

MUNICIPAL SECURITIES DISCLOSURE REQUIREMENTS

The Securities and Exchange Commission (SEC) has issued its rules regarding secondary market disclosure for issuers of municipal securities which is SEC Rule 15c2-12. The rule, among other requirements, (referred to as the Annual Undertaking) has set up the requirement for the submission of annual audited financial statements to all Nationally Recognized Municipal Securities Information Repositories (NRMSIR). Wisconsin has not designated nor established a State Information Repository (SIR). Following are nine (9) specific requirements of the rule and the necessary information to satisfy each.

(1) As a municipal security issuer, the County makes the following disclosure regarding material events. These are referred to as the eleven deadly sins.

- (a) Principal and interest payment delinquencies; - None*
- (b) Non-payment related defaults; - None*
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties; - None*
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties; - None*
- (e) Substitution of credit or liquidity providers, or their failure to perform; - None*
- (f) Adverse tax opinions or events affecting the tax-exempt status of the security; - None*
- (g) Modifications to rights of security holders; - None*
- (h) Bond calls; - the County currently has five debt issues with eligible call dates as follows:*
 - 1996A G. O. Refunding issue - 11/01/02*
 - 1994A G. O. Group Home issue - 04/01/01*
 - 1992A G. O. Library issue - 11/01/02*
 - 1995A G. O. University issue - 11/01/02*
 - 1998A G. O. Airport issue - 10/01/05*

(i) Defeasances; - the County currently has eight (8) debt issues that qualify as legal defeasances as follows:

| | |
|--|--------------------|
| <i>1985 G.O. Building bonds</i> | |
| <i>total defeasance of</i> | <i>\$3,405,000</i> |
| <i>1987A G.O. Refunding bonds</i> | |
| <i>total defeasance of</i> | <i>1,415,000</i> |
| <i>1992A G.O. Library bonds</i> | |
| <i>total defeasance of</i> | <i>3,475,000</i> |
| <i>1994A G.O. NCHCC bonds</i> | |
| <i>total defeasance of</i> | <i>165,000</i> |
| <i>1995A G.O. University bonds</i> | |
| <i>total defeasance of</i> | <i>2,770,000</i> |
| <i>1996 G.O. Refunding bonds</i> | |
| <i>total defeasance of</i> | <i>875,000</i> |
| <i>1998B G.O. Huber bonds</i> | |
| <i>total defeasance of</i> | <i>5,000,000</i> |
| <i>2002A G.O. CIP issue partial defeasance as follows:</i> | |
| <i>Maturity date of 11/01/04</i> | |
| <i>total defeasance of</i> | <i>75,000</i> |

For a total amount defeased as of 12/31/02 of

\$17,180,000

- (j) Release, substitution, or sale of property securing repayment of the securities; - None
- (k) Rating changes; - Moody's Investors Services, Inc. has changed their method of rating governmental agencies. The change breaks out grades by several additional levels. Previously the County rating was Aa and now the rating is Aa2. The County sought its first double rating in 1998 by requesting a rating from Fitch IBCA, Inc. This rating was confirmed at AA.

(2) The County property values are listed (in various forms) in Table IV, Table V, Table VIII and Table XII in the Statistical Section of the 2002 CAFR.

(3) Information on the County's legal debt margin can be found in Table VII "Computation of Legal Debt Margin - December 31, 2002" in the Statistical Section of the 2002 CAFR.

(4) The detail of outstanding notes and bonds can be found in Table VIII "Ratio of Outstanding Debt to Equalized Value and Debt Per Capita - Last Ten Fiscal Years" in the Statistical Section of the 2002 CAFR.
Additional information as it relates to specific bonded debt issues but excluding other long term debt of the County is as follows:

| Date of Issue | Original Amount | Purpose | Final Maturity | Principal Outstanding 12-31-02 |
|---------------------------------|-----------------|--------------------------------------|----------------|--------------------------------|
| 05/01/86 | \$565,000 | CWA Portage Co. | 05/01/04 | 80,704(e) |
| 05/01/87 | 13,455,000 | Refunding | 11/01/04 | 0 (a) |
| 05/25/94 | 282,680 | State Trust Fund Loan | 03/15/04 | 153,820(e) |
| 04/10/95 | 89,633 | State Trust Fund Loan | 03/15/04 | 42,135(e) |
| 12/01/92 | 4,900,000 | Library | 11/01/12 | 0 (b) |
| 08/01/93 | 2,040,000 | Landfill | 11/01/03 | 245,000(c) |
| 04/01/94 | 700,000 | NCCS | 04/01/04 | 0(d)(h) |
| 02/01/95 | 7,500,000 | University | 11/01/04 | 0 (g) |
| 08/01/96 | 8,615,000 | Refunding 1996A | 11/01/04 | 0(i) |
| 07/27/94 | 209,048 | State Trust Fund Loan/Portage County | 03/15/04 | 50,009(e) |
| 04/01/98 | 5,100,000 | Central Wisconsin Airport | 10/01/17 | 4,585,000(f) |
| 04/01/98 | 5,000,000 | Huber Facility | 10/01/04 | 0(j) |
| 09/01/98 | 78,000 | Clay Contract - Landfill | 09/01/04 | 13,000(c) |
| 4/1/02 | 4,350,000 | CIP Highway | 11/1/03 | 4,125,000 (k) |
| Subtotal | | | | 9,294,668 |
| Less Debt Service Funds on Hand | | | | 57,154 |
| Total Net Direct Debt | | | | 9,237,514 |

- (a) The 1998 through 2004 maturities are being funded by the 1996A Refunding bonds.
- (b) A portion of this issue is paid from revenues received from the City of Wausau.
- (c) Debt service payments are fully supported by tipping fees.
- (d) Debt service payments are partially supported by NCHCF from group home revenues.
- (e) Debt service payments are fully paid by CWA
- (f) Debt service payments are expected to be fully supported by passenger facility charges at CWA
- (g) Defeased \$2,730,000 in 2000 a total thus far of \$2,870,000.
- (h) Defeased \$165,000 in 2001.
- (i) Defeased \$875,000 in 2001.
- (j) Defeased \$2,780,000 in 2002 a total thus far of \$ 5,000,000.
- (k) Defeased \$75,000 in 2002

(5) *The detail for the County's tax rates, levies and collections can be found in Table III "Property Tax Levies and Collections - Last Eleven Fiscal Years" in the statistical section of the 2002 CAFR. An example of the tax rate in the City of Wausau is as follows:*

| Tax Rates* | 01/02 | 02/03 |
|--|---------|--------|
| City of Wausau | \$8.78 | 8.78 |
| State of Wisconsin | .20 | .20 |
| Marathon County | 6.12 | 6.11 |
| Wausau School District | 11.13 | 10.88 |
| Northcentral Technical College | 1.89 | 1.94 |
| Gross Tax Rate | 28.12 | 27.91 |
| Less State Credit | (1.61) | (1.53) |
| Net Tax Rate | \$26.51 | 26.38 |
| Ratio of assessed value to equalized value | 0.87% | .85% |

*Tax rates per \$1,000 of equalized value

(6) *The information on major employers is listed as follows:*

| | Company | # Employees |
|----|--|--------------------|
| 1. | <i>Community Health Care</i> | 2,888 |
| 2. | <i>Wausau Insurance/Liberty Mutual</i> | 1,680 |
| 3. | <i>Kolbe & Kolbe Millworks Inc</i> | 1,615 |
| 4. | <i>Peachtree Companies (SNE)</i> | 1,500 |
| 5. | <i>Greenheck Fan Corp</i> | 1,350 |
| 6. | <i>Wausau School District</i> | 1,325 |
| 7. | <i>Marathon Cheese Corp</i> | 1,300 |
| 8. | <i>Wausau - Mosinee Paper Corp</i> | 1,175 |
| 9. | <i>Eastbay</i> | 1,163 |

(7) *The summary budget information is as follows:*

| 2002 REVENUE | | 2002 EXPENDITURES | |
|---------------------------------|--------------|-------------------------------------|-------------|
| Taxes | \$45,526,129 | General Government | 27,824,556 |
| Intergovernmental grants/aid | 35,495,728 | Public Safety | 13,341,733 |
| Licenses, Fines and Forfeitures | 725,950 | Transportation | 35,033,642 |
| Charges for services: | | Health | 8,107,088 |
| Public | 8,631,523 | Social Services | 21,121,793 |
| Intergovernmental | 19,637,788 | Leisure and Education | 9,798,287 |
| Miscellaneous Revenue | 13,574,574 | Conservation & Economic Development | 4,468,184 |
| Transfers | 19,620,748 | Debt Service | 6,072,340 |
| | | Capital Outlay | 9,189,773 |
| | | Transfers | 8,461,799 |
| TOTALS | 143,419,195 | | 143,419,195 |

(8) *All of the required financial statements are included in the Financial Section of the 2002 CAFR.*

(9) *The debt ratios for direct and overlapping debt as it relates to equalized value, per capita and per acre is as follows:*

| | | General Obligation Direct Debt | General Obligation Underlying Debt | Total Applicable General Obligation Debt |
|-------------------------------|-----------------|--------------------------------------|---|---|
| Debt Values | | \$4,125,000 | 201,106,465 | 215,662,394 |
| Equalized Value (less TID) | \$6,544,609,540 | 0.06% | 3.07% | 3.14% |
| Per capita | 126,743 | 32.55 | 1,586.73 | 1,619.27 |
| Per acre | 1,013,760 | 4.07 | 198.38 | 202.45 |

The County feels that this notice meets the municipal securities disclosure requirements. The County has also provided a link to the 2002 CAFR information on its Internet site at www.co.marathon.wi.us under departments/finance/information page.