

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

MARATHON COUNTY, WISCONSIN

FOR THE YEAR ENDED

DECEMBER 31, 2003

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

MARATHON COUNTY, WISCONSIN

FINANCIAL STATEMENTS For the Year Ended December 31, 2003

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FINANCE DEPARTMENT
(715) 261-1170

May 12, 2004

*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, 2003. 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 through 2003 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.us](http://www.co.marathon.wi.us)

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 18, 2006.

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 included in this section.

The County provides a full range of services. This includes judiciary services and legal counsel, general and financial administration, including tax collections; property records and register of deeds; county planning and zoning; public safety with sheriff, emergency 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; 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 4.6%, and should stay constant in the next few years.

Wausau area and Marathon County employment figures are close to record levels. Several large employers have recently established in the area. 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 2003 totaled \$274,469,295 as compared to the 2002 figure of \$292,494,415. Overall permit values decreased 6% in 2003. New residential construction and remodeling totaled over \$142.6 million, a 26% increase over year 2002. Commercial and industrial facilities added \$86.2 million to the tax base in 2003.

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 2003 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 western 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. The County will participate 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.

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 2003. 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. In 2003 all new HVAC and boilers were installed to improve heating, cooling and air flow in the courthouse. The courthouse also received all new energy efficient windows and corian sills.

FUTURE PLANS

The County is looking at security measures at the Courthouse. These enhancements 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 County secured a grant to install security cameras in the courthouse building to enhance security.

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 fund, highway road improvement fund and any special revenue fund 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 I39/51 freeway project, and the Hwy 29/Y project.

General Fund Balance

The unreserved undesignated fund balance will be used in the 2005 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, 2003" 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 2003 was 1.14%. 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 .40% of the total deposits during 2003.

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 .98% for 2003, the County's investments represented an average 6.29% 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 on par with 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 365 days with banks throughout the State of Wisconsin. Investments in this program had an average 2003 return of 1.95%.

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, 2003 were classified in the category of lowest credit risk as defined by the GASB. The amount of interest earned in 2003 for all Primary Government operations (including the CWA as a discretely presented component unit) was \$2,553,287.40, a decrease from 2002 of 21.93%. 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 \$221,805 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>
1994	1,962,625	334,713	20.56
1995	*3,265,431	1,302,806	66.38
1996	3,403,114	137,683	4.22
1997	3,654,128	251,014	7.38
1998	**4,093,963	439,835	12.04
1999	4,015,065	(78,898)	(1.93)
2000	5,034,848	1,019,783	25.40
2001	4,660,554	(374,294)	(7.43)
2002	3,270,623	(1,389,931)	(29.82)
2003	1,753,131	(1,517,492)	(46.40)

*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, 2003 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 Wisconsin Municipal Mutual Insurance Company (WMMIC). The County was required to fund a capital contribution of its respective portion of the company at the time of entry. WMMIC consisted of ten (10) counties and two (2) cities prior to our joining. The County's contribution was \$1,519,000. 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 and provides \$5,000,000 per occurrence excess coverage for employee benefit liability with 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 \$198 million of physical assets. Claims on buildings, contents and contractors equipment have a deductible of \$1,000 and automobile comprehensive has a \$500 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 basic financial statements is included in the financial section of this report. The independent auditors' reports related specifically to the federal and state single audit are included in a separately issued single audit report which is available from the Finance Department.

CERTIFICATE OF ACHIEVEMENT

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

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

MUNICIPAL SECURITIES DISCLOSURE REQUIREMENTS

The Securities and Exchange Commission (SEC) has issued its rules regarding secondary market disclosure for issuers of municipal securities which 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
 1992A G. O. Library issue - 11/01/02
 1995A G. O. University issue - 11/01/02
 1998A G. O. Airport issue - 10/01/05
 2003B G.O. Airport issue – 5/01/09

(i) Defeasances; - the County currently has seven (7) debt issues that qualify as legal defeasances as follows:

1985 G.O. Building bonds	
total defeasance of	\$1,695,000
1987A G.O. Refunding bonds	
total defeasance of	655,000
1992A G.O. Library bonds	
total defeasance of	3,210,000
1994A G.O. NCHCC bonds	
total defeasance of	85,000
1995A G.O. University bonds	
total defeasance of	1,465,000
1996 G.O. Refunding bonds	
total defeasance of	150,000
1998B G.O. Huber bonds	
total defeasance of	2,500,000

For a total amount defeased as of 12/31/03 of \$9,760,000

- (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 this CAFR.

(3) Information on the County's legal debt margin can be found in Table VII "Computation of Legal Debt Margin - December 31, 2003" in the Statistical Section of this 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 this CAFR.

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

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding 12-31-03
05/01/86	\$565,000	CWA Portage Co.	05/01/04	40,352(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	134,635(e)
04/10/95	89,633	State Trust Fund Loan	03/15/04	35,261(e)
12/01/92	4,900,000	Library	11/01/12	0 (b)
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	25,553 (e)
04/01/98	5,100,000	Central Wisconsin Airport	10/01/17	4,420,000 (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)
04/01/03	555,000	Central Wisconsin Airport	05/01/13	555,000 (e)
				Subtotal 5,223,801
Less Debt Service Funds on Hand				76,952
Total Net Direct Debt				\$5,146,849

(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 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 for a total thus far of \$5,000,000.

(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 this CAFR. An example of the tax rate in the City of Wausau is as follows:

Tax Rates*	02/03	03/04
City of Wausau	\$8.78	8.62
State of Wisconsin	.20	.20
Marathon County	6.11	5.91
Wausau School District	10.88	10.76
Northcentral Technical College	1.94	1.90
Gross Tax Rate	27.91	27.39
Less State Credit	(1.53)	(1.46)
Net Tax Rate	\$26.38	25.93
Ratio of assessed value to equalized value	85%	83%

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

(6) The information on major employers was previously mentioned in this Transmittal Letter on Page IV.

(7) The summary budget information is as follows:

2003 REVENUE		2003 EXPENDITURES	
Taxes	\$39,846,548	General Government	29,942,290
Sales and misc. taxes	7,378,150	Public Safety	13,400,384
Intergovernmental grants/aid	39,842,033	Transportation	39,033,535
Licenses, Fines and Forfeitures	1,066,350	Health	9,006,729
Charges for services:		Social Services	22,710,381
Public	8,747,864	Leisure and Education	9,504,925
Intergovernmental	19,862,453	Conservation & Economic Development	4,928,048
Miscellaneous Revenue	12,756,740	Debt Service	6,097,550
Transfers	12,353,207	Capital Outlay	3,429,060
		Transfers	3,800,443
TOTALS	\$141,853,345		\$141,853,345

(8) All of the required financial statements are included in the Financial Section of Marathon County's CAFR.

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

		General Obligation Direct Debt	General Obligation Underlying Debt	Total Applicable General Obligation Debt
Debt Values		\$0	249,247,059	249,247,059
Equalized Value (less TID)	\$6,930,455,450	0.0%	3.60%	3.60%
Per capita	127,968	0	1,947.73	1947.73
Per acre	1,013,760	0	245.86	245.86

The County feels that this meets the municipal securities disclosure requirements. The County has also provided a link to this information on its Internet site mentioned above.

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

MARATHON COUNTY

Mort McBain
County Administrator

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, 2002

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.

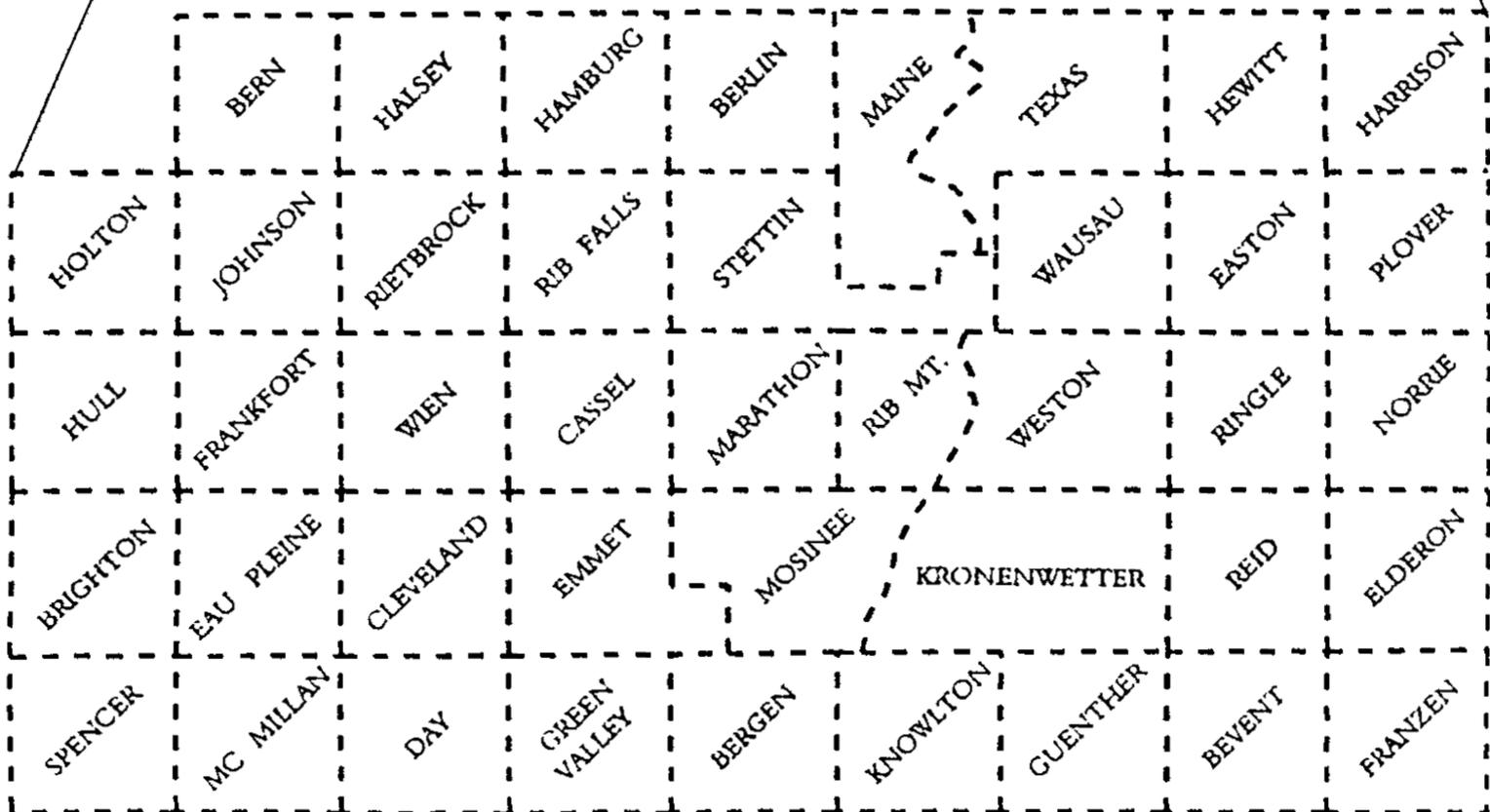
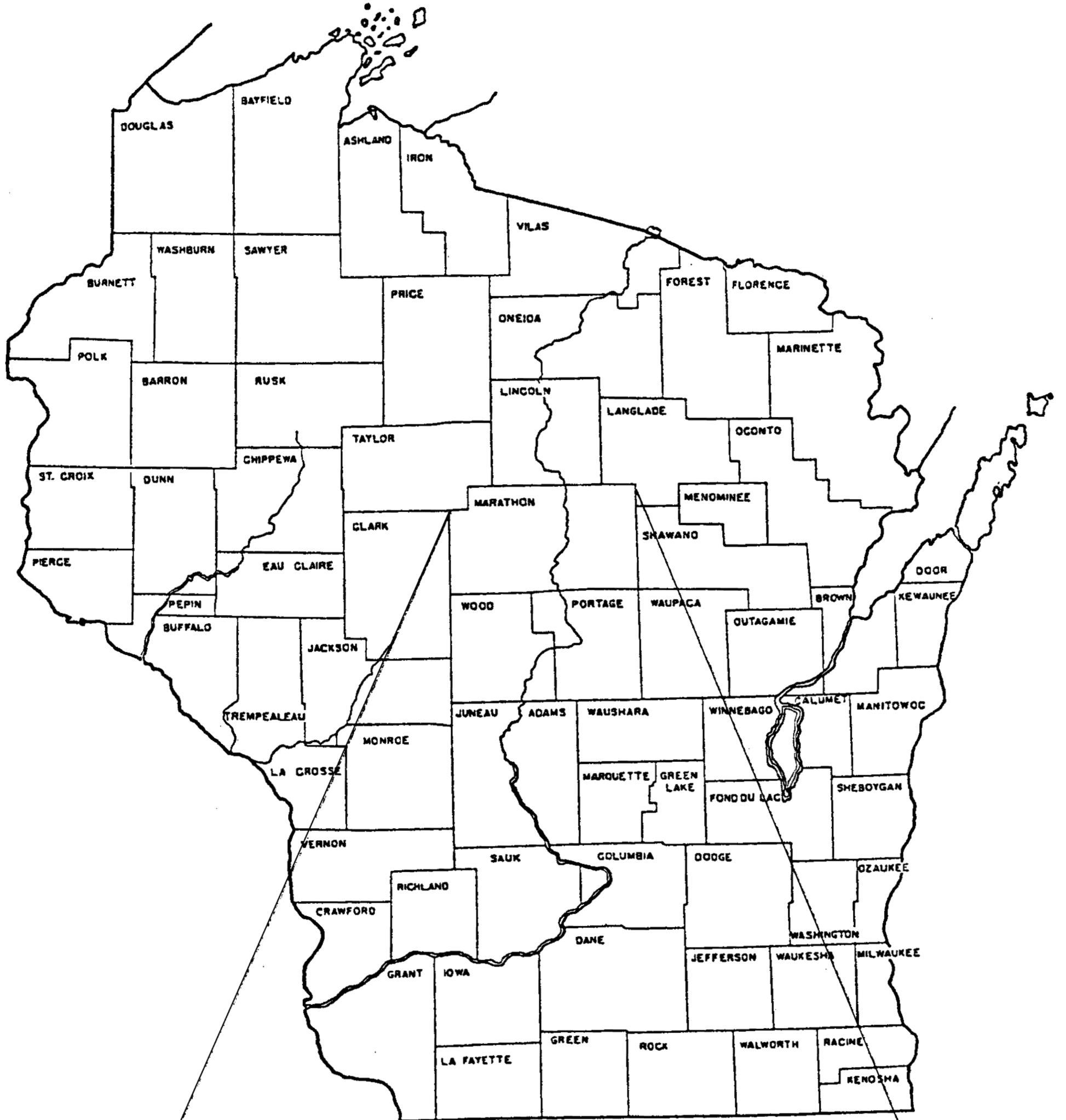


A handwritten signature in black ink, appearing to read "Edward Haney".

President

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

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

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Ginger Alden
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Gene Christian (FSA Member)

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Sandra Morris, Vice-Chair
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Ya Yang

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Dale Smith, Citizen Member

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COMMISSION**

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

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SERVICES**

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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

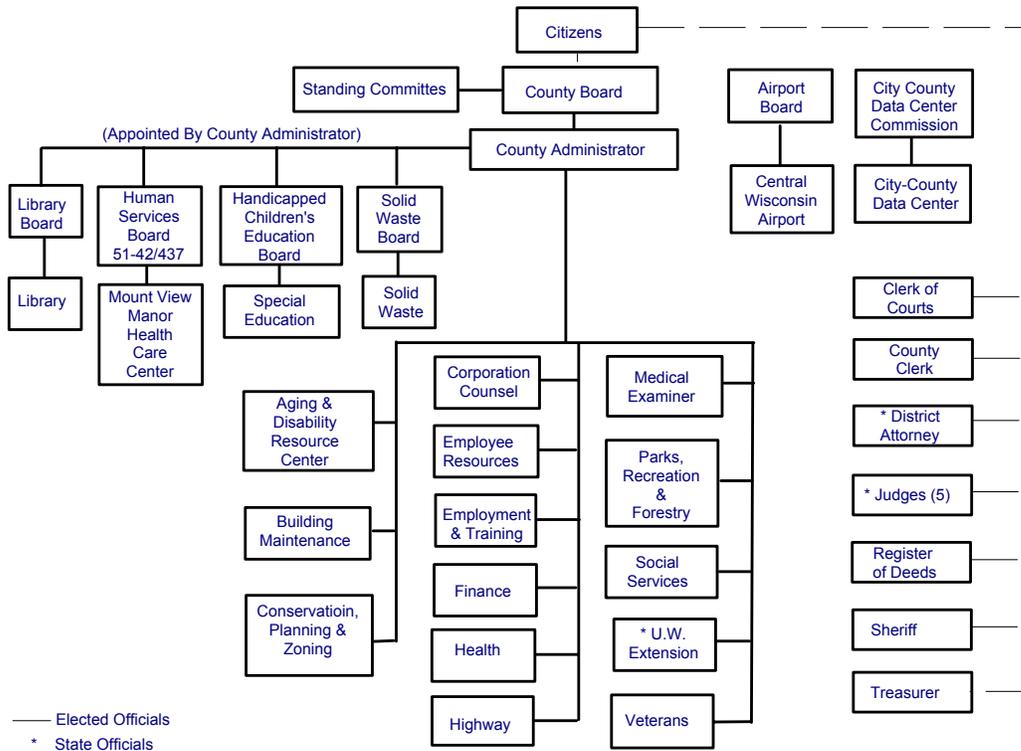
	Mort McBain	County Administrator
	Deb Menacher	Aging & Disability Resource
	Kenneth Mesenberg	Building Maintenance
*	Donna J. Seidel	Clerk of Courts
	Thomas Finley	Corporation Counsel
*	Nan Kottke	County Clerk
*●	Jill Falstad	District Attorney
	Phyllis Birmingham	Employment & Training
	Kristi Kordus	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 2003



MARATHON COUNTY, WISCONSIN

FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

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FINANCIAL SECTION



Virchow, Krause & Company, LLP
Certified Public Accountants & Consultants

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, 2003, 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 50.7 percent and 88.6 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, 2003, 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.

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.

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

The management discussion and analysis on pages 28 through 38 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 and the other auditors 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.

A handwritten signature in black ink that reads "Kuchow Krause + Company LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin
May 12, 2004

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, 2003. 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 1-12 of this report.

Financial Highlights

- The assets of Marathon County exceeded liabilities at the close of the most recent fiscal year by \$263,824,243 (net assets). Of this amount \$71,199,954 (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 \$30,091,006.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,578,225, or 14 percent of total general fund expenditures.
- Marathon County's total debt decreased by \$4,070,867, 44 percent, during the current fiscal year. The key factor in this change was the payment of \$4,925,000 in general obligation notes and bonds. The County issued \$800,000 in general obligation notes in 2003 for capital improvement projects, and \$555,000 for airport 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.

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, transportation, 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 39-40 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 five 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, debt service fund, capital improvement fund and the highway road improvement 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 41-45 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 46-49 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 53-87 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 \$263,824,243 and \$233,733,237 at the end of 2003 and 2002 respectively.

By far the largest portion of Marathon County's net assets, 71 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 2003 and 2002

	2003 Governmental Activities	2003 Business Type Activities	2003 Total	2002 Governmental Activities	2002 Business Type Activities	2002 Total
Current and other assets	102,973,763	39,147,080	142,120,843	101,051,153	37,683,643	138,734,796
Capital assets	176,580,572	13,292,529	189,873,101	151,333,041	16,640,466	167,973,507
Total Assets	279,554,335	52,439,609	331,993,944	252,384,194	54,324,109	306,708,303
Other liabilities	44,244,529	9,311,237	53,555,766	46,673,811	20,941,909	67,615,720
Long-term liabilities	5,040,920	9,573,015	14,613,935	5,101,346	258,000	5,346,346
Total liabilities	49,285,449	18,884,252	68,169,701	51,775,157	21,199,909	72,975,066
Net assets:						
Invested in capital assets, net of related debt	175,281,174	13,292,529	188,573,703	146,231,695	16,395,466	162,627,161
Restricted	2,515,507	1,535,079	4,050,586	4,693,262	1,604,174	6,297,436
Unrestricted	52,472,205	18,727,749	71,199,954	49,684,080	15,124,560	64,808,640
Total net assets	230,268,886	33,555,357	263,824,243	200,609,037	33,124,200	233,733,237

An additional portion of Marathon County's net assets, 4 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$ 71,199,954, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the 2003 and 2002, 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 \$30,091,006 during the current fiscal year.

Governmental activities. Governmental activities increased Marathon County's net assets by \$29,659,849, thereby accounting for 99 percent of the total growth in the net assets of Marathon County. Key elements of this increase are as follows:

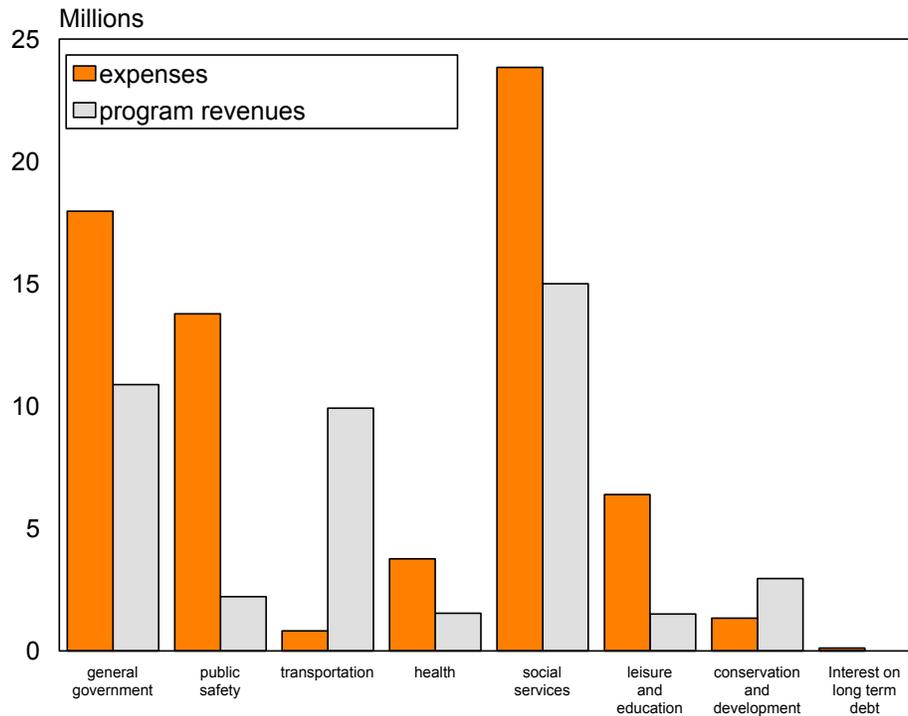
Governmental Activities increased capital assets by \$25,247,531 Most of the increase is from the construction of McCleary bridge and a western arterial bypass of Interstate 39/Highway 51. These projects will be completed in 2005.

Marathon County's Changes in Net Assets

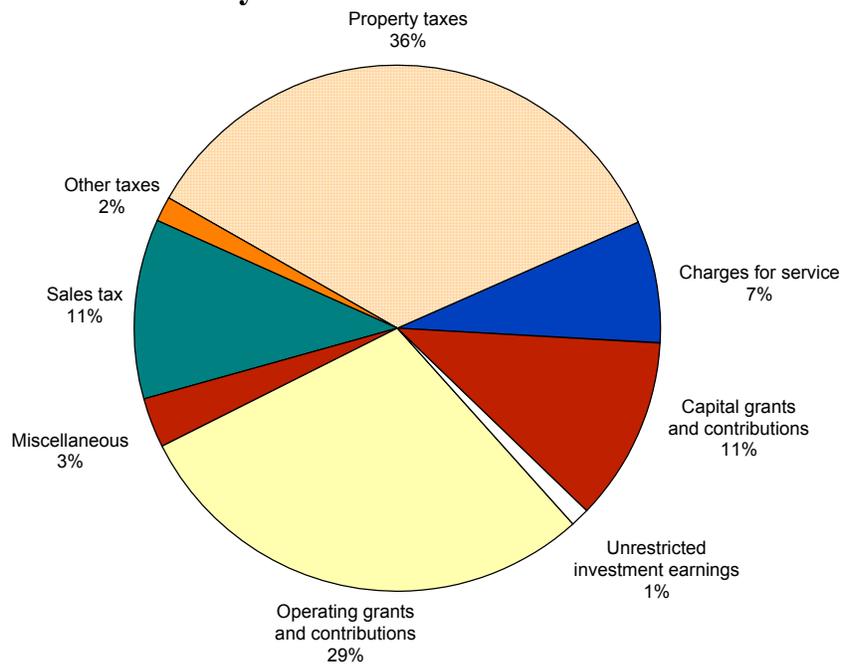
	2003 Governmental Activities	2003 Business Type Activities	2003 Total	2002 Governmental Activities	2002 Business Type Activities	2002 Total
Revenues:						
Program Revenues						
Charges for service	6,730,151	5,181,098	11,911,249	6,075,286	5,663,728	11,739,014
Operating grants and contributions	26,897,133	933,403	27,830,536	27,206,097	3,356,186	30,562,283
Capital grants and contributions	10,408,145	2,849,817	13,257,962	-	2,530,675	2,530,675
General Revenues						
Property taxes	32,424,631	7,283,173	39,707,804	33,373,230	6,163,799	39,537,029
Other taxes	11,361,235	-	11,361,235	11,006,451	-	11,006,451
Other	3,930,779	737,977	4,668,756	3,794,675	1,936,362	5,685,341
Total Revenues	91,752,074	16,985,468	108,737,542	81,455,739	19,650,750	101,010,793
Expenses:						
General government	17,971,601	-	17,971,601	16,818,744	-	16,818,744
Public safety	13,771,458	-	13,771,458	13,707,484	-	13,707,484
Transportation	815,400	-	815,400	-	-	-
Health	3,763,245	-	3,763,245	3,532,435	-	3,532,435
Social services	23,850,711	-	23,850,711	23,528,262	-	23,528,262
Leisure and education	6,391,862	-	6,391,862	6,250,024	-	6,250,024
Conservation and development	1,338,256	-	1,338,256	1,874,657	-	1,874,657
Interest on long term debt	118,574	-	118,574	358,634	-	358,634
Landfill	-	2,631,547	2,631,547	-	2,839,215	2,839,215
Highway	-	11,253,896	11,253,896	-	12,761,840	12,761,840
Total expenses	68,021,107	13,885,443	81,906,550	66,070,240	15,601,055	81,671,295
Increase in net assets before transfers	23,730,967	3,100,025	26,830,992	15,385,499	4,049,695	19,435,194
Transfers	4,414,834	(4,414,834)	-	(3,200,690)	3,200,690	-
Increase in net assets	28,145,801	(1,314,809)	26,830,992	12,184,809	7,250,385	19,435,194
Net assets-January 1 (as restated)	202,123,085	34,870,166	236,993,251	188,424,228	25,873,815	214,298,043
Net assets-December 31	230,268,886	33,555,357	263,824,243	200,609,037	33,124,200	233,733,237

Property taxes were \$39,707,804 for 2003 and \$39,537,029 for 2002. A portion of the property taxes, \$4,930,000, went to payoff \$4,925,000 in outstanding principal plus interest on general obligation notes. The only outstanding general obligation debt that Marathon County has at the end of 2003 is for Central Wisconsin Airport Improvements. The debt service payments for these issues are supported by airport revenues. Additional increases went to pay for increasing personal service operating costs such as health insurance and wage increases.

Expenses and Program Revenues - Governmental Activities



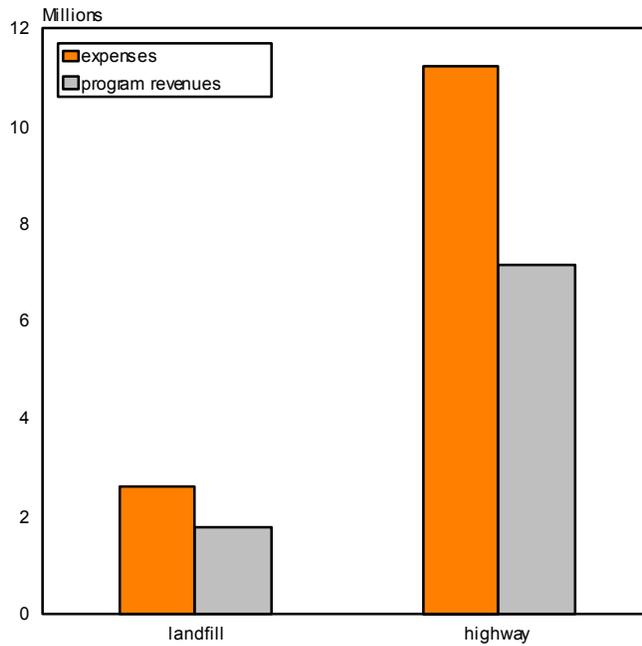
Revenues by Source - Governmental Activities



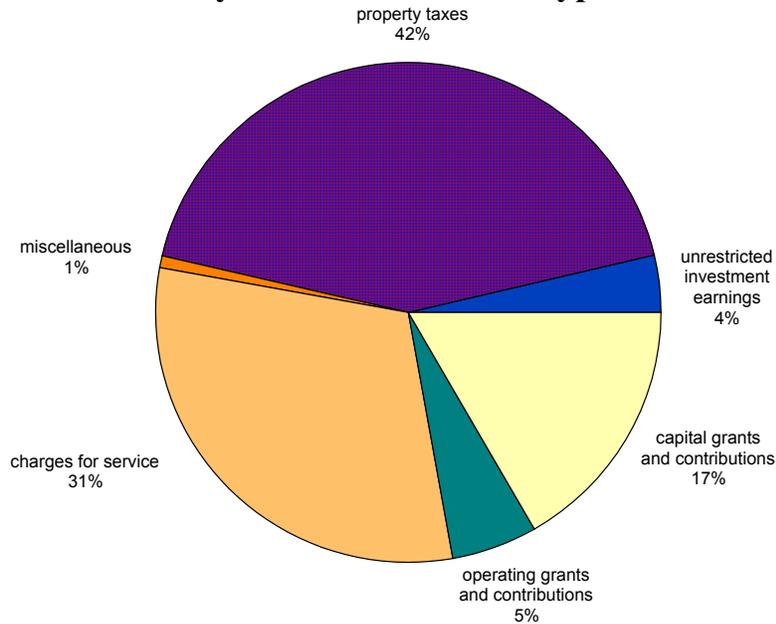
Business-type activities. Business-type activities increased Marathon County's net assets by \$431,157. Key elements of this increase are as follows:

- Operating expenses for business type activities decreased by \$1,703,031 or 11%. Most of the decrease comes from a reduction in contractual services.
- Property Tax revenues increased \$1,119,374
- Restatement of Net Assets of \$1,745,966
- Decrease in operating grants of \$2,422,783

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 \$ 44,847,032, a decrease of \$ 2,296,977 in comparison with the prior year. Approximately 7 percent of this total amount, \$ 3,259,795, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed. The reserve balance of \$13,113,100 is made up of the following: 1) \$1,082,360 to liquidate contracts and purchase orders of the prior period, 2) \$76,952 to pay debt service, 3) \$5,556,311 for capital improvements, 4) \$3,744,959 for compensated absences or 5) \$2,652,518 for a variety of other restricted purposes.

The designated fund balance for the governmental funds totaled \$28,474,137. This fund balance is not available for spending and has been committed to the following: 1) \$12,876,054 for subsequent years budget, 2) \$14,627,667 for working capital, 3) \$970,416 for various other designated purposes.

The general fund is the chief operating fund of Marathon County. The unreserved fund balance of the general fund was \$6,578,225 and \$8,531,158 for 2003 and 2002 respectively while the

total fund balance reached \$40,549,914 and \$ 35,883,294 for 2003 and 2002 respectively. 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 14 percent of total general fund expenditures in 2003 and 20 percent in 2002. Total fund balance represents 91 and 85 percent of that same amount in 2003 and 2002 respectively.

The fund balance of Marathon County's general fund increased by \$4,666,620 during the current fiscal year. Key factors in this growth are as follows:

- An increase in sales tax revenues of \$ 157,188.
- Revenues from public charges for services of the general fund increased by \$257,603 as a result of increased volume and increased user fees for some programs.
- Intergovernmental grants and aids increased \$270,713.
- Fines and forfeitures went up \$179,676 after initiating the Tax Refund Interception Process (TRIP)
- Recognition of payment of \$990,388 WRS unfunded pension from the Highway Department and Special Education.

The debt service fund has a total fund balance of \$76,952, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$8,590. As of December 31, 2003, the County has no outstanding general obligation debt that is supported by tax levy dollars.

The fund balance for the Capital Improvement Fund decreased by \$3,404,322 which resulted from the completion or substantial completion of several large projects in that fund. This includes the art building at the UW-Marathon County and Phase V of the Courthouse remodeling.

The Highway Road Improvement Fund has a negative fund balance of \$3,727,952. A major portion of that deficit is the deferred revenues that the County is waiting to be reimbursed from the State of Wisconsin for the state's portion of funding the improvement projects.

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 \$7,964,854, and those for the highway operations amounted to \$10,762,895. The total reduction in net assets for both funds was \$392,196 and \$922,613 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 \$4,587,797, which is an increase in appropriations and can be briefly summarized as follows:

- \$ 469,787 in miscellaneous increases in general government activities
- \$ 1,170,982 in increases allocated to the public safety
- \$ 1,109,214 in increases allocated to the health

- \$ 13,249 in increases allocated for social services
- \$ 1,255,495 in increases allocated for leisure and education
- \$ 581,187 in increases allocated for conservation and economic development
- \$ 12,117 in decreases allocated for capital outlay

Of this increase, a major portion of this increase \$2,692,229 was to be funded out of increases in intergovernmental grants and aids. The other categories of revenues together funded those increases by \$ 346,047. The remaining \$1,549,521 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, 2003, amounts to \$189,873,101 (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 \$21,899,594 or 13 percent.

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

- Real estate acquisition continued on the McCleary Bridge and Western Arterial highway projects. Construction started this summer and both projects are scheduled for completion in the fall of 2005.
- Phase V of the Courthouse remodeling has been initiated with a complete renovation of the ground floor in Spring of 2004.

Marathon County’s Capital Assets

Governmental Activities	Governmental Activities	Business-type Activities	Total
Construction in process	26,438,852	-	26,438,852
Land	8,103,584	479,338	8,582,922
Buildings	55,120,484	5,981,206	61,101,690
Improvements	6,165,833	16,089,658	22,255,491
Equipment	15,603,162	11,610,529	27,213,691
Infrastructure	142,985,100	-	142,985,100
Subtotal	254,417,015	34,160,731	288,577,746
Less: Accumulated Depreciation	(77,836,443)	(20,868,202)	(98,704,645)
TOTAL	176,580,572	13,292,529	189,873,101

Additional information on Marathon County’s capital assets can be found in note F on pages 73-74 of this report.

Long-term debt. At the end of the current fiscal year, Marathon County had no bonded debt outstanding paid by tax levy revenues. However, the amount of \$5,210,801 in General Obligation Bonds were issued for Marathon County’s discretely presented component unit,

Central Wisconsin Airport and are paid by the Airport. This entire amount comprises debt backed by the full faith and credit of the government.

Marathon County's Outstanding General Obligation Debt for 2003

	Central Wisconsin Airport
General Obligation Bonds	\$5,015,352
State Trust Fund Loan	\$195,449
TOTAL	\$5,210,801

Marathon County's total debt decreased by \$4,070,867 during the current fiscal year. The key factor in this decrease was the payment of \$4,925,000 in general obligation debt. Marathon County did issue \$800,000 in general obligation notes for its 2003 highway improvement and \$555,000 for Airport runway and security projects. Marathon County maintains a Moody's Rating of Aa2 for a general obligation debt. The series 2003A and B general obligation notes have been rated Aa2 by this agency. In 2004, Marathon County issued \$5,975,000 in general obligation notes for its 2004 highway improvements. The 2004A general obligation notes have been rated Aa2 by Moody's Investor Service.

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 \$357,618,655, 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 77-79 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Marathon County in 2003 was 4.6 percent. This compares favorably to the state's average unemployment rate of 5.6 percent.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing Marathon County's budget for the 2004 fiscal year.

The unreserved fund balance in the general fund at the end of 2003 was \$6,578,225. Marathon County has appropriated this amount to fund the 2005 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

For the year ended 12/31/2003

	Primary government			Component Units	
	Governmental Activities	Business -Type Activities	Total	Major	Non-Major
Assets:					
Current assets:					
Cash and cash equivalents	\$ 50,412,599	9,952,190	60,364,789	11,311,956	1,438,489
Taxes receivable	37,444,193	7,650,953	45,095,146	-	-
Accounts receivable	1,957,886	266,679	2,224,565	4,352,902	-
Contracts receivable	-	826,917	826,917	-	-
Accrued interest receivable	529,084	-	529,084	-	-
Penalties and interest receivable	134,862	-	134,862	-	-
Internal balances	(4,623,825)	4,623,825	-	-	-
Due from other governments	8,570,607	1,174,406	9,745,013	845,270	174,653
Due from discretely presented component unit	2,510	227	2,737	-	-
Prepaid items	29,416	-	29,416	377,854	80,075
Loan receivable	174,547	-	174,547	-	-
Inventories	10,000	783,889	793,889	253,550	-
Total current assets	<u>94,641,879</u>	<u>25,279,086</u>	<u>119,920,965</u>	<u>17,141,532</u>	<u>1,693,217</u>
Restricted assets:					
Cash and cash equivalents	6,812,884	586,035	7,398,919	2,237,252	45,000
Investments	-	13,273,542	13,273,542	405,533	-
Accrued interest receivable	-	8,417	8,417	-	-
Total restricted assets	<u>6,812,884</u>	<u>13,867,994</u>	<u>20,680,878</u>	<u>2,642,785</u>	<u>45,000</u>
Other assets:					
Deferred charges	-	-	-	57,907	-
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000	-	-
Capital Assets not depreciated	34,542,436	479,338	35,021,774	5,699,666	-
Capital Assets net of accumulated depreciation	142,038,136	12,813,191	154,851,327	30,198,234	213,962
Total assets	<u>\$ 279,554,335</u>	<u>52,439,609</u>	<u>331,993,944</u>	<u>55,740,124</u>	<u>1,952,179</u>
Liabilities:					
Current liabilities:					
Accounts payable	\$ 3,253,337	715,516	3,968,853	1,366,745	25,101
Accrued items	1,065,022	114,471	1,179,493	1,274,599	583,628
Special deposits	1,876,298	-	1,876,298	405,533	-
Accrued Interest payable	-	-	-	64,815	-
Accrued liability - claims payable	3,515,911	-	3,515,911	-	-
Due to other governments	751,153	755,814	1,506,967	335,378	-
Due to primary government	-	-	-	2,737	-
Deferred revenues	33,457,581	7,712,436	41,170,017	2,514,906	12,606
Contracts payable	210,657	13,000	223,657	-	-
Current portion of long-term obligations	114,570	-	114,570	465,801	-
Total current liabilities	<u>44,244,529</u>	<u>9,311,237</u>	<u>53,555,766</u>	<u>6,430,514</u>	<u>621,335</u>
Long-term liabilities:					
General obligation bonds payable	-	-	-	4,745,000	-
Non current portion-forest crop loan payable	1,261,398	-	1,261,398	-	-
Landfill closure & long-term care payable	-	8,927,603	8,927,603	-	-
Compensated absences	3,779,522	645,412	4,424,934	2,034,240	67,390
Total long-term liabilities	<u>5,040,920</u>	<u>9,573,015</u>	<u>14,613,935</u>	<u>6,779,240</u>	<u>67,390</u>
Total liabilities	<u>49,285,449</u>	<u>18,884,252</u>	<u>68,169,701</u>	<u>13,209,754</u>	<u>688,725</u>
Net Assets:					
Invested in capital assets, net of related debt	175,281,174	13,292,529	188,573,703	30,687,099	213,962
Restricted	2,515,507	1,535,079	4,050,586	4,447,844	-
Unrestricted	52,472,205	18,727,749	71,199,954	7,395,427	1,049,492
Total net assets	<u>\$ 230,268,886</u>	<u>33,555,357</u>	<u>263,824,243</u>	<u>42,530,370</u>	<u>1,263,454</u>

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

MARATHON COUNTY, WISCONSIN

Statement of Activities

For the year ended December 31, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets			Major Component Units	Non-Major Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total		
					Governmental Activities	Business-type Activities			
Primary government:									
Governmental Activities									
General government	\$ 17,971,601	3,251,972	7,629,784	-	(7,089,845)	-	(7,089,845)	-	
Public Safety	13,771,458	1,315,801	473,204	428,287	(11,554,166)	-	(11,554,166)	-	
Transportation	815,400	-	-	9,920,798	9,105,398	-	9,105,398	-	
Health	3,763,245	400,796	1,139,360	-	(2,223,089)	-	(2,223,089)	-	
Social Services	23,850,711	858,631	14,150,449	-	(8,841,631)	-	(8,841,631)	-	
Leisure and Education	6,391,862	883,190	564,841	59,060	(4,884,771)	-	(4,884,771)	-	
Conservation and Development	1,338,256	19,761	2,939,495	-	1,621,000	-	1,621,000	-	
Interest on long term debt	118,574	-	-	-	(118,574)	-	(118,574)	-	
Total governmental activities	<u>68,021,107</u>	<u>6,730,151</u>	<u>26,897,133</u>	<u>10,408,145</u>	<u>(23,985,678)</u>	<u>-</u>	<u>(23,985,678)</u>	<u>-</u>	
Business-type activities									
Landfill	2,631,547	1,758,144	21,712	-	-	(851,691)	(851,691)	-	
Highway	11,253,896	3,422,954	911,691	2,849,817	-	(4,069,434)	(4,069,434)	-	
Total business-type activities	<u>13,885,443</u>	<u>5,181,098</u>	<u>933,403</u>	<u>2,849,817</u>	<u>-</u>	<u>(4,921,125)</u>	<u>(4,921,125)</u>	<u>-</u>	
Total primary government	<u>81,906,550</u>	<u>11,911,249</u>	<u>27,830,536</u>	<u>13,257,962</u>	<u>(23,985,678)</u>	<u>(4,921,125)</u>	<u>(28,906,803)</u>	<u>-</u>	
Component units:									
Governmental-Type									
Handicapped Children Education Board	4,146,729	2,687,785	1,637,512	-	-	-	-	178,568	
Business-Type									
Central Wisconsin Airport	3,752,403	3,165,170	-	843,269	-	-	-	256,036	
North Central Community Services	58,641,028	49,811,940	8,822,748	351,066	-	-	-	344,726	
Total business-type component units	<u>\$ 62,393,431</u>	<u>\$ 52,977,110</u>	<u>\$ 8,822,748</u>	<u>\$ 1,194,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,762</u>	
General revenues:									
Taxes:									
Property taxes					32,424,631	7,283,173	39,707,804	-	
Sales taxes					9,942,370	-	9,942,370	-	
Other taxes					1,418,865	-	1,418,865	-	
Payment from Marathon County					-	-	-	-	
Grants and contributions not restricted to specific programs					-	-	-	-	
Unrestricted investment earnings					1,093,619	609,248	1,702,867	259,161	
Miscellaneous					2,837,160	128,729	2,965,889	138,435	
Special item-gain on sale of capital assets					-	-	-	-	
Transfers					4,414,834	(4,414,834)	-	-	
Total general revenues and transfers					<u>52,131,479</u>	<u>3,606,316</u>	<u>55,737,795</u>	<u>397,596</u>	
Change in net assets					<u>28,145,801</u>	<u>(1,314,809)</u>	<u>26,830,992</u>	<u>998,358</u>	
Net assets-beginning (as restated)					<u>202,123,085</u>	<u>34,870,166</u>	<u>236,993,251</u>	<u>41,532,012</u>	
Net assets-ending					<u>\$ 230,268,886</u>	<u>33,555,357</u>	<u>263,824,243</u>	<u>42,530,370</u>	

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

MARATHON COUNTY, WISCONSIN

Balance Sheet
Governmental Funds

December 31, 2003

	General	Social Improvement	Debt Service	Capital Improvement	Highway Road Improvements	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 29,578,065	2,451,332	77,246	7,119,509	-	39,226,152
Taxes receivable	27,061,718	6,517,475	3,865,000	-	-	37,444,193
Accounts receivable	1,309,279	146,174	-	72,751	500	1,528,704
Accrued interest receivable	529,084	-	-	-	-	529,084
Penalties and interest receivable	134,862	-	-	-	-	134,862
Due from other governments	3,148,391	760,140	-	-	4,662,076	8,570,607
Due from other funds	484,066	-	-	-	-	484,066
Due from discretely presented component unit	2,510	-	-	-	-	2,510
Prepaid items	-	29,416	-	-	-	29,416
Loan receivable	174,547	-	-	-	-	174,547
Inventories	10,000	-	-	-	-	10,000
Restricted assets:						
Cash and cash equivalents	6,586,732	226,152	-	-	-	6,812,884
Total assets	\$ 69,019,254	10,130,689	3,942,246	7,192,260	4,662,576	94,947,025
Liabilities and fund balance						
Accounts payable	\$ 758,234	1,628,852	294	499,820	288,280	3,175,480
Accrued items	794,679	255,919	-	-	7,534	1,058,132
Special deposits	1,869,615	6,683	-	-	-	1,876,298
Due to other governments	730,272	20,881	-	-	-	751,153
Due to other funds	4,760	6,727	-	-	5,096,404	5,107,891
Deferred revenues	24,235,210	6,745,292	3,865,000	-	2,998,310	37,843,812
Contracts payable	-	-	-	210,657	-	210,657
Compensated absences	76,570	-	-	-	-	76,570
Total liabilities	\$ 28,469,340	8,664,354	3,865,294	710,477	8,390,528	50,099,993
Fund Balances:						
Fund balances:						
Reserved:						
Reserved	\$ 6,524,949	29,416	76,952	6,481,783	-	13,113,100
Unreserved:						
Designated	27,446,740	1,027,397	-	-	-	28,474,137
Undesignated	6,578,225	409,522	-	-	(3,727,952)	3,259,795
Total equity and other credits	40,549,914	1,466,335	76,952	6,481,783	(3,727,952)	44,847,032
Total liabilities and fund balances	\$ 69,019,254	10,130,689	3,942,246	7,192,260	4,662,576	
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						176,580,572
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the fund						4,386,231
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.						9,506,369
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.						(5,051,318)
Net assets of government activities						\$ 230,268,886

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, 2003

	<u>General</u>	<u>Social Improvement</u>	<u>Debt Service</u>	<u>Capital Improvement</u>	<u>Highway Road Improvements</u>	<u>Total Governmental Funds</u>
Revenues:						
Taxes	\$ 32,748,512	6,171,455	4,930,000	-	92,924	43,942,891
Intergovernmental grants and aids	11,189,793	16,153,081	-	-	6,922,488	34,265,362
Licenses and permits	254,655	-	-	-	-	254,655
Fines and forfeitures	729,036	-	-	-	-	729,036
Public charges for services	4,160,835	861,309	42,379	19,104	-	5,083,627
Intergovernmental charges for services	404,771	-	-	-	-	404,771
Miscellaneous revenues	1,818,969	627,694	103,097	741,572	75,926	3,367,258
Total revenues	<u>51,306,571</u>	<u>23,813,539</u>	<u>5,075,476</u>	<u>760,676</u>	<u>7,091,338</u>	<u>88,047,600</u>
Expenditures:						
Current:						
General government	18,405,999	-	-	-	-	18,405,999
Public safety	14,106,604	-	-	-	-	14,106,604
Health	3,721,693	-	-	-	-	3,721,693
Social services	174,221	23,596,690	-	-	-	23,770,911
Leisure activities and education	6,508,954	-	-	-	-	6,508,954
Conservation and economic development	1,353,665	-	-	-	-	1,353,665
Capital outlay	80,349	-	-	6,910,857	16,229,536	23,220,742
Debt service:						
Principal	-	-	4,956,583	-	-	4,956,583
Interest and paying agent fees	-	-	110,303	-	-	110,303
Total expenditures	<u>44,351,485</u>	<u>23,596,690</u>	<u>5,066,886</u>	<u>6,910,857</u>	<u>16,229,536</u>	<u>96,155,454</u>
Excess (deficiency) of revenues over expenditures	<u>6,955,086</u>	<u>216,849</u>	<u>8,590</u>	<u>(6,150,181)</u>	<u>(9,138,198)</u>	<u>(8,107,854)</u>
Other financing sources (uses):						
Transfers in:						
General Fund	-	42,037	-	3,254,621	-	3,296,658
Social Improvement Fund	37,181	-	-	66,193	-	103,374
Capital Improvement Fund	566,223	-	-	-	800,000	1,366,223
Highway	-	-	-	-	4,414,834	4,414,834
Sale of capital assets	38,538	4,575	-	13,989	195,412	252,514
Component unit transfer in	-	-	-	95,696	-	95,696
General obligation debt issued	-	-	-	800,000	-	800,000
State loan program debt issued	380,750	-	-	-	-	380,750
Transfers out:						
General Fund	-	(37,181)	-	(566,223)	-	(603,404)
Social Improvement Fund	(42,037)	-	-	-	-	(42,037)
Capital Improvement Fund	(3,254,621)	(66,193)	-	-	-	(3,320,814)
Highway Road Improvement Fund	-	-	-	(800,000)	-	(800,000)
Internal service fund	(14,500)	-	-	-	-	(14,500)
Component unit transfer out	-	-	-	(118,417)	-	(118,417)
Total other financing sources (uses)	<u>(2,288,466)</u>	<u>(56,762)</u>	<u>-</u>	<u>2,745,859</u>	<u>5,410,246</u>	<u>5,810,877</u>
Net change in fund balance	4,666,620	160,087	8,590	(3,404,322)	(3,727,952)	(2,296,977)
Fund balances, January 1	<u>35,883,294</u>	<u>1,306,248</u>	<u>68,362</u>	<u>9,886,105</u>	<u>-</u>	<u>47,144,009</u>
Fund balances (deficit), December 31	\$ <u>40,549,914</u>	<u>1,466,335</u>	<u>76,952</u>	<u>6,481,783</u>	<u>(3,727,952)</u>	<u>44,847,032</u>

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

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, 2003

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

Net change in fund balance-total governmental funds	\$ (2,296,977)
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.	23,555,604
Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds	2,882,891
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.	3,775,833
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.	(139,902)
The net revenue of certain activities in the internal service funds is reported with governmental activities.	<u>368,352</u>
Change in net assets of governmental activities	<u>\$ 28,145,801</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, 2003

	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Revenues:				
Taxes	\$ 28,747,146	28,847,992	32,748,512	3,900,520
Intergovernmental grants and aids	9,983,509	12,675,738	11,189,793	(1,485,945)
Licenses and permits	224,500	224,500	254,655	30,155
Fines and forfeitures	676,350	676,350	729,036	52,686
Public charges for services	3,548,422	3,643,182	4,160,835	517,653
Intergovernmental charges for services	786,426	786,426	404,771	(381,655)
Miscellaneous revenues	1,636,567	1,682,565	1,818,969	136,404
Total revenues	45,602,920	48,536,753	51,306,571	2,769,818
Expenditures:				
Current:				
General government	19,934,730	20,404,517	18,405,999	1,998,518
Public safety	13,945,558	15,116,540	14,106,604	1,009,936
Health	3,254,862	4,364,076	3,721,693	642,383
Social services	171,991	185,240	174,221	11,019
Leisure activities and education	6,131,552	7,387,047	6,508,954	878,093
Conservation and economic development	1,588,259	2,169,446	1,353,665	815,781
Capital outlay	204,000	191,883	80,349	111,534
Total expenditures	45,230,952	49,818,749	44,351,485	5,467,264
Excess (deficiency) of revenues over expenditures	371,968	(1,281,996)	6,955,086	8,237,082
Other financing sources (uses):				
Transfers in:				
Social Improvement Fund	-	32,675	37,181	4,506
Capital Improvement Fund	-	-	566,223	566,223
Sales of capital assets	25,900	25,900	38,538	12,638
State loan program debt issued	13,886	380,751	380,750	(1)
Transfers out:				
Social Improvement Fund	-	(42,037)	(42,037)	-
Capital Improvement Fund	(3,063,171)	(3,254,621)	(3,254,621)	-
Internal Service Fund	-	(14,500)	(14,500)	-
Total other financing sources (uses)	(3,023,385)	(2,871,832)	(2,288,466)	583,366
Net change in fund balance	(2,651,417)	(4,153,828)	4,666,620	8,820,448
Fund balances, January 1	35,883,294	35,883,294	35,883,294	-
Fund balances, December 31	\$ <u>33,231,877</u>	<u>31,729,466</u>	<u>40,549,914</u>	<u>8,820,448</u>

The accompanying notes to the financial statements are an intergral 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, 2003

	2003			Variance favorable/(unfavorable) with final budget
	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
General property taxes	\$ 6,171,455	6,171,455	6,171,455	-
Intergovernmental grants and aids:				
Federal grants	1,370,844	1,470,434	1,578,450	108,016
State grants:				
Provided services and administration	3,691,141	3,820,659	4,306,779	486,120
Special services	9,101,024	9,967,491	7,855,796	(2,111,695)
Other revenues	3,479,904	3,512,351	2,412,056	(1,100,295)
Total intergovernmental grants and aids	17,642,913	18,770,935	16,153,081	(2,617,854)
Public charges for services:				
General government	41,178	41,178	22,088	(19,090)
Public safety	-	-	39,154	39,154
Social services	694,989	804,989	800,067	(4,922)
Total public charges for services	736,167	846,167	861,309	15,142
Intergovernmental charges for services	630	630	-	(630)
Miscellaneous revenues:				
Donations	512,318	492,593	460,420	(32,173)
Interest income	292,675	292,932	149,774	(143,158)
Other revenues	28,354	28,354	17,500	(10,854)
Total miscellaneous revenues	833,347	813,879	627,694	(186,185)
Total revenues	25,384,512	26,603,066	23,813,539	(2,789,527)
Expenditures				
Social services:				
Personal services	9,165,186	9,351,623	8,797,040	554,583
Contractual services	2,606,531	2,629,607	2,428,447	201,160
Materials and supplies	510,500	608,352	522,725	85,627
Fixed charges	453,396	451,418	434,953	16,465
Grants and contributions	12,773,393	13,750,144	11,394,381	2,355,763
Capital outlay	750	19,782	19,144	638
Total expenditures	25,509,756	26,810,926	23,596,690	3,214,236
Excess (deficiency) of revenues over expenditures	(125,244)	(207,860)	216,849	424,709
Transfers in:				
General Fund	-	42,037	42,037	-
Sale of capital assets	-	-	4,575	4,575
Transfers out:				
General Fund	-	(32,675)	(37,181)	(4,506)
Capital Improvement Fund	(66,193)	(66,193)	(66,193)	-
Total other financing sources (uses)	(66,193)	(56,831)	(56,762)	69
Net change in fund balance	(191,437)	(264,691)	160,087	424,778
Fund balances, January 1	1,306,248	1,306,248	1,306,248	-
Fund balances, December 31	\$ 1,114,811	1,041,557	1,466,335	424,778

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

MARATHON COUNTY, WISCONSIN

Statement of Net Assets-Proprietary Funds

December 31, 2003

Assets	Business Type Activities-Enterprise Funds			Governmental Activities- Internal Service
	Landfill	County Highway	Total	
Current assets:				
Cash and cash equivalents	\$ 4,609,505	5,342,685	9,952,190	11,186,447
Taxes receivable	-	7,650,953	7,650,953	-
Accounts receivable	253,970	12,709	266,679	429,182
Contracts receivable	826,917	-	826,917	-
Due from other governments	-	1,174,406	1,174,406	-
Due from other funds	4,369	5,101,164	5,105,533	-
Due from discretely presented component unit	-	227	227	-
Inventories	-	783,889	783,889	-
Total current assets	5,694,761	20,066,033	25,760,794	11,615,629
Noncurrent Assets:				
Restricted assets:				
Cash and cash equivalents	586,035	-	586,035	-
Investments	13,273,542	-	13,273,542	-
Accrued interest receivable	8,417	-	8,417	-
Total restricted assets	13,867,994	-	13,867,994	-
Other assets:				
Deposit in Wisconsin Municipal Mutual Insurance Company	-	-	-	1,519,000
Capital Assets:				
Land	257,534	221,804	479,338	-
Buildings	1,283,066	4,698,140	5,981,206	-
Improvements	16,089,658	-	16,089,658	-
Equipment	306,067	11,304,462	11,610,529	58,466
Total capital assets	17,936,325	16,224,406	34,160,731	58,466
Less: accumulated depreciation and depletion	(12,670,819)	(8,197,383)	(20,868,202)	(57,318)
Net capital assets	5,265,506	8,027,023	13,292,529	1,148
Total assets	\$ 24,828,261	28,093,056	52,921,317	13,135,777
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 332,928	382,588	715,516	77,857
Accrued items	4,983	109,488	114,471	6,890
Due to other governments	751,089	4,725	755,814	-
Due to other funds	379	481,329	481,708	-
Deferred revenues	-	7,712,436	7,712,436	-
Current portion - purchase contracts	13,000	-	13,000	-
Total current liabilities	1,102,379	8,690,566	9,792,945	84,747
Long-term liabilities				
Landfill closure & long-term care payable	8,927,603	-	8,927,603	-
Accrued liability - claims payable	-	-	-	3,515,911
Compensated absences	32,840	612,572	645,412	27,602
Total long-term liabilities	8,960,443	612,572	9,573,015	3,543,513
Total liabilities	10,062,822	9,303,138	19,365,960	3,628,260
Net Assets				
Invested in Capital Assets, net of related debt	5,265,506	8,027,023	13,292,529	1,148
Restricted	1,535,079	-	1,535,079	6,517,930
Unrestricted	7,964,854	10,762,895	18,727,749	2,988,439
Total Net Assets	\$ 14,765,439	18,789,918	33,555,357	9,507,517

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, 2003

	BusinessType Activities-Enterprise Funds			Governmental Activities- Internal Service
	Landfill	County Highway	Total	
Operating revenues:				
Licenses and permits	\$ -	12,320	12,320	-
Public charges for services	1,758,144	-	1,758,144	-
Intergovernmental charges for services	-	3,410,634	3,410,634	7,600,025
Total operating revenues	<u>1,758,144</u>	<u>3,422,954</u>	<u>5,181,098</u>	<u>7,600,025</u>
Operating expenses:				
Salaries and benefits	193,533	4,191,445	4,384,978	170,412
Contractual services	1,070,534	154,177	1,224,711	241,444
Materials and supplies	20,754	1,000,778	1,021,532	19,135
Construction and maintenance	-	2,974,943	2,974,943	-
Landfill closure & long-term care	683,012	-	683,012	-
Building and equipment rent	-	1,887,604	1,887,604	-
Insurance and claims	-	108,341	108,341	7,042,534
Loss and loss adjustment expense	-	-	-	111,320
Insurance and administration costs	5,305	-	5,305	246,921
Depreciation	579,319	936,608	1,515,927	461
Other operating expenses	37,797	-	37,797	-
Total operating expenses	<u>2,590,254</u>	<u>11,253,896</u>	<u>13,844,150</u>	<u>7,832,227</u>
Operating (loss)	<u>(832,110)</u>	<u>(7,830,942)</u>	<u>(8,663,052)</u>	<u>(232,202)</u>
Nonoperating revenues and (expenses):				
General property taxes	-	7,283,173	7,283,173	-
Intergovernmental grants and aids	21,712	3,761,508	3,783,220	-
Interest income	737,585	156,995	894,580	348,228
Decrease in the fair value of investments	(285,332)	-	(285,332)	-
Gain on sale of capital assets	41	-	41	-
Insurance recoveries	-	-	-	178,087
Other income	7,201	121,487	128,688	59,739
Interest expense	(11,293)	-	(11,293)	-
Other expenses	(30,000)	-	(30,000)	-
Total nonoperating revenues and (expenses), net	<u>439,914</u>	<u>11,323,163</u>	<u>11,763,077</u>	<u>586,054</u>
Income before transfers	<u>(392,196)</u>	<u>3,492,221</u>	<u>3,100,025</u>	<u>353,852</u>
Transfers in:				
General fund	-	-	-	14,500
Transfers out:				
Highway road improvement fund	-	(4,414,834)	(4,414,834)	-
Change in Net Assets	<u>(392,196)</u>	<u>(922,613)</u>	<u>(1,314,809)</u>	<u>368,352</u>
Net Assets, January 1 (as restated)	<u>15,157,635</u>	<u>19,712,531</u>	<u>34,870,166</u>	<u>9,139,165</u>
Net Assets, December 31	\$ <u>14,765,439</u>	<u>18,789,918</u>	<u>33,555,357</u>	<u>9,507,517</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, 2003

	BusinessType 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	-	3,331,298	3,331,298	-
Collections from landfill disposal services	2,217,408	-	2,217,408	-
Collections from departments and other insurance purchasers	-	-	-	7,526,849
Cash received from other departments for reimbursement	-	1,365,920	1,365,920	-
Cash paid to WMMIC for self insured retention	-	-	-	(13,365)
Cash paid to employees for services	(194,062)	(4,577,420)	(4,771,482)	(168,974)
Cash paid to suppliers for goods and services	(2,958,419)	(5,320,891)	(8,279,310)	(7,347,988)
Cash paid to other departments for reimbursement	-	(118,466)	(118,466)	-
Net cash (used) by operating activities	<u>(935,073)</u>	<u>(5,319,559)</u>	<u>(6,254,632)</u>	<u>(3,478)</u>
Cash flows from noncapital financing activities:				
General property taxes	-	7,283,173	7,283,173	-
Cash received from government grants	-	3,761,508	3,761,508	-
Cash advance to other departments	-	<u>(5,096,404)</u>	<u>(5,096,404)</u>	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>5,948,277</u>	<u>5,948,277</u>	<u>-</u>
Cash flows from capital financing activities:				
Payments for capital acquisitions	(1,541,990)	(919,122)	(2,461,112)	-
Payments for contract obligations	(13,000)	-	(13,000)	-
Payments of principal on debt obligations	(245,000)	-	(245,000)	-
Payments of interest on debt obligations	(11,331)	-	(11,331)	-
Cash paid to other departments for capital projects	-	(100,000)	(100,000)	-
Net cash used by capital financing activities	<u>(1,811,321)</u>	<u>(1,019,122)</u>	<u>(2,830,443)</u>	<u>-</u>
Cash flows from investing activities:				
Increase (decrease) in short-term investments	(1,068,925)	-	(1,068,925)	-
Interest received on investments	737,585	156,995	894,580	357,410
Net cash provided (used) by investing activities	<u>(331,340)</u>	<u>156,995</u>	<u>(174,345)</u>	<u>357,410</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,077,734)</u>	<u>(233,409)</u>	<u>(3,311,143)</u>	<u>353,932</u>
Cash and cash equivalents, January 1	<u>8,273,274</u>	<u>5,576,094</u>	<u>13,849,368</u>	<u>10,832,515</u>
Cash and cash equivalents, December 31	<u><u>5,195,540</u></u>	<u><u>5,342,685</u></u>	<u><u>10,538,225</u></u>	<u><u>11,186,447</u></u>

MARATHON COUNTY, WISCONSIN

Statement of Cash Flows -
Proprietary Funds

Year ended December 31, 2003

	BusinessType Activities-Enterprise Funds			Governmental Activities- Internal Service
	Landfill	County Highway	Total	
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating (loss)	(832,110)	(7,830,942)	(8,663,052)	(232,202)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:				
Depreciation expense	579,319	936,608	1,515,927	461
Insurance recoveries	-	-	-	178,087
Other income	7,201	121,487	128,688	59,739
Other expense	(30,000)	-	(30,000)	-
Effects of (increase) decrease in operating assets and increase (decrease) in operating liabilities:				
Taxes receivable	-	(274,856)	(274,856)	-
Accounts receivable	(30,867)	(9,058)	(39,925)	74,438
Contracts receivable	18,350	-	18,350	-
Due from other governments	3,477	856,985	860,462	-
Due from other funds	(3,528)	(4,601)	(8,129)	-
Due from discretely presented component unit	-	(227)	(227)	-
Inventories	65,087	176,132	241,219	-
Accrued interest receivable - on restricted assets	(7,407)	-	(7,407)	-
Accounts payable	30,399	(108,143)	(77,744)	(201,722)
Accrued expenses	865	7,424	8,289	2,915
Interest payable	(1,888)	-	(1,888)	-
Due to other governments	(6,513)	4,725	(1,788)	-
Due to other funds	(454)	480,302	479,848	-
Deferred revenues	-	282,981	282,981	-
Landfill closure & long-term care payable	(728,528)	-	(728,528)	-
Accrued liabilities - claims payable	-	-	-	111,320
Compensated absences	1,524	41,624	43,148	3,486
Net cash (used) by operating activities	<u>(935,073)</u>	<u>(5,319,559)</u>	<u>(6,254,632)</u>	<u>(3,478)</u>
Non-cash investing, capital and non-capital financing activities:				
Fair value adjustment - investments	(285,332)	-	(285,332)	-
Transfer of capital assets to highway road improvement fund	-	(4,414,834)	(4,414,834)	-
Total non-cash investing, capital and non-capital financing activities:	<u>(285,332)</u>	<u>(4,414,834)</u>	<u>(4,700,166)</u>	<u>-</u>
Reconciliation of cash and cash equivalents:				
Cash and cash equivalents	4,609,505	5,342,685	9,952,190	11,186,447
Cash and cash equivalents - restricted assets	586,035	-	586,035	-
Cash and cash equivalents, December 31	<u>5,195,540</u>	<u>5,342,685</u>	<u>10,538,225</u>	<u>11,186,447</u>

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

MARATHON COUNTY, WISCONSIN

Statement of Net Assets

Major Discretely Presented Component Units

December 31, 2003

	Central Wisconsin Airport	North Central Community Service	Major Discretely Presented Component Units Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 917,245	2,494,711	3,411,956
Investments	-	7,900,000	7,900,000
Accounts receivable	126,779	4,226,123	4,352,902
Due from other governments	76,633	768,637	845,270
Prepaid items	-	377,854	377,854
Inventories	-	253,550	253,550
Total current assets	<u>1,120,657</u>	<u>16,020,875</u>	<u>17,141,532</u>
Restricted assets:			
Cash and cash equivalents	2,237,252	-	2,237,252
Investments	-	405,533	405,533
Total restricted assets	<u>2,237,252</u>	<u>405,533</u>	<u>2,642,785</u>
Deferred charges	<u>48,840</u>	<u>9,067</u>	<u>57,907</u>
Capital assets:			
Land	614,983	829,689	1,444,672
Buildings	12,073,832	18,790,764	30,864,596
Improvements	22,440,800	-	22,440,800
Equipment	4,217,275	11,119,509	15,336,784
Construction in process	4,197,982	57,012	4,254,994
Total capital assets	<u>43,544,872</u>	<u>30,796,974</u>	<u>74,341,846</u>
Less: accumulated depreciation and depletion	<u>(20,441,441)</u>	<u>(18,002,505)</u>	<u>(38,443,946)</u>
Net capital assets	<u>23,103,431</u>	<u>12,794,469</u>	<u>35,897,900</u>
Total assets	<u>\$ 26,510,180</u>	<u>29,229,944</u>	<u>55,740,124</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 51,919	1,314,826	1,366,745
Accrued items	28,399	1,246,200	1,274,599
Special deposits	-	405,533	405,533
Interest payable	64,815	-	64,815
Due to other governments	73,498	261,880	335,378
Due to primary government	2,737	-	2,737
Deferred revenues	-	2,514,906	2,514,906
Current portion of long-term liabilities	<u>465,801</u>	<u>-</u>	<u>465,801</u>
Total current liabilities	<u>687,169</u>	<u>5,743,345</u>	<u>6,430,514</u>
Long-term liabilities:			
General obligations bonds payable	4,745,000	-	4,745,000
Compensated absences	<u>121,633</u>	<u>1,912,607</u>	<u>2,034,240</u>
Total long-term liabilities	<u>4,866,633</u>	<u>1,912,607</u>	<u>6,779,240</u>
Total liabilities	<u>5,553,802</u>	<u>7,655,952</u>	<u>13,209,754</u>
Net Assets:			
Invested in Capital Assets, net of related debt	17,892,630	12,794,469	30,687,099
Restricted	1,690,246	2,757,598	4,447,844
Unrestricted	<u>1,373,502</u>	<u>6,021,925</u>	<u>7,395,427</u>
Total Net Assets	<u>\$ 20,956,378</u>	<u>21,573,992</u>	<u>42,530,370</u>

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, 2003

	Central Wisconsin Airport	North Central Community Service	Major Discretely Presented Component Units Total
Operating revenues:			
Public charges for services	\$ 2,731,423	29,194,083	31,925,506
Intergovernmental charges for services	433,747	20,617,857	21,051,604
Intergovernmental grants and aids		8,822,748	8,822,748
Total operating revenues	<u>3,165,170</u>	<u>58,634,688</u>	<u>61,799,858</u>
Operating expenses:			
Salaries and benefits	1,074,405	36,721,800	37,796,205
Contractual services	659,854	9,941,248	10,601,102
Materials and supplies	226,300	9,669,421	9,895,721
Insurance and administration costs	51,028	-	51,028
Depreciation	1,381,949	1,558,559	2,940,508
Other operating expenses	5,992	-	5,992
Total operating expenses	<u>3,399,528</u>	<u>57,891,028</u>	<u>61,290,556</u>
Operating income (loss)	<u>(234,358)</u>	<u>743,660</u>	<u>509,302</u>
Nonoperating revenues and (expenses):			
Intergovernmental grants and aids	-	351,066	351,066
Interest income	50,264	208,897	259,161
Gain on sale of capital assets	15,875	3,904	19,779
Other income	239	-	239
Interest expense	(257,179)	-	(257,179)
Other expenses	-	(750,000)	(750,000)
Total nonoperating revenues and (expenses), net	<u>(190,801)</u>	<u>(186,133)</u>	<u>(376,934)</u>
Income (loss) before contributions and transfers	<u>(425,159)</u>	<u>557,527</u>	<u>132,368</u>
Transfer in from primary government			
Capital Improvement Fund	118,417	-	118,417
Transfers out to primary government:			
Capital Improvement Fund	<u>(95,696)</u>	<u>-</u>	<u>(95,696)</u>
Total transfers	<u>22,721</u>	<u>-</u>	<u>22,721</u>
Income (loss) before contributions and amortizations	<u>(402,438)</u>	<u>557,527</u>	<u>155,089</u>
Capital contributions	<u>843,269</u>	<u>-</u>	<u>843,269</u>
Increase in Net Assets	440,831	557,527	998,358
Net Assets, January 1	<u>20,515,547</u>	<u>21,016,465</u>	<u>41,532,012</u>
Net Assets, December 31	\$ <u>20,956,378</u>	<u>21,573,992</u>	<u>42,530,370</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, 2003

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, NCCS and HCEB 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 three 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 2003 (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 six school districts and therefore the Board is made up of six 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, 2003 and the HCEB's most recent fiscal year ended June 30, 2003 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. Separately issued financial statements are not available for CWA. Complete financial statements of the NCCS and HCEB can be obtained from their respective administrative offices as follows:

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. The County has designed the debt service fund as a major fund.

Capital Improvement 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 the Highway Road Improvement Fund, proprietary funds and discretely presented component units.

Highway Road Improvement Fund – The Highway Road Improvement Fund is used to account for financial resources to be used for the acquisition or construction of major highway road improvements not normally completed by the Highway Department.

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, NCCS and HCEB 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 \$1,500 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 right of way highways, bridges, drainage systems, and lighting systems, were not capitalized. Upon implementing GASB 34, 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. 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, depreciation expense in year of disposal, 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, the discretely presented component units, and 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 2003 funding was estimated in the annual budget at \$93,385 with an actual cost of \$93,345. There were seventeen 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 2004 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 2004 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 Long Term Care – represents the amount of funds set aside to cover cost for the Long Term care of closed solid waste cells.
20. Designated for closure – represents the amount of funds set aside to be used for the future closure of solid waste cells.
21. 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 \$5,051,318 difference are as follows:

Forest Crop Loan	1,299,398
Compensated Absences	<u>3,751,920</u>

Net adjustment to reduce *fund balance-total governmental funds* to arrive at *net assets-governmental activities* \$ 5,051,318

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 \$23,555,604 difference are as follows:

Capital Outlay	\$34,661,680
Depreciation Expense	(7,255,608)
Deletions, Net of Accumulated Depreciation	<u>(3,850,468)</u>

Net Adjustment to increase *net changes in fund balances-total governmental funds* to arrive at *changes in net assets of governmental activities* \$23,555,604

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 \$3,775,833 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation notes	\$ 800,000
Forest crop loan	
380,750	
Principal repayments:	
General obligation debt	(4,925,000)
Forest crop loan	(
<u>31,583)</u>	
Net adjustment to increase <i>net changes in fund balance – total governmental funds</i>	
to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (3,775,833)</u></u>

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 \$139,902 difference are as follows:

Compensated absences	\$ 172,340
Accrued interest	(15,136)
Amortization of issuance costs	<u>(17,302)</u>
Net adjusted balance to decrease <i>net changes in fund balance–total governmental funds</i>	
to arrive at changes in <i>net assets of governmental activities</i>	<u><u>\$ 139,902</u></u>

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 \$17,547,069 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	\$ 4,587,797
Special Revenue	1,325,902
Debt	835,862
Capital Improvements	<u>10,797,508</u>
Total	\$ 17,547,069

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 2003 tax levy rate is within the limitation contained in the state law.

C. Deficit balances

Generally accepted accounting principals require disclosure of individual funds that have deficit balances at year end. As of December 31, 2003, the Highway Road Improvement Fund has a deficit balance of \$3,727,952. This deficit will be funded by intergovernmental grants

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; Social Services Protective Payees; Social Services COP Risk Reserve; 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, 2003 are as follows:

Primary Government:

General Fund:	
Cash and investments	\$ 29,578,065
Cash and investments - restricted	6,586,732
Special revenue fund:	
Cash and investments	2,451,332
Cash and investments - restricted	226,152
Debt Service Fund:	
Cash and investments	77,246
Capital project funds:	
Cash and investments	7,119,509
Enterprise Funds:	
Cash and investments	9,952,190
Cash and investments - restricted	586,035
Investments - restricted	13,273,542
Internal service funds:	
Cash and investments	<u>11,186,447</u>
Subtotal Primary Government	81,037,250

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

Cash and investments	12,750,445
Cash and investments - restricted	<u>2,687,785</u>

Total Reporting Entity \$96,475,480

Per statement of net assets

Total \$96,475,480

B. Deposits

At year end, the Primary Government (including the Central Wisconsin Airport as a discretely presented component unit), had a carrying value of \$20,254,983 with financial institutions and a bank balance of \$21,429,910. 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 \$11,353,436 with financial institutions and a bank balance of \$8,247,986.

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	\$19,869,092
Uncollateralized	<u>2,184,803</u>
Total bank balance	<u>\$22,053,895</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	\$3,175,194
Uncollateralized	<u>6,003,089</u>
Total bank balance	<u>\$9,178,283</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 \$6,003,089.

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 Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2003, the fair value of Marathon County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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 2003, 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	\$ 18,231,674	-	-	\$ 18,231,674	\$ 16,970,462
Federal Agency Bonds & Notes	19,648,166	-	-	19,648,166	19,557,869
Corporate Notes	7,636,349	-	-	7,636,349	7,451,112
Commercial Paper	5,139,074	-	-	5,139,074	5,139,109
Total	50,655,263	-	-	50,655,263	49,118,552
Investments not subject to categorization:					
State Treasurer's investment Pool				5,517,290	5,517,290
Other Investment Pools				7,140,226	7,140,226
Money Market Funds				623,985	623,985
TOTAL INVESTMENTS				\$ 63,936,764	\$ 62,400,053

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

Throughout 2003, the remaining discretely presented component units held no securities, although the HCEB held investments with government investment pools carried at \$930,297 which approximated fair value.

Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance. 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 \$40,850,300 will be recognized as revenue during 2004.

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 2003 and prior years as follows:

Year of Settlement	County Tax Levied	County Purchased	Balance December 31, 2003
1993	5,781	23,998	29,779
1994	6,472	28,419	34,891
1995	6,961	28,579	35,540
1996	8,515	32,637	41,152
1997	9,060	28,531	37,591
1998	13,010	41,674	54,684
1999	21,511	66,519	88,030
2000	44,398	134,130	178,528
2001	98,727	301,098	399,825
2002	220,346	662,838	883,184
2003	463,104	1,424,504	1,887,608
TOTAL TAX CERTIFICATES	897,885	2,772,927	3,670,812
TAX DEEDS			574,034
CURRENT TAXES			40,850,300
TOTAL TAXES RECEIVABLE			\$45,095,146

Delinquent taxes collected within the sixty day period subsequent to year end aggregated \$109,417 and \$334,373 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 \$315,904 for park services performed.

The State of Wisconsin has a two month lag for the remittance of sales tax in the amount of \$1,907,200. 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, 2003 was as follows:

Governmental Activities	Balance January 1, 2003	Additions 2003	Deletions 2003	Balance December 31, 2003
Construction in process	\$ 3,873,732	22,565,120	-	26,438,852
Land	7,735,325	382,559	14,300	8,103,584
Subtotal-Capital Assets not being depreciated	11,609,057	22,947,679	14,300	34,542,436
Buildings	55,086,495	61,191	27,202	55,120,484
Improvements	5,891,599	276,234	2,000	6,165,833
Equipment	14,715,989	1,136,264	249,091	15,603,162
Infrastructure	138,184,300	11,932,700	7,131,900	142,985,100
Subtotal-Capital Assets being depreciated	213,878,383	13,406,389	7,410,193	219,874,579
Less: Accumulated Depreciation	(74,154,399)	(7,256,069)	(3,574,025)	(77,836,443)
TOTAL	\$ 151,333,041	29,097,999	3,850,468	176,580,572

Construction in process consists of the following:

Courthouse Remodeling	\$ 6,894,122
Art building UWMC	1,446,358
Humane Society Remodeling	124,915
72 nd Avenue Storage Facility	157,605
McCleary Bridge	5,232,133
Western Arterial	12,208,023
Highway Y-Hatley	358,003
Trillium-Clover to Foxglove	17,693
Total	<u>\$ 26,438,852</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General Government	\$ 1,685,499
Public Safety	566,018
Transportation	4,130,200
Health	30,337
Social Services	111,794
Leisure and Education	696,191
Conversation and Economic Development	36,030
Total Governmental Activities Depreciation Expense	\$ 7,256,069

The following is a breakdown of accumulated depreciation by assets class for December 31, 2003 as follows:

Governmental Activities Accumulated Depreciation	Balance January 1, 2003	Additions 2003	Deletions 2003	Balance December 31, 2003
Buildings	\$ 23,244,010	\$ 1,686,703	\$ 23,278	\$ 24,907,435
Improvements	1,585,885	173,280	2,000	1,757,165
Equipment	10,891,804	1,265,886	233,947	11,923,743
Infrastructure	\$ 38,432,700	4,130,200	3,314,800	39,248,100
Total	\$ 74,154,399	\$ 7,256,069	\$ 3,574,025	\$ 77,836,443

A summary of the capital assets activity for business type activities and discretely presented component units at December 31, 2003 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	221,804	479,338	614,983	829,689	1,444,672	-
Buildings	1,283,066	4,698,140	5,981,206	12,073,832	18,790,764	30,864,596	222,877
Improvements	16,089,658	-	16,089,658	22,440,800	-	22,440,800	-
Equipment	306,067	11,304,462	11,610,529	4,217,275	11,119,509	15,336,784	5,017
Construction in Process	-	-	-	4,197,982	57,012	4,254,994	-
Subtotal	17,936,325	16,224,406	34,160,731	43,554,872	30,796,974	74,341,846	227,894
Less accumulated Depreciation	(12,670,819)	(8,197,383)	(20,868,202)	(20,441,441)	(18,002,505)	(38,443,946)	(13,932)
TOTAL	\$5,265,506	8,027,023	13,292,529	23,103,431	12,794,469	35,897,900	213,962

Construction in process consists of the following:

CWA					
	AIP 27		\$	631,174	
	AIP 28			2,303,327	
	AIP 30			788,027	
	AIP 31			468,846	
	AIP 32			6,608	
	Total			\$ 4,197,982	
NCCS					
	NCHC Day Area Floor		\$	16,707	
	Mount View Window Project			9,445	
	IBM Optical Library			30,860	
	Total			\$ 57,012	

Business-Type Accumulated Depreciation by assets class for December 31, 2003 as follows:

Accumulated Depreciation	Landfill	Highway	Total Enterprise	CWA	NCCS	Total Business-Type Discretely Presented Component Units	Non-Major Discretely Presented Component Unit
Land	-	-	-	-	-	-	-
Depletion-Allowance	9,679	-	9,679	-	-	-	-
Buildings	854,009	2,090,159	2,944,168	4,510,068	10,567,108	15,077,176	8,915
Improvements	11,650,884	-	11,650,884	12,941,925	450,005	13,391,930	-
Equipment	156,247	6,107,224	6,263,471	2,989,448	6,985,392	9,974,840	5,017
CIP	-	-	-	-	-	-	-
Total	12,670,819	8,197,383	20,868,202	20,441,441	18,002,505	38,443,946	13,932

G. Interfund and Interentity Receivables/Payables and Transfers

The County has the following interfund and interentity receivable and payable balances at December 31, 2003:

	Receivable	Payable	Amount Not Due Within One Year
General Fund:			
Due from other funds	\$ 484,066	-	-
Due to other funds	-	4,760	-
Special Revenue Funds:			
Social Improvement Fund:			
Due to other funds	-	6,727	-
Capital Improvement Funds:			
Highway Road Improvement Funds:			
Due to other funds	-	5,096,404	-
Proprietary Funds:			
Landfill Fund:			
Due from other funds	4,369	-	-
Due to other funds	-	379	-
County Highway Fund:			
Due from other funds	5,101,164	-	-
Due to other funds	-	481,329	-
Subtotal Primary Government	5,589,599	5,589,599	-
General Fund:			
Due from discretely presented component unit	2,510	-	-
County Highway Fund:			
Due from discretely presented component unit	227	-	-
Central Wisconsin Airport			
Due to primary government	-	2,737	-
TOTAL REPORTING ENTITY	\$ 5,592,336	5,592,336	

The principal purpose of the transfers was to subsidize the construction cost in the Highway Road Improvement Fund until the state reimburses the county for their portion of the project. All remaining balances resulted from the timing lag between the dates that (1) interfund goods and services are provided and reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Funds Transferred to:	Funds Transferred from:	Amount	Principal Purpose
General	Social Improvement	\$ 37,181	Levy not used-returned to general fund
General	Capital Improvement	566,223	Transfer Non Debt Revenues to Capital Improvements
Social Improvement	General	42,037	Courts Psych Serv, ADRC Transp
Capital Improvement	General	3,254,621	Fund capital projects
Capital Improvement	Social Improvement	66,193	Fund capital projects
Highway Road Improvement	Capital Improvement	800,000	Highway land acquisitions
Highway	Highway Road Improvement	4,414,834	Transfer Resources to Improvement Fund
Property Casualty	General	14,500	Bldg removal - Tax Deed Property

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, 2003.

Year ended December 31:

	Forestry Department	Discretely Presented Component Units	Total
2004	1,543	408,401	409,944
2005	1,543	354,377	355,920
2006	897	106,832	107,729
2007	897	104,446	105,343
2008	897	104,446	105,343
2009 & Thereafter	51,138	240,467	291,605
TOTAL MINIMUM LEASE RECEIPTS	\$ 56,915	1,318,969	1,375,884

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
2004	\$134,970	\$117,000	\$251,970
2005	89,980	-	89,980
TOTAL MINIMUM LEASE PAYMENTS	\$ 224,950	\$117,000	\$341,950

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, 2003 is as follows:

Discretely Presented Component Units

	Date Issued	Maturity	Rate	Original Balance	Current Balance
1998A	04/01/1998	10/01/2017	3.80%-5.25%	\$ 5,100,000	\$ 4,420,000
2003A	06/01/2003	05/01/2013	1.20%-3.30%	555,000	555,000
State Trust	05/25/1994	03/15/2004	4.50%	195,955	169,895
State Trust	07/27/1994	03/15/2004	4.50%	209,047	25,553
1986	05/01/1987	03/15/2004	5.14%	565,000	40,353
TOTAL					\$ 5,210,801

Annual debt service requirements to maturity for discretely presented component units are as follows at December 31, 2003:

Year	Principal	Interest	Reporting Entity Total
2004	465,801	253,293	719,094
2005	245,000	226,812	471,812
2006	260,000	217,090	477,090
2007	285,000	206,297	491,297
2008	305,000	194,250	499,250
2009-2014	2,270,000	835,735	3,105,736
2015-2017	1,380,000	148,575	1,528,575
TOTAL	5,210,801	2,082,052	7,292,854

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. CWA, HCEB 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, 2003, the following changes occurred in long term liabilities reported for Governmental Activities:

	Balance January 1, 2003	Additions	Reductions	Balance December 31, 2003	Due Within One Year
Compensated Absences	\$ 3,507,988	\$ 3,660,595	\$ 3,312,491	\$ 3,856,092	\$ 76,570
General Obligation bonds and notes	4,125,000	800,000	4,925,000	0	0
Forest crop loan	950,231	380,751	31,584	1,299,398	38,000
TOTAL	\$ 8,583,219	\$ 4,841,346	\$ 8,269,075	\$ 5,155,490	\$ 114,570

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 \$645,412, \$27,602 and \$2,071,630 has been established for the purpose of future payments to be made for the enterprise fund, internal service funds and discretely component units, respectively.

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, 2003 the following changes occurred in long-term liabilities reported:

	Balance January 1, 2003	Additions	Reductions	Balance December 31, 2003	Due Within One Year
General Obligation debt:					
Primary Government					
Landfill	\$245,000	-	245,000	0	0
Discretely Present Component Units					
CWA					
Marathon County	4,780,955	555,000	191,060	5,144,895	399,895
Portage County	130,714	-	64,808	65,906	65,906
Total Discretely Presented Component Units	4,911,669	555,000	255,868	5,210,801	465,801
TOTAL	\$5,156,669	555,000	500,868	5,210,801	465,801

Prior Years Defeasance of Debt

At December 31, 2003 a total of \$9,760,000 of bonds outstanding are considered defeased.

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
CWA Bonds Series 1998A	October 1, 2002 - 2017
Landfill Bonds Series 1993A	November 1, 2002-2003
CWA Bonds Series 2003B	May 1, 2004-2013

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 2003 the Landfill used and the DNR approved \$70,029 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 2013. They will also require the Landfill to perform certain maintenance and monitoring functions at the site for forty (40) years thereafter, until approximately 2054. 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 \$8.92 million reported as Landfill closure and long term care payable at the December 31, 2003 reporting date represents the following:

	Balance January 1, 2003	GASB 18 Entry	Additions	Deletions	Balance December 31, 2003
Cell A Long-Term Care	\$ 4,513,830	\$41,269	\$233,756	\$70,029	\$4,718,826
Cell B Closure	3,400,380	(2,314,245)	225,997	-	1,312,132
Cell B Long-Term Care	3,324,047	(516,904)	89,502	-	2,896,645
TOTALS	\$11,238,257	\$(2,789,880)	549,255	70,029	8,927,603

The \$1.3 million amount represents 100% of estimated closure costs for Cell B with an estimated remaining useful life of nine (9) years. Total Cell B capacity is estimated at 3,376,000 cubic yards with 1,879,000 cubic yards used as of December 31, 2003, or 55.6% of the capacity. These amounts are based on current 2003 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, 2003 includes the following:

GOVERNMENTAL ACTIVITIES

Invested in capital assets, net of related debt	
Construction in progress	\$26,438,852
Land	8,103,584
Other capital assets, net of accumulated depreciation	142,038,136
Less: related long-term debt outstanding	<u>(1,299,398)</u>
Total Invested in Capital Assets	<u>\$ 175,281,174</u>
Restricted	
General debt service	76,952
Reserve for Delinquent Taxes – Other governmental entities	<u>2,438,555</u>
Total Restricted	<u>2,515,507</u>
Unrestricted	<u>52,472,205</u>
Total Governmental Activities Net Assets	<u>\$230,268,886</u>

Governmental fund balances reported on the fund financial statements at December 31, 2003 include the following:

Reserved	
Major Funds	
General Fund	
Delinquent taxes for other governmental entities	\$2,438,555
Inventories	10,000
Long-term receivables	174,547
Capital improvements	156,888
Compensated absences	<u>3,744,959</u>
Total	<u>\$6,524,949</u>
Social Improvement Fund	
Prepaid items	<u>\$ 29,416</u>
General Debt Service Fund	
Reserved for debt service	<u>\$ 76,952</u>
Capital Improvement Fund	
Capital Improvements	\$ 5,399,423
Encumbrances	<u>1,082,360</u>
Total	<u>6,481,783</u>
Total Reserved	<u>\$ 13,113,100</u>
Unreserved –Designated	
Major Funds	
General Fund	
Capital Improvements	\$682,028
Subsequent Years Budget	11,848,657
Working capital	14,627,667
Increase in Fair Value of Investment	<u>288,388</u>
Total	<u>\$ 27,446,740</u>
Special Revenue Fund	
Subsequent years budget	
Total	<u>\$ 1,027,397</u>
Total Designated	<u>\$28,474,137</u>
Undesignated	
Major Funds	
General Fund	
	\$ 6,578,225
Special Revenue Fund	
	409,522
Highway Road Improvement Fund	
	<u>(3,727,952)</u>
Total Undesignated	<u>\$ 3,259,795</u>
Total governmental fund balances	<u>\$ 44,847,032</u>

N. Restatement of Net Assets/Fund Balance

Net assets in the Landfill fund have been restated due to changes to the closure and long-term care liabilities to comply with GASB18.

Net assets has been restated due to:

	<u>Landfill Fund</u>
Net assets-December 31, 2002 (as reported)	\$13,575,509
Add: Prior Period Adjustment for GASB18	<u>1,582,126</u>
Net Assets- January 1, 2003 (as restated)	<u>\$ 15,157,635</u>

Fund balance in the Handicapped Children Education Board, a discretely presented component unit has been restated due to recognizing prepaid rent that was expensed in the prior year.

Fund balance has been restated due to:

	<u>HCEB Fund</u>
Fund balance-June 30, 2002 (as reported)	\$822,708
Add: Prepaid rent	<u>78,383</u>
Fund balance- July 1, 2003 (as restated)	<u>\$ 901,091</u>

Net assets for the Governmental and Business-type activities in the government-wide statements has been restated due to Infrastructure Work in Progress that was expensed in 2002, a prior period adjustment for GASB 18 and a correction of the internal service fund income allocation in 2002.

Net Assets as presented on the Governmental and Business-type Activities:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net assets-December 31, 2002 (as reported)	\$200,609,037	\$33,124,200
Add: Prior Period Adjustment for GASB18	-	1,582,126
Add/(Subtract):Internal Service Fund Income Allocation	(163,840)	163,840
Add: Infrastructure that was expensed in 2002	<u>1,677,888</u>	-
Net Assets- January 1, 2003 (as restated)	<u>\$202,123,085</u>	<u>\$34,870,166</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 5.4% of their salary, 2.6% for Executives and Elected Officials, 4.0% for Protective Occupations with Social Security, and 2.4% 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, 2003 was \$28,248,880; the employer's total payroll was \$29,356,769. The total required contribution for the year ended December 31, 2003 was \$2,937,452 which consisted of \$1,468,737 which represents the employer share and \$1,468,715 which represents the employee share. Total contributions for the years ended December 31, 2002 and 2001 were \$3,025,785 and \$2,748,703 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, 2003 was \$2,240,199. The total required contribution for the year ended June 30, 2003 was \$221,899 or 9.9% of the covered payroll. The contributions for 2002 and 2001 was \$277,707 and \$280,377 respectively and was the required amount. The payroll for the NCCS employees covered by the system for the year ended December 31, 2003 was \$25,267,995; the employer's total payroll was \$27,522,699. The total required contribution for the year ended December 31, 2003 was \$2,483,282 which consists of 3.8% of payroll from the employer and 5.4% of payroll from employees. The contributions for 2002 and 2001 were \$2,281,189 and \$1,592,445 respectively and were equal to the required contributions.

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

	Employer	Employee	Benefit Adjuster
General Employees	4.0	5.0	.4
Elected Officials and Executives	8.1	2.6	-
Protective Class (with Social Security)	13.7	4.0	-

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. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the 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) and 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, 2003". 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 2003 claims liability of \$1,297,476 reported in the fund at December 31, 2003 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 2002 and 2003 is as follows:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2003	1,392,455	275,416	(370,395)	1,297,476
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 2003 is \$5,389,383. 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 \$720,000 for health and \$5,800 for dental reported in the fund at December 31, 2003, are based on the requirements of GASB No. 10, which are stated above.

Changes in the fund's claim liability amount for 2002 and 2003 are as follows:

	Health Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2003	420,000	6,355,939	(6,055,939)	720,000
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
2003	5,200	134,905	(134,305)	5,800
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 \$1,492,635 reported in the fund at December 31, 2003 is also based on the requirements of GASBS No. 10.

Changes in the fund's claim liability amount for 2002 and 2003 are as follows:

	Worker's Comp Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2003	\$ 1,586,936	(173,765)	(96,571)	1,492,635
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, 2003 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 \$61,494 and \$57,964 were set aside for the years 2003 and 2002 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 2003 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, 2003:

Project	Encumbrance
Humane Society Rehab	\$ 36,492
Marathon County Courthouse-Remodel	898,709
Sheriff/Maint Storage Facility	35,495
Planning – Srv Cop Land Use Plan	1,430
River Drive Remodel	16,305
UWMC Art Shop	8,284
Sheriff Radio Console	5,602
WI River Bicycle/Ped Bridge	71,772
Sheriff Radio Tower	8,271
TOTAL	\$1,082,360

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 2003 was \$1,061,666

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 March 2004, the County issued \$5,975,000 of general obligation notes at 1%, in the capital improvements funds to fund the County's 2004 portion of the West Side Arterial and Highway projects, as specified in the County's 2004 CIP program.

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MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Revenues - Budget and Actual

Year ended December 31, 2003

	2003			
	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Revenues:				
Taxes:				
General property taxes	\$ 21,374,996	21,374,996	21,402,579	27,583
Forest crop taxes	12,000	12,000	25,307	13,307
Transfer tax	200,000	228,555	306,097	77,542
Sales tax	6,600,150	6,600,150	9,942,370	3,342,220
Interest on delinquent taxes	380,000	452,291	718,003	265,712
Penalties on delinquent taxes	180,000	180,000	354,156	174,156
Total taxes	<u>28,747,146</u>	<u>28,847,992</u>	<u>32,748,512</u>	<u>3,900,520</u>
Intergovernmental grants and aids:				
Wisconsin shared revenue	6,150,031	6,150,031	6,144,021	(6,010)
Exempt computer aid	475,000	475,000	341,986	(133,014)
Federal grants	155,920	893,301	720,713	(172,588)
State grants	3,130,086	5,061,829	3,904,610	(1,157,219)
Local government grants	72,472	95,577	78,463	(17,114)
Total intergovernmental grants and aids	<u>9,983,509</u>	<u>12,675,738</u>	<u>11,189,793</u>	<u>(1,485,945)</u>
Licenses and permits:				
Licenses	15,500	15,500	15,619	119
Permits	209,000	209,000	239,036	30,036
Total licenses and permits	<u>224,500</u>	<u>224,500</u>	<u>254,655</u>	<u>30,155</u>
Fines and forfeitures:				
County ordinance fines and forfeitures	386,350	386,350	325,146	(61,204)
County share of federal fines and forfeitures	-	-	-	-
County share of state fines and forfeitures	290,000	290,000	403,890	113,890
Total fines and forfeitures	<u>676,350</u>	<u>676,350</u>	<u>729,036</u>	<u>52,686</u>
Public charges for services:				
General government:				
Recording fees	310,000	310,000	620,708	310,708
Certified copies	45,000	45,000	58,088	13,088
Land record fee	99,459	99,459	279,981	180,522
Court fees and costs	531,500	531,500	510,001	(21,499)
Other charges	141,656	144,656	186,987	42,331
Total general government	<u>1,127,615</u>	<u>1,130,615</u>	<u>1,655,765</u>	<u>525,150</u>
Public safety:				
Board of prisoners	494,000	566,090	652,250	86,160
Processing fees	95,000	95,000	165,206	70,206
Other charges	320,140	320,140	325,984	5,844
Total public safety	<u>909,140</u>	<u>981,230</u>	<u>1,143,440</u>	<u>162,210</u>

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Revenues - Budget and Actual

Year ended December 31, 2003

	2003			Variance favorable/(unfavorable) with final budget
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Public charges for services:				
Health:				
General health	138,000	138,000	25,571	(112,429)
Lab contract work	-	1,000	85,657	84,657
Environmental permits	275,000	275,000	282,460	7,460
Other charges	4,000	4,000	7,108	3,108
Total health	<u>417,000</u>	<u>418,000</u>	<u>400,796</u>	<u>(17,204)</u>
Social services	<u>3,000</u>	<u>3,000</u>	<u>3,473</u>	<u>473</u>
Library	<u>79,264</u>	<u>79,264</u>	<u>100,913</u>	<u>21,649</u>
Recreation and public areas:				
Camping fees	70,000	70,000	83,897	13,897
Other charges	11,300	11,300	10,545	(755)
Park concessions	17,100	17,100	16,794	(306)
Shelter rental and forfeitures	45,000	45,000	19,144	(25,856)
Fairgrounds building rents	107,500	107,500	86,550	(20,950)
Organized hockey rents	174,000	174,000	181,087	7,087
Cross country fees	73,000	73,000	41,034	(31,966)
Other charges	165,306	165,826	142,596	(23,230)
Total public areas	<u>663,206</u>	<u>663,726</u>	<u>581,647</u>	<u>(82,079)</u>
Education	<u>4,000</u>	<u>21,450</u>	<u>34,951</u>	<u>13,501</u>
Conservation:				
Forest resources	243,000	243,000	205,011	(37,989)
Agriculture resources	102,197	102,897	34,839	(68,058)
Total conservation	<u>345,197</u>	<u>345,897</u>	<u>239,850</u>	<u>(106,047)</u>
Total public charges for services	<u>3,548,422</u>	<u>3,643,182</u>	<u>4,160,835</u>	<u>517,653</u>
Intergovernmental charges for services:				
State and federal	207,501	207,501	197,520	(9,981)
Local districts:				
General government	2,400	2,400	-	(2,400)
Register of Deeds services	40,000	40,000	58,680	18,680
Postage	68,500	68,500	76,327	7,827
Telephone	20,000	20,000	30,290	10,290
Sheriff's gasoline	-	-	6,972	6,972
Health	13,572	13,572	5,854	(7,718)
Library charges	7,069	7,069	7,070	1
Other charges	40,641	40,641	17,665	(22,976)
Local departments	386,743	386,743	4,393	(382,350)
Total intergovernmental charges for services	<u>786,426</u>	<u>786,426</u>	<u>404,771</u>	<u>(381,655)</u>
Miscellaneous revenues:				
Interest income	1,022,750	1,022,750	761,189	(261,561)
Increase (decrease) in the fair value of investments	-	-	(473,465)	(473,465)
Donations	158,450	203,048	151,605	(51,443)
Rental income	391,424	391,424	323,407	(68,017)
Other revenues	63,943	65,343	1,056,233	990,890
Total miscellaneous revenues	<u>1,636,567</u>	<u>1,682,565</u>	<u>1,818,969</u>	<u>136,404</u>
	<u>\$ 45,602,920</u>	<u>48,536,753</u>	<u>51,306,571</u>	<u>2,769,818</u>

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Expenditures - Budget and Actual (concluded)

Year ended December 31, 2003

	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Expenditures:				
General government:				
Legislative:				
Personal services	\$ 216,395	216,395	215,011	1,384
Contractual services	25,200	25,200	16,803	8,397
Materials and supplies	83,958	83,958	70,618	13,340
Total legislative	<u>325,553</u>	<u>325,553</u>	<u>302,432</u>	<u>23,121</u>
Judicial:				
Personal services	1,721,978	1,747,357	1,713,018	34,339
Contractual services	666,325	636,325	570,424	65,901
Materials and supplies	115,244	117,744	81,165	36,579
Fixed charges	4,806	4,806	7,275	(2,469)
Grants and contributions	250	250	-	250
Capital Outlay	1,000	1,000	-	1,000
Total judicial	<u>2,509,603</u>	<u>2,507,482</u>	<u>2,371,882</u>	<u>135,600</u>
Executive:				
Personal services	272,105	272,105	269,454	2,651
Contractual services	1,625	1,625	1,494	131
Materials and supplies	17,941	17,941	17,711	230
Fixed charges	295	295	295	-
Grants and contributions	1,000	1,000	1,637	(637)
Total executive	<u>292,966</u>	<u>292,966</u>	<u>290,591</u>	<u>2,375</u>
General administration:				
Personal services	467,586	467,586	454,987	12,599
Contractual services	374,159	374,159	225,268	148,891
Materials and supplies	408,385	408,385	202,262	206,123
Grants and contributions	50,000	6,900	5,000	1,900
Total general administration	<u>1,300,130</u>	<u>1,257,030</u>	<u>887,517</u>	<u>369,513</u>
Financial administration:				
Personal services	712,480	755,671	699,202	56,469
Contractual services	179,742	179,742	174,763	4,979
Materials and supplies	58,372	58,372	40,159	18,213
Fixed charges	349,673	349,673	349,673	-
Grants and contributions	8,357,385	8,489,512	8,377,974	111,538
Capital outlay	500	500	347	153
Total financial administration	<u>9,658,152</u>	<u>9,833,470</u>	<u>9,642,118</u>	<u>191,352</u>

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Expenditures - Budget and Actual (concluded)

Year ended December 31, 2003

	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Expenditures:				
General government:				
Legal:				
Personal services	1,016,992	1,049,825	842,490	207,335
Contractual services	61,633	208,836	139,837	68,999
Materials and supplies	84,708	82,539	43,631	38,908
Fixed charges	300	300	267	33
Capital outlay	400	1,516	200	1,316
Total legal	<u>1,164,033</u>	<u>1,343,016</u>	<u>1,026,425</u>	<u>316,591</u>
Property records and control:				
Personal services	440,378	468,933	468,991	(58)
Contractual services	15,900	15,900	7,109	8,791
Materials and supplies	26,286	26,286	19,708	6,578
Fixed charges	900	900	-	900
Grants and contributions	-	-	42,351	(42,351)
Capital outlay	-	139,518	40,760	98,758
Total property records and control	<u>483,464</u>	<u>651,537</u>	<u>578,919</u>	<u>72,618</u>
County planning:				
Personal services	1,273,345	1,273,345	1,238,559	34,786
Contractual services	901,592	851,688	398,679	453,009
Materials and supplies	91,131	97,031	66,518	30,513
Fixed charges	2,781	2,781	2,729	52
Grants and contributions	80,350	116,988	111,878	5,110
Capital outlay	500	500	-	500
Total county planning	<u>2,349,699</u>	<u>2,342,333</u>	<u>1,818,363</u>	<u>523,970</u>
Building maintenance:				
Personal services	1,041,689	1,041,689	811,773	229,916
Contractual services	691,003	691,003	617,024	73,979
Materials and supplies	106,695	106,695	46,943	59,752
Fixed charges	3,743	3,743	4,883	(1,140)
Capital outlay	8,000	8,000	7,129	871
Total other general government	<u>1,851,130</u>	<u>1,851,130</u>	<u>1,487,752</u>	<u>363,378</u>
Total general government	<u>19,934,730</u>	<u>20,404,517</u>	<u>18,405,999</u>	<u>1,998,518</u>

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Expenditures - Budget and Actual (concluded)

Year ended December 31, 2003

	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Public safety:				
Sheriff:				
Personal services	6,873,857	6,881,766	6,798,415	83,351
Contractual services	355,585	366,702	359,466	7,236
Materials and supplies	592,181	732,297	466,055	266,242
Fixed charges	27,527	27,527	26,855	672
Grants and contributions	3,400	43,429	41,356	2,073
Capital outlay	362,289	412,058	373,988	38,070
Total sheriff	<u>8,214,839</u>	<u>8,463,779</u>	<u>8,066,135</u>	<u>397,644</u>
Emergency services:				
Personal services	111,865	172,197	111,457	60,740
Contractual services	8,975	33,364	9,491	23,873
Materials and supplies	38,355	77,997	63,007	14,990
Fixed charges	1,188	1,188	1,188	-
Grants and contributions	18,500	37,000	12,858	24,142
Capital outlay	600	537,162	424,184	112,978
Total emergency services	<u>179,483</u>	<u>858,908</u>	<u>622,185</u>	<u>236,723</u>
Adult corrections:				
Personal services	2,619,178	2,621,738	2,523,491	98,247
Contractual services	1,480,649	1,590,157	1,514,823	75,334
Materials and supplies	147,250	196,816	128,409	68,407
Fixed charges	592	592	592	-
Total adult corrections	<u>4,247,669</u>	<u>4,409,303</u>	<u>4,167,315</u>	<u>241,988</u>
Juvenile corrections:				
Personal services	758,735	749,001	744,537	4,464
Contractual services	129,203	129,203	53,402	75,801
Materials and supplies	39,094	39,094	18,190	20,904
Fixed charges	888	888	888	-
Total juvenile corrections	<u>927,920</u>	<u>918,186</u>	<u>817,017</u>	<u>101,169</u>
Shelter home:				
Personal services	47,836	423,258	407,542	15,716
Contractual services	319,886	14,288	18,315	(4,027)
Materials and supplies	7,925	28,568	8,095	20,473
Fixed charges	-	250	-	250
Total shelter home	<u>375,647</u>	<u>466,364</u>	<u>433,952</u>	<u>32,412</u>
Total public safety	<u>13,945,558</u>	<u>15,116,540</u>	<u>14,106,604</u>	<u>1,009,936</u>

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Expenditures - Budget and Actual (concluded)

Year ended December 31, 2003

	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Expenditures:				
Health:				
Personal services	2,254,036	2,536,782	2,316,273	220,509
Contractual services	813,632	1,469,582	1,198,454	271,128
Materials and supplies	180,394	343,912	192,635	151,277
Fixed charges	-	-	5,177	(5,177)
Grants and contributions	6,800	13,800	9,154	4,646
Total health	<u>3,254,862</u>	<u>4,364,076</u>	<u>3,721,693</u>	<u>642,383</u>
Expenditures:				
Veterans:				
Personal services	152,396	159,033	159,032	1
Contractual services	3,300	3,300	2,322	978
Materials and supplies	12,845	12,845	8,135	4,710
Fixed charges	200	200	-	200
Grants and contributions	3,250	9,862	4,732	5,130
Total veterans	<u>171,991</u>	<u>185,240</u>	<u>174,221</u>	<u>11,019</u>
Total social services	<u>171,991</u>	<u>185,240</u>	<u>174,221</u>	<u>11,019</u>
Leisure activities and education:				
Library:				
Personal services	2,513,982	2,530,472	2,389,184	141,288
Contractual services	130,276	182,915	160,802	22,113
Materials and supplies	525,996	699,425	561,154	138,271
Fixed charges	50,541	50,541	48,966	1,575
Capital outlay	-	-	52,100	(52,100)
Total library	<u>3,220,795</u>	<u>3,463,353</u>	<u>3,212,206</u>	<u>251,147</u>
Public areas:				
Personal services	1,718,713	1,908,223	1,845,917	62,306
Contractual services	372,736	1,033,267	718,259	315,008
Materials and supplies	261,262	319,835	295,391	24,444
Fixed charges	65,921	67,303	38,270	29,033
Capital outlay	166,068	208,022	65,500	142,522
Total public areas	<u>2,584,700</u>	<u>3,536,650</u>	<u>2,963,337</u>	<u>573,313</u>
University extension program:				
Personal services	124,482	128,142	121,202	6,940
Contractual services	153,725	196,170	168,741	27,429
Materials and supplies	46,600	61,482	43,413	18,069
Fixed charges	200	200	40	160
Capital outlay	1,050	1,050	15	1,035
Total university extension program	<u>326,057</u>	<u>387,044</u>	<u>333,411</u>	<u>53,633</u>
Total leisure activities and education	<u>6,131,552</u>	<u>7,387,047</u>	<u>6,508,954</u>	<u>878,093</u>

MARATHON COUNTY, WISCONSIN

GENERAL FUND

Schedule of Expenditures - Budget and Actual (concluded)

Year ended December 31, 2003

	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Expenditures:				
Conservation and economic development:				
Forest resources:				
Personal services	186,554		24,403	-
Contractual services	147,109	112,362	24,403	87,959
Materials and supplies	63,650	12,290	10,013	2,277
Fixed charges	5,280	9,444	5,146	4,298
Capital outlay	254,704	627,553	373,825	253,728
Total forest resources	<u>657,297</u>	<u>761,649</u>	<u>413,387</u>	<u>348,262</u>
Agriculture resources:				
Personal services	222,341	236,088	235,390	698
Contractual services	88,103	96,972	47,280	49,692
Materials and supplies	17,658	28,090	23,017	5,073
Grants and contributions	602,860	788,647	398,376	390,271
Capital outlay	-	-	1,215	(1,215)
Total agriculture resources	<u>930,962</u>	<u>1,149,797</u>	<u>705,278</u>	<u>444,519</u>
Economic development:				
Grants and contributions	-	258,000	235,000	23,000
Total economic development	<u>-</u>	<u>258,000</u>	<u>235,000</u>	<u>23,000</u>
Total conservation and economic development	<u>1,588,259</u>	<u>2,169,446</u>	<u>1,353,665</u>	<u>815,781</u>
Capital outlay:				
Capital projects:				
Contractual services	50,000	50,000	21,897	28,103
Materials and supplies	-	-	929	(929)
Capital outlay	154,000	141,883	57,523	84,360
Total capital outlay	<u>204,000</u>	<u>191,883</u>	<u>80,349</u>	<u>111,534</u>
	<u>\$ 45,230,952</u>	<u>49,818,749</u>	<u>44,351,485</u>	<u>5,467,264</u>

MARATHON COUNTY, WISCONSIN

DEBT SERVICE FUND

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

Year ended December 31, 2003

	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Revenues:				
General property taxes	\$ 4,930,000	4,930,000	4,930,000	-
Fines and forfeitures	158,000	158,000	-	(158,000)
Public charges for services	50,000	50,000	42,379	(7,621)
Miscellaneous revenues:				
Interest income	-	-	103,097	103,097
Rental income	198,165	198,165	-	(198,165)
Total revenues	5,336,165	5,336,165	5,075,476	(260,689)
Expenditures:				
Debt service:				
Principal retirement	4,874,000	4,986,208	4,956,583	29,625
Interest charges	105,000	108,778	107,703	1,075
Paying agent fees	1,000	21,876	2,600	19,276
Total expenditures	4,980,000	5,116,862	5,066,886	49,976
Excess (deficiency) of revenues over expenditures	356,165	219,303	8,590	(210,713)
Fund Balances, January 1	68,362	68,362	68,362	-
Fund Balances, December 31	\$ 424,527	287,665	76,952	(210,713)

MARATHON COUNTY, WISCONSIN

CAPITAL IMPROVEMENTS FUND

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

Year ended December 31, 2003

	2003			
	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Revenues:				
Public charges for services:				
General government	\$ -	-	19,104	19,104
Miscellaneous revenues:				
Donations	-	565,627	275,177	(290,450)
Interest income	-	67,850	245,695	177,845
Rental Income	-	-	131,534	131,534
Other revenues	-	-	89,166	89,166
Total revenues	-	633,477	760,676	127,199
Expenditures:				
Contractual services	-	967,990	116,797	851,193
Bond issue costs	-	20,000	15,136	4,864
Capital outlay	3,225,060	11,859,086	6,778,924	5,080,162
Total expenditures	3,225,060	12,847,076	6,910,857	5,936,219
Excess (deficiency) of revenues over expenditures	(3,225,060)	(12,213,599)	(6,150,181)	6,063,418
Other financing sources (uses):				
Transfers in:				
General Fund	3,063,171	3,254,621	3,254,621	-
Social Services Fund	66,193	66,193	66,193	-
Sale of capital assets	-	-	13,989	13,989
Component unit transfer in	95,696	95,696	95,696	-
General obligation debt issued	-	800,000	800,000	-
Transfers out:				
General Fund	-	-	(566,223)	(566,223)
Highway Road Improvement fund	-	(800,000)	(800,000)	-
Component unit transfer out	-	(118,417)	(118,417)	-
Total other financing sources (uses)	3,225,060	3,298,093	2,745,859	(552,234)
Net change in fund balance	-	(8,915,506)	(3,404,322)	5,511,184
Fund balances, January 1	9,886,105	9,886,105	9,886,105	-
Fund balances, December 31	\$ 9,886,105	970,599	6,481,783	5,511,184

MARATHON COUNTY, WISCONSIN

Highway Road Improvement Fund

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

Year ended December 31, 2003

	2003			
	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Revenues:				
Taxes:				
General property taxes	\$ 92,924	92,924	92,924	-
Intergovernmental grants and aids:				
Federal grants	7,327,688	7,327,688	-	(7,327,688)
State grants	-	11,400,000	6,922,488	(4,477,512)
Miscellaneous revenues:				
Rental Income	-	70,000	75,926	5,926
Total revenues	<u>7,420,612</u>	<u>18,890,612</u>	<u>7,091,338</u>	<u>(11,799,274)</u>
Expenditures:				
Personal service	165,752	165,751	275,142	(109,391)
Contractual services	-	100,000	2,228,845	(2,128,845)
Material and supplies	-	-	-	-
Fixed charges	30,000	30,000	171,928	(141,928)
Capital outlay	7,224,860	19,624,861	13,553,621	6,071,240
Total expenditures	<u>7,420,612</u>	<u>19,920,612</u>	<u>16,229,536</u>	<u>3,691,076</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,030,000)</u>	<u>(9,138,198)</u>	<u>(8,108,198)</u>
Other financing sources (uses):				
Transfers in:				
Capital Improvement fund	-	800,000	800,000	-
Highway fund	-	100,000	4,414,834	4,314,834
Sale of capital assets	-	130,000	195,412	65,412
Total other financing sources (uses)	<u>-</u>	<u>1,030,000</u>	<u>5,410,246</u>	<u>4,380,246</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(3,727,952)</u>	<u>(3,727,952)</u>
Fund balances, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, December 31	<u>\$ -</u>	<u>-</u>	<u>(3,727,952)</u>	<u>(3,727,952)</u>

MARATHON COUNTY, WISCONSIN

Combining Statement of Net Assets

Internal Service Funds

December 31, 2003

Assets	Property Casualty Insurance	Employee Benefits Insurance	Totals
Current assets:			
Cash and cash equivalents	\$ 3,558,814	7,627,633	11,186,447
Accounts receivable	98,986	330,196	429,182
Total current assets	<u>3,657,800</u>	<u>7,957,829</u>	<u>11,615,629</u>
Noncurrent Assets:			
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000
Capital Assets			
Equipment	53,868	4,598	58,466
Less: accumulated depreciation	<u>(53,868)</u>	<u>(3,450)</u>	<u>(57,318)</u>
Net capital assets	<u>-</u>	<u>1,148</u>	<u>1,148</u>
Total assets	<u>\$ 5,176,800</u>	<u>7,958,977</u>	<u>13,135,777</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 39,650	38,207	77,857
Accrued items	1,799	5,091	6,890
Total current liabilities	<u>41,449</u>	<u>43,298</u>	<u>84,747</u>
Long-term liabilities			
Accrued liability - claims payable	1,297,476	2,218,435	3,515,911
Compensated absences	7,304	20,298	27,602
Total long-term liabilities	<u>1,304,780</u>	<u>2,238,733</u>	<u>3,543,513</u>
Total liabilities	<u>1,346,229</u>	<u>2,282,031</u>	<u>3,628,260</u>
Net Assets			
Invested in Capital Assets, net of related debt	-	1,148	1,148
Restricted	1,731,397	4,786,533	6,517,930
Unrestricted	2,099,174	889,265	2,988,439
Total Net Assets	<u>\$ 3,830,571</u>	<u>5,676,946</u>	<u>9,507,517</u>

MARATHON COUNTY, WISCONSIN

INTERNAL SERVICE FUNDS

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year ended December 31, 2003

	<u>Property Casualty Insurance</u>	<u>Employee Benefits Insurance</u>	<u>Totals</u>
Operating revenues:			
Intergovernmental charges for services	\$ 622,491	6,977,534	7,600,025
Total operating revenues	<u>622,491</u>	<u>6,977,534</u>	<u>7,600,025</u>
Operating expenses:			
Salaries and benefits	61,967	108,445	170,412
Contractual services	29,645	211,799	241,444
Materials and supplies	6,073	13,062	19,135
Insurance and claims	434,891	6,607,643	7,042,534
Loss and loss adjustment expense	(94,979)	206,299	111,320
Insurance and administration costs	-	246,921	246,921
Depreciation	-	461	461
Total operating expenses	<u>437,597</u>	<u>7,394,630</u>	<u>7,832,227</u>
Operating income (loss)	<u>184,894</u>	<u>(417,096)</u>	<u>(232,202)</u>
Nonoperating revenues and (expenses):			
Investment income	168,376	179,852	348,228
Insurance recoveries	68,985	109,102	178,087
Other income	-	59,739	59,739
Total nonoperating revenues and (expenses), net	<u>237,361</u>	<u>348,693</u>	<u>586,054</u>
Other financing sources			
Transfer in:			
General fund	14,500	-	14,500
Total other financing sources	<u>14,500</u>	<u>-</u>	<u>14,500</u>
Increase (decrease) in net assets	436,755	(68,403)	368,352
Net Assets, January 1	<u>3,393,816</u>	<u>5,745,349</u>	<u>9,139,165</u>
Net Assets, December 31	\$ <u>3,830,571</u>	<u>5,676,946</u>	<u>9,507,517</u>

MARATHON COUNTY, WISCONSIN

INTERNAL SERVICE FUNDS

Combining Statement of Cash Flows

Year ended December 31, 2003

	Property Casualty Insurance	Employee Benefits Insurance	Totals
Cash flows from operating activities:			
Collections from departments and other insurance purchasers	\$ 719,982	6,806,867	7,526,849
Cash paid to WMMIC for self insured retention	(13,365)	-	(13,365)
Cash paid to employees for services	(60,529)	(108,445)	(168,974)
Cash paid to suppliers for goods and services	(447,358)	(6,900,630)	(7,347,988)
Net cash provided (used) by operating activities	<u>198,730</u>	<u>(202,208)</u>	<u>(3,478)</u>
Cash flows from investing activities:			
Interest received on investments	<u>177,558</u>	<u>179,852</u>	<u>357,410</u>
Net cash provided by investing activities	<u>177,558</u>	<u>179,852</u>	<u>357,410</u>
Net increase (decrease) in cash and cash equivalents	376,288	(22,356)	353,932
Cash and cash equivalents, January 1	<u>3,182,526</u>	<u>7,649,989</u>	<u>10,832,515</u>
Cash and cash equivalents, December 31	<u>\$ 3,558,814</u>	<u>7,627,633</u>	<u>11,186,447</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 184,894	(417,096)	(232,202)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	461	461
Insurance recoveries	68,985	109,102	178,087
Other income	-	59,739	59,739
Effects of increase (decrease) in operating assets and increase (decrease) in operating liabilities:			
Accounts receivable	2,659	71,779	74,438
Accounts payable	35,474	(237,196)	(201,722)
Accrued expenses	440	2,475	2,915
Accrued liabilities - claims payable	(94,979)	206,299	111,320
Compensated absences	<u>1,257</u>	<u>2,229</u>	<u>3,486</u>
Net cash provided (used) by operating activities	<u>\$ 198,730</u>	<u>(202,208)</u>	<u>(3,478)</u>

MARATHON COUNTY, WISCONSIN

CENTRAL WISCONSIN AIRPORT

Statement of Net Assets

December 31, 2003

Assets	<u>2003</u>
Current assets:	
Cash and cash equivalents	\$ 917,245
Accounts receivable	126,779
Due from other governments	76,633
Total current assets	<u>1,120,657</u>
Restricted assets:	
Cash and cash equivalents	<u>2,237,252</u>
Total restricted assets	<u>2,237,252</u>
Deferred charges	<u>48,840</u>
Property, plant and equipment:	
Land	614,983
Buildings	12,073,832
Improvements	22,440,800
Equipment	4,217,275
Construction in process	4,197,982
Total property, plant and equipment	<u>43,544,872</u>
Less: accumulated depreciation and depletion	<u>(20,441,441)</u>
Net property, plant and equipment	<u>23,103,431</u>
Total assets	<u>\$ 26,510,180</u>
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 51,919
Accrued expenses	28,399
Interest payable	64,815
Due to other governments	73,498
Due to primary government	2,737
Current portion of long-term obligations	465,801
Total current liabilities	<u>687,169</u>
Long-term liabilities:	
General obligations bonds payable	4,745,000
Compensated absences	121,633
Total long-term liabilities	<u>4,866,633</u>
Total liabilities	<u>5,553,802</u>
Net Assets	
Invested in Capital Assets, net of related debt	17,892,630
Restricted	1,690,246
Unrestricted	1,373,502
Total Net Assets	<u>\$ 20,956,378</u>

MARATHON COUNTY, WISCONSIN

CENTRAL WISCONSIN AIRPORT

Statement of Revenues, Expenses and
Changes in Net Assets

Year ended December 31, 2003

	<u>2003</u>
Operating revenues:	
Public charges for services	\$ 2,731,423
Intergovernmental charges for services	433,747
Total operating revenues	<u>3,165,170</u>
Operating expenses:	
Salaries and benefits	1,074,405
Contractual services	659,854
Materials and supplies	226,300
Insurance	51,028
Depreciation	1,381,949
Other operating expenses	5,992
Total operating expenses	<u>3,399,528</u>
Operating loss	<u>(234,358)</u>
Nonoperating revenues and (expenses):	
Investment income	50,264
Gain on the sale of fixed assets	15,875
Other income	239
Interest expense	(257,179)
Total nonoperating revenues and (expenses), net	<u>(190,801)</u>
Loss before contributions and transfers	(425,159)
Transfers in/out to primary government:	
Transfer in:	
Capital Improvement Fund	118,417
Transfer out:	
Capital Improvement Fund	(95,696)
Capital Contributions	<u>843,269</u>
Increase in net assets	440,831
Net Assets, January 1	<u>20,515,547</u>
Net assets, December 31	<u>\$ 20,956,378</u>

MARATHON COUNTY, WISCONSIN

CENTRAL WISCONSIN AIRPORT

Statement of Cash Flows

Year ended December 31, 2003

	<u>2003</u>
Cash flows from operating activities:	
Cash received from the sale of goods and services	3,289,417
Cash paid to employees for services	(1,057,720)
Cash paid to suppliers for goods and services	(933,083)
Cash paid to other departments for reimbursement	(123,324)
Net cash provided (used) by operating activities	<u>1,175,290</u>
Cash flows from capital financing activities:	
Cash received from primary government for capital acquisitions	118,417
Proceeds from capital debt	555,000
Payments for capital acquisitions	(181,100)
Payments of principal on debt obligations	(240,229)
Payments of interest on debt obligations	(257,179)
Net cash used by capital financing activities	<u>(5,091)</u>
Cash flows from investing activities:	
Interest received on investments	<u>50,264</u>
Net cash provided by investing activities	<u>50,264</u>
Net increase in cash and cash equivalents	1,220,463
Cash and cash equivalents, January 1	<u>1,934,034</u>
Cash and cash equivalents, December 31	<u>\$ 3,154,497</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (234,358)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	1,381,949
Other income	239
Effects of (increase) decrease in operating assets and increase (decrease) in operating liabilities:	
Accounts receivable	70,108
Due from other governments	(37,433)
Accounts payable	(42,839)
Accrued expenses	3,249
Interest payable	(1,301)
Due to other governments	24,481
Due to primary government	(531)
Deferred revenues	-
Compensated absences	<u>11,726</u>
Net cash provided by operating activities	\$ <u>1,175,290</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents	917,245
Cash and cash equivalents - restricted assets	<u>2,237,252</u>
Cash and cash equivalents, December 31	\$ <u>3,154,497</u>

MARATHON COUNTY, WISCONSIN

HANDICAPPED CHILDREN EDUCATION BOARD

Balance Sheet

June 30, 2003

	<u>General Fund</u>	<u>Federal Handicapped Education Fund</u>	<u>Total Governmental Funds</u>
Assets			
Assets:			
Cash and cash equivalents	\$ 859,039	579,450	1,438,489
Due from other funds	107,571	-	107,571
Account Receivable	63,065	111,588	174,653
Prepaid Expenditures	80,075	-	80,075
Restricted cash and investments	45,000	-	45,000
Total assets	<u>\$ 1,154,750</u>	<u>691,038</u>	<u>1,845,788</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 13,383	11,718	25,101
Due to other governments	8,984	321,604	330,588
Accrued expenditures	2,895	250,145	253,040
Due to other funds	-	107,571	107,571
Deferred revenue	12,606	-	12,606
Total liabilities	<u>37,868</u>	<u>691,038</u>	<u>728,906</u>
Fund balances:			
Reserved:			
Reserved for compensated absences	45,000	-	45,000
Unreserved:			
Designated for employee benefits	58,049	-	58,049
Undesignated	1,013,833	-	1,013,833
Total fund balances	<u>1,116,882</u>	<u>-</u>	<u>1,116,882</u>
Total liabilities and fund balances	<u>\$ 1,154,750</u>	<u>\$ 691,038</u>	
Amount reported for governmental activities in the statement of net assets are different because:			
Capital assets used in government activities are not financial resources and, therefore are not reported in the funds.			213,962
Employee absences, are not due and payable in the current period and, therefore are not reported in the funds.			<u>(67,390)</u>
Net Assets of the Government Activities		\$	<u>1,263,454</u>

MARATHON COUNTY, WISCONSIN

HANDICAPPED CHILDREN EDUCATION BOARD

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

Year ending June 30, 2003

	Budgeted Amounts		Actual	Variance favorable/(unfavorable) with final budget
	Original	Final		
Revenues:				
Intergovernmental grants and aids:				
Federal education grants	\$ 775,867	775,867	553,471	(222,396)
State education grants	1,006,005	1,006,005	1,084,041	78,036
Intergovernmental charges for services:				
Local districts	35,000	35,000	27,267	(7,733)
Intermediate sources	-	-	6,500	6,500
Interdistrict payments within Wisconsin	2,321,121	2,321,121	2,681,285	360,164
Miscellaneous revenues	-	-	2,102	2,102
Total revenues	<u>4,137,993</u>	<u>4,137,993</u>	<u>4,354,666</u>	<u>216,673</u>
Expenditures:				
Leisure activities and education:				
Instruction	2,707,513	2,707,513	2,734,673	(27,160)
Support services	1,415,123	1,415,123	1,391,941	23,182
Non-program activities	15,357	15,357	12,261	3,096
Total expenditures	<u>4,137,993</u>	<u>4,137,993</u>	<u>4,138,875</u>	<u>(882)</u>
Excess of revenues over expenditures	-	-	215,791	215,791
Fund balances, July 1 (as restated)	<u>901,091</u>	<u>901,091</u>	<u>901,091</u>	-
Fund balances, June 30	\$ <u>901,091</u>	<u>901,091</u>	<u>1,116,882</u>	<u>215,791</u>
Net changes in Fund Balances-Total Government funds			\$ 215,791	
Amounts reported for governmental activities in the Statement of activities are different because:				
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense reported in the government-wide statements.			(5,461)	
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. These expenses were changes to compensated absences with an addition of \$3,260 and a payment of \$867.			<u>(2,392)</u>	
Change in Net Assets of Governmental Activities			\$ <u>207,938</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
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
2003	26,238,226	14,106,604	11,256,103	30,124,151	6,508,954	1,353,665	5,066,886	23,220,742	117,875,331

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>
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
2003	51,226,064	38,048,582	996,011	18,257,201	1,180,750	4,943,803	114,652,411

SOURCE: Annual audited financial statements for Marathon County

NOTE: (A) This summary table includes the general fund, social improvement fund, debt service fund, capital improvement fund, highway road improvement fund, enterprise funds, 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, 2003 (C)		
			AMOUNT COLLECTED	AMOUNT DELINQUENT	PERCENT DELINQUENT	AMOUNT COLLECTED	AMOUNT DELINQUENT (D)	PERCENT DELINQUENT
1992	1993	19,456,563	19,222,166	234,397	1.2047	19,450,782	5,781	0.0297
1993	1994	21,006,795	20,788,779	218,016	1.0378	21,000,323	6,472	0.0308
1994	1995	22,893,158	22,663,145	230,013	1.0047	22,886,197	6,961	0.0304
1995	1996	25,111,275	24,864,864	246,411	0.9813	25,102,760	8,515	0.0339
1996	1997	27,349,954	27,077,312	272,642	0.9969	27,340,894	9,060	0.0331
1997	1998	29,068,916	28,795,852	273,064	0.9394	29,055,906	13,010	0.0448
1998	1999	30,856,382	30,534,426	321,956	1.0434	30,834,871	21,511	0.0697
1999	2000	33,363,392	32,979,833	383,559	1.1496	33,318,994	44,398	0.1331
2000	2001	35,660,957	35,103,411	557,546	1.5635	35,562,230	98,727	0.2768
2001	2002	38,149,579	37,644,343	505,236	1.3244	37,929,234	220,345	0.5776
2002 (B)	2003	39,846,548	39,375,609	470,939	1.1819	39,375,609	470,939	1.1819

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 2004 is \$40,850,300

(C) Totals do not include uncollected amounts due on tax deed parcels of \$574,035

(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

LEVY YEAR	SETTLEMENT YEAR	TOTAL EQUALIZED VALUE (A)	PERCENT CHANGE	INCREMENT VALUE OF TAX INCREMENT DISTRICTS (TID)	TOTAL EQUALIZED VALUE MINUS TIDS (B)	PERCENT CHANGE
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
2003	2004	7,152,373,100	5.19	221,917,650	6,930,455,450	5.89

SOURCE: Wisconsin Department of Revenue, Bureau of Property Tax 2003 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.

TABLE V

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

DISTRICT	2003 TOTAL EQUALIZED VALUE (1) (A)	NET TAX RATE - YEAR LEVIED (2) (B) (C) (D)									
		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
TOWN											
BERGEN	\$ 44,394,500	25.55	28.88	24.40	21.51	21.27	20.38	21.95	19.36	17.97	16.12
BERLIN	55,023,900	27.15	26.93	25.52	21.39	19.89	20.60	20.44	20.04	20.45	19.97
BERN	25,571,100	31.18	29.53	26.01	22.34	21.45	20.65	18.78	18.36	19.34	17.42
BEVENT	74,078,000	30.67	29.72	18.99	20.44	20.62	19.99	20.36	18.67	18.24	18.13
BRIGHTON	29,340,900	33.10	31.73	27.33	23.06	22.30	23.56	22.55	20.61	20.89	20.75
CASSEL	46,412,100	26.53	26.12	23.17	17.46	16.73	17.34	17.62	17.48	17.43	16.16
CLEVELAND	68,647,000	25.78	28.91	28.51	18.65	18.52	18.49	18.11	18.29	17.42	17.81
DAY	46,335,300	25.05	26.43	25.59	19.45	18.78	18.74	17.84	17.72	17.50	17.89
EASTON	59,438,800	30.89	24.33	20.96	19.88	19.02	20.01	20.76	19.92	20.60	19.25
EAU PLEINE	42,523,800	25.99	27.31	27.19	18.43	16.69	17.64	16.55	15.72	16.49	16.22
ELDERON	42,848,000	28.77	28.70	17.79	19.50	18.00	17.72	17.36	16.05	16.19	16.30
EMMET	50,887,100	27.39	29.70	26.65	20.80	22.76	20.44	20.69	19.48	17.75	26.69
FRANKFORT	32,481,400	26.65	26.26	25.12	17.26	19.11	20.16	20.89	19.74	20.21	20.19
FRANZEN	37,265,500	27.27	26.54	23.43	16.15	17.56	22.12	20.22	18.87	17.97	18.64
GREEN VALLEY	37,923,400	30.90	34.48	30.45	20.58	20.75	20.95	21.25	20.99	19.25	18.26
GUENTHER	23,680,400	30.05	30.03	24.73	21.95	21.52	21.42	21.25	20.42	18.36	18.01
HALSEY	26,387,900	31.47	30.38	26.13	20.74	19.70	20.52	18.68	18.27	19.28	17.37
HAMBURG	41,329,400	27.61	28.79	25.90	22.24	20.94	21.19	20.32	19.80	20.76	19.32
HARRISON	24,635,000	28.79	27.78	26.49	19.58	19.19	18.70	18.34	17.82	17.41	17.35
HEWITT	37,644,500	32.01	32.17	28.59	22.94	23.99	22.28	22.20	21.29	20.86	20.77
HOLTON	36,668,600	27.46	27.10	26.92	17.45	18.26	20.09	20.90	18.89	19.20	19.04
HULL	34,928,300	30.48	30.43	28.42	30.23	20.91	20.67	21.24	19.50	19.63	19.59
JOHNSON	37,898,900	27.68	27.20	23.37	19.68	18.70	19.63	17.87	17.80	19.03	16.66
KNOWLTON	141,790,800	24.93	27.65	29.14	21.00	21.06	19.80	19.97	18.93	17.37	15.72
KRONENWETTER	60,098,200	29.23	29.45	25.77	22.74	22.93	21.99	23.05	21.88	20.06	19.98
MAINE	156,154,200	31.54	33.02	19.85	21.40	20.56	20.31	20.19	20.18	19.95	19.65
MARATHON	69,445,300	26.58	26.53	23.45	18.55	17.98	17.24	17.34	16.80	17.97	16.40
MCMILLIAN	122,970,400	33.59	35.59	24.36	22.48	21.48	24.04	22.93	21.52	21.98	21.92
MOSINEE	126,088,000	34.34	25.05	22.81	21.82	21.95	20.64	21.45	19.91	18.26	16.47
NORRIE	56,895,600	27.65	26.93	22.40	19.09	16.97	16.72	16.46	1.73	17.85	17.06
PLOVER	38,015,700	28.14	27.23	29.80	21.23	23.16	21.41	21.07	20.13	18.89	19.64
REID	77,551,000	26.62	29.41	26.33	21.67	21.74	20.76	21.32	19.93	18.29	17.44
RIB FALLS	48,430,400	29.77	28.62	25.10	20.75	20.25	20.76	19.05	18.50	19.48	18.94
RIB MOUNTAIN	553,245,300	33.07	30.87	27.87	22.70	21.99	21.65	21.68	21.33	21.16	20.17
RIETBROCK	36,356,900	31.56	31.52	27.72	21.76	20.76	20.78	19.26	18.69	19.96	18.09
RINGLE	89,890,300	22.44	24.97	21.43	16.96	16.36	16.55	17.61	17.44	17.83	16.95
SPENCER	70,549,200	28.39	22.82	20.45	20.57	19.30	20.92	21.53	19.51	18.65	18.86
STETTIN	186,829,000	26.90	25.50	19.04	18.89	18.66	19.22	19.20	19.99	21.87	20.18
TEXAS	95,378,100	35.06	33.68	20.96	20.80	20.19	19.71	19.89	19.72	19.52	19.25
WAUSAU	125,425,800	32.46	31.73	19.87	20.63	20.11	20.04	20.15	20.41	20.20	19.77
WESTON	34,636,000	31.51	32.78	25.45	17.44	18.05	18.58	19.85	17.64	17.32	16.55
WIEN	32,634,000	31.78	30.59	27.06	21.45	22.62	20.87	19.24	18.69	19.61	18.14
TOWN TOTAL	3,078,728,000										

VILLAGE											
ATHENS	36,869,900	37.06	37.01	34.35	28.87	27.66	26.69	24.93	25.33	26.67	23.48
BIRNAMWOOD	574,500	23.97	22.78	17.86	18.54	18.37	18.86	18.63	17.99	17.98	18.46
BROKAW	29,688,700	36.70	37.15	33.33	21.50	21.10	23.71	23.40	23.83	22.63	22.43
DORCHESTER (E)	104,800	N/A	31.14	28.88	23.55	23.77	23.27	24.01	23.78	24.51	24.65
EDGAR	56,470,200	35.48	25.45	21.13	20.72	20.56	20.90	21.31	21.38	20.15	19.79
ELDERON	5,428,800	26.16	27.96	24.52	20.19	18.69	19.02	18.64	17.37	17.63	17.47
FENWOOD	4,750,700	26.35	28.85	24.44	19.10	16.75	17.46	19.02	18.78	16.88	16.85
HATLEY	23,044,700	26.95	29.93	17.69	17.49	16.78	16.53	17.45	16.90	17.27	16.66
KRONENWETTER (G)	209,613,900	N/A	19.18								
MARATHON	86,297,100	29.19	29.96	25.70	22.36	21.87	21.38	21.12	20.41	21.66	20.40
ROTHSCHILD	287,584,300	29.63	31.05	19.99	20.88	20.99	21.49	22.96	22.59	23.14	22.25
SPENCER	69,210,500	33.08	29.76	28.16	28.06	26.49	26.17	25.85	24.68	23.95	24.22
STRATFORD	57,658,900	29.69	30.64	30.59	22.71	21.78	22.11	20.88	19.88	20.27	19.87
UNITY	7,221,100	31.94	30.97	28.93	21.78	22.41	22.44	23.29	21.59	20.62	21.11
WESTON (F)	576,425,400	N/A	N/A	28.54	21.53	20.79	20.67	21.56	21.15	21.72	20.89
VILLAGE TOTAL	1,450,943,500										
CITY											
ABBOTSFORD	32,760,500	30.82	30.02	29.05	26.77	25.15	23.60	23.67	24.60	25.87	24.14
COLBY	12,582,700	31.54	32.94	26.11	25.80	26.46	25.20	26.13	24.83	24.66	24.66
MARSHFIELD	71,435,500	36.04	36.25	30.40	25.20	26.11	25.67	26.67	24.48	23.67	24.32
MOSINEE	225,724,600	29.54	32.24	26.66	26.73	26.50	25.44	26.01	24.66	22.83	20.92
SCHOFIELD	167,987,400	29.48	32.33	28.51	24.83	23.21	22.79	24.05	22.84	23.33	22.34
WAUSAU	1,890,293,250	40.57	40.82	26.09	27.22	26.90	26.78	26.87	26.50	26.37	25.93
CITY TOTAL	2,400,783,950										
COUNTY TOTAL	\$ 6,930,455,450	6.21	6.09	6.09							

SOURCES: (1) Wisconsin Department of Revenue, Bureau of Property Tax 2003 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 Village of Kronenwetter was created in 2002 as a new village when the town split, therefore previous history does not exist.

TABLE VI

MARATHON COUNTY, WISCONSIN
TWENTY PRINCIPAL TAXPAYERS
DECEMBER 31, 2003
(UNAUDITED)

COMPANY NAME	2003 EQUALIZED VALUE	PERCENTAGE OF TOTAL EQUALIZED VALUE (A)
1. EMPLOYERS INSURANCE OF WAUSAU	\$ 57,401,100	0.8025 %
2. MOSINEE PAPERS	41,038,200	0.5738
3. MARSHFIELD CLINIC	35,989,200	0.5032
4. CRESKE/WAUSAU TILE	29,355,100	0.4104
5. GREENHECK FAN CORP	23,188,700	0.3242
6. WALMART	20,938,400	0.2927
7. WAUSAU JOINT VENTURE	18,982,500	0.2654
8. MENARD INC & JOHN	17,225,800	0.2408
9. WEYERHAUSER CO	14,976,300	0.2094
10. KOLBE & KOLBE	13,982,800	0.1955
11. SNE/MATTEO CORP	13,842,000	0.1935
12. APOGEE WAUSAU GROUP INC	12,890,100	0.1802
13. STETTIN INVESTORS GROUP	11,753,500	0.1643
14. WAUSAU HOSPITALS	11,409,500	0.1595
15. M & I FIRST AMERICAN	10,739,600	0.1502
16. MARATHON CHEESE	10,712,100	0.1498
17. EASTBAY INC	10,448,500	0.1461
18. PJ INVESTMENTS	10,380,100	0.1451
19. WAUSAU HOMES	9,987,700	0.1396
20. CAG INDUSTRIES	9,878,600	0.1381
TOTAL	\$ 385,119,800	5.3845 %

SOURCE: City County Data Communication Center

NOTE: (A) Total equalized value of \$7,152,373,100 includes the increment value of tax increment districts (TID).

MARATHON COUNTY, WISCONSIN
COMPUTATION OF LEGAL DEBT MARGIN
 December 31, 2003
 (UNAUDITED)

TABLE VII

Equalized value of real and personal property levied in 2003 (A)	\$	<u>7,152,373,100</u>
Debt limit, 5% of equalized value (Wisconsin statutory limitation)	\$	357,618,655
Amount of debt applicable to debt limitation:		
General obligation promissory notes (B)	\$	5,144,896
Less: Amount available for debt service		<u>(76,952)</u>
Total amount of debt applicable to debt margin		<u>5,067,944</u>
Legal debt margin-(debt capacity)	\$	<u>352,550,711</u>
Percent of debt capacity used		<u>1.42 %</u>
Ratio of net bonded debt to equalized value		<u>0.001</u>
Net bonded debt per capita	\$	<u>39.35</u>
Net bonded debt per capita - expected to be paid from general property taxes	\$	<u>0.00</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 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 \$40,352 and \$25,553.

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

TABLE VIII

<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>
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
2003	128,823	6,930,455,450	0	0.0000	0.00

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>
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	5,563,778	96,053,664	5.57
2002	10,841,265	399,903	11,241,168	103,150,036	10.89
2003	4,925,000	110,303	5,066,886	117,875,331	4.30

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, 2003
(UNAUDITED)

TABLE X

<u>UNDERLYING DEBT</u> <u>DISTRICT:</u>	<u>NET GENERAL</u> <u>OBLIGATION DEBT</u> <u>DECEMBER 31, 2003</u>	<u>PERCENTAGE</u> <u>APPLICABLE TO</u> <u>MARATHON COUNTY</u>	<u>NET GENERAL OBLIGATION</u> <u>DEBT APPLICABLE</u> <u>TO MARATHON COUNTY</u>
TOWN:			
BEVENT	\$ 73,603	100.00 %	\$ 73,603
CLEVELAND	106,667	100.00	106,667
EASTON	171,572	100.00	171,572
EAU PLEINE	57,887	100.00	57,887
ELDERON	18,737	100.00	18,737
EMMET	9,400	100.00	9,400
FRANKFORT	50,000	100.00	50,000
GREEN VALLEY	199,872	100.00	199,872
HAMBURG	158,524	100.00	158,524
HEWITT	168,043	100.00	168,043
KNOWLTON	385,414	100.00	385,414
MAINE	465,745	100.00	465,745
MARATHON	38,000	100.00	38,000
MCMILLIAN	208,342	100.00	208,342
REID	18,200	100.00	18,200
RIB MOUNTAIN	5,134,053	100.00	5,134,053
RINGLE	251,697	100.00	251,697
TEXAS	151,823	100.00	151,823
WAUSAU	128,140	100.00	128,140
WIEN	42,371	100.00	42,371
TOWN TOTAL	7,838,090		7,838,090
VILLAGE:			
ATHENS	652,228	100.00	652,228
BROKAW	608,250	100.00	608,250
DORCHESTER	1,345,253	0.00	0
EDGAR	112,669	100.00	112,669
FENWOOD	49,000	100.00	49,000
KRONENWETTER	10,618,743	100.00	10,618,743
MARATHON	2,516,835	100.00	2,516,835
ROTHSCHILD	13,400,000	100.00	13,400,000
SPENCER	2,341,125	100.00	2,341,125
STRATFORD	808,334	100.00	808,334
WESTON	15,777,869	100.00	15,777,869
VILLAGE TOTAL	48,230,306		46,885,053

MARATHON COUNTY, WISCONSIN
NET DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
ALL GOVERNMENTAL UNITS
DECEMBER 31, 2003
(UNAUDITED)

TABLE X

CITY:			
<u>ABBOTSFORD</u>	622,340	37.48	233,253
COLBY	1,896,606	24.99	473,962
MARSHFIELD	24,753,686	7.64	1,891,182
MOSINEE	3,010,766	100.00	3,010,766
SCHOFIELD	2,961,591	100.00	2,961,591
WAUSAU	47,519,723	100.00	47,519,723
CITY TOTAL	<u>80,764,712</u>		<u>56,090,476</u>
SCHOOL:			
ABBOTSFORD	1,407,178	42.43	597,066
ANTIGO	5,234,198	2.83	148,128
ATHENS	772,788	100.00	772,788
AUBURNDALE	5,865,000	2.66	155,716
COLBY	4,160,000	42.17	1,754,272
D.C. EVEREST	32,080,000	100.00	32,080,000
EDGAR	2,207,000	100.00	2,207,000
MARATHON	2,100,000	100.00	2,100,000
MARSHFIELD	1,265,000	14.85	187,853
MEDFORD	4,330,000	0.55	23,815
MERRILL	23,401,603	3.36	785,510
MOSINEE	1,675,000	100.00	1,675,000
ROSHOLT	5,370,000	26.91	1,445,228
SPENCER	621,076	87.61	544,145
STRATFORD	3,897,000	100.00	3,897,000
WAUSAU	78,270,000	100.00	78,270,000
WITT-BIRN	945,000	50.62	478,359
MID-STATE TECH COLLEGE	13,965,000	2.35	328,178
NORTHCENTRAL TECH	6,930,000	57.23	3,966,039
SCHOOL TOTAL	<u>194,495,843</u>		<u>131,416,095</u>
SPECIAL DISTRICTS:			
RIB MTN METRO SEWAGE	1,596,045	100.00	1,596,045
RIB MOUNTAIN SANITARY	440,000	100.00	440,000
ROZELLVILLE SANITARY	6,300	100.00	6,300
SPECIAL DISTRICTS TOTAL	<u>2,042,345</u>		<u>2,042,345</u>
TOTAL APPLICABLE UNDERLYING DEBT	<u>333,371,296</u>		<u>244,272,059</u>
DIRECT DEBT			
MARATHON COUNTY (A)	<u>4,975,000</u>	100.00	<u>4,975,000</u>
TOTAL DEBT APPLICABLE TO MARATHON COUNTY	<u>\$ 338,346,296</u>		<u>\$ 249,247,059</u>

(A) Direct Debt of Marathon County is for capital projects of CWA, a discretely presenting component unit of Marathon County.

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

TABLE XI

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

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
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
2003	128,823	28,274	4.6	36.3	1,745,125,000	2003-04	19,471	2,985

SOURCES: (1) Wisconsin Department of Health & Family Service, 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

TABLE XII

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

PROPERTY VALUE (A)	1994		1995		1996		1997		1998	
	VALUE	PERCENT								
REAL ESTATE:										
RESIDENTIAL	2,345,782,700	63.66 %	2,555,424,600	63.22 %	2,820,528,600	64.02 %	3,025,369,600	64.64 %	3,200,112,900	64.42 %
COMMERCIAL	534,005,000	14.49	623,075,400	15.41	711,681,500	16.15	729,300,800	15.58	781,707,500	15.74
MANUFACTURING	165,212,000	4.48	168,186,600	4.16	172,994,900	3.93	178,805,600	3.82	192,995,700	3.88
AGRICULTURAL	354,058,100	9.61	380,498,900	9.41	379,438,500	8.61	390,483,000	8.34	392,860,900	7.91
SWAMP & WASTE	2,941,800	0.08	2,957,000	0.07	3,040,200	0.07	3,966,100	0.08	10,164,400	0.20
FOREST	90,866,900	2.47	102,977,300	2.55	114,354,600	2.60	141,179,600	3.02	158,084,200	3.18
	3,492,866,500	94.78	3,833,119,800	94.83	4,202,038,300	95.38	4,469,104,700	95.48	4,735,925,600	95.33
PERSONAL PROPERTY	192,199,140	5.22	208,991,040	5.17	203,341,140	4.62	211,322,240	4.52	231,904,040	4.67
TOTAL PROPERTY VALUE	<u>3,685,065,640</u>	<u>100.00 %</u>	<u>4,042,110,840</u>	<u>100.00 %</u>	<u>4,405,379,440</u>	<u>100.00 %</u>	<u>4,680,426,940</u>	<u>100.00 %</u>	<u>4,967,829,640</u>	<u>100.00 %</u>

PROPERTY VALUE (A)	1999		2000		2001		2002		2003	
	VALUE	PERCENT								
REAL ESTATE:										
RESIDENTIAL	3,504,474,100	65.28 %	3,764,585,300	65.60 %	4,030,770,000	62.10 %	4,233,297,800	62.30 %	4,487,578,500	62.74 %
COMMERCIAL	857,111,000	15.97	919,821,600	16.03	1,177,080,000	18.13	1,242,511,400	18.26	1,313,654,400	18.37
MANUFACTURING	205,416,100	3.83	219,086,900	3.82	292,845,800	4.51	317,896,400	4.68	325,059,400	4.54
AGRICULTURAL	403,199,500	7.51	379,511,300	6.61	428,412,200	6.60	81,883,700	1.20	61,717,100	0.86
SWAMP & WASTE	13,149,000	0.24	26,627,100	0.46	36,432,700	0.56	44,379,900	0.65	53,356,800	0.75
FOREST	202,364,500	3.77	235,811,900	4.11	283,240,100	4.36	647,147,300	9.51	693,279,700	9.69
	5,185,714,200	96.60	5,545,444,100	96.63	6,248,780,800	96.27	6,567,116,500	96.60	6,934,645,900	96.96
PERSONAL PROPERTY	182,576,840	3.40	193,510,540	3.37	242,096,000	3.73	232,051,300	3.40	217,727,200	3.04
TOTAL PROPERTY VALUE	<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>	<u>7,152,373,100</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).

TABLE X111

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

FISCAL YEAR	NEW RESIDENTIAL & REMODELING		COMMERCIAL & MANUFACTURING		AGRICULTURAL		NON-RESIDENTIAL REMODEL, MOVING & OTHER (A)	
	VALUE	# PERMITS	VALUE	# PERMITS	VALUE	# PERMITS	VALUE	# PERMITS
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
2003	142,570,170	2,727	86,181,396	89	6,797,088	297	38,920,641	497

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, 2003
(UNAUDITED)**

Insurer Policy Numbers Effective Dates	Policy Coverage Limits of Liability Deductibles/Retention (1)
<p>Wisconsin Municipal Mutual Insurance Company WI2003CSI3A 1/1/03 to 1/1/04</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>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>Wisconsin Municipal Mutual Insurance Company WI2003EO13A 1/1/03 to 1/1/04</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>Self-Funded & Administered 1/1/03 to 1/1/04</p>	<p>Workers Compensation Employer Liability State Statutes First \$250,000 per claim/occurrence</p>
<p>Wisconsin Municipal Mutual Insurance Company WI2003WC13X 1/1/03 to 1/1/04</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
1/1/03 to 1/1/04

Buildings, Personal Property, Inland Marine & Property in the Open
listed on the statement of values:
Limit \$175,853,277 - Replacement Cost Coverage
Deductible \$1,000

Contractors Equipment
Limit \$11,805,632
Deductible \$1,000

Automobile Comprehensive
Limit \$8,632,736
Deductible \$500

Business Interruption
\$1,999,999

Monies & Securities
\$850,000
Increased to \$3,000,000
from 7/28/03 to 8/4/03

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
1/1/03 to 1/1/04

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
1/1/03 to 1/1/04

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

Old Republic Surety Company
MSA-1049619
1/1/03 to 1-1-04

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
1/1/03 to 1/1/04

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**

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

**Global Aerospace Inc.
General Liability
Associated Aviation Underwriters
ALI158607
1-1-03/1-1-04**

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

**Self-Funded & Administered
Automobile Collision:
1/1/03 to 01/01/04**

Actual Cash Value Coverage

**Self-Funded Health/
Administered by
Wausau Benefits Inc
1/1/02 to 1/1/03**

Health Benefit Plan PPO
\$2,000,000 Per person life time benefit
100% Of most covered medical expense in network
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
Effective 7/1/03 to 12/31/03
0% Co-insurance generics; 15% Co-insurance brands w/\$25
maximum out of pocket per prescription/\$250 annual
maximum out of pocket
Deductibles
\$200 Single
\$600 Family
\$150,000 Specific stop loss
125% Aggregate stop-loss on an incurred basis

**Companion Life Insurance Co.
CLI-3202-010102
01/01/03 to 01/01/04**

Excess Loss Insurance
Specific Deductible per person: \$150,000
Maximum Specific Benefit per person: \$1,850,000

**Dental Insurance
Blue Cross Blue Shield
7/1/03 to 07/1/04**

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
7/1/03 to 07/1/04**

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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