MARATHON COUNTY

MARATHON
COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

MARATHON COUNTY, WISCONSIN

FOR THE YEAR ENDED

DECEMBER 31, 2012

DEPARTMENT OF FINANCE
KRISTI KORDUS, FINANCE DIRECTOR

MARATHON COUNTY

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INTRODUCTORY SECTION

MARATHON COUNTY FINANCE DEPARTMENT
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June 28, 2013

Members of the Marathon County Board of Supervisors
and the Finance, Property & Facilities 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, 2012. 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 2012 CAFRs are also available on the Internet at:

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

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

GAAP 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 17, 2014.

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

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

Marathon County's economy is very diverse, ranging from; manufacturing, tourism and recreation, health services, transportation and shipping, government, agriculture, and dairy products. Marathon County is the business center of central and northern Wisconsin. Indications show that even in these tough economic times the area's economy will continue to remain stable in the areas of population, labor force and employment. The 2012 annual unemployment rate was 6.6%, and will hopefully improve in the next few years.

Wausau area and Marathon County employment figures reflect the tough economic times. Unemployment levels in the Marathon County Standard Metropolitan Statistical Area (SMSA) are slightly below the State of Wisconsin unemployment rate of 6.7%.

Building construction for 2012, as surveyed by the Marathon County Chamber of Commerce, totaled $37.7 million which is less than the 2011 total of $56.9 million. Overall permit values decreased in 2012. New residential construction and remodeling totaled over $27 million. Commercial and industrial facilities added $10.5 million to the tax base in 2012.

Marathon County is a state leader in agriculture receipts with over $307 million annually from dairy, livestock, crops and ginseng sales. The County ranks first statewide in milk, ginseng and barley production. Marathon County ranks second in number of farms, total dairy herds, number of milk cows, total number of cattle and calves, and forage and corn silage production. Marathon County is the source of more than 90% total U.S. cultivated ginseng production.

Large business employers in the County continue to stabilize the economy. The cornerstone to a list that continues to grow would include:

	COMPANY	*NUMBER OF EMPLOYEES*
1.	*Aspirus Wausau Hospital*	*3,000*
2.	*Greenheck Fan Corp.*	*1,500*
3.	*Footlocker.com/Eastbay*	*1,300*
4.	*Wausau School District*	*1,476*
5.	*Kolbe & Kolbe Millworks Inc.*	*1,122*
6.	*Wausau Paper Mills*	*984*
7.	*Marathon Cheese*	*800*
8.	*Prime Healthcare/UMR*	*800*
9.	*County of Marathon*	*740*
10.	*North Central Health Care*	*685*

MAJOR INITIATIVES

In the year 2012 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 and levy limit, these demands are continually more difficult to finance. Governmental participation in expected growth can no longer be coincidental. We have had significant changes in the labor relationships with our union employees. In order for us to remain strong, our positive community attitude must reveal itself through results of providing County Services.

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

With County leadership and citizen input, the County has continued to develop is program prioritization process for developing annual budgets that provide cost effective program results for our citizens. CCITC is implementing a $1.5 Million new financial system at North Central Health Care. This project will continue to be rolled out in 2013.

The County in the process of creating a comprehensive digital radio infrastructure network to better serve the law enforcement, public safety and emergency service departments throughout Marathon County. The $11 million project will allow Marathon County to meet its FCC digital communication requirements by 2013.

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

FUTURE PLANS

The County is working with a consultant to view ways to best situate itself for the future and determine what its infrastructure needs are to be successful in the 21st Century. The County is partnering with other governmental entities to create a broadband network.

The County is examining alternatives to incarceration for those people convicted of AODA violations. We have received a grant to work on AODA programming for offenders. This should reduce the inmate population in the jail. On most days the population has exceeded our jail's capacity or we have transported inmates to other County jails.

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 needs. The low points for the County's cash flow are the end of February and the middle of November.

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

General Fund Balance

A portion of the unassigned fund balance will be used in the 2014 budget process to help fund some much needed capital improvements. The County has been fairly successful over the years keeping its tax rate stable and using fund balance to pay for capital projects. The trend of using fund balance and not raising taxes is expected to continue in the future. If the trend were not to continue, a lower fund balance would be acceptable because all amounts necessary for sound financial position and good business practice are restricted, committed or assigned.

INTERNAL CONTROLS

Accounting and Administrative Controls

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

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

As part of the single audit, tests are made to determine the adequacy of the County's accounting and administrative control systems over major programs. Testing of the County's compliance with applicable laws and regulations over major programs is also performed. The County most recently completed single audit report, for the fiscal year ended December 31, 2011 disclosed no instances of material weaknesses in internal control systems over compliance or significant violations of applicable laws and regulations.

Budgeting Systems and Controls

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

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

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

DEBT ADMINISTRATION

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

CASH MANAGEMENT

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

Sponsored by the State Treasurer's Office, the State of Wisconsin has established the LGIP under the direction of the State of Wisconsin Investment Board (SWIB). This fund can be accessed by all units of local government on a day to day basis. The average yield on the investment pool for 2012 was 0.16%. 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 .75% of the total deposits during 2012.

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

A small portion of the County's investment portfolio is held 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 2012 return of 0.34%.

For part of 2012, the County included as one of its investments, DC Everest Area School District Bonds. The bonds were held in a portfolio with Wisconsin Investment Series Cooperative/PMA Financial Network, Inc. For 2012, this portfolio had a time and dollar weighted portfolio yield of 0.40%.

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

The amount of interest earned in 2012 for all Primary Government operations (including the CWA as a discretely presented component unit) was $945,678, a decrease from 2011 of 3.35%. The decrease was the result of continued lower interest rates being applied to investments and reduced investment portfolio holdings. In addition to the earnings of the primary government unit, (including the CWA as a discretely presented unit) another $92,867 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.

Year	Earnings	Increase (Decrease)	%(Decrease) Change
2003	$ 1,753,131	$ (1,517,492)	(46.40)
2004	2,322,326	569,195	32.47
2005	3,866,447	1,544,121	66.49
2006	5,746,291	1,879,844	48.62
2007	**6,446,330	700,039	12.18
2008	5,192,305	(1,254,025)	(19.45)
2009	3,085,273	(2,107,032)	(40.58)
2010	1,680,760	(1,404,513)	(45.52)
2011	978,412	(702,348)	(41.79)
2012	945,678	(32,734)	(3.35)

**Bond sales for Sheriff Communication & Highway Projects

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, 2012 the County was self-funded for the following risks: one (1) dental program, automobile collision and workers' compensation.

A fund was established in 1984 for dental coverage. Converted into an internal service fund in 1987, it was expanded to include workers' compensation coverage for the Highway Department. In 1992 the County went self-funded for 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. There is a $400,000 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. The annual aggregate was changed to $800,000 in 2004, $1,000,000 in 2006 and $1,050,000 in 2008.

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 $280,206,255 of physical assets and actual cash value coverage on approximately $10,602,881 for automobiles. Claims on buildings, contents and contractors equipment have a deductible of $5,000 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 are 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 eleven (11) specific requirements of the rule and the necessary information to satisfy each.

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

- *(a) Principal and interest payment delinquencies; - None*
- *(b) Non-payment related defaults; - None*
- *(c) Unscheduled draws on debt service reserves reflecting financial difficulties; - None*
- *(d) Unscheduled draws on credit enhancements reflecting financial difficulties; - None*
- *(e) Substitution of credit or liquidity providers, or their failure to perform; - None*
- *(f) Adverse tax opinions or events affecting the tax-exempt status of the security; - None*
- *(g) Modifications to rights of security holders; - None*
- *(h) Bond calls; - the County currently has a debt issue with eligible call dates as follows:*
  2009A Gen Obligation PN – 12/01/16
- *(i) Defeasances; - the County currently has one (1) debt issue that qualifies as legal defeasance as follows:*

1992A G.O. Library bonds	
Total defeasance of	*$0*
For a total amount defeased as of 12/31/12 of	*$0*

- *(j) Release, substitution, or sale of property securing repayment of the securities; - None*
- *(k) Rating changes; - Moody's Investors Services, Inc. has changed their method of rating governmental agencies. The change breaks out grades by several additional levels. Previously the County rating was Aa2 and now the rating is Aa1. The County sought its first double rating in 1998 by requesting a rating from Fitch IBCA, Inc. This rating was confirmed at Aa.*

(2) The County property values are listed (in various forms) in Schedule 5, 7 & 11 in the Statistical Section of this CAFR.

(3) Information on the County's legal debt margin can be found in Schedule 11 "Legal Debt Margin Information" in the Statistical Section of this CAFR.

(4) The detail of outstanding notes and bonds can be found in Schedule 9 "Ratios of General Bonded Debt Outstanding" in the Statistical Section of this CAFR.

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

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding 12-31-12
04/01/03	555,000	Central Wisconsin Airport	05/01/13	65,000 (a)
12/01/05	4,105,000	CWA Refunding	10/01/17	2,100,000 (b)
02/01/09	16,770,000	GO Prom Note	12/01/18	8,665,000
12/15/10	2,450,000	Central Wisconsin Airport	12/01/25	2,165,000 (a)
12/27/12	2,650,000	Central Wisconsin Airport	12/01/28	2,650,000 (a)
				Subtotal 15,645,000
Less Debt Service Funds on Hand (c)				1,465,598
Total Net Direct Debt				$14,179,402

(a) Debt service payments are fully paid by CWA.
(b) Debt service payments are expected to be supported by passenger facility charges at CWA.
(c) Debt service funds on hand less state forest aid loan funds of $41,262.

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

Tax Rates*	11/12	12/13
City of Wausau	$8.76	$8.00
State of Wisconsin	.18	.15
Marathon County	5.18	4.58
Wausau School District	11.17	9.74
Northcentral Technical College	2.02	1.78
Gross Tax Rate	27.31	24.25
Less State Credit	(1.62)	(1.50)
Net Tax Rate	25.69	22.75
Ratio of assessed value to equalized value	103.08%	106.35%

*Tax rates per $1,000 of equalized value

(6) *The information on major employers was previously mentioned in this Transmittal Letter on Page 3.*

(7) The summary budget information is as follows:

2012 REVENUE		2012 EXPENDITURES	
Taxes	$ 47,573,011	General Government	$ 42,461,707
Sales and misc. taxes	10,011,693	Public Safety	19,774,074
Intergovernmental grants/aid	27,222,451	Transportation	28,163,619
Licenses, Fines and Forfeitures	972,930	Health	7,873,984
Charges for services:		Social Services	23,636,729
Public	11,452,605	Leisure and Education	12,502,420
Intergovernmental	18,579,773	Conservation & Economic Development	1,049,767
Miscellaneous Revenue	16,099,464	Debt Service	2,512,400
Transfers	17,384,282	Capital Outlay	4,765,275
		Transfers	6,556,334
TOTALS	**$149,296,209**		**$149,296,209**

(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 (a)	General Obligation Underlying Debt	Total Applicable General Obligation Debt
Debt Values		$15,645,000	$225,680,007	$241,325,007
Equalized Value (less TID)	$8,915,050,700	.18%	2.5%	2.7%
Per capita	134,735	$116.12	$1,674.99	$1,791.11
Per acre	1,013,760	$15.43	$222.62	$238.05

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

The County feels that this meets the municipal securities disclosure requirements. The County has also provided a link to 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 Schlief, 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 Pam Kolasinski, of the Chamber of Commerce, for her 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, Property and Facilities Committee for their interest and support in planning and conducting the financial operations of the County in a responsible manner. The County's excellent financial condition and reasonable tax rate are acknowledgments of their dedication.

Respectfully submitted,

MARATHON COUNTY

Brad Karger
County Administrator

MARATHON COUNTY

Kristi A. 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, 2011

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.

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Executive Director

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MARATHON
MENOMINEE
CLARK
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PIERCE
EAU CLAIRE
DOOR
PEPIN
WOOD
PORTAGE
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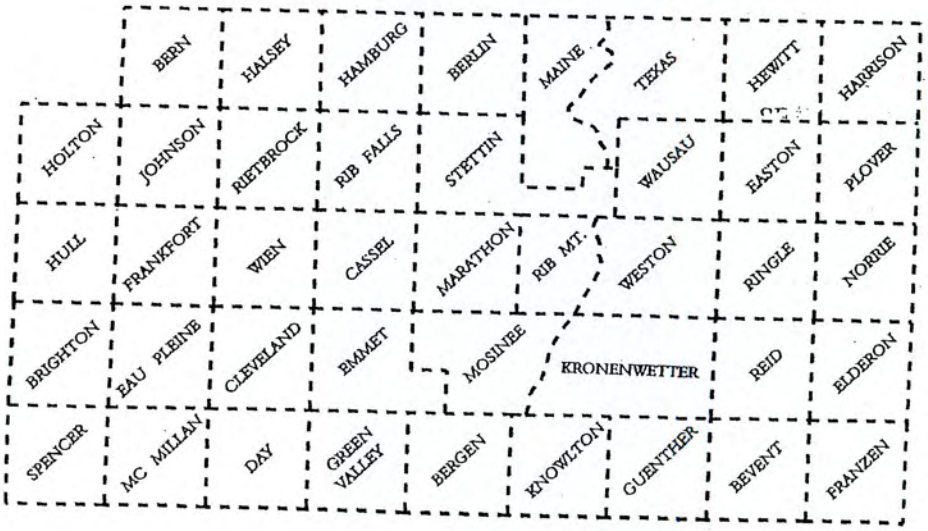
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HISTORY OF MARATHON COUNTY

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

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

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

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

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

Tom Schleif, Former Director
Marathon County Historical Museum

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2012 - 2014

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Gretchen Thout

MARATHON COUNTY AND DISCRETELY PRESENTED COMPONENT UNITS DEPARTMENT HEADS

Primary Government

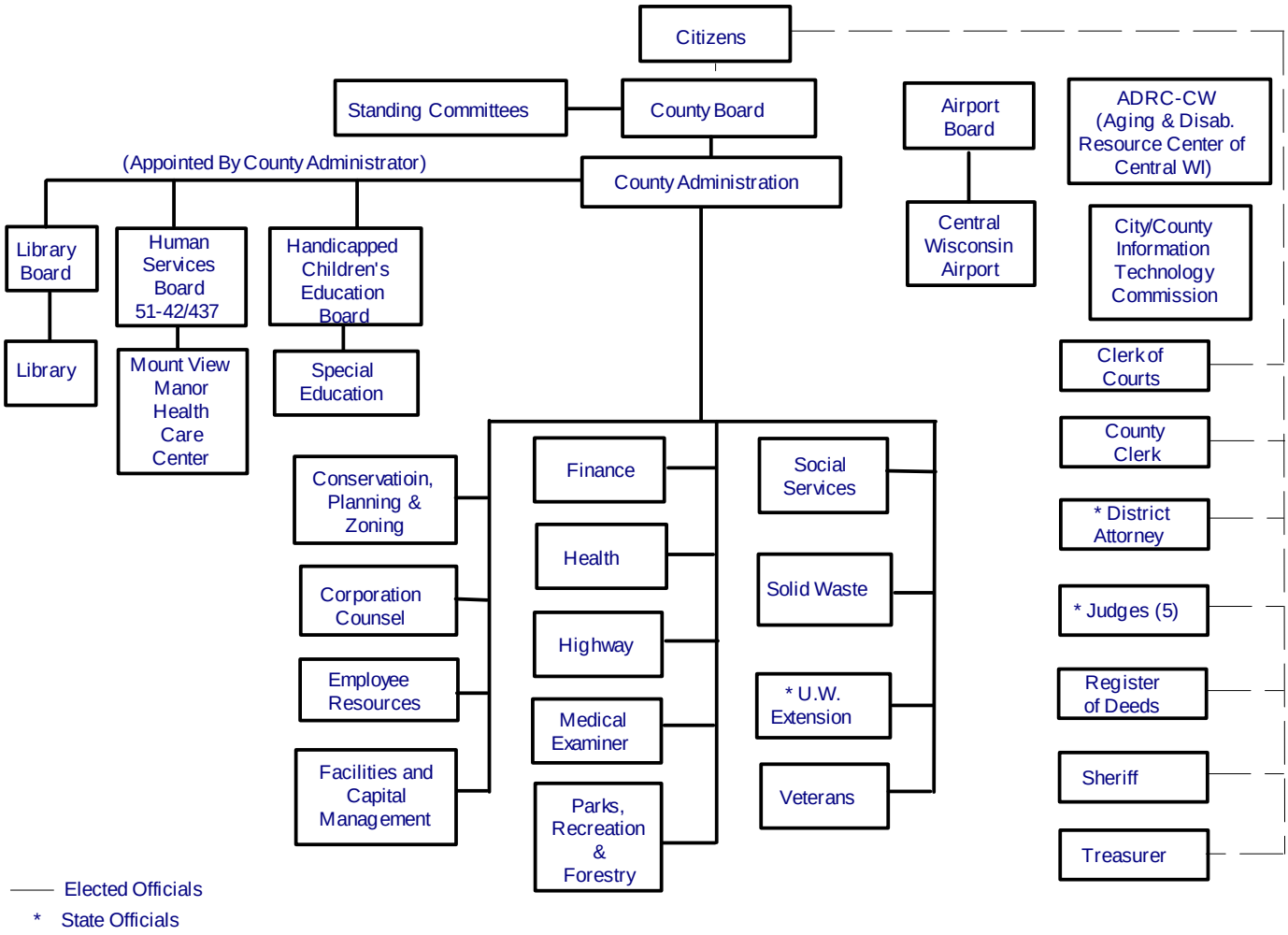
	Brad Karger	County Administrator
	Linda Weitz	Aging & Disability Resource Center of Central Wisconsin
	Michael Lotter	Facilities & Capital Management
*	Diane Sennholz	Clerk of Courts
	Rebecca Frisch	Conservation, Planning & Zoning
	Scott Corbett	Corporation Counsel
*	Nan Kottke	County Clerk
*•	Ken Heimerman	District Attorney
	Frank Matel	Employee Resources
	Kristi Kordus	Finance
	Joan Theurer	Health
	James Griesbach	Highway
	Ralph Illick	Library
*	John Larson	Medical Examiner
	William Duncanson	Parks, Recreation & Forestry
*	Michael Sydow	Register of Deeds
*	Scott Parks	Sheriff
	Vicki Tylka	Social Services
	Meleesa Johnson	Solid Waste
	Eric Hartwig	Special Education
*	Lorraine I. Beyersdorff	Treasurer
	Mary Kluz	UW Ext. –Community Resources
	Jean Berger	UW Ext. – 4H Youth
	Scott Berger	Veterans Service

Discretely Presented Component Units

Tony Yaron	Central Wisconsin Airport
Gerard Klein	City-County Information Technology Commission
Gary Bezucha	North Central Health Care Facilities

* Elected • State Employee

MARATHON COUNTY ORGANIZATIONAL CHART
2012



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FINANCIAL SECTION

MARATHON COUNTY, WISCONSIN

FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

BAKER TILLY

Baker Tilly Virchow Krause, LLP
Ten Terrace Ct, PO Box 7398
Madison, WI 53707-7398
tel 608 249 6622
fax 608 249 8532
bakertilly.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marathon County, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Marathon County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the North Central Health Care, which represent 41 percent, 85 percent and 39 percent, respectively, of the assets, revenues, and net position of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for North Central Health Care, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the Marathon County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Marathon County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marathon County, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general and social improvement funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, Marathon County adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* effective January 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 28, 2013

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, 2012. 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 i-xiii of this report.

Financial Highlights

- The assets of Marathon County exceeded liabilities at the close of the most recent fiscal year by $356,123,334 (net position). Of this amount $102,977,477 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by $1,212,711.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $25,462,846 or 45 percent of total general fund expenditures.
- Marathon County has paid the 2012 portion of debt service that is funded with tax levy. The County paid the principal of $1,270,000 on the 2009A GO Note issued in 2009. This note was issued for County Capital Improvement Projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Marathon County's basic financial statements. Marathon County's basic financial statements comprise three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of Marathon County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 16-17 of this report.

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

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

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

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

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 18-22 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 23-26 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used for fiduciary funds is much like that used for propriety funds. The basic fiduciary fund financial statements can be found on page 27 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 30-92 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Marathon County, assets exceeded liabilities by $356,123,334 and $357,366,045 at the end of 2012 and 2011 respectively.

By far the largest portion of Marathon County's net position, 67 percent, reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure); 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 Position for 2012 and 2011

	2012 Governmental Activities	2012 Business Type Activities	2012 Total	2011 Governmental Activities	2011 Business Type Activities	2011 Total
Current and other assets	$131,504,510	$69,425,368	$200,929,878	$130,069,326	$ 69,873,736	$199,943,062
Capital assets	232,157,796	13,961,636	246,119,432	234,291,298	13,977,429	248,268,727
Total Assets	363,662,306	83,387,004	447,049,310	364,360,624	83,851,165	448,211,789
Other liabilities	50,071,110	11,168,001	61,239,111	48,559,130	13,047,534	61,606,664
Long-term liabilities	18,761,990	10,924,875	29,686,865	19,077,664	10,191,416	29,269,080
Total liabilities	68,833,100	22,092,876	90,925,976	67,636,794	23,238,950	90,875,744
Net position:						
Net investment in capital assets	224,519,266	13,961,636	238,480,902	228,549,428	13,977,429	242,526,857
Restricted	9,449,568	5,215,387	14,664,955	8,153,298	5,656,429	13,809,727
Unrestricted	60,860,372	42,117,105	102,977,477	60,021,104	40,978,357	100,999,461
Total Net Position	**$294,829,206**	**$ 61,294,128**	**$356,123,334**	**$296,723,830**	**$ 60,612,215**	**$357,336,045**

An additional portion of Marathon County's net position, 4 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $102,977,477 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the 2012 and 2011, Marathon County is able to report positive balances in all three categories of net position, for the governmental activities. The government's net position has decreased by $1,212,711 during the current fiscal year.

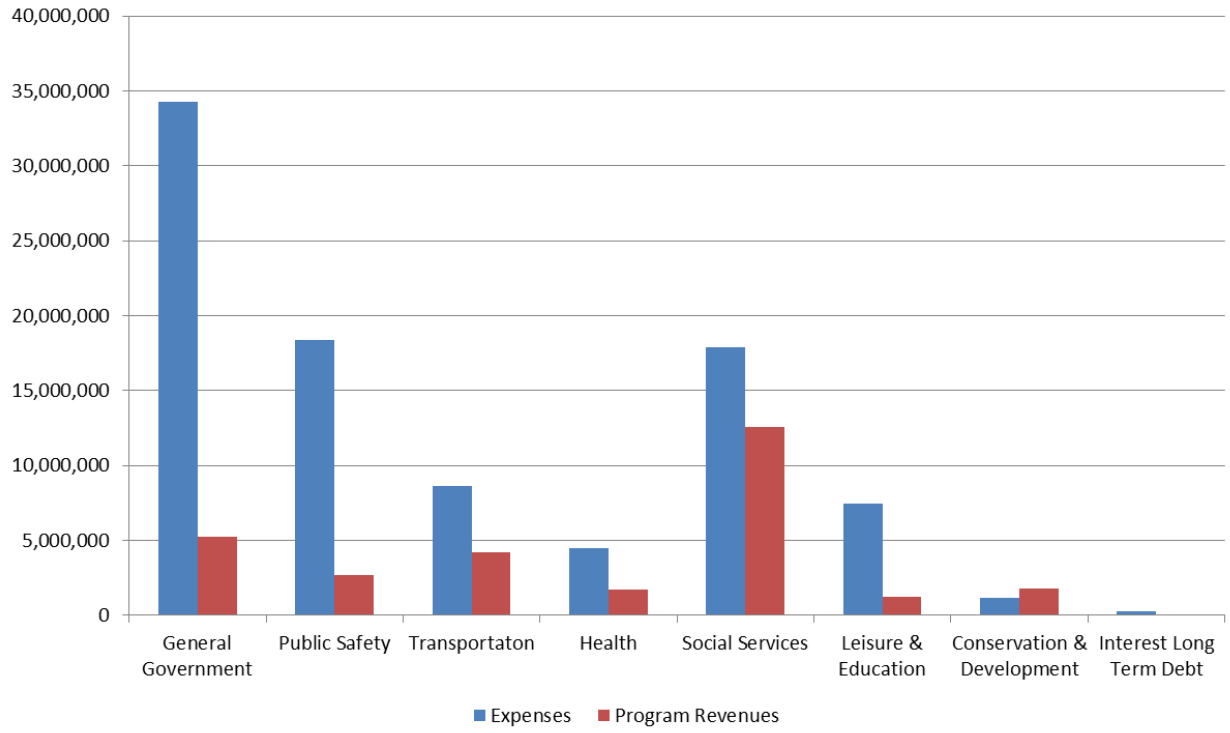
Governmental activities. Governmental activities decreased Marathon County's net position by $1,894,624.

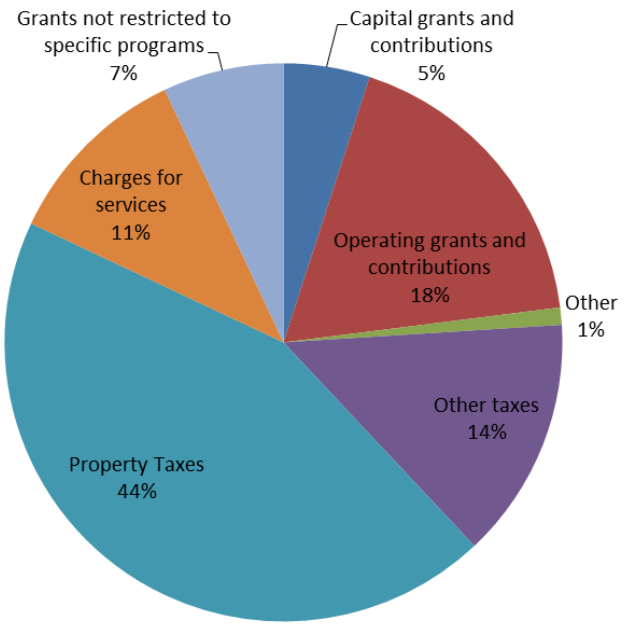
Marathon County's Changes in Net Position

	2012 Governmental Activities	2012 Business Type Activities	2012 Total	2011 Governmental Activities	2011 Business Type Activities	2011 Total
Revenues:						
Program Revenues						
Charges for service	9,347,177	6,744,982	16,092,159	8,997,238	7,910,306	16,907,544
Operating grants and contributions	15,782,467	3,400,828	19,183,295	15,276,433	4,647,975	19,924,408
Capital grants and contributions	4,288,642	-	4,288,642	4,183,581	-	4,183,581
General Revenues						
Property taxes	39,069,259	8,543,693	47,612,952	39,777,973	8,441,401	48,219,374
Other taxes	12,559,667	-	12,559,667	12,013,449	-	12,013,449
Grants not restricted to specific programs	5,968,326		5,968,326	7,097,282	-	7,097,282
Other	1,321,905	467,844	1,789,749	807,966	525,135	1,333,101
Total Revenues	88,337,443	19,157,347	107,494,790	88,153,922	21,524,817	109,678,739
Expenses:						
General government	34,250,005	-	34,250,005	33,496,508	-	33,496,508
Public safety	18,373,227	-	18,373,227	18,917,496	-	18,917,496
Transportation	8,661,324	-	8,661,324	5,357,028	-	5,357,028
Health	4,474,165	-	4,474,165	4,650,289	-	4,650,289
Social services	17,862,488	-	17,862,488	17,052,964	-	17,052,964
Leisure and education	7,426,607	-	7,426,607	8,225,769	-	8,225,769
Conservation and development	1,163,428	-	1,163,428	852,382	-	852,382
Interest on long term debt	264,525	-	264,525	295,360	-	295,360
Landfill	-	3,619,483	3,619,483	-	2,773,929	2,773,929
Highway	-	12,612,249	12,612,249	-	11,879,840	11,879,840
Total expenses	92,475,769	16,231,732	108,707,501	88,847,796	14,653,769	103,501,565
Increase (decrease) in net position before transfers	(4,138,326)	2,925,615	(1,212,711)	(693,874)	6,871,048	6,177,174
Transfers	2,243,702	(2,243,702)	-	6,412,426	(6,412,426)	-
Increase (decrease) in net position	(1,894,624)	681,913	(1,212,711)	5,718,552	458,622	6,177,174
Net position-January 1	296,723,830	60,612,215	357,336,045	291,005,278	60,153,593	351,158,871
Net position-December 31	294,829,206	61,294,128	356,123,334	296,723,830	60,612,215	357,336,045

Property taxes were $47,612,952 for 2012 and $48,219,374 for 2011. A portion of the property taxes went to pay outstanding principal plus interest on general obligation notes. The outstanding general obligation debt that Marathon County has at the end of 2012 is for Central Wisconsin Airport improvements and County Capital improvements. The Central Wisconsin Airport is a discretely presented component unit of Marathon County. The debt service payments for the airport issues are supported by airport revenues.

Expenses and Program Revenues – Governmental Activities





Business-type activities. Business-type activities increased Marathon County's net position by $681,913. Key elements of this increase are as follows:

Operating expenses for business type activities increased by $1,577,963 or 11%. Most of the increase in expenses comes from an increase in:

- Landfill closure and long-term care $942,354

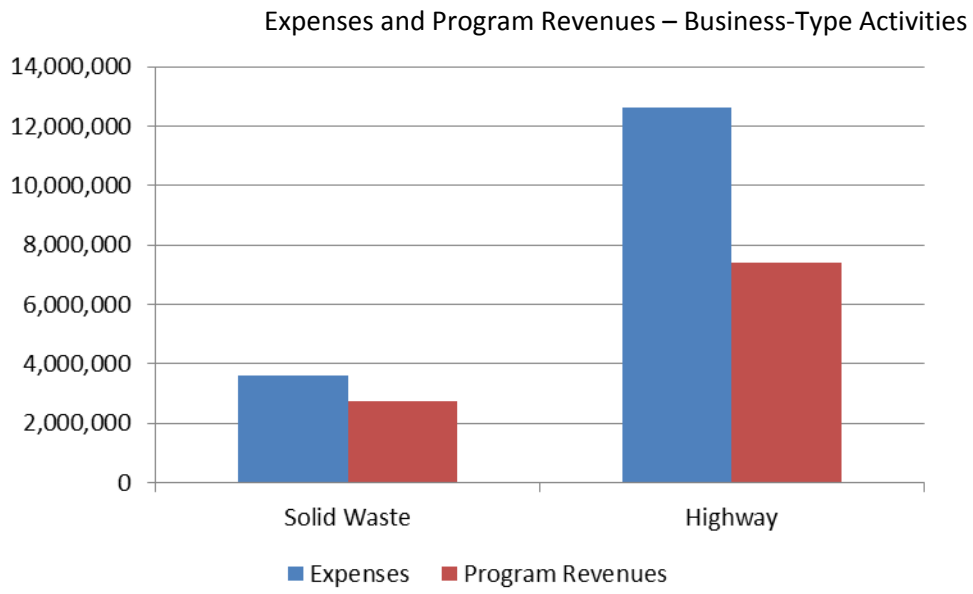
Increases in other areas for operating expense are as follows:

- Salaries and benefits of $549,380 (14%)
- Construction and maintenance of $308,920 (12%)
- Materials and supplies of $172,667 (17%)

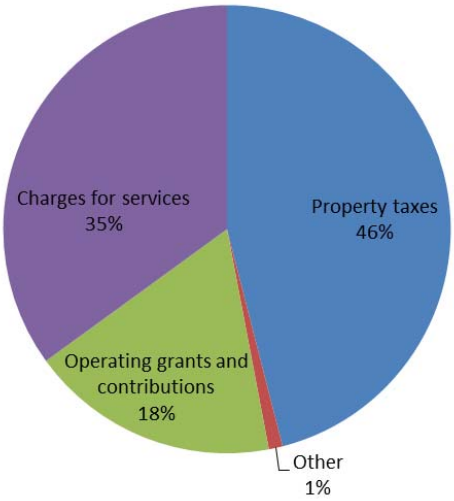
The non-operating expenses decreased by $2,840,126 for infrastructure construction for governmental activities and other expenses.

Operating revenues for business type activities decreased by $ 1,165,324 or 15% as follows:

- Intergovernmental charges for services decreased by $391,438 (9%)
- Public charges for services decreased by $772,757 (22%)
- Total non-operating revenues for business type activities increased by $1,637,980 (23%)
- Intergovernmental grants and aids decreased by $1,247,147 (27%)
- Property Tax revenues increased $102,292 (1%)
- Increase in interest income of $13,671 (4%)
- Other revenues decreased $70,962 (38%)



Revenues 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, unassigned 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 $63,711,181, an increase of $428,748 in comparison with the prior year. Approximately 40 percent of this total amount, $25,462,846, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted or assigned to indicate that it is not available for new spending. The non-spendable balance of $3,957,965 is made up of the following: 1) $10,000 for inventories and prepaid expenses, and 2) $3,947,965 for delinquent taxes for other governmental entities. The restricted balance of $10,765,807 is made up of 1) $1,506,859 to pay debt service, 2) $1,756,638 for jail assessment, 3) $4,738,702 for social improvement and, 4) $2,763,608 for a variety of other restricted purposes.

The assigned fund balance for the governmental funds totaled $23,524,563. This fund balance is not available for spending and has been assigned to the following: 1) $4,165,701 for subsequent year's budget, 2) $3,502,951 for conservation (ATC power line) and 3) $9,133,893 for capital projects, 4) $1,014,913 for carry forwards, and 5) $5,707,105 for compensated absences.

The general fund is the chief operating fund of Marathon County. The unassigned fund balance of the general fund was $25,462,846 for 2012 while the total fund balance reached $46,692,592 and $44,723,746 for 2012 and 2011 respectively. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balances represent 45 percent of total general fund expenditures in 2012. Total fund balance represents 83 and 75 percent of that same amount in 2012 and 2011 respectively.

The fund balance of Marathon County's general fund increased by $1,968,846 during the current fiscal year. Key factors in this change are as follows:

- A increase in sales tax revenues of $313,707
- Property taxes increased $770,738
- Revenues from public charges for services of the general fund increased by $120,821
- Intergovernmental grants and aids decreased $1,572,838
- Miscellaneous Revenues of the general fund increased by $314,215
- General Government expenditures decreased $1,771,434
- Public Safety expenditures decreased $537,762
- Health expenditures decreased $216,090
- Leisure & Education expenditures decreased $950,532
- Conservation expenditures increased $305,057

The debt service fund has a total fund balance of $1,506,859, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was $37,419. As of December 31, 2012, the County had $8,665,000 in general obligation debt that is supported by tax levy dollars.

The fund balance for the Capital Improvement Fund decreased by $2,309,086. This includes bond proceeds for construction of County capital projects and County-wide communication equipment.

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 position of the landfill at the end of the year amounted to $5,006,117, and those for the highway operations amounted to $37,110,988. The total decrease in net position for the landfill fund was $772,309. The net position of the highway fund increased by $1,454,222. 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 $4,051,686 which is an increase in appropriations and can be briefly summarized as follows:

> There was a total increase in general government activities of $377,739. In total the increases were allocated as follows:
> $ 1,209,941 increase allocated to the public safety

$ 819,310 increase allocated to the health
$ 14,017 increase allocated for social services
$ 359,809 increase allocated for leisure and education
$ 931,678 increase allocated for conservation and economic development
$ 339,192 increase allocated for capital outlay

Of this increase, a major portion of the increase, $1,209,941, was an increase in public safety.

During the year, revenues were more than budget by $583,975 per page 21 and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

Also affecting the final amended general fund budget was a decrease in general government due to the payment of sick leave conversion costs for 37 retirees, public safety and health and conservation. The County also received additional grant dollars for new and regional program initiatives.

Actual expenditures were $6,524,755 less than the final amended general fund budget. Most of the amount that was not spent consisted of grant funds which will be spent in 2013.

The final amended general fund budget projected fiscal year expenditures of $62,561,500. The actual general fund expenditures for the fiscal year ended December 31, 2012 were $56,036,745.

Capital Asset and Debt Administration

Marathon County's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounts to $246,119,432 (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 decrease in Marathon County's capital assets for the current fiscal year was $2,149,295 or 1 percent.

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

- Road and bridge construction was on going on the County highway system in Weston.
- Upgrade the County-wide communication system and upgrade the Rib Mountain radio tower so the County and municipalities can move to digital band width requirements by 2012.

Marathon County's Capital Assets

	Governmental Activities	Business-type Activities	Total
Construction in process	16,411,367	-	16,441,367
Land	33,582,342	523,038	34,105,380
Buildings	89,832,923	7,141,091	96,974,014
Improvements	10,074,038	21,851,627	31,925,665
Equipment	21,666,237	15,428,578	37,094,815
Infrastructure	181,583,500	-	181,583,500
Library Collection	4,605,100	-	4,605,100
Subtotal	357,755,507	44,944,334	402,699,841
Less: Accumulated Depreciation	(125,597,711)	(30,982,698)	(156,580,409)
TOTAL	**232,157,796**	**13,961,636**	**246,119,432**

Additional information on Marathon County's capital assets can be found in note D on pages 56-58 of this report.

Long-term debt. At the end of the current fiscal year, Marathon County had $8,665,000 in bonded debt outstanding paid by tax levy revenues. However, there is also an outstanding amount of $6,980,000 in General Obligation Bonds that were issued by Marathon County 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 2012

Central Wisconsin Airport	$6,980,000
General	$8,665,000
TOTAL	$15,645,000

Marathon County's total debt increased $835,000 during the current fiscal year (including the Central Wisconsin Airport). Marathon County maintains a Moody's Rating of Aa1 for a general obligation debt. The 2012A general obligation notes have been rated Aa1 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 $469,677,165 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 F on pages 60-62 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Marathon County in 2012 was 6.6 percent. This compares favorably to the state's average unemployment rate of 6.7 percent.

These factors were considered in preparing Marathon County's budget for the 2013 fiscal year.

The unassigned fund balance in the general fund at the end of 2012 that will be appropriated to fund the 2013 capital improvement fund is $2,584,241**.** 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 POSITION
As of December 31, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 75,927,892	$ 44,856,277	$ 120,784,169	$ 11,455,244
Investments	-	-	-	7,806,298
Receivables (net)				
Taxes receivable	45,163,945	7,306,275	52,470,220	-
Accounts receivable	1,304,257	532,732	1,836,989	5,558,975
Contracts receivable	-	8,098	8,098	-
Accrued interest receivable	369,973	-	369,973	1,747
Penalties and interest receivable	369,972	-	369,972	-
Internal balances	(228)	228	-	-
Due from other governments	3,503,574	-	3,503,574	4,195,660
Prepaid items	-	-	-	177,404
Inventories	10,000	1,743,269	1,753,269	427,316
Restricted Assets				
Cash and cash equivalents	3,275,023	1,973,853	5,248,876	2,682,807
Investments	-	12,962,431	12,962,431	-
Accrued interest receivable	-	42,205	42,205	-
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000	-
Other Assets				
Deferred charges	61,102	-	61,102	52,477
Capital Assets				
Capital assets not depreciated	49,993,709	523,038	50,516,747	11,395,097
Capital assets, net of accumulated depreciation	182,164,087	13,438,598	195,602,685	38,335,471
Total Assets	363,662,306	83,387,004	447,049,310	82,088,496
LIABILITIES				
Accounts payable	2,763,155	1,315,993	4,079,148	1,911,182
Accrued items	957,746	122,637	1,080,383	2,007,834
Accrued interest payable	32,154	-	32,154	30,458
Accrued liability - claims payable	3,032,071	-	3,032,071	935,000
Due to other governments	4,107,465	1,774,481	5,881,946	831,798
Unearned revenues	38,784,255	7,954,890	46,739,145	437,480
Liabilities payable from restricted assets				
Special deposits	340,780	-	340,780	364,892
Unearned revenues	53,484	-	53,484	-
Non-current Liabilities				
Due within one year				
Current portion of general obligation notes payable	1,310,000	-	1,310,000	575,000
Current portion of related-party note payable	-	-	-	142,456
Current portion of compensated absences	629,766	99,669	729,435	1,492,987
Due in more than one year:				
General obligation notes payable (net of unamortized discounts, premiums, and deferred amount on refunding)	7,967,665	-	7,967,665	6,478,795
Forest crop loan payable	1,761,117	-	1,761,117	-
Landfill closure and long-term care payable	-	9,720,897	9,720,897	-
Related-party note payable	-	-	-	1,081,033
Compensated absences	4,214,584	716,759	4,931,343	255,438
Other postemployment benefits obligation	2,878,858	387,550	3,266,408	129,174
Total Liabilities	68,833,100	22,092,876	90,925,976	16,673,527
NET POSITION				
Net investment in capital assets	224,519,266	13,961,636	238,480,902	44,078,450
Restricted for:				
Debt service	1,474,705	-	1,474,705	-
General government	1,058,694	-	1,058,694	-
Public Safety	1,756,638	-	1,756,638	-
Social Services	5,093,752	-	5,093,752	-
Health	65,779	-	65,779	-
Long-term care costs	-	5,215,387	5,215,387	-
Passenger and customer facility charges	-	-	-	2,138,679
Employee benefits	-	-	-	45,000
Unrestricted	60,860,372	42,117,105	102,977,477	19,152,840
TOTAL NET POSITION	$ 294,829,206	$ 61,294,128	$ 356,123,334	$ 65,414,969

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary Government								
Governmental Activities								
General government	$ 34,250,005	$ 4,333,484	$ 712,259	$ 165,624	$ (29,038,638)	$ -	$ (29,038,638)	$ -
Public safety	18,373,227	2,018,272	648,160	-	(15,706,795)	-	(15,706,795)	-
Transportation	8,661,324	-	62,957	4,123,018	(4,475,349)	-	(4,475,349)	-
Health	4,474,165	613,162	1,136,082	-	(2,724,921)	-	(2,724,921)	-
Social services	17,862,488	967,306	11,595,961	-	(5,299,221)	-	(5,299,221)	-
Leisure and education	7,426,607	897,055	350,535	-	(6,179,017)	-	(6,179,017)	-
Conservation and development	1,163,428	517,898	1,276,513	-	630,983	-	630,983	-
Interest on long term debt	264,525	-	-	-	(264,525)	-	(264,525)	-
Total Governmental Activities	92,475,769	9,347,177	15,782,467	4,288,642	(63,057,483)	-	(63,057,483)	-
Business-type Activities								
Landfill	3,619,483	2,721,948	34,172	-	-	(863,363)	(863,363)	-
Highway	12,612,249	4,023,034	3,366,656	-	-	(5,222,559)	(5,222,559)	-
Total Business-type Activities	16,231,732	6,744,982	3,400,828	-	-	(6,085,922)	(6,085,922)	-
Total Primary Government	$ 108,707,501	$ 16,092,159	$ 19,183,295	$ 4,288,642	(63,057,483)	(6,085,922)	(69,143,405)	-
Component Units								
Governmental-type								
Children with Disabilities Education Board	$ 5,533,949	$ 3,786,635	$ 860,221	$ -	-	-	-	(887,093)
Business-type								
Central Wisconsin Airport	4,482,072	2,620,680	-	2,651,038	-	-	-	789,646
North Central Health Care	55,794,165	42,018,346	16,268,588	1,890,451	-	-	-	4,383,220
Total Business-type Component Units	$ 60,276,237	$ 44,639,026	$ 16,268,588	$ 4,541,489	-	-	-	
General Revenues								
Taxes								
Property taxes					39,069,259	8,543,693	47,612,952	-
Sales taxes					10,312,235	-	10,312,235	-
Other taxes					2,247,432	-	2,247,432	-
Grants and contributions not restricted to specific programs					5,968,326	-	5,968,326	-
Unrestricted investment earnings					514,642	350,390	865,032	118,918
Gain on sale of capital assets					33,996	-	33,996	14,772
Unrestricted state and federal aid					-	-	-	1,046,987
Miscellaneous					773,267	117,454	890,721	35,081
Transfers					2,243,702	(2,243,702)	-	-
Total General Revenues and Transfers					61,162,859	6,767,835	67,930,694	1,215,758
Change in net position					(1,894,624)	681,913	(1,212,711)	5,501,531
NET POSITION, Beginning					296,723,830	60,612,215	357,336,045	59,913,438
NET POSITION, ENDING					$ 294,829,206	$ 61,294,128	$ 356,123,334	$ 65,414,969

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

BALANCE SHEET- GOVERNMENTAL FUNDS
As of December 31, 2012

	General	Social Improvement	Capital Improvement	Nonmajor Governmental Fund Debt Service Fund	Total Governmental
ASSETS					
Cash and investments	$ 40,225,647	$ 4,910,898	$ 12,139,530	$ 1,506,859	$ 58,782,934
Receivables					
Taxes receivable	36,044,071	7,436,474	-	1,683,400	45,163,945
Accounts receivable	910,856	83,815	165,624	-	1,160,295
Accrued interest receivable	369,973	-	-	-	369,973
Penalties and interest receivable	369,972	-	-	-	369,972
Due from other governments	2,613,654	889,920	-	-	3,503,574
Due from other funds	5,147	-	7,500	-	12,647
Inventories	10,000	-	-	-	10,000
Restricted Assets					
Cash and investments	3,200,349	74,674	-	-	3,275,023
Total Assets	$ 83,749,669	$ 13,395,781	$ 12,312,654	$ 3,190,259	$ 112,648,363
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 1,792,097	$ 637,497	$ 294,006	$ -	$ 2,723,600
Accrued items	735,294	144,020	7,459	-	886,773
Due to other governments	2,865,415	3,889	1,238,161	-	4,107,465
Due to other funds	7,752	5,123	-	-	12,875
Deferred revenues	31,337,281	7,791,524	-	1,683,400	40,812,205
Liabilities payable from restricted assets					
Special deposits	319,238	21,542	-	-	340,780
Deferred revenues	-	53,484	-	-	53,484
Total Liabilities	37,057,077	8,657,079	1,539,626	1,683,400	48,937,182
Fund Balances					
Nonspendable	3,957,965	-	-	-	3,957,965
Restricted	2,881,111	4,738,702	1,639,135	1,506,859	10,765,807
Assigned	14,390,670	-	9,133,893	-	23,524,563
Unassigned	25,462,846	-	-	-	25,462,846
Total Fund Balances	46,692,592	4,738,702	10,773,028	1,506,859	63,711,181
Total Liabilities and Fund Balances	$ 83,749,669	$ 13,395,781	$ 12,312,654	$ 3,190,259	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (Internal Service Fund capital assets are fully depreciated).	232,157,796
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.	2,027,950
Internal service funds are reported in the statement of net position as governmental funds	15,601,643
Some liabilities, including long-term are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.	(18,669,364)
NET POSITION OF THE GOVERNMENTAL ACTIVITIES	$ 294,829,206

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	General	Social Improvement	Capital Improvement	Nonmajor Governmental Fund Debt Service Fund	Total Governmental Funds
REVENUES					
Taxes	$ 42,848,083	$ 7,429,468	$ -	$ 1,675,150	$ 51,952,701
Intergovernmental grants and aids	10,075,254	11,416,230	-	-	21,491,484
Licenses and permits	261,799	-	-	-	261,799
Fines and forfeitures	770,975	-	-	-	770,975
Public charges for services	4,597,243	576,658	-	64,629	5,238,530
Intergovernmental charges for services	1,366,398	-	-	-	1,366,398
Miscellaneous revenue	1,617,444	48,504	405,365	18,024	2,089,337
Total Revenues	61,537,196	19,470,860	405,365	1,757,803	83,171,224
EXPENDITURES					
Current					
General government	23,693,652	-	-	-	23,693,652
Public safety	19,422,491	-	-	-	19,422,491
Health	4,447,762	-	-	-	4,447,762
Social services	199,677	17,448,033	-	-	17,647,710
Leisure activities and education	6,774,083	-	-	-	6,774,083
Conservation and economic development	1,157,404	-	-	-	1,157,404
Capital Outlay	341,676	-	6,330,500	-	6,672,176
Debt Service					
Principal	-	-	-	1,315,235	1,315,235
Interest and paying agent fees	-	-	-	405,149	405,149
Total Expenditures	56,036,745	17,448,033	6,330,500	1,720,384	81,535,662
Excess (deficiency) of revenues over expenditures	5,500,451	2,022,827	(5,925,135)	37,419	1,635,562
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	-	3,734,221	-	3,734,221
Social Improvement Fund	-	-	1,291,258	-	1,291,258
Capital Improvement Fund	168,657	-	-	-	168,657
Sales of capital assets	19,309	-	17,825	-	37,134
State loan program debt issued	14,650	-	-	-	14,650
Transfers out					
General Fund	-	-	(168,657)	-	(168,657)
Capital Improvement Fund	(3,734,221)	(1,291,258)	-	-	(5,025,479)
County Highway Fund	-	-	(1,258,598)	-	(1,258,598)
Total Other Financing Sources (Uses)	(3,531,605)	(1,291,258)	3,616,049	-	(1,206,814)
Net change in fund balance	1,968,846	731,569	(2,309,086)	37,419	428,748
FUND BALANCE, Beginning	44,723,746	4,007,133	13,082,114	1,469,440	63,282,433
FUND BALANCE, ENDING	$ 46,692,592	$ 4,738,702	$ 10,773,028	$ 1,506,859	$ 63,711,181

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

Net change in fund balance - total governmental funds	$ 428,748
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense reported in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide statements including infrastructure assets	6,672,176
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements, and some items are included in capital outlay, but are not capitalized.	(3,132,936)
Depreciation is reported in the government-wide statements	(10,117,560)
Infrastructure financed by the highway fund	3,502,300
Contributed capital assets are reported as revenues in the government-wide statements.	4,123,018
Net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins) is to decrease net position.	(3,180,500)
Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(434,877)
Debt proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(14,650)
Principal repaid	1,315,235
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences - less internal service funds	17,372
Other postemployment benefits	217,517
Accrued interest on debt	2,734
Premium on debt issue	153,166
Debt issuance costs	(15,275)
Internal service funds are used by management to charge the costs of insurance to individual funds. The increase in net position of the internal service funds is reported with governmental activities.	(1,431,092)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (1,894,624)

See accompanying notes to financial statements.

MARATHON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	$ 39,936,393	$ 39,936,393	$ 42,848,083	$ 2,911,690
Intergovernmental grants and aids	9,720,169	12,365,859	10,075,254	(2,290,605)
Licenses and permits	281,450	281,450	261,799	(19,651)
Fines and forfeitures	681,480	681,480	770,975	89,495
Public charges for services	4,718,676	4,880,002	4,597,243	(282,759)
Intergovernmental charges for services	1,484,265	1,608,351	1,366,398	(241,953)
Miscellaneous revenue	1,130,654	1,199,686	1,617,444	417,758
Total Revenues	57,953,087	60,953,221	61,537,196	583,975
EXPENDITURES				
Current				
General government	24,931,537	25,309,276	23,693,652	1,615,624
Public safety	19,614,074	20,824,015	19,422,491	1,401,524
Health	4,651,205	5,470,515	4,447,762	1,022,753
Social services	209,151	223,168	199,677	23,491
Leisure activities and education	7,819,080	8,178,889	6,774,083	1,404,806
Conservation and economic development	1,049,767	1,981,445	1,157,404	824,041
Capital Outlay	235,000	574,192	341,676	232,516
Total Expenditures	58,509,814	62,561,500	56,036,745	6,524,755
Excess (deficiency) of revenues over expenditures	(556,727)	(1,608,279)	5,500,451	7,108,730
OTHER FINANCING SOURCES (USES)				
Transfers in				
Capital Improvement Fund	168,657	168,657	168,657	-
Sales of capital assets	35,229	35,229	19,309	(15,920)
State loan program debt issued	14,650	14,650	14,650	-
Transfers out				
Capital Improvement Fund	(3,592,674)	(3,734,221)	(3,734,221)	-
Total Other Financing Sources (Uses)	(3,374,138)	(3,515,685)	(3,531,605)	(15,920)
Net change in fund balance	(3,930,865)	(5,123,964)	1,968,846	7,092,810
FUND BALANCE - Beginning of Year	44,723,746	44,723,746	44,723,746	-
FUND BALANCE - END OF YEAR	$ 40,792,881	$ 39,599,782	$ 46,692,592	$ 7,092,810

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - SOCIAL IMPROVEMENT FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
General property taxes	$ 7,429,468	$ 7,429,468	$ 7,429,468	$ -
Intergovernmental Grants and Aids				
Federal grants	614,040	614,040	980,286	366,246
State grants:				
Provided services and administration	4,441,270	9,203,270	6,384,445	(2,818,825)
Special services	2,863,402	2,939,577	3,719,615	780,038
Other revenues	382,868	382,868	325,192	(57,676)
Local government grants	-	-	6,692	6,692
Total Intergovernmental Grants and Aids	8,301,580	13,139,755	11,416,230	(1,723,525)
Public Charges for Services				
General government	6,000	6,000	4,851	(1,149)
Public safety	-	-	9,886	9,886
Social services	722,600	722,600	561,921	(160,679)
Total Public Charges for Services	728,600	728,600	576,658	(151,942)
Miscellaneous Revenue				
Interest income	52,600	52,600	48,504	(4,096)
Other revenues	180,487	180,487	-	(180,487)
Total Miscellaneous Revenue	233,087	233,087	48,504	(184,583)
Total Revenues	16,692,735	21,530,910	19,470,860	(2,060,050)
EXPENDITURES				
Social Services				
Personal services	7,700,740	7,700,740	7,147,635	553,105
Contractual services	520,719	5,282,719	3,248,916	2,033,803
Materials and supplies	239,637	239,637	256,395	(16,758)
Fixed charges	283,209	283,209	278,153	5,056
Grants and contributions	7,948,430	8,024,605	6,516,934	1,507,671
Total Expenditures	16,692,735	21,530,910	17,448,033	4,082,877
Excess of revenues over expenditures	-	-	2,022,827	2,022,827
OTHER FINANCING USES				
Transfers out				
Capital Improvement Fund	(1,291,258)	(1,291,258)	(1,291,258)	-
Total Other Financing Uses	(1,291,258)	(1,291,258)	(1,291,258)	-
Net change in fund balance	(1,291,258)	(1,291,258)	731,569	2,022,827
FUND BALANCE - Beginning of Year	4,007,133	4,007,133	4,007,133	-
FUND BALANCE - END OF YEAR	$ 2,715,875	$ 2,715,875	$ 4,738,702	$ 2,022,827

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
As of December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service
	Landfill	County Highway	Total	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 6,325,685	$ 38,530,592	$ 44,856,277	$ 17,144,958
Taxes receivable	-	7,306,275	7,306,275	-
Accounts receivable	528,514	4,218	532,732	143,962
Contracts receivable	8,098	-	8,098	-
Due from other funds	4,343	-	4,343	-
Inventories	179,823	1,563,446	1,743,269	-
Total Current Assets	7,046,463	47,404,531	54,450,994	17,288,920
NONCURRENT ASSETS				
Restricted cash	1,973,853	-	1,973,853	-
Restricted investments	12,962,431	-	12,962,431	-
Accrued interest receivable	42,205	-	42,205	-
Deposit in Wisconsin Municipal Mutual Insurance Company	-	-	-	1,519,000
Capital Assets				
Land	268,534	254,504	523,038	-
Buildings	1,446,856	5,694,235	7,141,091	-
Improvements	21,851,627	-	21,851,627	-
Equipment	451,654	14,976,924	15,428,578	58,466
Total Capital Assets	24,018,671	20,925,663	44,944,334	58,466
Less: Accumulated depreciation	(18,061,897)	(12,920,801)	(30,982,698)	(58,466)
Net Capital Assets	5,956,774	8,004,862	13,961,636	-
Total Noncurrent Assets	20,935,263	8,004,862	28,940,125	1,519,000
Total Assets	27,981,726	55,409,393	83,391,119	18,807,920
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	551,803	764,190	1,315,993	39,555
Accrued items	9,645	112,992	122,637	70,973
Due to other governments	1,462,020	312,461	1,774,481	-
Due to other funds	18	4,097	4,115	-
Unearned revenue	-	7,954,890	7,954,890	-
Current portion of compensated absences	5,843	93,826	99,669	8,279
Total Current Liabilities	2,029,329	9,242,456	11,271,785	118,807
LONG-TERM LIABILITIES				
Landfill closure and long-term care payable	9,720,897	-	9,720,897	-
Accrued liability - claims payable	-	-	-	3,032,071
Compensated absences	39,106	677,653	716,759	55,399
Other postemployment benefits obligation	14,116	373,434	387,550	-
Total Long-term Liabilities	9,774,119	1,051,087	10,825,206	3,087,470
Total Liabilities	11,803,448	10,293,543	22,096,991	3,206,277
NET POSITION				
Net investment in capital assets	5,956,774	8,004,862	13,961,636	-
Restricted for landfill long-term care	5,215,387	-	5,215,387	-
Unrestricted	5,006,117	37,110,988	42,117,105	15,601,643
TOTAL NET POSITION	$ 16,178,278	$ 45,115,850	$ 61,294,128	$ 15,601,643

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service
	Landfill	County Highway	Total	
OPERATING REVENUES				
Licenses and permits	$ -	$ 15,670	$ 15,670	$ -
Public charges for services	2,721,948	-	2,721,948	-
Intergovernmental charges for services	-	4,007,364	4,007,364	-
Interdepartmental charges for services	-	-	-	13,142,770
Total Operating Revenues	2,721,948	4,023,034	6,744,982	13,142,770
OPERATING EXPENSES				
Salaries and benefits	378,845	4,233,579	4,612,424	986,878
Contractual services	1,781,523	563,776	2,345,299	364,367
Materials and supplies	88,591	1,130,074	1,218,665	8,377
Construction and maintenance	55,039	2,827,579	2,882,618	-
Landfill closure & long term care	662,225	-	662,225	-
Building and equipment rent	-	2,699,691	2,699,691	-
Insurance and claims	-	-	-	13,122,765
Loss and loss adjustment expense	-	-	-	504,911
Insurance and administration costs	15,781	152,947	168,728	10,657
Depreciation	622,121	1,004,603	1,626,724	-
Other operating expenses	15,358	-	15,358	-
Total Operating Expenses	3,619,483	12,612,249	16,231,732	14,997,955
Operating Loss	(897,535)	(8,589,215)	(9,486,750)	(1,855,185)
NONOPERATING REVENUES (EXPENSES)				
General property taxes	-	8,543,693	8,543,693	-
Intergovernmental grants and aids	34,172	3,366,656	3,400,828	-
Investment income	91,034	259,356	350,390	196,659
Insurance recoveries	-	-	-	31,856
Infrastructure construction expense for governmental activities	-	(3,502,300)	(3,502,300)	-
Other income	20	117,434	117,454	195,578
Total Nonoperating Revenues (Expenses), Net	125,226	8,784,839	8,910,065	424,093
Income (loss) before transfers	(772,309)	195,624	(576,685)	(1,431,092)
Transfers in	-	1,258,598	1,258,598	-
Change in Net Position	(772,309)	1,454,222	681,913	(1,431,092)
NET POSITION - Beginning of Year	16,950,587	43,661,628	60,612,215	17,032,735
NET POSITION - END OF YEAR	$ 16,178,278	$ 45,115,850	$ 61,294,128	$ 15,601,643

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	Business-type Activities-Enterprise Funds			Governmental Activities-Internal Service
	Landfill	County Highway	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from the sale of goods and services	$ -	$ 5,056,416	$ 5,056,416	$ -
Collections from landfill disposal services	3,187,157	-	3,187,157	-
Collections from departments and other insurance purchasers	-	-	-	13,480,775
Cash paid to employees for services	(370,458)	(4,145,458)	(4,515,916)	(986,878)
Cash paid to suppliers for goods and services	(2,087,009)	(11,562,300)	(13,649,309)	(13,678,381)
Net Cash Provided (Used) by Operating Activities	729,690	(10,651,342)	(9,921,652)	(1,184,484)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property taxes	-	8,543,693	8,543,693	-
Intergovernmental grants and contributions	34,172	3,366,656	3,400,828	-
Transfers	-	1,258,598	1,258,598	-
Net Cash Provided by Noncapital Financing Activities	34,172	13,168,947	13,203,119	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Payments for capital acquisitions	(666,398)	(980,535)	(1,646,933)	-
Salvage on capital assets	-	36,002	36,002	-
Net Cash Provided (Used) by Capital Financing Activities	(666,398)	(944,533)	(1,610,931)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in investments	170,633	-	170,633	-
Interest received on investments	73,358	259,356	332,714	196,659
Net Cash Provided by Investing Activities	243,991	259,356	503,347	196,659
Net Increase (Decrease) in Cash and Cash Equivalents	341,455	1,832,428	2,173,883	(987,825)
CASH AND CASH EQUIVALENTS - Beginning of Year	7,958,083	36,698,164	44,656,247	18,132,783
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,299,538	$ 38,530,592	$ 46,830,130	$ 17,144,958

See accompanying notes to financial statements.

	Business-type 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	$ (897,535)	$ (8,589,215)	$ (9,486,750)	$ (1,855,185)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities				
Depreciation expense	622,121	1,004,603	1,626,724	-
Insurance recoveries	-	-	-	31,856
Other income	20	117,434	117,454	195,578
Infrastructure construction expense for governmental activities	-	(3,502,300)	(3,502,300)	-
Effects of (increase) decrease in operating assets and increase (decrease) in operating liabilities				
Taxes receivable	-	1,237,418	1,237,418	-
Accounts receivable	(27,259)	(30)	(27,289)	110,571
Contracts receivable	497,786	-	497,786	-
Due from other governments	-	835,461	835,461	-
Inventories	(12,924)	(59,867)	(72,791)	-
Accounts payable	(27,107)	(942,574)	(969,681)	(166,419)
Accrued expenses	3,223	36,441	39,664	2,052
Due to other governments	(90,686)	312,461	221,775	-
Due to other funds	(5,338)	4,047	(1,291)	-
Unearned revenues	-	(1,156,901)	(1,156,901)	-
Landfill closure and long-term care payable	662,225	-	662,225	-
Accrued liabilities - claims payable	-	-	-	504,911
Compensated absences	6,844	79,393	86,237	(7,848)
Other postemployment benefits obligation	(1,680)	(27,713)	(29,393)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 729,690	$ (10,651,342)	$ (9,921,652)	$ (1,184,484)
NONCASH INVESTING, CAPITAL AND NONCAPITAL FINANCING ACTIVITIES				
Fair value adjustment - investments	$ 6,285	$ -		$ -
Infrastructure constructed for governmental activities	$ -	$ 3,502,300		$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	$ 6,325,685	$ 38,530,592	$ 44,856,277	$ 17,144,958
Cash and cash equivalents - restricted assets	1,973,853	-	1,973,853	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,299,538	$ 38,530,592	$ 46,830,130	$ 17,144,958

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
As of December 31, 2012

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 1,158,467
Accounts receivable	93,446
Due from other governments	408,219
TOTAL ASSETS	$ 1,660,132
LIABILITIES	
Accounts payable	$ 318,324
Due to other governments	41,855
Due to participants	174,008
Other accrued liabilities and deposits	1,125,945
TOTAL LIABILITIES	$ 1,660,132

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF NET POSITION
MAJOR DISCRETELY PRESENTED COMPONENT UNITS
As of December 31, 2012

	North Central Health Care	Central Wisconsin Airport	Children with Disabilities Education Board	Major Discretely Presented Component Units Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 4,759,614	$ 4,490,813	$ 2,204,817	$ 11,455,244
Investments	7,806,298	-	-	7,806,298
Patient accounts receivable (net)	4,844,707	-	-	4,844,707
Accounts receivable	458,746	190,399	65,123	714,268
Accrued interest	-	-	1,747	1,747
Due from other governments	3,855,752	-	339,908	4,195,660
Prepaid items	151,081	-	26,323	177,404
Inventories	427,316	-	-	427,316
Total Current Assets	22,303,514	4,681,212	2,637,918	29,622,644
NONCURRENT ASSETS				
Restricted Assets				
Cash and investments	353,280	2,284,527	45,000	2,682,807
Total Noncurrent Assets	353,280	2,284,527	45,000	2,682,807
Deferred charges	-	52,477	-	52,477
CAPITAL ASSETS				
Land	51,300	614,983	-	666,283
Construction in progress	1,734,594	8,994,220	-	10,728,814
Buildings	22,024,059	15,253,286	222,877	37,500,222
Improvements	1,086,402	42,884,801	-	43,971,203
Equipment	15,751,375	7,696,860	40,499	23,488,734
Total Capital Assets	40,647,730	75,444,150	263,376	116,355,256
Total Accumulated Depreciation and Depletion	(29,397,601)	(37,157,804)	(69,283)	(66,624,688)
Net Capital Assets	11,250,129	38,286,346	194,093	49,730,568
Total Assets	33,906,923	45,304,562	2,877,011	82,088,496
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	1,107,500	268,350	535,332	1,911,182
Accrued items	1,977,176	30,658	-	2,007,834
Special deposits	353,061	11,831	-	364,892
Interest payable	-	30,458	-	30,458
Accrued liability - claims payable	935,000	-	-	935,000
Due to other governments	685,795	146,003	-	831,798
Unearned revenues	424,874	-	12,606	437,480
Current portion of compensated absences	1,460,006	20,851	12,130	1,492,987
Current portion of related-party note payable	142,456	-	-	142,456
Current portion of long-term obligations	-	575,000	-	575,000
Total Current Liabilities	7,085,868	1,083,151	560,068	8,729,087
LONG-TERM LIABILITIES				
General obligation notes payable (net of unamortized discounts, premiums, and deferred amounts on refunding)	-	6,478,795	-	6,478,795
Related-party note payable	1,081,033	-	-	1,081,033
Compensated absences	-	139,543	115,895	255,438
Net OPEB obligation	-	98,498	30,676	129,174
Total Long-Term Liabilities	1,081,033	6,716,836	146,571	7,944,440
Total Liabilities	8,166,901	7,799,987	706,639	16,673,527
NET POSITION				
Net investment in capital assets	10,026,640	33,857,717	194,093	44,078,450
Restricted				
Passenger and customer facility charges	-	2,138,679	-	2,138,679
Employee benefits	-	-	45,000	45,000
Unrestricted	15,713,382	1,508,179	1,931,279	19,152,840
TOTAL NET POSITION	$ 25,740,022	$ 37,504,575	$ 2,170,372	$ 65,414,969

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MAJOR DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended December 31, 2012

	North Central Health Care	Central Wisconsin Airport	Children with Disabilities Education Board	Discretely Presented Component Units Total
EXPENSES				
Transportation				
Airport	$ -	$ 4,482,072	$ -	$ 4,482,072
Social Services				
North Central Community Services	55,794,165	-	-	55,794,165
Federal Handicapped Education Board	-	-	2,322,140	2,322,140
Instruction				
Federal Handicapped Education Board	-	-	3,211,809	3,211,809
Total Expenses	55,794,165	4,482,072	5,533,949	65,810,186
PROGRAM REVENUES				
Charges for service	42,018,346	2,620,680	3,786,635	48,425,661
Operating grants and contributions	16,268,588	-	860,221	17,128,809
Capital grants and contributions	1,890,451	2,651,038	-	4,541,489
Total Program Revenues	60,177,385	5,271,718	4,646,856	70,095,959
Net Income (Expense)	4,383,220	789,646	(887,093)	4,285,773
GENERAL REVENUES				
Unrestricted investment earnings	80,816	26,051	12,051	118,918
Gain on sale of capital assets	14,772	-	-	14,772
State and Federal Aids Not Restricted to Specific Functions				
Categorical aid	-	-	1,046,987	1,046,987
Miscellaneous	-	300	34,781	35,081
Total General Revenues	95,588	26,351	1,093,819	1,215,758
Change in net position	4,478,808	815,997	206,726	5,501,531
NET POSITION, Beginning	21,261,214	36,688,578	1,963,646	59,913,438
NET POSITION, ENDING	$ 25,740,022	$ 37,504,575	$ 2,170,372	$ 65,414,969

See accompanying notes to financial statements.

MARATHON COUNTY

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As of and for the Year Ended December 31, 2012

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NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of Marathon County, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

This report includes all of the funds of Marathon County. The reporting entity for the County consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the primary government.

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units

North Central Health Care

The government-wide financial statements include the North Central Health Care (NCHC) as a component unit. NCHC is a legally separate organization operated jointly by Marathon, Lincoln, and Langlade counties. The board of NCHC is appointed by the respective counties' boards. Wisconsin Statutes provide for circumstances whereby the County can impose its will on NCHC and also create a financial benefit or burden on the County. See Note IV.L. As a component unit, NCHC's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2012. Separately issued financial statements of North Central Health Care may be obtained from NCHC's office.

Central Wisconsin Airport

The government-wide financial statements include the Central Wisconsin Airport (CWA) as a component unit. The CWA is a legally separate organization operated jointly by Marathon and Portage counties. The board of the CWA is appointed by the respective counties. Wisconsin Statutes provide for circumstances whereby the County can impose its will on the CWA, and also create a potential financial benefit to or burden on the County. See Note IV.L. As a component unit, the CWA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2012. The CWA does not issue separate financial statements.

Children With Disabilities Education Board

The government-wide financial statements include the Children with Disabilities Education Board (CDEB) as a component unit. The CDEB is a legally separate organization. The board is made up of six members, one from each participating school district. Wisconsin Statutes provide for circumstances whereby the County can impose its will on CDEB, and also create a financial benefit or burden on the County. See Note IV.L. As a component unit, CDEB's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended June 30, 2012. Separately issued financial statements of the Children with Disabilities Education Board may be obtained from the Board's office.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2011, the GASB issued Statement No. 63 – *Financing Reporting of Deferred Outflows of Resources, Deferred inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for those elements, which are distinct from assets and liabilities.

The County made the decision to implement this standard effective January 1, 2012.

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

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

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/fund equity, revenues, and expenditure/expenses.

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

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

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and

b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

c. In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

General Fund - accounts for the County's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
Social Improvement Fund - accounts for and reports grants, local revenues, and other resources legally restricted to supporting expenditures for various community service programs.
Capital Improvement Fund - accounts for and reports resources to be used for the acquisition or construction of major capital facilities.

The County reports the following major enterprise funds:

Landfill Fund - accounts for operations of the County operated landfill
County Highway Fund - accounts for operations of the highway systems

The County reports the following nonmajor governmental fund:

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

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

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

Fund Financial Statements (cont.)

In addition, the County reports the following fund types:

Internal service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.

Property Casualty
Employee Benefits Insurance

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

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

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

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's landfill and county highway funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Sales taxes are recognized as revenues in the year in which the underlying sales relating to it take place.

Intergovernmental aids and grants are recognized as revenues in the period the County is entitled 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.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The County reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the County has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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

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

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

Fund Financial Statements (cont.)

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Landfill and County Highway funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents. The county pools its investments held across all funds of the county.

Investment of County funds is restricted by Wisconsin state statutes. Available investments are limited to:

a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.

b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.

c. Bonds or securities issued or guaranteed by the federal government.

d. The local government investment pool.

e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

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

D. Assets, Liabilities, and Net Position or Equity (cont.)

1. Deposits and Investments (cont.)

f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.

g. Repurchase agreements with public depositories, with certain conditions.

The County has adopted an investment policy. That policy contains the following guidelines for allowable investments.

Custodial credit risk: The County investment policy states that where allowed by state law, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

Credit risk: The County limits its investments to the "Aa" or higher rating issued by a nationally recognized rating service such as Moody's or Standard and Poors (S&P) for the issuing organization at the time of issuance. At December 31, 2012, some of the County's investments were not rated Aa or higher.

Interest rate risk: The County manages its exposure to interest rate risk by attempting to match investment maturities with anticipated expenses. No more than 70% of the portfolio may be invested beyond 12 months, and the weighted average maturity of the short-term portfolio shall never exceed one year. The weighted average maturity of the intermediate portfolio shall not exceed three years.

The policy does not address concentration of credit risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012, the fair value of the County 's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

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

D. Assets, Liabilities, and Net Position or Equity (cont.)

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. They are not legally available for appropriation until the ensuing year. In addition to property taxes for the County, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of fiduciary net position.

Property tax calendar - 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	July 31, 2013
Personal property taxes in full	January 31, 2013
Tax sale - 2012 delinquent real estate taxes	October 2015

The City of Wausau has adopted an ordinance for three installments per Wisconsin Statute 74.12. The City Treasurer collects January 31, April 30, and July 31 installments and settles with the County and other jurisdictions by the 15th of the month following due dates.

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No allowance for uncollectible delinquent taxes has been provided because of the County's demonstrated ability to recover any losses through the sale of the applicable property.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

The County has a 0.5% sales tax which is collected by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale relating to it takes place. At December 31, 2012, the County has accrued two months of the subsequent year's collections as receivable.

Accounts receivable in the governmental funds are reported at gross with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such an allowance would not be material.

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

D. Assets, Liabilities, and Net Position or Equity (cont.)

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund, internal service fund, and discretely presented component unit inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on FIFO, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than $5,000 for general capital assets and $50,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

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

Fund Financial Statements

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

6. Other Assets

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

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2012, are determined on the basis of current salary rates and include salary related payments.

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

7. Compensated Absences (cont.)

In addition to pension benefits provided through the Wisconsin Retirement System described in Note V.A., the County provides certain health care and life insurance benefits as provided for by union contracts or management ordinance. Retired employees who qualify are allowed to convert a maximum of 50% of their accumulated sick leave balance at the time of retirement into monetary value using the employee's year-end hourly rate and deposited into the employee's Post Employment Health Plan (PEHP) account. The 2012 funding (including CWA as a discretely presented component unit) was estimated in the annual budget at $540,108 with an actual cost of $234,525. There were thiry-seven (37) employees eligible for benefits as of year end.

8. Long-Term Obligations/Conduit Debt

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net position.

The County does not engage in conduit debt transactions.

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

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

8. Long-Term Obligations/Conduit Debt (cont.)

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

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

10. Equity Classifications

Government-Wide Statements

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

a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - All other net position that does not meet the definitions of "restricted" or "net investment in capital assets."

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

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

D. Assets, Liabilities, and Net Position or Equity (cont.)

10. Equity Classifications (cont.)

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions,* the County classifies governmental fund balance as follows:

a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the County. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the County that originally created the commitment.

d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The County has adopted a financial policy authorizing the Finance Committee to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.

e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The County considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Proprietary fund equity is classified the same as in the government-wide statements.

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

D. Assets, Liabilities, and Net Position or Equity (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

The County has a formal minimum fund balance policy for the general fund. That policy is to maintain a working capital fund of 8.3% of of the current year's general fund, social improvement fund, and debt service fund's budgeted expenditures. The balance at year end was $20,189,885 and is included in unassigned general fund balance. The County also has a minimum fund balance for the highway fund. That policy is to maintain a working capital fund of 10% of the current year budgeted expenditures. The balance at year end was $5,215,072 and is included in unrestricted net position.

See Note IV. J. for further information.

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	$	8,665,000
Forest crop loan		1,761,117
Compensated absences		4,844,350
Other postemployment benefits obligation		2,878,858
Less: Internal service fund long-term liabilities		(63,678)
Accrued interest		32,154
Debt issuance costs		(61,102)
Premium on debt issue		612,665
Combined Adjustment for Long-Term Liabilities	$	18,669,364

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

A budget has been adopted for all funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The County may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by 10% of the apportionment unit.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were $1,014,913. Budgets are adopted at the agency level of expenditure.

The County uses the following procedures when establishing budgetary data reflected in the financial statements:

1. In July, the department heads submit budget requests to the County Administrator.
2. In August and September, the Finance, Property & Facilities Committee reviews the County Administrator's proposed budget.
3. In October, the County Administrator submits to the County Board of Supervisors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
4. A public hearing is conducted on the second Tuesday in November to obtain taxpayer comments. The budget is then legally enacted through passage of an ordinance on the following Thursday.
5. The Finance, Property & Facilities Committee is authorized to transfer budget amounts between and within departments; however, any revisions that alter total expenditures at the agency level or authorize funds to be spent out of the Contingent Fund must be approved by the County Board of Supervisors.
6. The budgets for the general, special revenue, debt service, and capital project funds are legally adopted on a basis consistent with GAAP.
7. The County Board of Supervisors adopts a budget for all funds classified as governmental fund types including those with zero budgets.

In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements and schedules represent the final authorized amounts or the modified budget.

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

A. BUDGETARY INFORMATION (cont.)

County policy requires that budgeted revenues and appropriations for the ensuing year be established on a modified accrual basis of accounting controlled by appropriation unit within an agency within a fund and approved by the County Board. Budget is defined as the originally approved budget, plus or minus approved revisions and modifications. Expenditures cannot legally exceed appropriations at the agency level. An agency is an organizational unit and is defined as follows:

- Departments within the general government function of the General Fund;
- Pubic 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. Only those encumbrances that will be honored are appropriated in the following year's budget and are recorded as expenditures when purchased in the following year. All remaining encumbrances lapse at year-end.

All unexpended appropriations also lapse at year-end. Exceptions to this exist for capital projects near completion, special revenue funds, grants operating on other than a calendar year basis, encumbrances, and selected accounts within the General Fund which are reappropriated in the following year's budget. The County Board, by resolution, gave the Finance, Property and Facilities Committee the authorization for the carry forward of prior year's unexpended appropriations to the ensuing year.

B. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2012, no individual funds held a deficit balance.

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. LIMITATIONS ON THE COUNTY'S TAX LEVY

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 issues
- 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

As part of Wisconsin's Act 32 (2011), legislation was passed that temporarily suspends this limit for the County's levy imposed in December 2011 and December 2012.

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the County's future tax levies. Generally the County is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the County's equalized value due to new construction or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The County's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	$ 5,238,184	$ 5,528,832	Custodial credit
US Treasuries	48,267,197	48,267,197	Custodial credit, interest rate
US agencies - implicitly guaranteed	32,575,573	32,575,573	Custodial credit, interest rate, credit, concentration of credit risk
Corporate notes	14,143,094	14,143,094	Custodial credit, interest rate, credit
Certificates of deposits	12,418,945	12,418,945	Custodial credit
Commercial paper	8,246,799	8,246,799	Custodial credit, interest rate, credit
Banker Bank CD program	1,750,000	1,750,000	Custodial credit
Money market mutual funds	3,472,036	3,472,036	Credit, interest rate
LGIP	20,817,455	20,817,455	Credit
Total Deposits and Investments	$146,929,283	$147,219,931	

Reconciliation to financial statements	
Per statement of net position	
Unrestricted cash and investments	$120,784,169
Restricted cash and cash equivalents	5,248,876
Restricted investments	12,962,431
Per statement of net position - fiduciary funds	
Agency funds	1,158,467
Per statement of net position - major discretely presented component unit (CWA)	
Unrestricted cash and investments	4,490,813
Restricted cash and investments	2,284,527
Total Deposits and Investments	$146,929,283

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts (including NOW accounts), $250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of $250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of $250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of $400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

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

Custodial Credit Risk

Deposits

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

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

Investments

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

US Treasuries	
Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	$ 48,267,197
US Agencies - implicitly guaranteed	
Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	$ 32,575,573

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments (cont.)

Corporate Notes	
Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	$ 14,143,094
Commercial Paper	
Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	$ 8,246,799

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2012, the County's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Corporate notes	A, A+, AA, AA+, AA-, AAA	A1, A2, Aa1, Aa2, Aa3, Aaa
Federal agency bond/note	AA+	Aaa
Money market mutual funds	AAAm	N/R
Commercial paper	A-1, A-1+	P-1

The County also held investments in the following external pool which is not rated:

Local Government Investment Pool

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2012, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Net Position
Federal government	U.S. Agencies-implicitly guaranteed	23.28%

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2012, the County's investments were as follows:

		Maturity (In Months)			
Investment Type	Fair Value	Less than 6 months	6-12 months	13-24 months	Greater than 24 months
US treasuries	$ 48,267,197	$ -	$ 23,192,703	$ 7,755,752	$ 17,318,742
US agencies - implicitly guaranteed	32,575,573	12,717,691	6,367,807	6,696,425	6,793,650
Corporate notes	14,143,094	4,414,858	2,396,439	5,461,767	1,870,030
Commercial paper	8,246,799	8,246,799	-	-	-
Money market mutual funds	3,472,036	3,472,036	-	-	-
Totals	$106,704,699	$ 28,851,384	$ 31,956,949	$ 19,913,944	$ 25,982,422

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

B. RECEIVABLES

All of the receivables are expected to be collected within one year, except for delinquent taxes not collected within 60 days of year-end.

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

B. RECEIVABLES (cont.)

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	$ -	$ 38,784,576	$ 38,784,576
Delinquent property taxes receivable	1,301,650	-	1,301,650
Other receivables	21,340	-	21,340
Grant drawdowns prior to meeting all eligibility requirements	704,960	53,163	758,123
Total Deferred/Unearned Revenue for Governmental Funds	$ 2,027,950	$ 38,837,739	$ 40,865,689

Delinquent property taxes purchased from other taxing authorities are reflected as nonspendable fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available to replenish cash flow and are, therefore, excluded from the nonspendable portion of fund balances. Delinquent property taxes levied by the County are reflected as 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.

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

B. RECEIVABLES (cont.)

Taxes receivable represent current taxes and unpaid taxes for 2012 and prior years as follows:

Year of Settlement	County Tax Levied	County Purchased	Balance December 31, 2012
2012	$ 746,170	$ 2,661,010	$ 3,407,180
2011	364,987	1,266,580	1,631,567
2010	177,911	588,756	766,667
2009	63,807	203,780	267,587
2008	17,085	51,696	68,781
2007	6,835	20,951	27,786
2006	5,022	15,239	20,261
2005	2,857	8,709	11,566
2088	1,114	3,313	4,427
2003	1,201	3,619	4,820
2002	500	1,505	2,005
Total Tax Certificates	$ 1,387,489	$ 4,825,158	6,212,647
Tax deeds			166,722
Current taxes			46,090,851
Total Taxes Receivable			$ 52,470,220

Delinquent taxes collected within the sixty day period subsequent to year end aggregated $252,561 and $877,195 for delinquent taxes levied and purchased by the County, respectively.

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Land Records

Statutorily assessed fees for social security redaction and other land records projects.

Jail Assessments

Statutorily assessed jail surcharges to be applied to construction, remodeling, repair, or other areas allowed by state statutes for county jails.

Special Deposits and Impressed Cash Accounts

Accounts for deposits and accounts not legally available to the County to finance current operations.

Community Options Programming

The County has received cash and must maintain a special trust for Community Options Programming.

Landfill Long-term Care and Closure Costs

Used to finance the County's landfill long-term care and closure costs.

Following is a list of restricted assets at December 31, 2012:

Restricted Assets	
Land records	$ 719,623
Jail assessments	1,756,638
Special Deposits and impressed cash accounts	745,278
Community Options Programming	53,484
Landfill long-term care and closure costs	14,936,284
Accrued interest receivable	42,205
Total Restricted Assets	$ 18,253,512

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	$ 33,205,287	$ 377,055	$ -	$ 33,582,342
Construction in progress	19,373,400	4,301,585	7,263,618	16,411,367
Total Capital Assets Not Being Depreciated	52,578,687	4,678,640	7,263,618	49,993,709
Capital assets being depreciated				
Buildings	88,259,485	1,573,438	-	89,832,923
Improvements	10,006,267	67,771	-	10,074,038
Equipment	21,279,500	591,627	204,890	21,666,237
Infrastructure	178,657,700	11,115,300	8,189,500	181,583,500
Library collection	4,523,500	401,400	319,800	4,605,100
Total Capital Assets Being Depreciated	302,726,452	13,749,536	8,714,190	307,761,798
Total Capital Assets	355,305,139	18,428,176	15,977,808	357,755,507
Less: Accumulated depreciation for				
Buildings	(40,710,638)	(3,218,231)	-	(43,928,869)
Improvements	(4,460,794)	(488,035)	-	(4,948,829)
Equipment	(16,153,509)	(1,029,539)	204,890	(16,978,158)
Infrastructure	(57,402,900)	(5,008,855)	5,009,600	(57,402,155)
Library collection	(2,286,000)	(372,900)	319,200	(2,339,700)
Total Accumulated Depreciation	(121,013,841)	(10,117,560)	5,533,690	(125,597,711)
Net Capital Assets Being Depreciated	181,712,611	3,631,976	3,180,500	182,164,087
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 234,291,298	$ 8,310,616	$ 10,444,118	$ 232,157,796

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	$ 2,896,807
Public safety	714,295
Transportation	5,008,854
Health	2,659
Social services	54,722
Leisure and education	1,440,223
Total Governmental Activities Depreciation Expense	$ 10,117,560

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	$ 523,038	$ -	$ -	$ 523,038
Total Capital Assets Not Being Depreciated	523,038	-	-	523,038
Capital assets being depreciated				
Buildings	6,966,763	174,328	-	7,141,091
Improvements	21,218,620	633,007	-	21,851,627
Equipment	14,835,125	839,598	246,145	15,428,578
Total Capital Assets Being Depreciated	43,020,508	1,646,933	246,145	44,421,296
Total Capital Assets	43,543,546	1,646,933	246,145	44,944,334
Less: Accumulated depreciation for				
Buildings	(4,929,953)	(242,365)	-	(5,172,318)
Improvements	(15,968,222)	(585,625)	-	(16,553,847)
Equipment	(8,667,942)	(799,365)	210,774	(9,256,533)
Total Accumulated Depreciation	(29,566,117)	(1,627,355)	210,774	(30,982,698)
Net Capital Assets Being Depreciated	13,454,391	19,578	35,371	13,438,598
Business-type Capital Assets, Net of Accumulated Depreciation	$ 13,977,429	$ 19,578	$ 35,371	$ 13,961,636

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities	
Landfill	$ 622,121
Highway	1,004,603
Total Business-type Activities Depreciation Expense	$ 1,626,724

Depreciation expense is different from additions because of salvage cost of removal, internal allocations, and cost associated with the disposal of assets.

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General fund	Social improvement fund	$ 5,123
General fund	Landfill fund	18
General fund	Highway fund	6
Capital projects fund	General fund	7,500
Landfill fund	Highway fund	4,091
Landfill fund	General fund	252
Total - Fund Financial Statements		16,990
Less: Fund eliminations		(16,714)
Less: Government-wide eliminations		(504)
Total Internal Balances - Government-Wide Statement of Net Position		$ (228)

All amounts are due within one year.

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

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Capital improvement fund	$ 168,657	Close out finished capital projects
Capital improvement fund	General fund	3,734,221	Fund capital projects
Capital improvement fund	Social improvement fund	1,291,258	Fund capital projects
Highway fund	Capital improvement fund	1,258,598	Fund capital projects
Total - Fund Financial Statements		6,452,734	
Less: Fund eliminations		(7,711,332)	
Infrastructure costs assigned by the highway fund to governmental activities		3,502,300	
Total Transfers - Government-Wide Statement of Activities		$ 2,243,702	

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	$ 3,502,300
Business-type Activities	Governmental Activities	(1,258,598)
Total Government-wide Financial Statements		$ 2,243,702

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	$ 9,935,000	$ -	$ 1,270,000	$ 8,665,000	$ 1,310,000
Forest crop loan payable	1,791,702	14,650	45,235	1,761,117	-
Add/(Subtract) Deferred Amounts For (Discounts)/Premiums	765,831	-	153,166	612,665	-
Sub-totals	12,492,533	14,650	1,468,401	11,038,782	1,310,000
Other Liabilities					
Vested compensated absences - governmental activities	4,798,044	606,374	623,746	4,780,672	621,487
Vested compensated absences - internal service fund	61,284	10,361	7,967	63,678	8,279
Other postemployment benefits liability	3,096,375	-	217,517	2,878,858	-
Total Other Liabilities	7,955,703	616,735	849,230	7,723,208	629,766
Total Governmental Activities Long-Term Liabilities	$ 20,448,236	$ 631,385	$ 2,317,631	$ 18,761,990	$ 1,939,766
Business-type Activities					
Other Liabilities					
Vested compensated absences	$ 730,191	$ 181,162	$ 94,925	$ 816,428	$ 99,669
Other postemployment benefits liability	416,943	-	29,393	387,550	-
Cell A long-term care and postclosure costs	1,825,964	-	176,673	1,649,291	-
Cell B closure costs	3,126,750	174,904	-	3,301,654	-
Cell B long-term care and postclosure costs	4,105,958	663,994	-	4,769,952	-
Total Other Liabilities	10,205,806	1,020,060	300,991	10,924,875	99,669
Total Business-type Activities Long-Term Liabilities	$ 10,205,806	$ 1,020,060	$ 300,991	$ 10,924,875	$ 99,669

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed 5% of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2012, was $469,677,165. Total general obligation debt outstanding at year end was $8,665,000.

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the County. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
General Obligation Promissory Notes Series 2009A	02/01/09	12/01/18	2.50-5.00%	$ 16,770,000	$ 8,665,000
Total Governmental Activities - General Obligation Debt					$ 8,665,000

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt Principal	Interest
2013	$ 1,310,000	$ 373,400
2014	1,355,000	340,650
2015	1,410,000	300,000
2016	1,465,000	229,500
2017	1,530,000	156,250
2018	1,595,000	79,750
Totals	$ 8,665,000	$ 1,479,550

Forest Crop Loan

The state of Wisconsin has provided for a non-interest 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.

The balance of the Forest Crop Loan at December 31, 2012 is $1,761,117.

Other Debt Information

Estimated payments of other long-term liabilities (compensated absences and other postemployment benefits) are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general, airport, landfill, and county highway funds.

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information (cont.)

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The County believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

G. LEASE DISCLOSURES

Lessor - Operating Leases

The Forestry Department leases (as lessor) land for farmland. The book value and carrying amount of the leased farmland is $98,805. The future minimum lease receipts as of December 31, 2012, are as follows:

Years	Governmental Activities Principal
2013	$ 2,091
2014	2,091
2015	2,091
2016	897
2017	897
2018-2064	42,167
Totals	$ 50,234

H. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on its Cell A landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for forty years after closure. The County completed final closure of the landfill in 1993. $1,649,291 of the $9,720,897 reported as landfill postclosure care liability at December 31, 2012, represents the total amount needed by the County for post closure care costs according to state and federal regulations. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2012, $8,737,383 of investments are held at U.S. Bank for these purposes and reviewed annually by the DNR. These are reported as restricted assets on the statement of net position. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by changes to future landfill users or from future tax revenue.

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

H. CLOSURE AND POSTCLOSURE CARE COST (cont.)

Similar state and federal laws and regulations require the County to place a final cover on its Cell B site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 40 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. $8,071,606 of the $9,720,897 reported as landfill closure and postclosure care liability at December 31, 2012, represents the cumulative amount reported to date based on the use of 88.59% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure case in 2012. The County expects to close the landfill in the year 2014. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

I. SELF FUNDED POLLUTION LIABILITY

During 1996, the County Board of Supervisors created an agreement with the Solid Waste Management Board to create a self funded pollution liability account. In the past, the Landfill Fund carried $2 million of pollution insurance coverage. The general financing plan, which is funded by a portion of the tipping fee, set aside $0 in 2012. This amount is adjusted by estimated cost of living increases 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 was fully funded as of December 31, 2006. The self-funded pollution liability account has a balance of $2,500,223 as of December 31, 2012, which is included in the Landfill Fund's unrestricted net position. No amounts were paid from this account in 2012.

J. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2012, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	$ 33,582,342
Construction in progress	16,411,367
Other capital assets, net of accumulated depreciation	182,164,087
Less: Long-term debt outstanding	(8,665,000)
Plus: Unspent capital related debt proceeds	1,639,135
Less: Unamortized premium	(612,665)
Total Net Investment in Capital Assets	224,519,266

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

J. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted	
Debt service	$ 1,474,705
General government	1,058,694
Public safety	1,756,638
Social services	5,093,752
Health	65,779
Total Restricted	9,449,568
Unrestricted	60,860,372
Total Governmental Activities Net Position	$ 294,829,206

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2012, include the following:

	General Fund	Social Improvement	Capital Improvement	Debt Service	Totals
Fund Balance					
Nonspendable:					
Inventories	$ 10,000	$ -	$ -	$ -	$ 10,000
Non-county levy portion of delinquent property taxes receivable	3,947,965	-	-	-	3,947,965
Restricted for:					
UW dorm capital maintenance	339,071	-	-	-	339,071
Land records	719,623	-	-	-	719,623
Jail assessments	1,756,638	-	-	-	1,756,638
Debt service	-	-	-	1,506,859	1,506,859
ADRC-CW	65,779	-	-	-	65,779
Social improvement	-	4,738,702	-	-	4,738,702
Capital projects	-	-	1,639,135	-	1,639,135
Assigned to:					
Carryforwards	1,014,913	-	-	-	1,014,913
Conservation (ATC powerline easement)	3,502,951	-	-	-	3,502,951
Subsequent year's budget	4,165,701	-	-	-	4,165,701
Compensated absences	5,707,105	-	-	-	5,707,105
Capital projects	-	-	9,133,893	-	9,133,893
Unassigned:	25,462,846	-	-	-	25,462,846
Total Fund Balances	$ 46,692,592	$ 4,738,702	$ 10,773,028	$ 1,506,859	$ 63,711,181

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

J. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net investment in capital assets	
Land	$ 523,038
Other capital assets, net of accumulated depreciation	13,438,598
Total Net Investment in Capital Assets	13,961,636
Restricted	
Landfill long-term care costs	5,215,387
Total Restricted	5,215,387
Unrestricted	42,117,105
Total Business-type Activities Net Position	$ 61,294,128

K. UNIVERSITY OF WISCONSIN - MARATHON COUNTY

State Statute 59.56(4) places the responsibility for the construction and maintenance of capital facilities for the two year campuses on the local tax base, in this case, Marathon County. In some areas the local tax base could be shared among several local units of government. The four-year campuses are the responsibility of the State. The operating costs for all campuses remain the responsibility of the State.

L. COMPONENT UNITS

NORTH CENTRAL HEALTH CARE

This report contains the North Central Health Care (NCHC), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

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

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

L. COMPONENT UNIT (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits	$ 5,112,894	$ 5,414,861	Custodial credit
Certificates of deposits	7,806,298	7,806,298	Custodial credit
Total Deposits and Investments	$12,919,192	$13,221,159	

Custodial Credit Risk

Deposits

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

Uninsured and uncollateralized	$ 6,821,715
Bank balances	$ 13,221,159

Investments

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

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

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

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

L. COMPONENT UNIT (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	$ 51,300	$ -	$ -	$ 51,300	N/A
Construction in progress	505,816	2,184,947	956,169	1,734,594	N/A
Depreciable land improvements	1,086,402	-	-	1,086,402	10-40
Buildings and building improvements	21,933,102	90,957	-	22,024,059	10-40
Equipment	14,753,334	1,095,089	97,048	15,751,375	3-40
Less: Accumulated depreciation	(27,981,906)	(1,512,743)	97,048	(29,397,601)	
Totals	$ 10,348,048	$ 1,858,250	$ 956,169	$ 11,250,129	

d. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Compensated absences	$ 1,529,306	$ 1,460,006	$ 1,529,306	$ 1,460,006	$ 1,460,006

e. Related-Party Note Payable

In 2011, Marathon County advanced $1,500,000 to NCHC to pay costs associated with renovation of space to be utilized by the Marathon County Health Department. NCHC is required to repay Marathon County over 10 years with a 2% per annum interest rate. The outstanding loan balance is due December 2020.

At December 31, 2012, the related-party note payable consisted of:

Note payable	$ 1,223,489
Less: Current maturities	(142,456)
Long-term Portion	$ 1,081,033

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

L. COMPONENT UNIT (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

e. Related-Party Note Payable (cont.)

Required payments of principal and interest at December 31, 2012 on the related-party note payable are as follows:

	Principal	Interest
2013	$ 142,456	$ 23,169
2014	145,331	20,293
2015	148,264	17,360
2016	151,257	14,367
2017	154,310	11,314
2018-2021	481,871	15,002
Totals	$ 1,223,489	$ 101,505

f. Employee Retirement System

All eligible NCHC employees participate in the Wisconsin Retirement System ("System"), a cost-sharing defined benefit multiple-employer public employee retirement system (PERS). The payroll for employees covered by the System for the year ended December 31, 2012 was $25,558,043; the NCHC's total payroll was $29,036,924.

The total required contribution for the year ended December 31, 2012 was $2,964,733 or 11.6% of covered payroll. Of this amount, 5.4% was contributed by the employer for the current year and 6.2% was contributed from employees. Total contributions for the years ended December 31, 2011 and 2010 were $2,366,815 and $2,866,141, respectively, equal to the required contributions for each year.

There was no unfunded liability as of December 31, 2012.

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

L. COMPONENT UNIT (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

g. Charity Care

NCHC provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community including the health of low-income patients. Consistent with the mission of NCHC, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources.

Patients who meet certain criteria for community care, generally based on federal poverty guidelines, are provided care based on qualifying criteria as defined in NCHC's charity care policy and from applications completed by patients and their families.

The amount of charges forgone for services and supplies furnished under NCCS's charity care policy aggregated approximately $5,062,000 for NCHC's 41.42/437 program for 2012.

h. Family Care County Contribution

Effective November 1, 2008 and January 1, 2011, NCHC's Marathon County and Langlade County, respectively, developmentally disabled clients were transitioned to the Family Care program which is operated by a third party. Thus, NCHC no longer receives state funding to serve these clients. However, NCHC has contracted with the Family Care agency to be a provider of residential and day services for these clients.

As part of the transition to Family Care, Marathon County and /Langlade County are required by the State to assist in funding the cost of care for individuals in the program. The County contribution is a preset state-determined decreasing amount to be paid annually on October 31 over five years.

NCHC is responsible for Marathon County's and, in 2011, Langlade County's payment of the State-required contributions. Reimbursement of these amounts will be received through the base county allocation NCHC continues to receive from the State. The amount for 2012 of $2,194,606 is reflected as a net adjustment to the state match/addendum in the combined statements of revenues, expenses, and changes in net position. Future amounts payable under the agreement consist of the following:

2013	$ 1,125,287

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

L. COMPONENT UNIT (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

i. Related Party Transaction

NCHC 51.42/.437 operations are financed, in part, by Marathon, Langlade, and Lincoln Counties. Contributions for operations are based on NCHC budget amounts. A Joint County Human Services Agreement delineates the methodology for calculating each County's actual contribution and the resulting overpayment or underpayment for that particular year. NCHC also receives contributions from Marathon County for the nursing home operations.

NCHC's 51.42/437 program received $9,460,735 in 2012 from the counties, and the nursing home received $1,889,269 in 2012 from Marathon County to assist in meeting operating costs and for additions and improvements to capital assets.

Land and buildings at a cost of $27,833,996 in 2012 utilized by the 51.42/.437 program and the nursing home are held in title by Marathon County. These capital assets, net of accumulated depreciation, are included in the combined statements of net position under capital assets - net and in net investment in capital assets. Depreciation on this property is included in the combined financial statements of NCHC.

j. Reimbursement Arrangement With Third-Party Payors

NCHC has agreements with third-party payors that provide for reimbursement to NCHC at amounts which vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

Medicare

In 2012, approximately 13% of NCHC's revenues for services provided to patients whose bills are paid in whole or in part by the Medicare program. Inpatient services rendered to Medicare program beneficiaries are paid based on prospectively determined rates based on a patient classification system.

Outpatient services are paid primarily on prospectively determined rates also based on a patient classification system or fixed fee schedules.

Nursing home resident care is paid based on a predetermined rate per inpatient day, which varies depending upon the patient's level of care and types of services provided.

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

L. COMPONENT UNIT (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

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

Medicaid

In 2012, approximately 69% of NCHC's revenue was for services provided to patients whose bills are paid in whole or in part by the Medicaid program.

Hospital and nursing home services rendered to Medicaid program beneficiaries are reimbursed primarily based upon prospectively determined rates which varies depending on the patient's level of care and types of services provided.

Accounting for Contractual Adjustments

The hospital is reimbursed for cost-reimbursable items at an interim rate with final settlements determined after audit of NCHC's related annual cost reports by the respective Medicare and Medicaid fiscal intermediaries. Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying financial statements. The cost reports have been audited by the Medicare and Medicaid fiscal intermediaries through December 31, 2010 and 2005, respectively.

Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Violation of these laws and regulations could result in the imposition of fines and penalties, as well as repayments of previously billed and collected revenue from patient services. Management believes NCHC is in substantial compliance with current laws and regulations.

The Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) to search for potentially inaccurate Medicaid payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts. Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the providers' Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. NCHC is in the process of evaluating the results of the proposed RAC adjustments involving medical necessity, and management is currently unable to determine the financial impact as of December 31, 2012. The financial impact of these audits is not expected to have a material impact on the financial position of NCHC, and any final adjustments will be recognized when the final outcome is known.

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

L. COMPONENT UNIT (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

k. Patient Accounts Receivable - Net

Patient accounts receivable consisted of the following at December 31, 2012:

	51.42/.437 Program	Nursing Home	Totals
Patient accounts receivable	$ 4,023,740	$ 3,436,928	$ 7,460,668
Less: Allowance for doubtful accounts	(601,852)	(23,430)	(625,282)
Contractual adjustments	(1,316,914)	(673,765)	(1,990,679)
Patient Accounts Receivable - Net	$ 2,104,974	$ 2,739,733	$ 4,844,707

l. Net Patient Service Revenue

Net patient service revenue consisted of the following at December 31, 2012:

	51.42/.437 Program	Nursing Home	Totals
Gross patient service revenue:			
Medical assistance	$ 11,411,025	$ 18,260,843	$ 29,671,868
Private pay	1,832,165	4,036,951	5,869,116
Medicare	2,639,289	14,856,058	17,495,347
Insurance	1,978,480	1,163,828	3,142,308
Family care	7,969,071	809,561	8,778,632
Other 51.42/.437 boards	145,521	201	145,722
Totals	25,975,551	39,127,442	65,102,993
Less: Contractual adjustments	(11,942,369)	(12,912,205)	(24,854,574)
Provision for bad debts	(141,348)	(37,552)	(178,900)
Net Patient Service Revenue	$ 13,891,834	$ 26,177,685	$ 40,069,519

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

L. COMPONENT UNIT (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

m. Leases

NCHC has various operating leases for apartments and group homes. NCHC leases three group homes from Marathon County. Rental expense on the related-party group homes amounted to $30,600 in 2012. Total rental expense on all operating leases amounted to $375,057 in 2012.

n. Self-Funded Insurance

NCHC has a self-funded health insurance plan which provides benefits to employees and their dependents. Health costs are expensed as incurred. Health expense is based upon claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. The health plan has reinsurance to cover catastrophic individual claims over $200,000 and aggregate specific claims over $25,000 of the actuarial estimate for the year.

NCHC also has a self-funded dental insurance plan which provides benefits to employees and their dependents. Dental costs are expensed as incurred. Dental expense is based upon claims paid, administration fees, and unpaid claims at year-end. The plan covers annual individual claims up to $1,000 and has no reinsurance.

Unpaid health and dental claims liability activity for the years ended December 31, was as follows:

	2012	2011
Unpaid claims liability at beginning	$ 993,204	$ 610,000
Claims expense	6,108,376	5,465,160
Claim payments	(6,166,580)	(5,081,956)
Unpaid Claims Liability at End	$ 935,000	$ 993,204

Management believes the liabilities are sufficient to cover estimated claims, including claims incurred but not yet reported.

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

L. COMPONENT UNIT (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

o. Comprehensive General and Professional Liability Insurance

NCHC's comprehensive general liability insurance covers losses of up to $1,000,000 per claim with $3,000,000 annual aggregate for claims incurred during a policy year regardless of when the claim was filed (occurrence-based coverage). NCHC's professional liability insurance covers losses up to $1,000,000 per claim with $3,000,000 annual aggregate for claims reported during a policy year (claims-made coverage). NCHC also carries an umbrella liability policy of $3,000,000 for claims reported during a policy year (claims-made coverage). Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with NCHC. Although there exists the possibility of claims arising from services provided to patients through December 31, 2012, which have not yet been asserted, NCHC is unable to determine the ultimate costs, if any, of such possible claims and, accordingly, no provision has been made for them. Settled claims have not exceeded commercial coverage in any of the three preceding years. These insurance policies are renewable annually and have been renewed by the insurance carrier for the annual period extending through December 31, 2013.

p. Concentration of Credit Risk

Financial instruments that potentially subject NCHC to credit risk consist principally of cash deposits in excess of insurance limits, investments of surplus operating funds, as discussed in Note IV.L.b., and accounts receivable.

Patient accounts receivable consists of amounts due from patients, their insurers, or governmental agencies. NCHC grants credit to its patients, primarily residents of Langlade, Lincoln, and Marathon Counties for these services. NCHC is also required to meet the Wisconsin Statutes and Administrative Code under the Uniform Fee and Ability to Pay Provisions. The mix of receivables from patients and third-party payors was as follows at December 31, 2012:

Medicare	33 %
Medicaid	26
Other third-party payors	31
Patients	10
Total	100 %

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

L. COMPONENT UNIT (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

q. Functional Expenses

NCHC provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended December 31, 2012 are as follows:

Health care services	$ 40,131,889
General and administrative	15,662,276
Total	$ 55,794,165

CENTRAL WISCONSIN AIRPORT

This report contains the Central Wisconsin Airport (CWA), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

At year end, the carrying amount of the CWA's cash and cash equivalents was $6,775,340 and is part of the County's commingled cash. See Note IV. A.

c. Restricted Assets

The following represent the balances of the restricted assets:

Unspent Passenger and Customer Facility Charges

Used to finance various FAA approved construction projects.

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

L. COMPONENT UNIT (cont.)

CENTRAL WISCONSIN AIRPORT (cont.)

c. Restricted Assets (cont.)

Following is a list of restricted assets from unspent passenger and customer facility charges and unspent debt proceeds at December 31, 2012:

	Restricted Assets
Cash and cash equivalents	$ 2,284,527

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	$ 614,983	$ -	$ -	$ 614,983	N/A
Construction in progress	8,464,249	2,599,863	2,069,892	8,994,220	
Buildings	12,682,599	2,570,687	-	15,253,286	20-50
Improvements	42,884,801	-	-	42,884,801	2-20
Equipment	7,616,038	80,822	-	7,696,860	3-10
Less: Accumulated depreciation	(35,150,312)	(2,007,492)	-	(37,157,804)	
Totals	$ 37,112,358	$ 3,243,880	$ 2,069,892	$ 38,286,346	

e. Long-Term Obligations

CWA long-term obligations are payable by revenues from public charges for services. Long-term obligations activity for the year ended December 31, 2012 was as follows:

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

L. COMPONENT UNIT (cont.)

CENTRAL WISCONSIN AIRPORT (cont.)

e. Long-Term Obligations (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation debt	$ 4,875,000	$ 2,650,000	$ 545,000	$ 6,980,000	$ 575,000
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	61,358	35,250	5,399	91,209	-
Loss on refunding	(21,080)	-	(3,666)	(17,414)	-
Sub-totals	4,915,278	2,685,250	546,733	7,053,795	575,000
Other Liabilities					
Vested compensated absences	147,601	31,981	19,188	160,394	20,851
Other postemployment benefits liability	105,637	-	7,139	98,498	-
Sub-totals	253,238	31,981	26,327	258,892	20,851
Totals	$ 5,168,516	$ 2,717,231	$ 573,060	$ 7,312,687	$ 595,851

Debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2013	$ 575,000	$ 238,008	$ 813,008
2014	535,000	222,650	757,650
2015	565,000	200,750	765,750
2016	600,000	177,575	777,575
2017	935,000	152,825	1,087,825
2018-2022	2,095,000	482,325	2,577,325
2023-2027	1,575,000	156,975	1,731,975
2028	100,000	3,375	103,375
Totals	$ 6,980,000	$ 1,634,483	$ 8,614,483

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

L. COMPONENT UNIT (cont.)

CENTRAL WISCONSIN AIRPORT (cont.)

f. Employee Retirement System

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

There was no unfunded liability as of December 31, 2012.

g. Lease Disclosures

Lessor-Operating Leases

The CWA leases farmland, terminal space, hanger space, and parking space. The cost of the leased space is $12,213,215. The carrying amount of the leased space at CWA is $6,521,506. The difference between the two figures is the accumulated depreciation of $5,691,709. The future minimum lease receipts as of December 31, 2012, are as follows:

Years	Principal
2013	$ 284,442
2014	7,152
2015	1,042
Total	$ 292,636

CHILDREN WITH DISABILITIES EDUCATION BOARD

This report contains the Children with Disabilities Education Board (CDEB), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

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

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

L. COMPONENT UNIT (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits	$ 1,518,454	$ 1,418,582	Custodial credit
LGIP	731,263	731,263	Credit
Petty cash	100	-	N/A
Total Deposits and Investments	$ 2,249,817	$ 2,149,845	

Custodial Credit Risk

Deposits

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

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The CDEB held investments in the following external pool which was not rated:

Local Government Investment Pool

c. Restricted Assets

The restricted cash and investment is a certificate of deposit to be used to pay for a life insurance policy on certain management personnel in the event of retirement.

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

L. COMPONENT UNIT (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Buildings	$ 222,877	$ -	$ -	$ 222,877	50
Equipment	40,499	-	-	40,499	10
Less: Accumulated depreciation	(60,775)	(8,508)	-	(69,283)	
Totals	$ 202,601	$ (8,508)	$ -	$ 194,093	

e. Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Vested compensated absences	$ 96,211	$ 39,270	$ 7,456	$ 128,025	$ 12,130
OPEB obligation	31,261	23,415	24,000	30,676	-
Totals	$ 127,472	$ 62,685	$ 31,456	$ 158,701	$ 12,130

f. Employee Retirement System

All eligible CDEB employees participate in the Wisconsin Retirement System ("System"), a cost-sharing defined benefit multiple-employer public employee retirement system (PERS). The payroll for employees covered by the System for the year ended June 30, 2012 was $3,204,856; the CDEB's total payroll was $3,421,391.

The total required contribution for the year ended June 30, 2012 was $220,032 or 7% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending June 30, 2011 and 2010 were $358,422 and $330,303, respectively, equal to the required contributions for each year.

There was no unfunded liability as of June 30, 2012.

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

L. COMPONENT UNIT (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

g. Lease Disclosures

The department leases office space from North Central Health Care on an annual basis. Rent expensed by the department for the current fiscal year totaled $45,635.

h. Postemployment Benefits Other Than Pensions

The department administers a single-employer defined benefit postemployment healthcare plan ("the Retiree Health Plan"). The plan provides health insurance contributions for eligible retirees through the department's group health insurance plan, which covers both active and retired members. Benefit provisions are established through employment agreements and state that eligible retirees qualify for benefits up to $24,000 that may be used to pay for eligible medical expenses and insurance premium payments. The Retiree Health Plan does not issue a publicly available financial report.

Summary of Significant Accounting Policies

Basis of Accounting. The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value, which is determined by the mean of the most recent bid and asked provides as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian under the direction of the plan board of trustees, with the assistance of a valuation service.

Plan Contribution Information

Members of the plan consisted of the following at July 1, 2010, the date of the latest actuarial valuation:

Retirees	2
Active Plan Members	57
Number of participating employers	1

Contribution requirements are established through employment agreements and may be amended only through negotiations between the board and the employees. The department contributes a varying amount of the annual required contribution as determined by the actuarial study dated July 1, 2010. For fiscal year 2012, the department made no contributions to the plan. Plan members receiving benefits do not contribute to the plan.

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

L. COMPONENT UNIT (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

h. Postemployment Benefits Other Than Pensions (cont.)

Plan Contribution Information (cont.)

The CDEB's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize and unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the department's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the department's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	$	23,666
Interest on net OPEB obligation		1,191
Adjustment to annual required contribution		(1,442)
Annual OPEB cost		23,415
Contributions made		(24,000)
Change in net OPEB obligation		(585)
Net OPEB Obligation - Beginning of Year		31,261
Net OPEB Obligation - End of Year	$	30,676

The CDEB's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	$ 19,846	0%	$ 19,846
6/30/11	23,415	51%	31,261
6/30/12	23,415	102%	30,676

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

L. COMPONENT UNIT (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

h. Postemployment Benefits Other Than Pensions (cont.)

Plan Contribution Information (cont.)

The funded status of the plan as of July 1, 2010, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$	703,465
Actuarial value of plan assets		(739,033)
Unfunded Actuarial Accrued Liability (UAAL)	$	(35,568)
Funded ratio (actuarial value of plan assets/AAL)		105.06%
Covered payroll (active plan members)	$	3,176,933
UAAL as a percentage of covered payroll		(1.12)%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the unprojected unit credit actuarial cost method was used. The actuarial assumptions include a 6% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after five years. The actuarial value of the Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level dollar method of projected payroll on an open basis. The amortization period at June 30, 2012 was 30 years.

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost sharing, multiple-employer, defined benefit, public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year, and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year, and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are:

	Employee	Employer
General	5.9%	5.9%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for County employees covered by the system for the year ended December 31, 2012 was $34,463,732; the employer's total payroll was $35,641,097. The total required contribution for the year ended December 31, 2012 was $4,502,345 or 13.0% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2011 and 2010 were $4,004,135 and $3,906,953, respectively, equal to the required contributions for each year.

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees 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 and submitting an application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2012 there was no pension related debt for the County.

B. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The County participates in a public entity risk pool called to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and dental care of its employees. However, other risks, such as health care of its employees are accounted for and financed by the County in the employee benefit insurance fund.

Public Entity Risk Pool

Wisconsin Municipal Mutual Insurance Company (WMMIC)

Wisconsin Municipal Mutual Insurance Company (WMMIC) is a mutual company operating solely within the property and liability insurance industry. WMMIC was organized to provide property and liability insurance and risk management services to participant municipalities. The aggregate annual maximum coverage per member is $10,000,000. At December 31, 2012, WMMIC was owned by eighteen members. Responsibility for the operation and management of WMMIC is vested in its board of directors which is comprised of various municipal officials.

WMMIC was formed pursuant to an Intergovernmental Charter-Contract dated November 1, 1987 by municipal members. WMMIC's initial capitalization was obtained by a $13,935,000 tax exempt Revenue Bond issuance. The bonds were repaid in full in 2007.

NOTE V - OTHER INFORMATION (cont.)

B. *RISK MANAGEMENT* (cont.)

Public Entity Risk Pool (cont.)

Wisconsin Municipal Mutual Insurance Company (WMMIC) (cont.)

WMMIC is self-insured for all insurance risks up to a maximum of $10,000,000 of losses involving two or more of its members. WMMIC retains the first $1,000,000 of the loss and the remaining $9,000,000 is through reinsurance. Losses paid by WMMIC plus administrative costs will be recovered through premiums of the participating pool of municipalities. The County's share of such losses is 5.97%. A list of other members and their share of participation is in the WMMIC report. Financial statements of WMMIC are available from: Wisconsin Municipal Mutual Insurance Company, 4785 Hayes Road, Madison, WI 53704-7364.

The county's investment in WMMIC is reported on the statement of net position as a deposit. The amount reported is the original capitalization of $1,519,000. Payments to WMMIC for current year insurance coverage are also reflected in the Property Casualty Insurance internal service fund.

Local Government Property Insurance Fund

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 $5,000 per occurrence deductible and a $500 per occurrence deductible on its fleet comprehensive coverage. 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 2012 claims liability of $748,341 reported in the Property Casualty Insurance fund at December 31, 2012 is based on the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Included in this liability is an amount of $100,000 which is the estimated catastrophic load. The County does not allocate overhead costs or other non-incremental costs to the claims liabilities. The amount has been fully funded. Changes in the fund's claim liability amount for 2011 and 2012 are as follows:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2011	$ 1,113,488	$ 378,689	$ (624,367)	$ 867,810
2012	867,810	301,199	(420,668)	748,341

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Local Government Property Insurance Fund (cont.)

The County also purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are recorded as expenditures or expenses in various other funds of the County. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year. All funds of the County participate in the risk management program. Amounts payable to the fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. $3,507,612 was assigned for that reserve at year end, and is included in unrestricted net position of the Property Casualty Insurance internal service fund.

Until 2009, the County (including the CWA as a discretely presented component unit) maintained its health insurance through the Group Health Trust (GHT) of the Wisconsin County's Association. The County still maintains its dental insurance through this plan. GHT is the plan sponsor for the County health plan. The number of employees covered is approximately 704. Employees are offered a choice of two dental plans, a capitated DMO program, and a self funded program. The claims liability for the dental plan is $25,373 for dental reported in the Employee Benefits Insurance fund at December 31, 2012, is based on the requirements of GASB.

Changes in the fund's dental claims liability for 2011 and 2012 are as follows:

	Dental Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2011	$ 5,391	$ 235,655	$ (235,751)	$ 5,295
2012	5,295	301,520	(281,442)	25,373

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 $300,000 per claim/occurrence. The claims liability of $2,258,357 reported in the Employee Benefits Insurance fund at December 31, 2012 is also based on the requirements of GASB.

NOTE V - OTHER INFORMATION (cont.)

B. Risk Management (cont.)

Public Entity Risk Pool (cont.)

Local Government Property Insurance Fund (cont.)

Changes in the fund's claim liability amount for 2011 and 2012 are as follows:

	Worker's Comp Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2011	$ 1,680,471	$ 10,753	$ (37,169)	$ 1,654,055
2012	1,654,055	738,422	(134,120)	2,258,357

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, 2012 as well as an estimate of claims incurred but not reported. A determination of the appropriate reserves was calculated and funding is assured at the 95th percentile and includes an estimate of catastrophic loss.

C. Commitments and Contingencies

From time to time, the County is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the County attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Funding for the operating budget of the County comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. 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.

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The County has the following encumbrances outstanding at year end, relating to funds on hand:

Capital improvement fund	$ 1,158,736

D. OTHER POSTEMPLOYMENT BENEFITS

The County's (including the Central Wisconsin Airport as a component unit) group health insurance plan previously provided coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy. As of January 1, 2012, the county changed the plan benefits such that no participants who retire after that date are premitted to stay on the county's health plan.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the County and the union. Plan members receiving benefits contribute 100% and 100% of their premium costs for a family plan and a single plan, respectively. For fiscal year 2012, total member contributions were $202,588. Administrative costs of the plan are financed through investment earnings.

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	$ 129,603
Interest on net OPEB obligation	141,801
Adjustment to annual required contribution	(322,865)
Annual OPEB cost	(51,461)
Contributions made	(202,588)
Decrease in net OPEB obligation	(254,049)
Net OPEB Obligation - Beginning of Year	3,618,955
Net OPEB Obligation - End of Year	$ 3,364,906

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2010	$ 1,074,380	27	$ 3,009,230
December 31, 2011	1,207,068	30	3,618,955
December 31, 2012	(51,461)	(394)%	3,364,906

The funded status of the plan as of January 1, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 1,367,735
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 1,367,735
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	$ 32,865,617
UAAL as a percentage of covered payroll	4.16%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method of funding was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 8.1% initially, reduced by decrements to an ultimate rate of 4.6% after 70 years. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2012, was 30 years.

E. RELATED ORGANIZATIONS/JOINTLY GOVERNED ORGANIZATIONS

City-County Information Technology Commission

The City-County Information Technology Commission (CCITC) is a joint function with Marathon County, the City of Wausau and NCHC to provide for the implementation and operation of a data and management information service. The CCITC is governed by an eight member board of Commissioners consisting of the City of Wausau Mayor and Finance Director, Marathon County chairman of the Board of Supervisors, County Administrator, NCHC CEO and Finance Director. To ensure a balance of influence on the Board of Commissioners, two members are appointed at large from within the County. These members must have a professional background in data processing services. The Board of Commissioners has the authority to fix cost sharing charges for members in an amount sufficient to provide the funds required by the budget. Funding for services is recovered through three sources. The City, County, and NCHC split the operating costs not recovered through outside user fees 21%, 41%, and 38%, respectively. Each member pays one-third of capital costs, unless otherwise shown to benefit for only one owner. Marathon County's share of the CCITC operations costs for 2012 was $1,244,115. Additional capital project reimbursements totaled $1,741,935. The County has an equity interest in the joint venture, but it is not material to the financial statements.

Financial information of the CCITC as of December 31, 2012 is available directly from the commission's office.

Regional Planning Commission

The County, in conjunction with Vilas, Forest, Oneida, Lincoln, Langlade, Portage, Wood, Juneau, and Adams counties, and major cities within these counties, has created the North Central Wisconsin Regional Planning Commission (NCWRPC). NCWRPC's governing body is comprised of two members from each of the ten counties and a representative from each major city. The County's representatives are appointed by the County Board Chair and approved by the County Board. Marathon County's 2012 appropriation for NCWRPC was $3,654.

NOTE V - OTHER INFORMATION (cont.)

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

Aging and Disability Resources Center of Central Wisconsin

The Marathon County and Wood County, Lincoln County, and Wood County jointly operate the regional agency, which is called the Aging and Disability Resources Center of Central Wisconsin (ADRC-CW) and provides quality programs to enhance the quality of life for the aged and disabled residents of the four counties.

The governing body is made up of citizens from each community. Local representatives are appointed by the member counties. The governing body has authority to adopt its own budget and control the financial affairs of the district.

Financial information of the ADRC-CW as of December 31, 2012 is available directly from the ADRC-CW's office.

Under the terms of the agreement, the portion of the County funding to maintain and operate the ADRC-CW is the County's respective share of equalized value. Marathon County's share of funding based on equalized value is 43%. Marathon County paid $395,367. The current agreement terminates on and has been renewed. The agreement can be terminated if sixteen months advance notice is given to the member counties.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disputes of Government Operations*; and Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantee*s. Application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MARATHON COUNTY

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
For the Year Ended December 31, 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/10	$ -	$ 10,464,474	$ 10,464,474	0%	$ 34,256,360	30.55%
01/01/11	-	11,147,674	11,147,674	0%	34,923,852	31.92%
01/01/12	-	1,367,735	1,367,735	0%	32,865,617	4.16%

Significant changes since the prior evaluation include:

> As of January 1, 2012, participants who retire are no longer permitted to stay on the county's health plan.

See independent auditors report.

SUPPLEMENTARY INFORMATION

MARATHON COUNTY, WISCONSIN

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes				
General property taxes	$ 29,945,700	$ 29,945,700	$ 30,288,416	$ 342,716
Forest crop taxes	30,000	30,000	45,133	15,133
Transfer tax	185,543	185,543	206,808	21,265
Sales tax	9,250,150	9,250,150	10,312,235	1,062,085
Interest on delinquent taxes	350,000	350,000	1,332,293	982,293
Penalties on delinquent taxes	175,000	175,000	663,198	488,198
Total Taxes	39,936,393	39,936,393	42,848,083	2,911,690
Intergovernmental Grants and Aids				
Wisconsin shared revenue	3,877,717	3,877,717	5,522,657	1,644,940
Exempt computer aid	225,000	225,000	439,881	214,881
Environmental impact fee	-	127,000	155,851	28,851
Federal grants	305,316	1,260,877	276,144	(984,733)
State grants	5,300,886	6,794,904	3,627,692	(3,167,212)
Local government grants	11,250	80,361	53,029	(27,332)
Total Intergovernmental Grants and Aids	9,720,169	12,365,859	10,075,254	(2,290,605)
Licenses and Permits				
Licenses	53,450	53,450	40,794	(12,656)
Permits	228,000	228,000	221,005	(6,995)
Total Licenses and Permits	281,450	281,450	261,799	(19,651)
Fines and Forfeitures				
County ordinance fines and forfeitures	198,000	198,000	200,624	2,624
County share of state fines and forfeitures	483,480	483,480	570,351	86,871
Total Fines and Forfeitures	681,480	681,480	770,975	89,495
Public Charges for Services				
General Government				
Recording fees	400,000	400,000	413,525	13,525
Certified copies	65,000	65,000	69,646	4,646
Land record fees	348,000	348,000	374,658	26,658
Court fees and costs	701,000	701,000	688,272	(12,728)
Other charges	343,883	343,883	414,469	70,586
Total General Government	1,857,883	1,857,883	1,960,570	102,687
Public Safety				
Board of prisoners	433,000	533,000	329,992	(203,008)
Processing fees	222,000	222,000	191,775	(30,225)
Other charges	344,709	346,699	266,485	(80,214)
Total Public Safety	999,709	1,101,699	788,252	(313,447)

MARATHON COUNTY, WISCONSIN

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES (cont.)				
Health				
General health	$ 26,220	$ 26,220	$ 23,487	$ (2,733)
Lab contract work	74,230	82,230	96,865	14,635
Environmental permits	413,240	413,240	404,478	(8,762)
Other charges	75,652	79,652	86,995	7,343
Total Health	589,342	601,342	611,825	10,483
Social services	5,000	5,000	2,656	(2,344)
Library	95,000	95,000	98,516	3,516
Recreation and Public Areas				
Camping fees	120,000	120,000	117,434	(2,566)
Park concessions	67,160	67,160	29,518	(37,642)
Shelter rental and forfeitures	27,800	27,800	19,755	(8,045)
Fairgrounds building rents	113,400	113,400	90,852	(22,548)
Organized hockey rents	220,000	220,000	194,942	(25,058)
Cross country fees	70,000	70,000	76,166	6,166
Other charges	184,880	232,216	220,174	(12,042)
Total Recreation and Public Areas	803,240	850,576	748,841	(101,735)
Education	34,972	34,972	26,455	(8,517)
Conservation				
Forest resources	293,000	293,000	299,483	6,483
Agricultural resources	40,530	40,530	60,645	20,115
Total Conservation	333,530	333,530	360,128	26,598
Total Public Charges for Services	4,718,676	4,880,002	4,597,243	(282,759)
Intergovernmental Charges for Services				
State and federal	210,812	210,812	186,312	(24,500)
Local Districts				
General government	35,031	135,031	112,213	(22,818)
Register of deeds services	58,990	58,990	49,977	(9,013)
Postage	72,500	72,500	57,546	(14,954)
Telephone	29,300	29,300	7,534	(21,766)
Sheriff's services	287,590	289,840	213,110	(76,730)
Health	1,000	1,336	1,337	1
Other charges	425,260	421,260	376,069	(45,191)
Local departments	363,782	389,282	362,300	(26,982)
Total Intergovernmental Charges for Services	1,484,265	1,608,351	1,366,398	(241,953)
Miscellaneous Revenue				
Interest income	326,320	326,320	235,590	(90,730)
Change in the fair market value of investments	-	-	(130,887)	(130,887)
Rental income	569,986	569,986	524,924	(45,062)
Donations	176,458	181,876	274,653	92,777
Other revenues	57,890	121,504	713,164	591,660
Total Miscellaneous Revenue	1,130,654	1,199,686	1,617,444	417,758
TOTAL REVENUES	$ 57,953,087	$ 60,953,221	$ 61,537,196	$ 583,975

MARATHON COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
EXPENDITURES				
General Government				
Legislative				
Personal services	$ 273,879	$ 273,879	$ 265,786	$ 8,093
Contractual services	10,600	10,600	9,175	1,425
Materials and supplies	91,550	91,550	70,875	20,675
Total Legislative	376,029	376,029	345,836	30,193
Judicial				
Personal services	2,351,353	2,291,353	2,227,847	63,506
Contractual services	817,477	877,477	848,990	28,487
Materials and supplies	78,528	78,528	82,998	(4,470)
Fixed charges	3,519	3,519	5,307	(1,788)
Total Judicial	3,250,877	3,250,877	3,165,142	85,735
Executive				
Personal services	360,003	360,003	358,671	1,332
Contractual services	33,510	33,510	9,129	24,381
Materials and supplies	21,610	21,610	23,014	(1,404)
Grants and contributions	1,500	1,500	-	1,500
Total Executive	416,623	416,623	390,814	25,809
General Administration				
Personal services	609,756	609,756	610,732	(976)
Contractual services	281,539	281,539	233,262	48,277
Materials and supplies	353,092	353,092	266,280	86,812
Total General Administration	1,244,387	1,244,387	1,110,274	134,113
Financial Administration				
Personal services	1,029,728	1,135,632	979,264	156,368
Contractual services	193,147	189,547	145,977	43,570
Materials and supplies	43,970	43,970	35,919	8,051
Fixed charges	428,578	566,922	566,921	1
Grants and contributions	10,523,147	10,463,652	10,223,232	240,420
Total Financial Administration	12,218,570	12,399,723	11,951,313	448,410
Legal				
Personal services	1,510,369	1,451,871	1,355,380	96,491
Contractual services	303,003	314,528	251,047	63,481
Materials and supplies	73,576	80,971	72,615	8,356
Total Legal	1,886,948	1,847,370	1,679,042	168,328
Property Records and Control				
Personal services	552,688	552,688	526,490	26,198
Contractual services	97,514	97,514	71,996	25,518
Materials and supplies	50,853	50,853	27,552	23,301
Fixed charges	169,200	169,200	-	169,200
Total Property Records and Control	870,255	870,255	626,038	244,217

MARATHON COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
EXPENDITURES (cont.)				
County Planning and Zoning				
Personal services	$ 1,499,773	$ 1,406,873	$ 1,358,543	$ 48,330
Contractual services	404,372	436,566	388,310	48,256
Materials and supplies	90,425	128,851	73,430	55,421
Fixed charges	4,100	4,100	3,950	150
Grants and contributions	85,100	173,566	173,819	(253)
Capital outlay	-	127,000	127,000	-
Total County Planning and Zoning	2,083,770	2,276,956	2,125,052	151,904
Building Maintenance				
Personal services	1,429,005	1,429,005	1,326,454	102,551
Contractual services	968,744	981,307	784,803	196,504
Materials and supplies	124,740	124,740	101,101	23,639
Fixed charges	5,589	5,589	5,308	281
Capital outlay	56,000	86,415	82,475	3,940
Total Building Maintenance	2,584,078	2,627,056	2,300,141	326,915
Total General Government	24,931,537	25,309,276	23,693,652	1,615,624
Public Safety				
Sheriff				
Personal services	9,869,570	9,866,823	9,771,750	95,073
Contractual services	465,020	496,882	440,942	55,940
Materials and supplies	868,106	984,057	800,926	183,131
Fixed charges	63,543	63,543	65,202	(1,659)
Grants and contributions	24,248	62,973	31,685	31,288
Capital outlay	338,410	343,310	335,218	8,092
Total Sheriff	11,628,897	11,817,588	11,445,723	371,865
Emergency Services				
Personal services	163,745	191,933	150,588	41,345
Contractual services	-	15,561	13,852	1,709
Materials and supplies	72,828	107,070	44,849	62,221
Fixed charges	-	6,658	-	6,658
Grants and contributions	20,000	734,866	10,450	724,416
Capital outlay	-	92,109	66,512	25,597
Total Emergency Services	256,573	1,148,197	286,251	861,946
Adult Corrections				
Personal services	3,677,013	3,586,405	3,443,337	143,068
Contractual services	2,276,446	2,658,662	2,656,060	2,602
Materials and supplies	133,660	131,760	145,704	(13,944)
Fixed charges	1,192	1,192	1,192	-
Total Adult Corrections	6,088,311	6,378,019	6,246,293	131,726

MARATHON COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
EXPENDITURES (cont.)				
Juvenile Corrections				
Personal services	$ 1,077,186	$ 940,544	$ 940,531	$ 13
Contractual services	44,965	44,965	35,150	9,815
Materials and supplies	6,970	6,970	5,426	1,544
Fixed charges	4,741	4,741	4,377	364
Total Juvenile Corrections	1,133,862	997,220	985,484	11,736
Shelter Home				
Personal services	469,941	445,391	434,072	11,319
Contractual services	18,946	21,191	21,507	(316)
Materials and supplies	16,252	15,117	1,535	13,582
Fixed charges	1,292	1,292	1,626	(334)
Total Shelter Home	506,431	482,991	458,740	24,251
Total Public Safety	19,614,074	20,824,015	19,422,491	1,401,524
Health				
Personal services	3,278,236	3,717,440	3,137,988	579,452
Contractual services	1,009,497	1,119,954	1,065,383	54,571
Materials and supplies	363,472	633,121	244,391	388,730
Total Health	4,651,205	5,470,515	4,447,762	1,022,753
Social Services				
Veterans				
Personal services	184,151	185,651	184,588	1,063
Contractual services	4,350	2,850	3,797	(947)
Materials and supplies	14,200	14,200	8,533	5,667
Fixed charges	200	200	-	200
Grants and contributions	6,250	20,267	2,759	17,508
Total Veterans	209,151	223,168	199,677	23,491
Total Social Services	209,151	223,168	199,677	23,491
Leisure Activities and Education				
Library				
Personal services	2,691,934	2,691,934	2,444,981	246,953
Contractual services	244,116	244,116	242,022	2,094
Materials and supplies	541,717	677,521	634,703	42,818
Fixed charges	71,200	71,200	87,375	(16,175)
Total Library	3,548,967	3,684,771	3,409,081	275,690

MARATHON COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
EXPENDITURES (cont.)				
Public Areas				
Personal services	$ 1,964,157	$ 1,971,684	$ 1,896,139	$ 75,545
Contractual services	1,071,229	1,069,989	514,850	555,139
Materials and supplies	447,903	489,922	385,350	104,572
Fixed charges	137,276	137,276	38,500	98,776
Capital outlay	241,679	388,672	205,892	182,780
Total Public Areas	3,862,244	4,057,543	3,040,731	1,016,812
University Extension Program				
Personal services	142,052	143,063	131,065	11,998
Contractual services	224,770	235,203	149,652	85,551
Materials and supplies	41,047	58,309	43,554	14,755
Total University Extension Program	407,869	436,575	324,271	112,304
Total Leisure Activities and Education	7,819,080	8,178,889	6,774,083	1,404,806
Conservation and Economic Development				
Forest Resources				
Personal services	57,015	57,015	52,853	4,162
Contractual services	54,451	72,203	24,720	47,483
Materials and supplies	7,290	7,290	-	7,290
Fixed charges	3,898	3,898	598	3,300
Capital outlay	219,263	219,117	-	219,117
Total Forest Resources	341,917	359,523	78,171	281,352
Agricultural Resources				
Personal services	202,700	224,391	147,496	76,895
Contractual services	270,404	259,610	203,351	56,259
Materials and supplies	23,815	48,040	12,605	35,435
Grants and contributions	210,931	1,089,881	715,781	374,100
Total Agricultural Resources	707,850	1,621,922	1,079,233	542,689
Total Conservation and Economic Development	1,049,767	1,981,445	1,157,404	824,041
Capital Outlay				
Capital Projects				
Contractual services	135,000	271,830	102,468	169,362
Capital outlay	100,000	302,362	239,208	63,154
Total Capital Outlay	235,000	574,192	341,676	232,516
TOTAL EXPENDITURES	$ 58,509,814	$ 62,561,500	$ 56,036,745	$ 6,524,755

MARATHON COUNTY, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND - MAJOR FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Miscellaneous Revenues				
Investment income	$ -	$ 77	$ 76,341	$ 76,264
Reimbursement	-	88,300	329,024	240,724
Total Revenues	-	88,377	405,365	316,988
EXPENDITURES				
Current				
Capital outlay	4,530,275	14,096,311	6,330,500	7,765,811
Total Expenditures	4,530,275	14,096,311	6,330,500	7,765,811
Excess (deficiency) of revenues over expenditures	(4,530,275)	(14,007,934)	(5,925,135)	8,082,799
OTHER FINANCING SOURCES (USES)				
Transfers in				
General Fund	3,592,674	3,734,221	3,734,221	-
Social Improvement Fund	1,291,258	1,291,258	1,291,258	-
Sale of capital assets	-	24,000	17,825	(6,175)
Transfers out				
General Fund	(168,657)	(168,657)	(168,657)	-
County Highway Fund	(185,000)	(1,258,598)	(1,258,598)	-
Total Other Financing Sources (Uses)	4,530,275	3,622,224	3,616,049	(6,175)
Net change in fund balance	-	(10,385,710)	(2,309,086)	8,076,624
FUND BALANCE - Beginning of Year	13,082,114	13,082,114	13,082,114	-
FUND BALANCE - END OF YEAR	$ 13,082,114	$ 2,696,404	$ 10,773,028	$ 8,076,624

MARATHON COUNTY, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 1,675,150	$ 1,675,150	$ 1,675,150	$ -
Public charges for services	100,000	100,000	64,629	(35,371)
Miscellaneous revenues				
Investment income	-	-	18,024	18,024
Total Revenues	1,775,150	1,775,150	1,757,803	(17,347)
EXPENDITURES				
Debt Service				
Principal	1,370,000	1,370,000	1,315,235	54,765
Interest	405,150	405,150	405,149	1
Total Expenditures	1,775,150	1,775,150	1,720,384	54,766
Net change in fund balance	-	-	37,419	37,419
FUND BALANCE - Beginning of Year	1,469,440	1,469,440	1,469,440	-
FUND BALANCE - END OF YEAR	$ 1,469,440	$ 1,469,440	$ 1,506,859	$ 37,419

MARATHON COUNTY, WISCONSIN

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2012

	Property Casualty Insurance	Employee Benefits Insurance	Totals
ASSETS			
CURRENT ASSETS			
Cash and investments	$ 6,667,232	$ 10,477,726	$ 17,144,958
Accounts receivable	100,825	43,137	143,962
Total Current Assets	6,768,057	10,520,863	17,288,920
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	(53,868)	(4,598)	(58,466)
Net Capital Assets	-	-	-
Total Assets	8,287,057	10,520,863	18,807,920
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	17,732	21,823	39,555
Accrued items	1,825	69,148	70,973
Compensated absences	2,643	5,636	8,279
Total Current Liabilities	22,200	96,607	118,807
LONG-TERM LIABILITIES			
Accrued liability - claims payable	748,341	2,283,730	3,032,071
Compensated absences	17,685	37,714	55,399
Total Long-term Liabilities	766,026	2,321,444	3,087,470
Total Liabilities	788,226	2,418,051	3,206,277
NET POSITION			
Unrestricted	7,498,831	8,102,812	15,601,643
TOTAL NET POSITION	$ 7,498,831	$ 8,102,812	$ 15,601,643

MARATHON COUNTY, WISCONSIN

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	Property Casualty Insurance	Employee Benefits Insurance	Totals
OPERATING REVENUES			
Interdepartmental charges for services	$ 881,818	$ 12,260,952	$ 13,142,770
Total Operating Revenues	881,818	12,260,952	13,142,770
OPERATING EXPENSES			
Salaries and benefits	89,970	896,908	986,878
Contractual services	1,709	362,658	364,367
Materials and supplies	2,351	6,026	8,377
Insurance and claims	420,668	12,702,097	13,122,765
Loss and loss adjustment expense	(119,469)	624,380	504,911
Insurance and administration costs	-	10,657	10,657
Total Operating Expenses	395,229	14,602,726	14,997,955
Operating Income (Loss)	486,589	(2,341,774)	(1,855,185)
NONOPERATING REVENUES			
Investment income	125,312	71,347	196,659
Insurance recoveries	16,507	15,349	31,856
Other income	-	195,578	195,578
Total Nonoperating Revenues	141,819	282,274	424,093
Changes in net position	628,408	(2,059,500)	(1,431,092)
NET POSITION - Beginning of Year	6,870,423	10,162,312	17,032,735
NET POSITION - END OF YEAR	$ 7,498,831	$ 8,102,812	$ 15,601,643

MARATHON COUNTY, WISCONSIN

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	Property Casualty Insurance	Employee Benefits Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Collections from departments and other insurance purchasers	$ 903,959	$ 12,576,816	$ 13,480,775
Cash paid to employees for services	(89,970)	(896,908)	(986,878)
Cash paid to suppliers for goods and services	(599,012)	(13,079,369)	(13,678,381)
Net Cash Provided (Used) by Operating Activities	214,977	(1,399,461)	(1,184,484)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	125,312	71,347	196,659
Net Cash Provided by Investing Activities	125,312	71,347	196,659
Net Increase (Decrease) in Cash and Cash Equivalents	340,289	(1,328,114)	(987,825)
CASH AND CASH EQUIVALENTS - Beginning of Year	6,326,943	11,805,840	18,132,783
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,667,232	$ 10,477,726	$ 17,144,958
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 486,589	$ (2,341,774)	$ (1,855,185)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Insurance recoveries	16,507	15,349	31,856
Other income	-	195,578	195,578
Effects of (increase) decrease in operating assets and increase (decrease) in operating liabilities:			
Accounts receivable	5,634	104,937	110,571
Accounts payable	(175,380)	8,961	(166,419)
Accrued items	377	1,675	2,052
Compensated absences	719	(8,567)	(7,848)
Accrued liabilities - claims payable	(119,469)	624,380	504,911
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 214,977	$ (1,399,461)	$ (1,184,484)

MARATHON COUNTY, WISCONSIN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
For the Year Ended December 31, 2012

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
ADRC-CW				
Assets				
Cash and cash equivalents	$ -	$ 33,102	$ -	$ 33,102
Account receivable	111,604	93,446	111,604	93,446
Due from other governments	511,367	408,219	511,367	408,219
	$ 622,971	$ 534,767	$ 622,971	$ 534,767
Liabilities				
Accounts payable	$ 429,920	$ 318,324	$ 429,920	$ 318,324
Due to other governments	54,464	41,855	54,464	41,855
Due to participants	137,796	174,008	137,796	174,008
Other accrued liabilities and deposits	791	580	791	580
	$ 622,971	$ 534,767	$ 622,971	$ 534,767
Clerk of Courts				
Assets				
Cash and cash equivalents	$ 1,223,343	$ 1,108,968	$ 1,223,343	$ 1,108,968
	$ 1,223,343	$ 1,108,968	$ 1,223,343	$ 1,108,968
Liabilities				
Other accrued liabilities and deposits	$ 1,223,343	$ 1,108,968	$ 1,223,343	$ 1,108,968
Sheriff Adult Inmate				
Assets				
Cash and cash equivalents	$ 12,052	$ 16,397	$ 12,052	$ 16,397
Liabilities				
Other accrued liabilities and deposits	$ 12,052	$ 16,397	$ 12,052	$ 16,397
Total all agency funds				
Assets				
Cash and cash equivalents	$ 1,235,395	$ 1,158,467	$ 1,235,395	$ 1,158,467
Account receivable	111,604	93,446	111,604	93,446
Due from other governments	511,367	408,219	511,367	408,219
	$ 1,858,366	$ 1,660,132	$ 1,858,366	$ 1,660,132
Liabilities				
Accounts payable	$ 429,920	$ 318,324	$ 429,920	$ 318,324
Due to other governments	54,464	41,855	54,464	41,855
Due to participants	137,796	174,008	137,796	174,008
Other accrued liabilities and deposits	1,236,186	1,125,945	1,236,186	1,125,945
	$ 1,858,366	$ 1,660,132	$ 1,858,366	$ 1,660,132

MARATHON COUNTY, WISCONSIN

STATEMENT OF NET POSITION
CENTRAL WISCONSIN AIRPORT
As of December 31, 2012

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 4,490,813
Accounts receivable	190,399
Total Current Assets	4,681,212
NONCURRENT ASSETS	
Restricted cash and cash equivalents	2,284,527
Deferred charges	52,477
Property, Plant and Equipment	
Land	614,983
Buildings	15,253,286
Improvements	42,884,801
Equipment	7,696,860
Construction in process	8,994,220
Total Property, Plant and Equipment	75,444,150
Less: Accumulated depreciation and depletion	(37,157,804)
Net Property, Plant and Equipment	38,286,346
Total Noncurrent Assets	40,623,350
Total Assets	45,304,562
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	268,350
Accrued expenses	30,658
Deposits	11,831
Interest payable	30,458
Due to other governments	146,003
Current portion of compensated absences	20,851
Current portion of general obligation notes payable	575,000
Total Current Liabilities	1,083,151
Long-term Liabilities	
General obligation notes payable (net of unamortized discounts, premiums, and deferred amount on refunding)	6,478,795
Compensated absences	139,543
Net OPEB obligation	98,498
Total Long-term Liabilities	6,716,836
Total Liabilities	7,799,987
NET POSITION	
Net investment in capital assets	33,857,717
Restricted	
Restricted for passenger and customer facility charges	2,138,679
Unrestricted	1,508,179
TOTAL NET POSITION	$ 37,504,575

MARATHON COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
CENTRAL WISCONSIN AIRPORT
For the Year Ended December 31, 2012

OPERATING REVENUES	
Public charges for services	$ 2,603,377
Intergovernmental charges for services	17,303
Total Operating Revenues	2,620,680
OPERATING EXPENSES	
Salaries and benefits	1,373,945
Contractual services	418,637
Materials and supplies	408,089
Insurance	61,102
Depreciation	2,007,492
Total Operating Expenses	4,269,265
Operating Loss	(1,648,585)
NONOPERATING REVENUES (EXPENSES)	
Investment income	26,051
Passenger facility charges	471,609
Customer facility charges	190,918
Other income	300
Interest expense	(212,807)
Total Nonoperatnig Revenues (Expenses)	476,071
Loss before contributions	(1,172,514)
Capital Contributions	1,988,511
Increase in net position	815,997
NET POSITION - Beginning of Year	36,688,578
NET POSITION - END OF YEAR	$ 37,504,575

MARATHON COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS
CENTRAL WISCONSIN AIRPORT
For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from the sale of goods and services	$ 2,601,631
Cash paid to employees for services	(1,362,474)
Cash paid to suppliers for goods and services	(1,335,764)
Net Cash Used for Operating Activities	(96,607)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to primary government	(5,148)
Net Cash Used for Operating Activities	(5,148)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital acquisitions	(1,450,631)
Passenger facility charges received	471,609
Customer facility charges received	190,918
Debt issued	2,650,000
Debt premium received	35,250
Debt issue cost paid	(26,500)
Debt paid	(545,000)
Interest paid	(215,126)
Net Cash Provided by Capital Financing and Related Activities	1,110,520
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	26,051
Net Increase in Cash and Cash Equivalents	1,034,816
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,740,524
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,775,340
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating loss	$ (1,648,585)
Non-operating income	300
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	2,007,492
Effects of (increase) decrease in operating assets and increase (decrease) in operating liabilities:	
Accounts receivable	(25,349)
Accounts payable	(473,169)
Accrued expenses	5,817
Due to other governments	25,233
Deposits	6,000
Compensated absences	12,793
Net OPEB obligation	(7,139)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (96,607)
NONCASH INVESTING, CAPITAL AND NONCAPITAL FINANCING ACTIVITIES	
Capital contributions	$ 1,988,511
RECONCILIATION OF CASH AND CASH EQUIVALENTS	
Cash and cash equivalents	$ 4,490,813
Cash and cash equivalents - restricted assets	2,284,527
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 6,775,340

STATISTICAL SECTION

STATISTICAL SECTION

Statistical Section

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

Contents **Page**

Financial Trends **113-119**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity **120-124**

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

Debt Capacity **125-128**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information **129-130**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

Operating Information **131-137**

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net investment in capital assets	$175,281,174	$201,465,599	$210,096,930	$212,164,240	$215,050,440	$214,790,257	$219,341,680	$222,273,031	$228,549,428	$224,519,266
Restricted	$2,515,507	$152,608	$229,476	$387,026	$509,144	$2,625,708	$1,416,570	$1,738,845	$8,153,298	$9,449,568
Unrestricted	$52,472,205	$58,975,801	$59,432,990	$63,427,871	$64,983,169	$67,140,206	$65,707,174	$66,993,402	$60,021,104	$60,860,372
Total governmental activities net position	$230,268,886	$260,594,008	$269,759,396	$275,979,137	$280,542,753	$284,556,171	$286,465,424	$291,005,278	$296,723,830	$294,829,206
Business-type activities										
Net investment in capital assets	$13,292,529	$12,821,192	$13,115,322	$12,866,542	$13,498,501	$12,808,726	$13,093,209	$13,849,677	$13,977,429	$13,961,636
Restricted	$1,535,079	$1,731,677	$3,587,880	$3,628,758	$2,922,567	$2,566,988	$1,707,710	$5,084,671	$5,656,429	$5,215,387
Unrestricted	$18,727,749	$23,805,571	$24,505,698	$26,268,781	$31,633,098	$36,346,089	$39,215,088	$41,219,245	$40,978,357	$42,117,105
Total business-type activities net position	$33,555,357	$38,358,440	$41,208,900	$42,764,081	$48,054,166	$51,721,803	$54,016,007	$60,153,593	$60,612,215	$61,294,128
Primary government										
Net Investment in capital assets	$188,573,703	$214,286,791	$223,212,252	$225,030,782	$228,548,941	$227,598,983	$232,434,889	$236,122,708	$242,526,857	$238,480,902
Restricted	$4,050,586	$1,884,285	$3,817,356	$4,015,784	$3,431,711	$5,192,696	$3,124,280	$6,823,516	$13,809,727	$14,664,955
Unrestricted	$71,199,954	$82,781,372	$83,938,688	$89,696,652	$96,616,267	$103,486,295	$104,922,262	$108,212,647	$100,999,461	$102,977,477
Total primary government net position	$263,824,243	$298,952,448	$310,968,296	$318,743,218	$328,596,919	$336,277,974	$340,481,431	$351,158,871	$357,336,045	$356,123,334

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General Government	$ 17,971,601	$ 23,552,567	$ 27,009,709	$ 29,637,387	$ 34,353,888	$ 28,901,745	$ 30,953,544	$ 27,693,729	$ 33,496,508	$ 34,250,005
Public Safety	13,771,458	14,921,423	15,486,511	18,276,774	18,436,524	20,144,675	21,087,056	17,226,412	18,917,496	18,373,227
Transportation	815,400	929,306	1,355,601	4,948,200	4,927,325	5,831,047	4,973,010	6,751,433	5,357,028	8,661,324
Health	3,763,245	3,606,169	3,937,860	4,154,269	4,386,361	4,609,679	4,945,381	4,844,464	4,650,289	4,474,165
Social Services	23,850,711	24,016,721	25,148,953	26,330,535	25,317,481	24,691,433	18,525,375	18,563,013	17,052,964	17,862,488
Leisure and Education	6,391,862	6,646,879	6,738,676	6,273,082	6,700,634	8,624,175	8,364,884	12,571,466	8,225,769	7,426,607
Conservation and Development	1,338,256	1,393,004	1,496,596	2,454,458	1,476,149	997,139	1,351,199	758,621	852,382	1,163,428
Interest on Long Term Debt	118,574	104,096	59,955	32,838	60,238	54,011	271,706	326,604	295,360	264,525
Total governmental activities	68,021,107	75,170,165	81,233,861	92,107,543	95,658,600	93,853,904	90,472,155	88,735,742	88,847,796	92,475,769
Business-type activities										
Landfill	2,631,547	3,036,939	2,524,569	2,511,020	2,773,166	3,989,716	3,468,201	(638,528)	2,773,929	3,619,483
Highway	11,253,896	11,350,649	16,728,511	8,801,947	8,831,170	9,394,576	8,493,094	10,560,666	11,879,840	12,612,249
Total business-type activities expenses	13,885,443	14,387,588	19,253,080	11,312,967	11,604,336	13,384,292	11,961,295	9,922,138	14,653,769	16,231,732
Total primary government	$ 81,906,550	$ 89,557,753	$ 100,486,941	$ 103,420,510	$ 107,262,936	$ 107,238,196	$ 102,433,450	$ 98,657,880	$ 103,501,565	$ 108,707,501
Program Revenues										
Government activities:										
Charges for services:										
General Government	3,251,972	3,822,338	3,190,606	3,369,223	3,805,883	2,546,867	4,086,920	3,850,977	4,389,790	4,333,484
Public Safety	1,315,801	1,380,784	1,540,650	1,650,751	1,644,100	1,667,040	1,422,591	1,945,728	1,965,724	2,018,272
Transportation	-	4,178	10,790	-	-	-	-	-	-	-
Health	400,796	408,699	427,583	538,533	589,739	561,468	590,671	633,544	577,753	613,162
Social Services	858,631	822,505	804,538	935,676	861,928	868,342	998,231	937,401	803,706	967,306
Leisure and Education	883,190	958,447	1,144,312	1,329,621	1,478,208	1,236,038	1,082,422	860,296	774,943	897,055
Conservation and Development	19,761	20,759	21,756	18,229	59,406	166,211	118,975	559,323	485,322	517,898
Operating grants and contributions:										
General Government	7,629,784	6,867,535	1,394,023	1,301,615	1,526,036	1,758,758	1,377,784	1,070,085	788,333	712,259
Public Safety	473,204	598,809	273,315	415,553	407,213	227,057	732,405	1,212,538	892,819	648,160
Transportation	-	-	-	-	-	-	-	235,124	131,286	62,957
Health	1,139,360	1,126,546	1,032,103	1,178,836	1,234,714	1,245,938	1,715,439	1,599,394	1,176,189	1,136,082
Social Services	14,150,449	15,090,598	15,616,222	16,086,431	16,219,243	13,713,523	9,279,701	10,364,636	10,445,330	11,595,961
Leisure and Education	564,841	500,781	59,066	458,978	527,562	660,026	545,284	588,060	821,884	350,535
Conservation and Development	2,939,495	3,382,767	3,197,065	2,475,071	2,704,552	2,868,672	2,319,819	721,409	1,020,592	1,276,513
Capital grants and contributions:										
General Government	-	-	1,630,947	-	875,946	-	-	-	165,624	165,624
Public Safety	428,287	593,454	554,233	274,081	154,683	682,557	604,975	-	-	-
Transportation	9,920,798	20,681,976	4,646,944	771,747	51,967	-	-	-	3,668,011	4,123,018
Leisure and Education	59,060	350,034	400,562	17,258	-	181,171	16,373	4,840,498	349,946	-
Total governmental activities program revenues	44,035,429	56,610,210	35,944,715	30,821,603	32,141,180	28,383,668	24,891,590	29,419,013	28,457,252	29,418,286

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Charges for services:										
Landfill	1,758,144	1,769,291	1,803,249	1,494,878	2,008,419	2,685,025	2,367,684	2,598,951	3,494,705	2,721,948
Highway	3,422,954	4,692,796	3,741,802	4,259,403	5,199,263	5,181,431	4,594,056	4,424,928	4,415,601	4,023,034
Operating grants and contributions:										
Landfill	21,712	10,216	1,000	38,485	22,370	-	24,895	20,355	21,000	34,172
Highway	911,691	70,274	5,516,802	2,750,810	1,512,713	873,100	1,008,820	704,051	4,626,975	3,366,656
Capital grants and contributions:										
Highway	2,849,817	3,288,934	-	2,153,430	2,913,491	3,132,814	3,189,059	3,384,634	-	-
Total business-type activities program revenues	8,964,318	9,831,511	11,062,853	10,697,006	11,656,256	11,872,370	11,184,514	11,132,919	12,558,281	10,145,810
Total primary government program revenues	$ 52,999,747	$ 66,441,721	$ 47,007,568	$ 41,518,609	$ 43,797,436	$ 40,256,038	$ 36,076,104	$ 40,551,932	$ 41,015,533	$ 39,564,096
Net (Expense) Revenue										
Governmental activities	(23,985,978)	(18,559,955)	(45,289,146)	(61,285,941)	(63,517,420)	(65,470,236)	(65,580,565)	(59,316,729)	(60,390,544)	(63,057,483)
Business-type activities	(4,921,125)	(4,556,077)	(8,190,227)	(615,961)	51,920	(1,511,922)	(776,781)	1,210,781	(2,095,488)	(6,085,922)
Total primary governmental net expense	$ (28,907,103)	$ (23,116,032)	$ (53,479,373)	$ (61,901,902)	$ (63,465,500)	$ (66,982,158)	$ (66,357,346)	$ (58,105,948)	$ (62,486,032)	$ (69,143,405)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	32,424,631	33,160,825	34,267,591	36,226,907	38,579,214	39,723,667	40,243,312	40,027,787	39,777,973	39,069,259
Sales Taxes	9,942,370	10,640,547	11,316,392	10,841,250	10,550,263	10,708,417	9,205,424	9,549,872	9,998,528	10,312,235
Other Taxes	1,418,865	1,457,232	1,367,699	1,326,458	1,477,826	1,469,213	1,439,402	1,734,874	2,014,921	2,247,432
Grants and contributions not restricted to specific programs	-	-	5,853,529	5,989,625	6,435,348	6,067,914	7,214,389	7,055,434	7,097,282	5,968,326
Unrestricted investment earnings	1,093,619	909,249	2,228,061	2,258,334	3,708,820	3,938,127	1,322,366	848,020	696,013	514,642
Miscellaneous	2,837,160	1,420,924	1,290,367	2,862,843	1,638,968	1,779,811	1,365,367	75,896	66,035	773,267
Gain on sale of capital assets	-	-	-	32,633	46,827	40,304	45,988	50,482	45,918	33,996
Transfers	4,414,834	(800,000)	(1,869,105)	7,967,632	5,643,770	5,756,201	6,653,570	4,514,218	6,412,426	2,243,702
Total general revenues and transfers	52,131,479	46,788,777	54,454,534	67,505,682	68,081,036	69,483,654	67,489,818	63,856,583	66,109,096	61,162,859
Change in net position	$ 28,145,501	$ 28,228,822	$ 9,165,388	$ 6,219,741	$ 4,563,616	$ 4,013,418	$ 1,909,253	$ 4,539,854	$ 5,718,552	$ (1,894,624)
Business-type activities:										
Taxes:										
Property Taxes	7,283,173	7,650,953	7,974,383	8,145,306	8,252,009	8,409,424	8,577,612	8,668,697	8,441,401	8,543,693
Unrestricted investment earnings	609,248	693,239	1,027,473	1,861,007	2,509,762	2,160,230	979,824	610,636	336,719	350,390
Miscellaneous	128,729	214,968	169,726	132,461	120,164	6,601	167,119	161,690	-	-
Gain on sale of capital assets	-	-	-	-	-	359,505	-	-	188,416	117,454
Transfers	(4,414,834)	800,000	1,869,105	(7,967,632)	(5,643,770)	(5,756,201)	(6,653,570)	(4,514,218)	(6,412,426)	(2,243,702)
Total general revenues and transfers	3,606,316	9,359,160	11,040,687	2,171,142	5,238,165	5,179,559	3,070,985	4,926,805	2,554,110	6,767,835
Change in net position	$ (1,314,809)	$ 4,803,083	$ 2,850,460	$ 1,555,181	$ 5,290,085	$ 3,667,637	$ 2,294,204	$ 6,137,586	$ 458,622	$ 681,913
Net Position										
Governmental activities	230,268,886	260,594,008	269,759,396	275,979,137	280,542,753	284,556,171	286,465,424	291,005,278	296,723,830	294,829,206
Business-type activities	33,555,357	38,358,440	41,208,900	42,764,081	48,054,166	51,721,803	54,016,007	60,153,593	60,612,215	61,294,128
Total primary government	$ 263,824,243	$ 298,952,448	$ 310,968,296	$ 318,743,218	$ 328,596,919	$ 336,277,974	$ 340,481,431	$ 351,158,871	$ 357,336,045	$ 356,123,334

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	$ 6,524,949	$ 6,524,313	$ 7,018,674	$ 2,314,832	$ 2,558,344	$ 2,814,747	$ 3,555,286	$ 4,642,257	$ -	$ -
Unreserved	34,024,965	33,061,410	32,400,168	36,558,343	38,213,889	40,041,832	40,486,654	40,124,313	-	-
Nonspendable	-	-	-	-	-	-	-	-	4,248,670	3,957,965
Restricted	-	-	-	-	-	-	-	-	2,496,160	2,881,111
Assigned	-	-	-	-	-	-	-	-	15,298,160	14,390,670
Unassigned	-	-	-	-	-	-	-	-	22,680,756	25,462,846
Total General Fund	$ 40,549,914	$ 39,585,723	$ 39,418,842	$ 38,873,175	$ 40,772,233	$ 42,856,579	$ 44,041,940	$ 44,766,570	$ 44,723,746	$ 46,692,592
All Other Governmental Funds										
Reserved	6,588,151	8,774,726	9,406,392	3,336,776	3,643,834	13,425,816	14,333,639	5,062,168	-	-
Unreserved	(2,291,033)	2,311,218	2,801,244	13,486,282	13,093,273	3,184,116	8,454,257	13,471,377	-	-
Nonspendable	-	-	-	-	-	-	-	-	27	-
Restricted	-	-	-	-	-	-	-	-	10,435,507	7,884,696
Assigned	-	-	-	-	-	-	-	-	8,123,153	9,133,893
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 4,297,118	$ 11,085,944	$ 12,207,636	$ 16,823,058	$ 16,737,107	$ 16,609,932	$ 22,787,896	$ 18,533,545	$ 18,558,687	$ 17,018,589

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	$ 43,942,891	$ 45,297,126	$ 47,438,940	$ 48,886,962	$ 49,864,783	$ 51,927,415	$ 50,649,523	$ 51,063,867	$ 51,697,866	$ 51,952,701
Intergovernmental grants and aids	34,265,362	31,875,679	30,623,194	28,066,821	29,307,688	27,603,173	24,758,380	27,265,336	21,623,450	21,491,484
Licenses and permits	254,655	249,345	260,415	238,314	243,927	214,061	259,138	265,715	262,971	261,799
Fines and forfeitures	729,036	735,636	774,035	742,897	751,188	723,624	758,343	728,840	666,902	770,975
Public charges for services	5,083,627	5,655,255	5,234,333	5,824,912	6,438,774	5,292,802	4,803,853	5,200,989	5,118,947	5,238,530
Intergovernmental charges for services	404,771	462,721	517,006	572,236	642,690	1,151,057	1,215,014	1,226,970	1,293,582	1,366,398
Miscellaneous revenues	3,348,853	2,081,304	2,760,926	4,420,192	4,673,221	3,966,585	1,532,929	1,492,499	1,598,090	2,089,337
Total Revenues	$ 88,029,195	$ 86,357,066	$ 87,608,849	$ 88,752,334	$ 91,922,271	$ 90,878,717	$ 83,977,180	$ 87,244,216	$ 82,261,808	$ 83,171,224
Expenditures:										
Current:										
General government	$ 18,405,999	$ 19,409,972	$ 21,744,844	$ 24,101,561	$ 26,989,916	$ 23,893,847	$ 25,126,067	$ 25,040,971	$ 25,465,086	$ 23,693,652
Public safety	14,106,604	15,478,415	16,531,522	16,784,952	16,958,015	18,991,445	19,267,926	19,902,303	19,960,253	19,422,491
Health	3,721,693	3,640,156	3,970,046	4,140,633	4,300,305	4,541,926	4,938,759	4,809,531	4,663,852	4,447,762
Social services	23,770,911	24,171,797	24,974,256	25,754,586	25,092,581	24,678,716	18,543,021	18,707,630	16,487,629	17,647,710
Leisure activities and education	6,508,954	6,821,038	6,529,195	6,766,414	6,997,027	7,429,831	7,331,865	7,316,332	7,724,615	6,774,083
Conservation and economic development	1,353,665	1,431,258	1,468,283	1,603,643	1,467,297	1,009,482	1,438,353	639,070	852,347	1,157,404
Capital outlay	23,220,742	10,890,708	9,303,544	6,683,586	8,625,927	6,532,085	13,015,585	12,011,136	5,417,783	6,672,176
Debt service:										
Principal	4,956,583	3,847,244	3,409,097	2,744,303	3,367,666	1,161,276	4,468,304	1,282,860	1,337,846	1,315,235
Interest and paying agent fees	110,303	102,170	73,826	49,358	59,810	40,512	480,221	465,775	435,900	405,149
Total expenditures	$ 96,155,454	$ 85,792,758	$ 88,004,613	$ 88,629,036	$ 93,858,544	$ 88,279,120	$ 94,610,101	$ 90,175,608	$ 82,345,311	$ 81,535,662
Excess (deficiency) of revenues over expenditures	$ (8,126,259)	$ 564,308	$ (395,764)	$ 123,298	$ (1,936,273)	$ 2,599,597	$ (10,632,921)	$ (2,931,392)	$ (83,503)	$ 1,635,562

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other financing sources (uses):										
Transfers in:										
General Fund	$ 3,296,658	$ 8,731,740	$ 7,155,017	$ 6,691,979	$ 3,664,357	$ 4,787,875	$ 2,233,295	$ 4,754,489	2,704,911	3,734,221
Social Improvement Fund	103,374	163,340	476,018	1,198,658	644,587	885,509	1,000,274	855,023	1,541,153	1,291,258
Capital Improvement Fund	1,366,223	9,933,342	548,109	697,948	1,035,550	1,630,336	794,851	2,247,336	546,529	168,657
Highway	4,414,834	-	-	-	-	-	-	-	160,000	-
Property Casualty Fund	-	-	-	20,439	-	-	-	-	-	-
Sale of Capital Assets	252,514	24,089	159,981	69,369	48,634	40,304	59,070	51,389	46,694	37,134
Component unit transfer in	95,696	-	-	3,340,000	-	-	-	-	-	-
General obligation debt issued	800,000	5,975,000	1,175,000	514,055	3,590,000	-	16,770,000	-	-	-
State loan program debt issued	380,750	14,055	14,055	2,593	514,055	14,608	14,608	95,858	14,608	14,650
Premium on bond/note payable	-	47,183	1,539		-	-	1,212,567	-	-	-
Transfers out:										
General Fund	(37,181)	(1,237,149)	(614,605)	(647,947)	(1,037,532)	(1,630,336)	(842,735)	(2,351,937)	(546,529)	(168,657)
Social Improvement Fund	(42,037)	(90,000)	-	-	(6,000)	(176,936)	(120,000)	(320,000)	(165,054)	-
Debt Service Fund	(566,223)	-	-	-	-	-	-	-	-	-
Capital Improvement Fund	(3,320,814)	(8,804,958)	(7,564,539)	(7,890,637)	(4,300,962)	(5,496,448)	(3,065,685)	(5,184,911)	(4,081,010)	(5,025,479)
Highway Road Improvement Fund	-	(8,696,315)	-	(50,000)	-	-	-	-	-	-
County Highway Fund	(800,000)	(800,000)	-	-	(403,309)	(697,338)	(60,000)	(745,576)	(90,000)	(1,258,598)
Internal service fund	(14,500)	-	-	-	-	-	-	-	(65,481)	-
Component unit transfer out	(118,417)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	$ 5,810,877	$ 5,260,327	$ 1,350,575	$ 3,946,457	$ 3,749,380	$ (642,426)	$ 17,996,245	$ (598,329)	$ 65,821	$ (1,206,814)
Net change in fund balance	(2,315,382)	5,824,635	954,811	4,069,755	1,813,107	1,957,171	7,363,324	(3,529,721)	(17,682)	428,748
Fund balances January 1	$ 47,144,009	$ 44,847,032	$ 50,671,667	$ 51,626,478	$ 55,696,233	$ 57,509,340	$ 59,466,512	$ 66,829,836	$ 63,300,115	$ 63,282,433
Fund balances, December 31	$ 44,828,627	$ 50,671,667	$ 51,626,478	$ 55,696,233	$ 57,509,340	$ 59,466,511	$ 66,829,836	$ 63,300,115	$ 63,282,433	$ 63,711,181
Debt service as a percentage of noncapital expenditures	7.4%	5.5%	4.6%	3.4%	4.3%	1.5%	6.4%	2.3%	2.2%	2.2%

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

	Real Property							
Fiscal Year	Residential Property	Commercial Property	Manufacturing Property	Other	Personal Property	Total	Total Less TID	Total Direct Tax Rate
2003	4,487,578,500	1,313,654,400	325,059,400	808,353,600	217,727,200	7,152,373,100	6,930,455,450	5.8943
2004	4,878,179,500	1,378,948,100	340,798,400	816,056,300	226,190,000	7,640,172,300	7,373,747,250	5.7950
2005	5,260,170,000	1,508,410,200	357,415,500	777,797,800	243,587,100	8,147,380,600	7,790,289,650	5.6943
2006	5,800,529,200	1,655,257,200	358,859,900	859,921,100	276,844,800	8,951,412,200	8,488,768,750	5.4574
2007	6,101,091,900	1,824,538,100	368,564,000	912,690,200	288,145,500	9,495,029,700	8,943,537,550	5.3775
2008	6,395,031,700	2,042,422,000	409,570,600	941,015,900	293,530,100	10,081,570,300	9,444,208,500	5.1665
2009	6,340,619,500	2,002,006,200	406,500,800	1,005,495,200	292,533,100	10,047,154,800	9,417,090,700	5.1665
2010	6,221,435,400	1,950,493,000	398,810,600	979,916,600	293,422,600	9,844,078,200	9,321,354,200	5.1700
2011	6,219,847,800	1,953,488,700	398,126,500	872,134,900	280,627,800	9,724,225,700	9,201,742,900	5.1700
2012	6,028,436,000	1,862,217,800	388,850,800	835,157,100	278,881,600	9,393,543,300	8,915,050,700	5.1700

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

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

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

DISTRICT	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
COUNTY DIRECT RATE	6.09	5.89	5.80	5.69	5.46	5.38	5.17	5.17	5.15	5.17
TOWN										
BERGEN	16.12	16.84	16.07	16.20	16.27	15.69	16.28	16.98	18.49	17.44
BERLIN	19.97	21.11	18.96	16.51	16.81	16.05	17.30	17.84	16.83	18.84
BERN	17.42	17.90	16.64	14.68	22.32	21.81	17.58	18.14	17.48	18.43
BEVENT	18.13	18.08	17.28	16.30	17.23	17.40	18.29	16.66	15.45	17.94
BRIGHTON	20.75	19.19	18.36	17.52	24.20	23.70	25.28	17.77	18.53	19.83
CASSEL	16.16	16.42	18.23	15.91	18.24	18.11	19.39	19.69	18.91	17.86
CLEVELAND	17.81	17.40	18.09	16.88	18.21	19.26	19.91	20.49	18.06	18.31
DAY	17.89	18.66	17.50	16.76	15.89	16.87	17.76	19.33	17.51	20.05
EASTON	19.25	18.90	18.92	17.80	19.26	20.43	18.88	18.69	18.76	20.09
EAU PLEINE	16.22	16.13	15.36	13.41	15.93	16.43	16.42	17.47	17.63	16.43
ELDERON	16.30	16.91	16.30	14.52	14.02	14.40	16.28	16.04	15.42	16.48
EMMET	26.69	16.59	17.99	15.72	18.25	18.02	19.70	19.73	19.67	17.44
FRANKFORT	20.19	18.47	18.04	16.36	22.25	21.83	22.08	18.43	18.44	18.64
FRANZEN	18.64	18.48	18.61	16.03	20.51	20.45	24.14	19.99	17.58	17.66
GREEN VALLEY	18.26	18.42	17.70	16.54	17.24	17.43	17.79	17.47	17.51	19.69
GUENTHER	18.01	18.79	17.76	16.81	24.74	18.15	18.38	20.58	20.62	18.94
HALSEY	17.37	18.93	16.93	17.21	22.05	21.94	17.90	18.20	17.61	18.22
HAMBURG	19.32	19.74	19.41	16.87	23.17	23.27	23.21	23.61	18.99	19.94
HARRISON	17.35	16.94	16.46	15.86	19.26	18.78	15.40	15.11	15.22	14.93
HEWITT	20.77	22.44	20.44	19.26	26.04	24.62	21.29	21.12	20.76	20.67
HOLTON	19.04	17.47	16.30	15.42	16.71	16.18	16.78	17.19	17.07	17.85
HULL	19.59	19.31	17.31	16.47	20..89	20.29	20.35	16.83	17.16	18.74
JOHNSON	16.66	18.38	16.38	14.89	20.35	20.35	17.33	18.67	16.66	18.94
KNOWLTON	15.72	16.51	15.85	15.00	15.31	16.35	16.95	17.56	17.20	17.42
MAINE	19.65	19.84	19.28	18.76	20.37	20.37	21.83	20.92	20.72	20.16
MARATHON	16.40	15.83	18.27	15.93	22.38	16.15	18.09	17.37	16.29	17.80
MCMILLIAN	21.92	19.43	20.14	18.89	22.20	16.44	17.62	18.08	19.13	19.34
MOSINEE	16.47	17.06	18.52	16.32	16.37	16.33	17.81	16.28	16.87	18.48
NORRIE	17.06	16.96	16.71	13.96	20.52	20.06	16.96	16.74	16.49	17.98
PLOVER	19.64	20.19	19.36	16.75	22.23	22.08	18.46	18.14	18.05	19.08
REID	17.44	17.08	17.43	15.38	19.70	20.16	19.18	17.44	16.85	18.42
RIB FALLS	18.94	18.93	18.29	15.69	17.18	16.75	17.27	17.36	16.46	18.44
RIB MOUNTAIN	20.17	21.14	19.79	18.93	20.01	19.02	20.40	20.80	20.74	20.22
RIETBROCK	18.09	19.73	17.38	17.90	20.82	20.89	21.26	21.99	17.97	18.81
RINGLE	16.95	16.76	16.73	15.78	19.15	15.33	15.43	16.25	15.67	17.67
SPENCER	18.86	15.94	17.74	16.59	19.46	18.89	20.12	17.38	17.67	18.58
STETTIN	20.18	21.13	20.07	17.69	23.55	17.66	18.79	18.94	18.10	19.89
TEXAS	19.25	19.92	18.34	17.89	22.32	21.12	22.16	19.03	18.38	19.49
WAUSAU	19.77	20.40	19.01	16.88	20.85	20.20	20.46	18.75	19.67	19.34
WESTON	16.55	16.15	16.20	15.33	22.16	15.52	15.85	15.95	16.09	17.19
WIEN	18.14	19.13	17.07	17.58	22.04	22.59	23.69	24.87	17.65	18.57

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

DISTRICT	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
VILLAGE										
ATHENS	23.48	24.25	22.14	22.73	27.04	26.88	23.27	23.82	22.24	24.43
BIRNAMWOOD	18.46	18.94	18.12	16.28	18.25	17.90	18.63	18.54	19.65	18.49
BROKAW	22.43	27.52	23.68	21.93	23.01	23.15	24.84	27.24	27.35	37.59
DORCHESTER	24.65	23.09	21.47	21.14	25.80	22.16	24.32	23.50	20.59	21.04
EDGAR	19.79	19.94	20.36	19.15	18.43	18.68	19.27	19.72	20.66	21.21
ELDERON	17.47	18.03	17.23	15.40	18.63	19.05	15.83	14.74	16.03	17.21
FENWOOD	16.85	17.05	17.02	15.22	14.08	13.83	15.52	15.93	16.76	17.37
HATLEY	16.66	16.55	17.00	16.75	16.70	17.98	17.52	17.52	17.91	19.62
KRONENWETTER	19.18	18.98	19.28	16.96	19.21	19.64	19.25	19.34	20.27	21.23
MARATHON	20.40	20.14	23.04	20.52	25.52	26.43	21.72	21.84	22.48	23.38
ROTHSCHILD	22.25	21.71	21.82	20.74	25.56	25.52	25.37	21.73	23.10	23.30
SPENCER	24.22	21.56	23.21	21.62	25.87	24.49	25.78	26.54	23.42	23.79
STRATFORD	19.87	18.84	19.09	18.58	18.34	18.77	19.61	20.03	20.72	21.11
UNITY	21.11	19.42	17.99	17.71	20.73	20.95	19.51	18.92	17.84	20.07
WESTON	20.89	20.79	20.95	20.76	19.87	20.89	20.42	20.26	20.90	22.61
CITY										
ABBOTSFORD	24.14	22.41	20.88	20.12	20.17	21.11	21.03	21.34	22.44	23.11
COLBY	24.66	22.87	22.21	22.16	25.01	24.98	23.69	22.27	22.37	25.19
MARSHFIELD	24.32	23.60	23.18	22.36	23.02	23.94	24.89	22.99	23.58	24.17
MOSINEE	20.92	21.31	20.27	19.32	22.80	23.42	23.46	23.95	23.16	22.03
SCHOFIELD	22.34	22.14	22.11	21.14	24.52	25.19	25.45	24.81	26.12	23.75
WAUSAU	25.93	26.47	25.06	23.80	23.21	23.49	24.67	25.06	24.93	25.74

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

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

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

	Fiscal Year 2012			Fiscal Year 2003		
Taxpayer	Equalized Value	Rank	Percentage of Total County Taxable Equalized Value	Equalized Value	Rank	Percentage of Total County Taxable Equalized Value
Marshfield Clinic	$43,952,500	1	0.4465%	$35,989,200	3	0.5032%
Employers Insurance of Wausau	$27,350,900	2	0.2778%	$57,401,100	1	0.8025%
Wausau-Mosinee Paper Corporation	$31,482,900	3	0.3198%	$41,038,200	2	0.5738%
Apogee Wausau Group	$30,187,300	4	0.3067%	--	-	--
Walmart	$25,517,800	5	0.2592%	$20,938,400	6	0.2927%
Menards Inc	$24,701,400	6	0.2509%	$17,225,800	8	0.2408%
Greenheck Fan Corp	$20,762,900	7	0.2109%	$23,188,700	5	0.3242%
Saint Claires Hospital	$20,243,800	8	0.2056%	-		-
Aspirus Wausau Hospitals	$27,424,400	9	0.2786%	--	-	--
Wausau Joint Venture	$20,422,700	10	0.2075%	$18,982,500	7	0.2654%
Creske/Wausau Tile	--	-	--	$29,355,100	4	0.4104%
Weyerhauser Co	--	-	--	$14,976,300	9	0.2094%
Kolbe & Kolbe	--	-	--	$13,982,800	10	0.1955%
TOTAL	$272,046,600.00		2.7636%	$273,078,100.00		3.8180%

Source: City County Information Technology Center

NOTE (A) Total equalized value for 2012 of $9,393,543,300 includes the increment value of tax increment districts (TID)
(B) Total equalized value for 2003 of $7,152,373,100 includes the increment value of tax increment districts (TID)

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

			As of December 31 of Settlement Year			Cumulative as of December 31, 2011 (C)		
Levy Year	Settlement Year	Total Tax Levy	Amount Collected	Amount Delinquent	Percent Delinquent	Amount Collected	Amount Delinquent (D)	Percent Delinquent
2002	2003	39,846,548	39,375,609	470,939	1.1819%	39,844,170	2,378	0.0060%
2003	2004	40,850,300	40,416,211	434,089	1.0626%	40,847,737	2,563	0.0063%
2004	2005	42,730,820	42,268,706	462,114	1.0815%	42,725,884	4,936	0.0116%
2005	2006	44,360,284	43,918,046	442,238	0.9969%	44,346,976	13,308	0.0300%
2006	2007	46,326,948	45,688,305	638,643	1.3786%	46,286,227	40,721	0.0879%
2007	2008	48,093,638	47,406,556	687,082	1.4286%	47,935,315	158,323	0.3292%
2008	2009	48,793,927	47,983,834	810,093	1.6602%	48,376,798	417,129	0.8549%
2009	2010	48,653,812	47,740,402	913,410	1.8774%	47,740,402	913,410	1.8774%
2010	2011	48,191,420	47,236,799	954,621	1.9809%	47,236,799	954,621	1.9809%
2011 (B)	2012	47,573,011	46,826,841	746,170	1.5685%	46,826,841	746,170	1.5685%

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 2013 is $46,090,851
(C) Totals do not include uncollected amounts due on tax deed parcels of $166,721
(D) This represents the County's portion only and does not include taxes purchased from other governmental entities

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

	General Bonded Debt Outstanding					
Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (b)	Percentage of Actual Value (a) of Taxable Property	Per Capita (b)
2003	$0	$0	$0	0.00%	0.00%	0.00
2004	$2,165,000	($121,898)	$2,043,102	0.06%	0.03%	74.39
2005 (c)	$0	$0	$0	0.00%	0.00%	0.00
2006	$670,000	($309,134)	$360,866	0.02%	0.01%	21.47
2007	$1,075,000	($481,716)	$593,284	0.02%	0.01%	32.30
2008	$0	$0	$0	0.00%	0.00%	0.00
2009	$12,360,000	($1,388,199)	$10,971,801	0.27%	0.12%	369.57
2010	$11,165,000	($1,429,917)	$9,735,083	0.24%	0.11%	309.64
2011	$9,935,000	($1,445,578)	$8,489,422	0.21%	0.10%	280.58
2012	$8,665,000	($1,465,598)	$7,199,402	0.17%	0.09%	225.21

Notes:
(a) See Schedule 5 for property value data
(b) Population and personal income data can be found in Schedule 12
(c) Remaining $41,262 is restricted for Forest Aid Loan

Schedule 10
Marathon County
Direct and Overlapping Governmental Activities Debt
As of December 31, 2012

Governmental Unit	Net General Obligation Debt	Percentage Applicable to Marathon County	Net General Obligation Debt Applicable To Marathon County
TOWN:			
BEVENT	$ 6,770	100.00	$ 6,770
CLEVELAND	36,882	100.00	36,882
DAY	552,054	100.00	552,054
EASTON	292,377	100.00	292,377
GREEN VALLEY	187,429	100.00	187,429
HALSEY	129,000	100.00	129,000
HAMBURG	54,905	100.00	54,905
HEWITT	64,070	100.00	64,070
HULL	75,939	100.00	75,939
JOHNSON	45,797	100.00	45,797
KNOWLTON	371,115	100.00	371,115
MAINE	213,417	100.00	213,417
PLOVER	43,070	100.00	43,070
RIB MOUNTAIN	4,340,962	100.00	4,340,962
RINGLE	163,351	100.00	163,351
TEXAS	93,911	100.00	93,911
TOWN TOTAL	6,671,049		6,671,049
VILLAGE:			
ATHENS	$ -	100.00	$ -
BROKAW	983,613	100.00	983,613
DORCHESTER	-	100.00	-
EDGAR	1,021,252	100.00	1,021,252
FENWOOD	-	100.00	-
HATLEY	-	100.00	-
KRONENWETTER	21,827,873	100.00	21,827,873
MARATHON	815,666	100.00	815,666
ROTHSCHILD	6,615,028	100.00	6,615,028
SPENCER	502,745	100.00	502,745
STRATFORD	2,404,470	100.00	2,404,470
WESTON	16,028,868	100.00	16,028,868
VILLAGE TOTAL	50,199,515		50,199,515

Schedule 10
Marathon County
Direct and Overlapping Governmental Activities Debt
As of December 31, 2012

Governmental Unit	Net General Obligation Debt	Percentage Applicable to Marathon County	Net General Obligation Debt Applicable To Marathon County
CITY:			
ABBOTSFORD	$ 3,038,355	45.78	$ 1,390,959
COLBY	1,596,000	26.63	425,015
MARSHFIELD	32,410,876	7.67	2,485,914
MOSINEE	4,443,088	100.00	4,443,088
SCHOFIELD	1,326,215	100.00	1,326,215
WAUSAU	47,789,237	100.00	47,789,237
CITY TOTAL	90,603,771		57,860,428
SCHOOL:			
ABBOTSFORD	$ -	46.78	$ -
ANTIGO	2,755,000	4.60	126,730
ATHENS	-	100.00	-
AUBURNDALE	3,055,000	2.97	90,734
COLBY	2,462,956	44.27	1,090,351
D.C. EVEREST	33,990,000	100.00	33,990,000
EDGAR	8,195,250	100.00	8,195,250
MARATHON	5,104,539	100.00	5,104,539
MARSHFIELD	22,156,985	15.25	3,378,940
MEDFORD	1,125,000	5.13	57,713
MERRILL	11,600,000	4.00	464,000
MOSINEE	9,669,410	100.00	9,669,410
ROSHOLT	-	24.45	-
SPENCER	1,215,450	87.95	1,068,988
STRATFORD	-	100.00	-
WAUSAU	50,335,000	100.00	50,335,000
MID-STATE TECH COLLEGE	28,680,000	2.60	745,680
WITTENBERG-BIRNAMWOOD	1,450,273	2.42	35,097
NORTHCENTRAL TECH	25,760,000	58.31	15,020,656
SCHOOL TOTAL	207,554,863		129,373,087
SPECIAL DISTRICTS:			
RIB MTN METRO SEWAGE	$ -	100.00	$ -
SPECIAL DISTRICTS TOTAL	-		-
TOTAL APPLICABLE UNDERLYING DEBT	$ 355,029,198		$ 244,104,079
DIRECT DEBT			
MARATHON COUNTY (A)	$ 8,665,000	100.00	$ 8,665,000
TOTAL DEBT APPLICABLE TO MARATHON COUNTY	$ 363,694,198		$ 252,769,079

(A) Direct Debt of Marathon County is for capital projects of Marathon County

SOURCE: Survey of governmental units conducted by the Finance Department where information could be obtained.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Equalized Value of Property (A)	$7,152,373	$7,640,172	$8,147,381	$8,951,412	$9,495,029	$10,081,570	$10,047,155	$ 9,844,078	$ 9,724,226	$ 9,393,543
Debt Limit, 5% of Equalized Value	$357,619	$382,009	$407,369	$447,570	$474,751	$504,078	$502,358	$ 492,204	$ 486,211	$ 469,677
(Wisconsin statutory limitation)										
Amount of debt applicable to debt limitation:										
General obligation promissory notes (B)	$5,145	$6,910	$4,560	$4,950	$5,050	$3,650	$15,670	$16,570	$14,810	$15,645
Less: Amount available for debt service	($77)	($122)	($193) (C)	$309	$481	$2,597	$1,388	$1,430	$1,446	$1,466
Total amount of debt applicable to debt margin	$5,068	$6,788	$4,367	$4,640	$4,568	$1,052	$14,282	$15,140	$13,364	$14,179
Legal Debt Margin-(debt capacity)	$352,551	$375,221	$403,002	$442,930	$470,183	$503,025	$488,076	$477,064	$492,191	$455,498
Percent of Debt capacity used	1.42%	1.78%	1.07%	1.04%	0.96%	0.21%	2.84%	3.08%	2.75%	3.02%

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

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

(C) Debt service less amount available for Forest Aid Loan of $21,866

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

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Public School Enrollment (3)	Private School Enrollment (3)	Unemployment Rate (4)
2003	128,823	$3,642,341,502	$28,274	19,471	2,985	4.6
2004	129,962	$3,782,284,086	$29,103	19,471 (5)	2,790	4.1
2005	131,377	$3,940,258,984	$29,992	19,505	2,790	4.3
2006	132,697	$4,140,942,582	$31,206	19,606	2,627	4.3
2007	134,028	$4,460,183,784	$33,278	19,920	2,457	4.4
2008	135,190	$4,349,873,440	$32,176	19,949	2,380	4.8
2009	136,376	$4,560,958,944	$33,444	19,978	2,344	8.7
2010	136,874	$4,745,684,000	$36,058	19,839	2,004	8.8
2011	134,414	$4,660,000,000	$35,409	19,842	2,012	6.5
2012	134,735	$5,200,900,000	$38,475	19,862	1,731	6.6

Sources: (1) Wisconsin Department of Administration

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

(3) Wisconsin Department of Public Instruction

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

(5) Public School Enrollment for K-12 (2004-05) were unavailable at press time, due to a WI DPI software change

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

	2012			2007		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Aspirus Wausau Hospital	3000	1	4.45%	3,223	1	4.52%
Greenheck Fan Corp.	1500	2	2.23%	1,930	2	2.71%
Footlocker.com/Eastbay	1300	3	1.93%	1,200	8	1.68%
Wausau School District	1476	4	2.19%	1,323	4	1.86%
Kolbe & Kolbe	1,122	5	1.66%	1,680	3	2.36%
Wausau Paper Mills	984	6	1.46%	1213	7	1.70%
Prime Healthcare (UMR/Wausau Benefits)	800	7	1.19%	-	-	-
Marathon Cheese	800	8	1.19%	1300	5	1.82%
Marathon County	740	9	1.10%	-	-	-
North Central Healthcare Facilities	685	10	1.02%	1100	10	1.54%
Wausau Insurance/Liberty Mutual	-	-	-	1260	6	1.77%
Peachtree/SNE	-	-	-	1200	9	1.68%
total employment			67,400			71,305

Sources: Wausau/Marathon County Chamber of Commerce
Wisconsin Department of Workforce Development

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

Function / Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	151.30	149.50	151.50	151.55	151.55	152.55	156.45	154.95	148.70	140.70
Public Safety	174.50	174.00	174.00	173.00	172.00	178.00	179.00	178.50	179.00	177.00
Transportation	102.10	102.10	102.10	101.10	100.10	100.10	101.10	101.10	101.10	100.10
Health	41.65	44.45	45.95	47.70	47.70	47.70	51.20	49.20	48.20	48.20
Social Services	143.22	146.76	149.41	147.91	170.88	170.88	164.27	165.89	173.29	172.79
Leisure Activities & Education	208.03	201.10	200.55	199.07	191.80	190.80	187.00	182.80	101.75	101.08
Conservation & Economic Development	31.00	19.00	19.00	18.00	19.00	19.00	0.00	0.00	0.00	0.00
Total	851.80	836.91	842.51	838.33	853.03	859.03	839.02	832.44	752.04	739.87

Source: County Budget Information

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

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

Function/Program	Fiscal Year 2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Court cases filed	22,864	24,240	23,446	22,268	23,652	25,170	25,716	24,701	22,170	22,293
Traffic citations processed	10,031	13,703	13,002	12,356	12,983	13,454	13,204	12,383	10,918	12,113
Marriage licenses processed	870	825	847	858	815	812	705	709	696	729
Divorces granted	427	825	410	373	434	455	458	417	375	302
Traffic and criminal fines collected	$2,912,064	$3,224,572	$3,222,489	$3,176,808	$3,271,298	$3,737,749	$3,756,218	$3,649,907	$3,593,677	$3,525,930
Total coroner cases	531	512	509	501	586	612	590	659	724	663
Public Safety										
Hazardous materials incidents investigated	7	7	8	6	6	4	15	5	14	14
Transportation										
Cost of road maintenance per lane mile	-	-	$3,495	$3,830	$4,045	$5,602	$4,743	$5,045	$6,180	$6,405
Health										
Public health nurse home visits	2,172	2,381	2,983	1,682	2,267	2,312	2,675	2,735	2,221	1,645
Laboratory tests	15,755	14,325	14,105	14,519	15,094	13,570	13,316	12,625	13,080	13,777
Licenses issued for public facilities	779	902	914	957	956	1,009	960	959	894	926
Number of immunizations given	2,661	3,617	3,414	2,680	3,562	4,756	3,852	3,723	2,822	2,326
Social Services										
Number served at nutrition centers	735	300	273	169	228	186	181	179	164	159
Number of volunteers	64	28	56	71	31	26	26	31	59	39
Volunteer hours	7,845	6,288	4,956	4,424	3,759	3,453	3,328	2,426	3294	3033
Number served home delivered meals	-	464	451	448	415	412	427	392	340	425
Number served through SNAC program	-	825	796	565	511	720	516	479	463	413
Child support money collected and disbursed	$19,488,287	$19,652,157	$19,196,370	$19,583,448	$19,983,464	$20,611,892	$20,864,289	$21,028,197	$20,958,525	$20,462,184
Economic support cases	2,840	7,622	8,229	8,701	8,802	9,785	10,350	10,234	10,741	13,985
Leisure and Education										
Library items checked out	-	745,779	812,824	849,425	882,456	943,778	1,041,169	1,125,370	1,137,709	1,120,282
Library number of visitors	-	490,925	554,745	580,230	600,497	569,951	614,073	648,084	629,354	607,740
Conservation and Development										
Wood removed (cord equivalent)	8,830	8,520	13,170	19,380	23,780	13,811	9,759	11,900	12,849	7,722

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

	Fiscal Year									
Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Number of courtrooms	7	7	7	7	7	7	7	7	7	7
Public Safety										
County buildings maintained	10	10	11	11	11	11	11	11	11	11
Jail capacity/number of beds	279	279	279	279	279	279	279	279	279	279
Sheriff Department vehicles	-	-	94	91	90	94	91	94	93	93
Transportation										
Miles of County highways/roads	613	611	618	612	613	613	613	613	613	613
County sponsored airports	1	1	1	1	1	1	1	1	1	1
Health										
Landfill total capacity (cubic yards)	3,376,000	3,376,000	3,376,000	3,376,000	3,376,000	3,376,000	3,376,000	3,376,000	3,376,000	3,376,000
Landfill remaining capacity (cubic yards)	1,614,500	1,489,400	1,320,005	1,216,455	1,025,245	780,000	620,000	643,600	508,188	385,335
Social Services										
Nutrition centers	2	2	2	1	2	2	2	2	2	2
Leisure and Education										
Libraries - Headquarters	1	1	1	1	1	1	1	1	1	1
Libraries - Branches	7	7	8	8	8	8	8	9	9	9
Volumes books & audio-visual materials	375,351	373,243	372,052	356,738	339,566	324,678	335,028	433,609	422,319	412,099
Number of County parks	19	18	18	17	18	18	18	18	18	18
Number of acres	3,407	3,407	3,407	3,371	3,407	3,407	3,407	3,407	3,407	3,407
Public access beaches	4	4	4	5	4	4	4	4	4	4
Miles of bicycle trails	28	28	28	28	28	28	28	28	28	28
Number of public campgrounds	4	4	4	4	4	4	4	4	4	4
Number of shooting ranges	1	1	1	1	1	1	1	1	1	1
Number of softball complexes	1	1	1	1	1	1	1	1	1	1
Number of lakes and rivers with public boat launches	6	6	6	6	6	6	6	6	6	6
Indoor ice arenas	2	2	2	2	2	2	2	2	2	2
Miles of snowmobile trails	800	800	782	782	782	782	782	782	854	854
Miles of ATV trails - winter	680	690	690	490	690	690	690	690	730	730
Miles of ATV trails - summer	23	24	25	15	25	25	20	20	21	21
Miles of cross country ski trails	31	31	31	31	31	31	31	31	31	31
Conservation and Development										
Number of County forest units	9	9	9	9	9	9	9	9	9	9
Number of acres	28,662	28,662	28,662	29,193	29,768	29,768	29,768	29,768	29,768	29,768

Schedule 17
Marathon County
Schedule of Insurance
Fiscal Year Ended December 31, 2012

Insurer **Policy Numbers** **Effective Dates**	**Policy Coverage** **Limits of Liability** **Deductibles/Retention (1)**
Wisconsin Municipal Mutual Insurance Company **WI2012CS13A** **01/01/12 to 01/01/13**	**General Liability/Automobile Liability/Police Professional liability** Owned, non-owned and hired auto $10,000,000 Limit of liability per occurrence/$30,000,000 Annual aggregate $250,000 Per occurrence deductible $1,050,000 Annual aggregate deductible **Uninsured Motorist** $25,000-50,000 Limit of liability
Wisconsin Municipal Mutual Insurance Company **W12011EO13A** **01/01/12 to 01/01/13**	**Employee Benefit Liability** $10,000,000 Limit of liability per benefit error $30,000,000 General aggregate $250,000 Per occurrence deductible $1,050,000 Annual aggregate deductible All premiums adjusted annually Excludes coverage for pollution liability, nursing homes, Health centers, medical facilities and airport **Errors and Omission** **Public Officials Liability** **Claims Made** $10,000,000 Limit of liability per wrongful act $30,000,000 General aggregate $250,000 Per occurrence deductible $1,050,000 Annual aggregate deductible
CHUBB Insurance Company **82218206** **03/15/12 to 03/15/13**	**Aging & Disability Resource Center of Central WI** **Directors and Officer Liability Coverage** $1,000,000 Limit of liability maximum aggregate limit $5,000 deductible
The Cincinnati Insurance Company **EBA 011 80 88** **01/01/12 to 01/01/13**	**City-County Information Technology Commission** $1,000,000 Automobile Liability Owned, non-owned and hired auto **Uninsured/Underinsured Motorist** $1,000,000 Limit of Liability
The Cincinnati Insurance Company **ENP 011 80 88** **01/01/12 to 01/01/13**	**City-County Information Technology Commission** **Employee Benefit Liability** $1,000,000 Each occurrence limit $2,000,000 General aggregate limit $2,000,000 Products – completed operations aggregate limit $1,000,000 Personal & advertising injury limit $2,000,000 Excess liability each occurrence / $2,000,000 aggregate limit
RSUI Insurance Company **HP644663** **01/01/12 to 01/01/13**	**City-County Information Technology Commission** **Directors and Officer Liability Coverage** $1,000,000 Aggregate limit each policy period
Insurer	**Policy Coverage**

Policy Numbers Effective dates	Limits of Liability Deductibles/Retention (1)
Self-Funded & Administered **01/01/12 to 01/01/13**	**Workers Compensation** Employer Liability State Statutes First $400,000 per claim/occurrence
Safety National **Casualty Corporation** **SP4045569** **01/01/12 to 01/01/13**	**Specific Excess Workers Compensation** $400,000 Specific retention Limits of Liability Statutory Workers Comp $1,000,000 Employers Liability $1,000,000 Workers Comp/Emp Liability Combined
Local Government **Property Insurance Fund** **120038** **01/01/12 to 01/01/13**	**Buildings, Personal Property, Inland Marine &** **Property in the Open** Listed on the statement of values: Limit $272,954,964 - Replacement Cost Coverage Deductible $10,000 **Building Specific Limit – Parks Dept (Park Road, Aniwa, WI)** $70,000 Deductible $10,000 **Contractors Equipment** Limit $15,080,097 Replacement Value Deductible $5,000 **Automobile Comprehensive** Limit $11,380,179 Actual Cash Value Deductible $500 **Business Income** $1,000,000 – Central Wisconsin Airport $1,999,999 – North Central Health Care Center Deductible $10,000 **Monies & Securities** $850,000 (Applies to Courthouse = 750,000 & Soc Serv = 100,000) $3,000,000 Limited term coverage from 7/27/2012 to 08/01/2012 (Courthouse Location only) Deductible $1,000 **Pier & Wharf** $88,485 Deductible $1,000 **Personal Property** replacement cost coverage **Property in the open** within 1,000 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; not to exceed 2 years, if not repaired or replaced, original cost new compared to duration of remaining lease

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

Insurer **Policy Numbers** **Effective dates**	**Policy Coverage** **Limits of Liability** **Deductibles/Retention (1)**
	Valuable Records - No dollar limit; covered on or off premises excluding losses caused by errors and omissions or negligence in processing or copying.
Local Government Property Insurance Fund **120038** **01/01/12 to 01/01/13**	**Personal Property of Others** while on our property and in our care/custody per occurrence, and not covered by other insurance, limit of $10,000 **Employees Personal Property** while on our property $500 any one employee up to $10,000 per occurrence maximum, if not covered by other insurance **Extra Expenses** automatically covered to maintain normal operations $5,000,000 per occurrence **Acquired Property or Being Constructed** if over $500,000 and value is reported within 90 days
The Ohio Casualty Insurance Co **4041355** **01/01/12 to 01/01/13**	**Public Employee Blanket Position Bond** $500,000 Limit of liability per employee Deductible $10,000 Forgery $5,000 Limit of Liability, including credit card coverage Deductible $250
The Ohio Casualty Insurance Co. **4041356** **01/01/12 to 01/01/13**	**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** **01/01/12 to 01/01/13**	**Boiler & Machinery** $25,000,000 Equipment Limit $10,000 Deductible, 10 % of loss, $1,500 minimum perishable goods limits $1,000,000 Business Income
Self Funded	**Pollution Legal Liability** Marathon County Landfill $2,000,000 Limit of liability per claim and in aggregate Claims-made

Insurer **Policy Numbers** **Effective dates**	**Policy Coverage** **Limits of Liability** **Deductibles/Retention (1)**
Global Aerospace Inc **General Liability** **Central WI Joint Airport Board** **13000091** **01/01/12 to 01/01/13**	Occurrence Airport General Liab General Aggregate-Not Applicable Products/Completed Operations Aggr-$40,000,000 Personal & Advertising Injury Aggr-$25,000,000 Each Occurrence-$40,000,000 Medical Expense (any one person) - $10,000 Hangarkeepers Liability $40,000,000 Limit Each Loss Hangarkeepers Liability $40,000,000 Limit Each Aircraft
Self-Funded & Administered **Automobile Collision:** **01/01/12 to 01/01/13**	Actual Cash Value Coverage $11,770,504 as of 12/31/12
Travelers Property Casualty **Company of America** **Inland Marine Policy** **Marathon County Highway Dept** **QT6606280M404** **05/01/12 to 05/01/13**	Leased or Rented Contractors Equipment $400,000 per item / $1,000,000 maximum Deductible: $10,000 (Applies to Marathon County Highway Dept only)
Health Insurance **Insurer: Group Health Trust** **01/01/12 to 01/01/13**	**Health Benefit Plan PPO** $2,000,000 Per person calendar year benefit 90% of most covered medical expenses in network/70% out of network 80% of medical supplies & equipment in network/70% out of network $1,500 Single / $2,250 Employee + One / $3,000 Family annual deductible $750 Single / $1,125 Employee + One / $1,500 Family Health Reimbursement Arrangement Prescription Drugs: 0% co-insurance generics; 15% co-insurance preferred brand; 15% co-insurance non-preferred brand plus $15 co-pay/$400 single/$800 Family annual out of pocket maximum
Dental Insurance **Insurer: Delta Dental of WI** **Grp # 00912** **01/01/12 to 01/01/13**	**Delta Dental of WI** PPO Plan $1,500 Maximum annual benefit per person per calendar year $25 Single / $50 Family Deductible for PPO providers and $50 Single / $150 Family Deductible for Premier and Non-Contracted providers 100% Diagnostic and preventative for PPO providers, 80% for Premier providers and 60% for Non-contracted providers 80% Basic and Major Services for PPO providers and 50% for Premier and Non-contracted providers
Self-Funded Dental/ **Administered by** **Delta Dental of Wisconsin** **Grp # 92896** **01/01/12 to 01/01/13**	**Delta Dental of WI** $25 Single / $75 Family annual deductible 100% Diagnostic and preventative 80% Ancillary, direct filling restorations, oral surgery, endodontics, and periodontics 50% Indirect filling restorations $500 Maximum payment amount-per person, per calendar year

Income Continuation Insurance **Prudential Financial** **Grp #24162 Marathon County**	**The Prudential Insurance Company of America** Long Term Disability Offers 70% of your monthly Retirement earnings for the first $0 - $1,500 earned per month and 65% for earnings over $1,500 per month. Maximum benefit: $3,000 per month Minimum: $50 per month 180, 150, 120, 90, 60, & 30 day elimination period available

(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.