

MARATHON COUNTY

WISCONSIN



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2013

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

MARATHON COUNTY, WISCONSIN

FOR THE YEAR ENDED

DECEMBER 31, 2013

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

MARATHON COUNTY
Wausau, Wisconsin

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Wausau, Wisconsin

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Wausau, Wisconsin

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INTRODUCTORY SECTION



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June 20, 2014

*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, 2013. 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 available 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 1998 through 2013 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 15, 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 and discretely presented component units of the County. They include the operations of all departments shown in the organizational chart included in this section.

The County provides a full range of services. This includes judiciary services and legal counsel, general and financial administration, including tax collections; property records and register of deeds; county planning and zoning; public safety with sheriff, emergency government and correction facilities; parks; health and social services; assistance to veterans and older Americans; library; forest conservation; medical examiner and surveyor; industrial 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 2013 annual unemployment rate was 6.8% 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 above the State of Wisconsin unemployment rate of 6.7%.

According to the U.S. Census Bureau, 211 new building permits were issued in 2013 for new privately-owned residential buildings in Marathon County at a total construction value of \$52.3 million. The construction amount is slightly more than the 2012 total of \$51.1 million. Overall the number of permits decreased in 2013 for new residential construction and remodeling with the 2013 figure being 211 and the 2012 number of permits being 229.

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 (companies with more than 1,000 employees but all not employees necessarily in Marathon County):

*Aspirus Wausau Hospital
Greenheck Fan Inc.
Footlocker/Eastbay Inc.
Kolbe & Kolbe Millwork Co Inc.
Land O'Lakes Inc.
Nationwide/Wausau Insurance
Marshfield Clinic
United HealthCare
Wausau Window & Wall Systems
Wisconsin Physicians Services
WPS Health Insurance*

MAJOR INITIATIVES

In the year 2013 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 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. The County did finish a major highway and bridge project on Highway X in Weston and is working on Highway E in the Marshfield area.

The Marathon County Solid Waste department is developing a new recycling and disposal site called Bluebird Ridge located at the Ringle Solid Waste Facility. The new site will have the capacity to hold up to 2.9 million cubic yards of waste.

To better handle the ongoing questions and concerns regarding general infrastructure, the 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. With County leadership and citizen input, the County has continued to develop its program prioritization process for developing annual budgets that provide cost effective program results for our citizens.

One of the County's priorities is examining alternatives to incarceration for those people convicted of AODA violations. We have received a grant to work on AODA programming for offenders. The intended outcome would be to 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 2015 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, 2012, 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 2013 was 0.10%. 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 0.75% of the total deposits during 2013.

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.

For part of 2013, a small portion of the County's investment portfolio was 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 allowed 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 2013 return of 0.32%.

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 2013 for all Primary Government operations (including the CWA as a discretely presented component unit) was \$657,958, a decrease from 2012 of 30.42%. The decrease was the result of continued lower interest rates being applied to investments. In addition to the earnings of the primary government unit, (including the CWA as a discretely presented unit) another \$99,768 of interest was earned by the County's (other) discretely presented component units. The following chart illustrates investment earnings for the primary government (including CWA as a discretely presented component unit) for all fund types over the last ten years.

<i>Year</i>	<i>Earnings</i>	<i>Increase (Decrease)</i>	<i>%(Decrease) Change</i>
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)
2013	657,958	(287,720)	(30.42)

****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, 2013 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 \$500,000 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 – 12/01/2016

- (i) *Defeasances; - the County currently has no debt issues that qualifies as legal defeasance.*
Total defeasance of *\$0*
For a total amount defeased as of 12/31/2013 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 12-31-2013
04/01/03	555,000	Central Wisconsin Airport	05/01/13	0 (a)
12/01/05	4,105,000	CWA Refunding	10/01/17	1,735,000 (b)
02/01/09	16,770,000	GO Prom Note	12/01/18	7,355,000
12/15/10	2,450,000	Central Wisconsin Airport	12/01/25	2,020,000 (a)
12/27/12	2,650,000	Central Wisconsin Airport	12/01/28	2,650,000 (a)
Subtotal				13,760,000
Less Debt Service Funds on Hand				1,476,646 (c)
Total Net Direct Debt				12,283,354

(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 \$57,784.

- (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	12/13	13/14
City of Wausau	\$8.00	\$7.93
State of Wisconsin	0.15	0.14
Marathon County	4.58	4.40
Wausau School District	9.74	9.41
Northcentral Technical College	1.78	1.77
Gross Tax Rate	24.25	23.65
Less State Credit	(1.50)	(1.45)
Net Tax Rate	22.75	22.20
Ratio of assessed value to equalized value	106.35%	108.53%

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

- (6) *The information on major employers was previously mentioned in this Transmittal Letter on Page iii.*
- (7) *The summary budget information is as follows:*

2013 REVENUE		2013 EXPENDITURES	
Taxes	\$46,090,851	General Government	\$42,836,665
Sales and misc. taxes	10,261,193	Public Safety	19,624,908
Intergovernmental grants/aid	30,195,421	Transportation	29,694,749
Licenses, Fines and Forfeitures	975,850	Health	11,799,148
Charges for services:		Social Services	22,742,761
Public	10,845,807	Leisure and Education	12,543,985
Intergovernmental	15,628,818	Conservation & Economic Development	1,311,664
Miscellaneous Revenue	17,085,796	Debt Service	2,531,673
Transfers	24,848,242	Capital Outlay	4,235,735
		Transfers	8,610,690
Total Revenue	\$155,931,978	Total Expenses	\$155,931,978

- (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:*

	Data	General Obligation Direct Debt (a)	General Obligation Underlying Debt	Total Applicable General Obligation Debt
Debt Values		\$13,760,000	\$192,311,360	\$206,071,360
Equalized Value (less TID)	\$8,963,288,900	0.15%	2.15%	2.30%
Per capita	134,735	\$102.17	\$1,427.92	\$1,530.09
Per acre	1,013,760	\$13.57	\$189.70	\$203.27

(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.

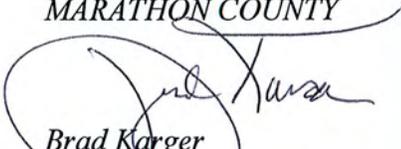
INVITATION AND ACKNOWLEDGMENTS

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 Schlieff, who was the Director of the Marathon County Historical Society, for his contribution on the brief history on the development of Marathon County. We would offer this special thank you to Stacy Livernash, 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 and Property Committee for their interest and support in planning and conducting the financial operations of the County in a responsible manner. The County's excellent financial condition and reasonable tax rate are acknowledgments of their dedication.

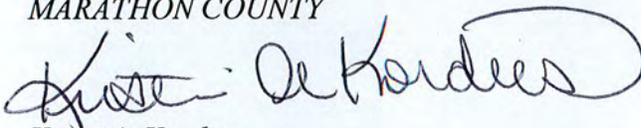
Respectfully submitted,

MARATHON COUNTY



Brad Karger
County Administrator

MARATHON COUNTY



Kristi A. Kordus
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

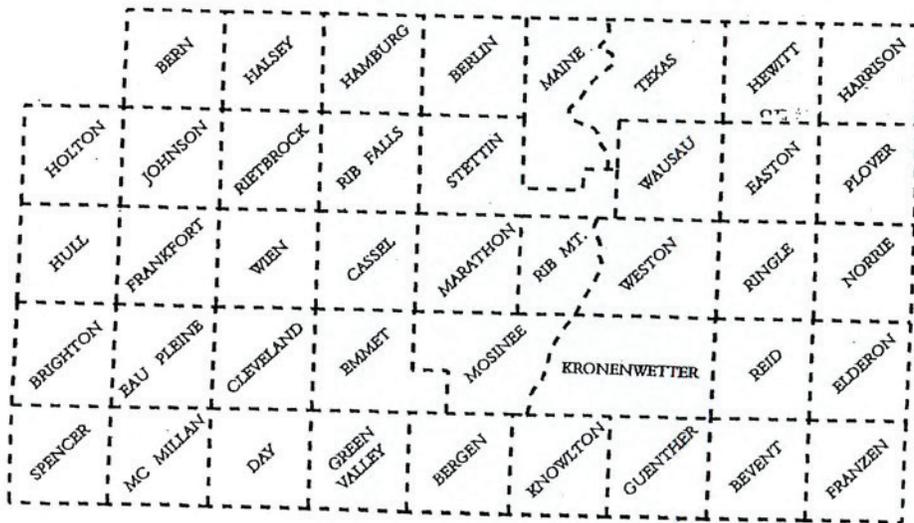
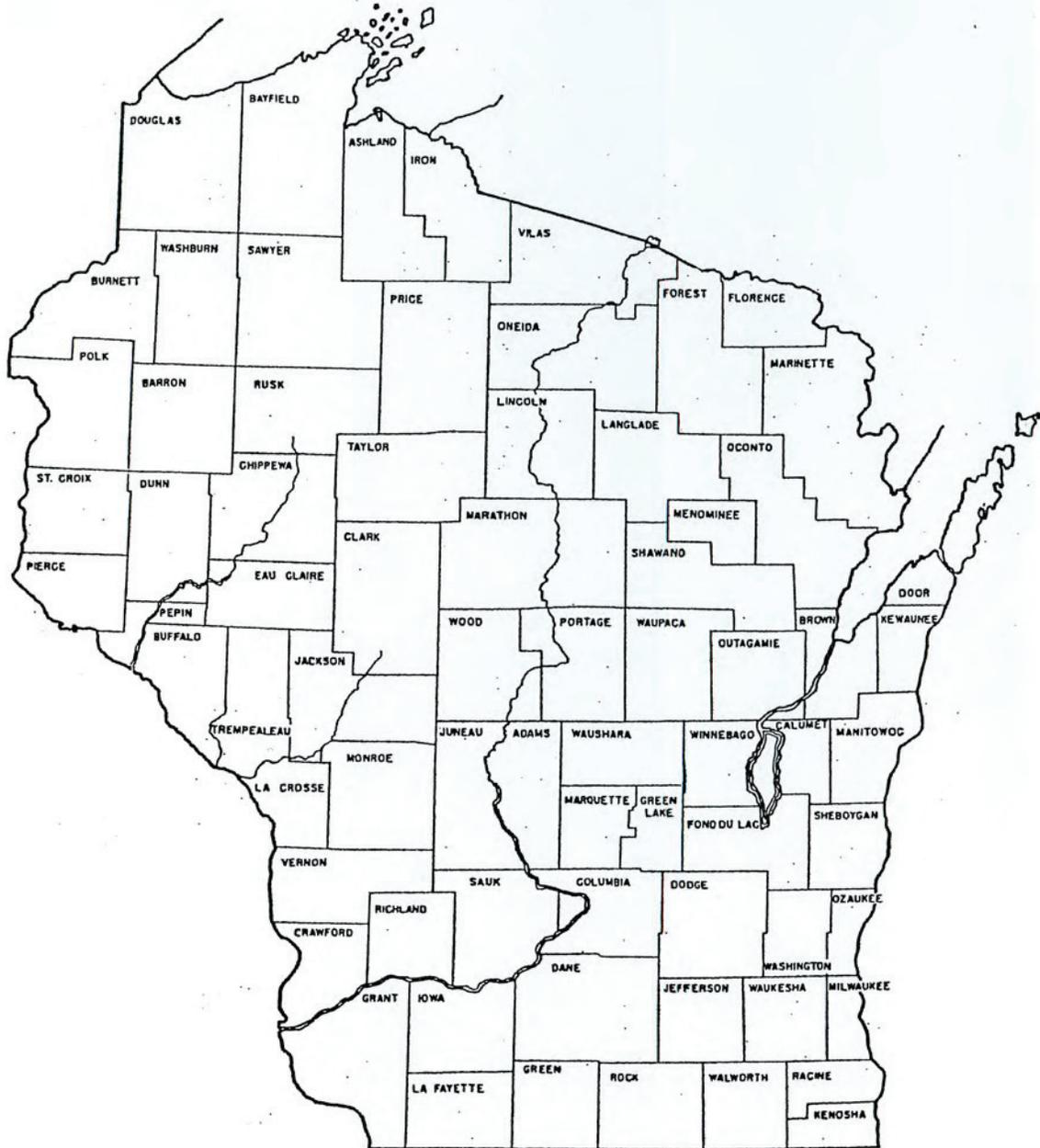
Presented to

**Marathon County
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO



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

MARATHON COUNTY BOARD OF SUPERVISORS

2012 - 2014

District No. 1.....	Jim Rosenberg	District No. 20.....	Barbara J. Ermeling
District No. 2.....	James R. Seefeldt	District No. 21.....	Kurt Kluck
District No. 3.....	David E. Nutting	District No. 22.....	Matt Powers
District No. 4.....	John Robinson	District No. 23.....	Charles Soukup
District No. 5.....	Gary L. Gisselman	District No. 24.....	Jean R. Maszk
District No. 6.....	Joanne S. Leonard	District No. 25.....	Sandi M. Cihlar
District No. 7.....	Kenneth L. Day	District No. 26.....	John Durham
District No. 8.....	Karen Kellbach	District No. 27.....	Alan F. Kraus
District No. 9.....	Lee Peek	District No. 28.....	Maynard Tremelling
District No. 10.....	Sherry L. Abitz	District No. 29.....	Catherine Wineman
District No. 11.....	Russell Michalski	District No. 30.....	Richard Gumz
District No. 12.....	Arnold Schlei	District No. 31.....	John D. Bandow
District No. 13.....	Beverly M. Krejci	District No. 32.....	Kurt A. Gibbs
District No. 14.....	Gary Wyman	District No. 33.....	John H. Small
District No. 15.....	Matthew Hildebrandt	District No. 34.....	Gary Beastrom
District No. 16.....	Ken Fabel	District No. 35.....	Todd P. McDonald
District No. 17.....	Elroy Zemke	District No. 36.....	Bill Miller
District No. 18.....	Craig McEwen	District No. 37.....	Gina Cornell
District No. 19.....	Oliver K. Burrows III	District No. 38.....	Laverne Grunenwald

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Vice Chairperson Kurt A. Gibbs

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James Seefeldt - Vice Chair
Laverne Grunenwald
Alan Kraus
John Small
Catherine Wineman
Marilyn Bhend – Towns/Villages Assoc. Rep.

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Gina Cornell
Barbara Ermeling
Kurt Kluck
John Robinson
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Elroy Zemke
Alan Kraus

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Jean Maszk, Vice-Chair
Sandi Cihlar
Beverly Krejci
Maynard Tremelling

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John Durham
Todd McDonald
Lee Peek
John Robinson
Charles Soukup

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John Small, Vice-Chair
Laverne Grunenwald

INFRASTRUCTURE COMMITTEE

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Richard Gumz, Vice-Chair
Sandi Cihlar
Karen Kellbach
Craig McEwen
Arnold Schlei
Gary Wyman

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Gary Gisselman, Vice-Chair
John Badow
Kenneth Day
Jean Maszk
Russell Michalski
Maynard Temelling

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Alan Kraus, Vice-Chair
Ken Fabel
Kurt Gibbs
Kelly King, FSA Member

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Karen Kellbach, Vice-Chair
Sherry Abitz
Matt Hildebrandt
Jean Maszk
Craig McEwen
Matt Powers

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Bill Miller
Arnold Schlei
Elroy Zemke

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Joanne Leonard
Amy Arlen, Citizen Member
Steve Robinson, Citizen Member

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Julie Fox, DDS, Vice-Chair
Craig McEwen, Secretary
Kevin O'Connell, MD, Ex-Officio and
Medical Advisor
Robert W. Pope, DVM Ex-Officio
Oliver Burrows III
Susan Coleman
Dean Danner
Sue Gantner, RN
Laura Scudiere
Dr. Lori Shepherd

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CENTER OF CENTRAL WISCONSIN BOARD**

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Carol Schulz, Secretary
Lori Haines
Gary Lewis
Sharon Seubert

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Audrey Ascher, Vice-President
Gary Beastrom
Sandi Cihlar
Alison Morrow
Katie Rosenberg
Scott Winch

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Gary Gisselman, Vice-President
Alan Kraus
Robert Mielke
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Brad Karger
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Dale Smith
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Joseph Voight

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Bev Krejci
David Nutting
Charles Soukup

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John Durham
James Krems
Gary Wyman
Leonard Bayer, Citizen Member
Jim Schuh, Citizen Member

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Brad Karger, Vice-Chair
Maryanne Groat, Secretary
Gary Bezucha
Brenda Glodowski
Gary Wyman
Pat Puyleart, Citizen Member

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Joanne Kelly
Holly Matucheski
William Metter
John Robinson
Laura Scudiere
David Tange
Gretchen Thout

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

Primary Government

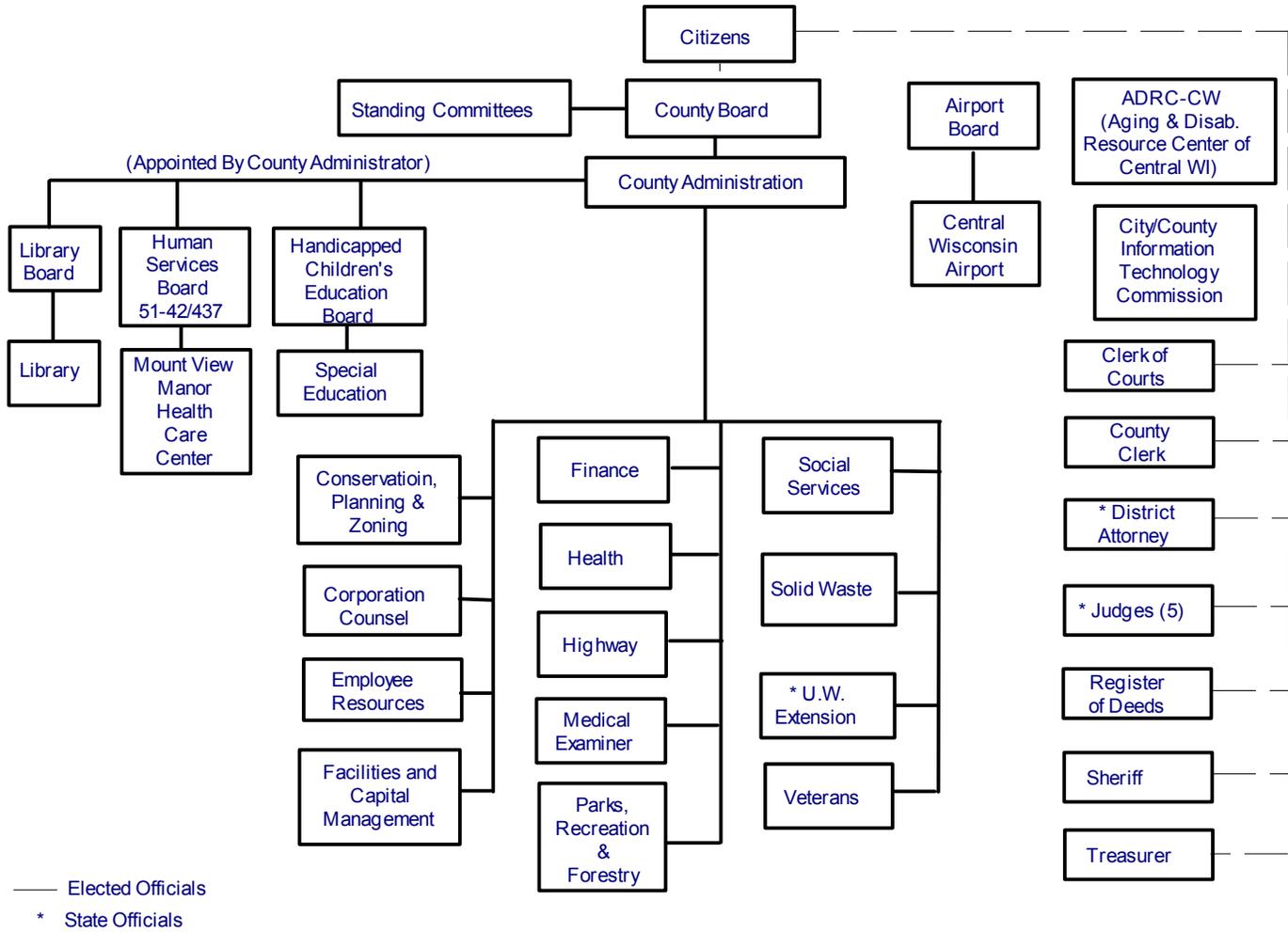
	Brad Karger	County Administrator
	Linda Weitz	Aging & Disability Resource Center of Central Wisconsin
	Michael Lotter	Facilities & Capital Management
*	Diane Sennholz	Clerk of Courts
	Rebecca Frisch	Conservation, Planning & Zoning
	Scott Corbett	Corporation Counsel
*	Nan Kottke	County Clerk
*•	Ken Heimerman	District Attorney
	Frank Matel	Employee Resources
	Kristi Kordus	Finance
	Joan Theurer	Health
	James Griesbach	Highway
	Ralph Illick	Library
	Jessica Will.....	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 2013



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FINANCIAL SECTION

MARATHON COUNTY, WISCONSIN

FINANCIAL STATEMENTS

For the Year Ended December 31, 2013



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, 2013, 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, 78 percent and 38 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.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marathon County, Wisconsin, as of December 31, 2013 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. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marathon County's basic financial statements. The 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marathon County's basic financial statements. The "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 20, 2014

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, 2013. 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 and deferred inflows of resources at the close of the most recent fiscal year by \$356,784,839 (net position). Of this amount \$103,870,917 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$661,505.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$23,652,792 or 41 percent of total general fund expenditures.
- Marathon County has paid the 2013 portion of debt service that is funded with tax levy. The County paid the principal of \$1,310,000 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, liabilities, and deferred inflows of resources, with the difference 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.

Agency Funds. Agency funds are used to account for resources held for the benefit of parties outside the government. Agency 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 agency funds is much like that used for proprietary funds. The basic agency 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 30-87 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 and deferred inflows of resources by \$356,784,839 and \$356,123,334 at the end of 2013 and 2012 respectively.

By far the largest portion of Marathon County's net position, 68 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 2013 and 2012

	2013 Governmental Activities	2013 Business Type Activities	2013 Total	2012 Governmental Activities	2012 Business Type Activities	2012 Total
Current and other assets	\$129,493,590	\$65,300,568	\$194,794,158	\$131,504,510	\$69,425,368	\$200,929,878
Capital assets	230,264,232	18,155,596	248,419,828	232,157,796	13,961,636	246,119,432
Total Assets	359,757,822	83,456,164	443,213,986	363,662,306	83,387,004	447,049,310
Other liabilities	11,012,342	2,390,443	13,302,785	50,071,110	11,168,001	61,239,111
Long-term liabilities	14,717,397	11,273,733	26,091,130	18,761,990	10,924,875	29,686,865
Total liabilities	25,729,739	13,664,176	39,393,915	68,833,100	22,092,876	90,925,976
Deferred inflows of resources	40,290,106	6,745,126	47,035,232	-	-	-
Net position:						
Net investment in capital assets	223,789,243	18,155,596	241,944,839	224,519,266	13,961,636	238,480,902
Restricted	8,078,812	2,890,271	10,969,083	9,449,568	5,215,387	14,664,955
Unrestricted	61,869,922	42,000,995	103,870,917	60,860,372	42,117,105	102,977,477
Total Net Position	\$293,737,977	\$63,046,862	\$356,784,839	\$294,829,206	\$ 61,294,128	\$356,123,334

Implementation of GASB No. 65 in 2013 creates a new category of deferred inflows of resources, separate from other liabilities and long-term liabilities.

An additional portion of Marathon County's net position, 3 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$103,870,917 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the 2013 and 2012, 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 increased by \$661,505 during the current fiscal year.

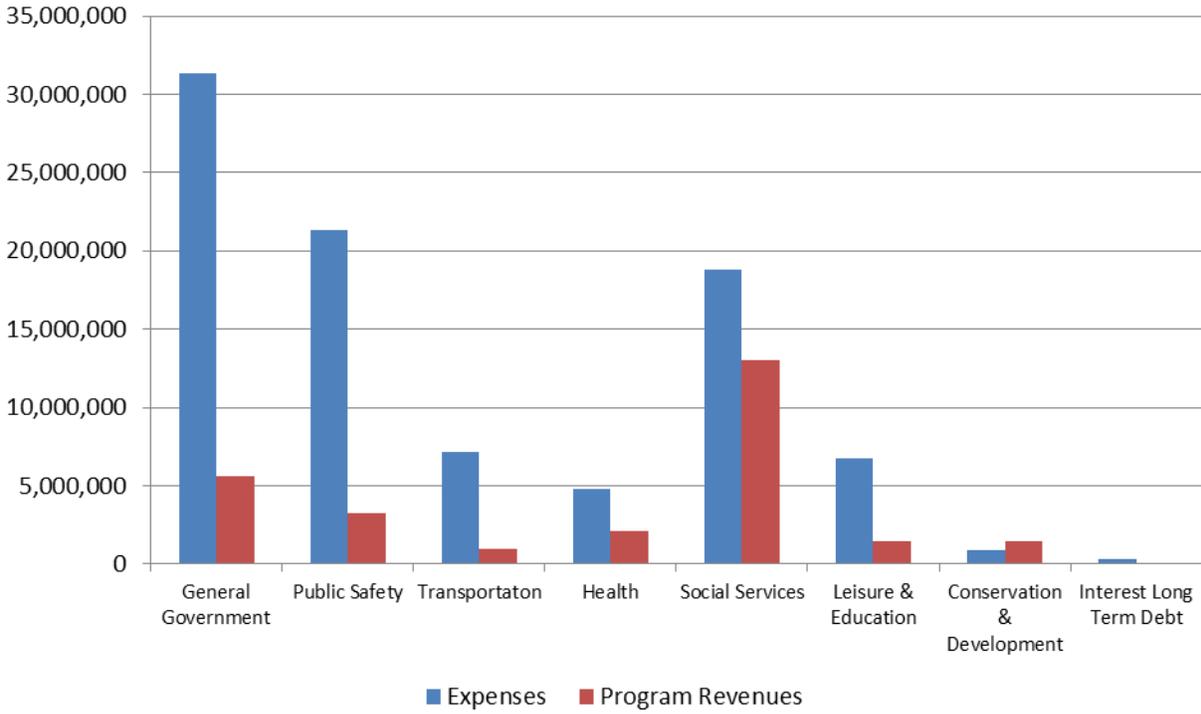
Governmental activities. Governmental activities decreased Marathon County's net position by \$1,091,229.

Marathon County's Changes in Net Position

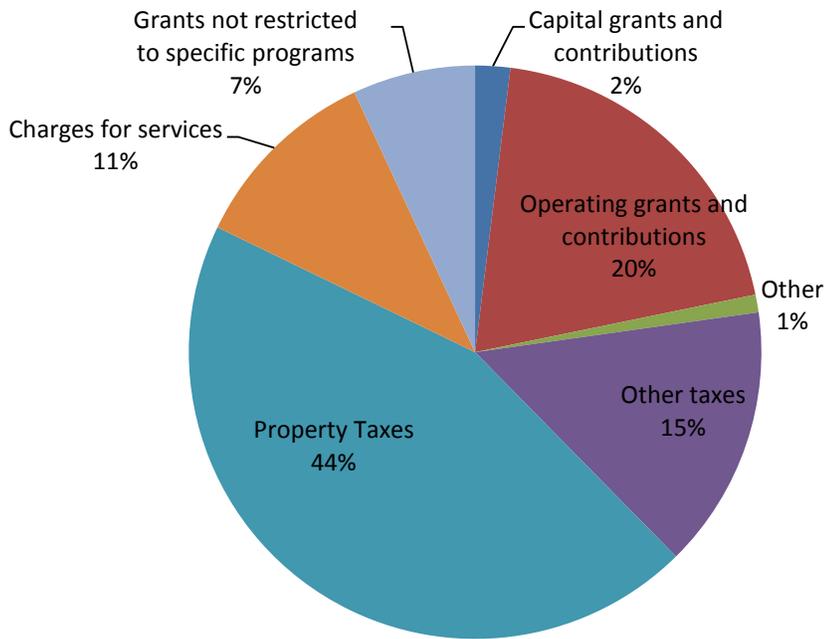
	2013 Governmental Activities	2013 Business Type Activities	2013 Total	2012 Governmental Activities	2012 Business Type Activities	2012 Total
Revenues:						
Program Revenues						
Charges for service	9,492,030	7,528,748	17,020,778	9,347,177	6,744,982	16,092,159
Operating grants and contributions	16,941,599	3,874,059	20,815,658	15,782,467	3,400,828	19,183,295
Capital grants and contributions	1,374,517	-	1,374,517	4,288,642	-	4,288,642
General Revenues						
Property taxes	38,832,967	7,306,275	46,139,242	39,069,259	8,543,693	47,612,952
Other taxes	12,533,142	-	12,533,142	12,559,667	-	12,559,667
Grants not restricted to specific programs	6,012,569	-	6,012,569	5,968,326		5,968,326
Other	712,095	430,623	1,142,718	1,321,905	467,844	1,789,749
Total Revenues	85,898,919	19,139,705		88,337,443	19,157,347	107,494,790
Expenses:						
General government	31,317,190	-	31,317,190	34,250,005	-	34,250,005
Public safety	21,297,720	-	21,297,720	18,373,227	-	18,373,227
Transportation	7,197,187	-	7,197,187	8,661,324	-	8,661,324
Health	4,770,100	-	4,770,100	4,474,165	-	4,474,165
Social services	18,772,375	-	18,772,375	17,862,488	-	17,862,488
Leisure and education	6,782,729	-	6,782,729	7,426,607	-	7,426,607
Conservation and development	918,916	-	918,916	1,163,428	-	1,163,428
Interest on long term debt	278,516	-	278,516	264,525	-	264,525
Landfill		3,170,871	3,170,871	-	3,619,483	3,619,483
Highway		9,871,515	9,871,515	-	12,612,249	12,612,249
Total expenses	91,334,733	13,042,386	104,377,119	92,475,769	16,231,732	108,707,501
Increase (decrease) in net position before transfers	(5,435,814)	6,097,319	661,505	(4,138,326)	2,925,615	(1,212,711)
Transfers	4,344,585	(4,344,585)	-	2,243,702	(2,243,702)	-
Increase (decrease) in net position	(1,091,229)	1,752,734	661,505	(1,894,624)	681,913	(1,212,711)
Net position-January 1	294,829,206	61,294,128	356,123,334	296,723,830	60,612,215	357,336,045
Net position-December 31	293,737,977	63,046,862	356,784,839	294,829,206	61,294,128	356,123,334

Property taxes were \$46,139,242 for 2013 and \$47,612,952 for 2012. 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 2013 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



Revenues by Source – Governmental Activities



Business-type activities. Business-type activities increased Marathon County’s net position by \$1,752,734. Key elements of this increase are as follows:

Operating expenses for business type activities decreased by \$3,189,346 or 20%.

Most of the decrease in expenses comes from a decrease in:

- Landfill closure and long-term care \$241,257

Decreases in other areas for operating expense are as follows:

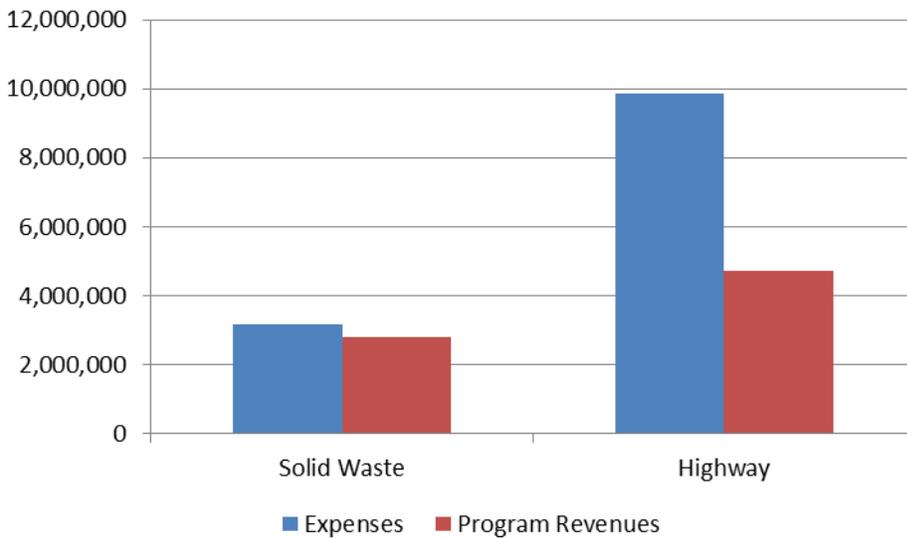
- Salaries and benefits of \$1,688,924 (36%)
- Construction and maintenance of \$791,947 (27%)
- Materials and supplies of \$176,501 (14%)

The non-operating expenses decreased by \$2,524,970 for infrastructure construction for governmental activities and other expenses.

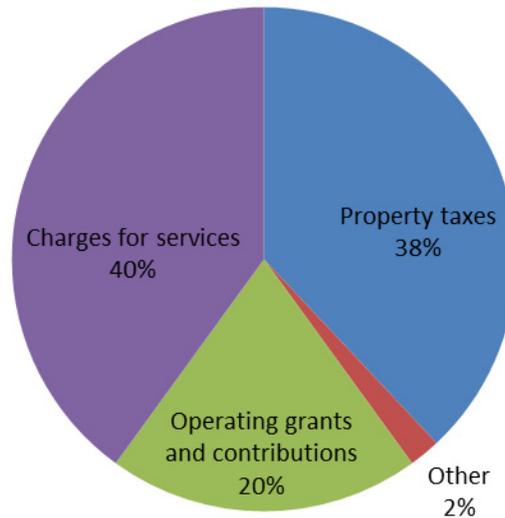
Operating revenues for business type activities increased by \$783,766 or 12% as follows:

- Intergovernmental charges for services increased by \$708,014 (18%)
- Public charges for services increased by \$82,717 (3%)
- Total non-operating revenues for business type activities decreased by \$801,408 (6%)
- Intergovernmental grants and aids increased by \$473,231 (14%)
- Property Tax revenues decreased \$1,237,418 (14%)
- Decrease in interest income of \$205,903 (59%)
- Other revenues increased \$107,223 (91%)

Expenses and Program Revenues – Business-Type Activities



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 \$64,103,084, an increase of \$391,903 in comparison with the prior year. Approximately 37 percent of this total amount, \$23,652,792, 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 \$3,412,418 is made up of the following: 1) \$30,999 for inventories and prepaid expenses, and 2) \$3,381,419 for delinquent taxes for other governmental entities. The restricted balance of \$9,256,230 is made up of 1) \$1,534,430 to pay debt service, 2) \$1,424,455 for jail assessment, 3) \$3,821,263 for social improvement and, 4) \$2,476,082 for a variety of other restricted purposes.

The assigned fund balance for the governmental funds totaled \$27,781,644. This fund balance is not available for spending and has been assigned to the following: 1) \$7,640,751 for subsequent year's budget, 2) \$3,566,609 for conservation (ATC power line) and 3) \$10,056,329 for capital projects, 4) \$639,111 for carry forwards, and 5) \$5,878,844 for compensated absences.

The general fund is the chief operating fund of Marathon County. The unassigned fund balance of the general fund was \$23,652,792 for 2013 while the total fund balance reached \$47,370,553 and \$46,692,592 for 2013 and 2012 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 41 percent of total general fund expenditures in 2013. Total fund balance represents 82 and 83 percent of that same amount in 2013 and 2012 respectively.

The fund balance of Marathon County's general fund increased by \$677,961 during the current fiscal year. Key factors in this change are as follows:

- A increase in sales tax revenues of \$243,014
- Revenues from public charges for services of the general fund increased by \$173,145
- Intergovernmental grants and aids increased \$261,397
- Property taxes decreased \$409,397
- Conservation expenditures decreased \$249,298
- Capital Outlay expenditures decreased \$144,186
- General Government expenditures increased \$171,905
- Public Safety expenditures increased \$1,532,807
- Health expenditures increased \$182,302

The debt service fund has a total fund balance of \$1,534,430, 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 \$27,571. As of December 31, 2013, the County had \$7,355,000 in general obligation debt that is supported by tax levy dollars.

The fund balance for the Capital Improvement Fund increased by \$602,811. 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 \$3,203,631, and those for the highway operations amounted to \$38,797,364. The total decrease in net position for the landfill fund was \$381,345. The net position of the highway fund increased by \$2,134,079. 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 \$5,259,589 which is an increase in appropriations and can be briefly summarized as follows:

There was a total increase in general government activities of \$689,427. In total the increases were allocated as follows:
\$2,609,934 increase allocated to the public safety

- \$ 916,237 increase allocated to the health
- \$ 20,418 increase allocated for social services
- \$ 187,708 increase allocated for leisure and education
- \$ 727,578 increase allocated for conservation and economic development
- \$ 108,287 increase allocated for capital outlay

Of this increase, a major portion of the increase, \$2,609,934, was an increase in public safety.

During the year, revenues were more than budget by \$638,178 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 21 retirees, public safety and health and conservation. The County also received additional grant dollars for new and regional program initiatives.

Actual expenditures were \$5,434,007 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 2014.

The final amended general fund budget projected fiscal year expenditures of \$63,225,719. The actual general fund expenditures for the fiscal year ended December 31, 2013 were \$57,791,712.

Capital Asset and Debt Administration

Marathon County's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$241,944,839 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, highways, culverts, bridges and construction in process. The total increase in Marathon County's net investment in capital assets for the current fiscal year was \$3,463,937 or 1.5 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 the Marshfield and Weston areas.
- Develop a new landfill site called Bluebird Ridge recycling and disposal facility at the Marathon County Solid Waste area in Ringle. Bluebird Ridge has a capacity to hold 2.9 million cubic yards of waste.

Marathon County's Capital Assets

	Governmental Activities	Business-type Activities	Total
Construction in process	12,470,506	-	12,470,506
Land	33,603,461	523,038	34,126,499
Buildings	90,563,720	7,155,956	97,719,676
Improvements	10,132,391	26,562,929	36,695,320
Equipment	22,328,160	15,912,705	38,240,865
Infrastructure	189,512,900	-	189,512,900
Library Collection	4,611,100	-	4,611,100
Subtotal	363,222,238	50,154,628	413,376,866
Less: Accumulated Depreciation	(132,958,006)	(31,999,032)	(164,957,038)
TOTAL	230,264,232	18,155,596	248,419,828

Additional information on Marathon County's capital assets can be found in note IV.D. on pages 53-55 of this report.

Long-term debt. At the end of the current fiscal year, Marathon County had \$7,355,000 in bonded debt outstanding paid by tax levy revenues. However, there is also an outstanding amount of \$6,405,000 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 2013

Central Wisconsin Airport	\$6,405,000
General	\$7,355,000
TOTAL	\$13,760,000

Marathon County's total debt decreased \$1,885,000 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 \$473,409,830 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 IV.F. on pages 57-58 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Marathon County in 2013 was 6.8 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 2014 fiscal year.

The unassigned fund balance in the general fund at the end of 2013 that will be appropriated to fund the 2014 capital improvement fund is \$10,376,841. 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, 2013

	Primary Government		Total	Component Units
	Governmental	Business-type		
	Activities	Activities		
ASSETS				
Cash and investments	\$ 71,742,807	\$ 43,646,346	\$ 115,389,153	\$ 21,456,022
Receivables (net)				
Taxes receivable	45,711,165	6,064,496	51,775,661	-
Accounts receivable	1,808,111	450,141	2,258,252	5,386,564
Contracts receivable	-	-	-	-
Accrued interest receivable	350,888	-	350,888	1,747
Penalties and interest receivable	289,611	-	289,611	-
Due from other governments	3,442,719	775,627	4,218,346	2,205,646
Due from component unit	1,081,033	-	1,081,033	-
Prepaid items	-	-	-	110,127
Inventories	30,999	1,308,833	1,339,832	331,005
Restricted Assets				
Cash and investments	3,051,600	13,032,136	16,083,736	3,268,035
Accrued interest receivable	-	22,989	22,989	-
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000	-
Other Assets				
Investment in joint venture	465,657	-	465,657	-
Capital Assets				
Capital assets not depreciated	46,073,967	523,038	46,597,005	15,885,536
Capital assets, net of accumulated depreciation	<u>184,190,265</u>	<u>17,632,558</u>	<u>201,822,823</u>	<u>41,703,534</u>
Total Assets	<u>359,757,822</u>	<u>83,456,164</u>	<u>443,213,986</u>	<u>90,348,216</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	-	-	-	13,748
Total Deferred Outflows of Resources	-	-	-	<u>13,748</u>
LIABILITIES				
Accounts payable	2,648,252	714,808	3,363,060	1,690,787
Accrued items	1,005,083	155,944	1,161,027	1,904,502
Accrued interest payable	29,334	-	29,334	31,567
Accrued liability - claims payable	3,512,755	-	3,512,755	950,000
Due to other governments	955,957	1,337,301	2,293,258	1,028,708
Unearned revenues	-	-	-	682,353
Liabilities payable from restricted assets				
Special deposits	475,730	-	475,730	363,627
Non-current Liabilities				
Due within one year				
Current portion of general obligation notes payable	1,355,000	-	1,355,000	535,000
Current portion due to primary government	-	-	-	145,331
Current portion of compensated absences	1,030,231	182,390	1,212,621	1,548,133
Due in more than one year:				
General obligation notes payable (net of unamortized premium)	6,459,499	-	6,459,499	5,953,445
Forest crop loan payable	1,696,776	-	1,696,776	-
Landfill closure and long-term care payable	-	10,141,865	10,141,865	-
Due to primary government	-	-	-	935,702
Compensated absences	4,120,925	804,713	4,925,638	132,545
Other postemployment benefits obligation	<u>2,440,197</u>	<u>327,155</u>	<u>2,767,352</u>	<u>88,874</u>
Total Liabilities	<u>25,729,739</u>	<u>13,664,176</u>	<u>39,393,915</u>	<u>15,990,574</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	<u>40,290,106</u>	<u>6,745,126</u>	<u>47,035,232</u>	-
Total Deferred Inflows of Resources	<u>40,290,106</u>	<u>6,745,126</u>	<u>47,035,232</u>	-
NET POSITION				
Net investment in capital assets	223,789,243	18,155,596	241,944,839	50,528,017
Restricted for:				
Debt service	1,502,276	-	1,502,276	-
General government	1,156,572	-	1,156,572	-
Public Safety	1,424,455	-	1,424,455	-
Social Services	3,995,509	-	3,995,509	-
Long-term care costs	-	2,890,271	2,890,271	-
Passenger and customer facility charges	-	-	-	2,357,162
Employee benefits	-	-	-	45,000
Unrestricted	<u>61,869,922</u>	<u>42,000,995</u>	<u>103,870,917</u>	<u>21,441,211</u>
TOTAL NET POSITION	<u>\$ 293,737,977</u>	<u>\$ 63,046,862</u>	<u>\$ 356,784,839</u>	<u>\$ 74,371,390</u>

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ 31,317,190	\$ 4,184,659	\$ 923,802	\$ 469,375	\$ (25,739,354)	\$ -	\$ (25,739,354)	\$ -
Public safety	21,297,720	2,161,484	1,055,870	-	(18,080,366)	-	(18,080,366)	-
Transportation	7,197,187	-	94,718	905,142	(6,197,327)	-	(6,197,327)	-
Health	4,770,100	656,765	1,439,002	-	(2,674,333)	-	(2,674,333)	-
Social services	18,772,375	1,140,531	11,906,370	-	(5,725,474)	-	(5,725,474)	-
Leisure and education	6,782,729	808,233	626,314	-	(5,348,182)	-	(5,348,182)	-
Conservation and development	918,916	540,358	895,523	-	516,965	-	516,965	-
Interest on long term debt	278,516	-	-	-	(278,516)	-	(278,516)	-
Total Governmental Activities	91,334,733	9,492,030	16,941,599	1,374,517	(63,526,587)	-	(63,526,587)	-
Business-type Activities								
Landfill	3,170,871	2,804,665	3,093	-	-	(363,113)	(363,113)	-
Highway	9,871,515	4,724,083	3,870,966	-	-	(1,276,466)	(1,276,466)	-
Total Business-type Activities	13,042,386	7,528,748	3,874,059	-	-	(1,639,579)	(1,639,579)	-
Total Primary Government	\$ 104,377,119	\$ 17,020,778	\$ 20,815,658	\$ 1,374,517	(63,526,587)	(1,639,579)	(65,166,166)	-
Component Units								
Governmental-type								
Children with Disabilities Education Board	\$ 5,344,557	\$ 4,635,139	\$ -	\$ -	-	-	-	(709,418)
Business-type								
Central Wisconsin Airport	4,767,273	3,355,208	-	7,235,609	-	-	-	5,823,544
North Central Health Care	55,637,350	40,786,486	16,720,347	792,215	-	-	-	2,661,698
Total Business-type	60,404,623	44,141,694	16,720,347	8,027,824	-	-	-	-
General Revenues								
Taxes								
Property taxes					38,832,967	7,306,275	46,139,242	-
Sales taxes					10,555,249	-	10,555,249	-
Other taxes					1,977,893	-	1,977,893	-
Grants and contributions not restricted to specific programs					6,012,569	-	6,012,569	-
Public gifts and grants					84,995	-	84,995	-
Unrestricted investment earnings					277,282	144,487	421,769	117,127
Gain on sale of capital assets					78,709	61,459	140,168	6,038
Unrestricted state and federal aid					-	-	-	1,045,777
Miscellaneous					271,109	224,677	495,786	11,655
Transfers					4,344,585	(4,344,585)	-	-
Total General Revenues and Transfers					62,435,358	3,392,313	65,827,671	1,180,597
Change in net position					(1,091,229)	1,752,734	661,505	8,956,421
NET POSITION, Beginning					294,829,206	61,294,128	356,123,334	65,414,969
NET POSITION, ENDING					\$ 293,737,977	\$ 63,046,862	\$ 356,784,839	\$ 74,371,390

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

BALANCE SHEET- GOVERNMENTAL FUNDS
As of December 31, 2013

	General	Social Improvement	Capital Improvement	Nonmajor Governmental Fund	Total Governmental
				Debt Service Fund	
ASSETS					
Cash and investments	\$ 39,271,481	\$ 4,034,313	\$ 11,882,663	\$ 1,534,430	\$ 56,722,887
Receivables					
Taxes receivable	36,605,692	7,409,823	-	1,695,650	45,711,165
Accounts receivable	1,581,316	79,863	-	-	1,661,179
Accrued interest receivable	350,888	-	-	-	350,888
Penalties and interest receivable	289,611	-	-	-	289,611
Due from other governments	2,635,952	806,767	-	-	3,442,719
Due from component unit	-	-	1,081,033	-	1,081,033
Due from other funds	-	-	21,945	-	21,945
Inventories and prepaid items	30,000	999	-	-	30,999
Restricted Assets					
Cash and investments	3,039,841	11,759	-	-	3,051,600
Total Assets	<u>\$ 83,804,781</u>	<u>\$ 12,343,524</u>	<u>\$ 12,985,641</u>	<u>\$ 3,230,080</u>	<u>\$ 112,364,026</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,523,630	\$ 753,729	\$ 306,910	\$ -	\$ 2,584,269
Accrued items	781,122	159,663	646	-	941,431
Due to other governments	726,860	7,884	221,213	-	955,957
Due to other funds	21,945	-	-	-	21,945
Liabilities payable from restricted assets					
Special deposits	458,814	16,916	-	-	475,730
Total Liabilities	<u>3,512,371</u>	<u>938,192</u>	<u>528,769</u>	<u>-</u>	<u>4,979,332</u>
Deferred Inflows of Resources					
Unavailable revenues	1,737,224	173,247	1,081,033	-	2,991,504
Unearned revenues	31,184,633	7,409,823	-	1,695,650	40,290,106
Total Deferred Inflows of Resources	<u>32,921,857</u>	<u>7,583,070</u>	<u>1,081,033</u>	<u>1,695,650</u>	<u>43,281,610</u>
Fund Balances					
Nonspendable	3,411,419	999	-	-	3,412,418
Restricted	2,581,027	3,821,263	1,319,510	1,534,430	9,256,230
Assigned	17,725,315	-	10,056,329	-	27,781,644
Unassigned	23,652,792	-	-	-	23,652,792
Total Fund Balances	<u>47,370,553</u>	<u>3,822,262</u>	<u>11,375,839</u>	<u>1,534,430</u>	<u>64,103,084</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 83,804,781</u>	<u>\$ 12,343,524</u>	<u>\$ 12,985,641</u>	<u>\$ 3,230,080</u>	

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).	230,264,232
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.	2,991,504
The County's investment in joint venture is not a financial resource and, therefore, is not reported in the funds	465,657
Internal service funds are reported in the statement of net position as governmental funds	12,971,260
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.	<u>(17,057,760)</u>
NET POSITION OF THE GOVERNMENTAL ACTIVITIES	<u>\$ 293,737,977</u>

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, 2013

	General	Social Improvement	Capital Improvement	Nonmajor	Total
				Governmental Fund Debt Service Fund	
REVENUES					
Taxes	\$ 42,412,161	\$ 7,436,474	\$ -	\$ 1,683,400	\$ 51,532,035
Intergovernmental grants and aids	10,336,651	11,925,655	-	-	22,262,306
Licenses and permits	273,756	-	-	-	273,756
Fines and forfeitures	780,186	-	-	-	780,186
Public charges for services	4,770,388	570,693	-	95,425	5,436,506
Intergovernmental charges for services	1,349,329	-	-	-	1,349,329
Miscellaneous revenue	1,235,071	25,625	764,295	11,049	2,036,040
Total Revenues	61,157,542	19,958,447	764,295	1,789,874	83,670,158
EXPENDITURES					
Current					
General government	23,865,557	-	-	-	23,865,557
Public safety	20,955,298	-	-	-	20,955,298
Health	4,630,064	-	-	-	4,630,064
Social services	205,836	18,164,052	-	-	18,369,888
Leisure activities and education	7,029,361	-	-	-	7,029,361
Conservation and economic development	908,106	-	-	-	908,106
Capital Outlay	197,490	-	3,975,459	-	4,172,949
Debt Service					
Principal	-	-	-	1,388,903	1,388,903
Interest and paying agent fees	-	-	-	373,400	373,400
Total Expenditures	57,791,712	18,164,052	3,975,459	1,762,303	81,693,526
Excess (deficiency) of revenues over expenditures	3,365,830	1,794,395	(3,211,164)	27,571	1,976,632
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	5,013	2,874,241	-	2,879,254
Social Improvement Fund	-	-	2,715,848	-	2,715,848
Capital Improvement Fund	159,867	-	-	-	159,867
Sales of capital assets	16,956	-	66,438	-	83,394
State loan program debt issued	14,562	-	-	-	14,562
Transfers out					
General Fund	-	-	(159,867)	-	(159,867)
Social Improvement Fund	(5,013)	-	-	-	(5,013)
Capital Improvement Fund	(2,874,241)	(2,715,848)	-	-	(5,590,089)
County Highway Fund	-	-	(1,682,685)	-	(1,682,685)
Total Other Financing Sources (Uses)	(2,687,869)	(2,710,835)	3,813,975	-	(1,584,729)
Net change in fund balance	677,961	(916,440)	602,811	27,571	391,903
FUND BALANCE, Beginning	46,692,592	4,738,702	10,773,028	1,506,859	63,711,181
FUND BALANCE, ENDING	\$ 47,370,553	\$ 3,822,262	\$ 11,375,839	\$ 1,534,430	\$ 64,103,084

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, 2013

Net change in fund balance - total governmental funds	\$ 391,903
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	4,172,949
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.	(1,346,484)
Depreciation is reported in the government-wide statements	(10,513,341)
Infrastructure financed by the highway fund	6,027,270
Contributed capital assets are reported as revenues in the government-wide statements.	905,142
Net book value of assets retired	(1,139,100)
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.	963,554
The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.	465,657
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	(14,562)
Principal repaid	1,388,903
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	(296,282)
Other postemployment benefits	438,661
Accrued interest on debt	2,820
Premium on debt issue	153,166
Debt issuance costs expensed due to implementation of GASB No. 65	(61,102)
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.	<u>(2,630,383)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,091,229)</u>

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, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Taxes	\$ 39,925,895	\$ 39,925,895	\$ 42,412,161	\$ 2,486,266
Intergovernmental grants and aids	9,775,002	12,023,764	10,336,651	(1,687,113)
Licenses and permits	273,750	273,750	273,756	6
Fines and forfeitures	687,100	758,548	780,186	21,638
Public charges for services	4,564,057	4,569,329	4,770,388	201,059
Intergovernmental charges for services	1,399,665	1,544,576	1,349,329	(195,247)
Miscellaneous revenue	1,066,706	1,423,502	1,235,071	(188,431)
Total Revenues	57,692,175	60,519,364	61,157,542	638,178
EXPENDITURES				
Current				
General government	24,294,232	24,983,659	23,865,557	1,118,102
Public safety	19,464,908	22,074,842	20,955,298	1,119,544
Health	4,750,938	5,667,175	4,630,064	1,037,111
Social services	209,729	230,147	205,836	24,311
Leisure activities and education	7,711,659	7,899,367	7,029,361	870,006
Conservation and economic development	1,311,664	2,039,242	908,106	1,131,136
Capital Outlay	223,000	331,287	197,490	133,797
Total Expenditures	57,966,130	63,225,719	57,791,712	5,434,007
Excess (deficiency) of revenues over expenditures	(273,955)	(2,706,355)	3,365,830	6,072,185
OTHER FINANCING SOURCES (USES)				
Transfers in				
Capital Improvement Fund	140,354	159,867	159,867	-
Sales of capital assets	37,528	37,528	16,956	(20,572)
State loan program debt issued	14,967	14,967	14,562	(405)
Transfers out				
Social Improvement Fund	-	(5,013)	(5,013)	-
Capital Improvement Fund	(2,584,241)	(2,874,241)	(2,874,241)	-
Total Other Financing Sources (Uses)	(2,391,392)	(2,666,892)	(2,687,869)	(20,977)
Net change in fund balance	(2,665,347)	(5,373,247)	677,961	6,051,208
FUND BALANCE - Beginning of Year	46,692,592	46,692,592	46,692,592	-
FUND BALANCE - END OF YEAR	\$ 44,027,245	\$ 41,319,345	\$ 47,370,553	\$ 6,051,208

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
General property taxes	\$ 7,436,474	\$ 7,436,474	\$ 7,436,474	\$ -
Intergovernmental Grants and Aids				
Federal grants	587,102	612,102	929,009	316,907
State grants:				
Provided services and administration	4,563,508	10,690,877	7,107,048	(3,583,829)
Special services	2,489,635	2,489,635	3,288,462	798,827
Other revenues	380,241	380,241	321,406	(58,835)
Local government grants	-	-	1,343	1,343
Prior year revenue	-	-	278,387	278,387
Total Intergovernmental Grants and Aids	<u>8,020,486</u>	<u>14,172,855</u>	<u>11,925,655</u>	<u>(2,247,200)</u>
Public Charges for Services				
General government	7,200	7,200	5,512	(1,688)
Public safety	-	-	11,156	11,156
Social services	742,150	742,150	554,025	(188,125)
Total Public Charges for Services	<u>749,350</u>	<u>749,350</u>	<u>570,693</u>	<u>(178,657)</u>
Miscellaneous Revenue				
Interest income	49,700	49,700	25,625	(24,075)
Other revenues	(5,725)	10,908	-	(10,908)
Total Miscellaneous Revenue	<u>43,975</u>	<u>60,608</u>	<u>25,625</u>	<u>(34,983)</u>
Total Revenues	<u>16,250,285</u>	<u>22,419,287</u>	<u>19,958,447</u>	<u>(2,460,840)</u>
EXPENDITURES				
Social Services				
Personal services	7,568,887	7,953,151	7,293,496	659,655
Contractual services	488,354	6,236,593	4,002,458	2,234,135
Materials and supplies	227,732	269,244	267,361	1,883
Fixed charges	294,977	294,977	293,197	1,780
Grants and contributions	7,670,335	7,670,335	6,307,540	1,362,795
Total Expenditures	<u>16,250,285</u>	<u>22,424,300</u>	<u>18,164,052</u>	<u>4,260,248</u>
Excess of revenues over expenditures	<u>-</u>	<u>(5,013)</u>	<u>1,794,395</u>	<u>1,799,408</u>
OTHER FINANCING USES				
Transfers in				
General Fund	-	5,013	5,013	-
Transfers out				
Capital Improvement Fund	(2,715,848)	(2,715,848)	(2,715,848)	-
Total Other Financing Uses	<u>(2,715,848)</u>	<u>(2,710,835)</u>	<u>(2,710,835)</u>	<u>-</u>
Net change in fund balance	<u>(2,715,848)</u>	<u>(2,715,848)</u>	<u>(916,440)</u>	<u>1,799,408</u>
FUND BALANCE - Beginning of Year	<u>4,738,702</u>	<u>4,738,702</u>	<u>4,738,702</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,022,854</u>	<u>\$ 2,022,854</u>	<u>\$ 3,822,262</u>	<u>\$ 1,799,408</u>

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF NET POSITION - PROPRIETARY FUNDS As of December 31, 2013

ASSETS	Business-type Activities - Enterprise Funds			Governmental
	Landfill	County Highway	Total	Activities- Internal Service
CURRENT ASSETS				
Cash and investments	\$ 4,553,981	\$ 39,092,365	\$ 43,646,346	\$ 15,019,920
Taxes receivable	-	6,064,496	6,064,496	-
Accounts receivable	428,238	21,903	450,141	146,932
Due from other governments	-	775,627	775,627	-
Inventories	119,213	1,189,620	1,308,833	-
Total Current Assets	5,101,432	47,144,011	52,245,443	15,166,852
NONCURRENT ASSETS				
Restricted cash and investments	13,032,136	-	13,032,136	-
Accrued interest receivable	22,989	-	22,989	-
Deposit in Wisconsin Municipal Mutual Insurance Company	-	-	-	1,519,000
Capital Assets				
Land	268,534	254,504	523,038	-
Buildings	1,461,721	5,694,235	7,155,956	-
Improvements	25,956,268	606,661	26,562,929	-
Equipment	497,323	15,415,381	15,912,704	58,466
Total Capital Assets	28,183,846	21,970,781	50,154,627	58,466
Less: Accumulated depreciation	(18,480,815)	(13,518,216)	(31,999,031)	(58,466)
Net Capital Assets	9,703,031	8,452,565	18,155,596	-
Total Noncurrent Assets	22,758,156	8,452,565	31,210,721	-
Total Assets	27,859,588	55,596,576	83,456,164	15,166,852
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	509,381	205,427	714,808	63,983
Accrued items	9,618	146,326	155,944	63,652
Due to other governments	1,337,301	-	1,337,301	-
Current portion of compensated absences	10,711	171,679	182,390	14,840
Total Current Liabilities	1,867,011	523,432	2,390,443	142,475
LONG-TERM LIABILITIES				
Landfill closure and long-term care payable	10,141,865	-	10,141,865	-
Accrued liability - claims payable	-	-	-	3,512,755
Compensated absences	42,842	761,871	804,713	59,362
Other postemployment benefits obligation	10,937	316,218	327,155	-
Total Long-term Liabilities	10,195,644	1,078,089	11,273,733	3,572,117
Total Liabilities	12,062,655	1,601,521	13,664,176	3,714,592
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	-	6,745,126	6,745,126	-
Total Deferred Inflows of Resources	-	6,745,126	6,745,126	-
NET POSITION				
Net investment in capital assets	9,703,031	8,452,565	18,155,596	-
Restricted for landfill long-term care	2,890,271	-	2,890,271	-
Unrestricted	3,203,631	38,797,364	42,000,995	12,971,260
TOTAL NET POSITION	\$ 15,796,933	\$ 47,249,929	\$ 63,046,862	\$ 12,971,260

MARATHON COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service
	County			
	Landfill	Highway	Total	
OPERATING REVENUES				
Licenses and permits	\$ -	\$ 8,705	\$ 8,705	\$ -
Public charges for services	2,804,665	-	2,804,665	-
Intergovernmental charges for services	-	4,715,378	4,715,378	-
Interdepartmental charges for services	-	-	-	12,998,789
Total Operating Revenues	2,804,665	4,724,083	7,528,748	12,998,789
OPERATING EXPENSES				
Salaries and benefits	404,787	2,538,713	2,943,500	1,132,598
Contractual services	1,732,588	304,425	2,037,013	976,406
Materials and supplies	100,174	941,990	1,042,164	12,187
Construction and maintenance	50,561	2,040,110	2,090,671	-
Landfill closure & long term care	420,968	-	420,968	-
Building and equipment rent	-	2,903,775	2,903,775	-
Insurance and claims	15,539	125,524	141,063	13,468,834
Loss and loss adjustment expense	-	-	-	480,684
Insurance and administration costs	-	-	-	9,528
Depreciation	418,918	1,016,978	1,435,896	-
Other operating expenses	27,336	-	27,336	-
Total Operating Expenses	3,170,871	9,871,515	13,042,386	16,080,237
Operating Loss	(366,206)	(5,147,432)	(5,513,638)	(3,081,448)
NONOPERATING REVENUES (EXPENSES)				
General property taxes	-	7,306,275	7,306,275	-
Intergovernmental grants and aids	3,093	3,870,966	3,874,059	-
Investment income (loss)	(18,653)	163,140	144,487	156,269
Sale of fixed assets	-	61,459	61,459	-
Insurance recoveries	-	-	-	64,431
Infrastructure construction expense for governmental activities	-	(6,027,270)	(6,027,270)	-
Other income	421	224,256	224,677	230,365
Total Nonoperating Revenues (Expenses), Net	(15,139)	5,598,826	5,583,687	451,065
Income (loss) before transfers	(381,345)	451,394	70,049	(2,630,383)
Transfers in	-	1,682,685	1,682,685	-
Change in Net Position	(381,345)	2,134,079	1,752,734	(2,630,383)
NET POSITION - Beginning of Year	16,178,278	45,115,850	61,294,128	15,601,643
NET POSITION - END OF YEAR	\$ 15,796,933	\$ 47,249,929	\$ 63,046,862	\$ 12,971,260

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2013

	Business-type Activities-Enterprise Funds			Governmental
	County		Total	Activities-
	Landfill	Highway		Internal
				Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from the sale of goods and services	\$ -	\$ 3,874,581	\$ 3,874,581	\$ -
Collections from landfill disposal services	2,917,785	-	2,917,785	-
Collections from departments and other insurance purchasers	-	-	-	13,290,615
Cash paid to employees for services	(399,389)	(2,400,524)	(2,799,913)	(1,132,598)
Cash paid to suppliers for goods and services	(2,032,729)	(6,504,858)	(8,537,587)	(14,439,324)
Net Cash Provided (Used) by Operating Activities	<u>485,667</u>	<u>(5,030,801)</u>	<u>(4,545,134)</u>	<u>(2,281,307)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property taxes	-	7,306,275	7,306,275	-
Intergovernmental grants and contributions	3,093	3,870,966	3,874,059	-
Transfers	-	1,682,685	1,682,685	-
Net Cash Provided by Noncapital Financing Activities	<u>3,093</u>	<u>12,859,926</u>	<u>12,863,019</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Payments for capital acquisitions	(4,165,175)	(1,494,022)	(5,659,197)	-
Infrastructure construction expense for governmental activities	-	(6,027,270)	(6,027,270)	-
Salvage on capital assets	-	90,800	90,800	-
Net Cash Provided (Used) by Capital Financing Activities	<u>(4,165,175)</u>	<u>(7,430,492)</u>	<u>(11,595,667)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase (decrease) in investments	(69,705)	-	(69,705)	-
Interest received on investments	563	163,140	163,703	156,269
Net Cash Provided by Investing Activities	<u>(69,142)</u>	<u>163,140</u>	<u>93,998</u>	<u>156,269</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(3,745,557)</u>	<u>561,773</u>	<u>(3,183,784)</u>	<u>(2,125,038)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>8,299,538</u>	<u>38,530,592</u>	<u>46,830,130</u>	<u>17,144,958</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,553,981</u>	<u>\$ 39,092,365</u>	<u>\$ 43,646,346</u>	<u>\$ 15,019,920</u>

See accompanying notes to financial statements.

	Business-type Activities-Enterprise Funds			Governmental
	County		Total	Activities-
	Landfill	Highway		Internal
				Service
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating loss	\$ (366,206)	\$ (5,147,432)	\$ (5,513,638)	\$ (3,081,448)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities				
Depreciation expense	418,918	1,016,978	1,435,896	-
Insurance recoveries	-	-	-	64,431
Other income	421	224,256	224,677	230,365
Effects of (increase) decrease in operating assets and increase (decrease) in operating liabilities				
Accounts receivable	100,276	(17,685)	82,591	(2,970)
Contracts receivable	8,098	-	8,098	-
Due from other governments	-	(1,088,088)	(1,088,088)	-
Inventories	60,610	373,826	434,436	-
Accounts payable	(42,422)	(558,763)	(601,185)	24,428
Accrued expenses	(27)	33,334	33,307	(7,321)
Due to other governments	(124,719)	-	(124,719)	-
Due to other funds	4,325	(4,097)	228	-
Unearned revenues	-	32,015	32,015	-
Landfill closure and long-term care payable	420,968	-	420,968	-
Accrued liabilities - claims payable	-	-	-	480,684
Compensated absences	8,604	162,071	170,675	10,524
Other postemployment benefits obligation	(3,179)	(57,216)	(60,395)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 485,667	\$ (5,030,801)	\$ (4,545,134)	\$ (2,281,307)
NONCASH INVESTING, CAPITAL AND NONCAPITAL FINANCING ACTIVITIES				
Fair value adjustment - investments	\$ (83,077)	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS

As of December 31, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,709,469
Accounts receivable	54,389
Due from other governments	<u>342,411</u>
TOTAL ASSETS	\$ 2,106,269
LIABILITIES	
Accounts payable	\$ 170,111
Due to other governments	3,445
Due to participants	184,874
Other accrued liabilities and deposits	<u>1,747,839</u>
TOTAL LIABILITIES	\$ 2,106,269

See accompanying notes to financial statements.

MARATHON COUNTY, WISCONSIN

STATEMENT OF NET POSITION
MAJOR DISCRETELY PRESENTED COMPONENT UNITS
As of December 31, 2013

	North Central Health Care	Central Wisconsin Airport	Children with Disabilities Education Board	Major Discretely Presented Component Units Total
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 17,199,636	\$ 1,847,934	\$ 2,408,452	\$ 21,456,022
Patient accounts receivable (net)	4,786,019	-	-	4,786,019
Accounts receivable	275,121	195,513	129,911	600,545
Accrued interest	-	-	1,747	1,747
Due from other governments	1,880,873	-	324,773	2,205,646
Prepaid items	85,266	-	24,861	110,127
Inventories	331,005	-	-	331,005
Total Current Assets	<u>24,557,920</u>	<u>2,043,447</u>	<u>2,889,744</u>	<u>29,491,111</u>
NONCURRENT ASSETS				
Restricted Assets				
Cash and investments	352,017	2,871,018	45,000	3,268,035
Total Noncurrent Assets	<u>352,017</u>	<u>2,871,018</u>	<u>45,000</u>	<u>3,268,035</u>
CAPITAL ASSETS				
Land	51,300	614,983	-	666,283
Construction in progress	832,517	14,386,736	-	15,219,253
Buildings	23,963,047	15,560,226	222,877	39,746,150
Improvements	1,216,991	46,654,894	-	47,871,885
Equipment	16,575,071	7,723,228	40,499	24,338,798
Total Capital Assets	42,638,926	84,940,067	263,376	127,842,369
Total Accumulated Depreciation and Depletion	(30,886,478)	(39,289,034)	(77,787)	(70,253,299)
Net Capital Assets	<u>11,752,448</u>	<u>45,651,033</u>	<u>185,589</u>	<u>57,589,070</u>
Total Assets	<u>36,662,385</u>	<u>50,565,498</u>	<u>3,120,333</u>	<u>90,348,216</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	-	13,748	-	13,748
Total Deferred Outflows of Resources	<u>-</u>	<u>13,748</u>	<u>-</u>	<u>13,748</u>
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	1,049,172	99,325	542,290	1,690,787
Accrued items	1,870,989	33,513	-	1,904,502
Special deposits	351,796	11,831	-	363,627
Interest payable	-	31,567	-	31,567
Accrued liability - claims payable	950,000	-	-	950,000
Due to other governments	711,365	317,343	-	1,028,708
Unearned revenues	669,747	-	12,606	682,353
Current portion of compensated absences	1,478,866	33,136	36,131	1,548,133
Current portion of due to primary government	145,331	-	-	145,331
Current portion of long-term obligations	-	535,000	-	535,000
Total Current Liabilities	<u>7,227,266</u>	<u>1,061,715</u>	<u>591,027</u>	<u>8,880,008</u>
LONG-TERM LIABILITIES				
General obligation notes payable (net of unamortized discounts, premiums, and deferred amounts on refunding)	-	5,953,445	-	5,953,445
Due to primary government	935,702	-	-	935,702
Compensated absences	-	132,545	-	132,545
Net OPEB obligation	-	85,783	3,091	88,874
Total Long-Term Liabilities	<u>935,702</u>	<u>6,171,773</u>	<u>3,091</u>	<u>7,110,566</u>
Total Liabilities	<u>8,162,968</u>	<u>7,233,488</u>	<u>594,118</u>	<u>15,990,574</u>
NET POSITION				
Net investment in capital assets	10,671,415	39,671,013	185,589	50,528,017
Restricted				
Passenger and customer facility charges	-	2,357,162	-	2,357,162
Employee benefits	-	-	45,000	45,000
Unrestricted	<u>17,828,002</u>	<u>1,317,583</u>	<u>2,295,626</u>	<u>21,441,211</u>
TOTAL NET POSITION	<u>\$ 28,499,417</u>	<u>\$ 43,345,758</u>	<u>\$ 2,526,215</u>	<u>\$ 74,371,390</u>

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, 2013

	North Central Health Care	Central Wisconsin Airport	Children with Disabilities Education Board	Discretely Presented Component Units Total
EXPENSES				
Transportation				
Airport	\$ -	\$ 4,767,273	\$ -	\$ 4,767,273
Social Services				
North Central Community Services	55,637,350	-	-	55,637,350
Federal Handicapped Education Board	-	-	2,120,042	2,120,042
Instruction				
Federal Handicapped Education Board	-	-	3,224,515	3,224,515
Total Expenses	<u>55,637,350</u>	<u>4,767,273</u>	<u>5,344,557</u>	<u>65,749,180</u>
PROGRAM REVENUES				
Charges for service	40,786,486	3,355,208	4,635,139	48,776,833
Operating grants and contributions	16,720,347	-	-	16,720,347
Capital grants and contributions	792,215	7,235,609	-	8,027,824
Total Program Revenues	<u>58,299,048</u>	<u>10,590,817</u>	<u>4,635,139</u>	<u>73,525,004</u>
Net Income (Expense)	<u>2,661,698</u>	<u>5,823,544</u>	<u>(709,418)</u>	<u>7,775,824</u>
GENERAL REVENUES				
Unrestricted investment earnings	91,659	17,359	8,109	117,127
Gain on sale of capital assets	6,038	-	-	6,038
State and Federal Aids Not Restricted to Specific Functions				
Categorical aid	-	-	1,045,777	1,045,777
Miscellaneous	-	280	11,375	11,655
Total General Revenues	<u>97,697</u>	<u>17,639</u>	<u>1,065,261</u>	<u>1,180,597</u>
Change in net position	2,759,395	5,841,183	355,843	8,956,421
NET POSITION, Beginning	<u>25,740,022</u>	<u>37,504,575</u>	<u>2,170,372</u>	<u>65,414,969</u>
NET POSITION, ENDING	<u>\$ 28,499,417</u>	<u>\$ 43,345,758</u>	<u>\$ 2,526,215</u>	<u>\$ 74,371,390</u>

See accompanying notes to financial statements.

MARATHON COUNTY

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MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

This report includes all of the funds of the County of Marathon. The reporting entity for the County consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and is able to impose its will on that organization; (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government; (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government, or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or had the ability to otherwise access, are significant to the primary government.

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units

North Central Health Care

The government-wide financial statements include the North Central Health Care (NCHC) as a component unit. NCHC is a legally separate organization operated jointly by Marathon, Lincoln, and Langlade counties. The board of NCHC is appointed by the respective counties' boards. The NCHC has been presented as a discrete component unit according to the provisions of GASB No. 39, as defined in Note 1.A. See Note IV.L. The information presented is for the fiscal year ended December 31, 2013. Separately issued financial statements of North Central Health Care may be obtained from NCHC's office.

Central Wisconsin Airport

The government-wide financial statements include the Central Wisconsin Airport (CWA) as a component unit. The CWA is a legally separate organization operated jointly by Marathon and Portage counties. The board of the CWA is appointed by the respective counties. The CWA has been presented as a discrete component unit according to the provisions of GASB No. 39, as defined in Note 1.A. See Note IV.L. The information presented is for the fiscal year ended December 31, 2013. The CWA does not issue separate financial statements.

Children With Disabilities Education Board

The government-wide financial statements include the Children with Disabilities Education Board (CDEB) as a component unit. The CDEB is a legally separate organization. The board is made up of six members, one from each participating school district. The CDEB has been presented as a discrete component unit according to the provisions of GASB No. 39, as defined in Note 1.A. See Note IV.L. The information presented is for the fiscal year ended June 30, 2013. 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 March 2012, the GASB issued Statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

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

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements (cont.)

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

The County reports the following nonmajor governmental fund:

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

In addition, the County reports the following fund types:

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

- Property Casualty
- Employee Benefits Insurance

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

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Government-Wide Financial Statements

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

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 unearned 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 to the resources and the amounts are available. Amounts owed to a county which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time) are met and recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements (cont.)

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Landfill and County Highway funds are charges to customers for sales and services. 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/DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES/DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

1. Deposits and Investments (cont.)

- 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.
- 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, 2013, 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, 2013, 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. They are not legally available for appropriation until the ensuing year. In addition to property taxes for the County, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other governments on the Statement of Assets and Liabilities - Agency Funds.

Property tax calendar - 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes in full	January 31, 2014
Tax sale - 2013 delinquent real estate taxes	October 2016

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, 2013, 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

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

Fund Financial Statements

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

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of the debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund statements.

7. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2013, are determined on the basis of current salary rates and include salary related payments.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

7. Compensated Absences (cont.)

In addition to pension benefits provided through the Wisconsin Retirement System described in Note 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 2013 funding (including CWA as a discretely presented component unit) was estimated in the annual budget at \$329,000 with an actual cost of \$321,847. There were thirteen (13) 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 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, as applicable, is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred inflow in 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.

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period, and therefore, will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund equity is classified as fund balance and displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the County. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the County that originally created the commitment.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that 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.

The County has a formal minimum fund balance policy for the general fund. That policy is to maintain a working capital fund of 8.3% of the current year's general fund, social improvement fund, and debt service fund's budgeted expenditures. The balance at year end was \$21,649,073 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 \$5,736,931 and is included in unrestricted net position.

See Note IV. J. for further information.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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	\$	7,355,000
Forest crop loan		1,696,776
Compensated absences		5,151,156
Other postemployment benefits obligation		2,440,197
Less: Internal service fund long-term liabilities		(74,202)
Accrued interest		29,334
Premium on debt issue		<u>459,499</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>17,057,760</u>

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 \$639,111. Budgets are adopted at the agency level of expenditure.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. BUDGETARY INFORMATION (cont.)

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.

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

- > Departments within the general government function of the General Fund;
- > Public safety;
- > Health;
- > Social Services;
- > Leisure activities and education;
- > Conservation and economic development;
- > Each special revenue fund;
- > Each capital project fund; and
- > Debt Service fund.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. BUDGETARY INFORMATION (cont.)

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, 2013, no individual funds held a deficit balance.

C. LIMITATIONS ON THE COUNTY'S TAX LEVY

Wisconsin law limits the County's future tax levies. Generally, the County is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the County's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The County is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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	\$ 2,736,292	\$ 3,776,485	Custodial credit
US Treasuries	48,994,526	48,994,526	Custodial credit, interest rate
US agencies - implicitly guaranteed	41,026,709	41,026,709	Custodial credit, interest rate, credit, concentration of credit risk
Corporate notes	24,619,941	24,619,941	Custodial credit, interest rate, credit
Certificates of deposits	12,624,956	12,624,956	Custodial credit
Commercial paper	4,997,469	4,997,469	Custodial credit, interest rate, credit
Money market mutual funds	2,281,392	2,281,392	Credit, interest rate
LGIP	620,025	620,025	Credit
Total Deposits and Investments	\$ 137,901,310	\$ 138,941,503	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 115,389,153		
Restricted cash and investments	16,083,736		
Per statement of assets and liabilities			
Agency funds	1,709,469		
Per statement of net position - major discretely presented component unit (CWA)			
Unrestricted cash and investments	1,847,934		
Restricted cash and investments	2,871,018		
Total Deposits and Investments	\$ 137,901,310		

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

The County maintains an 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	<u>\$ 48,994,526</u>
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US Agencies—implicitly guaranteed

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 41,026,709</u>
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Corporate Notes

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 24,619,941</u>
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Commercial Paper

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 4,997,469</u>
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MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2013, the County's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Corporate notes	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, 2013, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Net Position
Federal government	U.S. Agencies-implicitly guaranteed	30.34%

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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, 2013, the County's investments were as follows:

Investment Types	Fair Value	Maturity (In Months)			
		Less than 6 months	6-12 months	13-24 months	Greater than 24 months
US treasuries	\$ 48,994,526	\$ -	\$ 4,232,454	\$ 24,619,939	\$ 20,142,133
US agencies - implicitly guaranteed	41,026,709	6,403,528	13,743,296	4,535,038	16,344,847
Corporate notes	24,619,941	6,087,423	3,659,102	5,003,289	9,870,127
Commercial paper	4,997,469	4,997,469	-	-	-
Money market mutual funds	2,281,392	2,281,392	-	-	-
Totals	\$ 121,920,037	\$ 19,769,812	\$ 21,634,852	\$ 34,158,266	\$ 46,357,107

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 and \$935,702 of the due from component unit balance in the capital projects fund.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period.

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 40,276,269	\$ 40,276,269
Delinquent property taxes receivable	1,135,724	-	1,135,724
Other receivables	1,093,124	-	1,093,124
Timber sales	-	13,837	13,837
Grant amounts not yet received	762,656	-	762,656
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 2,991,504	\$ 40,290,106	\$ 43,281,610

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

B. RECEIVABLES (cont.)

Delinquent property taxes purchased from other taxing authorities are reflected as nonspendable fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available to replenish cash flow and are, therefore, excluded from the nonspendable portion of fund balances. Delinquent property taxes levied by the County are reflected as unavailable revenue and are excluded from the fund balance to the extent they are not collected within sixty days subsequent to year end and, thus, are not available for payment of current expenditures.

Enterprise funds report unearned revenue in connection with resources that have been received, but not yet earned. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *unearned revenue* reported in the enterprise funds were as follows:

	Unearned
Property taxes receivable for subsequent year	\$ 6,064,496
Revenue collected in advance	680,630
Total Unearned Revenue For Enterprise Funds	\$ 6,745,126

Taxes receivable represent current taxes and unpaid taxes for 2013 and prior years as follows:

Year of Settlement	County Tax Levied	County Purchased	Balance December 31, 2013
2013	\$ 545,748	\$ 2,064,969	\$ 2,610,717
2012	331,741	1,183,062	1,514,803
2011	162,550	564,081	726,631
2010	54,493	180,332	234,825
2009	22,367	71,432	93,799
2008	4,427	13,395	17,822
2007	3,256	9,981	13,237
2006	1,748	5,303	7,051
2005	1,248	3,805	5,053
2004	838	2,494	3,332
2003	1,013	3,057	4,070
Total Tax Certificates	\$ 1,129,429	\$ 4,101,911	5,231,340
Tax deeds			203,556
Current taxes			46,340,765
Total Taxes Receivable			\$ 51,775,661

Delinquent taxes collected within the sixty day period subsequent to year end aggregated \$197,259 and \$720,493 for delinquent taxes levied and purchased by the County, respectively.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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, 2013:

Restricted Assets	
Land records	\$ 819,118
Jail assessments	1,424,455
Special Deposits and impressed cash accounts	796,268
Community Options Programming	11,759
Landfill long-term care and closure costs	13,032,136
Accrued interest receivable	<u>22,989</u>
Total Restricted Assets	<u>\$ 16,106,725</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 33,582,342	\$ 21,119	\$ -	\$ 33,603,461
Construction in progress	16,411,367	1,841,810	5,782,671	12,470,506
Total Capital Assets Not Being Depreciated	49,993,709	1,862,929	5,782,671	46,073,967
Capital assets being depreciated				
Buildings	89,832,923	730,797	-	90,563,720
Improvements	10,074,038	58,353	-	10,132,391
Equipment	21,666,237	1,099,269	437,346	22,328,160
Infrastructure	181,583,500	11,419,300	3,489,900	189,512,900
Library collection	4,605,100	370,900	364,900	4,611,100
Total Capital Assets Being Depreciated	307,761,798	13,678,619	4,292,146	317,148,271
Total Capital Assets	357,755,507	15,541,548	10,027,817	363,222,238
Less: Accumulated depreciation for				
Buildings	(43,928,869)	(3,173,550)	-	(47,102,419)
Improvements	(4,948,829)	(488,391)	-	(5,437,220)
Equipment	(16,978,158)	(1,119,352)	437,346	(17,660,164)
Infrastructure	(57,402,155)	(5,348,748)	2,352,400	(60,398,503)
Library collection	(2,339,700)	(383,300)	363,300	(2,359,700)
Total Accumulated Depreciation	(125,597,711)	(10,513,341)	3,153,046	(132,958,006)
Net Capital Assets Being Depreciated	182,164,087	3,165,278	1,139,100	184,190,265
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 232,157,796	\$ 5,028,207	\$ 6,921,771	\$ 230,264,232

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 2,858,725
Public safety	760,284
Transportation	5,348,748
Health	4,005
Social services	53,476
Leisure and education	<u>1,488,103</u>

Total Governmental Activities Depreciation Expense \$ 10,513,341

	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	<u>523,038</u>	<u>-</u>	<u>-</u>	<u>523,038</u>
Capital assets being depreciated				
Buildings	7,141,091	14,865	-	7,155,956
Improvements	21,851,627	4,711,302	-	26,562,929
Equipment	<u>15,428,578</u>	<u>1,279,480</u>	<u>795,353</u>	<u>15,912,705</u>
Total Capital Assets Being Depreciated	<u>44,421,296</u>	<u>6,005,647</u>	<u>-</u>	<u>49,631,590</u>
Total Capital Assets	<u>44,944,334</u>	<u>6,005,647</u>	<u>795,353</u>	<u>50,154,628</u>
Less: Accumulated depreciation for				
Buildings	(5,172,318)	(248,855)	-	(5,421,173)
Improvements	(16,553,847)	(377,190)	-	(16,931,037)
Equipment	<u>(9,256,533)</u>	<u>(821,841)</u>	<u>431,552</u>	<u>(9,646,822)</u>
Total Accumulated Depreciation	<u>(30,982,698)</u>	<u>(1,447,886)</u>	<u>431,552</u>	<u>(31,999,032)</u>
Net Capital Assets Being Depreciated	<u>13,438,598</u>	<u>4,557,761</u>	<u>363,801</u>	<u>17,632,558</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,961,636</u>	<u>\$ 4,557,761</u>	<u>\$ 363,801</u>	<u>\$ 18,155,596</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Landfill	\$ 418,918
Highway	<u>1,016,978</u>
Total Business-type Activities Depreciation Expense	<u>\$ 1,435,896</u>

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:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amounts</u>
Capital projects fund	General fund	<u>\$ 21,945</u>
Total - Fund Financial Statements		21,945
Less: Fund eliminations		<u>(21,945)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ -</u>

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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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	\$ 159,867	Close out finished capital projects
Capital improvement fund	General fund	2,874,241	Fund capital projects
Capital improvement fund	Social improvement fund	2,715,848	Fund capital projects
Highway fund	Capital improvement fund	1,682,685	Fund capital projects
Social improvement fund	General fund	<u>5,013</u>	Affordable Care Act
Total - Fund Financial Statements		7,437,654	
Less: Fund eliminations		<u>(5,754,969)</u>	
Subtotal		1,682,685	
Infrastructure costs assigned by the highway fund to governmental activities		<u>(6,027,270)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ (4,344,585)</u>	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 6,027,270	
Business-type Activities	Governmental Activities	<u>(1,682,685)</u>	
Total Government-wide Financial Statements		<u>\$ 4,344,585</u>	

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

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

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 8,665,000	\$ -	\$ 1,310,000	\$ 7,355,000	\$ 1,355,000
Forest crop loan payable	1,761,117	14,562	78,903	1,696,776	-
Premiums	612,665	-	153,166	459,499	-
Sub-totals	11,038,782	14,562	1,542,069	9,511,275	1,355,000
Other Liabilities					
Vested compensated absences - governmental funds	4,780,672	917,769	621,487	5,076,954	1,015,391
Vested compensated absences - internal service fund	63,678	18,803	8,279	74,202	14,840
Other postemployment benefits liability	2,878,858	-	438,661	2,440,197	-
Total Other Liabilities	7,723,208	936,572	1,068,427	7,591,353	1,030,231
Total Governmental Activities Long-Term Liabilities	\$ 18,761,990	\$ 951,134	\$ 2,610,496	\$ 17,102,628	\$ 2,385,231
Business-type Activities					
Other Liabilities					
Vested compensated absences	\$ 816,428	\$ 270,344	\$ 99,669	\$ 987,103	\$ 182,390
Other postemployment benefits liability	387,550	-	60,395	327,155	-
Cell A long-term care and postclosure costs	1,649,291	-	94,544	1,554,747	-
Cell B closure costs	3,301,654	297,593	-	3,599,247	-
Cell B long-term care and postclosure costs	4,769,952	217,919	-	4,987,871	-
Total Other Liabilities	10,924,875	785,856	254,608	11,456,123	182,390
Total Business-type Activities Long-Term Liabilities	\$ 10,924,875	\$ 785,856	\$ 254,608	\$ 11,456,123	\$ 182,390

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, 2013, was \$473,409,830. Total general obligation debt outstanding at year end was \$7,355,000.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2013
General Obligation Debt					
General Obligation Promissory Notes					
Series 2009A	02/01/09	12/01/18	2.50-5.00%	\$ 16,770,000	\$ <u>7,355,000</u>
Total Governmental Activities - General Obligation Debt					\$ <u><u>7,355,000</u></u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
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	\$ 7,355,000	\$ 1,106,150

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, 2013 is \$1,696,776.

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 has been, and will continue to be, liquidated primarily by the general, airport, landfill, and county highway funds.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

G. LEASE DISCLOSURES

Lessor – Operating Leases

The Forestry Department leases (as lessor) land for farmland. The book value and carrying amount of the leased farmland is \$98,805. The future minimum lease receipts as of December 31, 2013, are as follows:

<u>Years</u>	Governmental
	<u>Activities</u>
	<u>Principal</u>
2014	\$ 2,091
2015	2,091
2016	897
2017	897
2018	897
2019-2064	<u>41,270</u>
Totals	<u>\$ 48,143</u>

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 cell A in 1993. \$1,554,747 of the \$10,141,865 reported as landfill postclosure care liability at December 31, 2013, 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, 2013, \$6,256,937 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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. \$8,587,118 of the \$10,141,865 reported as landfill closure and postclosure care liability at December 31, 2013, represents the cumulative amount reported to date based on the use of 92.63% 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 2013. The County expects to close cell B 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 2013. 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 \$2,509,504 as of December 31, 2013, which is included in the Landfill Fund's unrestricted net position. No amounts were paid from this account in 2013.

J. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2013, includes the following:

Governmental Activities

Net Investment in Capital Assets

Land	\$ 33,603,461
Construction in progress	12,470,506
Other capital assets, net of accumulated depreciation	184,190,265
Less: Long-term debt outstanding	(7,335,000)
Plus: Unspent capital related debt proceeds	1,319,510
Less: Unamortized premium	(459,499)
Total Net Investment in Capital Assets	<u>223,789,243</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

J. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted		
Debt service	\$	1,502,276
General government		1,156,572
Public safety		1,424,455
Social services		3,995,509
Total Restricted		8,078,812
Unrestricted		61,869,922
Total Governmental Activities Net Position	\$	293,737,977

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2013, include the following:

Fund Balance	General Fund	Social Improvement	Capital Improvement	Debt Service	Totals
Nonspendable:					
Inventories and prepaid items	\$ 30,000	\$ 999	\$ -	\$ -	\$ 30,999
Non-county levy portion of delinquent property taxes receivable	3,381,419	-	-	-	3,381,419
Restricted for:					
UW dorm capital maintenance	337,454	-	-	-	337,454
Land records	819,118	-	-	-	819,118
Jail assessments	1,424,455	-	-	-	1,424,455
Debt service	-	-	-	1,534,430	1,534,430
Social improvement	-	3,821,263	-	-	3,821,263
Capital projects	-	-	1,319,510	-	1,319,510
Assigned to:					
Carryforwards	639,111	-	-	-	639,111
Conservation (ATC powerline easement)	3,566,609	-	-	-	3,566,609
Subsequent year's budget	7,640,751	-	-	-	7,640,751
Compensated absences	5,878,844	-	-	-	5,878,844
Capital projects	-	-	10,056,329	-	10,056,329
Unassigned:	23,652,792	-	-	-	23,652,792
Total Fund Balances	\$ 47,370,553	\$ 3,822,262	\$ 11,375,839	\$ 1,534,430	\$ 64,103,084

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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	17,632,558
Total Net Investment in Capital Assets	18,155,596
Restricted	
Landfill long-term care costs	2,890,271
Total Restricted	2,890,271
Unrestricted	
	42,000,995
Total Business-type Activities Net Position	\$ 63,046,862

K. UNIVERSITY OF WISCONSIN - MARATHON COUNTY

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

L. COMPONENT UNITS

NORTH CENTRAL HEALTH CARE

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 9,251,653	\$ 9,119,044	Custodial credit
Certificates of deposits	8,300,000	8,300,000	Custodial credit
Total Deposits and Investments	\$ 17,551,653	\$ 17,419,044	

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

b. Deposits and Investments (cont.)

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	<u>\$</u>	<u>16,119,044</u>
Bank balances	<u>\$</u>	<u>17,419,044</u>

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.

c. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives (Years)</u>
Land	\$ 51,300	\$ -	\$ -	\$ 51,300	N/A
Construction in progress	1,734,594	1,894,786	(2,796,863)	832,517	N/A
Depreciable land improvements	1,086,402	131,689	(1,100)	1,216,991	10-40
Buildings and building improvements	22,024,059	1,938,988	-	23,963,047	10-40
Equipment	15,751,375	983,119	(159,423)	16,575,071	3-40
Less: Accumulated depreciation	<u>(29,397,601)</u>	<u>(1,647,923)</u>	<u>159,046</u>	<u>(30,886,478)</u>	
Totals	<u>\$ 11,250,129</u>	<u>\$ 3,300,659</u>	<u>\$ (2,798,340)</u>	<u>\$ 11,752,448</u>	

d. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts due Within One Year</u>
Compensated absences	<u>\$ 1,460,006</u>	<u>\$ 1,478,866</u>	<u>\$ 1,460,006</u>	<u>\$ 1,478,866</u>	<u>\$ 1,478,866</u>

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

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, 2013, the related-party note payable consisted of:

Note payable	\$	1,081,033
Less: Current maturities		<u>(145,331)</u>
Long-term Portion	\$	<u>935,702</u>

Required payments of principal and interest at December 31, 2013 on the related-party note payable are as follows:

	<u>Principal</u>		<u>Interest</u>
2014	\$ 145,331	\$	20,293
2015	148,264		17,360
2016	151,257		14,367
2017	154,310		11,314
2018	157,425		8,200
2019-2020	<u>324,446</u>		<u>6,802</u>
Totals	<u>\$ 1,081,033</u>	\$	<u>78,336</u>

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, 2013 was \$24,276,876; the NCHC's total payroll was \$28,939,756.

The total required contribution for the year ended December 31, 2013 was \$3,411,430 or 14.1% of covered payroll. Of this amount, 7.4% was contributed by the employer for the current year and 6.7% was contributed from employees. Total contributions for the years ended December 31, 2012 and 2011 were \$3,196,545 and \$2,964,733, respectively, equal to the required contributions for each year.

There was no unfunded liability as of December 31, 2013.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (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 NCHC's charity care policy aggregated approximately \$5,277,000 for NCHC's 41.42/437 program for 2013.

h. Family Care County Contribution

Effective November 1, 2008 and January 1, 2011, NCHC's Marathon County and Langelade 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 /Langelade 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.

NCHC is responsible for Marathon County's payment of the State-required contributions. Reimbursement of these amounts will be received through the base county allocation NCHC continues to receive from the State. The amount for 2013 of \$1,125,287 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 will be \$1,125,287, due annually.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (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 \$8,227,088 in 2013 from the counties, and the nursing home received \$1,719,644 in 2013 from Marathon County to assist in meeting operating costs and for additions and improvements to capital assets.

Land and buildings at a cost of \$30,064,482 in 2013 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 2013, approximately 28% of NCHC's revenues for services provided to patients whose bills are paid in whole or in part by the Medicare program.

Inpatient services rendered to Medicare program beneficiaries are paid based on prospectively determined rates based on a patient classification system. Outpatient services are paid primarily on prospectively determined rates also based on a patient classification system or fixed fee schedules. Nursing home resident care is paid based on a predetermined rate per inpatient day, which varies depending upon the patient's level of care and types of services provided.

Medicaid

In 2013, approximately 58% 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

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

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 2006, 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 has not been notified by the RAC of any potential significant reimbursement adjustments.

k. Patient Accounts Receivable – Net

Patient accounts receivable consisted of the following at December 31, 2013:

	51.42/437 Program	Nursing Home	Totals
Patient accounts receivable	\$ 3,967,278	\$ 3,291,209	\$ 7,258,487
Less: Allowance for doubtful accounts	(721,280)	(57,822)	(779,102)
Contractual adjustments	(1,172,359)	(521,007)	(1,693,366)
Patient Accounts Receivable - Net	\$ 2,073,639	\$ 2,712,380	\$ 4,786,019

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

I. Net Patient Service Revenue

Net patient service revenue consisted of the following at December 31, 2013:

	51.42/.437 Program	Nursing Home	Totals
Gross patient service revenue:			
Medical assistance	\$ 9,587,067	\$ 18,209,516	\$ 27,796,583
Private pay	1,319,448	3,615,262	4,934,710
Medicare	2,635,316	14,507,747	17,143,063
Insurance	2,058,083	1,458,805	3,516,888
Family care	7,694,905	533,692	8,228,597
Other 51.42/.437 boards	218,396	6,627	225,023
Totals	23,513,215	38,331,649	61,844,864
Less: Contractual adjustments	9,147,177	13,508,352	22,655,529
Provision for bad debts	84,142	93,564	177,706
Net Patient Service Revenue	\$ 14,281,896	\$ 24,729,733	\$ 39,011,629

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 \$30,900 in 2013. Total rental expense on all operating leases amounted to \$362,500 in 2013.

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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

n. Self-Funded Insurance (cont.)

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

	<u>2013</u>	<u>2012</u>
Unpaid claims liability at beginning	\$ 935,000	\$ 993,204
Claims expense	5,328,171	6,108,376
Claim payments	<u>(5,313,171)</u>	<u>(6,166,580)</u>
Unpaid Claims Liability at End	<u>\$ 950,000</u>	<u>\$ 935,000</u>

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

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, 2013, 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, 2014.

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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (cont.)

NORTH CENTRAL HEALTH CARE (cont.)

p. Concentration of Credit Risk (cont.)

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, 2013:

Medicare	29%
Medicaid	36
Other third-party payors	29
Patients	<u>6</u>
Total	<u><u>100%</u></u>

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, 2013 are as follows:

Health care services	\$ 39,937,170
General and administrative	<u>15,700,180</u>
Total	<u><u>\$ 55,637,350</u></u>

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/Masurement Focus

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

b. Deposits and Investments

At year end, the carrying amount of the CWA's cash and cash equivalents was \$4,718,952 and is part of the County's commingled cash. See Note IV. A.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (cont.)

CENTRAL WISCONSIN AIRPORT (cont.)

c. Restricted Assets

The following represent the balances of the restricted assets:

Unspent Passenger and Customer Facility Charges

Used to finance various FAA approved construction projects.

Following is a list of restricted assets from unspent passenger and customer facility charges and unspent debt proceeds at December 31, 2013:

	Restricted Assets				
Cash and cash equivalents	\$ 2,871,018				
d. Capital Assets					
	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 614,983	\$ -	\$ -	\$ 614,983	N/A
Construction in progress	8,994,220	9,439,881	4,047,365	14,386,736	N/A
Buildings	15,253,286	306,940	-	15,560,226	20-50
Improvements	42,884,801	3,770,093	-	46,654,894	2-20
Equipment	7,696,860	26,368	-	7,723,228	3-10
Less: Accumulated depreciation	(37,157,804)	(2,131,230)	-	(39,289,034)	
Totals	\$ 38,286,346	\$ 11,412,052	\$ 4,047,365	\$ 45,651,033	

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (cont.)

CENTRAL WISCONSIN AIRPORT (cont.)

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, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation debt	\$ 6,980,000	\$ -	\$ 575,600	\$ 6,405,000	\$ 535,000
Add/(Subtract) Deferred Amounts For (Discounts)/Premiums	91,209	-	7,764	83,445	-
Sub-totals	7,071,209	-	582,764	6,488,445	535,000
Other Liabilities					
Vested compensated absences	160,394	26,138	20,851	165,681	33,136
Other postemployment benefits liability	98,498	-	12,715	85,783	-
Sub-totals	258,892	26,138	33,566	251,464	33,136
Totals	\$ 7,330,101	\$ 26,138	\$ 616,330	\$ 6,739,909	\$ 568,136

Debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2014	\$ 535,000	\$ 222,726	\$ 757,726
2015	565,000	200,750	765,750
2016	600,000	177,575	777,575
2017	935,000	152,825	1,087,825
2018	420,000	120,575	540,575
2019-2023	2,060,000	418,875	2,478,875
2024-2028	1,290,000	103,225	1,393,225
Totals	\$ 6,405,000	\$ 1,396,551	\$ 7,801,551

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, 2013.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (cont.)

CENTRAL WISCONSIN AIRPORT (cont.)

g. Lease Disclosures

Lessor-Operating Leases

The CWA leases farmland, terminal space, hanger space, and parking space. The cost of the leased space is \$12,601,732. The carrying amount of the leased space at CWA is \$6,517,628. The difference between the two figures is the accumulated depreciation of \$6,084,104. The future minimum lease receipts as of December 31, 2013, are as follows:

Years	Principal
2014	\$ 351,247
2015	321,077
2016	310,835
2017	87,727
2018	18,368
Total	\$ 1,089,254

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.

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 1,606,196	\$ 1,805,928	Custodial credit
LGIP	847,156	847,156	Credit
Petty cash	100	-	N/A
Total Deposits and Investments	\$ 2,453,452	\$ 2,653,084	

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

b. Deposits and Investments (cont.)

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.

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	(69,283)	(8,504)	-	(77,787)	
Totals	\$ 194,093	\$ (8,504)	\$ -	\$ 185,589	

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

e. Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Vested compensated absences	\$ 128,025	\$ -	\$ 91,894	\$ 36,131	\$ 36,131
OPEB obligation	30,676	23,415	51,000	3,091	-
Totals	<u>\$ 158,701</u>	<u>\$ 23,415</u>	<u>\$ 142,894</u>	<u>\$ 39,222</u>	<u>\$ 36,131</u>

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, 2013 was \$3,113,853; the CDEB's total payroll was \$3,459,428.

The total required contribution for the year ended June 30, 2013 was \$396,939 or 12.7% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending June 30, 2012 and 2011 were \$359,357 and \$358,422, respectively, equal to the required contributions for each year.

There was no unfunded liability as of June 30, 2013.

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 \$51,184.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (cont.)

CHILDREN WITH DISABILITIES EDUCATION BOARD (cont.)

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 2013, the department made no contributions to the plan. Plan members receiving benefits do not contribute to the plan.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (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		<u>(1,442)</u>
Annual OPEB cost		23,415
Contributions made		<u>(51,000)</u>
Change in net OPEB obligation		(27,585)
Net OPEB Obligation - Beginning of Year		<u>30,676</u>
Net OPEB Obligation - End of Year	\$	<u><u>3,091</u></u>

The CDEB's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 23,415	51%	\$ 31,261
6/30/12	23,415	102%	30,676
6/30/13	23,415	217%	3,091

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

L. COMPONENT UNITS (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		<u>(739,033)</u>
Funded Actuarial Accrued (Asset) (AAA)	\$	<u>(35,568)</u>
Funded ratio (actuarial value of plan assets/AAA)		105.06%
Covered payroll (active plan members)	\$	3,176,933
AAA 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, 2013 was 30 years.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). 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.

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 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for County employees covered by WRS for the year ended December 31, 2013 was \$35,446,994; the employer's total payroll was \$36,705,861. The total required contribution for the year ended December 31, 2013 was \$5,166,558 or 14.58 percent of covered payroll. Of this amount, 100 percent was contributed for the current year. Total contributions for the years ending December 31, 2012 and 2011 were \$4,502,345 and \$4,004,135, respectively, equal to the required contributions for each year.

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. A 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

WRS 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, 2013, 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, 2013, 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.

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 can be obtained directly from WMMIC's offices.

Payments made to WMMIC for current year insurance coverage are also reflected in the Property Casualty Insurance internal service fund. In accordance with generally accepted accounting principles, the county's initial investment of \$1,519,000 is reflected in the county's Property Casualty Insurance fund.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

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 2013 claims liability of \$723,476 reported in the Property Casualty Insurance fund at December 31, 2013 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 2012 and 2013 are as follows:

	<u>Liability January 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability December 31</u>
2012	\$ 867,810	\$ 301,199	\$ (420,668)	\$ 748,341
2013	748,341	485,762	(510,627)	723,476

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. \$3,454,730 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 \$20 for dental reported in the Employee Benefits Insurance fund at December 31, 2013, is based on the requirements of GASB.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 dental claims liability for 2012 and 2013 are as follows:

	<u>Dental Liability January 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability December 31</u>
2012	\$ 5,295	\$ 684,757	\$ (664,679)	\$ 25,373
2013	25,373	624,261	(649,614)	20

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 \$2,789,259 reported in the Employee Benefits Insurance fund at December 31, 2013 is also based on the requirements of GASB.

Changes in the fund's claim liability amount for 2012 and 2013 are as follows:

	<u>Worker's Comp Liability January 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability December 31</u>
2012	\$ 1,654,055	\$ 738,422	\$ (134,120)	\$ 2,258,357
2013	2,258,357	597,984	(67,082)	2,789,259

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, 2013 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.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

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

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

Capital improvement fund	<u>\$ 1,005,447</u>
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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 permitted 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 2013, total member contributions were \$202,903. Administrative costs of the plan are financed through investment earnings.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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	\$	101,591
Interest on net OPEB obligation		92,872
Adjustment to annual required contribution		<u>(503,331)</u>
Annual OPEB cost		(308,868)
Contributions made		<u>(202,903)</u>
Decrease in net OPEB obligation		(511,771)
Net OPEB Obligation - Beginning of Year		<u>3,364,906</u>
Net OPEB Obligation - End of Year	\$	<u><u>2,853,135</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 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, 2011	\$ 1,207,068	30%	\$ 3,618,955
December 31, 2012	(51,461)	(394)%	3,364,906
December 31, 2013	(308,869)	(11)%	2,853,134

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	850,810
Actuarial value of plan assets		<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u><u>850,810</u></u>
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	35,446,994
UAAL as a percentage of covered payroll		2.40%

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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.

In the December 31, 2013 actuarial valuation, the projected unit credit actuarial cost method of funding was used. The actuarial assumptions include a 3% investment rate of return and an annual healthcare cost trend rate of 6.6% initially, reduced by decrements to an ultimate rate of 4.4% after 70 years. The inflation rate used is 6.6%. 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, 2013, 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 2013 was \$1,152,878. Additional capital project reimbursements totaled \$838,945. The County has an equity interest of \$465,657 in the commission that is accounted for in the governmental activities.

Financial information of the CCITC as of December 31, 2013 is available directly from the commission's office.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

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

Regional Planning Commission

The County, in conjunction with Vilas, Forest, Oneida, Lincoln, Langlade, Portage, Wood, Juneau, and Adams counties, and major cities within these counties, has created the North Central Wisconsin Regional Planning Commission (NCWRPC). NCWRPC's governing body is comprised of two members from each of the ten counties and a representative from each major city. The County's representatives are appointed by the County Board Chair and approved by the County Board. Marathon County's 2013 appropriation for NCWRPC was \$46,000.

Aging and Disability Resources Center of Central Wisconsin

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

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

Financial information of the ADRC-CW as of December 31, 2013 is available directly from the ADRC-CW's office.

Under the terms of the agreement, the portion of the County funding to maintain and operate the ADRC-CW is the County's respective share of equalized value. Marathon County's share of funding based on equalized value is 46%. Marathon County paid \$395,367. The agreement can be terminated if sixteen months advance notice is given to the member counties.

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

The Governmental Accounting Standards Board (GASB) has approved the following:

- > GASB 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 Disposals of Government Operations*
- > Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

When they become effective, application of these standards may restate portions of these financial statements.

MARATHON COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE V - OTHER INFORMATION (cont.)

G. SUBSEQUENT EVENT

Subsequent to year end, there was a fire at the County highway shop. The estimated loss for autos, contractor equipment, contents, building replacement, etc. is estimated at approximately \$1.7 million.

The County has received a payment of approximately \$1,126,000.

The County's exposure is their \$10,000 deductible plus approximately \$7,000 of expenses, which are not covered by insurance, i.e., in excess of capped limits.

REQUIRED SUPPLEMENTARY INFORMATION

MARATHON COUNTY

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2013

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			
01/01/11	\$	- \$	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%
01/01/14		-	850,810		850,810	0%		35,446,994	2.40%

There were no significant changes since the prior evaluation.

S U P P L E M E N T A R Y I N F O R M A T I O N

MARATHON COUNTY, WISCONSIN

SCHEDULE OF REVENUES - BUDGET AND ACTUAL GENERAL FUND For the Year Ended December 31, 2013

REVENUES	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Taxes				
General property taxes	\$ 29,685,202	\$ 29,685,202	\$ 29,879,019	\$ 193,817
Forest crop taxes	30,000	30,000	45,253	15,253
Transfer tax	185,543	185,543	255,611	70,068
Sales tax	9,500,150	9,500,150	10,555,249	1,055,099
Interest on delinquent taxes	350,000	350,000	1,122,345	772,345
Penalties on delinquent taxes	175,000	175,000	554,684	379,684
Total Taxes	39,925,895	39,925,895	42,412,161	2,486,266
Intergovernmental Grants and Aids				
Wisconsin shared revenue	5,520,939	5,520,939	5,521,021	82
Exempt computer aid	275,000	275,000	365,832	90,832
Environmental impact fee	-	26,910	75,432	48,522
Federal grants	234,571	1,530,973	1,085,027	(445,946)
State grants	3,689,273	4,579,498	3,228,758	(1,350,740)
Local government grants	55,219	90,444	60,581	(29,863)
Total Intergovernmental Grants and Aids	9,775,002	12,023,764	10,336,651	(1,687,113)
Licenses and Permits				
Licenses	50,750	50,750	41,091	(9,659)
Permits	223,000	223,000	232,665	9,665
Total Licenses and Permits	273,750	273,750	273,756	6
Fines and Forfeitures				
County ordinance fines and forfeitures	198,000	198,000	200,616	2,616
County share of state fines and forfeitures	489,100	560,548	579,570	19,022
Total Fines and Forfeitures	687,100	758,548	780,186	21,638
Public Charges for Services				
General Government				
Recording fees	400,000	400,000	390,440	(9,560)
Certified copies	65,000	65,000	74,118	9,118
Land record fees	372,000	372,000	330,625	(41,375)
Court fees and costs	708,000	708,000	718,020	10,020
Other charges	334,432	340,653	406,451	65,798
Total General Government	1,879,432	1,885,653	1,919,654	34,001
Public Safety				
Board of prisoners	291,200	291,200	339,957	48,757
Processing fees	200,000	200,000	200,031	31
Other charges	359,909	359,909	407,606	47,697
Total Public Safety	851,109	851,109	947,594	96,485

MARATHON COUNTY, WISCONSIN

SCHEDULE OF REVENUES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES (cont.)				
Health				
General health	\$ 15,646	\$ 15,646	\$ 21,785	\$ 6,139
Lab contract work	81,721	81,721	83,997	2,276
Environmental permits	420,249	420,249	425,666	5,417
Other charges	64,433	63,484	125,317	61,833
Total Health	582,049	581,100	656,765	75,665
Social services	5,000	5,000	1,400	(3,600)
Library	95,000	95,000	47,279	(47,721)
Recreation and Public Areas				
Camping fees	120,000	120,000	123,402	3,402
Park concessions	44,400	44,400	31,758	(12,642)
Shelter rental and forfeitures	25,000	25,000	21,454	(3,546)
Fairgrounds building rents	109,150	109,150	87,182	(21,968)
Organized hockey rents	220,000	220,000	199,065	(20,935)
Cross country fees	70,000	70,000	74,258	4,258
Other charges	196,945	196,945	171,406	(25,539)
Total Recreation and Public Areas	785,495	785,495	708,525	(76,970)
Education	34,972	34,972	26,001	(8,971)
Conservation				
Forest resources	293,000	293,000	419,263	126,263
Agricultural resources	38,000	38,000	43,907	5,907
Total Conservation	331,000	331,000	463,170	132,170
Total Public Charges for Services	4,564,057	4,569,329	4,770,388	201,059
Intergovernmental Charges for Services				
State and federal	208,892	362,603	270,256	(92,347)
Local Districts				
General government	33,531	34,531	35,337	806
Register of deeds services	58,990	58,990	88,788	29,798
Postage	72,500	72,500	57,990	(14,510)
Telephone	29,300	29,300	6,568	(22,732)
Sheriff's services	223,990	223,990	225,905	1,915
Other charges	377,720	367,920	297,674	(70,246)
Local departments	394,742	394,742	366,811	(27,931)
Total Intergovernmental Charges for Services	1,399,665	1,544,576	1,349,329	(195,247)
Miscellaneous Revenue				
Interest income	276,060	275,660	174,955	(100,705)
Change in the fair market value of investments	-	-	(188,647)	(188,647)
Rental income	583,553	684,553	732,127	47,574
Donations	148,003	404,199	329,843	(74,356)
Other revenues	59,090	59,090	186,793	127,703
Total Miscellaneous Revenue	1,066,706	1,423,502	1,235,071	(188,431)
TOTAL REVENUES	\$ 57,692,175	\$ 60,519,364	\$ 61,157,542	\$ 638,178

MARATHON COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
EXPENDITURES				
General Government				
Legislative				
Personal services	\$ 268,611	\$ 268,611	\$ 268,607	\$ 4
Contractual services	10,600	10,600	8,982	1,618
Materials and supplies	91,550	91,550	82,708	8,842
Total Legislative	<u>370,761</u>	<u>370,761</u>	<u>360,297</u>	<u>10,464</u>
Judicial				
Personal services	2,324,913	2,316,539	2,294,631	21,908
Contractual services	822,477	927,477	896,637	30,840
Materials and supplies	78,350	80,950	108,829	(27,879)
Fixed charges	3,519	3,519	3,100	419
Total Judicial	<u>3,229,259</u>	<u>3,328,485</u>	<u>3,303,197</u>	<u>25,288</u>
Executive				
Personal services	358,927	367,835	367,835	-
Contractual services	72,250	72,250	47,526	24,724
Materials and supplies	28,946	28,946	17,353	11,593
Grants and contributions	1,500	1,500	279	1,221
Total Executive	<u>461,623</u>	<u>470,531</u>	<u>432,993</u>	<u>37,538</u>
General Administration				
Personal services	610,715	634,326	620,270	14,056
Contractual services	273,739	260,016	212,067	47,949
Materials and supplies	315,390	315,390	266,869	48,521
Total General Administration	<u>1,199,844</u>	<u>1,209,732</u>	<u>1,099,206</u>	<u>110,526</u>
Financial Administration				
Personal services	971,661	1,022,086	1,018,496	3,590
Contractual services	196,107	203,807	123,150	80,657
Materials and supplies	45,350	45,350	36,382	8,968
Fixed charges	407,327	646,671	646,671	-
Grants and contributions	10,083,525	10,102,537	9,967,856	134,681
Total Financial Administration	<u>11,703,970</u>	<u>12,020,451</u>	<u>11,792,555</u>	<u>227,896</u>
Legal				
Personal services	1,385,873	1,394,974	1,341,121	53,853
Contractual services	294,500	379,325	241,542	137,783
Materials and supplies	76,076	86,932	95,693	(8,761)
Total Legal	<u>1,756,449</u>	<u>1,861,231</u>	<u>1,678,356</u>	<u>182,875</u>
Property Records and Control				
Personal services	546,543	546,543	521,286	25,257
Contractual services	238,489	238,489	144,952	93,537
Materials and supplies	50,853	50,853	24,478	26,375
Fixed charges	53,200	53,200	-	53,200
Total Property Records and Control	<u>889,085</u>	<u>889,085</u>	<u>690,716</u>	<u>198,369</u>

MARATHON COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
EXPENDITURES (cont.)				
County Planning and Zoning				
Personal services	\$ 1,460,508	\$ 1,481,852	\$ 1,469,852	\$ 12,000
Contractual services	498,173	593,647	473,443	120,204
Materials and supplies	113,401	118,188	128,451	(10,263)
Fixed charges	3,821	3,821	3,671	150
Grants and contributions	70,100	78,616	78,516	100
Total County Planning and Zoning	2,146,003	2,276,124	2,153,933	122,191
 Building Maintenance				
Personal services	1,393,607	1,393,607	1,348,397	45,210
Contractual services	961,285	978,694	846,356	132,338
Materials and supplies	120,960	120,960	100,464	20,496
Fixed charges	5,386	5,386	5,860	(474)
Capital outlay	56,000	58,612	53,227	5,385
Total Building Maintenance	2,537,238	2,557,259	2,354,304	202,955
 Total General Government	24,294,232	24,983,659	23,865,557	1,118,102
 Public Safety				
Sheriff				
Personal services	9,972,715	10,242,077	10,144,113	97,964
Contractual services	381,130	859,342	803,548	55,794
Materials and supplies	846,046	919,216	830,590	88,626
Fixed charges	60,251	60,251	60,106	145
Grants and contributions	35,750	129,421	65,208	64,213
Capital outlay	303,660	172,795	171,072	1,723
Total Sheriff	11,599,552	12,383,102	12,074,637	308,465
 Emergency Services				
Personal services	154,189	179,995	177,856	2,139
Contractual services	6,751	6,751	6,961	(210)
Materials and supplies	69,700	107,492	89,187	18,305
Fixed charges	5,519	5,519	3,422	2,097
Grants and contributions	20,000	840,844	617,414	223,430
Capital outlay	5,000	5,000	-	5,000
Total Emergency Services	261,159	1,145,601	894,840	250,761
 Adult Corrections				
Personal services	3,564,317	3,390,626	3,380,112	10,514
Contractual services	2,374,864	3,503,485	2,977,561	525,924
Materials and supplies	142,943	142,943	151,777	(8,834)
Total Adult Corrections	6,082,124	7,037,054	6,509,450	527,604

MARATHON COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (cont.)				
Juvenile Corrections				
Personal services	\$ 1,011,503	\$ 1,001,503	\$ 992,512	\$ 8,991
Contractual services	36,550	41,650	38,392	3,258
Materials and supplies	7,783	7,783	6,176	1,607
Total Juvenile Corrections	<u>1,055,836</u>	<u>1,050,936</u>	<u>1,037,080</u>	<u>13,856</u>
Shelter Home				
Personal services	444,249	424,249	420,843	3,406
Contractual services	16,900	19,020	16,720	2,300
Materials and supplies	5,088	14,880	1,728	13,152
Total Shelter Home	<u>466,237</u>	<u>458,149</u>	<u>439,291</u>	<u>18,858</u>
Total Public Safety	<u>19,464,908</u>	<u>22,074,842</u>	<u>20,955,298</u>	<u>1,119,544</u>
Health				
Personal services	3,315,188	3,741,664	3,313,412	428,252
Contractual services	892,583	1,054,054	997,623	56,431
Materials and supplies	543,167	859,957	307,542	552,415
Grants and contributions	-	11,500	11,487	13
Total Health	<u>4,750,938</u>	<u>5,667,175</u>	<u>4,630,064</u>	<u>1,037,111</u>
Social Services				
Veterans				
Personal services	184,729	187,430	187,433	(3)
Contractual services	4,700	4,300	3,170	1,130
Materials and supplies	13,350	13,350	12,008	1,342
Fixed charges	200	200	-	200
Grants and contributions	6,750	24,867	3,225	21,642
Total Veterans	<u>209,729</u>	<u>230,147</u>	<u>205,836</u>	<u>24,311</u>
Total Social Services	<u>209,729</u>	<u>230,147</u>	<u>205,836</u>	<u>24,311</u>
Leisure Activities and Education				
Library				
Personal services	2,630,593	2,630,593	2,462,878	167,715
Contractual services	233,236	260,486	278,143	(17,657)
Materials and supplies	627,597	648,085	569,376	78,709
Fixed charges	71,200	71,200	81,390	(10,190)
Total Library	<u>3,562,626</u>	<u>3,610,364</u>	<u>3,391,787</u>	<u>218,577</u>

MARATHON COUNTY, WISCONSIN

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES (cont.)				
Public Areas				
Personal services	\$ 1,945,699	\$ 1,966,318	\$ 1,999,976	\$ (33,658)
Contractual services	982,439	1,048,323	812,491	235,832
Materials and supplies	459,343	459,343	401,933	57,410
Fixed charges	137,458	137,458	37,853	99,605
Capital outlay	211,443	216,812	17,867	198,945
Total Public Areas	<u>3,736,382</u>	<u>3,828,254</u>	<u>3,270,120</u>	<u>558,134</u>
University Extension Program				
Personal services	146,834	149,264	143,263	6,001
Contractual services	224,770	247,547	181,411	66,136
Materials and supplies	41,047	63,938	42,780	21,158
Total University Extension Program	<u>412,651</u>	<u>460,749</u>	<u>367,454</u>	<u>93,295</u>
Total Leisure Activities and Education	<u>7,711,659</u>	<u>7,899,367</u>	<u>7,029,361</u>	<u>870,006</u>
Conservation and Economic Development				
Forest Resources				
Personal services	50,729	50,729	50,729	-
Contractual services	77,167	67,933	11,959	55,974
Materials and supplies	7,290	7,290	-	7,290
Fixed charges	3,898	3,898	599	3,299
Capital outlay	252,076	251,917	-	251,917
Total Forest Resources	<u>391,160</u>	<u>381,767</u>	<u>63,287</u>	<u>318,480</u>
Agricultural Resources				
Personal services	231,504	291,674	182,173	109,501
Contractual services	213,185	536,260	234,615	301,645
Materials and supplies	22,315	62,575	-	62,575
Grants and contributions	453,500	766,966	428,031	338,935
Total Agricultural Resources	<u>920,504</u>	<u>1,657,475</u>	<u>844,819</u>	<u>812,656</u>
Total Conservation and Economic Development	<u>1,311,664</u>	<u>2,039,242</u>	<u>908,106</u>	<u>1,131,136</u>
Capital Outlay				
Capital Projects				
Contractual services	135,000	181,701	86,056	95,645
Capital outlay	88,000	149,586	111,434	38,152
Total Capital Outlay	<u>223,000</u>	<u>331,287</u>	<u>197,490</u>	<u>133,797</u>
TOTAL EXPENDITURES	<u>\$ 57,966,130</u>	<u>\$ 63,225,719</u>	<u>\$ 57,791,712</u>	<u>\$ 5,434,007</u>

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous Revenues				
Investment income	\$ -	\$ -	\$ 44,920	\$ 44,920
Donations	-	88,000	85,000	(3,000)
Reimbursement	-	250,000	469,375	219,375
Other revenues	-	-	165,000	165,000
Total Revenues	<u>-</u>	<u>338,000</u>	<u>764,295</u>	<u>426,295</u>
EXPENDITURES				
Current				
Capital outlay	4,012,735	11,341,561	3,975,459	7,366,102
Total Expenditures	<u>4,012,735</u>	<u>11,341,561</u>	<u>3,975,459</u>	<u>7,366,102</u>
Excess (deficiency) of revenues over expenditures	<u>(4,012,735)</u>	<u>(11,003,561)</u>	<u>(3,211,164)</u>	<u>7,792,397</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
General Fund	2,584,241	2,874,241	2,874,241	-
Social Improvement Fund	2,715,848	2,715,848	2,715,848	-
Sale of capital assets	-	35,000	66,438	31,438
Transfers out				
General Fund	(140,354)	(159,867)	(159,867)	-
County Highway Fund	(1,347,000)	(1,682,685)	(1,682,685)	-
Total Other Financing Sources (Uses)	<u>3,812,735</u>	<u>3,782,537</u>	<u>3,813,975</u>	<u>31,438</u>
Net change in fund balance	(200,000)	(7,221,024)	602,811	7,823,835
FUND BALANCE - Beginning of Year	<u>10,773,028</u>	<u>10,773,028</u>	<u>10,773,028</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 10,573,028</u>	<u>\$ 3,552,004</u>	<u>\$ 11,375,839</u>	<u>\$ 7,823,835</u>

MARATHON COUNTY, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - DEBT SERVICE FUND For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with Final <u>Budget</u>
REVENUES				
Taxes	\$ 1,683,400	\$ 1,683,400	\$ 1,683,400	\$ -
Public charges for services	100,000	100,000	95,425	(4,575)
Miscellaneous revenues				
Investment income	-	-	11,049	11,049
Total Revenues	<u>1,783,400</u>	<u>1,783,400</u>	<u>1,789,874</u>	<u>6,474</u>
EXPENDITURES				
Debt Service				
Principal	1,410,000	1,410,000	1,388,903	21,097
Interest	373,400	373,400	373,400	-
Total Expenditures	<u>1,783,400</u>	<u>1,783,400</u>	<u>1,762,303</u>	<u>21,097</u>
Net change in fund balance	-	-	27,571	27,571
FUND BALANCE - Beginning of Year	<u>1,506,859</u>	<u>1,506,859</u>	<u>1,506,859</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,506,859</u>	<u>\$ 1,506,859</u>	<u>\$ 1,534,430</u>	<u>\$ 27,571</u>

MARATHON COUNTY, WISCONSIN

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2013

	Property Casualty Insurance	Employee Benefits Insurance	Totals
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 7,063,261	\$ 7,956,659	\$ 15,019,920
Accounts receivable	104,078	42,854	146,932
Total Current Assets	<u>7,167,339</u>	<u>7,999,513</u>	<u>15,166,852</u>
NONCURRENT ASSETS			
Deposit in Wisconsin Municipal Mutual Insurance Company	<u>1,519,000</u>	-	<u>1,519,000</u>
CAPITAL ASSETS			
Equipment	53,868	4,598	58,466
Less: Accumulated depreciation	<u>(53,868)</u>	<u>(4,598)</u>	<u>(58,466)</u>
Net Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>8,686,339</u>	<u>7,999,513</u>	<u>16,685,852</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	41,989	21,994	63,983
Accrued items	2,119	61,533	63,652
Compensated absences	4,675	10,165	14,840
Total Current Liabilities	<u>48,783</u>	<u>93,692</u>	<u>142,475</u>
LONG-TERM LIABILITIES			
Accrued liability - claims payable	723,476	2,789,279	3,512,755
Compensated absences	18,701	40,661	59,362
Total Long-term Liabilities	<u>742,177</u>	<u>2,829,940</u>	<u>3,572,117</u>
Total Liabilities	<u>790,960</u>	<u>2,923,632</u>	<u>3,714,592</u>
NET POSITION			
Unrestricted	<u>7,895,379</u>	<u>5,075,881</u>	<u>12,971,260</u>
TOTAL NET POSITION	<u>\$ 7,895,379</u>	<u>\$ 5,075,881</u>	<u>\$ 12,971,260</u>

MARATHON COUNTY, WISCONSIN

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS For the Year Ended December 31, 2013

	Property Casualty Insurance	Employee Benefits Insurance	Totals
OPERATING REVENUES			
Interdepartmental charges for services	\$ 833,894	\$ 12,164,895	\$ 12,998,789
Total Operating Revenues	<u>833,894</u>	<u>12,164,895</u>	<u>12,998,789</u>
OPERATING EXPENSES			
Salaries and benefits	94,628	1,037,970	1,132,598
Contractual services	8,215	968,191	976,406
Materials and supplies	1,938	10,249	12,187
Insurance and claims	510,627	12,958,207	13,468,834
Loss and loss adjustment expense	(24,865)	505,549	480,684
Insurance and administration costs	-	9,528	9,528
Total Operating Expenses	<u>590,543</u>	<u>15,489,694</u>	<u>16,080,237</u>
Operating Income (Loss)	<u>243,351</u>	<u>(3,324,799)</u>	<u>(3,081,448)</u>
NONOPERATING REVENUES			
Investment income	120,288	35,981	156,269
Insurance recoveries	32,909	31,522	64,431
Other income	-	230,365	230,365
Total Nonoperating Revenues	<u>153,197</u>	<u>297,868</u>	<u>451,065</u>
Changes in net position	396,548	(3,026,931)	(2,630,383)
NET POSITION - Beginning of Year	<u>7,498,831</u>	<u>8,102,812</u>	<u>15,601,643</u>
NET POSITION - END OF YEAR	<u>\$ 7,895,379</u>	<u>\$ 5,075,881</u>	<u>\$ 12,971,260</u>

MARATHON COUNTY, WISCONSIN

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2013

	Property Casualty Insurance	Employee Benefits Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Collections from departments and other insurance purchasers	\$ 863,550	\$ 12,427,065	\$ 13,290,615
Cash paid to employees for services	(94,628)	(1,037,970)	(1,132,598)
Cash paid to suppliers for goods and services	(493,181)	(13,946,143)	(14,439,324)
Net Cash Provided (Used) by Operating Activities	275,741	(2,557,048)	(2,281,307)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	120,288	35,981	156,269
Net Cash Provided by Investing Activities	120,288	35,981	156,269
Net Increase (Decrease) in Cash and Cash Equivalents	396,029	(2,521,067)	(2,125,038)
CASH AND CASH EQUIVALENTS - Beginning of Year	6,667,232	10,477,726	17,144,958
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,063,261	\$ 7,956,659	\$ 15,019,920
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 243,351	\$ (3,324,799)	\$ (3,081,448)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Insurance recoveries	32,909	31,522	64,431
Other income	-	230,365	230,365
Effects of (increase) decrease in operating assets and increase (decrease) in operating liabilities:			
Accounts receivable	(3,253)	283	(2,970)
Accounts payable	24,257	171	24,428
Accrued items	294	(7,615)	(7,321)
Compensated absences	3,048	7,476	10,524
Accrued liabilities - claims payable	(24,865)	505,549	480,684
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 275,741	\$ (2,557,048)	\$ (2,281,307)

MARATHON COUNTY, WISCONSIN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the Year Ended December 31, 2013

	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
ADRC-CW				
Assets				
Cash and cash equivalents	\$ 33,102	\$ 48,360	\$ 33,102	\$ 48,360
Account receivable	93,446	54,389	93,446	54,389
Due from other governments	408,219	342,411	408,219	342,411
	<u>\$ 534,767</u>	<u>\$ 445,160</u>	<u>\$ 534,767</u>	<u>\$ 445,160</u>
Liabilities				
Accounts payable	\$ 318,324	\$ 170,111	\$ 318,324	\$ 170,111
Due to other governments	41,855	3,445	41,855	3,445
Due to participants	174,008	184,874	174,008	184,874
Other accrued liabilities and deposits	580	86,730	580	86,730
	<u>\$ 534,767</u>	<u>\$ 445,160</u>	<u>\$ 534,767</u>	<u>\$ 445,160</u>
Clerk of Courts				
Assets				
Cash and cash equivalents	\$ 1,108,968	\$ 1,611,704	\$ 1,108,968	\$ 1,611,704
	<u>\$ 1,108,968</u>	<u>\$ 1,611,704</u>	<u>\$ 1,108,968</u>	<u>\$ 1,611,704</u>
Liabilities				
Other accrued liabilities and deposits	\$ 1,108,968	\$ 1,611,704	\$ 1,108,968	\$ 1,611,704
	<u>\$ 1,108,968</u>	<u>\$ 1,611,704</u>	<u>\$ 1,108,968</u>	<u>\$ 1,611,704</u>
Sheriff Adult Inmate				
Assets				
Cash and cash equivalents	\$ 16,397	\$ 49,405	\$ 16,397	\$ 49,405
	<u>\$ 16,397</u>	<u>\$ 49,405</u>	<u>\$ 16,397</u>	<u>\$ 49,405</u>
Liabilities				
Other accrued liabilities and deposits	\$ 16,397	\$ 49,405	\$ 16,397	\$ 49,405
	<u>\$ 16,397</u>	<u>\$ 49,405</u>	<u>\$ 16,397</u>	<u>\$ 49,405</u>
Total all agency funds				
Assets				
Cash and cash equivalents	\$ 1,158,467	\$ 1,709,469	\$ 1,158,467	\$ 1,709,469
Account receivable	93,446	54,389	93,446	54,389
Due from other governments	408,219	342,411	408,219	342,411
	<u>\$ 1,660,132</u>	<u>\$ 2,106,269</u>	<u>\$ 1,660,132</u>	<u>\$ 2,106,269</u>
Liabilities				
Accounts payable	\$ 318,324	\$ 170,111	\$ 318,324	\$ 170,111
Due to other governments	41,855	3,445	41,855	3,445
Due to participants	174,008	184,874	174,008	184,874
Other accrued liabilities and deposits	1,125,945	1,747,839	1,125,945	1,747,839
	<u>\$ 1,660,132</u>	<u>\$ 2,106,269</u>	<u>\$ 1,660,132</u>	<u>\$ 2,106,269</u>

MARATHON COUNTY, WISCONSIN

STATEMENT OF NET POSITION CENTRAL WISCONSIN AIRPORT As of December 31, 2013

ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 1,847,934
Accounts receivable	195,513
Total Current Assets	<u>2,043,447</u>
NONCURRENT ASSETS	
Restricted cash and investments	2,871,018
Property, Plant and Equipment	
Land	614,983
Buildings	15,560,226
Improvements	46,654,894
Equipment	7,723,228
Construction in process	14,386,736
Total Property, Plant and Equipment	<u>84,940,067</u>
Less: Accumulated depreciation and depletion	<u>(39,289,034)</u>
Net Property, Plant and Equipment	<u>45,651,033</u>
Total Noncurrent Assets	<u>48,522,051</u>
Total Assets	<u>50,565,498</u>
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on advance refunding	<u>13,748</u>
Total Deferred Outflows of Resources	<u>13,748</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	99,325
Accrued expenses	33,513
Deposits	11,831
Interest payable	31,567
Due to other governments	317,343
Current portion of compensated absences	33,136
Current portion of general obligation notes payable	<u>535,000</u>
Total Current Liabilities	<u>1,061,715</u>
Long-term Liabilities	
General obligation notes payable (net of unamortized discounts and premiums)	5,953,445
Compensated absences	132,545
Net OPEB obligation	<u>85,783</u>
Total Long-term Liabilities	<u>6,171,773</u>
Total Liabilities	<u>7,233,488</u>
NET POSITION	
Net investment in capital assets	39,671,013
Restricted	
Restricted for passenger and customer facility charges	2,357,162
Unrestricted	<u>1,317,583</u>
TOTAL NET POSITION	<u>\$ 43,345,758</u>

MARATHON COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION CENTRAL WISCONSIN AIRPORT For the Year Ended December 31, 2013

OPERATING REVENUES

Public charges for services	\$ 2,644,075
Intergovernmental charges for services	<u>23,417</u>
Total Operating Revenues	<u>2,667,492</u>

OPERATING EXPENSES

Salaries and benefits	1,364,275
Contractual services	423,327
Materials and supplies	501,638
Insurance	59,306
Depreciation	<u>2,131,230</u>
Total Operating Expenses	<u>4,479,776</u>

Operating Loss (1,812,284)

NONOPERATING REVENUES (EXPENSES)

Investment income	17,359
Passenger facility charges	488,954
Customer facility charges	198,762
Other income	280
Interest expense	<u>(287,497)</u>
Total Nonoperating Revenues (Expenses)	<u>417,858</u>

Loss before contributions (1,394,426)

Capital Contributions 7,235,609

Increase in net position 5,841,183

NET POSITION - Beginning of Year 37,504,575

NET POSITION - END OF YEAR \$ 43,345,758

MARATHON COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS CENTRAL WISCONSIN AIRPORT For the Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from the sale of goods and services	\$ 2,662,658
Cash paid to employees for services	(1,368,848)
Cash paid to suppliers for goods and services	<u>(845,199)</u>
Net Cash Used for Operating Activities	<u>448,611</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments for capital acquisitions	(2,397,066)
Passenger facility charges received	488,954
Customer facility charges received	198,762
Debt paid	(575,000)
Interest paid	<u>(238,008)</u>
Net Cash Provided by Capital Financing and Related Activities	<u>(2,522,358)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received on investments	<u>17,359</u>
----------------------------------	---------------

Net Decrease in Cash and Cash Equivalents (2,056,388)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 6,775,340

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 4,718,952

RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES

Operating loss	\$ (1,812,284)
Non-operating income	280
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	2,131,230
Effects of (increase) decrease in operating assets and increase (decrease) in operating liabilities:	
Accounts receivable	(5,114)
Accounts payable	(32,268)
Accrued expenses	2,855
Due to other governments	171,340
Compensated absences	5,287
Net OPEB obligation	<u>(12,715)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 448,611

NONCASH INVESTING, CAPITAL AND NONCAPITAL FINANCING ACTIVITIES

Capital contributions	<u>\$ 7,235,609</u>
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RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents	\$ 1,847,934
Cash and cash equivalents - restricted assets	<u>2,871,018</u>

CASH AND CASH EQUIVALENTS, DECEMBER 31 \$ 4,718,952

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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	105-109
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	110-114
Debt Capacity 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.	115-118
Demographic and Economic Information 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.	119-121
Operating Information 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.	122-127

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									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Net investment in capital assets	\$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	\$223,789,243
Restricted	\$152,608	\$229,476	\$387,026	\$509,144	\$2,625,708	\$1,416,570	\$1,738,845	\$8,153,298	\$9,449,568	\$8,078,812
Unrestricted	\$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	\$61,869,922
Total governmental activities net position	<u>\$260,594,008</u>	<u>\$269,759,396</u>	<u>\$275,979,137</u>	<u>\$280,542,753</u>	<u>\$284,556,171</u>	<u>\$286,465,424</u>	<u>\$291,005,278</u>	<u>\$296,723,830</u>	<u>\$294,829,206</u>	<u>\$293,737,977</u>
Business-type activities										
Net investment in capital assets	\$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	\$18,155,596
Restricted	\$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	\$2,890,271
Unrestricted	\$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	\$42,000,995
Total business-type activities net position	<u>\$38,358,440</u>	<u>\$41,208,900</u>	<u>\$42,764,081</u>	<u>\$48,054,166</u>	<u>\$51,721,803</u>	<u>\$54,016,007</u>	<u>\$60,153,593</u>	<u>\$60,612,215</u>	<u>\$61,294,128</u>	<u>\$63,046,862</u>
Primary government										
Net Investment in capital assets	\$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	\$241,944,839
Restricted	\$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	\$10,969,083
Unrestricted	\$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	\$103,870,917
Total primary government net position	<u>\$298,952,448</u>	<u>\$310,968,296</u>	<u>\$318,743,218</u>	<u>\$328,596,919</u>	<u>\$336,277,974</u>	<u>\$340,481,431</u>	<u>\$351,158,871</u>	<u>\$357,336,045</u>	<u>\$356,123,334</u>	<u>\$356,784,839</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General Government	\$ 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	\$ 31,317,190
Public Safety	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	21,297,720
Transportation	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	7,197,187
Health	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	4,770,100
Social Services	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	18,772,375
Leisure and Education	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	6,782,729
Conservation and Development	1,393,004	1,496,596	2,454,458	1,476,149	997,139	1,351,199	758,621	852,382	1,163,428	918,916
Interest on Long Term Debt	104,096	59,955	32,838	60,238	54,011	271,706	326,604	295,360	264,525	278,516
Total governmental activities	<u>75,170,165</u>	<u>81,233,861</u>	<u>92,107,543</u>	<u>95,658,600</u>	<u>93,853,904</u>	<u>90,472,155</u>	<u>88,735,742</u>	<u>88,847,796</u>	<u>92,475,769</u>	<u>91,334,733</u>
Business-type activities										
Landfill	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	3,170,871
Highway	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	9,871,515
Total business-type activities expenses	<u>14,387,588</u>	<u>19,253,080</u>	<u>11,312,967</u>	<u>11,604,336</u>	<u>13,384,292</u>	<u>11,961,295</u>	<u>9,922,138</u>	<u>14,653,769</u>	<u>16,231,732</u>	<u>13,042,386</u>
Total primary government	<u>\$ 89,557,753</u>	<u>\$ 100,486,941</u>	<u>\$ 103,420,510</u>	<u>\$ 107,262,936</u>	<u>\$ 107,238,196</u>	<u>\$ 102,433,450</u>	<u>\$ 98,657,880</u>	<u>\$ 103,501,565</u>	<u>\$ 108,707,501</u>	<u>\$ 104,377,119</u>
Program Revenues										
Government activities:										
Charges for services:										
General Government	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	4,184,659
Public Safety	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	2,161,484
Transportation	4,178	10,790	-	-	-	-	-	-	-	-
Health	408,699	427,583	538,533	589,739	561,468	590,671	633,544	577,753	613,162	656,765
Social Services	822,505	804,538	935,676	861,928	868,342	998,231	937,401	803,706	967,306	1,140,531
Leisure and Education	958,447	1,144,312	1,329,621	1,478,208	1,236,038	1,082,422	860,296	774,943	897,055	808,233
Conservation and Development	20,759	21,756	18,229	59,406	166,211	118,975	559,323	485,322	517,898	540,358
Operating grants and contributions:										
General Government	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	923,802
Public Safety	598,809	273,315	415,553	407,213	227,057	732,405	1,212,538	892,819	648,160	1,055,870
Transportation	-	-	-	-	-	-	235,124	131,286	62,957	94,718
Health	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	1,439,002
Social Services	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	11,906,370
Leisure and Education	500,781	59,066	458,978	527,562	660,026	545,284	588,060	821,884	350,535	626,314
Conservation and Development	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	895,523
Capital grants and contributions:										
General Government	-	1,630,947	-	875,946	-	-	-	165,624	165,624	469,375
Public Safety	593,454	554,233	274,081	154,683	682,557	604,975	-	-	-	-
Transportation	20,681,976	4,646,944	771,747	51,967	-	-	-	3,668,011	4,123,018	905,142
Leisure and Education	350,034	400,562	17,258	-	181,171	16,373	4,840,498	349,946	-	-
Total governmental activities program revenues	<u>56,610,210</u>	<u>35,944,715</u>	<u>30,821,603</u>	<u>32,141,180</u>	<u>28,383,668</u>	<u>24,891,590</u>	<u>29,419,013</u>	<u>28,457,252</u>	<u>29,418,286</u>	<u>27,808,146</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Charges for services:										
Landfill	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	2,804,665
Highway	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	4,724,083
Operating grants and contributions:										
Landfill	10,216	1,000	38,485	22,370	-	24,895	20,355	21,000	34,172	3,093
Highway	70,274	5,516,802	2,750,810	1,512,713	873,100	1,008,820	704,051	4,626,975	3,366,656	3,870,966
Capital grants and contributions:										
Highway	3,288,934	-	2,153,430	2,913,491	3,132,814	3,189,059	3,384,634	-	-	-
Total business-type activities program revenues	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	11,402,807
Total primary government program revenues	\$ 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	\$ 39,210,953
Net (Expense) Revenue										
Governmental activities	(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)	(63,526,587)
Business-type activities	(4,556,077)	(8,190,227)	(615,961)	51,920	(1,511,922)	(776,781)	1,210,781	(2,095,488)	(6,085,922)	(1,639,579)
Total primary governmental net expense	\$ (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)	\$ (65,166,166)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	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	38,832,967
Sales Taxes	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	10,555,249
Other Taxes	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	1,977,893
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	6,012,569
Public Grants and Gifts	-	-	-	-	-	-	-	-	-	84,995
Unrestricted investment earnings	909,249	2,228,061	2,258,334	3,708,820	3,938,127	1,322,366	848,020	696,013	514,642	277,282
Miscellaneous	1,420,924	1,290,367	2,862,843	1,638,968	1,779,811	1,365,367	75,896	66,035	773,267	271,109
Gain on sale of capital assets	-	-	32,633	46,827	40,304	45,988	50,482	45,918	33,996	78,709
Transfers	(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	4,344,585
Total general revenues and transfers	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	62,435,358
Change in net position	\$ 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)	\$ (1,091,229)
Business-type activities:										
Taxes:										
Property Taxes	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	7,306,275
Unrestricted investment earnings	693,239	1,027,473	1,861,007	2,509,762	2,160,230	979,824	610,636	336,719	350,390	144,487
Miscellaneous	214,968	169,726	132,461	120,164	6,601	167,119	161,690	-	-	224,677
Gain on sale of capital assets	-	-	-	-	359,505	-	-	188,416	117,454	61,459
Transfers	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)	(4,344,585)
Total general revenues and transfers	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	3,392,313
Change in net position	\$ 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	\$ 1,752,734
Net Position										
Governmental activities	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	293,737,977
Business-type activities	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	63,046,862
Total primary government	\$ 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	\$ 356,784,839

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

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Reserved	\$ 6,524,313	\$ 7,018,674	\$ 2,314,832	\$ 2,558,344	\$ 2,814,747	\$ 3,555,286	\$ 4,642,257	\$ -	\$ -	\$ -
Unreserved	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	3,411,419
Restricted	-	-	-	-	-	-	-	2,496,160	2,881,111	2,581,027
Assigned	-	-	-	-	-	-	-	15,298,160	14,390,670	17,725,315
Unassigned	-	-	-	-	-	-	-	22,680,756	25,462,846	23,652,792
Total General Fund	<u>\$ 39,585,723</u>	<u>\$ 39,418,842</u>	<u>\$ 38,873,175</u>	<u>\$ 40,772,233</u>	<u>\$ 42,856,579</u>	<u>\$ 44,041,940</u>	<u>\$ 44,766,570</u>	<u>\$ 44,723,746</u>	<u>\$ 46,692,592</u>	<u>\$ 47,370,553</u>
All Other Governmental Funds										
Reserved	8,774,726	9,406,392	3,336,776	3,643,834	13,425,816	14,333,639	5,062,168	-	-	-
Unreserved	2,311,218	2,801,244	13,486,282	13,093,273	3,184,116	8,454,257	13,471,377	-	-	-
Nonspendable	-	-	-	-	-	-	-	27	-	999
Restricted	-	-	-	-	-	-	-	10,435,507	7,884,696	6,675,203
Assigned	-	-	-	-	-	-	-	8,123,153	9,133,893	10,056,329
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 11,085,944</u>	<u>\$ 12,207,636</u>	<u>\$ 16,823,058</u>	<u>\$ 16,737,107</u>	<u>\$ 16,609,932</u>	<u>\$ 22,787,896</u>	<u>\$ 18,533,545</u>	<u>\$ 18,558,687</u>	<u>\$ 17,018,589</u>	<u>\$ 16,732,531</u>

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.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	\$ 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	\$ 51,532,035
Intergovernmental grants and aids	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	22,262,306
Licenses and permits	249,345	260,415	238,314	243,927	214,061	259,138	265,715	262,971	261,799	273,756
Fines and forfeitures	735,636	774,035	742,897	751,188	723,624	758,343	728,840	666,902	770,975	780,186
Public charges for services	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	5,436,506
Intergovernmental charges for services	462,721	517,006	572,236	642,690	1,151,057	1,215,014	1,226,970	1,293,582	1,366,398	1,349,329
Miscellaneous revenues	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	2,036,040
Total Revenues	\$ 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	\$ 83,670,158
Expenditures:										
Current:										
General government	\$ 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	\$ 23,865,557
Public safety	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	20,955,298
Health	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	4,630,064
Social services	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	18,369,888
Leisure activities and education	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	7,029,361
Conservation and economic development	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	908,106
Capital outlay	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	4,172,949
Debt service:										
Principal	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	1,388,903
Interest and paying agent fees	102,170	73,826	49,358	59,810	40,512	480,221	465,775	435,900	405,149	373,400
Total expenditures	\$ 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	\$ 81,693,526
Excess (deficiency) of revenues over expenditures	\$ 564,308	\$ (395,764)	\$ 123,298	\$ (1,936,273)	\$ 2,599,597	\$ (10,632,921)	\$ (2,931,392)	\$ (83,503)	\$ 1,635,562	\$ 1,976,632
Other financing sources (uses):										
Transfers in:										
General Fund	\$ 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	2,879,254
Social Improvement Fund	163,340	476,018	1,198,658	644,587	885,509	1,000,274	855,023	1,541,153	1,291,258	2,715,848
Capital Improvement Fund	9,933,342	548,109	697,948	1,035,550	1,630,336	794,851	2,247,336	546,529	168,657	159,867
Highway	-	-	-	-	-	-	-	160,000	-	-
Property Casualty Fund	-	-	20,439	-	-	-	-	-	-	-
Sale of Capital Assets	24,089	159,981	69,369	48,634	40,304	59,070	51,389	46,694	37,134	83,394
Component unit transfer in	-	-	3,340,000	-	-	-	-	-	-	-
General obligation debt issued	5,975,000	1,175,000	514,055	3,590,000	-	16,770,000	-	-	-	-
State loan program debt issued	14,055	14,055	2,593	514,055	14,608	14,608	95,858	14,608	14,650	14,562
Premium on bond/note payable	47,183	1,539	-	-	-	1,212,567	-	-	-	-
Transfers out:										
General Fund	(1,237,149)	(614,605)	(647,947)	(1,037,532)	(1,630,336)	(842,735)	(2,351,937)	(546,529)	(168,657)	(159,867)
Social Improvement Fund	(90,000)	-	-	(6,000)	(176,936)	(120,000)	(320,000)	(165,054)	-	(5,013)
Capital Improvement Fund	(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)	(5,590,089)
Highway Road Improvement Fund	(8,696,315)	-	(50,000)	-	-	-	-	-	-	-
County Highway Fund	(800,000)	-	-	(403,309)	(697,338)	(60,000)	(745,576)	(90,000)	(1,258,598)	(1,682,685)
Internal service fund	-	-	-	-	-	-	-	(65,481)	-	-
Component unit transfer out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 5,260,327	\$ 1,350,575	\$ 3,946,457	\$ 3,749,380	\$ (642,426)	\$ 17,996,245	\$ (598,329)	\$ 65,821	\$ (1,206,814)	\$ (1,584,729)
Net change in fund balance	5,824,635	954,811	4,069,755	1,813,107	1,957,171	7,363,324	(3,529,721)	(17,682)	428,748	391,903
Fund balances January 1	\$ 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	\$ 63,711,181
Fund balances, December 31	\$ 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	\$ 64,103,084
Debt service as a percentage of noncapital expenditures	5.5%	4.6%	3.4%	4.3%	1.5%	6.4%	2.3%	2.2%	2.2%	2.2%

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

Fiscal Year	Real Property				Personal Property	Total	Total Less TID	Total Direct Tax Rate
	Residential Property	Commercial Property	Manufacturing Property	Other				
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
2013	6,078,829,100	1,915,456,400	359,773,400	833,388,900	280,748,800	9,468,196,600	8,963,288,900	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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
COUNTY DIRECT RATE	5.89	5.80	5.69	5.46	5.38	5.17	5.17	5.15	5.17	5.17
TOWN										
BERGEN	16.84	16.07	16.20	16.27	15.69	16.28	16.98	18.49	17.44	17.34
BERLIN	21.11	18.96	16.51	16.81	16.05	17.30	17.84	16.83	18.84	18.94
BERN	17.90	16.64	14.68	22.32	21.81	17.58	18.14	17.48	18.43	18.01
BEVENT	18.08	17.28	16.30	17.23	17.40	18.29	16.66	15.45	17.94	17.15
BRIGHTON	19.19	18.36	17.52	24.20	23.70	25.28	17.77	18.53	19.83	18.50
CASSEL	16.42	18.23	15.91	18.24	18.11	19.39	19.69	18.91	17.86	18.08
CLEVELAND	17.40	18.09	16.88	18.21	19.26	19.91	20.49	18.06	18.31	18.48
DAY	18.66	17.50	16.76	15.89	16.87	17.76	19.33	17.51	20.05	18.21
EASTON	18.90	18.92	17.80	19.26	20.43	18.88	18.69	18.76	20.09	19.87
EAU PLEINE	16.13	15.36	13.41	15.93	16.43	16.42	17.47	17.63	16.43	17.40
ELDERON	16.91	16.30	14.52	14.02	14.40	16.28	16.04	15.42	16.48	15.22
EMMET	16.59	17.99	15.72	18.25	18.02	19.70	19.73	19.67	17.44	17.04
FRANKFORT	18.47	18.04	16.36	22.25	21.83	22.08	18.43	18.44	18.64	18.28
FRANZEN	18.48	18.61	16.03	20.51	20.45	24.14	19.99	17.58	17.66	24.64
GREEN VALLEY	18.42	17.70	16.54	17.24	17.43	17.79	17.47	17.51	19.69	19.59
GUENTHER	18.79	17.76	16.81	24.74	18.15	18.38	20.58	20.62	18.94	19.88
HALSEY	18.93	16.93	17.21	22.05	21.94	17.90	18.20	17.61	18.22	18.93
HAMBURG	19.74	19.41	16.87	23.17	23.27	23.21	23.61	18.99	19.94	19.36
HARRISON	16.94	16.46	15.86	19.26	18.78	15.40	15.11	15.22	14.93	14.43
HEWITT	22.44	20.44	19.26	26.04	24.62	21.29	21.12	20.76	20.67	20.76
HOLTON	17.47	16.30	15.42	16.71	16.18	16.78	17.19	17.07	17.85	18.28
HULL	19.31	17.31	16.47	20.89	20.29	20.35	16.83	17.16	18.74	17.93
JOHNSON	18.38	16.38	14.89	20.35	20.35	17.33	18.67	16.66	18.94	19.03
KNOWLTON	16.51	15.85	15.00	15.31	16.35	16.95	17.56	17.20	17.42	16.64
MAINE	19.84	19.28	18.76	20.37	20.37	21.83	20.92	20.72	20.16	20.45
MARATHON	15.83	18.27	15.93	22.38	16.15	18.09	17.37	16.29	17.80	15.94
MCMILLIAN	19.43	20.14	18.89	22.20	16.44	17.62	18.08	19.13	19.34	18.47
MOSINEE	17.06	18.52	16.32	16.37	16.33	17.81	16.28	16.87	18.48	17.74
NORRIE	16.96	16.71	13.96	20.52	20.06	16.96	16.74	16.49	17.98	17.50
PLOVER	20.19	19.36	16.75	22.23	22.08	18.46	18.14	18.05	19.08	18.00
REID	17.08	17.43	15.38	19.70	20.16	19.18	17.44	16.85	18.42	16.90
RIB FALLS	18.93	18.29	15.69	17.18	16.75	17.27	17.36	16.46	18.44	17.42
RIB MOUNTAIN	21.14	19.79	18.93	20.01	19.02	20.40	20.80	20.74	20.22	20.04
RIETBROCK	19.73	17.38	17.90	20.82	20.89	21.26	21.99	17.97	18.81	17.78
RINGLE	16.76	16.73	15.78	19.15	15.33	15.43	16.25	15.67	17.67	15.82
SPENCER	15.94	17.74	16.59	19.46	18.89	20.12	17.38	17.67	18.58	18.05
STETTIN	21.13	20.07	17.69	23.55	17.66	18.79	18.94	18.10	19.89	18.81
TEXAS	19.92	18.34	17.89	22.32	21.12	22.16	19.03	18.38	19.49	18.71
WAUSAU	20.40	19.01	16.88	20.85	20.20	20.46	18.75	19.67	19.34	18.89
WESTON	16.15	16.20	15.33	22.16	15.52	15.85	15.95	16.09	17.19	16.16
WIEN	19.13	17.07	17.58	22.04	22.59	23.69	24.87	17.65	18.57	18.37

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

DISTRICT	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
VILLAGE										
ATHENS	24.25	22.14	22.73	27.04	26.88	23.27	23.82	22.24	24.43	22.26
BIRNAMWOOD	18.94	18.12	16.28	18.25	17.90	18.63	18.54	19.65	18.49	22.28
BROKAW	27.52	23.68	21.93	23.01	23.15	24.84	27.24	27.35	37.59	37.79
DORCHESTER	23.09	21.47	21.14	25.80	22.16	24.32	23.50	20.59	21.04	22.49
EDGAR	19.94	20.36	19.15	18.43	18.68	19.27	19.72	20.66	21.21	20.42
ELDERON	18.03	17.23	15.40	18.63	19.05	15.83	14.74	16.03	17.21	14.35
FENWOOD	17.05	17.02	15.22	14.08	13.83	15.52	15.93	16.76	17.37	17.10
HATLEY	16.55	17.00	16.75	16.70	17.98	17.52	17.52	17.91	19.62	17.86
KRONENWETTER	18.98	19.28	16.96	19.21	19.64	19.25	19.34	20.27	21.23	21.64
MARATHON	20.14	23.04	20.52	25.52	26.43	21.72	21.84	22.48	23.38	20.45
ROTHSCHILD	21.71	21.82	20.74	25.56	25.52	25.37	21.73	23.10	23.30	22.70
SPENCER	21.56	23.21	21.62	25.87	24.49	25.78	26.54	23.42	23.79	23.42
STRATFORD	18.84	19.09	18.58	18.34	18.77	19.61	20.03	20.72	21.11	20.78
UNITY	19.42	17.99	17.71	20.73	20.95	19.51	18.92	17.84	20.07	18.43
WESTON	20.79	20.95	20.76	19.87	20.89	20.42	20.26	20.90	22.61	21.09
CITY										
ABBOTSFORD	22.41	20.88	20.12	20.17	21.11	21.03	21.34	22.44	23.11	23.54
COLBY	22.87	22.21	22.16	25.01	24.98	23.69	22.27	22.37	25.19	25.48
MARSHFIELD	23.60	23.18	22.36	23.02	23.94	24.89	22.99	23.58	24.17	23.07
MOSINEE	21.31	20.27	19.32	22.80	23.42	23.46	23.95	23.16	22.03	22.44
SCHOFIELD	22.14	22.11	21.14	24.52	25.19	25.45	24.81	26.12	23.75	25.70
WAUSAU	26.47	25.06	23.80	23.21	23.49	24.67	25.06	24.93	25.74	24.19

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

Taxpayer	Fiscal Year 2013			Fiscal Year 2004		
	Equalized Value	Rank	Percentage of Total County Taxable Equalized Value	Equalized Value	Rank	Percentage of Total County Taxable Equalized Value
Marshfield Clinic	\$43,407,200	1	0.4585%	\$33,583,709	3	0.4396%
Apogee Wausau Group	\$38,761,200	2	0.4094%	-	-	-
Aspirus Wausau Hospitals	\$28,417,700	3	0.3001%	\$14,655,600	10	0.1918%
Employers Insurance of Wausau	\$26,801,500	4	0.2831%	\$38,756,400	2	0.5073%
Walmart	\$24,867,200	5	0.2626%	\$24,055,000	5	0.3148%
Menards Inc	\$22,066,400	6	0.2331%	\$17,375,600	8	0.2274%
Saint Claires Hospital	\$20,553,700	7	0.2171%	-	-	-
Greenheck Fan Corp	\$20,215,300	8	0.2135%	\$21,267,300	6	0.2784%
Wausau Joint Venture	\$20,012,400	9	0.2114%	\$18,719,400	7	0.2450%
First Wausau Tower	\$19,256,200	10	0.2034%	-	-	-
Wausau Mosinee Paper	\$0	-	-	\$39,011,300	1	0.5106%
Creske/Wausau Tile	\$0	-	-	\$24,856,400	4	0.3253%
Weyerhaeuser Co	\$0	-	-	\$16,066,600	9	0.2103%
TOTAL	\$264,358,800.00		2.7921%	\$248,347,309.00		3.2505%

Source: Real Property Division of the County Treasurer's Office

NOTE (A) Total equalized value for 2013 of \$9,468,196,600 includes the increment value of tax increment districts (TID)
(B) Total equalized value for 2004 of \$7,640,172,300 includes the increment value of tax increment districts (TID)

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

Levy Year	Settlement Year	Total Tax Levy	As of December 31 of Settlement Year			Cumulative as of December 31, 2013 (C)		
			Amount Collected	Amount Delinquent	Percent Delinquent	Amount Collected	Amount Delinquent (D)	Percent Delinquent
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	2012	47,573,011	46,826,841	746,170	1.5685%	46,826,841	746,170	1.5685%
2012 (B)	2013	46,090,851	45,025,201	1,065,650	2.3121%	45,025,201	1,065,650	2.3121%

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 2014 is \$46,340,765

(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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income ^(b)	Percentage of Actual Value ^(a) of Taxable Property	Per Capita ^(b)
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
2004	\$2,165,000	(\$121,898)	\$2,043,102	0.06%	0.03%	74.39
2005	\$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
2013 (c)	\$7,355,000	(\$1,476,646)	\$5,878,354	0.13%	0.08%	181.19

Notes:

(a) See Schedule 5 for property value data

(b) Population and personal income data can be found in Schedule 12

(c) Remaining \$57,784 is restricted for Forest Aid Loan

Schedule 10
Marathon County
Direct and Overlapping Governmental Activities Debt
As of December 31, 2013

<u>Governmental Unit</u>	<u>Net General Obligation Debt</u>	<u>Percentage Applicable to Marathon County</u>	<u>Net General Obligation Debt Applicable To Marathon County</u>
TOWN:			
DAY	\$ 340,953	100.00%	\$ 340,953
FRANZEN	50,000	100.00%	50,000
GREEN VALLEY	123,562	100.00%	123,562
HALSEY	170,654	100.00%	170,654
HAMBURG	81,580	100.00%	81,580
HEWITT	45,753	100.00%	45,753
JOHNSON	130,627	100.00%	130,627
KNOWLTON	192,585	100.00%	192,585
MAINE	187,064	100.00%	187,064
PLOVER	122,349	100.00%	-
RIB MOUNTAIN	5,828,039	100.00%	5,828,039
RINGLE	92,746	100.00%	92,746
WAUSAU	350,000	100.00%	350,000
TOWN TOTAL	<u>7,715,912</u>		<u>7,593,563</u>
VILLAGE:			
ATHENS	\$ 433,000	100.00%	\$ 433,000
BROKAW	890,801	100.00%	890,801
DORCHESTER	576,178	100.00%	576,178
FENWOOD	88,942	100.00%	88,942
KRONENWETTER	20,363,908	100.00%	20,363,908
MARATHON	3,223,690	100.00%	3,223,690
SPENCER	383,906	100.00%	383,906
STRATFORD	2,088,300	100.00%	2,088,300
VILLAGE TOTAL	<u>27,615,725</u>		<u>276,157</u>
CITY:			
ABBOTSFORD	\$ 3,926,467	44.17%	\$ 1,734,363
COLBY	1,700,000	37.84%	643,346
MARSHFIELD	34,612,196	7.57%	2,620,711
MOSINEE	4,232,348	100.00%	4,232,348
SCHOFIELD	1,061,215	100.00%	1,061,215
WAUSAU	49,806,729	100.00%	49,806,729
CITY TOTAL	<u>95,338,955</u>		<u>60,098,712</u>

Schedule 10
Marathon County
Direct and Overlapping Governmental Activities Debt
As of December 31, 2013

<u>Governmental Unit</u>	<u>Net General Obligation Debt</u>	<u>Percentage Applicable to Marathon County</u>	<u>Net General Obligation Debt Applicable To Marathon County</u>
SCHOOL:			
ABBOTSFORD	\$ 8,280,000	46.04%	\$ 3,812,425
ANTIGO	2,755,000	4.22%	116,296
ATHENS	-	100.00%	-
AUBURNDALE	2,875,000	2.99%	86,014
COLBY	2,550,000	43.90%	1,119,450
D.C. EVEREST	30,865,000	100.00%	30,865,000
EDGAR	7,862,030	100.00%	7,862,030
MARATHON	5,303,480	100.00%	5,303,480
MARSHFIELD	20,360,000	15.28%	3,111,531
MEDFORD	1,010,000	0.50%	5,014
MERRILL	9,800,000	3.85%	377,151
MOSINEE	8,829,674	100.00%	8,829,674
SPENCER	1,175,000	87.82%	1,031,905
WAUSAU (B)	50,335,000	100.00%	50,335,000
WITTENBERG-BIRNAMWOOD	737,964	48.68%	359,211
MID-STATE TECH COLLEGE	28,730,000	2.62%	753,735
NORTHCENTRAL TECH	17,865,000	58.07%	10,375,013
SCHOOL TOTAL	<u>199,333,147</u>		<u>124,342,927</u>
SPECIAL DISTRICTS:			
SPECIAL DISTRICTS TOTAL	<u>-</u>		<u>-</u>
TOTAL APPLICABLE UNDERLYING DEBT	<u>\$ 330,003,739</u>		<u>\$ 192,311,360</u>
DIRECT DEBT			
<u>MARATHON COUNTY (A)</u>	<u>\$ 13,760,000</u>	100.00%	<u>\$ 13,760,000</u>
TOTAL DEBT APPLICABLE TO MARATHON COUNTY	<u>\$ 343,763,739</u>		<u>\$ 206,071,360</u>

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

(B) Wausau School District direct debt is from January 1, 2013

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Equalized Value of Property (A)	\$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	\$ 9,468,197
Debt Limit, 5% of Equalized Value	\$382,009	\$407,369	\$447,570	\$474,751	\$504,078	\$502,358	\$ 492,204	\$ 486,211	\$ 469,677	\$ 473,410
(Wisconsin statutory limitation)										
Amount of debt applicable to debt limitation:										
General obligation promissory notes (B)	\$6,910	\$4,560	\$4,950	\$5,050	\$3,650	\$15,670	\$16,570	\$14,810	\$15,645	\$13,760
Less: Amount available for debt service (c)	<u>(\$122)</u>	<u>(\$193)</u>	<u>\$309</u>	<u>\$481</u>	<u>\$2,597</u>	<u>\$1,388</u>	<u>\$1,430</u>	<u>\$1,446</u>	<u>\$1,466</u>	<u>\$1,477</u>
Total amount of debt applicable to debt margin	\$6,788	\$4,367	\$4,640	\$4,568	\$1,052	\$14,282	\$15,140	\$13,364	\$14,179	\$12,283
Legal Debt Margin-(debt capacity)	<u>\$375,221</u>	<u>\$403,002</u>	<u>\$442,930</u>	<u>\$470,183</u>	<u>\$503,025</u>	<u>\$488,076</u>	<u>\$477,064</u>	<u>\$492,191</u>	<u>\$455,498</u>	<u>\$461,127</u>
Percent of Debt capacity used	1.78%	1.07%	1.04%	0.96%	0.21%	2.84%	3.08%	2.75%	3.02%	2.59%

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 \$57,784

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment (3)</u>	<u>Private School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2004	129,962	\$3,782,284,086	\$29,103	19,471	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
2013	134,679	\$5,484,400,000	\$40,592	19,862	1,731	6.8

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)

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

<u>Employer</u>	<u>2013</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Aspirus Wausau Hospital	3,000	1	4.44%	2,479	1	3.50%
Greenheck Fan Inc	1,500	2	2.22%	1,900	2	2.68%
Wausau School District	1,476	3	2.18%	1,065	7	1.50%
Footlocker.com/Eastbay	1,300	4	1.92%	1,300	4	1.84%
Kolbe & Kolbe	1,122	5	1.66%	1,600	3	2.26%
Wausau Paper Mills	984	6	1.46%	1,034	8	1.46%
Prime Healthcare (UMR/Wausau Benefits)	800	7	1.18%	820	10	1.16%
Marathon Chesse	800	7	1.18%	1,300	5	1.84%
Marathon County	728	9	1.08%	-	-	0.00%
North Central Healthcare Facilities	685	10	1.01%	1,000	9	1.41%
Wausau Insurance/Nationwide Insurance	-	-	-	1,250	6	1.76%
Total Employment			67,600			70,829

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	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	149.50	151.50	151.55	151.55	152.55	156.45	154.95	148.70	140.70	136.50
Public Safety	174.00	174.00	173.00	172.00	178.00	179.00	178.50	179.00	177.00	180.00
Transportation	102.10	102.10	101.10	100.10	100.10	101.10	101.10	101.10	100.10	99.00
Health	44.45	45.95	47.70	47.70	47.70	51.20	49.20	48.20	48.20	49.50
Social Services	146.76	149.41	147.91	170.88	170.88	164.27	165.89	173.29	172.79	172.71
Leisure Activities & Education	201.10	200.55	199.07	191.80	190.80	187.00	182.80	101.75	101.08	89.90
Conservation & Economic Development	19.00	19.00	18.00	19.00	19.00	0.00	0.00	0.00	0.00	0.00
Total	836.91	842.51	838.33	853.03	859.03	839.02	832.44	752.04	739.87	727.61

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Court cases filed	24,240	23,446	22,268	23,652	25,170	25,716	24,701	22,170	22,293	21,944
Traffic citations processed	13,703	13,002	12,356	12,983	13,454	13,204	12,383	10,918	12,113	11,988
Marriage licenses processed	825	847	858	815	812	705	709	696	729	0
Divorces granted	420	410	373	434	455	458	417	375	302	500
Traffic and criminal fines collected	\$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	\$3,596,741
Total coroner cases	512	509	501	586	612	590	659	724	663	795
Public Safety										
Hazardous materials incidents investigated	7	8	6	6	4	15	5	14	14	18
Transportation										
Cost of road maintenance per lane mile	-	\$3,495	\$3,830	\$4,045	\$5,602	\$4,743	\$5,045	\$6,180	\$6,405	\$6,533
Health										
Public health nurse home visits	2,381	2,983	1,682	2,267	2,312	2,675	2,735	2,221	1,645	962
Laboratory tests	14,325	14,105	14,519	15,094	13,570	13,316	12,625	13,080	13,777	12,730
Licenses issued for public facilities	902	914	957	956	1,009	960	959	894	926	913
Number of immunizations given	3,617	3,414	2,680	3,562	4,756	3,852	3,723	2,822	2,326	1,633
Social Services										
Number served at nutrition centers	300	273	169	228	186	181	179	164	159	97
Number of volunteers	28	56	71	31	26	26	31	59	39	46
Volunteer hours	6,288	4,956	4,424	3,759	3,453	3,328	2,426	3,294	3,033	2,934
Number served home delivered meals	464	451	448	415	412	427	392	340	425	350
Number served through SNAC program	825	796	565	511	720	516	479	463	413	423
Child support money collected and disbursed	\$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	\$20,395,249
Economic support cases	7,622	8,229	8,701	8,802	9,785	10,350	10,234	10,741	13,985	13,823
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	1,001,527
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)	8,520	13,170	19,380	23,780	13,811	9,759	11,900	12,849	7,722	6,148

* In 2013, the Library stated that the number of visitors is no longer tracked

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Number of courtrooms	7	7	7	7	7	7	7	7	7	7
Public Safety										
County buildings maintained	10	11	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	93
Transportation										
Miles of County highways/roads	611	618	612	613	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)	1,489,400	1,320,005	1,216,455	1,025,245	780,000	620,000	643,600	508,188	385,335	248,704
Social Services										
Nutrition centers	2	2	1	2	2	2	2	2	2	2
Leisure and Education										
Libraries - Headquarters	1	1	1	1	1	1	1	1	1	1
Libraries - Branches	7	8	8	8	8	8	9	9	9	9
Volumes books & audio-visual materials	373,243	372,052	356,738	339,566	324,678	335,028	433,609	422,319	412,099	414,128
Number of County parks	18	18	17	18	18	18	18	18	18	19
Number of acres	3,407	3,407	3,371	3,407	3,407	3,407	3,407	3,407	3,407	35,434
Public access beaches	4	4	5	4	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	782	782	782	782	782	782	854	854	863
Miles of ATV trails - winter	690	690	490	690	690	690	690	730	730	853
Miles of ATV trails - summer	24	25	15	25	25	20	20	21	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	29,193	29,768	29,768	29,768	29,768	29,768	29,768	29,937

Schedule 17
Marathon County
Schedule of Insurance
Fiscal Year Ended December 31, 2013

Insurer Policy Number Effective Date	Policy Coverage Limits of Liability Deductibles/Retention (1)
Wisconsin Municipal Mutual Insurance Company WI2013LP13A 01/01/13 to 01/01/14	General Liability/Automobile Liability/Professional Liability/Employee Benefit Liability/Error and Omission Public Officials Liab Claims Made Owned, Non-Owned, and Hired Automobiles \$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 Excludes coverage for pollution liability, nursing homes, Health centers, medical facilities, and airport.
CHUBB Insurance Company 82218206 03/15/13 to 03/15/14	Aging and Disability Resource Center of Central WI Directors and Officer Liability Coverage \$1,000,000 Limit of liability maximum aggregate limit \$10,000 Deductible
The Cincinnati Insurance Company EBA 011 80 88 01/01/13 to 01/01/14	City-County Information Technology Commission Owned, Non-Owned, and Hired Automobiles \$1,000,000 Limit of liability Uninsured/Underinsured Motorist \$1,000,000 Limit of liability
The Cincinnati Insurance Company ENP 011 80 88 01/01/12 to 01/01/15	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 aggregate limit \$2,000,000 Excess liability each occurrence / \$2,000,000 aggregate limit
RSUI Insurance Company HP649956 01/01/13 to 01/01/14	City-County Information Technology Commission Directors and Officer Liability Coverage \$1,000,000 Aggregate limit each policy period
Global Aerospace Incorporated 13000091 01/01/13 to 01/01/14	Central WI Joint Airport Board Airport General Liability General Aggregate – non applicable \$40,000,000 Products/completed operations aggregate limit \$25,000,000 Personal & advertising injury aggregate limit \$40,000,000 Each occurrence \$10,000 Medical expense (any one person) Hangar-keepers liability each loss limit \$40,000,000 Hangar-keepers liability each aircraft limit \$40,000,000

Insurer Policy Number Effective Date	Policy Coverage Limits of Liability Deductibles/Retention (1)
Self-Funded & Administered 01/01/13 to 01/01/14	Automobile Collision Actual Cash Value Coverage \$12,335,560 as of 12/31/13
Travelers Property Casualty Company of America QT6606280M404 05/01/13 to 05/01/14	Inland Marine Policy Marathon County Highway Department 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 Group # WCA0037 01/01/13 to 01/01/14	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/\$600 single/\$1200 Family annual out of pocket maximum
Dental Insurance Insurer: Delta Dental of WI Group # 00912 01/01/13 to 01/01/14	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 Group # 92896 01/01/13 to 01/01/14	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% In-direct filling restorations \$500 Maximum payment amount-per person, per calendar year
Self-Funded & Administered 01/01/13 to 01/01/14	Workers Compensation Employer Liability State Statutes First \$500,000 per claim/occurrence
Wisconsin Municipal Mutual Insurance Company W12013WC13X 01/01/13 to 01/01/14	Excess Workers Compensation \$500,000 Specific retention Limits of Liability Statutory Workers Comp \$1,000,000 Employers Liability \$1,000,000 Workers Comp/Emp Liability Combined

Insurer
Policy Number
Effective Date

Policy Coverage
Limits of Liability
Deductibles/Retention (1)

Local Government
Property Insurance Fund
120038
01/01/13 to 01/01/14

Buildings, Personal Property, Inland Marine, and Property in the Open
Listed on the statement of values:
Limit \$282,531,341 – Replacement Cost Coverage
Deductible \$10,000

Building Specific Limit – Parks Dept (Park Road, Aniwa, WI)
\$247,000
Deductible \$10,000

Contractors Equipment
Limit \$16,252,591 Replacement Value
Deductible \$5,000

Automobile Comprehensive
Limit \$12,080,068 Actual Cash Value
Deductible \$500

Business Income
\$1,000,000 – Central Wisconsin Airport
\$1,999,989 – North Central Health Care Center
Deductible \$10,000

Monies & Securities
\$850,000 (Applies to Courthouse = 750,000 & Social Service = 100,000)
\$3,000,000 Limited term coverage from 7/27/2013 to 08/01/2013
(Courthouse Location only)
Deductible \$1,000

Pier & Wharf
\$90,592
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.

Valuable Records

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

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.

Insurer Policy Number Effective Date	Policy Coverage Limits of Liability Deductibles/Retention (1)
Ohio Casualty Bond 4041355 01/01/13 to 01/01/14	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 01/01/13 to 01/01/14	Public Official schedule Position Bond Limits vary by officials who are required by law to be individually bonded
Hartford Steam Boiler Inspection and Insurance Company FBP4910023 01/01/13 to 01/01/14	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	Marathon County Landfill Pollution Legal Liability \$2,000,000 Limit of liability per claim and in aggregate Claims-made
Department of Employee Trust Fund - Aetna Insurance Employer ID #69-036-0943 01/01/13 to 01/01/14	Income Continuation Insurance Offers 75% of your average monthly retirement earnings Standard coverage covers up to \$64,000 of annual earnings with maximum benefit \$4,000 per month Supplemental coverage available to employees whose annual salary exceeds \$64,000 with a maximum benefit of \$7,500 per month 180, 120, 90, 60, & 30 day elimination period available 90 day elimination paid by Marathon County

(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.