867	21,633
Materials and supplies	93,400	93,400	69,408	23,992
Total Legislative	<u>470,972</u>	<u>473,972</u>	<u>394,626</u>	<u>79,346</u>
Judicial				
Personal services	2,744,986	2,744,986	2,682,652	62,334
Contractual services	1,076,320	1,076,320	1,111,317	(34,997)
Materials and supplies	103,150	103,150	88,840	14,310
Fixed charges	4,648	4,648	2,118	2,530
Total Judicial	<u>3,929,104</u>	<u>3,929,104</u>	<u>3,884,927</u>	<u>44,177</u>
Executive				
Personal services	509,005	509,005	484,784	24,221
Contractual services	62,650	62,650	64,454	(1,804)
Materials and supplies	39,546	39,546	16,652	22,894
Grants and contributions	5,000	564,863	473,805	91,058
Total Executive	<u>616,201</u>	<u>1,176,064</u>	<u>1,039,695</u>	<u>136,369</u>
General Administration				
Personal services	738,069	738,069	737,252	817
Contractual services	281,800	281,800	242,181	39,619
Materials and supplies	325,900	325,900	247,367	78,533
Total General Administration	<u>1,345,769</u>	<u>1,345,769</u>	<u>1,226,800</u>	<u>118,969</u>
Financial Administration				
Personal services	1,114,299	1,114,299	946,103	168,196
Contractual services	183,900	183,900	123,519	60,381
Materials and supplies	55,750	55,750	51,144	4,606
Fixed charges	-	-	348,446	(348,446)
Grants and contributions	8,972,873	8,972,873	8,651,420	321,453
Total Financial Administration	<u>10,326,822</u>	<u>10,326,822</u>	<u>10,120,632</u>	<u>206,190</u>
Legal				
Personal services	1,908,826	1,908,826	1,753,509	155,317
Contractual services	243,077	243,077	171,156	71,921
Materials and supplies	91,542	91,542	99,304	(7,762)
Total Legal	<u>2,243,445</u>	<u>2,243,445</u>	<u>2,023,969</u>	<u>219,476</u>
Property Records and Control				
Personal services	531,767	531,767	447,162	84,605
Contractual services	41,900	41,900	8,643	33,257
Materials and supplies	28,395	58,395	31,231	27,164
Fixed charges	1,200	1,200	-	1,200
Total Property Records and Control	<u>603,262</u>	<u>633,262</u>	<u>487,036</u>	<u>146,226</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES (cont.)				
County Planning and Zoning				
Personal services	\$ 1,857,265	\$ 1,857,265	\$ 1,825,705	\$ 31,560
Contractual services	489,901	608,224	482,881	125,343
Materials and supplies	101,724	102,670	85,954	16,716
Fixed charges	4,910	4,910	4,961	(51)
Grants and contributions	<u>125,000</u>	<u>197,796</u>	<u>370,905</u>	<u>(173,109)</u>
Total County Planning and Zoning	<u>2,578,800</u>	<u>2,770,865</u>	<u>2,770,406</u>	<u>459</u>
Building Maintenance				
Personal services	2,505,024	2,505,024	2,352,881	152,143
Contractual services	1,876,380	1,922,268	1,796,230	126,038
Materials and supplies	209,810	209,810	167,883	41,927
Fixed charges	43,254	43,254	12,238	31,016
Capital outlay	<u>243,600</u>	<u>243,600</u>	<u>256,056</u>	<u>(12,456)</u>
Total Building Maintenance	<u>4,878,068</u>	<u>4,923,956</u>	<u>4,585,288</u>	<u>338,668</u>
Total General Government	<u>26,992,443</u>	<u>27,823,259</u>	<u>26,533,379</u>	<u>1,289,880</u>
Public Safety				
Sheriff				
Personal services	11,709,008	11,863,732	11,759,715	104,017
Contractual services	623,158	1,021,419	937,762	83,657
Materials and supplies	856,046	1,172,390	934,086	238,304
Fixed charges	73,079	78,079	89,485	(11,406)
Grants and contributions	3,600	60,822	161,520	(100,698)
Capital outlay	<u>-</u>	<u>296,297</u>	<u>294,189</u>	<u>2,108</u>
Total Sheriff	<u>13,264,891</u>	<u>14,492,739</u>	<u>14,176,757</u>	<u>315,982</u>
Emergency Services				
Personal services	202,800	202,800	196,463	6,337
Contractual services	412,200	446,800	459,621	(12,821)
Materials and supplies	72,750	62,300	21,854	40,446
Fixed charges	32,400	25,550	4,774	20,776
Grants and contributions	<u>22,500</u>	<u>22,500</u>	<u>19,584</u>	<u>2,916</u>
Total Emergency Services	<u>742,650</u>	<u>759,950</u>	<u>702,296</u>	<u>57,654</u>
Adult Corrections				
Personal services	5,518,422	5,518,422	5,235,359	283,063
Contractual services	4,624,085	4,661,442	4,169,673	491,769
Materials and supplies	250,136	317,570	118,069	199,501
Fixed charges	32,800	32,800	32,322	478
Capital outlay	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Adult Corrections	<u>10,426,943</u>	<u>10,531,734</u>	<u>9,555,423</u>	<u>976,311</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, 2019

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (cont.)				
Juvenile Corrections				
Contractual services	\$ 49,800	\$ 61,800	\$ 47,257	\$ 14,543
Materials and supplies	<u>12,734</u>	<u>12,734</u>	<u>6,847</u>	<u>5,887</u>
Total Juvenile Corrections	<u>62,534</u>	<u>74,534</u>	<u>54,104</u>	<u>20,430</u>
Shelter Home				
Personal services	521,929	521,929	511,766	10,163
Materials and supplies	<u>1,000</u>	<u>1,000</u>	<u>159</u>	<u>841</u>
Total Shelter Home	<u>522,929</u>	<u>522,929</u>	<u>511,925</u>	<u>11,004</u>
Total Public Safety	<u>25,019,947</u>	<u>26,381,886</u>	<u>25,000,505</u>	<u>1,381,381</u>
Health				
Personal services	3,448,913	3,738,584	3,256,368	482,216
Contractual services	982,675	1,050,785	959,359	91,426
Materials and supplies	<u>237,521</u>	<u>763,194</u>	<u>183,485</u>	<u>579,709</u>
Total Health	<u>4,669,109</u>	<u>5,552,563</u>	<u>4,399,212</u>	<u>1,153,351</u>
Social Services				
Veterans				
Personal services	212,687	212,687	212,894	(207)
Contractual services	5,100	5,100	4,581	519
Materials and supplies	11,950	11,950	8,474	3,476
Grants and contributions	<u>550</u>	<u>26,060</u>	<u>1,891</u>	<u>24,169</u>
Total Veterans	<u>230,287</u>	<u>255,797</u>	<u>227,840</u>	<u>27,957</u>
Total Social Services	<u>230,287</u>	<u>255,797</u>	<u>227,840</u>	<u>27,957</u>
Leisure Activities and Education				
Library				
Personal services	2,767,405	2,767,405	2,687,648	79,757
Contractual services	242,675	242,675	227,200	15,475
Materials and supplies	589,416	603,843	598,442	5,401
Fixed charges	<u>80,300</u>	<u>80,300</u>	<u>86,683</u>	<u>(6,383)</u>
Total Library	<u>3,679,796</u>	<u>3,694,223</u>	<u>3,599,973</u>	<u>94,250</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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES (cont.)				
Public Areas				
Personal services	\$ 2,335,110	\$ 2,335,110	\$ 2,190,200	\$ 144,910
Contractual services	1,665,663	1,989,674	904,486	1,085,188
Materials and supplies	596,856	638,258	463,457	174,801
Fixed charges	148,754	148,754	49,035	99,719
Capital outlay	<u>181,875</u>	<u>258,448</u>	<u>59,666</u>	<u>198,782</u>
Total Public Areas	<u>4,928,258</u>	<u>5,370,244</u>	<u>3,666,844</u>	<u>1,703,400</u>
University Extension Program				
Personal services	92,373	92,373	91,198	1,175
Contractual services	207,260	174,560	127,361	47,199
Materials and supplies	<u>55,485</u>	<u>129,868</u>	<u>43,872</u>	<u>85,996</u>
Total University Extension Program	<u>355,118</u>	<u>396,801</u>	<u>262,431</u>	<u>134,370</u>
Total Leisure Activities and Education	<u>8,963,172</u>	<u>9,461,268</u>	<u>7,529,248</u>	<u>1,932,020</u>
Conservation and Economic Development				
Forest Resources				
Personal services	84,215	144,215	84,382	59,833
Contractual services	71,526	97,930	28,742	69,188
Materials and supplies	7,310	7,310	81	7,229
Fixed charges	3,898	3,898	948	2,950
Capital outlay	<u>358,176</u>	<u>712,053</u>	<u>348,842</u>	<u>363,211</u>
Total Forest Resources	<u>525,125</u>	<u>965,406</u>	<u>462,995</u>	<u>502,411</u>
Agricultural Resources				
Personal services	190,614	243,614	191,182	52,432
Contractual services	62,000	70,000	110,863	(40,863)
Materials and supplies	52,476	152,893	28,718	124,175
Grants and contributions	320,430	892,239	797,200	95,039
Total Agricultural Resources	<u>625,520</u>	<u>1,358,746</u>	<u>1,127,963</u>	<u>230,783</u>
Total Conservation and Economic Development	<u>1,150,645</u>	<u>2,324,152</u>	<u>1,590,958</u>	<u>733,194</u>
Capital Outlay				
Capital Projects				
Contractual services	100,000	100,000	38,759	61,241
Capital outlay	<u>130,300</u>	<u>130,300</u>	<u>175,169</u>	<u>(44,869)</u>
Total Capital Outlay	<u>230,300</u>	<u>230,300</u>	<u>213,928</u>	<u>16,372</u>
TOTAL EXPENDITURES	<u>67,255,903</u>	<u>72,029,225</u>	<u>65,495,070</u>	<u>6,534,155</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,264,159</u>	<u>3,702,623</u>	<u>2,949,836</u>	<u>(752,787)</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, 2019

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES AND USES				
Transfers in				
Capital Improvement Fund	\$ 290,789	\$ 290,789	\$ 290,789	\$ -
Sales of capital assets	4,500	4,500	2,860	(1,640)
State loan program debt issued	14,822	14,822	14,811	(11)
Transfers out				
Capital Improvement Fund	(1,324,270)	(1,562,734)	(1,324,270)	238,464
Employee Benefits Fund	(790,896)	(790,896)	(790,896)	-
Total Other Financing Sources and Uses	<u>(1,805,055)</u>	<u>(2,043,519)</u>	<u>(1,806,706)</u>	<u>236,813</u>
Net change in fund balance	(540,896)	1,659,104	1,143,130	(515,974)
FUND BALANCE - Beginning of Year	<u>44,804,781</u>	<u>44,804,781</u>	<u>44,804,781</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 44,263,885</u>	<u>\$ 46,463,885</u>	<u>\$ 45,947,911</u>	<u>\$ (515,974)</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 7,635,689	\$ 7,635,689	\$ 7,635,689	\$ -
Intergovernmental Grants and Aids				
Federal grants	954,005	954,005	1,166,562	212,557
State grants:				
Provided services and administration	2,712,481	2,712,481	4,095,028	1,382,547
Special services	7,990,049	8,555,846	5,088,682	(3,467,164)
Other revenues	401,918	401,918	498,317	96,399
Total Intergovernmental Grants and Aids	12,058,453	12,624,250	10,848,589	(1,775,661)
Public Charges for Services				
General government	9,200	9,200	6,704	(2,496)
Social services	449,719	449,719	379,965	(69,754)
Total Public Charges for Services	458,919	458,919	386,669	(72,250)
Miscellaneous Revenue				
Interest income	34,000	34,000	245,972	211,972
Other revenues	186,625	186,625	-	(186,625)
Total Miscellaneous Revenue	220,625	220,625	245,972	25,347
Total Revenues	20,373,686	20,939,483	19,116,919	(1,822,564)
EXPENDITURES				
Social Services				
Personal services	9,081,107	9,131,507	8,541,613	589,894
Contractual services	567,590	567,590	409,929	157,661
Materials and supplies	352,369	354,969	302,113	52,856
Fixed charges	310,362	310,362	309,679	683
Grants and contributions	9,809,958	10,322,755	7,561,890	2,760,865
Total Expenditures	20,121,386	20,687,183	17,125,224	3,561,959
Excess of revenues over expenditures	252,300	252,300	1,991,695	1,739,395
OTHER FINANCING USES				
Transfers out				
Capital Improvement Fund	(252,300)	(252,300)	(252,300)	-
Total Other Financing Uses	(252,300)	(252,300)	(252,300)	-
Net change in fund balance	-	-	1,739,395	1,739,395
FUND BALANCE - Beginning of Year	3,418,873	3,418,873	3,418,873	-
FUND BALANCE - END OF YEAR	\$ 3,418,873	\$ 3,418,873	\$ 5,158,268	\$ 1,739,395

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, 2019

	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	12/31/19	0.259975017%	\$ 9,249,121	\$ 37,251,102	24.83%	96.45%
County	12/31/18	0.257342718%	(7,640,810)	36,019,977	21.21%	102.93%
County	12/31/17	0.252273859%	2,079,395	35,060,575	5.93%	99.12%
County	12/31/16	0.25002125%	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	12/31/19	0.006401658%	228,031	925,329	24.61%	96.45%
Component						
Unit - CWA	12/31/18	0.006392504%	(189,801)	946,767	20.05%	102.93%
Component						
Unit - CWA	12/31/17	0.00663089%	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, 2019

	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	12/31/19	\$ 2,651,892	\$ 2,651,892	\$ -	\$ 34,585,023	7.67%
County	12/31/18	2,660,983	2,660,983	-	34,026,814	7.82%
County	12/31/17	2,608,893	2,608,893	-	33,129,952	7.87%
County	12/31/16	2,419,452	2,419,452	-	32,323,523	7.49%
County	12/31/15	2,416,617	2,416,617	-	33,800,281	7.15%
Component						
Unit - CWA	12/31/19	67,769	67,769	-	851,626	7.67%
Component						
Unit - CWA	12/31/18	65,605	65,605	-	845,241	7.76%
Component						
Unit - CWA	12/31/17	64,806	64,806	-	870,804	7.87%
Component						
Unit - CWA	12/31/16	63,568	63,568	-	815,512	7.49%
Component						
Unit - CWA	12/31/15	60,970	60,970	-	852,768	7.15%

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

MARATHON COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

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 2019. 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, 2019

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. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous Revenues				
Investment income	\$ 200,000	\$ 255,268	\$ 368,083	\$ 112,815
Miscellaneous	-	-	1,617,998	1,617,998
Total Revenues	200,000	255,268	1,986,081	1,730,813
EXPENDITURES				
Current				
Public works	-	100,000	10,000	90,000
Capital outlay	1,267,332	18,126,874	13,818,456	4,308,418
Debt issuance costs	-	-	98,713	(98,713)
Total Expenditures	1,267,332	18,226,874	13,927,169	4,299,705
Deficiency of revenues over expenditures	(1,067,332)	(17,971,606)	(11,941,088)	6,030,518
OTHER FINANCING SOURCES (USES)				
Transfers in				
General Fund	1,324,270	1,562,734	1,324,270	(238,464)
Social Improvement Fund	252,300	252,300	252,300	-
Sale of capital assets	-	11,395	61,371	49,976
General obligation debt issued	-	2,233,015	9,500,000	7,266,985
Premium on debt issued	-	-	49,818	49,818
Transfers out				
General Fund	(290,789)	1,909,211	(290,789)	(2,200,000)
County Highway Fund	(526,589)	(1,946,631)	(526,589)	1,420,042
Total Other Financing Sources (Uses)	759,192	4,022,024	10,370,381	6,348,357
Net change in fund balance	(308,140)	(13,949,582)	(1,570,707)	12,378,875
FUND BALANCE - Beginning of Year	10,319,802	10,319,802	10,319,802	-
FUND BALANCE - END OF YEAR	\$ 10,011,662	\$ (3,629,780)	\$ 8,749,095	\$ 12,378,875

MARATHON COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - DEBT SERVICE FUND For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final <u>Budget</u>
REVENUES				
Taxes	\$ 1,786,500	\$ 1,786,500	\$ 1,786,500	\$ -
Public charges for services	150,000	150,000	169,077	19,077
Miscellaneous revenues	-	-	101,656	101,656
Total Revenues	<u>1,936,500</u>	<u>1,936,500</u>	<u>2,057,233</u>	<u>120,733</u>
EXPENDITURES				
Debt Service				
Principal	1,715,000	1,715,000	1,794,814	(79,814)
Interest	221,500	221,500	221,500	-
Total Expenditures	<u>1,936,500</u>	<u>1,936,500</u>	<u>2,016,314</u>	<u>(79,814)</u>
Excess (deficiency) of revenues over expenditures	-	-	40,919	200,547
OTHER FINANCING SOURCES				
Premium on debt issued	-	-	125,273	125,273
Net change in fund balance	-	-	166,192	166,192
FUND BALANCE - Beginning of Year	<u>1,779,603</u>	<u>1,779,603</u>	<u>1,779,603</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,779,603</u>	<u>\$ 1,779,603</u>	<u>\$ 1,945,795</u>	<u>\$ 166,192</u>

MARATHON COUNTY

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2019

	Property Casualty Insurance	Employee Benefits Insurance	<u>Totals</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and investments	\$ 8,007,562	\$ 10,962,717	\$ 18,970,279
Accounts receivable (net of allowance)	<u>10,386</u>	<u>90,386</u>	<u>100,772</u>
Total Current Assets	<u>8,017,948</u>	<u>11,053,103</u>	<u>19,071,051</u>
NONCURRENT ASSETS			
Restricted Assets			
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000
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 Noncurrent assets	<u>1,519,000</u>	<u>-</u>	<u>1,519,000</u>
Total Assets	<u>9,536,948</u>	<u>11,053,103</u>	<u>20,590,051</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>43,642</u>	<u>73,653</u>	<u>117,295</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	89,597	3,177	92,774
Accrued items	-	46,101	46,101
Compensated absences	<u>2,483</u>	<u>5,372</u>	<u>7,854</u>
Total Current Liabilities	<u>92,080</u>	<u>54,650</u>	<u>146,729</u>
LONG-TERM LIABILITIES			
Accrued liability - claims payable	2,086,338	1,771,810	3,858,148
Compensated absences	22,343	48,346	70,690
Net pension liability	<u>10,532</u>	<u>30,319</u>	<u>40,851</u>
Total Long-term Liabilities	<u>2,119,213</u>	<u>1,850,475</u>	<u>3,969,689</u>
Total Liabilities	<u>2,211,293</u>	<u>1,905,125</u>	<u>4,116,418</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	<u>21,186</u>	<u>83,564</u>	<u>104,750</u>
NET POSITION			
Unrestricted	<u>7,348,111</u>	<u>9,138,067</u>	<u>16,486,178</u>
TOTAL NET POSITION	<u>\$ 7,348,111</u>	<u>\$ 9,138,067</u>	<u>\$ 16,486,178</u>

MARATHON COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS For the Year Ended December 31, 2019

	Property Casualty Insurance	Employee Benefits Insurance	Totals
OPERATING REVENUES			
Interdepartmental charges for services	\$ 884,417	\$ 13,087,145	\$ 13,971,562
Total Operating Revenues	<u>884,417</u>	<u>13,087,145</u>	<u>13,971,562</u>
OPERATING EXPENSES			
Salaries and benefits	63,346	879,948	943,294
Contractual services	652	178,019	178,671
Materials and supplies	1,837	128,696	130,533
Insurance and claims	787,751	11,622,194	12,409,945
Loss and loss adjustment expense	68,568	(241,958)	(173,390)
Insurance and administration costs	-	697,242	697,242
Total Operating Expenses	<u>922,154</u>	<u>13,264,141</u>	<u>14,186,295</u>
Operating Income (Loss)	<u>(37,737)</u>	<u>(176,996)</u>	<u>(214,733)</u>
NONOPERATING REVENUES			
Investment income	267,886	333,687	601,573
Insurance recoveries	32,885	6,069	38,954
Other income	119,060	166,938	285,998
Total Nonoperating Revenues	<u>419,831</u>	<u>506,694</u>	<u>926,525</u>
Income before transfers	382,094	329,698	711,792
Transfer in	<u>-</u>	<u>790,896</u>	<u>790,896</u>
Change in net position	382,094	1,120,594	1,502,688
NET POSITION - Beginning of Year	<u>6,966,017</u>	<u>8,017,473</u>	<u>14,983,490</u>
NET POSITION - END OF YEAR	<u>\$ 7,348,111</u>	<u>\$ 9,138,067</u>	<u>\$ 16,486,178</u>

MARATHON COUNTY

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2019

	Property Casualty Insurance	Employee Benefits Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Collections from departments and other insurance purchasers	\$ 1,073,439	\$ 13,331,701	\$ 14,405,140
Cash paid to employees for services	(63,346)	(879,948)	(943,294)
Cash paid to suppliers for goods and services	(800,570)	(12,653,911)	(13,454,481)
Net Cash Provided (Used) by Operating Activities	<u>209,523</u>	<u>(202,158)</u>	<u>7,365</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	<u>-</u>	<u>790,896</u>	<u>790,896</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	<u>267,886</u>	<u>333,687</u>	<u>601,573</u>
Net Increase in Cash and Cash Equivalents	477,409	922,425	1,399,834
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,530,153</u>	<u>10,040,292</u>	<u>17,570,445</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 8,007,562</u>	<u>\$ 10,962,717</u>	<u>\$ 18,970,279</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (37,737)	\$ (176,996)	\$ (214,733)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Insurance recoveries	32,885	6,069	38,954
Other income	119,060	166,938	285,998
Effects of (increase) decrease in operating assets, deferred outflows, and increase (decrease) in operating liabilities and deferred inflows:			
Accounts receivable	37,077	28,253	65,330
Accounts payable	(14,727)	(2,903)	(17,630)
Pension related deferrals and liabilities	4,106	58,125	62,231
Compensated absences	291	(39,686)	(39,395)
Accrued liabilities - claims payable	<u>68,568</u>	<u>(241,958)</u>	<u>(173,390)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 209,523</u>	<u>\$ (202,158)</u>	<u>\$ 7,365</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, 2019

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
ADRC-CW				
Assets				
Account receivable	\$ 54,905	\$ 40,992	\$ 54,905	\$ 40,992
Due from other governments	821,284	1,186,055	821,284	1,186,055
	<u>\$ 876,189</u>	<u>\$ 1,227,047</u>	<u>\$ 876,189</u>	<u>\$ 1,227,047</u>
Liabilities				
Accounts payable	\$ 141,018	\$ 218,955	\$ 141,018	\$ 218,955
Due to other governments	399,792	811,998	399,792	811,998
Due to participants	334,156	193,350	334,156	193,350
Other accrued liabilities and deposits	1,223	2,744	1,223	2,744
	<u>\$ 876,189</u>	<u>\$ 1,227,047</u>	<u>\$ 876,189</u>	<u>\$ 1,227,047</u>
Clerk of Courts				
Assets				
Cash and cash equivalents	\$ 1,392,413	\$ 1,835,443	\$ 1,392,413	\$ 1,835,443
Liabilities				
Other accrued liabilities and deposits	\$ 1,392,413	\$ 1,835,443	\$ 1,392,413	\$ 1,835,443
Sheriff Adult Inmate				
Assets				
Cash and cash equivalents	\$ 46,960	\$ 59,520	\$ 46,960	\$ 59,520
Liabilities				
Other accrued liabilities and deposits	\$ 46,960	\$ 59,520	\$ 46,960	\$ 59,520
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,439,373	\$ 1,894,963	\$ 1,439,373	\$ 1,894,963
Account receivable	54,905	40,992	54,905	40,992
Due from other governments	821,284	1,186,055	821,284	1,186,055
	<u>\$ 2,315,562</u>	<u>\$ 3,122,010</u>	<u>\$ 2,315,562</u>	<u>\$ 3,122,010</u>
Liabilities				
Accounts payable	\$ 141,018	\$ 218,955	\$ 141,018	\$ 218,955
Due to other governments	399,792	811,998	399,792	811,998
Due to participants	334,156	193,350	334,156	193,350
Other accrued liabilities and deposits	1,440,596	1,897,707	1,440,596	1,897,707
	<u>\$ 2,315,562</u>	<u>\$ 3,122,010</u>	<u>\$ 2,315,562</u>	<u>\$ 3,122,010</u>

MARATHON COUNTY

STATEMENT OF NET POSITION
CENTRAL WISCONSIN AIRPORT
As of December 31, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and investments	\$ 3,047,742
Accounts receivable	242,382
Total Current Assets	<u>3,290,124</u>

NONCURRENT ASSETS

Restricted assets	
Cash and investments	1,077,293
Property, Plant and Equipment	
Land	614,983
Buildings	39,101,520
Improvements	54,460,551
Equipment	10,157,371
Construction in process	<u>5,875,526</u>
Total Property, Plant and Equipment	110,209,951
Less: Accumulated depreciation and depletion	<u>(55,142,725)</u>
Net Property, Plant and Equipment	<u>55,067,226</u>
Total Noncurrent Assets	<u>56,144,519</u>
 Total Assets	 <u>59,434,643</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related amounts	<u>611,750</u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES

Accounts payable	227,344
Deposits	16,831
Interest payable	14,780
Due to other governments	508,834
Current portion of compensated absences	26,231
Current portion of general obligation notes payable	<u>430,000</u>
Total Current Liabilities	<u>1,224,020</u>

Long-term Liabilities

General obligation notes payable (net of unamortized premiums)	5,101,592
Net pension liability	228,031
Compensated absences	<u>192,357</u>
Total Long-term Liabilities	<u>5,521,980</u>

Total Liabilities	<u>6,746,000</u>
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DEFERRED INFLOWS OF RESOURCES

Pension related amounts	<u>315,154</u>
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NET POSITION

Net investment in capital assets	49,535,634
Restricted for:	
Passenger facility charges	1,077,293
Unrestricted	<u>2,372,312</u>

TOTAL NET POSITION	\$ <u>52,985,239</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, 2019

OPERATING REVENUES	
Public charges for services	\$ 3,608,552
OPERATING EXPENSES	
Salaries and benefits	1,644,841
Contractual services	695,283
Materials and supplies	643,982
Insurance	71,151
Depreciation	3,181,107
Total Operating Expenses	<u>6,236,364</u>
Operating Loss	<u>(2,627,812)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	104,763
Passenger facility charges	576,795
Customer facility charges	306,729
Other income	134,857
Interest expense	(199,528)
Total Nonoperating Revenues (Expenses)	<u>923,616</u>
Loss before contributions	(1,704,196)
Capital Contributions	<u>3,943,938</u>
Decrease in net position	2,239,742
NET POSITION - Beginning of Year	<u>50,745,497</u>
NET POSITION - END OF YEAR	<u>\$ 52,985,239</u>

MARATHON COUNTY

STATEMENT OF CASH FLOWS CENTRAL WISCONSIN AIRPORT For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from the sale of goods and services	\$ 3,778,207
Cash paid to employees for services	(1,644,841)
Cash paid to suppliers for goods and services	<u>(1,204,646)</u>
Net Cash Provided by Operating Activities	<u>928,720</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments for capital acquisitions	(673,016)
Passenger facility charges received	576,795
Customer facility charges received	306,729
Debt paid	(1,175,000)
Interest paid	<u>(202,308)</u>
Net Cash Used for Capital Financing and Related Activities	<u>(1,166,800)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received on investments	<u>104,763</u>
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Net Decrease in Cash and Cash Equivalents (133,317)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 4,258,352

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 4,125,035

RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES

Operating loss	\$ (2,627,812)
Nonoperating income	134,857
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation expense	3,181,107
Amortization of premium	(7,692)
Effects of (increase) decrease in operating assets, deferred outflows, and increase (decrease) in operating liabilities and deferred inflows:	
Accounts receivable	29,798
Pension related deferrals and liabilities	86,795
Due to other governments	116,740
Compensated absences	<u>14,927</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 928,720

NONCASH INVESTING, CAPITAL AND NONCAPITAL FINANCING ACTIVITIES

Capital contributions	<u>\$ 3,943,938</u>
Amortization of premium	<u>\$ 7,692</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents	\$ 3,047,742
Cash and cash equivalents - restricted assets	<u>1,077,293</u>

CASH AND CASH EQUIVALENTS, DECEMBER 31 \$ 4,125,035