

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

MARATHON COUNTY, WISCONSIN

FOR THE YEAR ENDED

DECEMBER 31, 2002

**DEPARTMENT OF FINANCE
KRISTI KORDUS, FINANCE DIRECTOR**

MARATHON COUNTY, WISCONSIN

FINANCIAL STATEMENTS For the Year Ended December 31, 2002

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COUNTY OF MARATHON
COURTHOUSE 500 FOREST STREET WAUSAU, WISCONSIN 54403-5568

May 8, 2003

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

Supervisors:

Submitted herewith is the Comprehensive Annual Financial Report (CAFR) of Marathon County, Wisconsin (the County) for the year ended December 31, 2002. This report was prepared by the County's Finance Department with assistance from the County Treasurer's Office. For purposes of this CAFR the reference to County typically includes the Central Wisconsin Airport (CWA) (shown as a discretely presented component unit) unless otherwise noted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all financial statements, footnote disclosures, supporting schedules and statistical tables rests with the County. We believe the data, as presented, is accurate in all material respects and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

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

Distribution of the CAFR is of major importance to its usefulness as a communication tool. Paper copies of this report will be sent to elected officials, County management, bond rating agencies, financial institutions and federal, state and local governmental agencies which have expressed an interest in Marathon County's financial well being. A copy of the 1997, 1998, 1999, 2000, 2001 and 2002 CAFRs are also available on the Internet at:

www.co.marathon.wi.us/Government/Departments&Services/Finance/Information Page/.

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

Marathon County Web Page: <http://www.co.marathon.wi.uw>

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

The County is required to undergo an annual single audit in conformity with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non-Profit Organizations and the State Single Audit Guidelines issued by the Wisconsin Department of Administration. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, the independent auditors' reports on internal control over financial reporting and compliance with applicable laws and regulations, is available as a separate document through the Finance Department.

REPORTING ENTITY AND ITS SERVICES

The County was incorporated in 1850 and operates under a County Board-Administrator form of government. The Board of Supervisors is comprised of thirty-eight (38) members, elected by districts to serve concurrent two-year terms. The terms of the current Board expire on April 13, 2004.

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

Marathon County's economy is currently strong and very diverse, ranging from a preponderance of the following: strong manufacturing, tourism and recreation, health services, transportation and shipping, government, agriculture, and dairy products. Marathon County is the business center of central and northern Wisconsin. All indications are that the area's economy will continue to grow due to increases in population, labor force and employment. An increase in employment and modest rise in labor force should produce a fairly low unemployment rate, currently 4.5 %, and should stay constant in the next few years.

Wausau area and Marathon County employment figures are close to record levels. Several large employers are building new buildings to accommodate for growth in their businesses. Job growth in Marathon County continues to outpace the Central Wisconsin region counties. Unemployment levels in the Marathon County Standard Metropolitan Statistical Area (SMSA) are at or below the State of Wisconsin unemployment rate.

Building construction in Marathon County in 2002 totaled \$292,494,415 as compared to the 2001 figure of \$ 199,975,560. Overall permit values increased 46% in 2002. New residential construction and remodeling totaled over \$112.9 million, a slight increase over year 2001. Commercial and industrial facilities added \$138.5 million to the tax base in 2002.

Marathon County leads the state in agricultural receipts with over \$200 million annually from dairy, livestock, crops and ginseng sales. The County ranks second in number of farms, total dairy herds, number of milk cows and total milk produced. Marathon County is the source of 90% of U.S. ginseng production.

MAJOR INITIATIVES

In the year 2002 the County maintained its commitment to upgrade its buildings and infrastructure. As can be seen in the detail below, we have a major interest in the maintenance of our infrastructure, government joint ventures, and cooperative recreation projects.

As the County continues to grow, the demands placed by citizens on their government become more intense. As all counties in the State of Wisconsin operate under a state imposed tax rate freeze, these demands are continually more difficult to finance. Governmental participation in expected growth can no longer be coincidental. We must be a willing planned participant in that growth to make the process successful. In order for us to remain strong, our positive community attitude must reveal itself through these projects.

Maintenance and expansion of the County's infrastructure (such as highways and bridges) remains a major concern of the County Board. To address one of these concerns, the County continues to maintain its commitment to the Highway Commission's five-year capital project plan. This plan provides a framework for the development and maintenance of infrastructure to meet current and future needs. The Highway Commission has undertaken an aggressive program to repair and replace its highways and bridges. On an annual basis, the Highway Commission plans to repair four or five bridges. A major repaving project consisting of resurfacing a minimum of 25-30 miles per year is included in this plan. That means by the end of a five-year period, 20% of the County's highways are expected to have been repaved.

The County is a partner in two major highway construction projects. The County has received Federal and State funding to complete the construction of a West side arterial to Interstate 39 and the a new McCleary bridge that spans the Wisconsin River. These multimillion-dollar projects will be completed in late 2005.

To better handle the ongoing questions and concerns regarding general infrastructure, a special Capital Improvement Committee (staff committee) has assembled a five year Capital Improvement Plan (CIP) to review and upgrade all facilities that have a need. Each year the plan is updated and a new list of projects approved and a new funding source established. Work began this year for the plan that was budgeted for 2002. Several reconstruction projects were started or continued during the year. The largest and maybe the most important ongoing project is the remodel of the existing Courthouse. The phased approach has allowed the County to complete the project without disrupting services in the courthouse to the public.

FUTURE PLANS

The County is looking at security measures at the Courthouse. These improvements will be added to the courthouse remodeling plans. Additional deputies may be used to maintain a security presence for the court system as well.

The Highway Commission will review the County's participation in a joint Federal, State and local project to improve the Highway 29/Highway Y intersection in Hatley. This project will greatly improve a hazardous intersection.

FINANCIAL INFORMATION

Working Capital Policy

In 1988 the County Board of Supervisors established a fund balance policy. This policy sets forth the amount of funds that are to be reserved as a designation for working capital. The funds over and above this designation are to be used to pay for non-departmental capital purchases within the succeeding budget process. Working capital is never to go below a set minimum level of four weeks of operating expenditures or 8.3%. The County Board has approved a slightly higher working capital figure of 10% for the Highway Fund based on its potential for uncontrollable, unexpected operating need. The low points for the County's cash flow are the end of February and the middle of November.

According to Wisconsin Statutes, the County must roll forward any amounts of unreserved undesignated fund equity/balance into the succeeding year's budget. With the change in the Highway working capital policy its unreserved undesignated funds are moved into the same capital improvement process. Funds not included in this process would include those funds not using tax levy as a basis for operations such as the Landfill Fund, the insurance funds, the capital improvement funds and any special revenue funds that use grants for operating capital. Marathon County uses this undesignated amount to fund future years capital improvement programs. It is not used to off set following years operating needs. This philosophy assures that current operating

needs are funded with current collections. Any amounts required for future years' activities or amounts required for sound business operations must be reserved or designated. Highway is allowed to provide for multi-year funding options for specifically identified future high cost projects such as the McCleary Street bridge and the I39/51 freeway project.

General Fund Balance

The unreserved undesignated fund balance will be used in the 2004 budget process to help fund some much needed capital improvements. The County has been fairly successful over the years keeping its tax rate stable and using fund balance to pay for non-departmental capital projects. The trend of using fund balance and not raising taxes is expected to continue for years to come. If the trend were not to continue, a lower fund balance would be acceptable because all amounts necessary for sound financial position and good business practice are either reserved or designated.

DEBT ADMINISTRATION

Under Wisconsin Statute 67.03(1)(a), county debt is limited to 5% of total equalized valuation of real and personal property. The ratio of bonded debt to equalized value and the net bonded debt per capita are useful indicators of the County's debt position to County management, citizens and investors Table VII "Computation of Legal Debt Margin - December 31, 2002" in the Statistical Section of this CAFR illustrates these indicators, limitations and verifies low indebtedness.

CASH MANAGEMENT

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

Sponsored by the State Treasurer's Office, the State of Wisconsin has established the LGIP under the direction of the State of Wisconsin Investment Board (SWIB). This fund can be accessed by all units of local government on a day to day basis. The average yield on the investment pool for 2002 was 1.73%. Because of the County's fiduciary responsibility for investments, the County constantly monitors the County's ownership portion of the LGIP. The County's investments represented an average .32% of the total deposits during 2002.

In addition to the LGIP, the County also invests in the Wisconsin Cooperative Liquid Asset Security System (Wisconsin CLASS) operated by MBIA Municipal Investors Service Corporation; the Wisconsin CLASS program is a privately administered pool with participation limited to governmental and public entities. Offering an average yield of 1.68% for 2002, the County's investments represented an average 4.12% of the total Wisconsin CLASS pool.

The County continues to use the advice of its investment advisor seeking alternate sources of short term investments beyond the LGIP and the Wisconsin CLASS pool. Short term treasuries, agencies and high-quality commercial paper are currently providing returns, which are slightly lower than

the investment pools. To diversify its investment portfolio, the County holds a portion of its funds in medium-term (2-4 year) government securities, as recommended by the County's investment advisor. This allows additional interest earnings without undue risk.

Further diversification of the County's investment portfolio is accomplished with participation in a fully collateralized Certificate of Deposit program. The County began investing in this fully collateralized Certificate of Deposit pool in 1996. This program allows the County to invest excess idle funds for up to 3 years with banks throughout the State of Wisconsin. Investments in this program had an average 2002 return of 3.22%.

In late 2001, the County began participating in the Cash Manager Sweep Account operated by M & I Brokerage Services. This program allows the County to automatically invest demand deposit funds which must remain highly liquid. Any funds which are moved to the Sweep Account are moved back to the demand deposit account automatically when needed. While the Sweep Account invests only in governmental securities- keeping the risk for loss of principal small- this is still a money market fund; it is not covered by FDIC, private insurance or other collateralization of deposits.

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were insured by the Federal Depository Insurance Corporation (FDIC) with an additional \$400,000 coverage provided by the State of Wisconsin, or collateralized, or insured through the investment pool. All collateral on deposits was held either by the County, its custodian or the State of Wisconsin. All securities held by the County during the year and at December 31, 2002 were classified in the category of lowest credit risk as defined by the GASB.

The amount of interest earned in 2002 for all Primary Government operations (including the CWA as a discretely presented component unit) was \$3,270,623, a decrease from 2001 of 29.82%. The decrease was the result of interest rates declining steadily throughout the year. In addition to the earnings of the primary government unit, (including the CWA as a discretely presented unit) another \$255,285 of interest was earned by the County's (other) discretely presented component units. The following chart illustrates investment earnings for the primary government (including CWA as a discretely presented component unit) for all fund types over the last ten years.

<i>Year</i>	<i>Earnings</i>	<i>Increase (Decrease)</i>	<i>%(Decrease) Change</i>
<i>1993</i>	<i>1,627,912</i>	<i>72,366</i>	<i>4.65</i>
<i>1994</i>	<i>1,962,625</i>	<i>334,713</i>	<i>20.56</i>
<i>1995</i>	<i>*3,265,431</i>	<i>1,302,806</i>	<i>66.38</i>
<i>1996</i>	<i>3,403,114</i>	<i>137,683</i>	<i>4.22</i>
<i>1997</i>	<i>3,654,128</i>	<i>251,014</i>	<i>7.38</i>
<i>1998</i>	<i>**4,093,963</i>	<i>439,835</i>	<i>12.04</i>
<i>1999</i>	<i>4,015,065</i>	<i>(78,898)</i>	<i>(1.93)</i>
<i>2000</i>	<i>5,034,848</i>	<i>1,019,783</i>	<i>25.40</i>
<i>2001</i>	<i>4,660,554</i>	<i>(374,294)</i>	<i>(7.43)</i>
<i>2002</i>	<i>3,270,623</i>	<i>(1,389,931)</i>	<i>(29.82)</i>

**Bond sale for University of Wisconsin-Marathon Campus*

***Bond sales for the Public Safety Facilities and Airport*

RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, and injury to employees. For the fiscal year ended December 31, 2002 the County was self-funded for the following risks: health, one (1) dental program, automobile collision and workers' compensation.

A fund was established in 1984 for self-funded health and dental coverage. Converted into an internal service fund in 1987, it was expanded to include workers' compensation coverage for the Highway Department. In 1992 the County went self-funded for all workers' compensation and in 1993 went self administered. Costs for this fund are billed to each County department using a premium calculation based on a claims experience/exposure basis using an actuarial evaluation.

This fund covers losses to varying degrees with commercial insurance purchased for claims in excess of the established amounts. The maximum for any individual specific health claim was \$150,000. There is a \$250,000 self insured maximum for any workers' compensation claim.

At the beginning of 1995 the County joined the WMMIC. The County was required to fund a capital contribution of its respective portion of the company at the time of entry. The WMMIC consisted of ten (10) counties and two (2) cities prior to our joining. The County's contribution was \$1,519,000. On an occurrence basis WMMIC provides \$5,000,000 per occurrence excess coverage over and above the County's self insured retention (SIR) level for liability coverage with no annual aggregate. On a claims made basis WMMIC provides \$5,000,000 per occurrence excess coverage for errors and omissions coverage. On a claims made basis WMMIC provides \$5,000,000 per occurrence excess coverage for employee benefit liability. The last two (2) coverages have a \$15,000,000 annual aggregate.

An internal service fund was established in 1988 to account for the County's property and casualty insurance exposures. Costs for this fund are billed to user departments using a premium calculation based on valuations of property in combination with claims experience/exposure and an actuarial review. Beginning in 1988 the County selected a \$100,000 per occurrence/\$400,000 aggregate deductible, in 1995 the County selected a \$100,000 per occurrence/\$500,000 aggregate deductible and in 1998 changed back to a \$100,000 per occurrence/\$400,000 aggregate deductible for automobile liability, general liability and errors and omission coverage. In 1999 the County selected a \$400,000 per occurrence and aggregate deductible level for its SIR.

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

Since 1987 the County has purchased property insurance from the Local Government Property Insurance Fund. This insurance coverage provides protection on a replacement cost basis for approximately \$167 million of physical assets. Claims on buildings, contents and contractors equipment have a deductible of \$1,000 and automobile comprehensive has a \$100 deductible.

INDEPENDENT AUDIT

County policy, in accordance with state and federal requirements, is to provide for an annual audit by an independent certified public accountant. In addition to meeting the requirements set forth above, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related U. S. Office of Management and Budget Circular A-133. Further, the audit meets the requirements of the State Single Audit Guidelines issued by the Wisconsin Department of Administration. The independent auditors' report on the general purpose financial statements is included in the financial section of this report. The independent auditors' reports related specifically to the federal and state single audit are included in a separately issued single audit report which is available from the Finance Department.

CERTIFICATE OF ACHIEVEMENT

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

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

INVITATION AND ACKNOWLEDGMENTS

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

The preparation of the CAFR could not be accomplished without the efficient and dedicated services of the entire staff of the Finance and Treasury Departments. We would like to express our appreciation to all members of the Departments who assisted and contributed to its preparation. We would like to extend a special thanks to Tom Schlieff, who was the Director of the Marathon County Historical Society, for his contribution on the brief history on the development of Marathon County. We would offer this special thank you to Roger Luce, the Executive Director of the Chamber of Commerce, for his contributions to the Economic Conditions and Outlook section of this transmittal letter. We would also like to thank the Marathon County Board of Supervisors and the Finance and Property Committee for their interest and support in planning and conducting the financial operations of the County in a responsible manner. The County's excellent financial condition and reasonable tax rate are acknowledgments of their dedication.

Respectfully submitted,

MARATHON COUNTY

*Mort McBain
County Administrator*

MARATHON COUNTY

*Kristi A. Kordus
Finance Director*

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Marathon County,
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

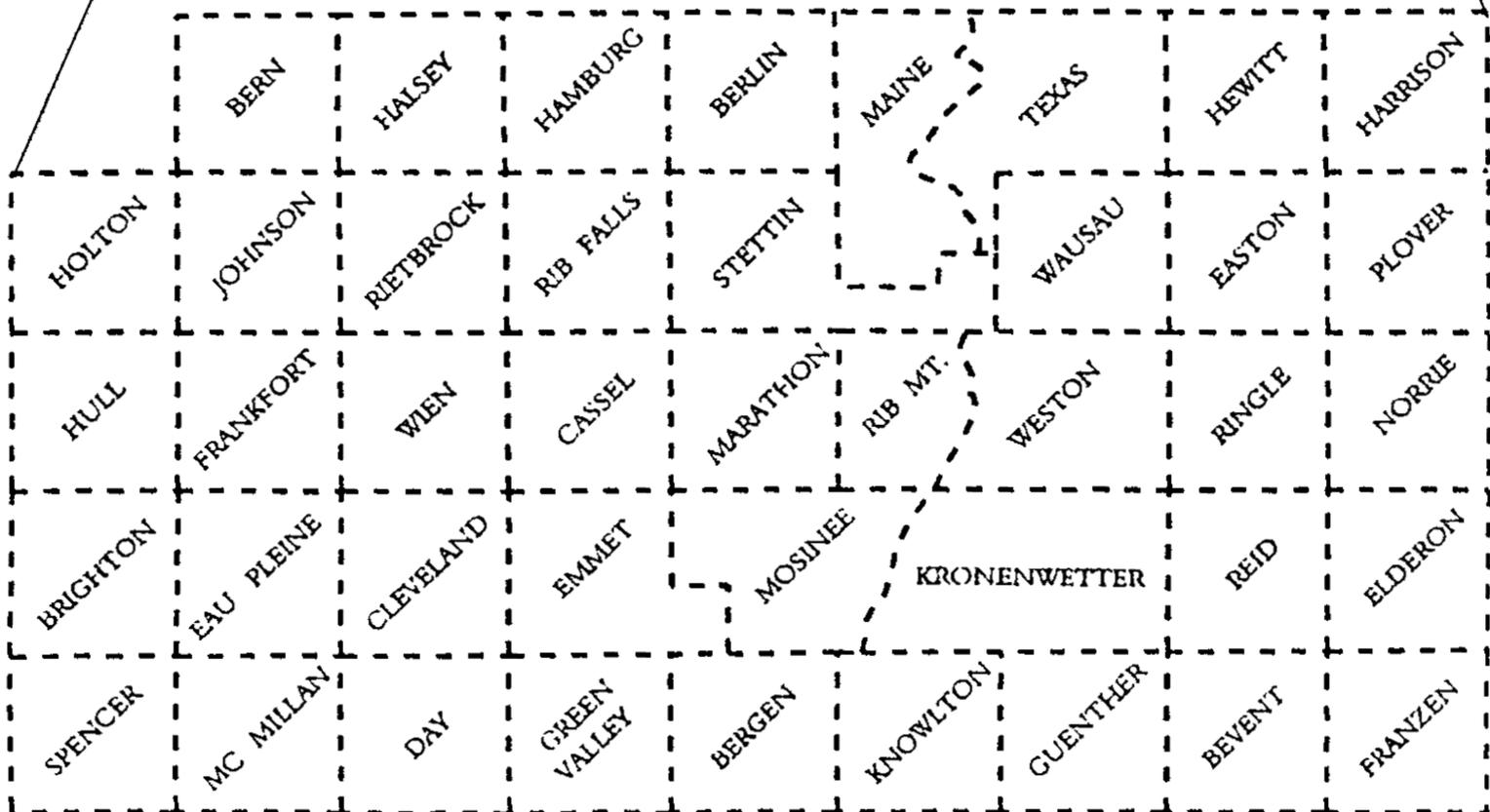
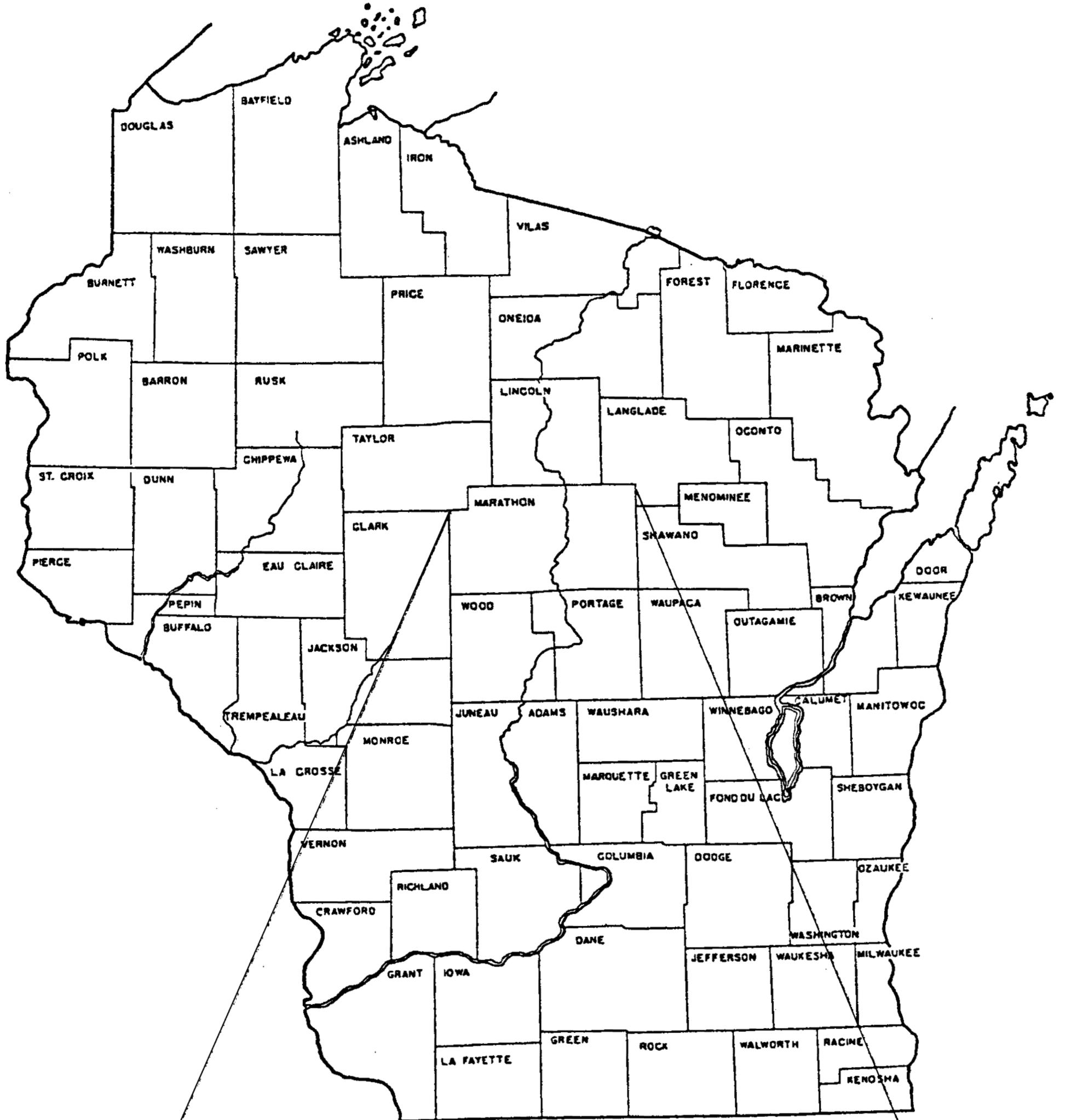


A handwritten signature in black ink, appearing to read "William Patrick Bate".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

Executive Director



HISTORY OF MARATHON COUNTY

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

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

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

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

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

Tom Schleif, Director
Marathon County Historical Museum

MARATHON COUNTY BOARD OF SUPERVISORS

April 16, 2002 to April 20, 2004

District No. 1	Jim Rosenberg	District No. 20	Barbara J. Ermeling
District No. 2	James R. Seefeldt	District No. 21	Elaine A. Duginske
District No. 3	Donna Knapp	District No. 22	Mark F. Maloney
District No. 4	Kathleen Y. Anderson	District No. 23	Daniel P. Bohman
District No. 5	Martin W. Welles	District No. 24	Sandra Morris
District No. 6	Betty Donovan	District No. 25	Frank Zebro
District No. 7	Kenneth L. Day	District No. 26	Robert A. Feit
District No. 8	Brian R. Nelson	District No. 27	Richard Scheuer
District No. 9	Ted Tellekson	District No. 28	Bettye J. Nall
District No. 10	Ya M. Yang	District No. 29	Robert J. Wiesman
District No. 11	Aaron C. Baumgardt	District No. 30	William Gamoke
District No. 12	John F. Schilling	District No. 31	Jim Luetschwager
District No. 13	Elmer Bootz	District No. 32	Dennis M. Weix
District No. 14	Edward F. Fenhaus	District No. 33	Marvin Anderson
District No. 15	Gary Wyman	District No. 34	Dale A. Barkow
District No. 16	Sarah L. Kamke	District No. 35	Keith Langenhahn
District No. 17	Elroy Zemke	District No. 36	Karen L. Piel
District No. 18	Vilas E. Machmueller	District No. 37	Ginger Alden
District No. 19	Robert J. VanLanen	District No. 38	Jess F. Kufahl

Chairperson Keith Langenhahn
Vice Chairperson Donna Knapp

STANDING AND STATUTORY COMMITTEES FOR 2002 - 2004

ENVIRONMENTAL RESOURCES COMMITTEE

Elmer Bootz, Chairman
Elroy Zemke, Vice-Chair
Frank Zebro
Edward Fenhaus
Richard Scheuer
Ray Heiser
Robert Wiesman
Marilyn Bhend

EXECUTIVE COMMITTEE

Keith Langenhahn, Chairman
Donna Knapp, Vice-Chair
Aaron Baumgardt
Gary Wyman
Barbara Emerling
Elmer Bootz
Martin Welles

EXTENSION EDUCATION COMMITTEE

Frank Zebro, Chairman
Bettye Nall, Vice-Chair
Kathleen Anderson, Secretary
Elaine Duginske
John Schilling
Dale Barkow
Dan Bohman

FINANCE AND PROPERTY COMMITTEE

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Frank Zebro - Vice Chair
Elmer Bootz
Ginger Alden
Edward Fenhaus
Aaron Baumgardt
Kenneth Day
William Gamoke
Robert Wiesman

FORESTRY, RECREATION AND ZONING COMMITTEE

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Frank Zebro, Vice-Chair
Dennis Weix, Secretary
James Seefeldt
Sandra Morris

HIGHWAY COMMITTEE

Elmer Bootz, Chairman
Robert Wiesman, Vice-Chair
Dale Barkow, Secretary
Gary Wyman
Martin Welles

HUMAN SERVICES COMMITTEE

Martin Welles, Chairman
Sarah Kamke, Vice-Chair
Robert Feit
Sandra Morris
Bettye Nall
Keith Langenhahn

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Richard Scheuer, Chairman
Frank Zebro, Vice-Chair
James Seefeldt
Robert VanLanen
Kathleen Anderson
Gene Christian (FSA Member)

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Jess Kufahl
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Ya Yang

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Betty Donovan
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Vilas Machmueller, Vice-Chair
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Louis Plaisance - Citizen Member
Ray Heiser - Citizen Member

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Jan Wieman, Secretary
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Dr. Kevin O'Connell
Bettye Nall
Dennis Weix
Dr. Julie Fox
Dr. Gerald Schroeder, Medical Advisor

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Marvin Knuth, Vice Chair
Elaine Duginske, Secretary
James Seefeldt
Raymond Heiser
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John Tobakos, Vice-Chair
Leona Tucker, Secretary
Kathleen Anderson
Joe Mielczarek
MeLee Thao
Ginger Alden
Rose Boron
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Lisa Bergmann, Vice-Chair
Scott Johnson, Secretary
Gary Lewis
John Southworth
Carol Schulz
Donald Southworth

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Larry Stordahl, Vice-President
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Dorothy Scott
Louann Fenhaus
Robert Feit
Yolanda Voigt

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Don Christianson, President
Elroy Zemke
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Robert Wiesman
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Karen Kellbach
Craig Knapp

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BOARD**

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Joe Kinsella
Lee Forman
Mary Polivka
Steven Agnoli
Charmaine Prewitt
Lloyd Goddell
Kent Olson
Lisa Peterson
Liz McDonald
Darlene Eckerman
Phil Mendham
Cindy Kiesling
Mark Kramer
Ron Schnyder
Peter Yang
Adrian Lorbetske
Phyllis Bermingham
Marcia Christiansen
Brian Doudna
Sam Cooper
Dana Jackson
Ann Williams
Jan McCarron
JoAnn Hium
Tari Jahns
Spencer Mosley
Renea Frederick
Patsy Woller
Pat DeWitt
Carolyn Michalski
Alan Olds

**INDUSTRIAL DEVELOPMENT AGENCY
BOARD**

Keith Langenhahn
Mort McBain
Lorraine Beyersdorff
Thomas Finley
Kristi Kordus
Gary Wyman
Mike Morrissey, Citizen Member
Hugh Jones, Citizen Member
Dale Smith, Citizen Member

DISCRETELY PRESENTED COMPONENT UNIT COMMITTEES FOR 2002 - 2004

**CENTRAL WISCONSIN AIRPORT
BOARD**

Aaron Baumgardt, Chair
Dwight Stevens, Vice-Chair, Portage Co.
Edward Fenhaus
Vilas Machmueller
James Krems, Portage Co.
LeRoy Jonas, Citizen Member
Jerry Glad, Citizen Member, Portage Co.

**CITY-COUNTY DATA CENTER
COMMISSION**

Mort McBain, Chair
Linda Lawrence, Vice-Chair
Kristi Kordus, Secretary/Treasurer
Keith Langenhahn
Maryanne Groat
Robert Kamke

**NORTH CENTRAL COMMUNITY
SERVICES**

Sarah Kamke, Chair
Joanne Kelly, Vice-Chair
Harvey Woodward, Secretary, Lincoln Co.
Ken Moberg
Gerald Hoffman
J. Ken Peters, Langlade Co.
LeRoy Jonas
Thom Williams
Dr. Hilary Scully
Merle Wendt, Langlade Co.
Ronald Krueger, Lincoln Co.
Rebecca Kirksey
Glenn Goldsmith
Cheryl Davis

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

Primary Government

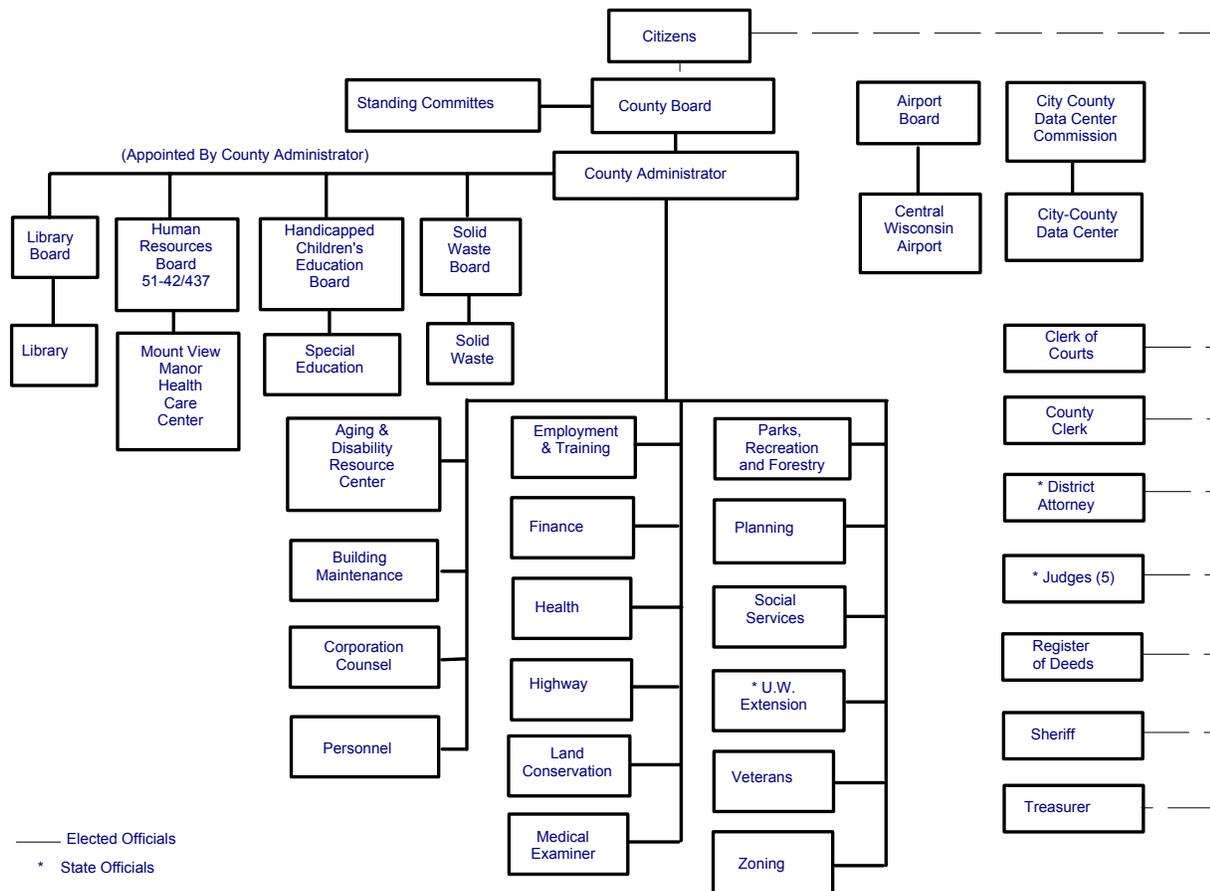
	Mort McBain	County Administrator
	Deb Menacher	Aging & Disability Resource
	Kenneth Mesenberg	Building Maintenance
*	Donna J. Seidel	Clerk of Courts
	Thomas Finley	Corporation Counsel
*	Nan Kottke	County Clerk
*●	Jill Falstad	District Attorney
	Phyllis Bermingham	Employment & Training
	Kristi Kordus	Finance
	Julie Williams Van Dijk	Health
	Glenn Speich, Jr.	Highway
	Dean Kaatz	Land Conservation
	Mary Bethke	Library
*	John Larson	Medical Examiner
	William Duncanson	Parks, Recreation & Forestry
	Frank Matel	Personnel
	James Edward Hammer	Planning
*	Michael Sydow	Register of Deeds
*	Randy Hoenisch	Sheriff
	Larry Hagar	Social Services
	Jim Pellitteri	Solid Waste
	Eric Hartwig	Special Education
*	Lorraine I. Beyersdorff	Treasurer
	Mike Wildeck	UW Extension
	Scott Berger	Veterans Service
	James Burgener	Zoning

Discretely Presented Component Units

	James Hansford	Central Wisconsin Airport
	Dave Kluever	City-County Data Commission
	Tim Stellar	North Central Community Services

* Elected ● State Employee

MARATHON COUNTY ORGANIZATIONAL CHART 2002



MARATHON COUNTY, WISCONSIN

FINANCIAL STATEMENTS

For the Year Ended December 31, 2002

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FINANCIAL SECTION



Virchow Krause & company

INDEPENDENT AUDITORS' REPORT

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

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, 2002, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Marathon County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of North Central Community Services, which represent 49.9 percent and 87.9 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for North Central Community Services, is based 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our 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, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general and social improvement funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1B, Marathon County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of December 31, 2002.

Virchow, Krause & Company, LLP

Certified Public Accountants & Consultants • An Independent Member of Baker Tilly International

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

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of Marathon County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management discussion and analysis on pages 24 through 34 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marathon County's basic financial statements. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The "Letter of Transmittal" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Marathon County, Wisconsin. The information has not been audited by us and, accordingly, we express no opinion on such information.

Virchow, Krause & Company, LLP

Madison, Wisconsin
May 8, 2003

Management's Discussion and Analysis

As management of Marathon County, we offer the readers of Marathon County's financial statements this narrative overview and analysis of the financial activities of Marathon County for the fiscal year ended December 31, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-8 of this report.

Financial Highlights

- The assets of Marathon County exceeded liabilities at the close of the most recent fiscal year by \$233,733,237 (net assets). Of this amount \$64,808,640 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$19,435,194.
- As of the close of the current fiscal year, Marathon County's governmental funds reported combined ending fund balances of \$47,144,009, an increase of \$867,495 in comparison with the prior year. Eighteen percent of this total amount, \$8,694,376, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$8,531,158, or 20 percent of total general fund expenditures.
- Marathon County's total debt decreased by \$845,000, 12 percent, during the current fiscal year. The key factor in this change was the payment of \$5,195,000 in general obligation notes and bonds. The County issued \$4,350,000 in general obligation notes in 2002 for capital improvement projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Marathon County's basic financial statements. Marathon County's basic financial statements comprise three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. In future years, when prior year's information is available, a comparative analysis of government-wide data will be measured.

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include not only Marathon County itself (known as the primary government), but also a legally separate school district, airport and health care center for which Marathon County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 35-36 of this report.

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

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

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

Marathon County maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, social improvement fund, capital improvement fund and the debt service fund, which are considered to be major funds.

Marathon County adopts an annual appropriated budget for its general fund and social improvement fund. A budgetary comparison statement has been provided for the general fund and social improvement fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 37-41 of this report.

Proprietary funds. Marathon County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. Marathon County uses enterprise funds to account for its landfill and for its highway operations. Internal service funds are an accounting device used to accumulate and allocate costs internally amongst Marathon County's various functions. Marathon County uses internal service funds to account for its property and casualty insurance fund and employee benefits fund. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for landfill and highway operations, both of which are considered to be major funds of Marathon County. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 42-45 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49-86 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Marathon County, assets exceeded liabilities by \$233,733,237 at the close of the most recent fiscal year.

By far the largest portion of Marathon County's net assets, 70 percent, reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets. Marathon County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Marathon County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Marathon County's Net Assets for 2002

	Governmental Activities	Business-type Activities	Total
Current and other assets	101,051,153	37,683,643	138,734,796
Capital assets	151,333,041	16,640,466	167,973,507
Total Assets	252,384,194	54,324,109	306,708,303
Long-term liabilities	5,101,346	258,000	5,346,346
Other liabilities	46,673,811	20,941,909	67,615,720
Total liabilities	51,775,157	21,199,909	72,975,066
Net assets:			
Invested in capital assets, net of related debt	146,231,695	16,395,466	162,627,161
Restricted	4,693,262	1,604,174	6,297,436
Unrestricted	49,684,080	15,124,560	64,808,640
Total net assets	200,609,037	33,124,200	233,733,237

An additional portion of Marathon County's net assets, 3 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$ 64,808,640, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Marathon County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The government's net assets increased by \$19,435,194 during the current fiscal year.

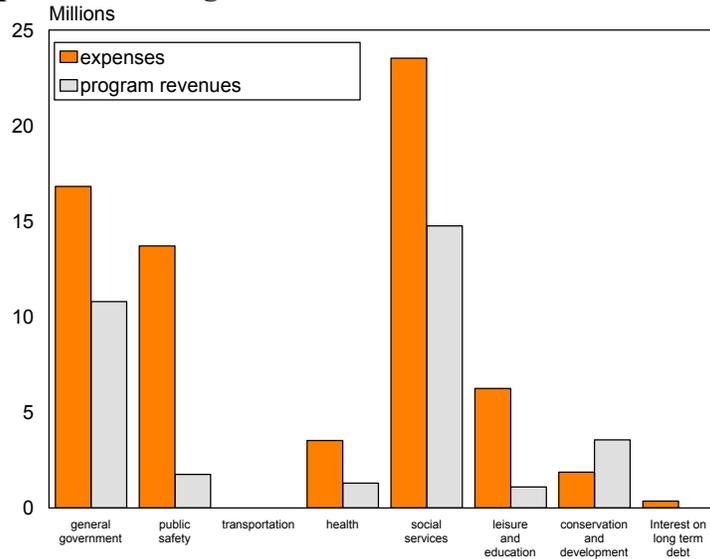
Governmental activities. Governmental activities increased Marathon County's net assets by \$12,184,809, thereby accounting for 63 percent of the total growth in the net assets of Marathon County. Key elements of this increase are as follows:

Marathon County's Changes in Net Assets for 2002

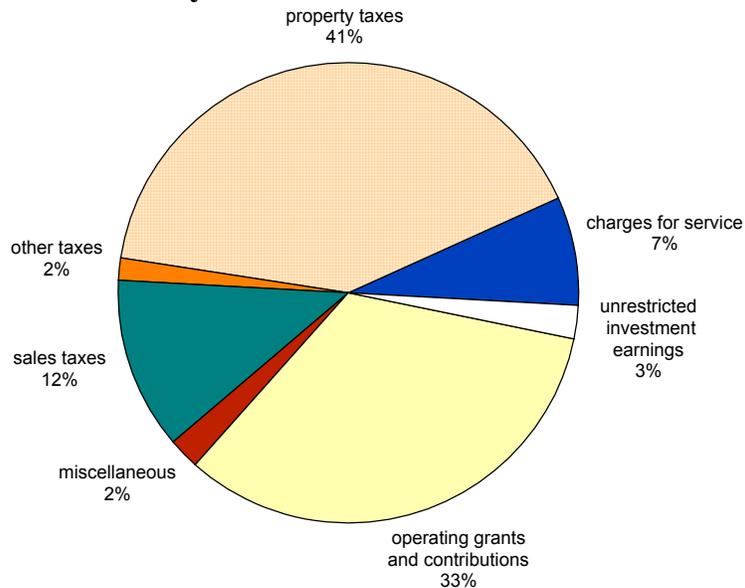
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues			
Charges for service	6,075,286	5,663,728	11,739,014
Operating grants and contributions	27,206,097	3,356,186	30,562,283
Capital grants and contributions	-	2,530,675	2,530,675
General Revenues			
Property taxes	33,373,230	6,163,799	39,537,029
Other taxes	11,006,451	-	11,006,451
Other	3,698,979	1,936,362	5,685,341
Total Revenues	81,360,043	19,650,750	101,010,793
Expenses:			
General government	16,818,744	-	16,818,744
Public safety	13,707,484	-	13,707,484
Health	3,532,435	-	3,532,435
Social services	23,528,262	-	23,528,262
Leisure and education	6,250,024	-	6,250,024
Conservation and development	1,874,657	-	1,874,657
Interest on long term debt	358,634	-	358,634
Landfill	-	2,839,215	2,839,215
Highway	-	12,761,840	12,761,840
Total expenses	66,070,240	15,601,055	81,671,295
Increase in net assets before transfers	15,385,499	4,049,695	19,435,194
Increase in net assets	12,184,809	7,250,385	19,435,194
Net assets-January 1, 2002	188,424,228	25,873,815	214,298,043
Net assets-December 31, 2002	200,609,037	33,124,200	233,733,237

Property taxes were \$ 39,537,029 for the year. A portion of the property taxes went to prepay \$2,855,000 in outstanding general obligation debt as part of the County's debt payment plan. Additional increases went to pay for increasing personal service operating costs such as health insurance and wage increases.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

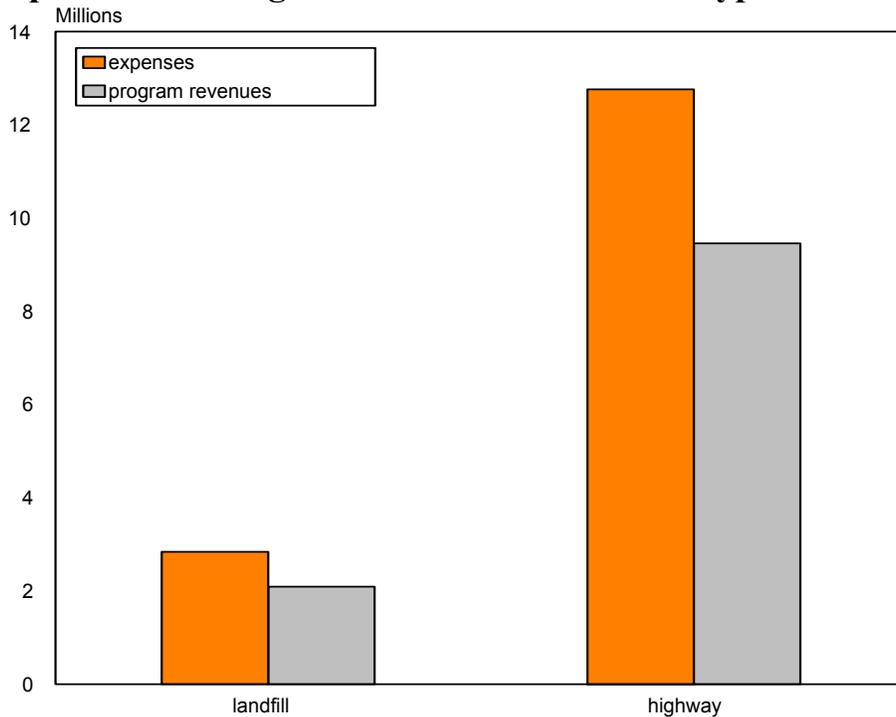


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Marathon County's highway showed a decrease in expenses of \$283,462, 2 percent, which reflects a reduction in staff for highway maintenance. Most of this reduction was to meet the lower state contract for highway maintenance and plowing services.

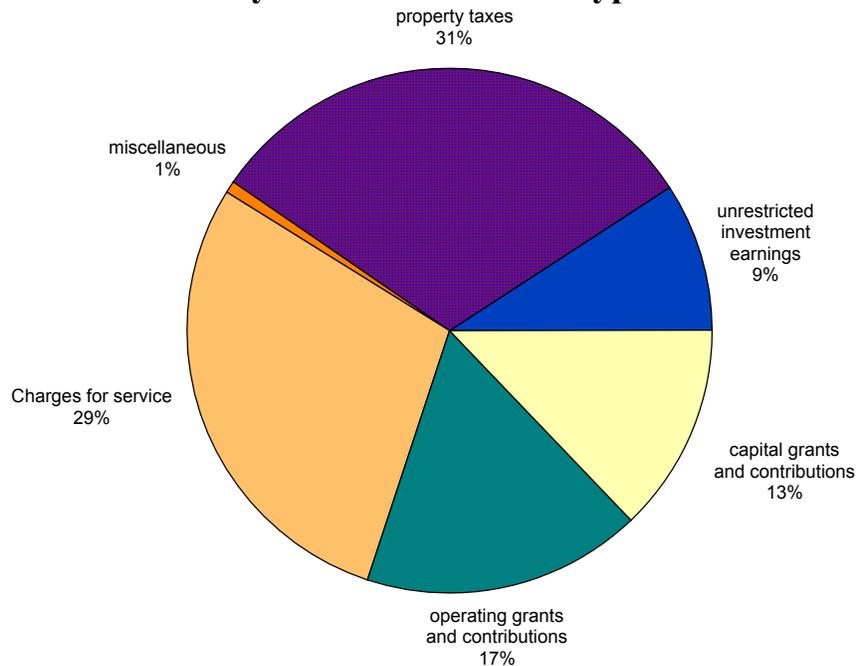
Business-type activities. Business-type activities increased Marathon County’s net assets by \$7,250,385, accounting for 37 percent of the total growth in the government’s net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by 1 percent. The increase comes from a 24 percent increase in charges for services in the highway fund.
- The Highway department received capital grants in the amount of \$2,530,675 for the construction of McCleary bridge and a west-side arterial bypass of Interstate 39/Highway 51. These projects will be completed in 2005.
- Investment earnings increased by \$ 336,428 for business-type activities because of an overall increase in the size of the investment portfolio.

Expenses and Program Revenues - Business-Type Activities



Revenue By Source - Business-Type Activities



Financial Analysis of the Government's Funds

As noted earlier, Marathon County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of Marathon County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Marathon County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As the end of the current fiscal year, Marathon County's governmental funds reported combined ending fund balances of \$ 47,144,009, an increase of \$ 867,495 in comparison with the prior year. Approximately 18 percent of this total amount, \$ 8,694,376, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) \$ 1,449,945 to liquidate contracts and purchase orders of the prior period, 2) \$68,362 to pay debt service, 3) \$14,289,208 for capital improvements, 4) \$3,507,988 for compensated absences or 5) \$ 2,867,160 for a variety of other restricted purposes.

The general fund is the chief operating fund of Marathon County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$ 8,531,158 while the total fund balance reached \$ 35,883,294. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balances represents 20 percent of total general fund expenditures, while total fund balance represents 85 percent of that same amount.

The fund balance of Marathon County's general fund increased by \$713,064 during the current fiscal year. Key factors in this growth are as follows:

- An increase in sales tax revenues of \$ 182,837.
- Revenues from public charges for services of the general fund increased by \$ 216,257 as a result of increased volume and increased user fees for some programs.

The debt service fund has a total fund balance of \$ 68,362, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$22,150. The County has committed to the prepayment of general obligation debt and \$ 2,855,000 was defeased in 2002.

Proprietary funds. Marathon County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the landfill at the end of the year amounted to \$7,935,212, and those for the highway operations amounted to \$7,353,188. The total growth in net assets for both funds was \$796,926 and \$ 6,453,459 respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of Marathon County's business-type activities.

General Fund Budgetary Highlights

Difference between the original expenditure budget and the final amended budget was \$3,798,581, which is an increase in appropriations and can be briefly summarized as follows:

- \$ 1,259,340 in miscellaneous increases in general government activities
- \$ 851,157 in increases allocated to the public safety
- \$ 367,915 in increases allocated to the health
- \$ 6,286 in increases allocated for social services
- \$ 789,148 in increases allocated for leisure and education
- \$ 277,310 in increases allocated for conservation and economic development
- \$ 247,425 in increases allocated for capital outlay

Of this increase, a major portion of this increase \$ 2,877,569 was to be funded out of increases in intergovernmental grants and aids. The other categories of revenues together funded those increases by \$ 25,893. The remaining \$ 895,119 was to be budgeted from transfers from other funds. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, this eliminating the need to draw upon existing fund balance.

Capital Asset and Debt Administration

Marathon County's investment in capital assets for its governmental and business-type activities as of December 31, 2002, amounts to \$ 167,973,507 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, highways, culverts, bridges and construction in process. The total increase in Marathon County's investment in capital assets for the current fiscal year was \$ 4,530,021 or 4 percent.

Major capital asset events during the current fiscal year included the following:

- Real estate acquisition began on the McCleary Bridge and Westside Arterial highway projects. Construction will start in 2003 and both projects are scheduled for completion in the fall of 2005.
- The next phase of the Courthouse remodeling has been initiated with a complete renovation of the ground floor.
- The grandstand at Marathon Park was completed at a net cost to the County of \$570,165. The total expense was \$700,442 and the county received \$130,277 in donations to offset the cost of construction.

Marathon County's Capital Assets

Governmental Activities	Governmental Activities	Business-type Activities	Total
Construction in process	3,873,732	-	3,873,732
Land	7,260,325	4,594,537	11,854,862
Buildings	55,086,495	5,981,206	61,067,701
Improvements	5,891,599	14,534,568	20,426,167
Equipment	14,715,989	11,413,020	26,129,009
Infrastructure	138,659,300	-	138,659,300
Subtotal	225,487,440	36,523,331	262,010,771
Less: Accumulated Depreciation	74,154,399	19,882,865	94,037,264
TOTAL	151,333,041	16,640,466	167,973,507

Additional information on Marathon County's capital assets can be found in note F on pages 68-69 of this report.

Long-term debt. At the end of the current fiscal year, Marathon County had a total bonded debt outstanding of \$ 4,370,000. This entire amount comprises debt backed by the full faith and credit of the government.

Marathon County's Outstanding General Obligation Debt for 2002

	Governmental Activities	Business-type Activities	Total
General Obligation Debt	4,125,000	245,000	4,370,000

- Marathon County's total debt decreased by \$ 845,000 during the current fiscal year. The key factor in this decrease was the payment of \$ 5,195,000 in general obligation debt, of which \$2,855,000 was defeased in 2002. Marathon County did issue \$4,350,000 in

general obligation notes for its 2002 capital improvement program. Marathon County maintains a Moody's Rating of Aa2 for a general obligation debt. The series 2002A general obligation notes have been rated Aa2 by this agency.

State statutes limit the amount of general obligation debt a government entity may issue to 5 percent of its total equalized valuation. The current debt limitation for Marathon County is \$339,958,390, which is significantly in excess of Marathon County's outstanding general obligation debt.

Additional information on Marathon County's long-term debt can be found in note J on pages 73-75 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Marathon County in 2002 was 4.8 percent. This compares favorably to the state's average unemployment rate of 5.5 percent.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing Marathon County's budget for the 2003 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$8,531,158. Marathon County has appropriated this amount to fund the 2004 capital improvement fund. It is intended that this use of available fund balance will avoid the need to raise taxes or borrow to complete capital projects.

Request for information

This financial report is designed to provide a general overview of Marathon County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Marathon County, 500 Forest Street, Wausau, WI, 54403-5568.

MARATHON COUNTY, WISCONSIN

Statement of Net Assets

December 31, 2002

	Primary government			Component Units	
	Governmental Activities	Business -Type Activities	Total	Major	Non-Major HCEB
Assets:					
Cash and cash equivalents	\$ 50,462,117	11,252,064	61,714,181	2,469,256	1,023,070
Investments	-	-	-	5,300,000	-
Taxes receivable	36,755,131	7,376,097	44,131,228	-	-
Accounts receivable	1,087,962	226,754	1,314,716	4,558,332	-
Contracts receivable	-	845,267	845,267	-	-
Accrued interest receivable	614,378	-	614,378	-	-
Penalties and interest receivable	177,478	-	177,478	-	-
Internal balances	164,700	(164,700)	-	-	-
Due from other governments	4,622,467	2,034,766	6,657,233	711,430	219,139
Due from discretely presented component unit	3,166	102	3,268	-	-
Prepaid items	32,203	-	32,203	432,561	-
Inventories	10,000	1,025,108	1,035,108	217,802	-
Restricted assets:					
Cash and cash equivalents	5,590,650	2,597,304	8,187,954	1,868,398	45,000
Investments	-	12,489,145	12,489,145	304,147	-
Accrued interest receivable	-	1,010	1,010	-	-
Deferred charges	11,901	726	12,627	68,285	-
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000	-	-
Capital Assets net of accumulated depreciation	151,333,041	16,640,466	167,973,507	36,986,950	219,423
Total assets	\$ 252,384,194	54,324,109	306,708,303	52,917,161	1,506,632
Liabilities:					
Accounts payable	\$ 3,386,701	793,261	4,179,962	1,541,456	67,609
Accrued items	889,377	106,182	995,559	1,139,790	384,286
Special deposits	1,684,338	-	1,684,338	304,147	-
Accrued interest payable	3,724	1,888	5,612	66,116	-
Due to other governments	1,187,676	757,602	1,945,278	282,742	-
Due to primary government	-	-	-	3,268	-
Deferred revenues	32,386,118	7,429,455	39,815,573	1,223,766	12,606
Current portion - purchase contracts	-	13,000	13,000	-	-
Contracts payable	55,997	13,000	68,997	-	-
General obligation notes payable	4,151,115	-	4,151,115	245,964	-
General obligation bonds payable	-	245,000	245,000	4,665,705	-
Forest crop loan payable	950,231	-	950,231	-	-
Landfill closure & long-term care payable	-	11,238,257	11,238,257	-	-
Accrued liability - claims payable	3,404,591	-	3,404,591	-	-
Compensated absences	3,675,289	602,264	4,277,553	1,912,195	64,997
Total liabilities	51,775,157	21,199,909	72,975,066	11,385,149	529,498
Net Assets:					
Invested in capital assets, net of related debt	146,231,695	16,395,466	162,627,161	32,075,281	219,423
Restricted	4,693,262	1,604,174	6,297,436	2,172,545	-
Unrestricted	49,684,080	15,124,560	64,808,640	7,284,186	757,711
Total net assets	\$ 200,609,037	33,124,200	233,733,237	41,532,012	977,134

The accompanying notes to the financial statements are an integral part of this statement.

MARATHON COUNTY, WISCONSIN

Statement of Activities

For the year ended 12/31/2002

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Major Component Units	Non-Major Component Units
					Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental Activities									
General government	\$ 16,818,744	2,916,642	7,878,275	-	(6,023,827)	-	(6,023,827)	-	-
Public Safety	13,707,484	1,143,058	615,836	-	(11,948,590)	-	(11,948,590)	-	-
Health	3,532,435	375,189	922,157	-	(2,235,089)	-	(2,235,089)	-	-
Social Services	23,528,262	724,225	14,036,528	-	(8,767,509)	-	(8,767,509)	-	-
Leisure and Education	6,250,024	659,875	442,463	-	(5,147,686)	-	(5,147,686)	-	-
Conservation and Development	1,874,657	256,297	3,310,838	-	1,692,478	-	1,692,478	-	-
Interest on long term debt	358,634	-	-	-	(358,634)	-	(358,634)	-	-
Total governmental activities	<u>66,070,240</u>	<u>6,075,286</u>	<u>27,206,097</u>	<u>-</u>	<u>(32,788,857)</u>	<u>-</u>	<u>(32,788,857)</u>	<u>-</u>	<u>-</u>
Business-type activities									
Landfill	2,839,215	2,078,437	14,093	-	-	(746,685)	(746,685)	-	-
Highway	12,761,840	3,585,291	3,342,093	2,530,675	-	(3,303,781)	(3,303,781)	-	-
Total business-type activities	<u>15,601,055</u>	<u>5,663,728</u>	<u>3,356,186</u>	<u>2,530,675</u>	<u>-</u>	<u>(4,050,466)</u>	<u>(4,050,466)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>81,671,295</u>	<u>11,739,014</u>	<u>30,562,283</u>	<u>2,530,675</u>	<u>(32,788,857)</u>	<u>(4,050,466)</u>	<u>(36,839,323)</u>	<u>-</u>	<u>-</u>
Component units:									
Governmental-Type									
Handicapped Children Education Board	4,521,727	2,725,698	1,596,661	-	-	-	-	-	(199,368)
Business-Type									
Central Wisconsin Airport	3,553,256	3,198,605	-	-	-	-	-	(354,651)	-
North Central Community Services	54,629,639	38,060,188	15,838,882	-	-	-	-	(730,569)	-
Total business-type component units	<u>58,182,895</u>	<u>41,258,793</u>	<u>15,838,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,085,220)</u>	<u>-</u>
General revenues:									
Taxes:									
Property taxes					33,373,230	6,163,799	39,537,029	-	-
Sales taxes					9,785,132	-	9,785,132	-	-
Other taxes					1,221,319	-	1,221,319	-	-
Grants and contributions not restricted to specific programs					-	-	-	2,677,412	71,649
Unrestricted investment earnings					1,857,501	1,789,481	3,646,982	274,473	23,243
Miscellaneous					1,937,174	146,881	2,084,055	138,179	8,176
Special item-gain on sale of capital assets					-	-	-	3,145	-
Transfers					(3,200,690)	3,200,690	-	-	-
Total general revenues, special items and transfers					<u>44,973,666</u>	<u>11,300,851</u>	<u>56,274,517</u>	<u>3,093,209</u>	<u>103,068</u>
Change in net assets					<u>12,184,809</u>	<u>7,250,385</u>	<u>19,435,194</u>	<u>2,007,989</u>	<u>(96,300)</u>
Net assets-beginning					<u>188,424,228</u>	<u>25,873,815</u>	<u>214,298,043</u>	<u>39,524,023</u>	<u>1,073,434</u>
Net assets-ending					<u>\$ 200,609,037</u>	<u>33,124,200</u>	<u>233,733,237</u>	<u>41,532,012</u>	<u>977,134</u>

The accompanying notes to the financial statements are an integral part of this statement.

MARATHON COUNTY, WISCONSIN

Balance Sheet
Governmental Funds

December 31, 2002

Assets and Other Debits	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 26,994,971	2,355,138	68,656	10,210,837	39,629,602
Taxes receivable	25,653,676	6,171,455	4,930,000	-	36,755,131
Accounts receivable	417,846	171,789	-	25	589,660
Accrued interest receivable	614,378	-	-	-	614,378
Penalties and interest receivable	177,478	-	-	-	177,478
Due from other governments	3,576,412	1,046,055	-	-	4,622,467
Due from other funds	6,040	-	-	-	6,040
Due from discretely presented component unit	3,166	-	-	-	3,166
Prepaid items	-	32,203	-	-	32,203
Inventories	10,000	-	-	-	10,000
Restricted assets:					
Cash and cash equivalents	5,574,643	16,007	-	-	5,590,650
Total assets and other debits	\$ 63,028,610	9,792,647	4,998,656	10,210,862	88,030,775
Liabilities, Equity and Other Credits					
Liabilities:					
Accounts payable	\$ 1,291,747	1,564,726	294	250,355	3,107,123
Accrued items	676,359	209,044	-	-	885,403
Special deposits	1,668,320	16,018	-	-	1,684,338
Interest payable	-	-	-	-	-
Due to other governments	649,686	519,585	-	18,405	1,187,676
Due to other funds	159	5,021	-	-	5,180
Deferred revenues	22,787,453	6,172,005	4,930,000	-	33,889,458
Contracts payable	-	-	-	55,997	55,997
Compensated absences	71,592	-	-	-	71,592
Total liabilities	\$ 27,145,316	8,486,399	4,930,294	324,757	40,886,766
Fund Balances:					
Fund balances:					
Reserved:					
Reserved	12,195,991	32,204	68,362	9,886,105	22,182,662
Unreserved:					
Designated	15,156,145	1,110,826	-	-	16,266,971
Undesignated	8,531,158	163,218	-	-	8,694,376
Total equity and other credits	\$ 35,883,294	1,306,248	68,362	9,886,105	47,144,009
Total liabilities and fund balances	\$ 63,028,610	9,792,647	4,998,656	10,210,862	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					151,331,432
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the fund					1,667,180
Internal service funds are used by management to charge costs of insurance coverage to individual funds. The assets and liabilities of the internal service funds are included in government activities in the statement of net assets.					9,139,165
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.					<u>(8,672,749)</u>
Net assets of government activities					\$ 200,609,037

The accompanying notes to the financial statements are an integral part of this statement.

MARATHON COUNTY, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds

Year ended December 31, 2002

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues:					
Taxes	\$ 31,478,817	5,795,448	4,852,076	750,000	42,876,341
Intergovernmental grants and aids	10,919,079	16,287,018	-	-	27,206,097
Licenses and permits	244,147	-	-	-	244,147
Fines and forfeitures	549,360	-	171,202	-	720,562
Public charges for services	3,903,232	766,690	50,340	8,125	4,728,387
Intergovernmental charges for services	382,190	-	-	-	382,190
Miscellaneous revenues	2,337,832	698,573	362,220	311,427	3,710,052
Total revenues	<u>49,814,657</u>	<u>23,547,729</u>	<u>5,435,838</u>	<u>1,069,552</u>	<u>79,867,776</u>
Expenditures:					
Current:					
General government	17,640,072	-	-	-	17,640,072
Public safety	13,007,817	-	-	-	13,007,817
Health	3,499,673	-	-	-	3,499,673
Social services	160,951	23,164,659	-	-	23,325,610
Leisure activities and education	5,789,820	-	-	-	5,789,820
Conservation and economic development	1,626,397	-	-	-	1,626,397
Capital outlay	175,142	-	-	3,958,289	4,133,431
Debt service:					
Principal	-	-	11,013,284	-	11,013,284
Interest and paying agent fees	-	-	405,969	20,662	426,631
Total expenditures	<u>41,899,872</u>	<u>23,164,659</u>	<u>11,419,253</u>	<u>3,978,951</u>	<u>80,462,735</u>
Excess (deficiency) of revenues over expenditures	<u>7,914,785</u>	<u>383,070</u>	<u>(5,983,415)</u>	<u>(2,909,399)</u>	<u>(594,959)</u>
Other financing sources (uses):					
Operating transfers in:					
General Fund	-	-	1,653,580	6,633,327	8,286,907
Social Improvement Fund	10,189	-	-	1,399,999	1,410,188
Capital Improvement Fund	889,748	-	4,307,685	-	5,197,433
Landfill	-	-	-	-	-
Sale of fixed assets	21,739	-	-	6,084	27,823
Component unit transfer in	-	-	-	95,696	95,696
General obligation debt issued	-	-	-	4,350,000	4,350,000
State loan program debt issued	163,510	-	-	-	163,510
Bond premium	-	-	-	26,115	26,115
Operating transfers out:					
General Fund	-	(10,189)	-	(889,748)	(899,937)
Debt Service Fund	(6,633,327)	-	-	(4,307,685)	(10,941,012)
Capital Improvement Fund	(1,653,580)	(1,399,999)	-	-	(3,053,579)
County Highway Fund	-	-	-	(3,200,690)	(3,200,690)
Total other financing sources (uses)	<u>(7,201,721)</u>	<u>(1,410,188)</u>	<u>5,961,265</u>	<u>4,113,098</u>	<u>1,462,454</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	713,064	(1,027,118)	(22,150)	1,203,699	867,495
Fund balances, January 1	35,170,230	2,333,366	90,512	8,682,406	46,276,514
Fund balances, December 31	\$ <u>35,883,294</u>	<u>1,306,248</u>	<u>68,362</u>	<u>9,886,105</u>	<u>47,144,009</u>

See accompanying notes to general purpose financial statements.

MARATHON COUNTY, WISCONSIN

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year ended December 31, 2002

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

Net change in fund balance-total governmental funds	\$	867,495
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. This is the amount by which capital outlay exceeded depreciation in the current period.		3,518,093
Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds		1,492,267
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of insurance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		6,473,659
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.		(196,039)
The net revenue of certain activities if internal service funds is reported with governmental activities.		<u>29,334</u>
Change in net assets of governmental activities	\$	<u><u>12,184,809</u></u>

The accompanying notes to the financial statements are an integral part of this statement

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year ended December 31, 2002

	2002			Variance favorable/(unfavorable) with final budget
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 27,964,806	27,974,176	31,478,817	3,504,641
Intergovernmental grants and aids	9,818,430	12,695,999	10,919,079	(1,776,920)
Licenses and permits	199,255	199,255	244,147	44,892
Fines and forfeitures	567,950	582,950	549,360	(33,590)
Public charges for services	3,280,317	3,331,296	3,903,232	571,936
Intergovernmental charges for services	807,382	792,912	382,190	(410,722)
Miscellaneous revenues	1,955,733	1,920,747	2,337,832	417,085
Total revenues	<u>44,593,873</u>	<u>47,497,335</u>	<u>49,814,657</u>	<u>2,317,322</u>
Expenditures:				
Current:				
General government	18,705,027	19,964,367	17,640,072	2,324,295
Public safety	13,341,733	14,192,890	13,007,817	1,185,073
Health	3,633,820	4,001,735	3,499,673	502,062
Social services	165,835	172,121	160,951	11,170
Leisure activities and education	6,025,145	6,814,293	5,789,820	1,024,473
Conservation and economic development	1,973,399	2,250,709	1,626,397	624,312
Capital outlay	393,000	640,425	175,142	465,283
Total expenditures	<u>44,237,959</u>	<u>48,036,540</u>	<u>41,899,872</u>	<u>6,136,668</u>
Excess (deficiency) of revenues over expenditures	<u>355,914</u>	<u>(539,205)</u>	<u>7,914,785</u>	<u>8,453,990</u>
Other financing sources (uses):				
Operating transfers in:				
Social Improvement Fund	-	-	10,189	10,189
Capital Improvement Fund	-	-	889,748	889,748
Sales of fixed assets	25,800	25,800	21,739	(4,061)
State loan program debt issued	13,746	13,746	163,510	149,764
Operating transfers out:				
Capital Improvement Fund	(6,551,078)	(6,633,327)	(6,633,327)	-
Debt Service Fund	-	(1,653,581)	(1,653,580)	1
Total other financing sources (uses)	<u>(6,511,532)</u>	<u>(8,247,362)</u>	<u>(7,201,721)</u>	<u>1,045,641</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	<u>(6,155,618)</u>	<u>(8,786,567)</u>	<u>713,064</u>	<u>9,499,631</u>
Fund balances, January 1	35,170,230	35,170,230	35,170,230	-
Fund balances, December 31	\$ <u>29,014,612</u>	<u>26,383,663</u>	<u>35,883,294</u>	<u>9,499,631</u>

The accompanying notes to the financial statements are an integral part of this statement.

MARATHON COUNTY, WISCONSIN

SOCIAL IMPROVMENT FUND

Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual

Year ended December 31, 2002

	2002			Variance favorable/(unfavorable) with final budget
	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
General property taxes	\$ 5,795,448	5,795,448	5,795,448	-
Intergovernmental grants and aids:				
Federal grants	1,260,212	1,427,360	1,654,331	226,971
State grants:				
Provided services and administration	3,882,969	3,900,927	4,321,622	420,695
Special services	7,374,102	9,118,443	7,466,654	(1,651,789)
Other revenues	3,067,608	3,179,441	2,844,411	(335,030)
Total intergovernmental grants and aids	<u>15,584,891</u>	<u>17,626,171</u>	<u>16,287,018</u>	<u>(1,339,153)</u>
Public charges for services:				
General government	27,600	27,600	46,539	18,939
Public safety	-	-	1,492	1,492
Social services	689,502	729,502	718,659	(10,843)
Total public charges for services	<u>717,102</u>	<u>757,102</u>	<u>766,690</u>	<u>9,588</u>
Intergovernmental charges for services	<u>630</u>	<u>630</u>	<u>-</u>	<u>(630)</u>
Miscellaneous revenues:				
Donations	517,552	504,630	460,891	(43,739)
Interest income	423,213	423,155	237,681	(185,474)
Total miscellaneous revenues	<u>940,765</u>	<u>927,785</u>	<u>698,573</u>	<u>(229,212)</u>
Total revenues	<u>23,038,836</u>	<u>25,107,136</u>	<u>23,547,729</u>	<u>(1,559,407)</u>
Expenditures				
Social services:				
Personal services	8,861,930	8,963,431	8,441,528	521,903
Contractual services	2,218,604	2,548,475	2,439,578	108,897
Materials and supplies	570,652	718,438	622,544	95,894
Fixed charges	423,338	423,338	423,532	(194)
Grants and contributions	11,040,442	12,555,194	11,208,513	1,346,681
Capital outlay	7,937	34,172	28,964	5,208
Total expenditures	<u>23,122,903</u>	<u>25,243,048</u>	<u>23,164,659</u>	<u>2,078,389</u>
Excess (deficiency) of revenues over expenditures	<u>(84,067)</u>	<u>(135,912)</u>	<u>383,070</u>	<u>518,982</u>
Operating transfers out:				
General Fund	-	-	(10,189)	(10,189)
Capital Improvement Fund	(1,399,999)	(1,399,999)	(1,399,999)	-
Total other financing sources (uses)	<u>(1,399,999)</u>	<u>(1,399,999)</u>	<u>(1,410,188)</u>	<u>(10,189)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	<u>(1,484,066)</u>	<u>(1,535,911)</u>	<u>(1,027,118)</u>	<u>508,793</u>
Fund balances, January 1	<u>2,333,366</u>	<u>2,333,366</u>	<u>2,333,366</u>	<u>-</u>
Fund balances, December 31	\$ <u>849,300</u>	<u>797,455</u>	<u>1,306,248</u>	<u>508,793</u>

The accompanying notes to the financial statements are an integral part of this statement.

MARATHON COUNTY, WISCONSIN

Statement of Net Assets-Proprietary Funds

December 31, 2002

Assets	BusinessType Activities-Enterprise Funds			Governmental Activities- Internal Service
	Landfill	County Highway	Total	
Current assets:				
Cash and cash equivalents	\$ 5,675,970	5,576,094	11,252,064	10,832,515
Taxes receivable	-	7,376,097	7,376,097	-
Accounts receivable	223,103	3,651	226,754	498,302
Contracts receivable	845,267	-	845,267	-
Due from other governments	3,477	2,031,289	2,034,766	-
Due from other funds	841	159	1,000	-
Due from discretely presented component unit	-	102	102	-
Inventories	65,087	960,021	1,025,108	-
Total current assets	6,813,745	15,947,413	22,761,158	11,330,817
Restricted assets:				
Cash and cash equivalents	2,597,304	-	2,597,304	-
Investments	12,489,145	-	12,489,145	-
Accrued interest receivable	1,010	-	1,010	-
Total restricted assets	15,087,459	-	15,087,459	-
Deferred charges	726	-	726	-
Noncurrent Assets:				
Deposit in Wisconsin Municipal Mutual Insurance Company	-	-	-	1,519,000
Total noncurrent assets	-	-	-	1,519,000
Capital Assets:				
Land	257,534	4,337,003	4,594,537	-
Buildings	1,283,066	4,698,140	5,981,206	-
Improvements	14,534,568	11,115,565	25,650,133	-
Equipment	297,455	-	297,455	58,466
Total capital assets	16,372,623	20,150,708	36,523,331	58,466
Less: accumulated depreciation and depletion	(12,091,500)	(7,791,365)	(19,882,865)	(56,857)
Net capital assets	4,281,123	12,359,343	16,640,466	1,609
Total assets	\$ 26,183,053	28,306,756	54,489,809	12,851,426
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 302,530	490,731	793,261	279,579
Accrued items	4,118	102,064	106,182	3,975
Interest payable	1,888	-	1,888	-
Due to other governments	757,602	-	757,602	-
Due to other funds	833	1,027	1,860	-
Deferred revenues	-	7,429,455	7,429,455	-
Current portion - purchase contracts	13,000	-	13,000	-
Total current liabilities	1,079,971	8,023,277	9,103,248	283,554
Long-term liabilities				
Non-current portion - purchase contracts	13,000	-	13,000	-
General obligations bonds payable	245,000	-	245,000	-
Landfill closure & long-term care payable	11,238,257	-	11,238,257	-
Accrued liability - claims payable	-	-	-	3,404,591
Compensated absences	31,316	570,948	602,264	24,116
Total long-term liabilities	11,527,573	570,948	12,098,521	3,428,707
Total liabilities	12,607,544	8,594,225	21,201,769	3,712,261
Net Assets				
Invested in Capital Assets, net of related debt	4,036,123	12,359,343	16,395,466	1,609
Restricted	1,604,174	-	1,604,174	4,624,900
Unrestricted	7,935,212	7,353,188	15,288,400	4,512,656
Total Net Assets	\$ 13,575,509	19,712,531	33,288,040	9,139,165

The accompanying notes to the financial statements are an integral part of this statement.

MARATHON COUNTY, WISCONSIN

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds

Year ended December 31, 2002

	BusinessType Activities-Enterprise Funds			Governmental Activities- Internal Service
	Landfill	County Highway	Total	
Operating revenues:				
Licenses and permits	\$ -	11,968	11,968	-
Public charges for services	2,078,437	-	2,078,437	-
Intergovernmental charges for services	-	3,573,323	3,573,323	6,837,633
Total operating revenues	<u>2,078,437</u>	<u>3,585,291</u>	<u>5,663,728</u>	<u>6,837,633</u>
Operating expenses:				
Salaries and benefits	189,619	4,096,007	4,285,626	149,269
Contractual services	1,144,369	1,060,346	2,204,715	246,136
Materials and supplies	23,026	978,044	1,001,070	19,559
Construction and maintenance	-	3,717,898	3,717,898	-
Landfill closure & long-term care	766,379	-	766,379	-
Building and equipment rent	-	1,854,073	1,854,073	-
Insurance and claims	-	-	-	6,723,337
Loss and loss adjustment expense	-	-	-	(169,174)
Insurance and administration costs	6,551	98,019	104,570	174,800
Depreciation	630,064	957,453	1,587,517	664
Other operating expenses	27,540	-	27,540	-
Total operating expenses	<u>2,787,548</u>	<u>12,761,840</u>	<u>15,549,388</u>	<u>7,144,591</u>
Operating (loss)	<u>(709,111)</u>	<u>(9,176,549)</u>	<u>(9,885,660)</u>	<u>(306,958)</u>
Nonoperating revenues and (expenses):				
General property taxes	-	6,163,799	6,163,799	-
Intergovernmental grants and aids	14,093	5,872,768	5,886,861	-
Investment income	891,697	253,070	1,144,767	433,182
Increase in the fair value of investments	644,714	-	644,714	-
Insurance recoveries	-	-	-	499,460
Other income	7,200	139,681	146,881	61,610
Interest expense	(21,667)	-	(21,667)	-
Other expenses	(30,000)	-	(30,000)	-
Total nonoperating revenues and (expenses), net	<u>1,506,037</u>	<u>12,429,318</u>	<u>13,935,355</u>	<u>994,252</u>
Income before contributions and operating transfers	<u>796,926</u>	<u>3,252,769</u>	<u>4,049,695</u>	<u>687,294</u>
Other financing sources (uses):				
Primary government transfer in Capital Improvement Fund	-	3,200,690	3,200,690	-
Total other financing sources	<u>-</u>	<u>3,200,690</u>	<u>3,200,690</u>	<u>-</u>
Increase in Net Assets	796,926	6,453,459	7,250,385	687,294
Net Assets, January 1 (as restated)	<u>12,778,583</u>	<u>13,259,072</u>	<u>26,037,655</u>	<u>8,451,871</u>
Net Assets, December 31	\$ <u>13,575,509</u>	<u>19,712,531</u>	<u>33,288,040</u>	<u>9,139,165</u>

The accompanying notes to the financial statements are an integral part of this statement.

MARATHON COUNTY, WISCONSIN

Statement of Cash Flows -
Proprietary Funds

Year ended December 31, 2002

	Business Type Activities-Enterprise Funds			Governmental Activities- Internal Service
	Landfill	County Highway	Total	
Cash flows from operating activities:				
Cash received from the sale of goods and services	\$ -	1,979,715	1,979,715	-
Collections from landfill disposal services	2,685,791	-	2,685,791	-
Collections from departments and other insurance purchasers	-	-	-	7,376,443
Cash received from other departments for reimbursement	-	3,201,725	3,201,725	-
Cash on hand with WMMIC for self insured retention	-	-	-	(16,819)
Cash paid to employees for services	(188,373)	(4,772,301)	(4,960,674)	(144,282)
Cash paid to suppliers for goods and services	(1,538,987)	(9,802,618)	(11,341,605)	(7,153,596)
Cash paid to other departments for reimbursement	-	(109,167)	(109,167)	-
Net cash provided (used) by operating activities	<u>958,431</u>	<u>(9,502,646)</u>	<u>(8,544,215)</u>	<u>61,747</u>
Cash flows from noncapital financing activities:				
General property taxes	-	6,163,799	6,163,799	-
Cash received from government grants	-	5,872,768	5,872,768	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>12,036,567</u>	<u>12,036,567</u>	<u>-</u>
Cash flows from capital financing activities:				
Payments for capital acquisitions	(878,747)	(1,753,625)	(2,632,372)	-
Payments of principal on debt obligations	(248,000)	-	(248,000)	-
Payments of interest on debt obligations	(21,789)	-	(21,789)	-
Net cash used by capital financing activities	<u>(1,148,536)</u>	<u>(1,753,625)</u>	<u>(2,902,161)</u>	<u>-</u>
Cash flows from investing activities:				
Increase (decrease) in short-term investments	(629,442)	-	(629,442)	-
Interest received on investments	891,697	253,070	1,144,767	433,183
Net cash provided (used) by investing activities	<u>262,255</u>	<u>253,070</u>	<u>515,325</u>	<u>433,183</u>
Net increase in cash and cash equivalents	72,150	1,033,366	1,105,516	494,930
Cash and cash equivalents, January 1	<u>8,201,124</u>	<u>4,542,728</u>	<u>12,743,852</u>	<u>10,337,585</u>
Cash and cash equivalents, December 31	<u>\$ 8,273,274</u>	<u>5,576,094</u>	<u>13,849,368</u>	<u>10,832,515</u>

Reconciliation of operating loss to net cash provided				
(used) by operating activities:				
Operating income (loss)	\$ (709,111)	(9,176,549)	(9,885,660)	(306,958)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	630,064	957,453	1,587,517	664
Insurance recoveries	-	-	-	499,460
Other income	-	139,681	139,681	61,610
Effects of (increase) decrease in operating assets and increase (decrease) in operating liabilities:				
Taxes receivable	-	(1,212,298)	(1,212,298)	-
Accounts receivable	88,708	491	89,199	(257,889)
Contracts receivable	20,577	-	20,577	-
Due from other governments	(3,477)	(1,548,773)	(1,552,250)	-
Due from other funds	(841)	(159)	(1,000)	-
Due from discretely presented component unit	-	(102)	(102)	-
Prepaid items	-	-	-	20,587
Inventories	-	(21,522)	(21,522)	-
Accrued interest receivable - on restricted assets	31,440	-	31,440	-
Accounts payable	142,498	253,624	396,122	201,818
Accrued expenses	763	(1,321)	(558)	2,142
Interest payable	(1,744)	-	(1,744)	-
Due to other governments	(11,623)	(85,766)	(97,389)	-
Due to other funds	740	639	1,379	-
Deferred revenues	-	1,210,653	1,210,653	-
Landfill closure & long-term care payable	766,379	-	766,379	-
Accrued liabilities - claims payable	-	-	-	(169,174)
Compensated absences	4,058	(18,696)	(14,638)	9,486
	<u>4,058</u>	<u>(18,696)</u>	<u>(14,638)</u>	<u>9,486</u>
Net cash provided (used) by operating activities	\$ <u>958,431</u>	<u>(9,502,646)</u>	<u>(8,544,214)</u>	<u>61,747</u>
Non-cash investing, capital and non-capital financing activities:				
Fair value adjustment - investments	\$ <u>644,714</u>	<u>-</u>	<u>644,714</u>	<u>-</u>
Reconciliation of cash and cash equivalents:				
Cash and cash equivalents	\$ 5,675,970	5,576,094	11,252,064	10,832,515
Cash and cash equivalents - restricted assets	<u>2,597,304</u>	<u>-</u>	<u>2,597,304</u>	<u>-</u>
Cash and cash equivalents, December 31	\$ <u>8,273,274</u>	<u>5,576,094</u>	<u>13,849,368</u>	<u>10,832,515</u>

The accompanying notes to the financial statements are an integral part of this statement.

MARATHON COUNTY, WISCONSIN

Statement of Net Assets

Major Discretely Presented Component Units

December 31, 2002

	Central Wisconsin Airport	North Central Community Service	Major Discretely Presented Component Units Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 65,636	2,403,620	2,469,256
Investments	-	5,300,000	5,300,000
Accounts receivable	196,887	4,361,445	4,558,332
Due from other governments	39,200	672,230	711,430
Prepaid items	-	432,561	432,561
Inventories	-	217,802	217,802
Total current assets	301,723	13,387,658	13,689,381
Restricted assets:			
Cash and cash equivalents	1,868,398	-	1,868,398
Investments	-	304,147	304,147
Total restricted assets	1,868,398	304,147	2,172,545
Deferred charges	50,150	18,135	68,285
Capital assets			
Land	614,983	826,141	1,441,124
Buildings	12,073,832	18,747,992	30,821,824
Improvements	22,339,446	-	22,339,446
Equipment	4,173,183	10,478,941	14,652,124
Construction in process	3,413,208	27,792	3,441,000
Total capital assets	42,614,652	30,080,866	72,695,518
Less: accumulated depreciation and depletion	(19,059,491)	(16,649,077)	(35,708,568)
Net capital assets	23,555,161	13,431,789	36,986,950
Total assets	\$ 25,775,432	27,141,729	52,917,161
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 94,758	1,446,698	1,541,456
Accrued items	25,150	1,114,640	1,139,790
Special deposits	-	304,147	304,147
Interest payable	66,116	-	66,116
Due to other governments	49,017	233,725	282,742
Due to primary government	3,268	-	3,268
Deferred revenues	-	1,223,766	1,223,766
Total current liabilities	238,309	4,322,976	4,561,285
Long-term liabilities			
General obligations notes payable	245,964	-	245,964
General obligations bonds payable	4,665,705	-	4,665,705
Compensated absences	109,907	1,802,288	1,912,195
Total long-term liabilities	5,021,576	1,802,288	6,823,864
Total liabilities	5,259,885	6,125,264	11,385,149
Net Assets			
Invested in Capital Assets, net of related debt	18,643,492	13,431,789	32,075,281
Restricted	1,868,398	2,593,210	4,461,608
Unrestricted	3,657	4,991,466	4,995,123
Total Net Assets	\$ 20,515,547	21,016,465	41,532,012

The accompanying notes to the financial statements are an integral part of this statement.

MARATHON COUNTY, WISCONSIN

Statement of Revenues, Expenses and Changes in Net Assets

Major Discretely Presented Component Units
Year ended December 31, 2002

	Central Wisconsin Airport	North Central Community Service	Major Discretely Presented Component Units Total
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Public charges for services	\$ 2,763,685	28,053,720	30,817,405
Intergovernmental charges for services	434,921	19,249,554	19,684,475
Intergovernmental grants and aids	-	7,970,891	7,970,891
Total operating revenues	<u>3,198,605</u>	<u>55,274,165</u>	<u>58,472,770</u>
Operating expenses:			
Salaries and benefits	1,042,946	34,686,020	35,728,966
Contractual services	645,680	9,225,261	9,870,941
Materials and supplies	204,355	9,068,948	9,273,303
Insurance and administration costs	40,928	-	40,928
Depreciation	1,255,196	1,582,098	2,837,294
Other operating expenses	10,647	-	10,647
Total operating expenses	<u>3,199,752</u>	<u>54,562,327</u>	<u>57,762,079</u>
Operating income (loss)	<u>(1,147)</u>	<u>711,838</u>	<u>710,691</u>
Nonoperating revenues and (expenses):			
Intergovernmental grants and aids	-	340,882	340,882
Interest income	45,254	229,219	274,473
Gain on sale of fixed assets	3,145	-	3,145
Loss on sale of fixed assets	-	(67,312)	(67,312)
Other income	97,560	-	97,560
Interest expense	(257,807)	-	(257,807)
Other expenses	-	(750,000)	(750,000)
Total nonoperating revenues and (expenses), net	<u>(111,848)</u>	<u>(247,211)</u>	<u>(359,059)</u>
Income (loss) before contributions and operating transfers	<u>(112,995)</u>	<u>464,627</u>	<u>351,632</u>
Other financing sources (uses):			
Operating transfers out to primary government:			
Capital Improvement Fund	(95,696)	-	(95,696)
Total other financing uses	<u>(95,696)</u>	<u>-</u>	<u>(95,696)</u>
Income (loss) before contributions and amortizations	<u>(208,691)</u>	<u>464,627</u>	<u>255,936</u>
Capital contributions	<u>1,752,052</u>	<u>-</u>	<u>1,752,052</u>
Increase in Net Assets	1,543,361	464,627	2,007,988
Net Assets, January 1 (as restated)	<u>18,972,186</u>	<u>20,551,838</u>	<u>39,524,024</u>
Net Assets, December 31	\$ <u>20,515,547</u>	<u>21,016,465</u>	<u>41,532,012</u>

The accompanying notes to the financial statements are an intergral part of this statement.

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Notes to the Financial Statements Year ended December 31, 2002

FOOTNOTE 1-Summary of Significant Accounting Policies

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

The financial statements of the County have been prepared in conformity with Generally Accepted Accounting Principles in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies as promulgated by various statements and interpretations of the GASB:

A. The Financial Reporting Entity:

The County adopted GASB No. 14, *The Financial Reporting Entity*, which provides standards for defining the financial reporting entity and identifying entities to be included in the Financial Statements. GASB No. 14 requirements for inclusion have been more specifically defined based upon financial accountability. The County's financial reporting entity consists of Marathon County (the primary government) and its discretely presented component units which, when added together, represent the financial reporting entity.

Discretely Presented Component Units:

The Government-wide financial statements include CWA, HCEB and NCCS as discretely presented component units.

Certain financial data pertaining to the CWA, contained in the notes hereafter, is not separable from the aggregated County data. In those occurrences the specific note will mention "the County (including the CWA as a discretely presented component unit)" so as to inform the reader where the data is not for the primary government alone. All financial data contained in the notes hereafter for the other discretely presented component units is listed separately.

The County has entered into two multigovernmental arrangements classified as discretely presented component units that create organizations that are owned, operated, or governed by two or more participants as separate and specific activities subject to joint leadership, in which Marathon County retains an ongoing financial interest or an ongoing financial responsibility, as follows:

Central Wisconsin Airport (CWA)

The CWA was created by Wisconsin Statute 114, which allows for the creation of multi-governmental agreements and is a joint function with Marathon and Portage counties. The CWA Board is made up of seven members whose appointments are based on the respective equalized value of each county. The ratio for 2002 (which is revised once every five (5) years) is Marathon County 64% and Portage County 36%. The current CWA Board is made up of four members from Marathon County and three members from Portage County. Therefore, Marathon County appoints a majority of the CWA board. The Board is

responsible for fiscal matters of the operations once the respective county boards approve the budget. The CWA Board can make changes in its budget up to \$50,000 without prior approval of the Counties. The CWA Board is responsible for the CWA management. Marathon County is financially accountable for CWA and records its full financial operations as a discretely presented component unit because Marathon County appoints a majority of the CWA board and:

1. Marathon County can impose its will on CWA since the budget for the operations and capital improvements must be approved by the respective County Boards.
2. The CWA has no tax levy authority.
3. There is a financial burden since each county takes responsibility for their respective share of bonded debt for any capital project.

North Central Community Services (NCCS)

The NCCS is a joint function with Marathon, Lincoln and Langlade counties providing medical and nursing care, including mental health care under contractual arrangements with the counties. It is also organized as a 51.42/437 Mental Health Board under Wisconsin Statutes giving the Board separate legal status. The County Board of Supervisors from the three counties appoint members to the Community Services Board. Marathon County appoints the majority of the NCCS board. The fourteen member board is made up of ten members from Marathon County and two members each from Lincoln and Langlade Counties. Annually the three counties fund an amount equal to expenses in excess of federal and state grants and patient fees as it relates to the respective counties proportionate share of operating costs. Capital facilities are the direct responsibility of each county. Nursing care is funded primarily by patient revenues and tax levy support. Marathon County is financially accountable for NCCS and records its full financial operations as a discretely presented component unit because Marathon County appoints a majority of the NCCS and:

1. Marathon County can impose its will on NCCS since the budget must be approved by the three separate County Boards.
2. The NCCS has no tax levy authority.
3. There is a financial burden since NCCS cannot issue debt and each county takes responsibility for their share of debt for capital projects.

Handicapped Children Education Board (HCEB)

Provided for by Wisconsin Statute 115.86 the HCEB must be shown on the financial report of the school district that exercises oversight over their Board or, if that does not occur, the HCEB must be reported on the County's financial reports. The financial reports of the HCEB are reported on a school fiscal year basis ending on June 30 of each year and are not converted to a calendar year report for inclusion in this CAFR. The HCEB provides educational services for seven school districts and therefore the Board is made up of seven members, one from each participating school district. School Superintendents from each of the districts serve on a special committee to advise the Board on educational matters. Once the budget is approved by the County Board, the HCEB is responsible for all budget and other fiscal related matters. The HCEB is responsible for hiring an Executive Director who in turn is responsible for the overall administration of the programs. Funding for services is recovered through user charges to participating school districts and federal and state grants and aids. The HCEB has the authority to fix cost sharing charges to the participating school districts in an amount sufficient to provide the funds necessary to fully fund operations. Without this ability, the HCEB would be fiscally dependent on Marathon County and records its full financial operations as a discretely presented component unit because:

1. The budget must be approved by the County Board.
2. The HCEB has no tax levy authority.
3. The HCEB cannot issue debt.

Condensed financial statements for CWA and NCCS as of their most recent fiscal year ended December 31, 2002 and the HCEB's most recent fiscal year ended June 30, 2002 are included in the financial statements. Significant footnote disclosures relating to the discretely presented component units are included within the respective notes to the financial statements. Complete financial statements of the individual discretely presented component units can be obtained from their respective administrative offices as follows:

Central Wisconsin Airport
823-1 Highway 153
Mosinee, WI 54455-9601

North Central Community Services
1100 Lakeview Drive
Wausau, WI 54403-6799

Handicapped Children's Education Board
1200 Lakeview Drive
Wausau, WI 54403-6799

B. Government-wide and Fund Financial Statements

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB34) and in June 2001, issued Statement No. 37 *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments – Omnibus*, (GASB37), and Statement No. 38 *Certain Financial Statement Note Disclosures*.

Marathon County made the decision to implement these standards effective January 1, 2002.

Statements No. 34 and 37, among many other changes, add two new "government-wide" financial statements as basic financial statements required for all governmental units. The statement of net assets and the statement of activities are the two new required statements. Both statements are prepared on the full accrual basis. Previously, in accordance with account standards for governmental units, the County used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for the governmental activity fund financial statements.

In addition, all funds are reported as business-type activities or governmental activities. The definition for these types of activities are discussed in other portions of this note.

Finally, all funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the reporting government as a whole. The statements distinguish between governmental and business-type activities. Governmental activities are generally 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 and 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 revenue. 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 are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitutes its assets, liabilities, fund equity, revenues and expenditure/expenses.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

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

Major Governmental Funds

The County reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Social Improvement Fund – The Social Improvement Fund is used to account for resources legally restricted to support the various community service programs.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs, but excludes debt serviced by proprietary funds and discretely presented component units.

Capital Project Fund – The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities but excludes those projects financed by proprietary funds and discretely presented component units.

Major Enterprise Funds

Enterprise Funds are used to report any activity for which a fee is charged to external users for goods and services.

The County reports the following major enterprise funds:

Landfill Fund – accounts for the operation of the County operated landfill

County Highway Fund – accounts for the operation of the highway systems

In addition, the County reports the following fund types:

Internal Service Funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

Discretely Presented Component Units

The CWA, HCEB and NCCS are reported as discretely presented component units of the County.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net assets 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 is 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 revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities have elected to follow all pronouncements of the Governmental Accounting Standards Board. The business-type activities have elected not to follow Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges from the Landfill and County Highway fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund types are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual or when measurable and available.

Those revenues susceptible to modified accrual are as follows:

1. Property tax collections including penalty and interest received within sixty days after year-end;
2. Sales tax collected and held by the State of Wisconsin at year-end on behalf of the County;

3. Other revenues that are receivable at year-end if actually collected during the first sixty days after year-end.

Other general revenues such as fines, forfeitures, inspection fees and miscellaneous revenues are considered measurable only when received in cash, with the exception of intergovernmental grants and aids that are recorded as revenue when County is entitled to the resources and the amounts are available. Amounts owed to the County which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include:

1. Principal and interest on general long-term debt which is recognized when due; and
2. Amounts in excess of the estimated 2% (the current portion) of accumulated compensated absence liabilities.

All governmental fund types are accounted for on a flow of current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, such statements present a summary of sources and uses of available spendable resources during a period.

All proprietary funds and the discretely presented component units are accounted for using the economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when a liability is incurred regardless of the timing of related cash flows.

The Reporting Entity follows all applicable pronouncements of the GASB, all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, to the extent they do not conflict with GASB pronouncements. In accordance with GASBS No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Reporting Entity has elected not to follow guidance of FASB Statements and Interpretations issued after November 30, 1989.

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 highway funds are charges to customers for 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.

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 and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

Cash includes amounts in petty cash, demand deposits, certificates of deposit and other short-term interest-bearing deposits.

Investments are stated at fair value based on quoted market prices or amortized cost in accordance with GASBS No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. They consist primarily of funds held in several legally acceptable government investment pools, a local certificate of deposit program and treasury securities.

2. Accounts 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 since it is believed that the amount of such allowance would not be material.

3. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. At certain times during the year the various grant programs can be waiting for reimbursement. This may cause the cash to be negative therefore creating the need to use the County's pooled cash for operations. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

4. Prepaid Items

Prepayments are payments made by the County for which benefit extends beyond December 31 or applies to the subsequent budget year.

5. Inventory

Inventories for the governmental funds are stated at cost with value being determined on the first in, first out basis of calculation. Inventories are recorded as expenditures when used rather than when purchased using the consumption method.

Inventory for the internal service funds and discretely presented component units are stated at the lower of cost or market with the value being determined on the first in, first out basis of valuation. Inventory which is accounted for using the consumption method consists of expendable supplies held for future use.

6. Restricted Assets

Mandatory segregation 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 assets.

7. Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$500 for general

assets and \$50,000 for infrastructure assets. Capital assets purchased since 1983 are recorded at cost. All other capital assets are valued at either historical cost or estimated historical cost. Prior to 1982, the County did not maintain a record of its capital assets. Donated capital assets are valued at their estimated fair value on the date donated.

Prior to January 2002, infrastructure assets consisting of certain improvements other than buildings, including highways, bridges, drainage systems, and lighting systems, were not capitalized. Upon implementing GASB34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required until January 1, 2006 when GASB 34 requires the County to retroactively report all major general infrastructure assets acquired since January 1, 1980. For the year ended December 31, 2002, the County has retroactively reported all network infrastructure assets.

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 costs 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 proceeds. \$0 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts and, generally, together with removal costs less salvage is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities. Accumulated depreciation is reported on the statement of net assets. Depreciation has been charged over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building	20 - 50 years
Improvements	2 - 20 years
Equipment	3 - 10 years
Infrastructure	20 – 75 years

Fund Financial Statements

Fixed assets used in the governmental funds type operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

8. Deferred Charges

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and in the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

9. Forest Crop Loan

The County participates in a program whereby counties which have established and maintained a county forest are eligible to receive from the state, out of the appropriation under Section 20.370(4)(ar) of the Wisconsin Statutes, 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 lands entered as county forest lands, the County pays a severance share of not less than 20 percent of the actual stumpage sales value of timber. Such severance share payments are credited against the cumulative loan made by the state to the County repayment of which is driven by

timber cutting activity not predetermined calendar time periods. Severance share payments will not exceed the balance due.

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.

10. Compensated Absences Liability

The County records compensated absences pursuant to GASBS No. 16 *Accounting for Compensated Absences*. All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements. The current portion of compensated absences incurred by governmental fund types are recorded in the General Fund.

The County's sick pay policy allows employees to earn varying numbers of sick days for each month worked. One-half of the unused accumulated amount vests upon completion of 20 years of service and is converted into the employees Post Employment Health Plan upon retirement.

The County's paid leave balance credit policy allows employees to vest any unused paid leave balance credits. The amount of unused vested paid leave balance credits estimated to be utilized in the current year and paid for with available spendable resources in the governmental fund types is approximately 2% and is recorded as an expenditure in the General Fund. The remaining accumulation is recorded as a long-term item in the individual proprietary fund financial statements and discretely presented component units is included in the government-wide financial statements.

In addition to pension benefits being provided through the Wisconsin Retirement System described in Note 5, 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 and draw down on the amount to pay the costs of health care and life insurance premiums. The expenditures/expense associated with these benefits is recognized during the period benefits are provided. For 2002 funding was estimated in the annual budget at \$109,814 with an actual cost of \$204,085. There were sixteen employees eligible for benefits as of year-end.

11. Long-Term Obligations/Conduit Debt

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The face value of debt issues is 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.

The County does not engage in conduit debt transactions.

12. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and

proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

13. Equity Classifications

Government-Wide Statements

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances if any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the 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 assets – All other net assets that do not meet the definition of “restricted or invested in capital assets, net of related debt.”

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

Fund Financial Statements

Under the provision of GASBS No. 1 *Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide*, a county may establish reserves of fund balance and/or retained earnings to segregate that portion of fund equity which is not appropriable for expenditure in future periods, or which is legally segregated for a specific future use. Fund equity designations may also be established to indicate tentative plans for financial resource utilization in a future period.

The nature and purpose for each of the County’s reserves and designations are explained as follows:

1. Reserved for Bureau of Aeronautics projects - represents the amount of restricted assets related to capital projects not currently obligated for payment to the Bureau of Aeronautics.
2. Reserved for passenger facility charge - represents the amount of restricted assets set aside for future qualifying construction needs at the CWA.
3. Reserved for capital improvements - represents amounts restricted to fund future capital additions.
4. Reserved for workers’ compensation liability - represents excess premiums collected in prior years that will be used to offset future rate increases.
5. Reserved for self-insurance - represents excess (deficiency) of premiums collected in prior years that will be used to offset future rate increases or need to be added to future premiums to assure proper funding levels or used as a financing mechanism to substitute traditional insurance coverage.
6. Reserve for health insurance-represents required to be reserved for the County’s health insurance claim liability.

7. Reserved for debt service - in the Debt Service Fund the amount represents funds available for future payment of principal and interest or obligations of the County. In the Landfill Fund it represents amounts currently included in the tipping fee of the landfill to be used to service future debt service costs.
8. Reserved for encumbrances - represents the commitments related to unperformed contracts for goods and services that will be fulfilled in a subsequent period.
9. Reserved for delinquent taxes other governmental entities - represents delinquent property taxes that are uncollected by other taxing jurisdictions that have been purchased by the County. The amounts are shown in the tax certificate and tax deed accounts and do not constitute available spendable resources and are a reduction of the receivable when collected.
10. Reserved for prepaid items - represents amounts equal to prepaid items of governmental fund types as these amounts do not constitute available spendable resources.
11. Reserved for inventories - represents amounts equal to inventories of governmental fund types as these amounts do not constitute available spendable resources.
12. Reserved for long-term receivables - represents amounts equal to advances to governmental entities of Marathon County as these amounts do not constitute available spendable resources.
13. Reserved for capital improvements - represents the amount of fund equity to be used in the 2003 operating year to purchase items or continue projects originally appropriated in previous years as determined by the County Board budget ordinance.
14. Reserved for compensated absences - represents action by the County Board to begin setting aside current resources to fund future requirements.
15. Designated for capital improvements - represents cash collected in previous years designated for specific projects.
16. Designated for subsequent years budget - represents the amount of fund balance to be used for the 2003 operating budget to continue programs and contracts.
17. Designated for compensated absences - represents the amount of funds available through budget procedures in excess of the amount needed to fund the compensated absences calculation.
18. Designated for working capital - represents the amount of funds set aside to cover cash flow for the general operations of governmental funds. The policy approved by the County Board for most funds restricts the amount from being used to offset future years' tax levies.
19. Designated for the increase in the fair value of investments - represents the cumulative difference between the fair value of investments held and the amortized cost. This represents an amount that is not available for cash flow unless the security is sold for that value.

14. Statement of Cash Flows

For purposes of the statement of cash flows, the County's enterprise, internal service funds and discretely presented component units consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

FOOTNOTE 2-Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between The Governmental Fund Balance Sheet and the Statements of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that “long-term liabilities, including notes payable are not due and payable in the current period and therefore not reportable in the funds”. The details of this \$ 8,672,749 difference are as follows:

General Obligation Debt	\$ 4,151,115
Less: Deferred charges for issuance costs (to be amortized over the life of the debt)	(11,901)
Accrued interest payable	3,724
Forest Crop Loan	950,231
Compensated Absences	<u>3,579,580</u>

Net adjustment to reduce *fund balance-total governmental funds* to arrive at *net assets-governmental activities* \$ 8,672,749

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, “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.” The details of this \$ 3,518,093 difference are as follows:

Capital Outlay	\$11,104,421
Depreciation Expense	<u>(7,586,328)</u>

Net Adjustment to increase *net changes in fund balances-total governmental funds* to arrive at *changes in net assets of governmental activities* \$ 3,518,093

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$6,473,659 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation notes	\$ 4,350,000
Add: premium	26,115
Forest crop loan	163,510

Principal repayments:	
General obligation debt	(10,921,497)
Forest crop loan	(<u>92,019</u>)

Net adjustment to increase *net changes in fund balance – total governmental funds* to arrive at *changes in net assets of governmental activities* \$(6,473,659)

Another element of that reconciliation states that “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.” The details of this \$ 196,039 difference are as follows:

Compensated absences	\$ 264,036
Accrued interest	(45,023)
Amortization of issuance costs	(11,901)
Amortization of bond discounts	(<u>11,073</u>)

Net adjusted balance to decrease *net changes in fund balance – total governmental funds* to arrive at *changes in net assets of governmental activities* \$ 196,039

FOOTNOTE 3-Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

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 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 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.

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;
- 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. Encumbrances outstanding at year-end, if any, are reported as reservations of fund balances since they do not constitute expenditures or liabilities of the current period. Only those encumbrances that will be honored are reappropriated 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 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 and Property Committee the authorization for the carry forward of prior year's unexpended appropriations to the ensuing year.

Supplemental appropriations during the year totaled \$26,195,099 due to differences between estimated grant revenues and actual grant revenues received. All budgets originally adopted and supplemental changes for all governmental fund types are established on a calendar year basis.

General Fund	\$	5,534,411
Special Revenue		2,120,145
Debt		6,250,457
Capital Improvements		<u>12,290,086</u>
Total		\$ 26,195,099

B. Limitations of the County's Tax Levy Rate and Its Ability to Issue New Debt

As part of Wisconsin's State Budget Bill (1993 Act 16), legislation was passed that limits the County's future tax levy rates. Based upon current legislation, the County is limited to its 1992 tax levy rate. However, this limitation does not affect debt authorized prior to August 12, 1993 or refunding bonds.

The County may also exceed the limitation by holding a referendum (according to state statutes) authorizing the County Board to approve a higher rate. The County may also exceed the rate if it increases the services it provides due to a transfer of these services from another governmental unit.

The state budget bill also imposes restrictions on the County's ability to issue new debt. Generally, referendum approval is required to issue unlimited tax general obligation debt, with the following exceptions:

- refunding debt issue
- 75% approval by the County Board
- a reasonable expectation that the new debt can be accommodated within the existing tax rate
- other exceptions as listed in State Statutes Section 67.045

The 2002 tax levy rate is within the limitation contained in the state law.

FOOTNOTE 4-Detailed Notes on All Funds

A. Cash and Investments

The County (including the CWA as a discretely presented component unit) maintains separate and distinct bank or trust accounts for the following activities; the Clerk of Courts Account; the Landfill Escrows; bond issue escrows; and jail inmate account. All other funds share common bank and investment accounts. Other discretely presented component units maintain their own bank and investments accounts.

The cash and temporary cash investment balances of the reporting entity at December 31, 2002 are as follows:

Primary Government:

General Fund:	
Cash and investments	\$ 26,994,971
Cash and investments - restricted	5,574,643
Special revenue funds:	
Cash and investments	2,355,138
Cash and investments - restricted	16,007
Debt Service Fund:	
Cash and investments	68,656
Capital project funds:	
Cash and investments	10,210,837
Enterprise Fund:	
Cash and investments	11,252,064
Cash and investments - restricted	2,597,304
Investments - restricted	12,489,145
Internal service funds:	
Cash and investments	<u>10,832,515</u>
Subtotal Primary Government	82,391,280

Discretely Presented Component Units:
(including CWA as a discretely presented component unit):

Cash and investments	8,792,326
Cash and investments - restricted	<u>2,217,545</u>
Total Reporting Entity	<u>\$93,401,151</u>

Per statement of net assets
Total

\$93,401,151

B. Deposits

At year end, the Primary Government (including the Central Wisconsin Airport as a discretely presented component unit), had a carrying value of \$26,803,420 with financial institutions and a bank balance of \$26,800,111. All deposits in financial institutions are insured to \$100,000 by federal depository insurance and are guaranteed an additional \$400,000 by the State for each depository for losses incurred subject to the availability of funds in the State's Deposit Guarantee Fund.

At year-end, the remaining discretely presented component units had a carrying value of \$9,283,178 with financial institutions and a bank balance of \$6,590,366.

The bank balance for the Primary Government (including the Central Wisconsin Airport as a discretely presented component unit) is categorized as:

Amount insured by the FDIC and State of Wisconsin Insurance Fund	\$20,479,704
Uncollateralized	<u>6,320,407</u>
Total bank balance	<u>\$26,800,111</u>

The bank balance for the remaining discretely presented component units was categorized as:

Amount insured by the FDIC and State of Wisconsin Insurance Fund	\$3,353,107
Uncollateralized	<u>3,237,259</u>
Total bank balance	<u>\$6,590,366</u>

The Primary Government (including the Central Wisconsin Airport as a discretely presented component unit) bank balance which is categorized as uncollateralized represents checking deposits held for the benefit of the County and a sweep investment account tied to the County's main checking account.

The remaining discretely presented component units' bank balance categorized as uncollateralized represents a checking account and certificates of deposit held for the benefit of North Central Community Services with an uncollateralized balance of \$3,237,259.

C. Investments

State Statutes 66.0603(1m) and 67.11(2) authorize the County to invest in obligations of the U. S. Treasury, Agencies and Instrumentalities, obligations of Wisconsin governmental units, time deposits with maturities of less than one year in any financial institution in Wisconsin, the State of Wisconsin Local Government Investment Pool and other qualifying investment pools.

The County only deposits and invests its monies in investments allowed by State Statutes. Most investments are pooled for cash management and investment purposes. Investment earnings, except for unrealized gains and losses, are allocated to funds on the basis of average cash balances. Other funds have been invested in free-standing investment accounts, and those investment earnings are not allocated. Unrealized gains and losses are recognized in the funds for which the investments are held for specific legal reasons, and are shown as restricted assets. The amount of unrealized gains and losses from pooled investments is shown as a designated fund balance in the General Fund as an amount that does not represent expendable available resources.

GASB No. 3 *Deposits with Financial Institutions Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* defines three categories of investments to give an indication of the level of risk assumed by the County.

The reporting entity's investments are categorized in the following manner:

Category 1 - Includes investments that are insured or registered for which the securities are held by the County or its agent in the County's name.

Category 2 - Includes investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department (if a bank) or agent in the County's name.

Category 3 - Includes investments that are uninsured and unregistered for which the securities are held by the counterparty in the entity's name or its trust department (if a bank) or agent, but not in the County's name.

At year-end 2002, Marathon County's investment balance (including the Central Wisconsin Airport as a discretely presented component unit) were as follows:

	Category			Fair Value	Cost Basis
	1*	2	3		
U S Treasury Bonds & Notes	\$ 11,455,643	-	-	\$ 11,455,643	\$ 9,894,469
Federal Agency Bonds & Notes	23,388,030	-	-	23,388,030	23,038,147
Corporate Notes	6,550,938	-	-	6,550,938	6,164,002
Commercial Paper	9,055,674	-	-	9,055,674	9,055,994
Total	50,450,285	-	-	50,450,285	48,152,612
Investments not subject to categorization:					
State Treasurer's investment Pool				20,813	20,813
Other Investment Pools				7,070,850	7,070,850
Money Market Funds				522,307	522,307
TOTAL INVESTMENTS				\$ 58,064,255	\$ 55,766,582

*Marathon County (including the Central Wisconsin Airport as a discretely presented component unit) did not have any category 2 or category 3 investments.

Throughout 2002, the remaining discretely presented component units held no securities, although the HCEB held investments with government investment pools carried at \$734,902 which approximated fair value.

The investment in the Wisconsin Local Government Investment Pool (LGIP) is carried at fair value. The LGIP is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. This investment is guaranteed by Financial Security Assurance, Inc. (FSA), a Triple-A-rated financial guaranty insurance company. FSA insures against losses arising from principal defaults on any permitted investments which are not covered by:

1. \$400,000 of deposit insurance per account provided by the State of Wisconsin
2. Any deposit insurance associated with particular investments in the portfolio (such as FDIC insurance) on bank CD's, and
3. Application of interest received from nondefaulted investments for the quarter the principal loss occurred.

The County's investment in the Wisconsin CLASS program is valued at amortized cost because it is a 2a7-like pool.

D. Property Taxes

The County's property taxes are levied on or before December 31 on the equalized valuation as of the prior January 1 for all general property located in the County. Such taxes become a lien on January 1 and

are due and payable in the following year. Pursuant to GASBS No. 1, *Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide*, such amounts are recorded as property taxes receivable and deferred revenues in the accompanying financial statements. The aggregate levy of \$39,846,548 will be recognized as revenue during 2003.

Property taxes are recognized in the appropriate fund as revenues in the succeeding year when they are collected and available to finance services. If property taxes are not collected by year-end or within sixty days after year end, the delinquent property taxes are recorded as receivables and deferred revenues in the General Fund. Delinquent property taxes are recognized as revenue when received or available for payment of current expenditures.

The County purchases property taxes from other taxing authorities at the unpaid amount as a cash flow transaction to facilitate the collection of the taxes. The purchases are a financing arrangement per Wisconsin Statute 74.29 and are not included in property tax revenues when collected.

Property taxes as levied are collected by local treasurers typically through the last day of January in each year. At this time, a settlement process between the County Treasurer and local treasurers determines the amount due to the various taxing districts. Tax collection becomes the responsibility of the County and taxes receivable represent unpaid taxes levied for all taxing entities within the County. Real property taxes are payable by taxpayers in full by the last day of January or in two installments due by January 31 and July 31. Personal property taxes are due in full by the last day in January. The municipal treasurer retains collection of personal property taxes and settles with all taxing jurisdictions as if paid in full. If uncollected during the following year, the municipal treasurer may charge back to each taxing jurisdiction its proportionate share of the personal property tax still unpaid as per Wisconsin Statute 74.42. The County share of these uncollected taxes are written off as uncollectible; few if any will ever be collected. Most are defunct corporations or bankrupt companies. 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.

On August 30, all unpaid property taxes are reflected as tax certificates. No allowance for losses on delinquent taxes has been provided because of the County's ability to recover any losses through the sale of the property.

Special assessments and charges on the tax rolls are settled in full if an agreement between the county and local municipality has been signed. The local municipality reimburses the County for losses on special assessments and charges if the tax deed process occurs.

Delinquent property taxes purchased from other taxing authorities are reflected as reservations of 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 reservation of fund balances. Delinquent property taxes levied by the County are reflected as deferred 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.

Taxes receivable represent current taxes and unpaid taxes for 2002 and prior years as follows:

Year of Settlement	County Tax Levied	County Purchased	Balance December 31, 2002
1992	4,298	19,410	23,708
1993	8,211	34,088	42,299
1994	8,025	35,239	43,264
1995	8,939	36,698	45,637
1996	10,553	40,449	51,002
1997	12,314	38,780	51,094
1998	17,228	55,184	72,412
1999	36,003	111,330	147,333
2000	83,761	253,046	336,807
2001	209,636	639,350	848,986
2002	510,483	1,535,622	2,046,105
TOTAL TAX CERTIFICATES	909,451	2,799,196	3,708,647
TAX DEEDS			576,033
CURRENT TAXES			39,846,548
TOTAL TAXES RECEIVABLE			\$44,131,228

Delinquent taxes collected within the sixty day period subsequent to year end aggregated \$105,746 and \$320,555 for delinquent taxes levied and purchased by the County, respectively.

E. Due from Other Governments

Amounts due from other governments are for various services provided by the County and its discretely presented component units in advance of payments.

The City of Wausau owes \$185,339 for park services performed.

The State of Wisconsin has a two month lag for the remittance of sales tax in the amount of \$1,724,100. The State of Wisconsin and other local districts also owe the County various amounts for the completion of road projects.

Amounts due from other governments are for various services provided by the County and its discretely presented component units in advance of payments.

F. Capital Assets

Capital asset activity for the year ended December 31, 2002 was as follows:

Governmental Activities	Balance January 1, 2002	Additions 2002	Deletions 2002	Balance December 31, 2002
Construction in process	\$ 3,310,960	1,443,555	880,783	3,873,732
Land	7,058,700	201,625	-	7,260,325
Buildings	55,051,868	132,514	97,887	55,086,495
Improvements	3,834,443	2,057,156	-	5,891,599
Equipment	14,305,038	695,171	342,686	14,657,523
Infrastructure	132,084,900	6,574,400	-	138,659,300
Subtotal	215,645,909	11,104,421	1,321,356	225,428,974
Less: Accumulated Depreciation	66,915,191	7,586,328	403,977	74,097,542
TOTAL	\$ 148,730,718	3,518,093	917,379	151,331,432

Construction in process consists of the following:

Courthouse Remodeling	\$ 3,548,831
Art building UWMC	202,552
Humane Society Remodeling	<u>122,349</u>
Total	<u>\$3,873,732</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General Government	\$ 5,900,608
Public Safety	640,285
Health	35,418
Social Services	172,793
Leisure and Education	385,738
Conversation and Economic Development	451,486
Total Governmental Activities Depreciation Expense	\$7,586,328

A summary of the capital assets activity for business type activities and discretely presented component units at December 31, 2002 is as follows:

	Landfill	Highway	Total Enterprise	Business Type:		Total Business Type Discretely Presented Component Unit	Non-Major Component Unit HCEB
				CWA	NCCS		
				Land	\$ 257,534		
Buildings	1,283,066	4,698,140	5,981,206	12,073,832	18,747,992	30,821,824	222,877
Improvements	14,534,568	-	14,534,568	22,339,446	-	22,339,446	-
Equipment	297,455	11,115,565	11,413,020	4,173,183	10,478,941	14,652,124	5,017
Construction in Process	-	-	-	3,413,208	27,792	3,441,000	-
Subtotal	16,372,623	20,150,708	36,523,331	42,614,652	30,080,866	72,695,518	227,894
Less accumulated Depreciation	12,091,500	7,791,365	19,882,865	19,059,491	16,649,077	35,708,568	8,471
TOTAL	\$4,281,123	12,359,343	16,640,466	23,555,161	13,431,789	36,986,950	219,423

Construction in process consists of the following:

CWA

AIP 27	626,019
AIP 28	2,186,810
AIP 29	101,354
AIP 30	497,097
AIP 31	<u>1,928</u>
Total	\$ 3,413,208

NCCS

Remodel food prep area for ADRC	\$ 27,792
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G. Interfund and Interentity Receivables/Payables and Transfers

The County has the following interfund and interentity receivable and payable balances at December 31, 2002:

	Receivable	Payable	Amount Not Due Within One Year
General Fund: Due from other funds Due to other funds	\$ 6,040	159	-
Special Revenue Funds: Social Improvement Fund: Due to other funds		5,021	-
Proprietary Funds: Landfill Fund: Due from other funds Due to other funds	841	833	-
County Highway Fund: Due from other funds Due to other funds	159	1,027	-
Subtotal Primary Government	7,040	7,040	
General Fund: Due from discretely presented component unit	3,166		-
County Highway Fund: Due from discretely presented component unit	102		-
Central Wisconsin Airport Due to primary government		3,268	-
TOTAL REPORTING ENTITY	\$ 10,308	10,308	

Funds Transferred to:	Funds Transferred from:	Balance as of December 31, 2002	Principal Purpose
General	Social Improvement	\$10,189	Levy not used-returned to general fund
Debt Service	General	1,653,580	Pay retirement UAAL
Debt Service	Capital Improvement	4,307,685	Pay retirement UAAL
Capital Improvement	General	6,633,327	Fund capital projects
Capital Improvement	Social Improvement	1,399,999	Fund capital projects
Highway	Capital Improvement	3,200,690	Highway land acquisitions
General	Capital Improvement	889,748	Close out 2000 CIP

H. Litigation

From time to time the County is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and Corporation Counsel that in each case the possibility of material loss, net of amounts reserved, is remote.

I. Operating Leases

The Forestry Department leases (as lessor) land for farmland. In addition, the CWA, as a discretely presented component unit, leases farmland, terminal space, hangar space and parking space. All of the leases are operating leases. The following is a schedule by years of future minimum lease receipts for noncancelable operating leases as of December 31, 2002.

Year ended December 31:

	Forestry Department	Discretely Presented Component Units	Total
2003	1,543	434,071	435,614
2004	1,543	417,613	419,156
2005	1,543	363,468	365,011
2006	897	106,832	107,729
2007	897	104,446	105,343
2008-2013	52,035	344,913	396,948
TOTAL MINIMUM LEASE RECEIPTS	\$ 58,458	1,771,343	1,829,801

Commitments under operating lease agreements for building rent provide for minimum annual payments as follows:

Year ended December 31:

	Health Department	Discretely Presented Component Units	Total
2003	134,970	112,000	246,970
2004	134,970	117,000	251,970
2005	89,980	-	89,980
2006	-	-	-
2007	-	-	-
2008-2013	-	-	-
TOTAL MINIMUM LEASE PAYMENTS	\$ 359,920	229,000	588,920

J. Long-term Debt

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the County. The debt, issued in serial form, is generally issued for terms of up to 10 years. General obligation debt at December 31, 2002 is as follows:

Purpose	Interest rates	Amount
Government Activities	2.5% - 5.55%	\$4,125,000
Add: Deferred amount for premium		26,115
Business-Type Activities	2.9% - 4.625%	245,000
Subtotal primary government		4,396,115
Discretely Presented Component Units	3.8% -5.25%	4,911,669
TOTAL REPORTING ENTITY		\$9,307,784

Annual debt service requirements to maturity for general obligation bonds, including interest of \$114,457 for the primary government and \$2,228,078 for discretely presented component units and annual debt service requirements to maturity for general obligation notes of \$19,888 for discretely presented component units are as follows at December 31, 2002:

Year	Enterprise Fund	Government Activities	Discretely Presented Component Units	Reporting Entity Total
2003	256,332	4,228,125	505,052	4,989,509
2004	-	-	655,560	655,560
2005	-	-	408,978	408,978
2006	-	-	415,105	415,105
2007	-	-	425,340	425,340
2008-2013	-	-	4,749,600	4,749,600
TOTAL	\$ 256,332	4,228,125	7,159,635	11,664,092

General obligation bonds and notes - The County issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation debt has been issued for both general government, proprietary and discretely presented component unit activities. Bonds expected to be repaid from the associated revenues are reported in the respective funds. The CCDCC and NCCS cannot issue debt.

There are no significant limitations or restrictions contained in the County's various bond indentures and loan agreements.

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 non-interest bearing loan has no specific payment schedule and is repaid from the proceeds of the sale of forest crops.

During the year ended December 31, 2002, the following changes occurred in liabilities reported for Governmental Activities:

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
Compensated Absences	\$ 3,250,480	3,325,202	3,067,694	3,507,988
General Obligation bonds and notes	4,735,000	4,350,000	4,960,000	4,125,000
Forest crop loan	878,740	163,510	92,019	950,231
TOTAL	\$ 8,864,220	7,838,713	8,119,713	8,583,219

Changes in Business-Type Activities and Discretely Presented Component Unit Long-term Liabilities

Business-types activities and discretely presented component units accrue paid leave balances and sick leave benefits in the period they are earned. A liability of \$602,264, \$24,117 and \$1,977,192 has been established for the purpose of future payments to be made for the enterprise fund, internal service funds and discretely component units, respectively.

General obligation debt in the Landfill Fund will be paid for through user tipping fees. Revenue sources used to repay the long-term debt in the CWA discretely presented component unit include various public charges for services.

During the year ended December 31, 2002 the following changes occurred in long-term liabilities reported:

	Balance January 1, 2002	Additions	Reductions	Balance December 31, 2002
General Obligation debt:				
Primary Government				
Landfill	\$480,000	-	235,000	245,000
Discretely Present Component Units				
CWA				
Marathon County	4,955,891	-	174,936	4,780,955
Portage County	194,469	-	63,755	130,714
Total Discretely Presented Component Units	5,150,360	-	238,691	4,911,669
TOTAL	\$5,630,360	-	473,691	5,156,669

Prior Years Defeasance of Debt

At December 31, 2002 a total of \$19,825,000 of bonds outstanding are considered defeased. Included in this total are the 2002 defeasance \$2,780,000 for the Huber Bonds Series 1998B PN and \$75,000 CIP Bonds Series 2002A.

Funds have been deposited in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the county's financial statements. The bonds callable as follows:

Call Dates

Huber Bonds Series 1998B	October 1, 2003 - 2004
Refunding Bonds Series 1996A	November 1, 2002
NCHCC Prom Notes Series 1994A	April 1, 2002
University Prom Notes Series 1995A	November 1, 2002
CWA Bonds Series 1998A	October 1, 2002 - 2017
Landfill Bonds Series 1993A	November 1, 2002-2003

K. University of Wisconsin-Marathon Campus

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 remains the responsibility of the State.

L. Landfill Closure and Long-term Care Costs

State and federal laws and regulations required Marathon County Landfill to place a final cover on its Cell A site when it stopped accepting waste in 1993. They also require the landfill to perform certain maintenance and monitoring functions at the site for forty (40) years thereafter, until 2033. Although closure costs have been paid on this cell already, long-term care costs and potential costs for corrective action of known releases could occur annually during the forty (40) year period. The funds associated with the continuing costs were collected during the period Cell A accepted solid waste and had been set up on the financial records prior to GASBS No.18 Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs as a restricted asset and a reservation to retained earnings. When GASBS No. 18 was implemented in 1994, money set aside for the long term care and corrective action of known releases of the cell was restated as a long-term care payable within the fund. The cumulative amount continues to grow as interest earnings are credited directly to the account. The fair value of this investment at \$5.2 million is managed with the other investment program of the County and is reviewed annually by the State of Wisconsin DNR. These earnings are expected to offset the rate of inflation and no additional funds are expected to be contributed to the account. If such earnings are insufficient to cover the ongoing costs, the amount would need to be added to future tipping fees. These amounts represent 100% closure of Cell A. In 2002 the Landfill used and the DNR approved \$82,583 of costs for long-term care or corrective action for known releases.

Similar state and federal laws and regulations require the landfill to place a final cover on its Cell B site when it stops accepting solid waste, estimated to be in the year 2011. They will also require the Landfill to perform certain maintenance and monitoring functions at the site for forty (40) years thereafter, until approximately 2052. Although these costs will not actually be paid until needed in future years, a prorata share is included in current tipping fees and charged directly to the customers currently using the disposal site. The calculations and estimates follow DNR rules and are being charged as a current operating expense to the fund and set up as a liability and a restricted asset in accordance with GASBS No. 18.

The \$11.24 million reported as Landfill closure and long term care payable at the December 31, 2002 reporting date represents the following:

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
Cell A long-term care	\$4,335,182	\$261,231	\$82,583	\$4,513,830
Cell B Closure	3,188,736	211,644	-	3,400,380
Cell B long-term care	2,947,960	376,087	-	3,324,047
TOTALS	\$10,471,878	848,962	82,583	11,238,257

The \$3.4 million amount represents 100% of estimated closure costs for Cell B with an estimated remaining useful life of sixteen (16) years. Total Cell B capacity is estimated at 3,376,000 cubic yards with 1,635,700 cubic yards used as of December 31, 2002, or 48.5% of the capacity. These amounts are based on current 2002 costs and could change due to inflation, changes in technology or regulations. As with Cell A, the accounts for cell B are managed within the realm of the County's overall investment program with annual review by the DNR. Earnings are credited directly to the account and are expected to fund future inflationary increases in closure, long-term care and corrective action for known release costs. If earnings are insufficient to fund these increases, amounts will be added to future tipping fees.

M. Governmental Activities Net Assets

Governmental activities net assets reported on the government wide statement of net assets at December 31, 2002 includes the following:

GOVERNMENTAL ACTIVITIES

Invested in capital assets, net of related debt	
Construction in progress	\$ 3,873,732
Land	7,260,325
Other capital assets, net of accumulated depreciation	140,198,984
Less: related long-term debt outstanding	(5,101,346)
Total Invested in Capital Assets	<u>146,231,695</u>
Restricted	
General debt service	68,362
Reserve for worker's compensation liability	2,336,936
Reserve for self insurance	<u>2,287,964</u>
Total Restricted	4,693,262
Unrestricted	<u>49,684,080</u>
Total Governmental Activities Net Assets	<u><u>\$200,609,037</u></u>

Governmental fund balances reported on the fund financial statements at December 31, 2002 Include the following:

Reserved	
Major Funds	
General Fund	
Delinquent taxes for other governmental entities	\$2,477,595
Inventories	10,000
Long-term receivables	347,361
Capital improvements	5,853,047
Compensated absences	<u>3,507,988</u>
Total	<u>\$12,195,991</u>
Social Improvement Fund	
Prepaid items	
Total	<u>\$ 32,204</u>
General Debt Service Fund	
Reserved for debt service	
Total	<u>\$ 68,362</u>
Capital Projects Fund	
Capital Improvements	\$8,436,161
Encumbrances	1,449,945
Total	<u>9,886,106</u>
Total Reserved	<u>\$22,182,663</u>
Unreserved –Designated	
Major Funds	
General Fund	
Capital Improvements	\$557,978
Working capital	13,836,314
Increase in working capital	<u>761,853</u>
Total	<u>\$ 15,156,145</u>
Special Revenue Fund	
Subsequent years budget	
Total	<u>\$ 1,110,826</u>
Total Designated	<u>\$16,266,971</u>
Undesignated	
Major Funds	
General Fund	
Special Revenue Fund	\$ 8,531,158
Total Undesignated	<u>163,217</u>
	<u>\$ 8,694,375</u>
Total governmental fund balances	
	<u>\$ 47,144,009</u>

N. Restatement of Net Assets/Fund Balance

Net assets in the County Highway fund have been restated due to a change in accounting standards through the implementation of GASB34. Contributed capital is no longer being reported as a separate item on the Statement of Net Assets but flows through the Statement of Revenues, Expenses and Changes in Net Assets as follows:

Fund balance has been restated due to

	<u>County Highway Fund</u>
December 31, 2001 (as reported) Retained Earnings	\$11,503,079
Add: Contributed Capital	<u>1,755,993</u>
Net Assets- January 1, 2002 (as restated)	<u>\$ 13,259,072</u>

Net assets in the Central Wisconsin Airport fund have been restated due to a change in accounting standards through the implementation of GASB34. Contributed capital is no longer being reported as a separate item on the Statement of Net Assets but flows through the Statement of Revenues, Expenses and Changes in Net Assets as follows:

Fund balance has been restated due to

	<u>Central Wisconsin Airport</u>
December 31, 2001 (as reported) Retained Earnings	\$4,577,942
Add: Contributed Capital	<u>14,394,244</u>
Net Assets- January 1, 2002 (as restated)	<u>\$ 18,972,186</u>

FOOTNOTE 5-Other Information

A. Pension Plan

All covered employees of the reporting entity participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the General/Teacher category are required by statute to contribute 5.2% of their salary, 3.1% for Executives and Elected Officials, 4.0% for Protective Occupations with Social Security, and 3.0% for Protective Occupations without Social Security to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for the County employees (including CWA as a discretely presented component unit) covered by the system for the year ended December 31, 2002 was \$27,290,811; the employer's total payroll was \$28,335,208. The total required contribution for the year ended December 31, 2002 was

\$2,748,703, which consisted of \$1,375,808 which represents the employer share and \$1,372,895 which represents the employee share. Total contributions for the years ended December 31, 2001 and 2000 were \$2,748,703 and \$3,328,695 respectively, equal to the required contributions for each year. The payroll for the HCEB employees covered by the system for the year ended June 30, 2002 was \$2,670,263. The total required contribution for the year ended June 30, 2002 was \$277,707 or 10.4% of the covered payroll. The contribution for 2001 and 2000 was \$280,337 and \$300,231 respectively and was the required amount. The payroll for the NCCS employees covered by the system for the year ended December 31, 2002 was \$23,794,635; the employer's total payroll was \$26,350,407. The total required contribution for the year ended December 31, 2002 was \$2,281,189 which consists of 3.8% of payroll from the employer and 5.2% of payroll from employees. The contribution for 2001 and 2000 were \$1,592,445 and \$2,155,356 respectively and were equal to the required contribution.

Contribution rates based on salary for the various category of employees is as follows:

	Employer	Employee	Benefit Adjuster
General Employees	3.8	5.2	.2
Elected Officials and Executives	8.6	3.1	-
Protective Class (with Social Security)	13.7	4.0	-
Protective Class (without Social Security)	17.0	3.0	-

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive full retirement benefits. Employees and elected officials may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. Retirement benefits are calculated as 1.6% (2.0% for Executives, Elected Officials, and Protective Occupations with Social Security and 2.5% for Protective Occupations without Social Security) of final average earnings for each year of creditable service. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. For employees beginning participation after 1/1/90 and no longer employed on or after 4/24/98, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after 4/24/98 are immediately vested. The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of the Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to: Department of Employee Trust Funds, P. O. Box 7931, Madison, WI 53707-7931.

The County (including HCEB and CWA as discretely presented component units) NCCS have paid in full their respective unfunded pension liability. This liability was determined in accordance with GASBS No. 27 *Accounting for Pensions by State and Local Governmental Employers*.

B. Risk Management

The County is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; or acts of God. The County has chosen to retain a portion of the risks through self-insurance programs and has also purchased insurance to transfer

other risks to outside parties. There is a schedule of all the County's insurance coverages included as a part of the Statistical Section of this CAFR in Table XV "Schedule of Insurance - Fiscal Year Ended December 31, 2002". The majority of the coverage is on a per occurrence basis, however, several claims made policies exist for which tail coverage does exist. At no time in the last three (3) years has any settlement exceeded the limits of coverage. A description of the County's risk management program is presented below:

1. Property Casualty Insurance Fund

Beginning January 1, 1995 the County joined a municipal mutual insurance provider, WMMIC. The WMMIC was established in 1987 with an original group of ten (10) members. With the inclusion of Marathon County they now have fourteen (14) members. The WMMIC provides occurrence based coverage on all lines of coverage except error and omission public official liability that is covered on a claim made basis. Coverage for members is \$5,000,000 per occurrence with no annual aggregate except errors and omissions public official liability coverage and employee benefit liability coverage, which both have a \$15,000,000 aggregate. The WMMIC also reinsures at these levels. The County, being the medium sized member, currently has a \$400,000 per occurrence deductible with an annual aggregated deductible of \$400,000. By December 31, 1996 the County had contributed its total required contribution of \$1,519,000 to the capital of WMMIC which is a non-assessable insurance company and is generally viewed as an excess carrier.

WMMIC provides its participating members with the broadest protection possible for general liability, automobile liability, police professional liability, public officials liability, and errors and omission coverage. An annual premium is charged to cover expected losses and minor administrative costs.

The County has an annual actuarial evaluation performed on the entire Property Casualty Fund. All lines of coverage are reserved at the 95 percentile and include an amount for catastrophic losses.

The County maintains funds with WMMIC and in the Property Casualty Insurance Fund to pay for any settlements under the self insured retention. A separate financial report is issued annually by WMMIC and is available from the administrative offices of:

Wisconsin Municipal Mutual Insurance Company
4785 Hayes Road
Madison, WI 53704

The State of Wisconsin provides a Local Government Property Insurance Fund to which the County belongs. The full line of coverage provides the needed protection for the County with a \$1,000 per occurrence deductible and a \$100 per occurrence deductible on its fleet comprehensive. 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.

The 2002 claims liability of \$1,392,455 reported in the fund at December 31, 2002 is based on the requirements of GASBS No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, 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 amount has been fully funded. Changes in the fund's claim liability amount for 2001 and 2002 is as follows:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2001	1,960,311	42,430	(187,338)	1,815,403
2002	1,815,403	100,205	(523,153)	1,392,455

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.

2. Employee Benefit Insurance Plan

Primary Government

The County (including the CWA as a discretely presented component unit) maintains a self-funded group health insurance program, which is administered by Wausau Benefits and operated as a PPO type plan. The number of employees covered is approximately 733. The aggregate stop-loss per policy year is based in a flat fee per employee. The aggregate stop-loss for 2002 is \$4,429,477. Employees are offered a choice of 3 dental plans, a capitated HMO program, a fully-funded PPO program and a self funded program. The claims liability of \$420,000 for health and \$5,200 for dental reported in the fund at December 31, 2002, are based on the requirements of GASB No. 10, which are stated above.

Changes in the fund's claim liability amount for 2001 and 2002 are as follows:

	Health Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2001	325,000	3,925,560	(3,950,560)	300,000
2002	300,000	5,902,788	(5,782,788)	420,000

	Dental Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2001	7,250	116,649	(117,649)	6,250
2002	6,250	118,339	(119,389)	5,200

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 \$250,000 per claim/occurrence. The claims liability of \$1,586,936 reported in the fund at December 31, 2002 is also based on the requirements of GASBS No. 10.

Changes in the fund's claim liability amount for 2001 and 2002 are as follows:

	Worker's Comp Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2001	\$ 1,722,448	(173,765)	(96,571)	1,452,112
2002	\$ 1,452,112	193,691	(58,867)	1,586,936

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, 2002 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.

3. 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 created, which is included in the tipping fee, sets aside an annual amount of \$100,000. In addition to this amount and as a substitute to paying traditional insurance premiums, an amount of \$59,703 and \$57,964 were set aside for the years 2002 and 2001 respectively. This amount is adjusted by an estimated cost of living increase added for all subsequent years until the balance approximates \$2 million. 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 is estimated to be fully funded by the year 2005.

4. Discretely Presented Component Units

During 2002 the discretely presented component units (excluding CWA) belonged to a fully insured HMO to provide medical care for its employees and dependents. The NCCS provided self funded dental coverage and the HCEB provided an insured dental program.

C. Commitments and Contingencies

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 grant. County management believes such disallowances, if any, would be immaterial.

The County had the following construction commitments shown as encumbrances at December 31, 2002:

Project	Encumbrance
Humane Society Rehab	\$ 1,428
Marathon County Courthouse-Remodel	303,835
Social Service Roof	2,300
UWMC Art Shop	954,730
Sheriff Radio Console	8,212
University	119,922
Grandstand Renovation	59,518
TOTAL	\$1,449,945

Funding for the operating budget of the County comes from many sources, including property taxes, grants and aids from the other units of government, user fees, fines, and permits, and other miscellaneous revenue. The State of Wisconsin provides a variety of aid and grant programs which benefit the County. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the County.

D. Joint Ventures

The CCDCC is a joint function with Marathon County and the City of Wausau to provide for the implementation and operation of a data and management information service. The CCDCC is governed by a six-member Board of Commissioners consisting of the City of Wausau Mayor and Finance Director, Marathon County Chairman of the Board of Supervisors, County Administrator and Finance Director. To ensure a balance of influence on the Board of Commissioners, one member is appointed at large from within the County. This member 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 and County split the operating costs not recovered through outside user fees 30/70 respectively. Capital is paid for on a 50/50 basis unless otherwise shown to benefit only one owner. Marathon County share of the CCDCC costs for 2002 was \$1,060,086

Contact the CCDCC at the following address for the financial statements of the entity:

City-County Data Center Commission
Wausau City Hall
407 Grant Street
Wausau, WI 54403-4737

E. Subsequent Events

In May 2003, the County issued \$800,000 of short-term general obligation notes at 1%, in the capital improvements funds to fund the County's 2003 portion of the West Side Arterial and McCelary Bridge Highway projects, as specified in the County's 2003 CIP program. In May 2003, the County issued \$555,000 in general obligation notes at 2.9% to fund the local match for the airport runway project also specified in the County's 2003 CIP program.

F. Reserves and Designations of Fund Equity

At December 31, 2002 the County had reserved and designated portions of its various fund equity through legal restriction and County Board authorization. Major fund equity appropriations at December 31, 2002 are shown on the various balance sheets as segregations of the fund equity. A summary of such activity is presented below:

Fund Equity	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Primary Government Balance Dec 31, 2002	Governmental Type Discretely Presented Component Units	Business Type Discretely Presented Component Units	Reporting Entity Balance Dec. 31, 2002
Retained earnings:										
Langlade County:										
Unreserved	-	-	-	-	-	-	-	-	1,272,877	1,272,877
Lincoln County:										
Unreserved	-	-	-	-	-	-	-	-	1,320,333	1,320,333
Portage County:										
Reserved for Bureau of Aeronautics projects	-	-	-	-	-	-	-	-	315,433	315,433
Reserved for passenger facility charge	-	-	-	-	-	-	-	-	357,190	357,190
Reserved for capital improvements	-	-	-	-	-	-	-	-	17,053	17,053
Unreserved	-	-	-	-	-	-	-	-	1,228,202	1,228,202
Marathon County:										
Reserved for Bureau of Aeronautics projects	-	-	-	-	-	-	-	-	560,771	560,771
Reserved for passenger facility charge	-	-	-	-	-	-	-	-	635,004	635,004
Reserved for capital improvements	-	-	-	-	8,237,713	-	8,237,713	-	30,316	8,268,029
Reserved for workers' compensation liability	-	-	-	-	-	2,336,936	2,336,936	-	-	2,336,936
Reserved for self insurance	-	-	-	-	1,337,936	2,287,964	3,625,900	-	-	3,625,900
Reserved for debt service	-	-	-	-	266,238	-	266,238	-	-	266,238
Reserved for working capital	-	-	-	-	3,658,516	-	3,658,516	-	-	3,658,516
Unreserved	-	-	-	-	19,787,637	4,514,265	24,301,902	-	35,794,833	60,096,735
Fund balances:										
Reserved:										
Reserved for delinquent taxes other governmental entities	2,477,595	-	-	-	-	-	2,477,595	-	-	2,477,595
Reserved for prepaid items	-	32,204	-	-	-	-	32,204	-	-	32,204
Reserved for inventories	10,000	-	-	-	-	-	10,000	-	-	10,000
Reserved for long-term receivables	347,361	-	-	-	-	-	347,361	-	-	347,361
Reserved for financial surety	-	-	-	-	-	-	-	-	-	-
Reserved for capital improvements	5,853,047	-	-	8,436,161	-	-	14,289,208	-	-	14,289,208
Reserved for encumbrances	-	-	-	1,449,945	-	-	1,449,945	-	-	1,449,945
Reserved for debt service	-	-	68,362	-	-	-	68,362	-	-	68,362
Reserved for compensated absences	3,507,988	-	-	-	-	-	3,507,988	45,000	-	3,552,988
Unreserved:										
Designated for capital improvements	557,978	-	-	-	-	-	557,978	-	-	557,978

Fund Equity	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Primary Government Balance Dec 31, 2002	Governmental Type Discretely Presented Component Units	Business Type Discretely Presented Component Units	Reporting Entity Balance Dec. 31, 2002
Designated for subsequent years budget	-	1,110,826	-	-	-	-	1,110,826	-	-	1,110,826
Designated for compensated absences	-	-	-	-	-	-	-	-	-	-
Designated for working capital	13,836,314	-	-	-	-	-	13,836,314	-	-	13,836,314
Designated for the increase in fair value of investments	761,853	-	-	-	-	-	761,853	-	-	761,853
Undesignated	8,531,158	163,217	-	-	-	-	8,694,375	777,708	-	9,472,083
TOTAL FUND EQUITY	\$35,883,294	1,306,247	68,362	9,886,106	33,288,040	9,139,165	89,571,214	822,708	41,532,012	131,925,934

Supplemental Information

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Revenues - Budget and Actual

Year ended December 31, 2002

	2002			Variance favorable/(unfavorable) with final budget
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes:				
General property taxes	\$ 20,592,656	20,592,656	20,472,366	(120,290)
Forest crop taxes	12,000	12,000	32,694	20,694
Transfer tax	200,000	209,370	235,585	26,215
Sales tax	6,600,150	6,600,150	9,785,132	3,184,982
Interest on delinquent taxes	380,000	380,000	635,026	255,026
Penalties on delinquent taxes	180,000	180,000	318,014	138,014
Total taxes	27,964,806	27,974,176	31,478,817	3,504,641
Intergovernmental grants and aids:				
Wisconsin shared revenue	6,368,072	6,368,072	6,403,837	35,765
Exempt computer aid	475,000	475,000	485,921	10,921
Federal grants	199,039	1,010,706	708,355	(302,351)
State grants	2,665,019	4,702,723	3,199,622	(1,503,101)
Local government grants	111,300	139,498	121,344	(18,154)
Total intergovernmental grants and aids	9,818,430	12,695,999	10,919,079	(1,776,920)
Licenses and permits:				
Licenses	15,255	15,255	14,197	(1,059)
Permits	184,000	184,000	229,950	45,950
Total licenses and permits	199,255	199,255	244,147	44,892
Fines and forfeitures:				
County ordinance fines and forfeitures	302,950	317,950	280,315	(37,635)
County share of federal fines and forfeitures	-	-	1,753	1,753
County share of state fines and forfeitures	265,000	265,000	267,292	2,292
Total fines and forfeitures	567,950	582,950	549,360	(33,590)
Public charges for services:				
General government:				
Recording fees	275,000	275,000	455,779	180,779
Filing fees	3,500	3,500	-	(3,500)
Certified copies	45,000	45,000	57,654	12,654
Land record fee	135,000	135,000	217,394	82,394
Court fees and costs	511,500	511,500	513,377	1,877
Other charges	144,386	145,520	235,292	89,772
Total general government	1,114,386	1,115,520	1,479,496	363,976
Public safety:				
Board of prisoners	519,000	519,000	630,778	111,778
Processing fees	80,000	80,000	147,168	67,168
Other charges	282,860	326,807	363,620	36,813
Total public safety	881,860	925,807	1,141,566	215,759

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Revenues - Budget and Actual

Year ended December 31, 2002

	2002			
	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Revenues:				
Public charges for services:				
Health:				
General health	29,000	26,949	22,211	(4,738)
Lab contract work	57,000	57,000	54,394	(2,606)
Environmental permits	235,000	235,000	283,783	48,783
Other charges	4,100	8,049	8,018	(31)
Total health	<u>325,100</u>	<u>326,998</u>	<u>368,406</u>	<u>41,408</u>
Social services	<u>3,000</u>	<u>3,000</u>	<u>5,566</u>	<u>2,566</u>
Library	<u>79,264</u>	<u>79,264</u>	<u>86,175</u>	<u>6,911</u>
Recreation and public areas:				
Camping fees	65,000	65,000	79,042	14,042
Other charges	11,000	11,000	9,846	(1,154)
Park concessions	16,900	16,900	14,287	(2,613)
Shelter rental and forfeitures	45,000	45,000	20,949	(24,051)
Fairgrounds building rents	103,000	103,000	81,449	(21,551)
Organized hockey rents	172,000	172,000	169,477	(2,523)
Cross country fees	67,000	67,000	25,367	(41,633)
Other charges	150,108	150,108	135,871	(14,237)
Total public areas	<u>630,008</u>	<u>630,008</u>	<u>536,288</u>	<u>(93,720)</u>
Education	<u>11,100</u>	<u>15,100</u>	<u>29,438</u>	<u>14,338</u>
Conservation:				
Forest resources	192,999	192,999	229,476	36,477
Agriculture resources	42,600	42,600	26,821	(15,779)
Total conservation	<u>235,599</u>	<u>235,599</u>	<u>256,297</u>	<u>20,698</u>
Total public charges for services	<u>3,280,317</u>	<u>3,331,296</u>	<u>3,903,232</u>	<u>571,936</u>
Intergovernmental charges for services:				
State and federal	215,509	215,509	190,563	(24,946)
Local districts:				
General government	2,400	2,400	1,604	(796)
Register of Deeds services	40,000	40,000	49,546	9,546
Postage	68,000	68,000	66,420	(1,580)
Telephone	20,000	20,000	27,781	7,781
Sheriff's gasoline	-	-	-	-
Health	10,000	10,000	6,783	(3,217)
Library charges	7,974	7,974	7,974	-
Other charges	48,191	48,191	20,589	(27,602)
Local departments	395,308	380,838	10,930	(369,908)
Total intergovernmental charges for services	<u>807,382</u>	<u>792,912</u>	<u>382,190</u>	<u>(410,722)</u>
Miscellaneous revenues:				
Interest income	1,263,628	1,263,628	967,947	(295,681)
Increase (decrease) in the fair value of investments	-	-	188,075	188,075
Donations	244,400	209,414	400,419	191,005
Rental income	380,513	380,513	305,290	(75,223)
Other revenues	67,192	67,192	476,101	408,909
Total miscellaneous revenues	<u>1,955,733</u>	<u>1,920,747</u>	<u>2,337,832</u>	<u>417,085</u>
	<u>\$ 44,593,873</u>	<u>47,497,335</u>	<u>49,814,657</u>	<u>2,317,322</u>

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Expenditures - Budget and Actual (concluded)

Year ended December 31, 2002

	2002			Variance favorable/(unfavorable) with final budget
	Budgeted Amounts		Actual	
	Original	Final		
Expenditures:				
General government:				
Legislative:				
Personal services	\$ 213,893	213,893	207,450	6,443
Contractual services	29,750	29,750	25,795	3,955
Materials and supplies	80,037	80,037	81,047	(1,010)
Total legislative	<u>323,680</u>	<u>323,680</u>	<u>314,292</u>	<u>9,388</u>
Judicial:				
Personal services	1,744,358	1,650,458	1,610,482	39,976
Contractual services	624,900	733,800	711,634	22,166
Materials and supplies	113,725	113,725	88,887	24,838
Fixed charges	4,752	4,752	4,684	68
Grants and contributions	250	250	105	145
Total judicial	<u>2,487,985</u>	<u>2,502,985</u>	<u>2,415,792</u>	<u>87,193</u>
Executive:				
Personal services	265,452	265,452	261,027	4,425
Contractual services	1,125	1,125	1,442	(317)
Materials and supplies	16,441	18,507	17,923	584
Fixed charges	237	237	237	-
Grants and contributions	1,000	1,000	1,066	(66)
Total executive	<u>284,255</u>	<u>286,321</u>	<u>281,695</u>	<u>4,626</u>
General administration:				
Personal services	501,674	499,608	461,929	37,679
Contractual services	387,540	387,540	299,835	87,705
Materials and supplies	410,840	410,840	322,795	88,045
Grants and contributions	50,000	50,000	23,000	27,000
Total general administration	<u>1,350,054</u>	<u>1,347,988</u>	<u>1,107,559</u>	<u>240,429</u>
Financial administration:				
Personal services	771,296	771,296	665,606	105,690
Contractual services	173,357	189,882	162,818	27,064
Materials and supplies	59,042	59,042	36,334	22,708
Fixed charges	289,721	289,721	289,721	-
Grants and contributions	7,557,528	7,569,208	7,544,681	24,527
Capital outlay	500	500	-	500
Total financial administration	<u>8,851,444</u>	<u>8,879,649</u>	<u>8,699,160</u>	<u>180,489</u>

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Expenditures - Budget and Actual (concluded)

Year ended December 31, 2002

	2002			Variance favorable/(unfavorable) with final budget
	Budgeted Amounts		Actual	
	Original	Final		
Expenditures:				
General government:				
Legal:				
Personal services	1,040,035	1,047,639	831,491	216,148
Contractual services	64,623	224,920	112,591	112,329
Materials and supplies	89,984	97,170	67,183	29,987
Fixed charges	300	300	227	73
Capital outlay	400	17,600	16,185	1,415
Total legal	<u>1,195,342</u>	<u>1,387,629</u>	<u>1,027,677</u>	<u>359,952</u>
Property records and control:				
Personal services	418,431	427,801	425,196	2,605
Contractual services	14,400	14,400	8,211	6,189
Materials and supplies	27,286	27,286	17,546	9,740
Fixed charges	900	900	-	900
Grants and contributions	-	-	-	-
Capital outlay	47,174	47,174	-	47,174
Total property records and control	<u>508,191</u>	<u>517,561</u>	<u>450,953</u>	<u>66,608</u>
County planning:				
Personal services	524,435	534,435	516,897	17,538
Contractual services	520,800	1,484,728	643,324	841,404
Materials and supplies	40,317	51,093	32,024	19,069
Fixed charges	-	-	-	-
Capital outlay	500	500	-	500
Total county planning	<u>1,086,052</u>	<u>2,070,756</u>	<u>1,192,245</u>	<u>878,511</u>
Zoning:				
Personal services	552,916	552,916	535,642	17,274
Contractual services	11,401	11,401	14,548	(3,147)
Materials and supplies	36,615	36,615	25,527	11,088
Fixed charges	962	962	962	-
Grants and contributions	80,000	109,774	108,937	837
Total county zoning	<u>681,894</u>	<u>711,668</u>	<u>685,616</u>	<u>26,052</u>
Building maintenance:				
Personal services	1,072,338	1,072,338	821,671	250,667
Contractual services	739,415	739,415	533,917	205,498
Materials and supplies	113,137	113,137	99,359	13,778
Fixed charges	3,240	3,240	2,855	385
Capital outlay	8,000	8,000	7,281	719
Total other general government	<u>1,936,130</u>	<u>1,936,130</u>	<u>1,465,083</u>	<u>471,047</u>
Total general government	<u>18,705,027</u>	<u>19,964,367</u>	<u>17,640,072</u>	<u>2,324,295</u>

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Expenditures - Budget and Actual (concluded)

Year ended December 31, 2002

	Budgeted Amounts		2002	Variance favorable/(unfavorable) with final budget
	Original	Final	Actual	
Public safety:				
Sheriff:				
Personal services	6,690,901	6,785,227	6,587,226	198,001
Contractual services	326,624	373,789	344,376	29,413
Materials and supplies	577,033	741,155	476,597	264,558
Fixed charges	39,446	39,446	38,666	780
Grants and contributions	34,664	47,602	47,363	239
Capital outlay	398,895	569,895	470,058	99,837
Total sheriff	<u>8,067,563</u>	<u>8,557,114</u>	<u>7,964,286</u>	<u>592,828</u>
Emergency services:				
Personal services	107,019	121,739	121,388	351
Contractual services	10,650	10,650	3,271	7,379
Materials and supplies	45,230	170,738	97,140	73,598
Fixed charges	1,100	1,100	1,100	-
Grants and contributions	18,500	18,500	11,301	7,199
Capital outlay	600	600	-	600
Total emergency services	<u>183,099</u>	<u>323,327</u>	<u>234,200</u>	<u>89,127</u>
Adult corrections:				
Personal services	2,500,979	2,456,139	2,272,220	183,919
Contractual services	866,413	955,457	966,301	(10,844)
Materials and supplies	124,573	260,934	210,751	50,183
Fixed charges	1,877	1,877	1,877	-
Capital outlay	-	-	-	-
Total adult corrections	<u>3,493,842</u>	<u>3,674,407</u>	<u>3,451,149</u>	<u>223,258</u>
Juvenile corrections:				
Personal services	675,938	675,938	687,791	(11,853)
Contractual services	153,262	184,162	74,459	109,703
Materials and supplies	40,259	40,259	14,090	26,169
Fixed charges	350	350	350	-
Total juvenile corrections	<u>869,809</u>	<u>900,709</u>	<u>776,690</u>	<u>124,019</u>
Shelter home:				
Personal services	600,793	600,793	549,720	51,073
Contractual services	84,062	92,562	24,507	68,055
Materials and supplies	42,115	43,528	7,265	36,263
Fixed charges	450	450	-	450
Total shelter home	<u>727,420</u>	<u>737,333</u>	<u>581,492</u>	<u>155,841</u>
Total public safety	<u>13,341,733</u>	<u>14,192,890</u>	<u>13,007,817</u>	<u>1,185,073</u>

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Expenditures - Budget and Actual (concluded)

Year ended December 31, 2002

	2002			Variance favorable/(unfavorable) with final budget
	Budgeted Amounts		Actual	
	Original	Final		
Expenditures:				
Health:				
Personal services	2,296,586	2,427,650	2,157,644	270,006
Contractual services	1,137,245	1,284,117	1,136,719	147,398
Materials and supplies	191,989	268,909	193,896	75,013
Grants and contributions	8,000	21,059	11,414	9,645
Total health	<u>3,633,820</u>	<u>4,001,735</u>	<u>3,499,673</u>	<u>502,062</u>
Expenditures:				
Veterans:				
Personal services	145,945	146,118	146,117	1
Contractual services	3,500	3,327	2,153	1,174
Materials and supplies	13,340	13,340	9,407	3,933
Fixed charges	200	200	-	200
Grants and contributions	2,850	9,136	3,274	5,862
Total veterans	<u>165,835</u>	<u>172,121</u>	<u>160,951</u>	<u>11,170</u>
Total social services	<u>165,835</u>	<u>172,121</u>	<u>160,951</u>	<u>11,170</u>
Leisure activities and education:				
Library:				
Personal services	2,485,685	2,503,917	2,360,466	143,451
Contractual services	118,570	164,184	168,659	(4,475)
Materials and supplies	537,497	644,354	533,026	111,328
Fixed charges	45,588	45,588	45,818	(230)
Capital outlay	-	-	2,295	(2,295)
Total library	<u>3,187,340</u>	<u>3,358,043</u>	<u>3,110,264</u>	<u>247,779</u>
Public areas:				
Personal services	1,638,911	1,638,911	1,598,904	40,007
Contractual services	397,110	863,377	435,212	428,165
Materials and supplies	245,386	251,743	223,115	28,628
Fixed charges	59,790	59,790	17,954	41,836
Capital outlay	106,985	225,656	74,504	151,152
Total public areas	<u>2,448,182</u>	<u>3,039,477</u>	<u>2,349,689</u>	<u>689,788</u>
University extension program:				
Personal services	166,598	166,815	129,774	37,041
Contractual services	168,625	180,667	157,178	23,489
Materials and supplies	54,200	62,641	42,070	20,571
Fixed charges	200	200	40	160
Capital outlay	-	6,450	805	5,645
Total university extension program	<u>389,623</u>	<u>416,773</u>	<u>329,867</u>	<u>86,906</u>
Total leisure activities and education	<u>6,025,145</u>	<u>6,814,293</u>	<u>5,789,820</u>	<u>1,024,473</u>

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Expenditures - Budget and Actual (concluded)

Year ended December 31, 2002

	Budgeted Amounts		2002	
	Original	Final	Actual	Variance favorable/(unfavorable) with final budget
Expenditures:				
Conservation and economic development:				
Forest resources:				
Personal services	189,385	189,385	150,338	39,047
Contractual services	111,534	178,082	70,766	107,316
Materials and supplies	64,885	64,885	52,916	11,969
Fixed charges	4,844	4,844	2,337	2,507
Capital outlay	212,495	230,895	160,207	70,688
Total forest resources	<u>583,143</u>	<u>668,091</u>	<u>436,564</u>	<u>231,527</u>
Agriculture resources:				
Personal services	481,137	509,699	498,683	11,016
Contractual services	121,673	144,565	56,155	88,410
Materials and supplies	46,612	61,007	37,062	23,945
Fixed charges	1,374	1,374	1,319	55
Grants and contributions	739,460	865,973	596,614	269,359
Capital outlay	-	-	-	-
Total agriculture resources	<u>1,390,256</u>	<u>1,582,618</u>	<u>1,189,833</u>	<u>392,785</u>
Economic development:				
Grants and contributions	-	-	-	-
Total economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total conservation and economic development	<u>1,973,399</u>	<u>2,250,709</u>	<u>1,626,397</u>	<u>624,312</u>
Capital outlay:				
Capital projects:				
Contractual services	125,000	125,000	39,316	85,684
Capital outlay	268,000	515,425	135,826	379,599
Total capital outlay	<u>393,000</u>	<u>640,425</u>	<u>175,142</u>	<u>465,283</u>
	<u>\$ 44,237,959</u>	<u>48,036,540</u>	<u>41,899,872</u>	<u>6,136,668</u>

MARATHON COUNTY, WISCONSIN

DEBT SERVICE FUND

Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual

Year ended December 31, 2002

	2002			
	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Revenues:				
General property taxes	\$ 4,852,076	4,852,076	4,852,076	-
Fines and forfeitures	158,000	158,000	171,202	13,202
Public charges for services	50,000	50,000	50,340	340
Miscellaneous revenues:				
Interest income	36,937	141,326	154,501	13,175
Rental income	207,720	207,720	207,719	(1)
Total revenues	<u>5,304,733</u>	<u>5,409,122</u>	<u>5,435,838</u>	<u>26,716</u>
Expenditures:				
Debt service:				
Principal retirement	4,805,000	11,024,153	11,013,284	10,869
Interest charges	374,206	396,012	394,534	1,478
Paying agent fees	8,000	17,498	11,435	6,063
Total expenditures	<u>5,187,206</u>	<u>11,437,663</u>	<u>11,419,253</u>	<u>18,410</u>
Excess (deficiency) of revenues over expenditures	<u>117,527</u>	<u>(6,028,541)</u>	<u>(5,983,415)</u>	<u>45,126</u>
Other financing sources (uses):				
Operating transfers in:				
General Fund	-	1,653,580	1,653,580	-
Capital Improvemnts Fund	-	4,307,685	4,307,685	-
Total other financing sources (uses)	<u>-</u>	<u>5,961,265</u>	<u>5,961,265</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	<u>117,527</u>	<u>(67,276)</u>	<u>(22,150)</u>	<u>45,126</u>
Fund Balances, January 1	<u>90,512</u>	<u>90,512</u>	<u>90,512</u>	<u>-</u>
Fund Balances, December 31	\$ <u><u>208,039</u></u>	<u><u>23,236</u></u>	<u><u>68,362</u></u>	<u><u>45,126</u></u>

MARATHON COUNTY, WISCONSIN

CAPITAL IMPROVEMENTS FUND

Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual

Year ended December 31, 2002

	2002			
	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Revenues:				
Taxes:				
General property taxes	\$ 750,000	750,000	750,000	-
Public charges for services:				
General government	-	-	8,125	8,125
Miscellaneous revenues:				
Donations	-	133,192	-	(133,192)
Interest income	-	521	309,297	308,776
Other revenues	-	-	2,130	2,130
Total revenues	<u>750,000</u>	<u>883,713</u>	<u>1,069,552</u>	<u>185,839</u>
Expenditures:				
Contractual services	1,054,075	1,129,596	81,461	1,048,135
Bond issue costs	-	-	20,662	(20,662)
Capital outlay	7,742,698	12,448,888	3,876,828	8,572,060
Total expenditures	<u>8,796,773</u>	<u>13,578,484</u>	<u>3,978,951</u>	<u>9,599,534</u>
Deficiency of revenues over expenditures	<u>(8,046,773)</u>	<u>(12,694,771)</u>	<u>(2,909,399)</u>	<u>(9,785,372)</u>
Other financing sources (uses):				
Operating transfers in:				
General Fund	6,551,078	6,633,327	6,633,327	-
Social Services Fund	1,399,999	1,399,999	1,399,999	-
Sale of fixed assets	-	-	6,084	6,084
Component unit transfer in	95,696	95,696	95,696	-
General obligation debt issued	-	4,350,000	4,350,000	-
Bond premium	-	-	26,115	26,115
Operating transfers out:				
General Fund	-	-	(889,748)	(889,748)
Debt service fund	-	(4,307,685)	(4,307,685)	-
County highway fund	-	(3,200,690)	(3,200,690)	-
Total other financing sources (uses)	<u>8,046,773</u>	<u>4,970,647</u>	<u>4,113,098</u>	<u>(857,549)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	-	(7,724,124)	1,203,699	8,927,823
Fund balances, January 1	8,682,406	8,682,406	8,682,406	-
Fund balances, December 31	\$ <u>8,682,406</u>	<u>958,282</u>	<u>9,886,105</u>	<u>8,927,823</u>

MARATHON COUNTY, WISCONSIN

Combining Statement of Net Assets

Internal Service Funds

December 31, 2002

	Property Casualty Insurance	Employee Benefits Insurance	Totals 2002
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,182,526	7,649,989	10,832,515
Accounts receivable	96,327	401,975	498,302
Total current assets	3,278,853	8,051,964	11,330,817
Noncurrent Assets:			
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000
Total noncurrent assets	1,519,000	-	1,519,000
Capital Assets			
Land	-	-	-
Buildings	-	-	-
Equipment	53,868	4,598	58,466
Total capital assets	53,868	4,598	58,466
Less: accumulated depreciation and depletion	(53,868)	(2,989)	(56,857)
Net capital assets	-	1,609	1,609
Total assets	\$ 4,797,853	8,053,573	12,851,426
Liabilities and Fund Equity			
Current liabilities:			
Accounts payable	\$ 4,176	275,403	279,579
Accrued items	1,359	2,616	3,975
Total current liabilities	5,535	278,019	283,554
Long-term liabilities			
Accrued liability - claims payable	1,392,455	2,012,136	3,404,591
Compensated absences	6,047	18,069	24,116
Total long-term liabilities	1,398,502	2,030,205	3,428,707
Total liabilities	1,404,037	2,308,224	3,712,261
Net Assets			
Invested in Capital Assets, net of related debt	-	1,609	1,609
Restricted	792,455	3,832,445	4,624,900
Unrestricted	2,601,361	1,911,295	4,512,656
Total Net Assets	\$ 3,393,816	5,745,349	9,139,165

MARATHON COUNTY, WISCONSIN

INTERNAL SERVICE FUNDS

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year ended December 31, 2002

	<u>Property Casualty Insurance</u>	<u>Employee Benefits Insurance</u>	<u>Totals 2002</u>
Operating revenues:			
Intergovernmental charges for services	\$ 543,890	6,293,743	6,837,633
Total operating revenues	<u>543,890</u>	<u>6,293,743</u>	<u>6,837,633</u>
Operating expenses:			
Salaries and benefits	54,396	94,873	149,269
Contractual services	46,434	199,702	246,136
Materials and supplies	7,112	12,448	19,560
Insurance and claims	487,444	6,235,893	6,723,337
Loss and loss adjustment expense	(422,948)	253,774	(169,174)
Insurance and administration costs	-	174,800	174,800
Depreciation	-	664	664
Total operating expenses	<u>172,438</u>	<u>6,972,154</u>	<u>7,144,592</u>
Operating income (loss)	<u>371,452</u>	<u>(678,411)</u>	<u>(306,959)</u>
Nonoperating revenues and (expenses):			
Investment income	179,990	253,194	433,183
Insurance recoveries	212,776	286,684	499,460
Other income	-	61,610	61,610
Total nonoperating revenues and (expenses), net	<u>392,765</u>	<u>601,488</u>	<u>994,253</u>
Income (loss) before contributions and amortizations	<u>764,217</u>	<u>(76,923)</u>	<u>687,294</u>
Increase (decrease) in retained earnings	764,217	(76,923)	687,294
Net Assets, January 1	2,629,599	5,822,272	8,451,871
Net Assets, December 31	\$ <u>3,393,816</u>	<u>5,745,349</u>	<u>9,139,165</u>

MARATHON COUNTY, WISCONSIN

INTERNAL SERVICE FUNDS

Combining Statement of Cash Flows

Year ended December 31, 2002

	Property Casualty Insurance	Employee Benefits Insurance	Totals 2002
Cash flows from operating activities:			
Collections from departments and other insurance purchasers	\$ 756,666	6,619,777	7,376,443
Cash on hand with WMMIC for self insured retention	(16,819)	-	(16,819)
Cash paid to employees for services	(49,409)	(94,873)	(144,282)
Cash paid to suppliers for goods and services	<u>(537,777)</u>	<u>(6,615,819)</u>	<u>(7,153,596)</u>
Net cash provided (used) by operating activities	152,661	<u>(90,915)</u>	61,746
Cash flows from investing activities:			
Interest received on investments	<u>179,990</u>	253,194	433,184
Net cash provided by investing activities	179,990	<u>253,194</u>	<u>433,184</u>
Net increase in cash and cash equivalents	332,651	162,279	494,930
Cash and cash equivalents, January 1	<u>2,849,875</u>	<u>7,487,710</u>	<u>10,337,585</u>
Cash and cash equivalents, December 31	\$ <u>3,182,526</u>	<u>7,649,989</u>	<u>10,832,515</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 371,452	(678,411)	(306,959)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	664	664
Insurance recoveries	212,776	286,684	499,460
Other income	-	61,610	61,610
Effects of increase (decrease) in operating assets and increase (decrease) in operating liabilities:			
Accounts receivable	3,043	(260,932)	(257,889)
Prepaid items	-	20,587	20,587
Accounts payable	(16,746)	218,565	201,819
Accrued expenses	782	1,360	2,142
Accrued liabilities - claims payable	(422,948)	253,774	(169,174)
Compensated absences	<u>4,302</u>	<u>5,184</u>	<u>9,486</u>
Net cash provided (used) by operating activities	\$ <u>152,661</u>	<u>(90,915)</u>	<u>61,746</u>
Non-cash investing, capital and non-capital financing activities:			
Capital contributions	\$ <u>-</u>	<u>-</u>	<u>-</u>

MARATHON COUNTY, WISCONSIN

CENTRAL WISCONSIN AIRPORT

Statement of Net Assets

December 31, 2002

Assets	2002
Current assets:	
Cash and cash equivalents	\$ 65,636
Accounts receivable	196,887
Due from other governments	39,200
Total current assets	301,723
Restricted assets:	
Cash and cash equivalents	1,868,398
Total restricted assets	1,868,398
Deferred charges	50,150
Property, plant and equipment:	
Land	614,983
Buildings	12,073,832
Improvements	22,339,446
Equipment	4,173,183
Construction in process	3,413,208
Total property, plant and equipment	42,614,652
Less: accumulated depreciation and depletion	(19,059,491)
Net property, plant and equipment	23,555,161
Total assets	\$ 25,775,432
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 94,758
Accrued expenses	25,150
Interest payable	66,116
Due to other governments	49,017
Due to primary government	3,268
Total current liabilities	238,309
Long-term liabilities:	
General obligations notes payable	245,964
General obligations bonds payable	4,665,705
Compensated absences	109,907
Total long-term liabilities	5,021,576
Total liabilities	5,259,885
Net Assets	
Invested in Capital Assets, net of related debt	18,643,492
Restricted	1,868,398
Unrestricted	3,657
Total Net Assets	\$ 20,515,547

MARATHON COUNTY, WISCONSIN

CENTRAL WISCONSIN AIRPORT

Statement of Revenues, Expenses and
Changes in Net Assets

Year ended December 31, 2002

	<u>2002</u>
Operating revenues:	
Public charges for services	\$ 2,763,685
Intergovernmental charges for services	434,921
Total operating revenues	<u>3,198,605</u>
Operating expenses:	
Salaries and benefits	1,042,946
Contractual services	645,680
Materials and supplies	204,355
Insurance	40,928
Depreciation	1,255,196
Other operating expenses	10,647
Total operating expenses	<u>3,199,753</u>
Operating loss	<u>(1,148)</u>
Nonoperating revenues and (expenses):	
Investment income	45,254
Gain on the sale of fixed assets	3,145
Other income	97,560
Interest expense	<u>(257,807)</u>
Total nonoperating revenues and (expenses), net	<u>(111,848)</u>
Loss before operating transfers	(112,997)
Operating transfers out to primary government:	
Capital Improvement Fund	<u>(95,696)</u>
Net loss before contributions and operating transfers	(208,693)
Capital Contributions	1,752,054
Increase (decrease) in net assets	1,543,361
Net Assets, January 1 (as restated)	<u>18,972,186</u>
Net assets, December 31	<u>\$ 20,515,547</u>

MARATHON COUNTY, WISCONSIN

CENTRAL WISCONSIN AIRPORT

Statement of Cash Flows

Year ended December 31, 2002

	<u>2002</u>
Cash flows from operating activities:	
Cash received from the sale of goods and services	3,295,676
Cash paid to employees for services	(1,033,907)
Cash paid to suppliers for goods and services	(788,744)
Cash paid to other departments for reimbursement	(112,424)
Net cash provided (used) by operating activities	<u>1,360,601</u>
Cash flows from capital financing activities:	
Payments for capital acquisitions	(187,833)
Payments of principal on debt obligations	(238,691)
Payments of interest on debt obligations	(257,807)
Net cash used by capital financing activities	<u>(684,331)</u>
Cash flows from investing activities:	
Interest received on investments	45,254
Net cash provided by investing activities	<u>45,254</u>
Net decrease in cash and cash equivalents	721,524
Cash and cash equivalents, January 1	<u>1,212,510</u>
Cash and cash equivalents, December 31	\$ <u><u>1,934,034</u></u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating loss	\$ (1,148)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation expense	1,255,196
Other income	97,560
Effects of (increase) decrease in operating assets and increase (decrease) in operating liabilities:	
Accounts receivable	(15,682)
Due from other governments	(39,200)
Accounts payable	75,527
Accrued expenses	3,488
Interest payable	(3,328)
Due to other governments	(21,427)
Due to primary government	3,237
Deferred revenues	(511)
Compensated absences	6,889
Net cash provided (used) by operating activities	\$ <u><u>1,360,601</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents	65,636
Cash and cash equivalents - restricted assets	<u>1,868,398</u>
Cash and cash equivalents, December 31	\$ <u><u>1,934,034</u></u>

MARATHON COUNTY, WISCONSIN

HANDICAPPED CHILDREN EDUCATION BOARD

Balance Sheet

June 30, 2002

	<u>2002</u>
	<u>General Fund</u>
Assets	
Assets:	
Cash and cash equivalents	\$ 1,023,070
Accrued interest receivable	-
Due from other governments	219,139
Restricted cash and investments	<u>45,000</u>
Total assets	<u>\$ 1,287,209</u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ 67,609
Accrued expenditures	177,079
Due to other governments	207,207
Deferred revenue	12,606
Compensated absences	
Total liabilities	<u>464,501</u>
Fund balances:	
Reserved:	
Reserved for compensated absences	45,000
Unreserved:	
Designated for employee benefits	54,049
Undesignated	<u>723,659</u>
Total fund balances	<u>822,708</u>
Total liabilities and fund balances	<u>\$ 1,287,209</u>

MARATHON COUNTY, WISCONSIN

HANDICAPPED CHILDREN EDUCATION BOARD

Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual

Year ending June 30, 2002

	2002			Variance favorable/(unfavorable) with final budget
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental grants and aids:				
Federal education grants	\$ 680,213	680,213	518,196	(162,017)
State education grants	1,038,293	1,038,293	1,078,465	40,172
Intergovernmental charges for services:				
Local districts	89,389	89,389	46,485	(42,904)
Intermediate sources	-	-	85,800	85,800
Schools for handicapped	2,645,460	2,645,460	2,624,832	(20,628)
Miscellaneous revenues	-	-	71,649	71,649
Total revenues	<u>4,453,355</u>	<u>4,453,355</u>	<u>4,425,427</u>	<u>(27,928)</u>
Expenditures:				
Leisure activities and education:				
Instruction	2,962,980	2,962,980	3,079,118	(116,138)
Support services	1,472,717	1,472,717	1,359,356	113,361
Non-program activities	<u>17,658</u>	<u>17,658</u>	<u>74,718</u>	<u>(57,060)</u>
Total expenditures	<u>4,453,355</u>	<u>4,453,355</u>	<u>4,513,192</u>	<u>(59,837)</u>
Excess (deficiency) of revenues over expenditures	-	-	(87,765)	(87,765)
Fund balances, July 1	<u>910,473</u>	<u>910,473</u>	<u>910,473</u>	<u>-</u>
Fund balances, June 30	\$ <u><u>910,473</u></u>	\$ <u><u>910,473</u></u>	\$ <u><u>822,708</u></u>	\$ <u><u>(87,765)</u></u>

STATISTICAL SECTION

MARATHON COUNTY, WISCONSIN
 EXPENDITURES/EXPENSES BY FUNCTION-ALL FUNDS (A)
 LAST TEN FISCAL YEARS
 (UNAUDITED)

TABLE I

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	TRANSPORTATION	HEALTH AND SOCIAL SERVICES	LEISURE ACTIVITIES AND EDUCATION	CONSERVATION AND ECONOMIC DEVELOPMENT	DEBT SERVICE	CAPITAL OUTLAY	TOTAL
1992	14,411,942	7,374,912	11,250,703	12,022,448	7,483,055	5,221,938	3,204,645	5,188,907	66,158,550
1993	14,915,222	8,045,278	8,685,024	13,125,069	7,423,255	6,161,228	3,419,090	4,899,971	66,674,137
1994	15,969,939	8,497,506	8,679,271	14,256,699	8,123,158	6,810,447	3,774,998	6,772,714	72,884,732
1995	17,463,777	8,966,165	8,755,541	15,870,257	8,410,651	7,207,107	4,229,670	4,673,130	75,576,298
1996	18,268,216	9,559,300	10,536,063	15,672,929	8,620,751	9,250,143	4,064,390	9,004,364	84,976,156
1997	18,608,246	10,092,579	9,952,427	16,990,580	9,365,182	7,149,742	5,034,009	5,257,585	82,450,350
1998	20,252,883	10,467,866	13,337,787	18,082,223	9,220,104	7,895,939	4,806,496	9,031,700	93,094,998
1999	20,898,312	10,891,631	10,272,155	20,737,338	9,569,653	7,618,178	5,148,828	6,785,993	91,922,088
2000	18,991,841	11,503,190	13,492,655	22,315,869	5,858,216	9,209,985	5,478,018	3,872,873	90,722,647
2001	22,072,993	12,256,665	13,045,302	27,330,651	6,082,166	4,214,015	6,485,043	4,566,829	96,053,664
2002	24,784,663	13,007,817	12,761,840	29,664,498	5,789,820	1,626,396	11,439,915	4,133,431	103,208,380

SOURCE: Annual audited financial statements for Marathon County

NOTE: (A) This summary includes the general fund, special revenue fund, debt service fund, capital project fund, enterprise fund(s), internal service funds, for years prior to 1999, the expendable trust fund and for years prior to 2000 the special education fund. This table excludes interfund transfers, depreciation added back on contributed capital and all information pertaining to any of the discretely presented component units.

MARATHON COUNTY, WISCONSIN
REVENUES BY SOURCE-ALL FUNDS (A)
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE II

<u>FISCAL YEAR</u>	<u>TAXES</u>	<u>INTERGOVERNMENTAL GRANTS AND AIDS</u>	<u>LICENSES, PERMITS, FINES AND FORFEITURES</u>	<u>PUBLIC AND INTERGOVERNMENTAL CHARGES FOR SERVICES</u>	<u>DEBT PROCEEDS</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
1992 \$	23,840,926	22,216,517	774,406	16,580,610	4,863,480	3,543,005	71,818,944
1993	25,690,517	22,458,383	846,460	14,834,608	5,126,428	3,819,224	72,775,620
1994	27,821,939	24,098,797	791,391	15,939,324	1,088,374	4,886,103	74,625,928
1995	30,096,019	26,558,254	782,829	16,250,688	7,456,616	5,212,337	86,356,743
1996	32,871,364	27,195,765	833,352	17,230,241	8,728,254	5,991,936	92,850,912
1997	35,722,892	25,907,114	808,730	17,640,435	138,371	8,346,005	88,563,547
1998	37,545,769	28,449,334	919,840	18,870,244	5,177,499	9,078,030	100,040,716
1999	39,521,319	28,896,281	915,029	19,652,377	287,148	5,927,665	95,199,819
2000	43,057,115	30,977,077	1,054,555	18,138,320	102,063	7,981,616	101,310,746
2001	46,143,705	30,251,736	1,004,479	17,334,384	13,746	8,601,993	103,350,043
2002	49,040,140	33,092,958	976,677	17,599,970	4,513,510	6,640,667	111,863,922

SOURCE: Annual audited financial statements for Marathon County

NOTE: (A) This summary table includes the general fund, special revenue fund, debt service fund, capital project fund, enterprise fund(s), internal service funds, for years prior to 1999, the expendable trust fund and for years prior to 2000 the special education fund. This table excludes interfund transfers and all information pertaining to any of the discretely presented component units.

MARATHON COUNTY, WISCONSIN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST ELEVEN FISCAL YEARS (A)
(UNAUDITED)

TABLE III

LEVY YEAR	SETTLEMENT YEAR	TOTAL TAX LEVY	AS OF DECEMBER 31 OF SETTLEMENT YEAR			CUMULATIVE AS OF DECEMBER 31, 2002		
			AMOUNT COLLECTED	AMOUNT DELINQUENT	PERCENT DELINQUENT	AMOUNT COLLECTED	AMOUNT DELINQUENT (D)	PERCENT DELINQUENT
1991	1992	17,913,223	17,467,055	446,168	2.4907	17,908,925	4,298	0.0240
1992	1993	19,456,563	19,222,166	234,397	1.2047	19,448,352	8,211	0.0422
1993	1994	21,006,795	20,788,779	218,016	1.0378	20,998,770	8,025	0.0382
1994	1995	22,893,158	22,663,145	230,013	1.0047	22,884,220	8,938	0.0390
1995	1996	25,111,275	24,864,864	246,411	0.9813	25,100,722	10,553	0.0420
1996	1997	27,349,954	27,077,312	272,642	0.9969	27,337,640	12,314	0.0450
1997	1998	29,068,916	28,795,852	273,064	0.9394	29,051,688	17,228	0.0593
1998	1999	30,856,382	30,534,426	321,956	1.0434	30,820,379	36,003	0.1167
1999	2000	33,363,392	32,979,833	383,559	1.1496	33,279,631	83,761	0.2511
2000	2001	35,660,957	35,103,411	557,546	1.5635	35,451,321	209,636	0.5879
2001 (B)	2002	38,149,579	37,644,343	505,236	1.3244	37,644,343	505,236	1.3244

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

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

(B) The tax for levy year 2003 is \$39,846,548.

(C) Totals do not include uncollected amounts due on tax deed parcels of \$576,033

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

MARATHON COUNTY, WISCONSIN
EQUALIZED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE IV

<u>LEVY YEAR</u>	<u>SETTLEMENT YEAR</u>	<u>TOTAL EQUALIZED VALUE (A)</u>	<u>PERCENT CHANGE</u>	<u>INCREMENT VALUE OF TAX INCREMENT DISTRICTS (TID)</u>	<u>TOTAL EQUALIZED VALUE MINUS TIDS (B)</u>	<u>PERCENT CHANGE</u>
1993	1994	3,475,064,100	8.11	64,411,760	3,410,652,340	8.13
1994	1995	3,759,816,500	8.19	74,750,860	3,685,065,640	8.05
1995	1996	4,137,114,900	10.04	95,004,060	4,042,110,840	9.69
1996	1997	4,508,550,900	8.98	103,171,460	4,405,379,440	8.99
1997	1998	4,810,137,600	6.69	129,710,660	4,680,426,940	6.24
1998	1999	5,124,230,900	6.53	156,401,260	4,967,829,640	6.14
1999	2000	5,542,877,100	8.17	174,586,060	5,368,291,040	8.06
2000	2001	5,939,781,200	7.16	200,826,560	5,738,954,640	6.90
2001	2002	6,490,876,800	9.28	231,208,960	6,259,667,840	9.07
2002	2003	6,799,167,800	4.75	254,558,260	6,544,609,540	4.55

SOURCE: Wisconsin Department of Revenue, Bureau of Property Tax 2000 Statistical Report of Property Valuations

NOTES: (A) Due to varying assessment policies in the municipalities, the County uses equalized value of taxable property for tax levy purposes. The equalized value ratios are determined by the Wisconsin Department of Revenue, Bureau of Property Tax.

(B) Equalized values are reduced by the increment value of tax increment districts (TID) for apportioning the County tax levy.

MARATHON COUNTY, WISCONSIN
 CURRENT EQUALIZED VALUE AND NET DIRECT AND OVERLAPPING
 TAX RATE BY MUNICIPALITY LAST TEN FISCAL YEARS
 (UNAUDITED)

DISTRICT	2002		NET TAX RATE - YEAR LEVIED (2) (B) (C) (D)									
	TOTAL EQUALIZED VALUE (1) (A)	(G)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
TOWN												
BERGEN	\$ 40,803,700	33.65	25.55	28.88	24.40	21.51	21.27	20.38	21.95	19.36	17.97	
BERLIN	50,685,300	33.63	27.15	26.93	25.52	21.39	19.89	20.60	20.44	20.04	20.45	
BERN	25,509,700	30.17	31.18	29.53	26.01	22.34	21.45	20.65	18.78	18.36	19.34	
BEVENT	70,550,700	28.92	30.67	29.72	18.99	20.44	20.62	19.99	20.36	18.67	18.24	
BRIGHTON	28,677,300	33.12	33.10	31.73	27.33	23.06	22.30	23.56	22.55	20.61	20.89	
CASSEL	42,377,000	27.36	26.53	26.12	23.17	17.46	16.73	17.34	17.62	17.48	17.43	
CLEVELAND	61,278,600	29.36	25.78	28.91	28.51	18.65	18.52	18.49	18.11	18.29	17.42	
DAY	43,765,000	25.33	25.05	26.43	25.59	19.45	18.78	18.74	17.84	17.72	17.50	
EASTON	57,780,600	29.93	30.89	24.33	20.96	19.88	19.02	20.01	20.76	19.92	20.60	
EAU PLEINE	39,649,500	28.13	25.99	27.31	27.19	18.43	16.69	17.64	16.55	15.72	16.49	
ELDERON	39,440,900	29.89	28.77	28.70	17.79	19.50	18.00	17.72	17.36	16.05	16.19	
EMMET	45,907,600	28.75	27.39	29.70	26.65	20.80	22.76	20.44	20.69	19.48	17.75	
FRANKFORT	29,009,200	27.80	26.65	26.26	25.12	17.26	19.11	20.16	20.89	19.74	20.21	
FRANZEN	33,561,400	28.41	27.27	26.54	23.43	16.15	17.56	22.12	20.22	18.87	17.97	
GREEN VALLEY	35,868,600	31.23	30.90	34.48	30.45	20.58	20.75	20.95	21.25	20.99	19.25	
GUENTHER	22,430,800	32.04	30.05	30.03	24.73	21.95	21.52	21.42	21.25	20.42	18.36	
HALSEY	24,451,300	31.80	31.47	30.38	26.13	20.74	19.70	20.52	18.68	18.27	19.28	
HAMBURG	38,611,700	31.64	27.61	28.79	25.90	22.24	20.94	21.19	20.32	19.80	20.76	
HARRISON	22,436,900	29.12	28.79	27.78	26.49	19.58	19.19	18.70	18.34	17.82	17.41	
HEWITT	34,969,400	31.90	32.01	32.17	28.59	22.94	23.99	22.28	22.20	21.29	20.86	
HOLTON	36,433,000	28.93	27.46	27.10	26.92	17.45	18.26	20.09	20.90	18.89	19.20	
HULL	32,696,900	31.83	30.48	30.43	28.42	30.23	20.91	20.67	21.24	19.50	19.63	
JOHNSON	37,896,400	29.00	27.68	27.20	23.37	19.68	18.70	19.63	17.87	17.80	19.03	
KNOWLTON	132,532,200	26.73	24.93	27.65	29.14	21.00	21.06	19.80	19.97	18.93	17.37	
KRONENWETTER	246,889,500	35.68	29.23	29.45	25.77	22.74	22.93	21.99	23.05	21.88	20.06	
MAINE	149,100,100	32.41	31.54	33.02	19.85	21.40	20.56	20.31	20.19	20.18	19.95	
MARATHON	66,884,200	27.90	26.58	26.53	23.45	18.55	17.98	17.24	17.34	16.80	17.97	
MCMILLIAN	118,993,900	35.25	33.59	35.59	24.36	22.48	21.48	24.04	22.93	21.52	21.98	
MOSINEE	117,520,400	34.93	34.34	25.05	22.81	21.82	21.95	20.64	21.45	19.91	18.26	
NORRIE	54,625,300	29.98	27.65	26.93	22.40	19.09	16.97	16.72	16.46	1.73	17.85	
PLOVER	35,451,400	26.36	28.14	27.23	29.80	21.23	23.16	21.41	21.07	20.13	18.89	
REID	73,175,300	34.41	26.62	29.41	26.33	21.67	21.74	20.76	21.32	19.93	18.29	
RIB FALLS	45,752,300	30.24	29.77	28.62	25.10	20.75	20.25	20.76	19.05	18.50	19.48	
RIB MOUNTAIN	534,572,900	32.56	33.07	30.87	27.87	22.70	21.99	21.65	21.68	21.33	21.16	
RIETBROCK	34,301,200	31.65	31.56	31.52	27.72	21.76	20.76	20.78	19.26	18.69	19.96	
RINGLE	79,997,800	28.76	22.44	24.97	21.43	16.96	16.36	16.55	17.61	17.44	17.83	
SPENCER	62,475,600	30.86	28.39	22.82	20.45	20.57	19.30	20.92	21.53	19.51	18.65	
STETTIN	172,418,400	27.06	26.90	25.50	19.04	18.89	18.66	19.22	19.20	19.99	21.87	
TEXAS	93,157,200	33.71	35.06	33.68	20.96	20.80	20.19	19.71	19.89	19.72	19.52	
WAUSAU	121,582,600	32.25	32.46	31.73	19.87	20.63	20.11	20.04	20.15	20.41	20.20	
WESTON	30,503,500	31.33	31.51	32.78	25.45	17.44	18.05	18.58	19.85	17.64	17.32	
WIEN	31,890,600	31.63	31.78	30.59	27.06	21.45	22.62	20.87	19.24	18.69	19.61	
TOWN TOTAL	3,096,615,900											

VILLAGE											
ATHENS	35,444,600	37.14	37.06	37.01	34.35	28.87	27.66	26.69	24.93	25.33	26.67
BIRNAMWOOD	565,100	25.36	23.97	22.78	17.86	18.54	18.37	18.86	18.63	17.99	17.98
BROKAW	30,874,400	38.72	36.70	37.15	33.33	21.50	21.10	23.71	23.40	23.83	22.63
DORCHESTER (E)	105,100	N/A	N/A	31.14	28.88	23.55	23.77	23.27	24.01	23.78	24.51
EDGAR	50,609,800	33.91	35.48	25.45	21.13	20.72	20.56	20.90	21.31	21.38	20.15
ELDERON	5,265,700	23.88	26.16	27.96	24.52	20.19	18.69	19.02	18.64	17.37	17.63
FENWOOD	4,352,400	27.22	26.35	28.85	24.44	19.10	16.75	17.46	19.02	18.78	16.88
HATLEY	21,674,700	26.94	26.95	29.93	17.69	17.49	16.78	16.53	17.45	16.90	17.27
MARATHON	85,898,700	30.68	29.19	29.96	25.70	22.36	21.87	21.38	21.12	20.41	21.66
ROTHSCHILD	278,150,200	29.71	29.63	31.05	19.99	20.88	20.99	21.49	22.96	22.59	23.14
SPENCER	70,182,400	32.33	33.08	29.76	28.16	28.06	26.49	26.17	25.85	24.68	23.95
STRATFORD	53,711,500	32.66	29.69	30.64	30.59	22.71	21.78	22.11	20.88	19.88	20.27
UNITY	7,216,300	30.00	31.94	30.97	28.93	21.78	22.41	22.44	23.29	21.59	20.62
WESTON (F)	546,836,900	N/A	N/A	N/A	28.54	21.53	20.79	20.67	21.56	21.15	21.72
VILLAGE TOTAL	1,190,887,800										
CITY											
ABBOTSFORD	19,929,290	34.11	30.82	30.02	29.05	26.77	25.15	23.60	23.67	24.60	25.87
COLBY	12,385,300	31.27	31.54	32.94	26.11	25.80	26.46	25.20	26.13	24.83	24.66
MARSHFIELD	61,882,800	35.10	36.04	36.25	30.40	25.20	26.11	25.67	26.85	24.48	23.67
MOSINEE	179,836,200	38.15	29.54	32.24	26.66	26.73	26.50	25.44	26.01	24.66	22.83
SCHOFIELD	163,417,900	27.91	29.48	32.33	28.51	24.83	23.21	22.79	24.05	22.84	23.33
WAUSAU	1,819,654,350	39.85	40.57	40.82	26.09	27.22	26.90	26.78	26.87	26.50	26.37
CITY TOTAL	2,257,105,840										
COUNTY TOTAL	\$ 6,544,609,540	6.16	6.21	6.21	6.21	6.21	6.21	6.21	6.21	6.09	6.08

SOURCES: (1) Wisconsin Department of Revenue, Bureau of Property Tax 2001 Statistical Report of Property Valuations

(2) Marathon County Treasurer's Office Division of Property Description

NOTES: (A) Equalized values are reduced by the increment value of tax increment districts (TID).

(B) Tax rate per \$1,000 of equalized value.

(C) Reduced by state credit.

(D) When a municipality has more than one taxing district, the highest tax rate is the one listed on this table.

(E) Dorchester was created in 1995 as a new village, therefore previous history does not exist.

(F) The Village of Weston was created in 1996 as a new village when the town split, therefore previous history does not exist.

(G) The year the state implemented the tax rate freeze formula based on the prior year data.

MARATHON COUNTY, WISCONSIN
TWENTY PRINCIPAL TAXPAYERS
DECEMBER 31, 2002
(UNAUDITED)

COMPANY NAME	2001 EQUALIZED VALUE	PERCENTAGE OF TOTAL EQUALIZED VALUE (A)
1. EMPLOYERS INSURANCE OF WAUSAU	\$ 55,899,400	0.8222 %
2. MOSINEE PAPERS	44,307,200	0.6517
3. CRESKE/WAUSAU TILE	26,966,600	0.3966
4. MARSHFIELD CLINIC	26,599,800	0.3912
5. MENARD INC & JOHN	23,510,200	0.3458
6. GREENHECK FAN CORP	22,843,800	0.3360
7. WALMART	19,052,900	0.2802
8. WAUSAU JOINT VENTURE	18,353,000	0.2699
9. WEYERHAUSER CO	14,609,600	0.2149
10. SNE/MATTEO CORP	13,896,600	0.2044
11. KOLBE & KOLBE	13,454,300	0.1979
12. APOGEE WAUSAU GROUP INC	11,538,900	0.1697
13. LONG GREEN	11,017,800	0.1620
14. M&I FIRST AMERICAN	10,982,000	0.1615
15. WAUSAU HOMES INC	10,787,600	0.1587
16. WAUSAU HOSPITALS	10,408,600	0.1531
17. MARATHON CHEESE	10,327,000	0.1519
18. PJ INVESTMENTS	10,181,600	0.1497
19. CAG INDUSTRIES	9,878,400	0.1453
20. CHARTER COMMUNICATIONS	9,627,300	0.1416
TOTAL	\$ 374,242,600	5.5042 %

SOURCE: City County Data Communication Center

NOTE: (A) Total equalized value of \$6,799,167,800 includes the increment value of tax increment districts (TID).

MARATHON COUNTY, WISCONSIN
COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2002
(UNAUDITED)

TABLE VII

Equalized value of real and personal property levied in 2002 (A)	\$	<u>6,799,167,800</u>
Debt limit, 5% of equalized value (Wisconsin statutory limitation)	\$	339,958,390
Amount of debt applicable to debt limitation:		
General obligation promissory notes (B)	\$	9,150,955
Less: Amount available for debt service		<u>(68,362)</u>
Total amount of debt applicable to debt margin		<u>9,082,593</u>
Legal debt margin-(debt capacity)	\$	<u>330,875,797</u>
Percent of debt capacity used		<u>2.67 %</u>
Ratio of net bonded debt to equalized value		<u>0.002</u>
Net bonded debt per capita	\$	<u>71.06</u>
Net bonded debt per capita - expected to be paid from general property taxes	\$	<u>32.23</u>

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

(B) Amount includes Marathon County's portion of the debt for CWA, solid waste and group home debt as general obligation debt, even though payments are expected to be paid from the respective revenue sources. Amount excludes Portage County's portion of debt for CWA of \$50,009 and \$80,705.

MARATHON COUNTY, WISCONSIN
RATIO OF OUTSTANDING DEBT TO EQUALIZED VALUE
AND DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE VII

<u>YEAR ENDING DECEMBER 31</u>	<u>POPULATION (1)</u>	<u>EQUALIZED VALUE (A)</u>	<u>OUTSTANDING DEBT</u>	<u>PERCENT OF DEBT TO EQUALIZED VALUE</u>	<u>DEBT PER CAPITA</u>
1993	119,315	3,410,652,340	20,133,702	0.5903	168.74
1994	120,713	3,685,065,640	19,555,000	0.5307	162.00
1995	122,095	4,042,110,840	24,350,000	0.6024	199.43
1996	123,258	4,405,379,440	21,350,000	0.4846	173.21
1997	124,309	4,680,426,940	17,535,000	0.3746	141.06
1998	125,491	4,967,829,640	18,800,000	0.3784	149.81
1999	126,393	5,368,291,040	14,635,000	0.2726	115.79
2000	125,834	5,738,954,640	9,975,000	0.1738	79.27
2001	126,743	6,259,667,840	4,735,000	0.0756	37.36
2002	127,968	6,544,609,540	4,370,000	0.0630	32.23

SOURCE: (1) Wisconsin Department of Administration, Demographic Service Center

NOTE: (A) Equalized values are reduced by the increment value of the tax increment districts (TID).

MARATHON COUNTY, WISCONSIN
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT (A) TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE IX

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST AND PAYING AGENT FEES</u>	<u>TOTAL DEBT SERVICE EXPENDITURES</u>	<u>TOTAL GENERAL EXPENDITURES (B)</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES</u>
1993	1,737,895	1,666,637	3,404,532	66,674,137	5.11
1994	2,078,184	1,553,800	3,631,984	72,884,732	4.98
1995	2,705,000	1,504,316	4,209,316	75,576,298	5.57
1996	2,570,000	1,485,964	4,055,964	84,976,156	4.77
1997	3,815,000	1,189,650	5,004,650	82,450,350	6.07
1998	3,670,000	926,125	4,596,125	93,094,998	4.94
1999	4,095,000	931,709	5,026,709	91,922,088	5.47
2000	4,660,000	742,127	5,402,127	90,722,647	5.95
2001	5,240,000	563,778	5,803,778	96,053,664	5.57
2002	10,841,265	399,903	11,241,168	103,150,036	10.89

NOTES: (A) For purposes of this schedule, general bonded debt does not include those portions of the debt expected to be paid from airport, solid waste or group home revenues.

(B) Total general expenditures include the General Fund, special revenue funds and Debt Service Fund, capital project funds, enterprise fund(s), internal service funds and the expendable trust fund. This table excludes interfund transfers and all information pertaining to any of the discretely presented component units.

MARATHON COUNTY, WISCONSIN
NET DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
ALL GOVERNMENTAL UNITS
DECEMBER 31, 2002
(UNAUDITED)

TABLE X

<u>UNDERLYING DEBT</u>	<u>NET GENERAL</u>	<u>PERCENTAGE</u>	<u>NET GENERAL OBLIGATION</u>
<u>DISTRICT:</u>	<u>OBLIGATION DEBT</u>	<u>APPLICABLE TO</u>	<u>DEBT APPLICABLE</u>
<u>TOWN:</u>	<u>DECEMBER 31, 2002</u>	<u>MARATHON COUNTY</u>	<u>TO MARATHON COUNTY</u>
BEVENT	\$ 83,169	100.00 %	\$ 83,169
CLEVELAND	100,000	100.00	100,000
EASTON	171,572	100.00	171,572
EAU PLEINE	20,446	100.00	20,446
ELDERON	37,475	100.00	37,475
EMMET	17,400	100.00	17,400
GREEN VALLEY	63,680	100.00	63,680
HAMBURG	209,214	100.00	209,214
HEWITT	62,875	100.00	62,875
KNOWLTON	354,663	100.00	354,663
KRONENWETTER	2,020,000	100.00	2,020,000
MAINE	427,348	100.00	427,348
MARATHON	107,000	100.00	107,000
MCMILLIAN	313,652	100.00	313,652
REID	9,918	100.00	9,918
RIB MOUNTAIN	5,573,350	100.00	5,573,350
RINGLE	316,705	100.00	316,705
TEXAS	177,451	100.00	177,451
WAUSAU	69,183	100.00	69,183
WIEN	35,045	100.00	35,045
TOWN TOTAL	10,170,146		10,170,146
VILLAGE:			
ATHENS	686,016	100.00	686,016
BROKAW	638,495	100.00	638,495
DORCHESTER	1,504,163	0.00	0
EDGAR	65,924	100.00	65,924
FENWOOD	52,000	100.00	52,000
KRONENWETTER	8,919,541	100.00	8,919,541
MARATHON	384,000	100.00	384,000
ROTHSCHILD	9,825,000	100.00	9,825,000
SPENCER	2,636,123	100.00	2,636,123
STRATFORD	1,006,279	100.00	1,006,279
UNITY	0	65.17	0
WESTON	15,130,000	100.00	15,130,000
VILLAGE TOTAL	40,847,541		39,343,378

MARATHON COUNTY, WISCONSIN
NET DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
ALL GOVERNMENTAL UNITS
DECEMBER 31, 2002
(UNAUDITED)

TABLE X

CITY:			
ABBOTSFORD	840,029	27.88	234,200
COLBY	1,614,197	25.36	409,360
MARSHFIELD	22,657,471	6.84	1,550,813
MOSINEE	3,660,311	100.00	3,660,311
SCHOFIELD	3,441,104	100.00	3,441,104
WAUSAU	27,889,446	100.00	27,889,446
CITY TOTAL	60,102,558		37,185,235
 SCHOOL:			
ANTIGO	4,721,846	4.62	218,149
ATHENS	170,853	100.00	170,853
AUBURNDALE	6,130,000	2.68	164,161
COLBY	4,880,000	41.43	2,021,784
D.C. EVEREST	28,740,000	100.00	28,740,000
EDGAR	1,750,000	100.00	1,750,000
MARATHON	2,310,000	100.00	2,310,000
MARSHFIELD	1,475,000	14.50	213,875
MEDFORD	2,785,000	0.51	14,326
MERRILL	25,264,990	3.25	821,112
ROSHOLT	5,765,000	27.59	1,590,564
SPENCER	824,667	87.79	723,963
STRATFORD	3,382,000	100.00	3,382,000
WAUSAU	56,600,000	100.00	56,600,000
WITT-BIRN	1,225,000	51.57	631,733
MID-STATE TECH COLLEGE	12,615,000	2.28	287,370
NORTHCENTRAL TECH	13,365,000	57.36	7,666,164
SCHOOL TOTAL	172,004,356		107,306,053
 SPECIAL DISTRICTS:			
RIB MTN METRO SEWAGE	1,793,853	100.00	1,793,853
RIB MOUNTAIN SANITARY	930,000	100.00	930,000
ROZELLVILLE SANITARY	7,800	100.00	7,800
SPECIAL DISTRICTS TOTAL	2,731,653		2,731,653
TOTAL APPLICABLE UNDERLYING DEBT	285,856,254		196,736,465
 DIRECT DEBT			
MARATHON COUNTY	4,370,000	100.00	4,370,000
 TOTAL DEBT APPLICABLE TO MARATHON COUNTY	 \$ 290,226,254		 \$ 201,106,465

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

MARATHON COUNTY, WISCONSIN
DEMOGRAPHIC STATISTICS AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE XI

FISCAL YEAR	POPULATION (1)	PER CAPITA INCOME (2)	UNEMPLOYMENT RATE (3)	MEDIAN AGE (4)	BANK DEPOSITS (5)	SCHOOL YEAR	SCHOOL ENROLLMENTS K-12 (6)	
							PUBLIC	PRIVATE
1993	119,315	17,384	5.1	33.3	1,080,168,000	1993-94	18,740	3,139
1994	120,713	18,587	5.4	33.6	1,399,188,000	1994-95	19,355	3,563
1995	122,095	19,266	4.5	33.9	1,513,158,000	1995-96	19,564	3,451
1996	123,258	20,261	3.9	34.4	1,513,574,000	1996-97	19,933	3,285
1997	124,309	21,108	3.7	34.7	1,707,196,000	1997-98	20,030	3,231
1998	125,491	22,318	3.5	34.9	2,461,706,000	1998-99	19,845	3,354
1999	126,393	23,755	2.9	35.1	2,398,552,000	1999-00	19,914	3,238
2000	125,834 (7)	24,781	2.4	35.3	2,637,127,000	2000-01	19,731	3,206
2001	126,743	26,009	3.9	36.3	1,110,777,000	2001-02	19,638	3,162
2002	127,968	26,009	4.5	36.3	1,206,567,000	2002-03	19,662	3,086

- SOURCES: (1) Wisconsin Department of Administration, Demographic Service Center (estimate as of January 1st of each year)
(2) Wisconsin Department of Revenue, Division of Research and Analysis (information has a two year lag, example - information listed as 2000 is actual 1998 data and is the most current available)
(3) U.S. Department of Labor, Bureau of Labor Statistics/Wisconsin Department of Workforce Development, (Wausau, MSA)(average for the year, not seasonally adjusted)
(4) Demographics, USA
(5) State of Wisconsin, Office of Commissioner of Banking
(6) Wisconsin Department of Public Instruction
(7) Actual census figures

**MARATHON COUNTY, WISCONSIN
PROPERTY VALUES
LAST TEN FISCAL YEARS
(UNAUDITED)**

PROPERTY VALUE (A)	1993		1994		1995		1996		1997	
	VALUE	PERCENT								
REAL ESTATE:										
RESIDENTIAL	\$2,116,237,000	62.05 %	\$2,345,782,700	63.66 %	\$2,555,424,600	63.22 %	\$2,820,528,600	64.02 %	\$3,025,369,600	64.64 %
COMMERCIAL	517,934,900	15.19	534,005,000	14.49	623,075,400	15.41	711,681,500	16.15	729,300,800	15.58
MANUFACTURING	159,866,700	4.69	165,212,000	4.48	168,186,600	4.16	172,994,900	3.93	178,805,600	3.82
AGRICULTURAL	366,297,300	10.74	354,058,100	9.61	380,498,900	9.41	379,438,500	8.61	390,483,000	8.34
SWAMP & WASTE	2,773,200	0.08	2,941,800	0.08	2,957,000	0.07	3,040,200	0.07	3,966,100	0.08
FOREST	66,311,300	1.94	90,866,900	2.47	102,977,300	2.55	114,354,600	2.60	141,179,600	3.02
	3,229,420,400	94.69	3,492,866,500	94.78	3,833,119,800	94.83	4,202,038,300	95.38	4,469,104,700	95.48
PERSONAL PROPERTY	181,231,940	5.31	192,199,140	5.22	208,991,040	5.17	203,341,140	4.62	211,322,240	4.52
TOTAL PROPERTY VALUE	<u>\$3,410,652,340</u>	<u>5.31 %</u>	<u>\$3,685,065,640</u>	<u>5.22 %</u>	<u>\$4,042,110,840</u>	<u>5.17 %</u>	<u>\$4,405,379,440</u>	<u>4.62 %</u>	<u>\$4,680,426,940</u>	<u>4.52 %</u>

PROPERTY VALUE (A)	1998		1999		2000		2001		2002	
	VALUE	PERCENT								
REAL ESTATE:										
RESIDENTIAL	\$3,200,112,900	64.42 %	\$3,504,474,100	65.28 %	\$3,764,585,300	65.60 %	\$4,030,770,000	62.10 %	\$4,233,297,800	62.30 %
COMMERCIAL	781,707,500	15.74	857,111,000	15.97	919,821,600	16.03	1,177,080,000	18.13	1,242,511,400	18.26
MANUFACTURING	192,995,700	3.88	205,416,100	3.83	219,086,900	3.82	292,845,800	4.51	317,896,400	4.68
AGRICULTURAL	392,860,900	7.91	403,199,500	7.51	379,511,300	6.61	428,412,200	6.60	81,883,700	1.20
SWAMP & WASTE	10,164,400	0.20	13,149,000	0.24	26,627,100	0.46	36,432,700	0.56	44,379,900	0.65
FOREST	158,084,200	3.18	202,364,500	3.77	235,811,900	4.11	283,240,100	4.36	647,147,300	9.51
	4,735,925,600	95.33	5,185,714,200	96.60	5,545,444,100	96.63	6,248,780,800	96.27	6,567,116,500	96.60
PERSONAL PROPERTY	231,904,040	4.67	182,576,840	3.40	193,510,540	3.37	242,096,000	3.73	232,051,300	3.40
TOTAL PROPERTY VALUE	<u>\$4,967,829,640</u>	<u>100.00 %</u>	<u>\$5,368,291,040</u>	<u>100.00 %</u>	<u>\$5,738,954,640</u>	<u>100.00 %</u>	<u>\$6,490,876,800</u>	<u>100.00 %</u>	<u>\$6,799,167,800</u>	<u>100.00 %</u>

SOURCE: Wisconsin Department of Revenue, Bureau of Property Tax

NOTES: (A) Property values are reduced by the value of the tax increment districts (TID).

MARATHON COUNTY, WISCONSIN
NUMBER AND VALUE OF CONSTRUCTION PERMITS
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE XIII

FISCAL YEAR	NEW RESIDENTIAL & REMODELING		COMMERCIAL & MANUFACTURING		AGRICULTURAL		NON-RESIDENTIAL REMODEL, MOVING & OTHER (A)	
	VALUE	# PERMITS	VALUE	# PERMITS	VALUE	# PERMITS	VALUE	# PERMITS
1993	69,036,353	2,199	30,059,691	104	3,415,550	250	29,977,023	292
1994	78,690,979	2,295	13,138,873	94	3,552,429	282	14,841,509	275
1995	71,463,561	2,218	25,709,302	107	3,770,536	296	35,614,644	297
1996	76,214,059	2,317	34,155,133	92	4,748,127	293	40,713,329	427
1997	85,753,443	2,330	37,233,935	127	5,136,202	305	44,329,092	401
1998	106,642,057	2,584	27,464,900	108	4,863,883	395	31,963,584	358
1999	101,588,929	2,665	30,155,369	95	4,323,799	360	41,913,936	363
2000	103,161,239	2,610	43,217,700	104	4,568,793	371	61,843,087	397
2001	107,643,821	2,649	29,998,818	109	3,954,922	273	58,377,999	464
2002	112,909,319	2,659	138,540,088	90	4,994,603	256	36,050,405	440

SOURCE: Wausau/Marathon County Chamber of Commerce, Construction Reports

NOTE: (A) Non-residential/other includes schools, public buildings, etc.

TABLE XV

**MARATHON COUNTY, WISCONSIN
SCHEDULE OF INSURANCE
FISCAL YEAR ENDED DECEMBER 31, 2002
(UNAUDITED)**

Insurer Policy Numbers Effective Dates	Policy Coverage Limits of Liability Deductibles/Retention (1)
<p>Wisconsin Municipal Mutual Insurance Company WI2002CSI3A 1/1/02 to 1/1/03</p>	<p>General Liability/Automobile Liability/Police Professional Liability Owned, non-owned and hired auto \$5,000,000 Limit of liability per occurrence \$400,000 Per occurrence deductible \$400,000 Annual aggregate deductible Uninsured Motorist \$25,000 - 50,000 Limit of liability</p> <p>Errors and Omission Public Officials Liability Claims Made \$5,000,000 Limit of liability per occurrence \$15,000,000 Aggregate \$400,000 Per occurrence deductible \$400,000 Annual aggregate deductible</p> <p>Employee Benefit Liability \$5,000,000 Limit of liability per occurrence \$15,000,000 Aggregate \$400,000 Per occurrence deductible \$400,000 Annual aggregate deductible</p> <p>All premiums adjusted annually excludes coverage for pollution liability, nursing homes, health centers, medical facilities and airport</p>
<p>Self-Funded & Administered 1/1/02 to 1/1/03</p>	<p>Workers Compensation Employer Liability State Statutes First \$250,000 per claim/occurrence</p>
<p>Wisconsin Municipal Mutual Insurance Company WI2002WC13X 1/1/02 to 1/1/03</p>	<p>Specific Excess Workers Compensation \$250,000 Specific retention Limits of Liability \$1,000,000 Workers Comp \$1,000,000 Employers Liability \$1,000,000 Workers Comp/Emp. Liability Combined</p>

Insurer
Policy Numbers
Effective Dates

Policy Coverage
Limits of Liability
Deductibles/Retention (1)

Local Government
Property Insurance Fund
120038
1/1/02 to 1/1/03

Buildings, Personal Property, Inland Marine & Property in the Open
listed on the statement of values:
Limit \$154,708,295 - Replacement Cost Coverage
Deductible \$1,000

Contractors Equipment
Limit \$11,600,239
Deductible \$1,000

Automobile Comprehensive
Limit \$8,233,603
Deductible \$500

Personal Property within 100 feet of listed buildings- replacement cost coverage

Property in the open within 100 feet of listed property
Limited to \$1,000 any one item up to \$10,000 maximum

Leased Property Improvements destroyed by covered peril are covered if replaced or repaired within a reasonable time; if not repaired or replaced, original cost new less specified fraction

Cost of Debris Removal: covered
Pollution limitation: \$50,000 annually, however \$10,000 maximum applies for covered expenses incurred in each annual policy period for removal of pollutants/contaminants from land or water at described premises caused by a covered peril

Lawn, Trees & Shrubs within 100 feet of insured buildings
limited to \$500 per tree or shrub
and \$1,000 for lawn up to a maximum of \$5,000 per occurrence
Including debris removal

Personal Property in Transit up to \$2,500 limit

Valuable Records - No dollar limit; covered on or off premises excluding losses caused by errors and omissions or negligence in processing or copying.

**Insurer
Policy Numbers
Effective Dates**

**Policy Coverage
Limits of Liability
Deductibles/Retention (1)**

**Local Government Property
Insurance Fund
120038
1/1/02 to 1/1/03**

Personal Property of Others while on our property per occurrence, and not covered by other insurance, limit of \$10,000

Employees Personal Property \$500 any one employee up to \$10,000 per occurrence maximum If not covered by other insurance

Extra Expenses automatically covered to maintain normal operations
No dollar limit

Acquired Property or Being Constructed if over \$250,000 and value is reported within 90 days

Monies and Securities within our premises with \$500 deductible:
Coverage A: \$2,600,000
Coverage B: \$2,600,000

Additional Coverage:
Builders Risk \$1,500,000
Business Interruption \$1,999,999

**Old Republic Surety Company
MSA-1049631
1/1/02 to 1/1/03**

**Public Employee Blanket
Position Bond**
\$500,000 Limit of liability per employee

**Old Republic Surety Company
MSA-1049619
1/1/02 to 1-1-03**

Public Official Schedule Position Bond
Limits vary by officials who are required by law to be individually bonded

**Hartford Steam Boiler
Inspection & Insurance Co.
FBP4910023
1/1/02 to 1/1/03**

Boiler & Machinery
\$25,000,000 Equipment Limit
\$2,500 Deductible

Self Funded

Pollution Legal Liability Marathon
County Landfill
\$2,000,000 Limit of liability
per claim and in aggregate
Claims-made Policy

**Insurer
Policy Numbers
Effective Dates**

General Liability
Associated Aviation Underwriters
ALI158100
1-1-02/1-1-03

**Policy Coverage
Limits of Liability
Deductibles/Retention (1)**

Occurrence
Airport General Liab
General Aggregate - \$25,000,000
Products/Completed Oper.Aggr. - \$25,000,000
Personal & Advertising Injury - \$5,000,000
Each Occurrence - \$25,000,000
Fire Damage (any one fire) - \$100,000
Medical Expense (any one person) - \$5,000

HGKLL 25,000,000 - Loss
HGKLL 25,000,000 - Aircr
CONTG 50,000,000 - Tower Liab.
N-OWN 50,000,000 - Liab

Commercial Application
**Premise 1 Building 1
Same**

Self-Funded & Administered Automobile Collision: Actual Cash Value Coverage
1/1/02 to 01/01/03

**Self-Funded Health/
Administered by
Wausau Benefits Inc**

Health Benefit Plan PPO
\$2,000,000 Per person life time benefit
100% Of most covered medical expense in network 1/1/02 to 1/1/03
90% out of network
80% Of medical supplies and equipment in network,
70% out of network
Prescription Drugs: \$2 co-pay generics; \$5 co-pay brands
Deductibles
\$200 Single
\$600 Family
\$125,000 Specific stop loss
125% Aggregate stop-loss on an incurred basis

**Companion Life Insurance Co.
CLI-3202-010102
01/01/02 to 01/01/03**

Excess Loss Insurance
Specific Deductible per person: \$125,000
Maximum Specific Benefit per person: \$1,875,000

**Dental Insurance
Blue Cross Blue Shield
7/1/02 to 07/1/03**

Blue Cross Blue Shield Dentacare Plan
HMO
Unlimited
No deductible
100% Coverage usual and customary most procedures

**Self-Funded Dental/
Administered by
Delta Dental of Wisconsin
7/1/02 to 07/1/03**

Delta Dental of Wisconsin
\$25 Deductible per calendar year
\$75 Deductible maximum per family
100% Diagnostic and preventive*
80% Ancillary, direct filling restorations, oral
surgery, endodontics, and periodontics
50% Indirect filling restorations
\$500 Maximum payment amount - per person, per calendar year

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

(2) All coverage questions should be directed to the Risk Manager.

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